

City of Baltimore
Maryland



Annual Comprehensive Financial Report
Year Ended June 30, 2022

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City of Baltimore, Maryland

Annual Comprehensive Financial Report

Year Ended June 30, 2022

Prepared by the Department of Finance

Michael Moiseyev

Chief Financial Officer

Bureau of Accounting and Payroll Services

Julie Floyd

Acting Bureau Chief





ELECTED OFFICIALS

MAYOR
Brandon M. Scott

PRESIDENT OF THE CITY COUNCIL
Nick Mosby

COMPTROLLER
Bill Henry

BOARD OF ESTIMATES

PRESIDENT
Nick Mosby

MAYOR
Brandon M. Scott

COMPTROLLER
Bill Henry

DIRECTOR OF PUBLIC WORKS
Jason Mitchell

CITY SOLICITOR
James L. Shea

CITY COUNCIL

Nick Mosby, *President*

Sharon Green Middleton, *Vice-President*

FIRST DISTRICT

Zeke Cohen

SECOND DISTRICT

Danielle McCray

THIRD DISTRICT

Ryan Dorsey

FOURTH DISTRICT

Mark Conway

FIFTH DISTRICT

Isaac "Yitzy" Schleifer

SIXTH DISTRICT

Sharon Green Middleton

SEVENTH DISTRICT

James Torrence

EIGHTH DISTRICT

Kristerfer Burnett

NINTH DISTRICT

John. T Bullock

TENTH DISTRICT

Phylcia Porter

ELEVENTH DISTRICT

Eric T. Costello

TWELFTH DISTRICT

Robert Stokes, Sr.

THIRTEENTH DISTRICT

Antonio "Tony" Glover

FOURTEENTH DISTRICT

Odette Ramos

City of Baltimore
Annual Comprehensive Financial Report
Year Ended June 30, 2022

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Title Page	I
Elected Officials.....	II
Table of Contents	III
Letter of Transmittal	VII
Municipal Organization Chart	XIX
Certificate of Achievement for Excellent in Financial Reporting	XX

FINANCIAL SECTION

Report of Independent Public Accountants	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Government Funds	22
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Proprietary Funds to the Statement of Activities	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Fiduciary Net Position - Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	30
Index to the Notes to Basic Financial Statements	31
Notes to Basic Financial Statements	33
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances – Budget and Actual - Budgetary Basis - General Fund	96
Schedule of the City's Proportionate Share of Net Pension Liability ERS Plan.....	98
Schedule of Employer Contributions - ERS Plan.....	98
Schedule of the City's Proportionate Share of Net Pension Liability Maryland State Retirement and Pension System – ERPS	99
Schedule of Employer Contributions Maryland State Retirement and Pension System-ERPS	99
Schedule of the City's Proportionate Share of Net Pension Liability Maryland State Retirement and Pension System – LEOPS	99
Schedule of Employer Contributions Maryland State Retirement and Pension System-LEOPS.....	99

	Page
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios - Fire and Police Employees' Retirement System - Single Employer Plan.....	100
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios - Elected Officials' Retirement System - Single Employer Plan	100
Schedule of Employer Contributions - Single Employer Plans	101
Schedule of Changes in the Net OPEB Liability and Related Ratios	102
Schedule of the City's Proportionate Share of the Net OPEB Liability	102
Schedule of Employer Contributions – OPEB Fund	102
Notes to the Required Supplementary Information	103
Combining and Individual Fund Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	109
Combining Statement of Net Position - Nonmajor Proprietary Funds	112
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Proprietary Funds	113
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	114
Combining Statement of Fund Net Position - Internal Service Funds	116
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds.....	117
Combining Statement of Cash Flows - Internal Service Funds	118
Combining Statement of Fiduciary Net Position – Pension and OPEB Trust Funds	120
Combining Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds.....	121

STATISTICAL SECTION (UNAUDITED)

Financial Trends:

Net Position by Component, Last Ten Fiscal Years	129
Changes in Net Position, Last Ten Fiscal Years	130
Fund Balances, Governmental Funds, Last Ten Fiscal Years.....	131
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	132

Revenue Capacity:

Property Tax Levies and Collections, Last Ten Fiscal Years	135
Assessed and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	135
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years.....	136
Principal Property Taxpayers, Current Year and Nine Years Ago	136

Debt Capacity:

Ratios of Outstanding Debt by Type, Primary Government, Last Ten Fiscal Years.....	139
Ratios of General Bonded Debt Outstanding, Last Ten Fiscal Years	140
Direct and Overlapping Governmental Activities Debt.....	141
Legal Debt Margin Information	141
Pledged Revenue Coverage, Last Ten Fiscal Years.....	141

Demographic and Economic Information:

Demographic and Economic Statistics, Last Ten Calendar Years	145
Principal Employers, Current Year and Nine Years Ago	146

Operating Information

Full Time Equivalent Employees by Function, Last Ten Years	149
Operating Indicators by Function/Program, Last Ten Fiscal Years	150
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years	151

INTRODUCTORY SECTION



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

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Michael Moiseyev,
Chief Financial Officer
454 City Hall
Baltimore, Maryland 21202

Brandon M. Scott, Mayor

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

January 27, 2023

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the City of Baltimore, Maryland, (the City) for the year ended June 30, 2022. The ACFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

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

The City Charter established a Department of Audits under the general supervision of the City Comptroller. The Charter requires the City Auditor to "annually make a general comprehensive public report of the financial position of the City; in the discretion of the Comptroller, such report may be in the form of an opinion on the annual financial statements prepared by the Director of Finance." Additionally, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, SB & Company, LLC, to perform an audit with the City Auditor of the basic financial statements of the City as of and for the year ended June 30, 2022. The audit report is contained herein. The audit was conducted in accordance with auditing standards generally accepted in the United States. On the basis of this examination, the independent public accountants have issued an unmodified opinion that the presentation of the basic financial statements conforms with accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for this opinion on the financial statements. The auditors also assessed the accounting principles used and significant estimates made by management, as well as evaluated the overall financial statement presentation.

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

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

PROFILE OF THE GOVERNMENT

The Mayor and City Council of Baltimore (the City) is a body corporate and politic of the State of Maryland (the State) in which all local governmental functions are performed by the City. The City has had a charter form of government since 1797, home rule powers since 1918, and is governed by an elected Mayor, Comptroller and a City Council. The City has a total area of approximately 92 square miles and population of 576,498 as of 2021 per the most recent report from the US Census. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay and is served by Baltimore/Washington International Thurgood Marshall Airport in adjacent Anne Arundel County. The City is almost completely surrounded by Baltimore County, a separate entity, which borders the City on the east, north, west and part of the south. Anne Arundel County adjoins the City on its southern border.

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

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

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

Key Budgetary Policies

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

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

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

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

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

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

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

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

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

OTHER FINANCIAL INFORMATION

Retirement Plans

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

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

Temporary Investment of Cash Balances

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

Risk Management

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

Internal Control

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

ECONOMIC PROFILE AND OUTLOOK

Baltimore City is the historic, business, education and cultural center of Maryland. The City benefits from being in one of the wealthiest states in the nation and is the northern anchor of the Washington-Baltimore-Northern Virginia Combined Statistical Area (CSA.) This CSA is one of the largest, wealthiest and well-educated population centers in the country. The City's economy has traditionally benefited from its location and proximity to a large and diversified workforce. With an excellent highway and rail transportation system, the City is able to access both mid-western and north-eastern markets in support of its international port activity. As of July 2022, about 373,600 or 26.3% of the 1.4 million employed individuals in the Baltimore-Columbia-Towson Metropolitan Statistical Area are working in the City.

The City derives economic strength from the number of jobs in the knowledge-information-based education and information services sectors. The prominence of health care and knowledge-related industries is reflected in the composition of the City's major employers. Among the ten largest non-governmental employers as reported by Maryland Department of Commerce in 2021, six are health care providers and researchers and two are higher education institutions, which become 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 2022, jobs in the health and education sectors represent 29.1% of all jobs located in the City, a proportion that is considerably higher than the state and national totals of 14.6% and 12.7% respectively. The City's labor force had remained stable since 2010 but the disruptions brought about by COVID-19 led to a 3.4% decline from an average of 291,000 since 2010 to 281,000 in 2021. However, the City's labor force has grown to 283,251 as of July 2022, indicating its strengthening since the on-set 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 576,498 in 2021. Since 1970, all but five years have featured population decline. The average annual drop from 1950 until this past year is 7,041 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 and start of the COVID-19 pandemic, averaging 4,042 persons annually since 2010.

Economic Outlook

Economic activity within the City of Baltimore has returned to *new-normal* levels, following the devastating impact of the COVID-19 Pandemic that began more than two years ago. Many economic indicators, including the unemployment rate and Gross Domestic Product (GDP), are showing signs of recovering, even superseding pre-pandemic signs of a healthy economy.

The following key indicators suggest that the City is retaining a healthy economic environment:

- The City's labor force has increased by 3,108 over the course of Fiscal Year 2022, demonstrating an increase in the economic strength of the City by retaining employed residents.
- During the month of April in Fiscal 2022, the City reached an unemployment rate of 4.9%, the lowest since the pandemic began.
- The City's economic activity as measured by the value and amount of sales generated in the City remains strong. The City's taxable sales represent 6.1% of all sales in Maryland for the State Sale and Use tax, increasing 0.4 percentage points in taxable sales between Fiscal Years 2021 and 2022.
- While the City's household size has declined from 2.53 individuals in 2010 to 2.17 in 2021, the median household income has grown by 42.5%, from \$38,346 in 2010 to \$54,652 in 2021.
- The median sales price for residential real estate in the City increased by 7.9% compared to the prior year, from \$222,500 in June 2021 to \$240,000 in June 2022

The overall economic outlook for the City is positive as the City continues to recover from the challenges imposed by the pandemic. However, with the continued trend of population decline, the threat that inflation poses on critical City projects, and the uncertainty of whether some industries will fully recover from the pandemic, it is imperative that policymakers consider risks at the local and national levels requiring attention for short-, mid-, and long-term policy-making decisions.

Jobs and Employment

After a ten-year period of recovery from the Great Recession of 2008, the onset of the COVID-19 pandemic led to the national unemployment rate jumping to 14.7% in April 2020. This has since fallen to 4.9% as of April 2022 as businesses reopened and many restrictions have been lifted.

The most recent data from the Bureau of Labor Statistics (BLS) indicates that the number of jobs and total employment in the City has rebounded since the start of the COVID-19 pandemic. In July 2022, the BLS reported 376,000 jobs located in the City compared to 344,300 in April 2020, an increase of 9.2%.

In calendar year 2020, the estimated number of City residents employed dropped to its lowest point in the last five years, 244,800 residents. In the two years since then, there has been a gradual upward trend in employed City residents. Most recently, it was reported by the BLS that there are 267,318 City residents employed.

Retail Activity and Offices

Sales generated in the City represent 6.1% of the State's total retail sales during the first quarter of Fiscal Year 2022 or 0.4 percentage points higher than the prior year. The increase in this City to State ratio demonstrates a strengthening Baltimore economy in the aftermath of the pandemic. Despite the commercial transition to higher volumes of online sales, the City's economic activity has remained resilient.

Through the first quarter of calendar year 2022, the vacancy rate for retail space in the City's downtown area was 5.8%, which had only grown a small amount compared to this period last year's vacancy rate of 5.2%. This indicates that the City's downtown retail spaces have not been as severely impacted by the pandemic as the office spaces have been impacted. The office space in the City's downtown area had a 10.4% vacancy rate during the first quarter of calendar year 2020, but this rate has increased to 19.6% during the second quarter of 2022, representing the highest office vacancy rate that the City has experienced in the last five years. With many companies implementing teleworking and work from home policies, there is some uncertainty around whether the office space vacancy rate will continue to decline.

Housing

In Fiscal 2022, the real estate market has remained strong despite the COVID-19. Conditions caused by the pandemic have led to changes in consumer preferences, increased savings and lower interest rates which in turn have caused higher demand for housing. This has also had a major impact on house prices. The average sales price of residential properties sold in the City in June 2022 increased in by \$23,862 or 9.4% compared to June 2021, for an average sales price of \$279,067. The City's top 10 neighborhoods by volume of sales in the first quarter of calendar year 2022 were: Canton, Riverside, Belair-Edison, Washington Village/Pigtown, Patterson Park Neighborhood, Brooklyn, Hampden, South Baltimore, Upper Fells Point, and Glenham-Belhar.

In Fiscal 2022, the City processed 29,226 transactions subject to Transfer tax and 41,879 transactions subject to Recordation tax, representing an estimated increase of 110% from Fiscal 2020. It is estimated that 10,889 of the transactions processed in Fiscal 2022 correspond to refinanced properties, representing an increase of more than 6,400 compared to pre-pandemic levels of processing for refinanced transactions. Prior the onset of COVID-19, refinancing activity was increasing and this behavior has not changed going into Fiscal 2022. It is expected that this trend will not continue as interest rates have started to increase, which disincentivizes refinancing transactions.

Port of Baltimore

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

As of August 2022, the Port activity has rebounded to surpass 2019, pre-pandemic levels of operations for the same eight-month period. Within the first half of calendar year 2022, the Port brought in 5.6 million general cargo tonnage. As of July 2022, the Port of Baltimore had significant increases in tonnage compared to July 2019 for roll on/roll off farm and construction equipment (5.5%) and forest products (123%). For auto/light trucks, the total tonnage decreased by 37.1% from July 2019 to July 2022, which may be a result of supply chain disruptions in the automobile industry.

Maryland's Port of Baltimore generates about 15,300 direct jobs, with nearly 140,000 jobs overall linked to Port activities.

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 as reported by "The Port of Baltimore" Magazine.

Tourism and Travel Industries

The City's tourism and travel industries are still facing an uphill climb to reach pre-COVID-19 levels of activity. With the onset of the COVID-19 pandemic in March of 2020, which led to temporary and permanent business closures, the retail, tourism, and hospitality sectors experienced some of the most severe disruptions. Gradual reactivation occurred in the latter part of Fiscal 2021 and into Fiscal 2022, when capacity and group limitations were lifted, and social and sports gatherings were reinstated.

Baltimore Convention Center (BCC). In Fiscal 2021, the BCC held no events as it served as a COVID-19 field hospital, testing site and vaccination facility since April 2020. The facility continued to operate in this capacity until October 1, 2021. In Fiscal 2022, the BCC held 81 events, generating \$7.2 million in revenues. The City anticipates the BBC to bring in an estimated \$9.9 million in Fiscal 2023 as economic activity resurges and more events are booked at the Convention Center.

Hospitality. Hotel activity was slow to rebound in Fiscal 2021 as occupancy rates averaged 35.3% during this fiscal year, whereas prior to COVID-19 occupancy rates averaged 61.3%. The initial impact from COVID-19 caused room inventory to decline to 7,159 in June 2020. Although, there has been a gradual increase in room demand and room supply during Fiscal 2022, the City is only at 87.4% of pre-pandemic levels when considering total Hotel Taxes as of July 2022. The average occupancy rate increased during Fiscal 2022, from 54.3% in July of 2021 to 66.0% in July of 2022. The average daily rate of hotels in the City grew to \$168.6 in the last quarter of 2022, an increase of \$34.4 compared to last year. This sharp increase in average daily rates is likely intertwined with the impact of inflation.

Baltimore Washington International Thurgood Marshall Airport (BWI.) During calendar year 2019, nearly 27.0 million passengers flew in or out of BWI airport, ranking it as the 22nd busiest airport in the United States. As a result of COVID-19 the travel and airline industry experienced a massive disruption. Passengers at BWI declined a staggering 58.5% during calendar year 2020 to 11.2 million. However, the industry has rebounded going into calendar year 2022. As of June 2022, there were over 21.5 million passengers over the course of a 12-month period, or a 61.70% increase from the 13.2 million passengers that passed through BWI airport in the prior year during the same time period.

Port of Baltimore. The Port of Baltimore generates nearly \$3.3 billion in total personal income and supports 15,330 direct jobs and 139,180 jobs connected to port work. Given its extensive global network and operations serving over 50 global carriers, the Port of Baltimore's ranks sixth in East Coast ports, eleventh in US ports, and twentieth in world ports.

Commercial Real Estate Development

Segments of the Baltimore City commercial real estate market have been impacted by the on-set of the COVID-19 pandemic, specifically in their occupancy rates. 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 going forward.

This shift can be seen by the sudden uptick in office vacancy rates experienced in the first quarter of calendar year 2021. The office market experienced negative overall net absorption of space. The office space in the Downtown had a 10.4% vacancy rate during the first quarter of calendar year 2020, but this rate has increased to 19.6% during the second quarter of 2022, representing the highest office vacancy rate that the City has experienced in the last five years.

Unlike the office market, the vacancy rate for retail spaces continued to hold steady throughout the year. As of the first quarter for calendar year 2022 the Downtown retail vacancy rate was 5.8%, only 0.6 percentage points over the 5.2% of the previous year, and up 1 percentage point from the previous quarter's 4.7%, suggesting that COVID-19 has not had a significant impact on the retail market compared to other commercial real estate.

Although, the City's industrial market has experienced negative net absorption, low vacancy rates indicate strong demand within the City. As of the first quarter for calendar year 2022, the citywide industrial vacancy rate was 5.6%, which is a slight increase of 0.5 percentage points over the prior year. The average quarterly vacancy rate for Fiscal 2021 was 5.3%.

FINANCIAL ACCOMPLISHMENTS

Eight years into the first 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 2022 ADOPTED BUDGET

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

Budget Context

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

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

American Rescue Plan

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

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

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

Budget Plan

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

Prioritizing Our Youth

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

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

Building Public Safety

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

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

Clean and Healthy Communities

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

- The Baltimore City Health Department will manage vaccination sites across the City, including mobile vaccination, to continue the mass vaccination effort underway both locally and nationwide. Fiscal 2022 costs are budgeted at \$10 million through December and are expected to be fully reimbursable with FEMA funds.
- The City will continue to manage an isolation site at the Lord Baltimore Hotel in an effort to control the spread of COVID-19. The Fiscal 2022 budget includes \$7.4 million for this work through December 2021 and will continue as long as FEMA reimbursement is available.
- The Department of Public Works (DPW) will begin distributing recycling cans for every eligible home in Baltimore. The \$8.3 million program will be made possible by a private grant and an interest-free loan, with ongoing maintenance and debt service costs to be paid from the Stormwater Enterprise Fund.
- DPW will also continue supporting a 12-month pilot Sewage Onsite Support (SOS) Cleanup Program (begun in Fiscal 2021) which provides professional cleaning, disinfection, and disposal services through 311. The \$2.5 million program is funded by the Wastewater Utility Fund.
- The City will refund DPW's graffiti removal program which was defunded as a part of the City's Fiscal 2021 savings initiative in response to COVID-19.

- The Department of Housing and Community Development (DHCD) will leverage additional General Funds to enable access of up to \$2 million of State weatherization resources. DHCD expects this funding to facilitate an additional 500 home weatherization projects.

Equitable Neighborhood Development

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

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

Responsible Stewardship of City Resources

The Recommended Budget Plan includes \$173.8 million across all funding sources. Key highlights include:

- The Baltimore City Information and Technology (BCIT) budget includes \$14.5 million for Phase 2 of the Enterprise Resource Planning (ERP) system. The project will replace and integrate the City’s core financial, payroll, and human resources systems, with the goal of reducing manual data entry and improving access to real-time financial information within one single platform.
- BCIT will be awarded an Innovation Fund loan of \$200,000 to invest in an automated online messaging system for 311 service requests. The technology, similar to those used by online services and retailers, will provide real-time assistance to customers on frequently asked questions, which will reduce call volume pressure on the 311 Call Center.
- Finance will add one dedicated attorney to lead the new Corporate Tax Compliance Unit, which will examine self-reported taxes that are most susceptible to under-reporting and abuse. One Finance position will also be added to ensure compliance with the audit requirements that have arisen from Federal and State COVID-19 funding.
- The Board of Elections will continue to monitor pending State legislation that aims to institutionalize mail-in voting options. The November 2020 election improved voter access and lowered costs; higher mailing and security costs were offset by lower personnel and training costs due to fewer in-person voting sites.
- The capital budget includes \$15 million of one-time resources for the Department of General Services and the Department of Transportation in anticipation of the sale of three City-owned properties. The expected sales are the culmination of an internal workgroup, which has focused on generating real estate value from City assets.

Fiscal Risks

Despite the economic growth and progression that the City has demonstrated in the aftermath of COVID-19, the City of Baltimore must be mindful of fiscal risks. The City faces unique risks, some that pre-date the pandemic and others that are a direct result of the economic impact of the pandemic.

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

Inflation: Inflation reached the highest levels since the 1980s during this fiscal year. From the U.S. Bureau of Labor Statistics publication on Urban Consumer Price Indexes, it was reported that inflation reached 9.1% in June of 2022. The increase in inflation was derived from a multitude of factors, not limited to the hardships imposed by the COVID-19 pandemic and global supply chain disruptions as a result.

Inflation poses a threat to the City's sustainable financial health, capital projects, and city services. With the sudden increase in prices due to inflation, many projects are costlier than initially anticipated. Inflation can lead to reduced output for the City's initiatives and capital projects as the value of the dollar does not stretch as far as initially budgeted. It is imperative that the City accurately factors inflation expectations into the budget to maintain a balanced, fiscally healthy budget.

Reduction in COVID-related Funds: The City received federal aid in the amount of \$670.3 million as a result of the American Rescue Plan (ARP) Act. This source of revenue has been monumental in allowing the City to continue operations while responding to the COVID-19 public health emergency and its negative economic impacts. However, the funding from the ARP Act must be fully spent by December 31, 2024. As such, some services that the City provided using the ARP funds will likely be halted in the coming years unless the City is able to obtain new sources of revenues to supplement these services. It is essential that the City explores opportunities for revenues as a means for providing enriching services to residents and community visitors alike.

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

Police Legal Liability: The City is increasingly facing claims and lawsuits for wrongful imprisonments from decades-old cases. Further, the City also has begun to settle claims related to the misconduct from the Gun Trace Task Force (GTTF). Thus far, the City has settled an amount of \$14.3 million related to the GTTF. The City has also reflected an additional \$60 million as a contingency accrual for future legal expenses which are reflected in the general fund in fiscal year 2022.

ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellent in Financial Reporting to the City of Baltimore, Maryland, for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021.

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

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

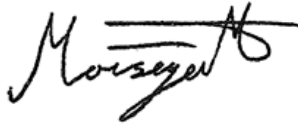
The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting and Payroll Services of the Department of Finance. We wish to express our appreciation to all members of the Bureau who assisted and contributed to its preparation. We are also grateful to the City's independent public accountants, SB & Company, LLC, and the City Auditor for the professional assistance and advice

they provided during the course of their audit. Finally, we would like to thank the members of the Board of Estimates and the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

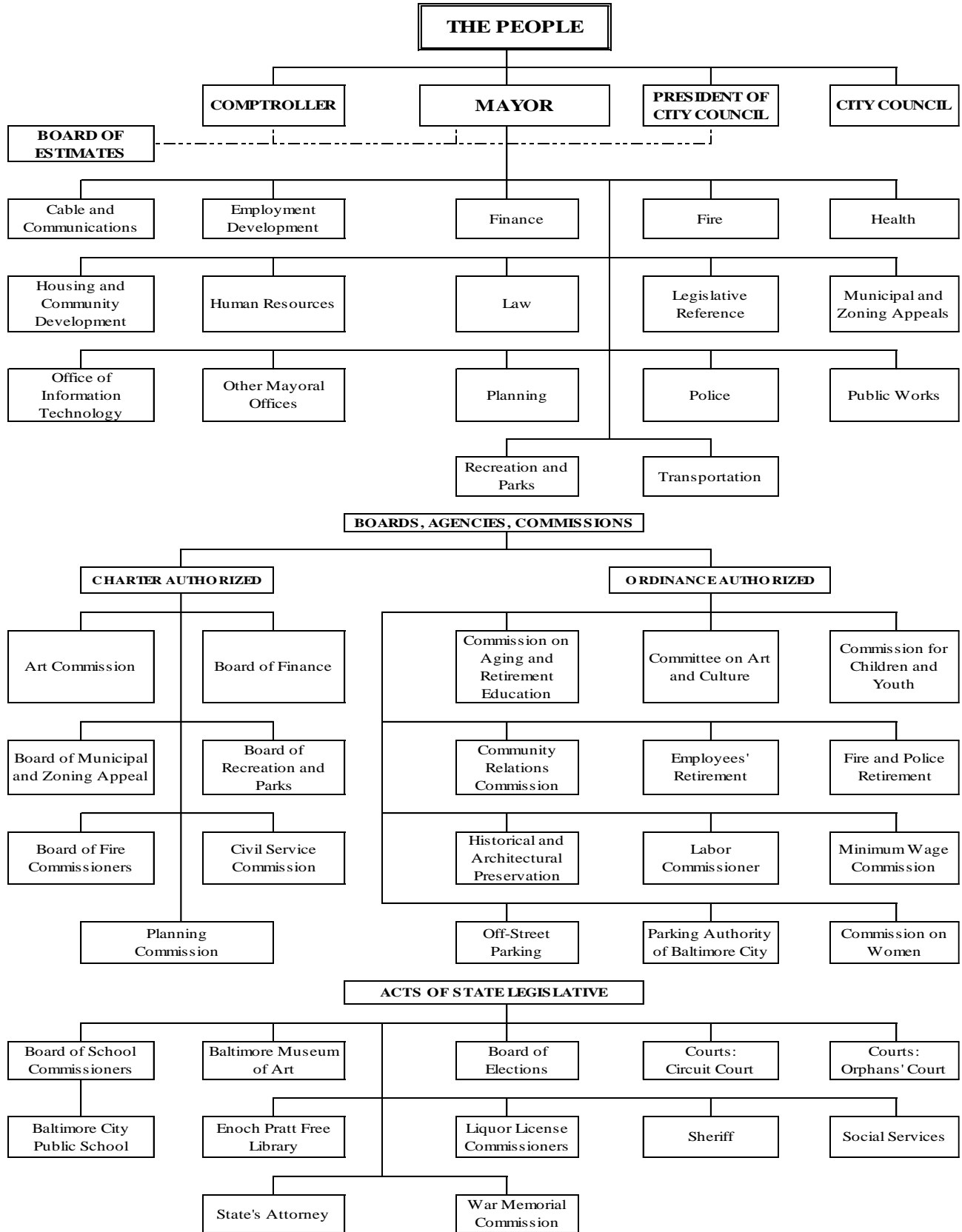


Brandon M. Scott
Mayor



Michael Moiseyev
Chief Financial Officer

MUNICIPAL ORGANIZATION CHART





Government Finance Officers Association

Certificate of
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**City of Baltimore
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



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

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, 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 City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the Employees’ Retirement System, the Elected Officials Retirement System, and the Fire and Police Employees’ Retirement System. These funds represent 86% of the total assets, 86% of the net position, and 331% of the additions (deductions) 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 the Other Information section below.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance – Budget and Actual- Budgetary Basis – General Fund, Schedule of the City's Proportionate Share of Net Pension Liability: Employees' Retirement System Plan, Schedule of Employer Contributions: Employees Retirement System Plan, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – ERPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System-ERPS, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System– LEOPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System – LEOPS, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees' Retirement System - Single Employer Plan, Schedule of Changes in Net Pension Liability(Assets) and Related Ratios: Elected Officials' Retirement System - Single Employer Plan; Schedule of Employer Contributions – Single Employer Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios – OPEB Plan; Schedule of the City's Proportionate Share of Net OPEB Liability, Schedule of Employer Contributions – Total OPEB Plan; and Notes to the Required Supplementary Information on pages 98-105 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The combining and individual fund financial statements is the responsibility of management and was 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.

Other Information

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

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

As part of our audit of the City's 2022 financial statements, we also audited the adjustments described in Note 20 that were applied to adjust the financial statements of the Baltimore City Public School System (the School System), a discretely presented component unit of the City, as of and for the year ended June 30, 2022, including the restatement of certain 2022 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 2022 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 2022 financial statements of the School System as a whole.

Owings Mills, Maryland
January 27, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Baltimore's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. 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 2022 by \$4.2 billion (net position). This amount includes \$840.7 million (restricted net position) and is net of an unrestricted deficit of \$2.7 billion. During the fiscal year, the City's total net position increased by \$629.8 million.

As of June 30, 2022, the City's governmental funds reported combined ending fund balances of \$981.6 million. At the close of the fiscal year, the unassigned fund balance for the general fund was \$157.3 million.

The City's governmental total long term obligations decreased by \$61.6 million, during fiscal year 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

Accounting principles generally accepted in the United States of America requires the utilization of dual focus financial reporting. The purpose of this overview is to provide the reader with an introduction to the City's basic financial statements prepared under these reporting requirements.

The City's basic financial statements comprise three components:

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

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

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

Financial Report Layout and Structure

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

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

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental funds

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

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

Proprietary funds

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

The City maintains the following two types of proprietary funds:

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

Fiduciary funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Primary Government)

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

CITY OF BALTIMORE
Statement of Net Position-Summary
For fiscal year 2022 and 2021

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,460,671	\$ 1,999,221	\$ 1,732,785	\$ 1,517,800	\$ 4,193,456	\$ 3,517,021
Capital assets, net.....	3,164,486	3,178,262	6,142,476	6,012,714	9,306,962	9,190,976
Total assets	5,625,157	5,177,483	7,875,261	7,530,514	13,500,418	12,707,997
Deferred outflows of resources	457,839	691,235	158,819	197,256	616,658	888,491
Total assets and deferred outflows of resources	6,082,996	5,868,718	8,034,080	7,727,770	14,117,076	13,596,488
Long-term liabilities outstanding.....	1,547,949	1,892,961	3,270,779	2,991,198	4,818,728	4,884,159
Other liabilities	3,728,209	4,151,792	430,828	506,652	4,159,037	4,658,444
Total liabilities	5,276,158	6,044,753	3,701,607	3,497,850	8,977,765	9,542,603
Deferred inflows of resources.....	940,861	470,017	32,639	47,833	973,500	517,850
Total liabilities and deferred inflows of resources.....	6,217,019	6,514,770	3,734,246	3,545,683	9,951,265	10,060,453
Net position:						
Net investment in capital assets	2,619,065	2,561,824	3,393,693	3,554,754	6,012,758	6,116,578
Restricted.....	548,272	548,492	292,386	257,759	840,658	806,251
Unrestricted.....	(3,301,360)	(3,756,368)	613,755	369,574	(2,687,605)	(3,386,794)
Total net position	\$ (134,023)	\$ (646,052)	\$ 4,299,834	\$ 4,182,087	\$ 4,165,811	\$ 3,536,035

Analysis of Statement of Net Position-Summary

Total assets and deferred outflows increased by \$520.6 million in fiscal year 2022. The increase is driven by an increase in capital assets, net, of \$116.0 million, an increase of \$676.4 million in current and other assets, which is offset by a decrease in deferred outflows of \$271.8 million. Total liabilities and deferred inflows decreased by \$109.2 million in fiscal year 2022. This minor decrease is driven by a decrease in long-term liabilities of \$65.4 million, a decrease of \$499.4 million in other liabilities, offset by an increase of \$455.6 million in deferred inflows.

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 \$4.2 billion at the close of fiscal year 2022. The City’s net position includes its investment of \$6.0 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, \$840.7 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 \$2.7 billion.

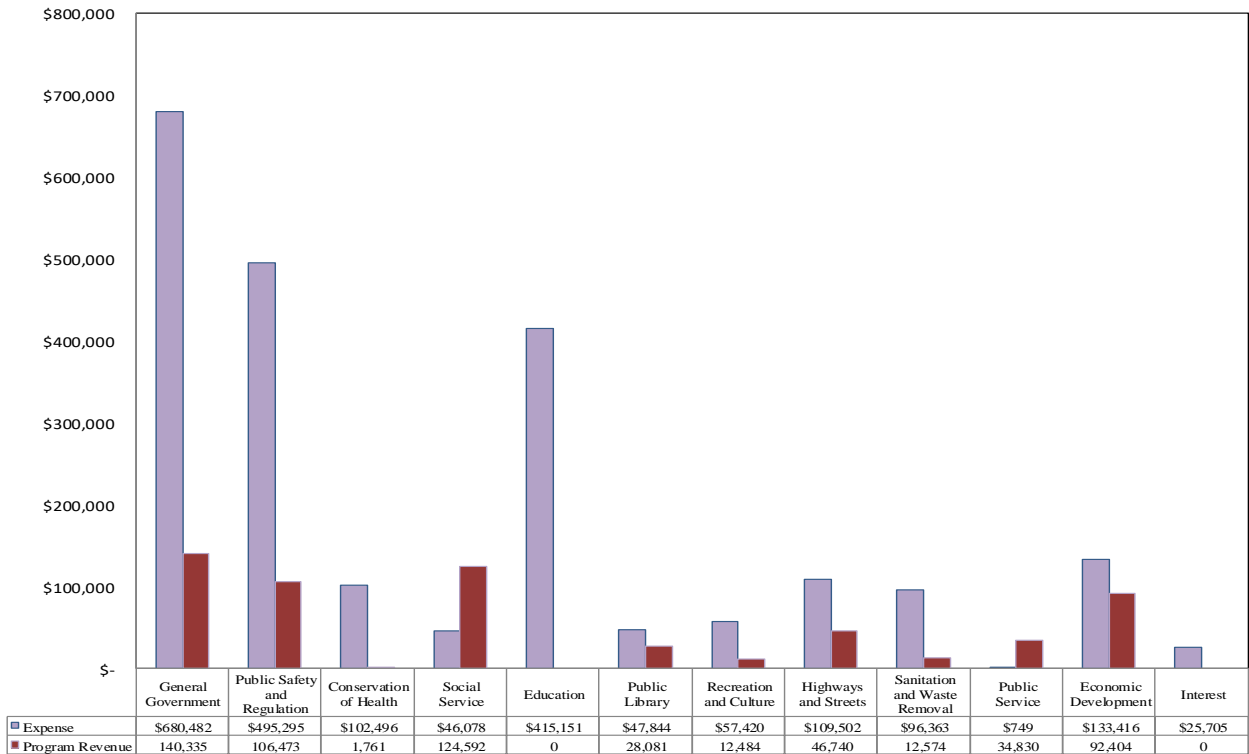
CITY OF BALTIMORE
Changes in Net Position
For the fiscal years 2022 and 2021
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 103,576	\$ 106,621	\$ 687,637	\$ 640,242	\$ 791,213	\$ 746,863
Operating grants and contributions	453,220	471,637			453,220	471,637
Capital grants and contributions	43,478	69,483	16,230	195,057	59,708	264,540
General revenues:						
Property taxes	1,034,569	977,299			1,034,569	977,299
Income taxes	449,876	410,712			449,876	410,712
State shared revenue	190,226	155,527			190,226	155,527
Transfer and recordation tax	182,944	105,255			182,944	105,255
Electric and gas tax	55,671	42,625			55,671	42,625
Telecommunications tax	34,713	28,731			34,713	28,731
Admission	7,141	1,571			7,141	1,571
Other	124,071	109,229			124,071	109,229
Total revenues	2,679,485	2,478,690	703,867	835,299	3,383,352	3,313,989
Expenses:						
General government	680,482	469,895			680,482	469,895
Public safety and regulation	495,295	540,675			495,295	540,675
Conservation of health	102,496	238,343			102,496	238,343
Social services	46,078	109,391			46,078	109,391
Education	415,151	445,278			415,151	445,278
Public library	47,844	44,795			47,844	44,795
Recreation and culture	57,420	50,955			57,420	50,955
Highways and streets	109,502	171,578			109,502	171,578
Sanitation and waste removal	96,363	93,298			96,363	93,298
Public service	749	64,306			749	64,306
Economic development	133,416	200,302			133,416	200,302
Interest	25,705	43,994			25,705	43,994
Water			197,622	193,828	197,622	193,828
Wastewater			275,487	272,330	275,487	272,330
Stormwater			39,556	24,515	39,556	24,515
Parking			7,693	20,808	7,693	20,808
Nonmajor proprietary			22,717	14,377	22,717	14,377
Total expenses	2,210,501	2,472,810	543,075	525,858	2,753,576	2,998,668
Increase in net assets before transfer	468,984	5,880	160,792	309,441	629,776	315,321
Transfer:						
Transfer in (out)	43,045	24,176	(43,045)	(24,176)		
Change in net position	512,029	30,056	117,747	285,265	629,776	315,321
Net position - beginning	(646,052)	(676,108)	4,182,087	3,896,822	3,536,035	3,220,714
Net position - ending	\$ (134,023)	\$ (646,052)	\$ 4,299,834	\$ 4,182,087	\$ 4,165,811	\$ 3,536,035

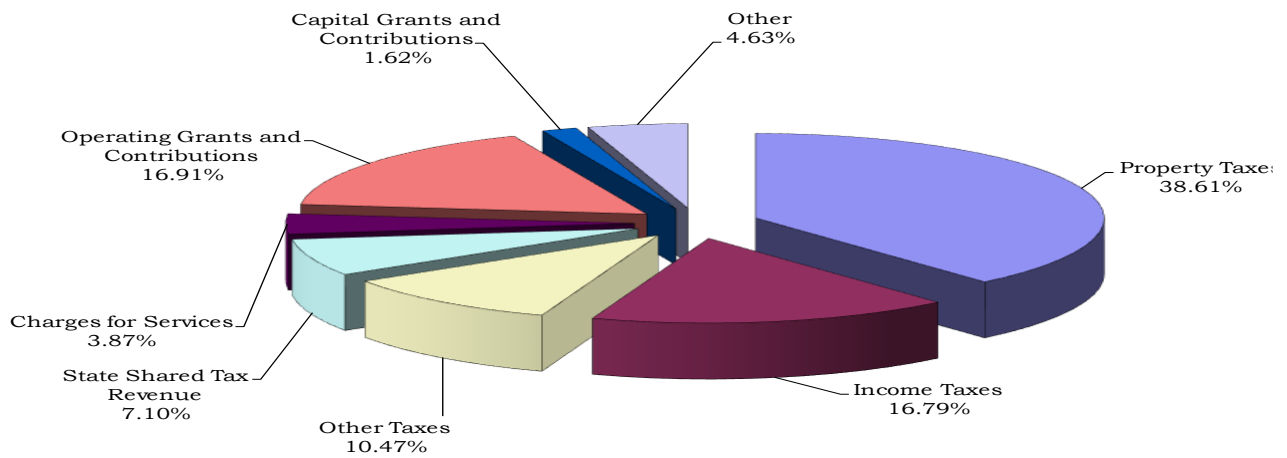
Analysis of Changes in Net Position

The overall increase in the City’s net position amounted to \$629.8 million during fiscal year 2022. 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



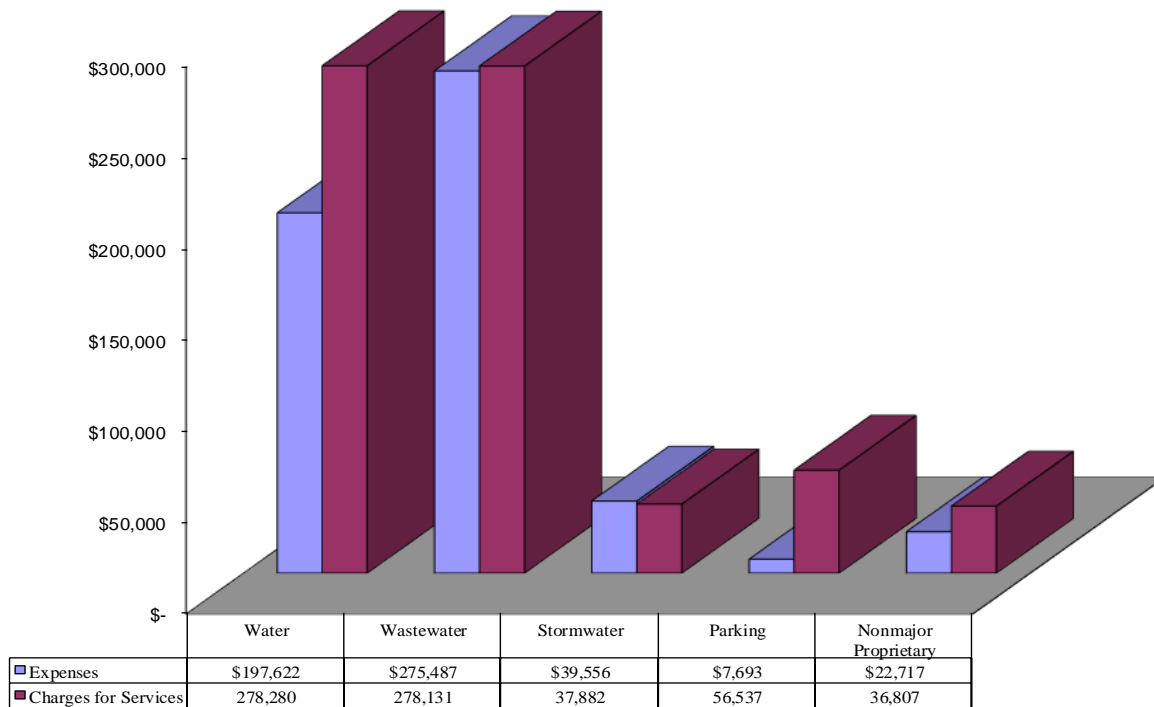
Governmental Activities

During the current fiscal year, expense related to governmental activities amounted to \$2.2 billion; this is less than revenues by \$469 million, before transfers in of \$43 million. Total revenue of \$2.7 billion is comprised of program revenues totaling \$600.3 million, which is 22.4% 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 2022, governmental revenues increased by \$200.8 million.

Governmental expenses decreased by \$262.3 million during fiscal year 2022. This decrease is primarily attributable to a \$486 million reduction in OPEB expense, offset by higher governmental expenditures, partially driven by a \$92.6m contribution to risk management. Favorable health premium rates negotiated for retirees caused the reduction in OPEB expense.

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



Business-type Activities

Business-type activities are presented after adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. Charges for services represent the principal revenue source for the City’s business-type activities. During the current fiscal year, revenue from business-type activities totaled \$703.9 million. Expenses for these activities totaled \$543.1 million, income earned of \$160.8 million and net transfer out of \$43 million which resulted in an increase in net position of \$117.8 million.

Operating revenues increased by \$47.3 million in fiscal year 2022 for business-type activities. Capital assets increased by \$129.8 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. Several upgrades to the software have occurred and process improvements continue to be developed. At year end, the City estimated billings to account for full year of revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

CITY OF BALTIMORE
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2022 and 2021
(Expressed in Thousands)

	2022	2021	Variance Amount
Revenues:			
General fund:			
Property taxes	\$ 1,021,365	\$ 976,886	\$ 44,479
Income taxes	491,092	410,712	80,380
Other local - taxes	308,133	181,081	127,052
Total local taxes	<u>1,820,590</u>	<u>1,568,679</u>	<u>251,911</u>
Licenses and permits	27,391	31,702	(4,311)
Interest, rentals, and other investment income	21,808	13,834	7,974
Federal grants	57,888	85,039	(27,151)
State grants	101,891	107,204	(5,313)
Other	257,856	223,344	34,512
Total revenues-general fund	<u>2,287,424</u>	<u>2,029,802</u>	<u>257,622</u>
Other governmental funds:			
Grants revenue fund	281,944	268,121	13,823
Capital projects fund	57,369	81,726	(24,357)
Other funds	74,300	56,737	17,563
Total revenues other governmental funds	<u>413,613</u>	<u>406,584</u>	<u>7,029</u>
Total revenues all governmental funds	<u>2,701,037</u>	<u>2,436,386</u>	<u>264,651</u>
Expenditures:			
General fund:			
General government	433,325	415,463	17,862
Public safety and regulation	867,723	810,793	56,930
Conservation of health	63,706	132,450	(68,744)
Social services	5,778	65,812	(60,034)
Education	282,743	304,669	(21,926)
Public library	27,282	24,794	2,488
Recreation and culture	50,672	51,558	(886)
Highways and streets	147,151	107,305	39,846
Sanitation and waste removal	95,638	94,402	1,236
Public service	29,676	51,149	(21,473)
Economic development	73,146	50,473	22,673
Debt service	93,994	102,802	(8,808)
Total expenditures - general fund	<u>2,170,834</u>	<u>2,211,670</u>	<u>(40,836)</u>
Other governmental funds:			
Grants revenue fund	329,217	293,820	35,397
Capital projects fund	161,181	153,872	7,309
Other funds	41,074	56,757	(15,683)
Total expenditures other governmental funds	<u>531,472</u>	<u>504,449</u>	<u>27,023</u>
Total expenditures all governmental funds	<u>2,702,306</u>	<u>2,716,119</u>	<u>(13,813)</u>
Excess of expenditures over revenue	(1,269)	(279,733)	278,464
Other financing sources:			
Transfers in	111,468	55,134	56,334
Transfers out	(68,423)	(30,958)	(37,465)
Proceeds from bond issuances		137,485	(137,485)
Capital Projects Fund:			
Refunding of obligation bonds		8,224	(8,224)
Premium on general obligation bonds		70,440	(70,440)
Face value of funding and refunding general obligation bonds		(14,597)	14,597
Proceeds from financed purchase	17,927		17,927
Total other financing sources	<u>60,972</u>	<u>225,728</u>	<u>(164,756)</u>
Net changes in fund balances	59,703	(54,005)	113,708
Fund balances - beginning	921,900	975,905	(54,005)
Fund balances - ending	<u>\$ 981,603</u>	<u>\$ 921,900</u>	<u>\$ 59,703</u>

Revenues for governmental functions overall totaled approximately \$2.7 billion in the fiscal year ended June 30, 2022, which represents an increase of 10.9% from the fiscal year ended June 30, 2021. Expenditures for governmental functions, totaling \$2.7 billion, decreased by approximately 0.5% from the fiscal year ended June 30, 2021. In the fiscal year ended June 30, 2022, expenditures for governmental functions exceeded revenue by \$1.3 million.

The General Fund is the chief operating fund of the City. Revenue in the General Fund increased by \$257.6 million as compared to fiscal year 2021. The total expenditures for the General Fund decreased by \$40.8 million, or 1.9%, compared to fiscal year 2021.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$157.3 million, while total fund balance was \$867.2 million. The fund balance in the City’s General Fund increased by \$98.6 million during the fiscal year, which was caused by a financing use of \$18 million (net transfer out) offset by revenue exceeding expenditures by \$116.6 million. The Capital Fund has an assigned and restricted fund balance of \$27.8 million, a decrease of \$66.1 million over prior year. This decrease was primarily caused by expenses exceeding revenue by \$103.8, offset by a financing source of \$37.7 million (transfer in and finance purchase).

The Grants Revenue Fund is used to account for the spending of various Federal, State, and private grants and special purpose funds. Most of these grants are funded on an expenditure reimbursement basis. Should any portion of the grants receivable be determined uncollectable, the balance may be written off against the General Fund. The Grants Revenue Fund had no fund balance as of year end. The General Fund transferred \$47.2 million to the Grants Revenue Fund, to absorb the current year grant fund deficit.

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	
	2022	2021	2022	2021	2022	2021
Operating revenues	\$ 594,293	\$ 564,837	\$ 56,537	\$ 38,693	\$ 36,807	\$ 36,712
Operating expenses	413,559	400,712	6,622	8,941	13,445	13,393
Operating income	180,734	164,125	49,915	29,752	23,362	23,319
Non operating revenues (expenses), capital contribution, and transfers	(77,345)	109,568	(44,116)	(36,043)	(9,091)	(840)
Change in net position	\$ 103,389	\$ 273,693	\$ 5,799	\$ (6,291)	\$ 14,271	\$ 22,479

As discussed in the Business-type activities section, the Water and Wastewater Utilities Fund experienced operating revenue increases in fiscal year 2022. These increases are attributable to rate increases implemented in fiscal year 2022.

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, 2022

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
Total revenues	\$ 1,976,507	\$ 2,025,417	\$ 2,284,926	\$ 308,419	\$ 259,509
Expenditures and encumbrances:					
General government	350,300	390,010	380,328	(30,028)	9,682
Public safety and regulation	830,025	830,700	811,397	18,628	19,303
Conservation of health	82,567	116,412	112,259	(29,692)	4,153
Social services	3,590	3,590	5,758	(2,168)	(2,168)
Education	287,887	287,887	282,894	4,993	4,993
Public library	30,653	30,653	24,138	6,515	6,515
Recreation and culture	55,025	55,025	52,071	2,954	2,954
Highways and streets	125,272	129,697	129,775	(4,503)	(78)
Sanitation and waste removal	91,677	94,402	95,146	(3,469)	(744)
Public service	38,768	44,143	42,862	(4,094)	1,281
Economic development	76,647	76,647	62,895	13,752	13,752
Total expenditures and encumbrances	1,972,411	2,059,166	1,999,523	\$ (27,112)	\$ 59,643
Excess (deficiency) of revenue over expenditures and encumbrances	4,096	(33,749)	285,403		
Other Financing uses:					
Transfers in	13,916	13,916	41,155		
Transfers out	(106,069)	(106,069)	(59,111)		
Total other financing uses	(92,153)	(92,153)	(17,956)		
Net changes in fund balances	(88,057)	(125,902)	267,447		
Fund balances --- beginning	1,130,024	1,130,024	1,130,024		
Fund balances --- ending	\$ 1,041,967	\$ 1,004,122	\$ 1,397,471		

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 2022, supplemental appropriations totaling \$86.8 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 more than the original budget by \$27.1 million, but were \$59.6 million lower than adjusted appropriations. This amount was primarily related to the governmental activities: lower than budgeted costs for general government operations amounted to \$9.7 million; lower than budgeted costs for public safety and regulation amounted to \$19.3 million; lower than budgeted costs for conservation of health to \$4.2 million; lower than budgeted costs for education amounted to \$5.0 million; lower than budgeted costs for public library amounted to \$6.5 million; and lower than budgeted costs for economic development amounted to \$13.8 million

On a budgetary basis, revenues for fiscal year 2022 totaled \$2.3 billion and expenditures and transfers totaled \$2.0 billion. The excess of expenditures and transfers over revenues resulted in a budgetary basis fund balance as of June 30, 2022 of \$1.4 billion, an increase of \$267.4 million in the fund balance.

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$9.3 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges, and library books. The total increase in the City's net capital assets for the current fiscal year was increase 1.3% (-0.4% decrease for governmental activities and a 2.2% increase for business-type activities) as shown in the table below.

Capital Assets, Net of Depreciation For the Fiscal Years 2022 and 2021

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Land and other	\$ 361,300	\$ 362,320	\$ 36,920	\$ 36,920	\$ 398,220	\$ 399,240
Building and improvements	938,023	953,374	3,449,863	3,539,113	4,387,886	4,492,487
Equipment	94,105	102,181	156,534	162,344	250,639	264,525
Infrastructure	1,448,458	1,462,952	2,066,776	1,740,989	3,515,234	3,203,941
Library books	6,885	14,255			6,885	14,255
Construction in progress	274,237	283,180	432,383	533,348	706,620	816,528
Right-to-use leased	41,478				41,478	
Total	\$ 3,164,486	\$ 3,178,262	\$ 6,142,476	\$ 6,012,714	\$ 9,306,962	\$ 9,190,976

See Note 5 "Capital Assets" in the Notes to Basic Financial Statements for additional information.

Debt Administration

As of June 30, 2022, the City had total long-term obligations outstanding of \$4.6 billion. Of this amount, \$544.8 million was general obligation bonds backed by the full faith and credit of the City, \$329.1 million was revenue bonds for governmental activity at the Convention Center, the Convention Center Hotel, and transportation bonds, and \$3.1 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 2022, the City sold \$398.8 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 2022	FY 2021
Net general bonded debt (expressed in thousands)	\$ 544,759	\$ 599,984
Ratio of net general bonded debt to net assessed value	1.23%	1.37%

See note 7 "Long-term Obligations" in the Notes to the Basic Financial Statements for additional information.

As of June 30, 2022, the City had \$544.8 million in authorized, outstanding property tax-supported general obligation bonds. There are an additional \$467.1 million in bonds that are authorized, but unissued.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2023 budget submitted by the Board of Estimates to the Baltimore City Council proposed total appropriations of \$4,109,380,000 of which \$2,056,900,000 were for General Fund operations and Pay-As-You-Go (PAYGO) capital. The City Council, after deliberations pursuant to Charter requirements and powers, made no reductions to the total General Fund or other fund appropriations. The property tax rates on real property and personal property remained at \$2.248 and \$5.62 per \$100 of assessed valuation, respectively. The locally imposed and State mandated income tax rate was 3.2%. The Ordinance of Estimates was adopted by the City Council and signed by the Mayor on June 23, 2022.

Fiscal 2022 Budget – Economic Factors

Economic activity within the City of Baltimore has returned to *new-normal* levels, following the devastating impact of the COVID-19 Pandemic that began more than two years ago. Many economic indicators, including unemployment rate and the Gross Domestic Product (GDP), are showing signs of recovering, even superseding pre-pandemic signs of a healthy economy.

In review of the major economic, social and operational events that affected the Fiscal 2022 Budget, the following are the major areas that were positively or negatively impacted during the last year, and how they will influence the financial future of the City.

Employment

The City's labor market has made great strides in recovering from the impact of the COVID-19 Pandemic. The hardships imposed by the pandemic undoubtedly impacted service-related industries most severely within the City. The City began the fiscal year with an unemployment rate of 7.8% in July of 2021. The unemployment rate continued to fall over the fiscal year until reaching the lowest recorded rate of 4.9% in April of 2022. Furthermore, the labor force experienced growth during the year as over 3,108 new jobs were added. These factors indicate that the City's labor market is strengthening.

In addition to a strong labor market, the City has done well with retaining talent within the City. Income Taxes for Fiscal Year 2022 amounted to \$450,311,043. This is an increase of 9.6% compared to the prior year. The Median Household Income in Baltimore City is \$54,652 per year.

Residential Real Estate

The real estate market continued to remain strong into Fiscal Year 2022. The median sales price for residential real estate in the City of Baltimore increased by 9.4% compared to the prior year, from \$255,205 to \$279,067. Into the last quarter of the fiscal year, the City experienced a decrease in the number of days passed for a listed property to close. Residential real estate sold 10% quicker during this quarter compared to the prior year's last quarter. The City's top 10 neighborhoods by volume of sales in the first quarter of calendar year 2022 were: Canton, Riverside, Belair-Edison, Washington Village/Pigtown, Patterson Park Neighborhood, Brooklyn, Hampden, South Baltimore, Upper Fells Point, and Glenham-Belhar.

Favorable housing market conditions including low interest rates, an abundant supply of housing, and more capital led to an increase in activity levels across the City. The impact of the housing market's success has led to increases in key revenue sources, namely transfer and recordation taxes. The City experienced an increase of 70% in the volume of transfer transactions and an increase of 56% in the volume of recordation transactions processed during the fiscal year. The record high processing was complimented in part by the City's Department of Finance introducing an automated system, Simplifile, which has eased the processing of these transactions. Overall, the City of Baltimore received record high revenues from these taxes, surpassing a combined total of \$179.9 million for the Fiscal Year. This is an increase of 83.9% compared to the prior year. With rising interest rates, it is unlikely that this activity will continue into the next year. The City will need to continue monitoring the housing market conditions.

Earnings on Investments

Historically, earnings on investments have brought limited revenues to the City's budget. However, within recent years, the City's earnings have begun to materialize more so than expected. Initial projections for Fiscal Year 2022 indicated that earnings on investments would bring in an estimated \$450,000. Yet at the close of the fiscal year, the City reported to bring in over \$2.1 million for cash earnings on investments. There is potential that earnings on investments will continue to grow into the next fiscal year as the Federal Reserve has discussed increasing interest rates to combat inflation in recent months. This policy may lead to more revenues being generated for earnings on investments.

Tourism and Hospitality

As restrictions have eased and large gatherings have started again, the tourism and hospitality industries have made substantial gains in recovering from the impact of the pandemic. As of July 2022, the City is at 87.4% of the pre-pandemic levels in terms of average Hotel Tax collected. Further, the demand of rooms at Hotels has increased by 55% compared to the prior year. As a result, the average occupancy rate increased by 47% compared to the year prior. Furthermore, the

average daily rate of hotels grew to \$168.6 in the last quarter of 2022, an increase of \$34.4 compared to last year. This sharp increase in average daily rates is likely intertwined with the impact of inflation.

Fiscal Risks

Despite the incredible growth and recovery that the City experienced in Fiscal Year 2022, there are some notable risks that the City will need to pay close attention to in regards to continuing its track record of fiscal sustainability. With the continued trend of population decline, the threat that inflation poses on critical City projects, and the uncertainty of whether some industries will fully recover from the pandemic, it is imperative that policymakers consider risks at the local and national levels requiring attention for short-, mid-, and long-term policy-making decisions.

Inflation

Inflation reached the highest levels since the 1980s during this fiscal year. From the U.S. Bureau of Labor Statistics publication on Urban Consumer Price Indexes, it was reported that inflation reached 9.1% in June of 2022. The increase in inflation was derived from a multitude of factors, not limited to the hardships imposed by the COVID-19 pandemic and global supply chain disruptions as a result.

Inflation poses a threat to the City's sustainable financial health, capital projects, and city services. With the sudden increase in prices due to inflation, many projects are costlier than initially anticipated. Inflation can lead to an overall reduced output for the City's initiatives and capital projects as the value of the dollar does not stretch as far as initially budgeted. It is imperative that the City accurately factors inflation expectations into the budget to maintain a balanced, fiscally healthy budget.

Reduction in COVID-related Funds

The City received federal aid in the amount of \$670.3 million as a result of the American Rescue Plan (ARP) Act. This source of revenue has been monumental in allowing the City to continue operations while responding to the COVID-19 public health emergency and its negative economic impacts. However, the funding from the ARP Act must be fully spent by December 31, 2024. As such, some services that the City provided using the ARP funds will likely be halted in the coming years unless the City is able to obtain new sources of revenues to supplement these services. It is essential that the City explores opportunities for revenues as a means for providing enriching services to residents and community visitors alike.

Kirwan Education Costs

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

Police Legal Liability

The City is increasingly facing claims and lawsuits for wrongful imprisonments from decades-old cases. Further, the City also has begun to settle claims related to the misconduct from the Gun Trace Task Force (GTTF). Thus far, the City has settled an amount of \$14.3 million related to the GTTF. The City has also reflected an additional \$60 million as a contingency accrual for future legal expenses which are reflected in the general fund in fiscal year 2022.

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, 2022
(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	\$ 716,668	\$ 917,051	\$ 1,633,719	\$ 452,607	\$ 1,869
Investments	1,037,777		1,037,777	64,448	27,039
Property taxes receivable, net	28,661		28,661		
Service receivable, net		161,352	161,352		
Other receivables, net	71,190	43,488	114,678	16,145	1,824
Due from other governments	129,569	678,198	807,767	169,874	1,923
Internal balances	86,824	(86,824)			
Due from primary government				17,975	
Inventories, at cost	9,409	8,934	18,343	2,751	72
Notes and mortgages receivable, net	260,288	10,586	270,874		
Other assets	78,128		78,128	367	3,582
Net pension asset	12,630		12,630		
Lease receivable	29,527		29,527	4,218	
Capital assets being depreciated, net of accumulated depreciation	2,528,949	5,673,173	8,202,122	1,346,159	162,733
Capital assets not being depreciated	635,537	469,303	1,104,840	200,317	
Total assets	5,625,157	7,875,261	13,500,418	2,274,861	199,042
Deferred outflow of resources:					
Deferred amortization on early extinguishment of debt		107,907	107,907		
Deferred loss on bond refunding	2,988	11,472	14,460		
Deferred outflows related to pension	284,390	19,803	304,193	26,891	
Deferred outflows related to OPEB	170,402	17,264	187,666	48,018	
Interest rate swaps	59	2,373	2,432		
Total deferred outflows of resources	457,839	158,819	616,658	74,909	
Total assets and deferred outflows of resources	6,082,996	8,034,080	14,117,076	2,349,770	199,042
Liabilities and deferred inflows of resources:					
Liabilities:					
Accounts payable and accrued liabilities	507,755	151,677	659,432	278,393	7,437
Accrued interest payable	15,083	43,615	58,698		4,329
Unearned revenue	653,798		653,798	10,573	1,893
Notes payable		24,252	24,252		283,421
Due to other governments					
Deposits subject to refund		29,390	29,390		4,237
Estimated claims in progress:					
Due within one year	94,062		94,062		
Due in more than one year	278,102		278,102		
Revenue bond payable, net:					
Due within one year	14,660	97,408	112,068		
Due in more than one year	283,618	3,244,057	3,527,675		
Derivative instrument liability	55	15,567	15,622		
Long term debt payable:					
Due within one year	65,933	542	66,475	16,156	
Due in more than one year	927,485	2,741	930,226	19,985	
Operating leases:					
Due within one year	6,928		6,928		
Due in more than one year	35,916		35,916		
Financing purchase:					
Due within one year	32,422	128	32,550	2,875	
Due in more than one year	131,249	192	131,441	24,127	
Compensated absences:					
Due within one year	42,568	6,186	48,754	7,327	
Due in more than one year	139,176	8,222	147,398	59,284	
Landfill closure due in more than one year	30,450		30,450		
Other liabilities due in more than one year:					
Net pension liability	1,205,436	78,670	1,284,106	89,681	
Net OPEB liability	79,245	23,350	102,595	17,554	
Other liabilities	702,827	5,000	707,827	77,636	
Total liabilities	5,276,158	3,701,607	8,977,765	603,591	301,317
Deferred inflows of resources:					
Deferred inflows related to pension	514,840	1,052	515,892	37,537	
Deferred inflows related to OPEB	345,542	31,587	377,129	166,542	
Deferred inflow for service concession arrangement	51,479		51,479		
Deferred inflow for lease	29,000		29,000	4,620	
Total deferred inflows of resources	940,861	32,639	973,500	208,699	
Total liabilities and deferred inflows of resources	6,217,019	3,734,246	9,951,265	812,290	301,317
Net position:					
Net investment in capital assets	2,619,065	3,393,693	6,012,758	1,483,783	(120,688)
Restricted for:					
Construction	27,847		27,847	91,227	
Debt service, sanitation, and financed purchases	451,606	292,386	743,992	371	
Perpetual care:					
Expendable	19,769		19,769		
Nonexpendable	49,050		49,050		
Unrestricted (deficits)	(3,301,360)	613,755	(2,687,605)	(37,901)	18,413
Total net position	\$ (134,023)	\$ 4,299,834	\$ 4,165,811	\$ 1,537,480	\$ (102,275)

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, 2022
(Expressed In Thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Baltimore City Public School System	Baltimore Hotel Corporation
Primary Government:									
Governmental activities:									
General government	\$ 680,482	\$ 39,460	\$ 100,875		\$ (540,147)		\$ (540,147)		
Public safety and regulation	495,295	43,980	62,493		(388,822)		(388,822)		
Conservation of health	102,496	1,761			(100,735)		(100,735)		
Social services	46,078		124,592		78,514		78,514		
Education	415,151				(415,151)		(415,151)		
Public library	47,844	29	28,052		(19,763)		(19,763)		
Recreation and culture	57,420	8	3,857	\$ 8,619	(44,936)		(44,936)		
Highways and streets	109,502	165	14,863	31,712	(62,762)		(62,762)		
Sanitation and waste removal	96,363	12,311	263		(83,789)		(83,789)		
Public service	749		31,683	3,147	34,081		34,081		
Economic development	133,416	5,862	86,542		(41,012)		(41,012)		
Interest	25,705				(25,705)		(25,705)		
Total governmental activities	2,210,501	103,576	453,220	43,478	(1,610,227)		(1,610,227)		
Business-type activities:									
Water	197,622	278,280				\$ 80,658	80,658		
Wastewater	275,487	278,131		16,230		18,874	18,874		
Stormwater	39,556	37,882				(1,674)	(1,674)		
Parking	7,693	56,537				48,844	48,844		
Nonmajor proprietary	22,717	36,807				14,090	14,090		
Total business-type activities	543,075	687,637		16,230		160,792	160,792		
Total primary government	\$ 2,753,576	\$ 791,213	\$ 453,220	\$ 59,708	(1,610,227)	160,792	(1,449,435)		
Component units:									
Baltimore City Public School System	\$ 1,631,535		\$ 365,150	\$ 22,550			\$ (1,243,835)		
Baltimore Hotel Corporation	40,436	36,740							(3,696)
General revenues:									
Property taxes					1,034,569		1,034,569		
Income taxes					449,876		449,876		
Transfer and recordation tax					182,944		182,944		
Electric and gas tax					55,671		55,671		
Telecommunications tax					34,713		34,713		
Admission tax					7,141		7,141		
Other local taxes					72,903		72,903		
State shared tax revenues					190,226		190,226		
State, federal, and city grants								1,205,504	
Unrestricted investment income					24,739		24,739	1,121	2,765
Miscellaneous					26,429		26,429	343,103	
Transfers					43,045	(43,045)			
Total general revenues and transfers					2,122,256	(43,045)	2,079,211	1,549,728	2,765
Changes in net position					512,029	117,747	629,776	305,893	(931)
Net position -- beginning, restated					(646,052)	4,182,087	3,536,035	1,231,587	(101,344)
Net position -- ending					\$ (134,023)	\$ 4,299,834	\$ 4,165,811	\$ 1,537,480	\$ (102,275)

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

CITY OF BALTIMORE
Balance Sheet
Governmental Funds
June 30, 2022
(Expressed In Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets:					
Cash and cash equivalents	\$ 56,036	\$ 500,787	\$ 2,268	\$ 70,892	\$ 629,983
Investments	1,017,338		7,393	13,046	1,037,777
Property taxes receivable, net	28,661				28,661
Other receivables, net	61,770			9,420	71,190
Due from other governments	94,500	18,092	15,965	1,012	129,569
Due from other funds	78,234	115,625	32,146		226,005
Notes and mortgages receivable, net	260,288				260,288
Inventories, at cost	1,193				1,193
Other assets	80,112				80,112
Total assets	<u>\$ 1,678,132</u>	<u>\$ 634,504</u>	<u>\$ 57,772</u>	<u>\$ 94,370</u>	<u>\$ 2,464,778</u>
Liabilities, deferred inflows of resources and fund balances (deficits):					
Liabilities :					
Accounts payable and accrued liabilities	\$ 426,056	\$ 36,053	\$ 18,660	\$ 4,057	\$ 484,826
Retainages payable			11,265		11,265
Estimated liability for claims in progress	94,062				94,062
Due to other funds	149,168			3,773	152,941
Deposits subject to refund	29,390				29,390
Unearned revenue	55,347	598,451			653,798
Total liabilities	<u>754,023</u>	<u>634,504</u>	<u>29,925</u>	<u>7,830</u>	<u>1,426,282</u>
Deferred inflows of resources:					
Unavailable property taxes	27,893				27,893
Leases	29,000				29,000
Total deferred inflows of resources	<u>56,893</u>				<u>56,893</u>
Total liabilities and deferred inflows of resources	<u>810,916</u>	<u>634,504</u>	<u>29,925</u>	<u>7,830</u>	<u>1,483,175</u>
Fund balances:					
Nonspendable	1,726				1,726
Restricted	378,302		27,847	68,819	474,968
Assigned	329,917			17,721	347,638
Unassigned	157,271				157,271
Total fund balances	<u>867,216</u>		<u>27,847</u>	<u>86,540</u>	<u>981,603</u>
Total liabilities and fund balances	<u>\$ 1,678,132</u>	<u>\$ 634,504</u>	<u>\$ 57,772</u>	<u>\$ 94,370</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,073,065
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	498,012
Internal service funds are used by management to charge the cost of fleet management, energy conservation, mailing, communications, printing, building maintenance, and risk management to individual funds. Some of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	36,080
Unavailable revenue is not due and payable in the current period and, therefore, is not reported in the funds	27,893
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(4,750,676)
Net position of governmental activities	<u>\$ (134,023)</u>

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

CITY OF BALTIMORE
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2022
(Expressed in Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenues:					
Taxes -- local	\$ 1,820,590			\$ 45,239	\$ 1,865,829
State shared revenue	175,035			15,191	190,226
Licenses and permits	27,391				27,391
Fines and forfeitures	33,314				33,314
Interest and other investment income	21,808	\$ 6	\$ 139	1,667	23,620
Federal grants	57,888	162,555	30,086	11,503	262,032
State grants	101,891	56,737	13,392		172,020
Other grants		62,646			62,646
Charges for services	42,871				42,871
Miscellaneous	6,636		13,752		20,388
Other revenue				700	700
Total revenues	2,287,424	281,944	57,369	74,300	2,701,037
Expenditures:					
Current:					
General government	433,325	96,208		20,758	550,291
Public safety and regulation	867,723	43,107		1,895	912,725
Conservation of health	63,706	89,318			153,024
Social services	5,778	42,205			47,983
Education	282,743			5,191	287,934
Public library	27,282	10,970		7	38,259
Recreation and culture	50,672	6,004		278	56,954
Highways and streets	147,151	249			147,400
Sanitation and waste removal	95,638			497	96,135
Public service	29,676	8,743			38,419
Economic development	73,146	32,413	34,813	12,448	152,820
Debt service:					
Principal	61,575				61,575
Interest	32,419				32,419
Capital outlay			126,368		126,368
Total expenditures	2,170,834	329,217	161,181	41,074	2,702,306
Excess (deficiency) of revenues under expenditures	116,590	(47,273)	(103,812)	33,226	(1,269)
Other financing sources (uses):					
Transfers in	41,155	47,273	23,040		111,468
Transfers out	(59,111)		(3,272)	(6,040)	(68,423)
Proceeds from financed purchases			17,927		17,927
Total other financing all uses	(17,956)	47,273	37,695	(6,040)	60,972
Net changes in fund balance	98,634		(66,117)	27,186	59,703
Fund balances -- beginning	768,582		93,964	59,354	921,900
Fund balances -- ending	\$ 867,216	\$	\$ 27,847	\$ 86,540	\$ 981,603

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, 2022
(Expressed in Thousands)

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

Net changes in fund balance -- total governmental funds	\$ 59,703
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	(64,044)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(13,328)
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	424,078
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	75,720
The net income of some activities of internal service funds is reported with governmental activities	<u>29,900</u>
Changes in net position of governmental activities	<u>\$ 512,029</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, 2022
(Expressed in Thousands)

	Enterprise Funds					Total	Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds		
Assets and deferred outflows of resources:							
Current assets:							
Cash and cash equivalents	\$ 212,893	\$ 141,251	\$ 55,566	\$ 13,839		\$ 423,549	\$ 13,381
Accounts receivable, net:							
Service billings	53,684	98,787	8,881			161,352	
Other	525	157	36	317	\$ 42,453	43,488	332
Due from other funds							1,396
Due from other governments	51,394	174,741	42,409			268,544	
Inventories	7,903	538	493			8,934	8,216
Restricted assets:							
Cash and cash equivalents	55,576	73,573	2,698			131,847	
Notes and mortgages receivable				2,339		2,339	
Total current assets	381,975	489,047	110,083	16,495	42,453	1,040,053	23,325
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	121,910	148,178	48,157	16,473	26,937	361,655	73,304
Due from other governments	213,019	196,080	555			409,654	
Notes and mortgages receivable				8,247		8,247	
Capital assets, net of accumulated depreciation	1,844,943	3,325,255	258,100	64,280	180,595	5,673,173	91,421
Capital assets not being depreciated	178,977	213,538	25,576	16,786	34,426	469,303	
Total noncurrent assets	2,358,849	3,883,051	332,388	105,786	241,958	6,922,032	164,725
Total assets	2,740,824	4,372,098	442,471	122,281	284,411	7,962,085	188,050
Deferred outflows of resources							
Deferred amortization on early extinguishment of debt	59,939	47,968				107,907	
Deferred loss on bond refunding				11,472		11,472	
Deferred outflows related to pension	9,317	8,554	1,304		628	19,803	
Deferred outflows related to OPEB	8,057	7,401	1,451		355	17,264	
Interest rate swaps				2,373		2,373	
Total deferred outflows of resources	77,313	63,923	2,755	13,845	983	158,819	
Total assets and deferred outflows of resources	2,818,137	4,436,021	445,226	136,126	285,394	8,120,904	188,050
Liabilities and deferred inflows of resources:							
Current liabilities:							
Accounts payable and accrued liabilities	14,499	23,928	659	2,491	372	41,949	12,590
Accrued interest payable	20,142	18,490	862	4,121		43,615	
Due to other funds					71,049	71,049	3,411
Due to other governments		24,252				24,252	
Compensated absences	2,891	2,599	466		230	6,186	1,010
Other liabilities					5,000	5,000	
Accounts payable from restricted assets	37,096	60,161	2,488	69	9,914	109,728	
Financed purchase		128				128	24,000
Revenue bonds payable	35,434	55,083	1,836	5,055		97,408	
General long-term debt payable			542			542	
Total current liabilities	110,062	184,641	6,853	11,736	86,565	399,857	41,011
Noncurrent liabilities:							
Financed purchase		192				192	93,541
Revenue bonds payable, net	1,418,114	1,640,530	123,506	61,907		3,244,057	
Derivative instrument liability	5,086			10,481		15,567	
Compensated absences	3,650	3,627	621		324	8,222	1,643
General long-term debt payable			2,741			2,741	
Net pension liability	38,424	32,277	5,379		2,590	78,670	
Net OPEB liability	10,485	9,931	1,611		1,323	23,350	
Total noncurrent liabilities	1,475,759	1,686,557	133,858	72,388	4,237	3,372,799	95,184
Total liabilities	1,585,821	1,871,198	140,711	84,124	90,802	3,772,656	136,195
Deferred inflows of resources:							
Deferred inflows related pension	495	455	69		33	1,052	
Deferred inflows related OPEB	14,407	13,460	2,346		1,374	31,587	
Total deferred inflows of resources	14,902	13,915	2,415		1,407	32,639	
Total liabilities and deferred inflows of resources	1,600,723	1,885,113	143,126	84,124	92,209	3,805,295	136,195
Net position:							
Net investment in capital assets	692,992	2,238,160	220,113	27,406	215,022	3,393,693	(26,162)
Restricted for:							
Debt service	183,077	83,688	9,148	16,473		292,386	
Unrestricted (deficit)	341,345	229,060	72,839	8,123	(21,837)	629,530	78,017
Total net position	\$ 1,217,414	\$ 2,550,908	\$ 302,100	\$ 52,002	\$ 193,185	4,315,609	\$ 51,855
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						(15,775)	
Net position of business-type activities						\$ 4,299,834	

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, 2022
(Expressed In Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Nonmajor Funds	Total	
Operating revenues:							
Charges for sales and services							\$ 113,020
Water, sewer and stormwater service	\$ 278,280	\$ 277,902	\$ 37,698			\$ 593,880	
Rents and fees		229	184	\$ 56,537	\$ 36,807	93,757	
Total operating revenues	278,280	278,131	37,882	56,537	36,807	687,637	113,020
Operating expenses:							
Salaries and wages	37,291	44,052	7,849		5,117	94,309	19,772
Other personnel costs	15,760	18,644	2,922		2,140	39,466	9,316
Contractual services and other	35,912	82,020	6,415	4,096	2,205	130,648	55,575
Materials and supplies	9,534	16,378	422		133	26,467	630
Minor equipment	1,006	1,280	136		112	2,534	6,184
Postage and delivery services							968
Depreciation	43,720	84,429	5,789	2,526	3,738	140,202	15,607
Total operating expenses	143,223	246,803	23,533	6,622	13,445	433,626	108,052
Operating income	135,057	31,328	14,349	49,915	23,362	254,011	4,968
Nonoperating revenues (expenses):							
Loss on sale of assets							(503)
Other	13,706	13,276	2,168		617	29,767	
Interest income		1,017	76			1,093	
Interest expense	(43,419)	(39,647)	(4,570)	(690)		(88,326)	
Total nonoperating expenses, net	(29,713)	(25,354)	(2,326)	(690)	617	(57,466)	(503)
Income before capital contributions (distributions) and transfers	105,344	5,974	12,023	49,225	23,979	196,545	4,465
Capital contributions (distributions)	(22,802)	16,230	(13,380)	(381)	(9,708)	(30,041)	
Transfers out				(43,045)		(43,045)	
Changes in net position	82,542	22,204	(1,357)	5,799	14,271	123,459	4,465
Total net position - beginning	1,134,872	2,528,704	303,457	46,203	178,914	4,192,150	47,390
Total net position - ending	\$ 1,217,414	\$ 2,550,908	\$ 302,100	\$ 52,002	\$ 193,185	4,315,609	\$ 51,855
Adjustment to reflect the consolidation of internal service activities related to enterprise funds						(15,775)	
Net position of business-type activities						\$ 4,299,834	

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, 2022
 (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	\$	117,747
The net expense of some activities of internal service funds is reported with business-type activities		5,712
Change in net position of business-type activities	\$	123,459

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, 2022
(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	\$ 286,912	\$ 297,993	\$ 36,763	\$ 56,298	\$ 36,807	\$ 714,773	\$ 104,563
Payments to employees	(82,733)	(93,947)	(15,746)		(8,056)	(200,482)	(29,174)
Payments to suppliers	(43,610)	(80,451)	(7,090)	(4,265)	(2,558)	(137,974)	(62,231)
Net cash provided by operating activities	160,569	123,595	13,927	52,033	26,193	376,317	13,158
Cash flows from noncapital financing activities:							
Transfers out				(43,045)		(43,045)	
Net cash (used) by noncapital financing activities				(43,045)		(43,045)	
Cash flows from capital and related financing activities:							
Mortgages receivable principal payments				1,774		1,774	
Proceeds from revenue bonds			3,000			3,000	
Proceeds from water quality loans	192,610	160,775	42,461			395,846	
Principal paid on revenue bonds	(26,462)	(27,975)	(1,097)	(4,325)		(59,859)	
Principal paid on State water quality loans	(1,719)	(23,746)	(1,725)			(27,190)	
Principal paid on general long-term debt			(514)			(514)	
Interest received		1,017	76				
Interest paid	(26,169)	(26,773)	(2,999)	(4,305)		(60,246)	
Acquisition and construction of capital assets	(87,502)	(195,823)	(6,501)	(1,483)	17,618	(273,691)	(7,680)
Financed purchases payments		(117)				(117)	(1,804)
Capital contributions (distribution) received	(125,612)	(47,851)	(40,474)		(9,708)	(223,645)	
Net cash (used) provided by capital and related financing activities	(74,854)	(160,493)	(7,773)	(8,339)	7,910	(244,642)	(9,484)
Net increase (decrease) in cash and cash equivalents	85,715	(36,898)	6,154	649	34,103	88,630	3,674
Cash and cash equivalents, beginning of year	304,664	399,900	100,267	29,663	35,287	869,781	83,011
Cash and cash equivalents, end of year	\$ 390,379	\$ 363,002	\$ 106,421	\$ 30,312	\$ 69,390	\$ 958,411	\$ 86,685
Reconciliation of operating income to net cash provided by operating activities:							
Operating income	\$ 135,057	\$ 31,328	\$ 14,349	\$ 49,915	\$ 23,362	\$ 254,011	\$ 4,967
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	43,720	84,429	5,789	2,526	3,738	140,202	15,607
Effect of changes in non cash operating assets and liabilities:							
Accounts receivables	8,632	19,862	(1,118)	(238)		27,138	2,292
Inventories	1,311	(116)	4			1,199	(68)
Deferred outflows - pension	9,627	8,839	(49)		649	19,066	
Deferred outflows - OPEB	(316)	(300)	1,348		(40)	692	
Accounts payable and accrued liabilities	3,457	5,977	(479)	(170)	96	8,881	1,431
Compensated absences	(642)	(1,022)	(64)			(1,728)	(10)
Due (from) other funds		15,193				15,193	(10,680)
Deferred inflows - pension	495	455	69		33	1,052	
Deferred inflows - OPEB	(7,295)	(6,909)	(1,121)		(920)	(16,245)	
Pension liability - current period	(29,672)	(30,242)	(4,154)		(1,999)	(66,067)	
OPEB liability	(3,805)	(3,899)	(647)		1,393	(6,958)	
Other liabilities					(119)	(119)	(381)
Total adjustments	25,512	92,267	(422)	2,118	2,831	122,306	8,191
Net cash provided by operating activities	\$ 160,569	\$ 123,595	\$ 13,927	\$ 52,033	\$ 26,193	\$ 376,317	\$ 13,158
Noncash activity from capital and related financing activities:							
New financed purchases							\$ 25,000
Acquisition and construction of capital assets financed by debt	\$ 4,308	\$ (41,669)	\$ (1,307)			\$ (38,668)	
Increase in issuance of State water quality loans	192,610	160,775	42,461			395,846	
Increase in issuance of revenue bonds			3,000			3,000	
Total noncash activity from capital and related financing activities	\$ 196,918	\$ 119,106	\$ 44,154	\$	\$	\$ 360,178	\$ 25,000

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, 2022
(Expressed In Thousands)

	Pension/OPEB Trust Funds
<hr/>	
Assets:	
Cash and cash equivalents	\$ 143,758
Investments:	
Stocks	3,258,647
Bonds	979,638
Real Estate	692,509
Private equity and hedge fund	737,694
Securities lending collateral	68,068
Accounts receivable, net:	
Forward foreign contracts	5,090
Other assets	42,409
Total assets	5,927,813
Liabilities:	
Obligations under securities lending program	68,068
Forward foreign contracts	11,502
Accounts payable	79,755
Pension benefits payable	12
Total liabilities	159,337
Net position:	
Net position restricted for pensions	4,957,125
Net position restricted for OPEB	811,351
Net position restricted for pension and OPEB	\$ 5,768,476

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, 2022
(Expressed In Thousands)

	Pension/OPEB Funds Total
Additions:	
Contributions:	
Employer	\$ 321,820
Employee	92,890
Total contributions	414,710
Investment income:	
Net depreciation in fair value of investments	(578,200)
Securities lending income	372
Interest and dividend income	183,390
Total investment loss	(394,438)
Less: investment expense	
Net investment loss	(429,657)
Total additions (deductions).....	(14,947)
Deductions:	
Retirement benefits	422,443
Health benefits	89,441
Death benefits	2,953
Administrative expenses	9,611
Other	23,914
Total deductions	548,362
Changes in net position	(563,309)
Net position restricted for pensions and OPEB - beginning of the year	6,331,785
Net position restricted for pensions and OPEB - end of year	\$ 5,768,476

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

CITY OF BALTIMORE
Index to the Notes to Basic Financial Statements

Note Number	Page
1. Summary of Significant Accounting Policies	33
2. Reconciliation of Government-wide and Fund Financial Statements	42
3. Deposits and Investments	44
4. Receivables, net	54
5. Capital Assets	54
6. Interfund Balances and Activity	56
7. Long-term Obligations	57
8. Revenue Bonds	61
9. Pledged Revenue	66
10. Prior-Year Defeasance of Debt	67
11. Interest Rate Swaps	67
12. Pension Plans	70
13. Other Postemployment Benefits	81
14. Risk Management	86
15. Leases	87
16. Landfill Closure and Postclosure Care Costs	89
17. Notes and Mortgages Receivable	90
18. Fund Balance	91
19. Commitments and Contingencies	91
20. Beginning Balance Adjustments	92
21. Tax Abatement	93
22. Subsequent Events	93

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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. 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, 2021 may be obtained from the Chief Financial Officer, Baltimore City, 469 City Hall, 100 N. Holliday St., Baltimore, Maryland 21202.

Related Organizations

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

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

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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

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

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

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

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

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

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

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

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The City reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

The City reports the following other fund types:

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

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

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

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

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements 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,

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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 financed purchases 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 as of June 30, 2022, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Cash Equivalents." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The City does not invest any portion of its cash in derivative investments.

Receivables and Payables

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

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

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

Inventories

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost, except for intangible right to use assets, which are discussed in Note 15. 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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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, 2022. This liability, which includes estimates for known and incurred but not reported claims, is based upon an actuarial valuation of the City's claim payment history discounted at a rate of 3.0%, for all claims except medical, for which claims are not discounted.

Property Tax and Property Tax Calendar

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

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

State law requires that all real property be reassessed every three years, and further provides that the amount of any increase over previous established market values be phased in over a three-year period. To accomplish the triennial assessment requirement, approximately one-third of all real property is reviewed annually. The City Council, effective with the fiscal year beginning July 1, 1991, enacted a 104% homestead tax credit program which will protect home owners from increases in assessments that are greater than 4% in any one year. The assessed value of real property in Baltimore City for fiscal year 2022 was \$37,198,000,000 which was approximately 88.3% of the estimated market value.

The tax rate in Baltimore City for real property taxes for fiscal year 2022 was \$2.25 per \$100 of assessed value. Pursuant to State Law, the personal property tax and tax rate applied to operating property of public utilities is 2.5 times the real property rate or \$5.62 per \$100 of assessed value. Current collections were 97.5% of the total tax levy.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

As of June 30, 2022, the City had property taxes receivable of \$28,661,000, net of an allowance for uncollectible accounts of \$26,305,000.

Gains and Losses on Early Extinguishment of Debt from Refundings

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

Sick, Vacation and Personal Leave

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

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

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

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

Restricted Assets

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

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until the future period. As of June 30, 2022, 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2022, 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.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

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.
- 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.

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 2022 budget.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

D. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

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

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

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;

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The City is required to adopt GASB No. 91 for its fiscal year 2023 financial statements.

GASB Statement No. 94

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

GASB Statement No. 96

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

GASB Statement No. 99

In April 2022, the GASB issued Statement No. 99, “*Omnibus 2022*”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: (1) Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. (2) Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives (3) Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset (4) Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability (5) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt (6) Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) (7) Disclosures related to nonmonetary transactions (8) Pledges of future revenues when resources are not received by the pledging government (9) Clarification of provisions in Statement No. 34, Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements (10) Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (11) Terminology used in Statement 53 to refer to resource flows statements. The requirements related to leases, PPPs, and SBITAs, are required for its fiscal year 2023 financial statements.

GASB Statement No. 100

In June 2022, the GASB issued Statement No. 100, “*Account Changes and Error Corrections- an amendment to GASB Statement No. 62*”. The primary objective of this Statement is to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City is required to adopt GASB No. 100 for its fiscal year 2023 financial statements.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

GASB Statement No. 101

In June 2022, the GASB issued Statement No. 101, “*Compensated Absences*”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City is required to adopt GASB No. 101 for its fiscal year 2024 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	\$ 6,459,884
Less accumulated depreciation	(3,386,819)
Total	\$ 3,073,065
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	\$ 12,630
Other asset	27,543
Deferred loss on bond refundings	2,988
Deferred outflow of resources (pension).....	284,390
Deferred outflow of resources (OPEB).....	170,402
Interest rate swaps	59
Total	\$ 498,012
Internal Service funds are used by management to charge the cost of fleet management, mailing, communications, printing energy conservation and building maintenance to individual funds. Some assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	
	\$ 36,080
Deferred revenue is not due and payable in the current period, and therefore, is not reported in the funds	
	\$ 27,893
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	\$ 32,144
Accrued interest payable	(15,083)
Long-term bonds	(993,418)
Revenue bonds	(298,278)
Finance purchase	(46,130)
Operating leases	(42,844)
Compensated absences and other	(179,091)
Estimated claims in progress	(278,102)
Landfill closure liability	(30,450)
Derivative instrument liability	(55)
Net pension liability	(1,205,436)
Net OPEB liability	(79,245)
Other liabilities	(702,827)
Deferred inflow of resources (pension).....	(514,840)
Deferred inflow of resources (service concession arrangement).....	(51,479)
Deferred inflow of resources (OPEB).....	(345,542)
Total	\$ (4,750,676)

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	\$ 65,827
Finance purchase and operating lease	6,154
Depreciation	(136,025)
Total	\$ (64,044)
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	13,565
Revenues not received for several months after the fiscal year end are not considered as available revenues in the governmental funds	(28,012)
Total	\$ (13,328)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Debt service principal	76,828
Debt service interest (financed purchase, GO bonds, and accrued interest)	1,985
Claims liability	(7,894)
Landfill closure liability	8,940
Compensated absences	4,479
Miscellaneous other liability	(146,254)
Changes in net OPEB liability, deferred inflow and outflow.....	485,994
Total	\$ 424,078
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	
	\$ 75,720
The net income of some activities of internal service funds is reported with governmental activities:	
Internal service funds net expenses attributed to governmental activities	\$ 29,900

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 as of June 30, 2022 (expressed in thousands):

	Government-wide Statements of Net Position	Fiduciary Funds Statement of Net Position Total	Total
Cash and cash equivalents	\$ 1,066,913	\$ 143,758	\$ 1,210,671
Investments	1,037,777	5,668,488	6,706,265
Restricted cash and cash equivalents	566,806		566,806
Total	\$ 2,671,496	\$ 5,812,246	\$ 8,483,742

B. CASH DEPOSITS

As of June 30, 2022, the carrying amount of the City’s bank deposits was \$55,315,000 and the respective bank balances totaled \$64,051,000. 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, 2022, BCPSS and BHC had demand deposits with carrying values of \$30,600,000 and \$2,028,000, 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 as of June 30, 2022, are presented below. All investments are presented by investment type, and debt securities are presented by maturity (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)		
		Less Than 6	6 to 12	Greater Than 12
Debt Securities:				
U.S. Treasury	\$ 397,321	\$ 389,412		\$ 7,909
U.S. Agencies	640,387	608,605		31,782
Repurchase agreements	190,000	190,000		
Money market mutual funds	1,345,487	1,345,487		
Commercial paper	36,973	1,788	\$ 21,676	13,509
	2,610,168	\$ 2,535,292	\$ 21,676	\$ 53,200
Other investments:				
Equity mutual funds	9,223			
	2,619,391			
Less: cash equivalents	1,581,614			
Total investments	\$ 1,037,777			

Investments and Valuation - The City categorizes its investments using the fair value measurements identified in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Investment Type	Fair Value	Investment Levels		
		Level 1	Level 2	Level 3
Debt Securities:				
U.S. Treasury	\$ 397,321	\$ 397,321		
U.S. Agencies	640,387	640,387		
Repurchase agreements	190,000	190,000		
Equity mutual funds	9,223	9,223		
Money market mutual funds	1,345,487	1,345,487		
Commercial paper	36,973	36,973		
	2,619,391	\$ 2,619,391		
Less: cash equivalents	1,581,614			
Total investments	\$ 1,037,777			

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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

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, 2022 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
Debt Securities:			
U.S. Agencies	\$ 640,387	\$ 640,387	
Money market mutual funds	1,345,487	1,345,487	
Commercial paper	36,973		\$ 36,973
Total investments	\$ 2,022,847	\$1,985,874	\$ 36,973

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 as of June 30, 2022, that were more than five percent of total investments (expressed in thousands):

Investment	Fair Value	Percentage of Portfolio
Cantor Repurchase Agreement	\$ 190,000	7.25%

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 generally accepted accounting principles (GAAP) 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 as of June 30, 2022 are as follows (expressed in thousands):

Investment Type	Carrying Value			Total
	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	
Debt Securities:				
U.S. Treasury notes and bonds	\$ 24,944		\$ 45,310	\$ 70,254
U.S. Government agency bonds			27,175	27,175
Corporate bonds	68,363	\$ 6,177	68,479	143,019
Commingled fixed income fund	245,275		282,653	527,928
U.S. Quasi and Foreign Government	52,640			52,640
Total debt securities	<u>391,222</u>	<u>6,177</u>	<u>423,617</u>	<u>821,016</u>
Other:				
Domestic equities	517,466	8,421	358,011	883,898
Mutual funds	49,677	172	77,139	126,988
International equities	284,350	4,867	470,652	759,869
Defensive equities	128,636	3,346		131,982
Dynamic US equity fund.....			125,122	125,122
Hedge funds			171,668	171,668
Commingled equity fund			485,010	485,010
Private equity funds	338,661		441,376	780,037
Private energy funds			124,650	124,650
Real estate	302,431	3,763	287,473	593,667
Total other	<u>1,621,221</u>	<u>20,569</u>	<u>2,541,101</u>	<u>4,182,891</u>
Total investments	<u>2,012,443</u>	<u>26,746</u>	<u>2,964,718</u>	<u>5,003,907</u>
Less: Cash and cash equivalents	49,677	172	77,139	126,988
Total net investment	<u>\$ 1,962,766</u>	<u>\$ 26,574</u>	<u>\$ 2,887,579</u>	<u>\$ 4,876,919</u>

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 as of June 30, 2022 is presented on the following table (expressed in thousands):

Currency	Employees'	Fire and Police	Total
	Retirement System	Employees' Retirement System	
Euro Currency Unit	\$ 44,548	\$ 149,518	\$ 194,066
Australian Dollar	11,412	2,153	13,565
Brazil Real	3,026	1,005	4,031
British Pound Sterling		83,708	83,708
Canadian Dollar	14,416	19,064	33,480
Chinese Yuan Renminbi	250		250
Danish Krone	991	13,264	14,255
Hong Kong Dollar	13,024	10,920	23,944
Indonesian Rupian	595	4,036	4,631
Israeli Shekel	1,230	528	1,758
Japanese Yen	27,394	32,316	59,710
Mexican Peso	673	2,239	2,912
New Taiwan Dollar	1,957	3,874	5,831
New Zealand Dollar	76		76
Norwegian Krone	1,561	520	2,081
Polish Zloty	294		294
Pound Sterling	26,402		26,402
Russian Ruble	5		5
Singapore Dollar	4,814	1,768	6,582
South African Comm Rand	256		256
South Korean Won	3,356	919	4,275
Swedish Krona	4,538	12,132	16,670
Swiss Franc	8,988	30,326	39,314
Thai Baht	433	646	1,079
UAE Dirham	368	796	1,164
Total Foreign Currency	\$ 170,607	\$ 369,732	\$ 540,339

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 as of June 30, 2022, were as follows (expressed in thousands):

Asset Type	Duration	Carrying				
		Value	AAA thru A	BBB thru B	CCC thru C	Not Rated
<i>Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	9.00	\$ 24,944	\$ 24,944			
Emerging market bond CIT-Class B	7.68	68,795	8,943	\$ 53,660	\$ 3,440	\$ 2,752
US Quasi and Foreign government	5.08	52,639	24,277	4,349		24,013
Corporate bonds	6.63	68,363	23,820	32,673	127	11,743
Bank loan fund	0.25	74,561		63,138	6,636	4,787
MCM Lehman aggregate bond index	0.16	101,919	88,924	12,995		
Total debt securities		\$ 391,221	\$ 170,908	\$ 166,815	\$ 10,203	\$ 43,295
<i>Elected Officials' Retirement System:</i>						
Aggregate bond index fund	6.45	\$ 3,193	\$ 3,193			
US Senior loan fund	0.36	1,898	1,898			
Core Plus bond fund	6.22	1,087	1,087			
Total debt securities		\$ 6,178	\$ 6,178			
<i>Fire and Police Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	7.78	\$ 45,310	\$ 45,310			
U.S. Government agency bonds	5.93	27,175	26,167			\$ 1,008
Barclay aggregate index	6.45	72,499	72,499			
NHIT agency mbs trust	5.52	26,683	26,683			
Corporate bonds	5.61	68,479	17,354	\$ 40,763		10,362
Emerging market debt fund	-0.02	59,514		59,514		
MCM TIPS	6.95	118,972	118,972			
Senior floating rate fund	N/A	4,985		4,985		
Total debt securities		\$ 423,617	\$ 306,985	\$ 105,262		\$ 11,370

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, 2022, 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 as of June 30, 2022, was \$148,452,000, and the market value of the collateral received for those securities on loan was \$161,672,000 which included collateral received in cash in the amount of \$68,068,000. 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

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 as of June 30, 2022, are as follows (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)	
		Less than 6	Greater than 12
Cash and cash equivalents	\$ 16,770	\$ 16,770	
U.S. Treasury obligations	18,238		\$ 18,238
U.S. Government agencies	12,007		12,007
Corporate bonds	128,377		128,377
Subtotal	175,392	\$ 16,770	\$ 158,622
Real estate	98,842		
Stocks	534,105		
Total investments	808,339		
Less: cash and cash equivalents	16,770		
Total net investments	\$ 791,569		

The OPEB Trust Fund categorized their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and given the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

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

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

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

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

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Investment by fair value level	Base Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury notes and bonds	\$ 18,238	\$ 18,238		
U.S. Government agency bonds	12,007		\$ 12,007	
Corporate bonds	24,292		24,292	
Total debt securities at fair value level	<u>54,537</u>	<u>18,238</u>	<u>\$ 36,299</u>	
Equity securities				
Domestic equities	124,967	124,967		
International equities	20,829	20,829		
Total equity securities at fair value level	<u>145,796</u>	<u>\$ 145,796</u>		
Total investments by fair value level	<u>200,333</u>			
Investments measured at the net asset value (NAV)				
Commingled fixed income	98,842			
Domestic equities	123,290			
Defensive equities	78,889			
International equities	137,184			
Real estate	104,085			
Private equities	48,946			
Total investments measured at the NAV	<u>591,236</u>			
Total net investments	<u>\$ 791,569</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.....	\$ 98,842		Daily, weekly & monthly	0 - 30 days (1)
Domestic equities	123,290		Daily, weekly & monthly	0 - 30 days (2)
International equities	137,184		Daily, weekly & monthly	0 - 30 days (3)
Defensive equities	78,889		Quarterly	0 - 30 days (4)
Hedge funds.....			Quarterly	90-100 days (5)
Real estate.....	104,085		Quarterly	90-100 days (6)
Private equities.....	48,946		Not eligible	N/A (7)
Total investments measured at the NAV	<u>\$ 591,236</u>	<u>\$</u>		

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

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

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

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

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

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

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

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

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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Baltimore City Public School System

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

The BCPSS is authorized by State law to invest in direct or indirect obligations of the U.S. Government, repurchase agreements and related mutual funds. The BCPSS's investments as of June 30, 2022, 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	\$ 189,041	\$ 189,041		38.5%	100.0%
Commercial paper	15,931	8,997	\$ 6,934	3.2%	5.0
Fixed income	574	574		0.1%	100.0
Equity funds	426	426		0.1%	100.0
U.S. Government agencies	118,308	118,308		24.1%	100.0
U.S. Treasury obligations	167,359	109,845	57,514	34.0%	100.0
Total invested funds	491,639	\$ 427,191	\$ 64,448	100.0%	
Less: cash equivalents	427,191				
Total net investments	\$ 64,448	*			

* Cash equivalents excludes \$25,416,000 which is not invested.

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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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 Schools had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Balance June 30, 2022
Investments by fair value level:				
Debt Securities:				
Equity Funds	\$ 426			\$ 426
US Government Obligations		\$ 118,308		118,308
US Treasury Obligations		167,359		167,359
Total Debt Securities	426	285,667		286,093
Equity Securities:				
Fixed Income	574			574
Commercial Paper		15,931		15,931
Total Equity Securities	574	15,931		16,505
Total Investment by fair value level	\$ 1,000	\$ 301,598		302,598
Investments carried at amortized cost:				
Deposits				25,416
Money Market Mutual Funds				189,041
Total Investments at amortized cost				214,457
Total Investments				\$ 517,055

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	81.0%	\$ 397,847	AAA	23.0%	\$ 112,180
Aaa			AA+	58.0	285,667
P-1	3.2	15,931	A-1+	2.0	8,997
Not rated	15.8	77,861	A-1	1.0	6,934
	100.0%	\$ 491,639	Not rated	16.0	77,861
				100.0%	\$ 491,639

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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

used for debt repayment. These investments are stated at market value. Additional disclosures required by GASB 74 are available in the separately issued BHC financial statements.

The BHC has no formal policy for limiting risk associated with these investments. The City of Baltimore Department of Finance directs the selection of investment funds. At year-end, BHC held investments in the amount of \$27,039,000 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.....	\$ 28,661					\$ 28,661
Service billings.....				\$ 161,352		161,352
Due from other governments.....	94,500	\$ 18,092	\$ 15,965	678,198	\$ 1,012	807,767
Notes and mortgages receivable.....	260,288			10,586		270,874
Other.....	61,770			1,035	52,205	115,010
Total.....	\$ 445,219	\$ 18,092	\$ 15,965	\$ 851,171	\$ 53,217	\$ 1,383,664

Unavailable property taxes include prepaid property taxes. Service billings are reported net of an allowance for doubtful accounts of \$196,438,000. Bad debt expense for fiscal year 2022 was \$10,815,000.

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, 2022, were as follows (expressed in thousands):

Governmental Activities Capital Assets:

Class	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 248,215			\$ 248,215
Other	114,105	\$ 576	\$ 1,596	113,085
Construction in progress	283,180	73,105	82,048	274,237
Total capital assets, not being depreciated	645,500	73,681	83,644	635,537
Capital assets, being depreciated				
Building and improvements	2,358,819	22,238		2,381,057
Equipment	491,052	16,482	7,986	499,548
Infrastructure	3,057,533	60,188		3,117,721
Library books	33,174	2,045		35,219
Right-to-use leased building		49,650		49,650
Total capital assets, being depreciated	5,940,578	150,603	7,986	6,083,195
Less: accumulated depreciation for:				
Building and improvements	1,405,445	37,589		1,443,034
Equipment	388,871	21,774	5,202	405,443
Infrastructure	1,594,581	74,682		1,669,263
Library books	18,919	9,415		28,334
Right-to-use leased building		8,172		8,172
Total accumulated depreciation	3,407,816	151,632	5,202	3,554,246
Total capital assets, being depreciated, net	2,532,762	(1,029)	2,784	2,528,949
Governmental activities capital assets, net	\$ 3,178,262	\$ 72,652	\$ 86,428	\$ 3,164,486

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Business-type Activities Capital Assets:

Class	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 36,920			\$ 36,920
Construction in progress	533,348	\$ 267,336	\$ 368,301	432,383
Total capital assets, not being depreciated	570,268	267,336	368,301	469,303
Capital assets, being depreciated				
Building and improvements	4,935,211	116		4,935,327
Equipment	306,586	3,409	3,202	306,793
Infrastructure	2,074,417	367,404		2,441,821
Total capital assets, being depreciated	7,316,214	370,929	3,202	7,683,941
Less: accumulated depreciation for:				
Building and improvements	1,396,098	89,366		1,485,464
Equipment	144,242	9,219	3,202	150,259
Infrastructure	333,428	41,617		375,045
Total accumulated depreciation	1,873,768	140,202	3,202	2,010,768
Total capital assets, being depreciated, net	5,442,446	230,727		5,673,173
Business-type activities capital assets, net	\$ 6,012,714	\$ 498,063	\$ 368,301	\$ 6,142,476

Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2022 (expressed in thousands):

<i>Governmental activities</i>	
General government	\$ 11,909
Public safety and regulation	25,649
Conservation of health	342
Education	14,111
Public library	12,248
Recreation and parks	9,218
Highways and streets	60,022
Public service	2,526
Internal service funds	15,607
Total	\$ 151,632
<i>Business-type activities:</i>	
Water	\$ 43,720
Wastewater	84,429
Stormwater	5,789
Parking	2,526
Conduits	3,738
Total	\$ 140,202

As of June 30, 2022, the outstanding commitments relating to projects of the City of Baltimore amounted to approximately \$112,242,000 for governmental activities and \$485,306,000 for business-type activities.

In July 2018, the City entered into a lease agreement with Maryland Economic Development Corporation (MEDCO) to lease three parking garages terminating at the earlier of the 50th anniversary of closing or the date on which the MEDCO Parking Facilities Revenue Bonds Series 2018 bonds (MEDCO Bonds) are fully repaid. The lease requires MEDCO to operate the three parking garages in a first class manner and to adopt, operate, and maintain the facilities in accordance with City operating standards and a long term capital plan. In exchange, MEDCO made an initial rent payment of \$55,955,000 and annually, MEDCO shall pay to the City of Baltimore rent in the amount of a distributable portion of the

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Surplus Fund, as defined in the trust indenture. In accordance with generally accepted accounting principles (GAAP), the arrangement between MEDCO and the City of Baltimore qualifies as a service concession arrangement. In the Statement of Net Position under governmental activities, \$51,476,000 is reflected as a deferred inflow of resources (initial rent payment of \$55,955,000 less \$4,476,000 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 as of June 30, 2022, were as follows (expressed in thousands):

Fund	Interfund	
	Receivable	Payable
General	\$ 78,234	\$ 149,168
Grants revenue	115,625	
Capital projects	32,146	
Nonmajor proprietary		71,049
Nonmajor governmental		3,773
Internal service	1,396	3,411
Totals	\$ 227,401	\$ 227,401

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, 2022, certain transactions between funds had not been completed.

B. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds as of June 30, 2022, were as follows (expressed in thousands):

Fund	General	Capital Projects	Nonmajor Governmental	Parking	Total Transfer To
General		\$ 3,272		\$ 37,883	\$ 41,155
Grants revenues	\$ 42,111			5,162	47,273
Capital projects	17,000		\$ 6,040		23,040
Total transfers from	\$ 59,111	\$ 3,272	\$ 6,040	\$ 43,045	\$ 111,468

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 as of June 30, 2022, (expressed in thousands):

Internal service funds:	
Municipal communication	(4,540)
Reproduction and printing	(560)

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

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

7. Long-term Obligations

A. LONG-TERM OBLIGATION ACTIVITY

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

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

Changes in long-term obligations for the year ended June 30, 2022, are as follows (expressed in thousands):

	June 30, 2021	New Debt Issued	Debt Retired	June 30, 2022	Due Within One Year
GOVERNMENTAL ACTIVITIES*					
<i>General Obligation Bonds:</i>					
Highways	\$ 799		\$ 233	\$ 566	\$ 246
Health	1,108		187	921	208
Public safety	1,380		225	1,155	248
Off-street parking	3,432		1,585	1,847	1,721
Recreation and parks	31,193		2,514	28,679	2,676
Public buildings and facilities	132,339		8,092	124,247	9,073
School	177,318		17,774	159,544	19,316
Urban renewal	246,618		23,351	223,267	25,303
Unallocated	2,002		750	1,252	792
Total general obligation bonds	596,189		54,711	541,478	59,583
<i>Special Obligation Bonds</i>					
Special Obligation Bonds	338,246		3,841	334,405	4,021
<i>Long-term financing with the Federal Government:</i>					
Federal economic development loans	11,018		3,023	7,995	2,329
Total Governmental Activities	\$ 945,453	\$	\$ 61,575	\$ 883,878	\$ 65,933
BUSINESS-TYPE ACTIVITIES					
<i>General Obligation Bonds:</i>					
Stormwater	\$ 3,795		\$ 512	\$ 3,283	\$ 542
Total Business-Type Activities	\$ 3,795		\$ 512	\$ 3,283	\$ 542
COMPONENT UNIT - BALTIMORE CITY PUBLIC					
SCHOOL SYSTEM					
<i>Bonds:</i>					
Schools	\$ 51,116		\$ 14,975	\$ 36,141	\$ 16,156

*Included in the Statement of Net Position for Governmental Activities is a remaining unamortized premium of \$109,540,000

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Fixed Rate General Obligation Bonds

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

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

Variable Rate General Obligation Bonds

As of June 30, 2022, the City had \$6,000,000 of taxable variable rate demand Consolidated Public Improvement Bonds 2003 Series D outstanding, to construct various capital projects throughout the City. The bonds mature on October 15, 2022.

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

In conjunction with the bonds, State Street Bank and Trust Company issued an irrevocable letter of credit with a current value of \$6,128,000 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expired 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 2022, the City made no draws under the Agreement, and there were no amounts drawn against the Agreement outstanding as of June 30, 2022.

Compensated Absences

Compensated absences as of June 30, 2022, totaled \$181,744,000 for governmental activities and \$14,406,000 for business-type activities, of which 42,568,000 and \$6,186,000, respectively, were due within one year. For the Baltimore City Public School System, compensated absences and early retirement incentive plan amounts totaled \$66,611,000.

Changes in compensated absences during fiscal year 2022, are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Total
Balance, June 30, 2021	\$ 187,025	\$ 16,112	\$ 203,137
Leave earned	37,287	4,482	41,769
Leave used	(42,568)	(6,186)	(48,754)
Balance, June 30, 2022	\$ 181,744	\$ 14,408	\$ 196,152
Due in one year	\$ 42,568	\$ 6,186	\$ 48,754

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 2022, the Parking Facilities Fund reflected \$450,000 of interest expense accrued.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

B. DEBT SERVICE REQUIREMENTS

Debt service requirements on long-term debt as of June 30, 2022, 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	Principal	Interest	Principal	Interest
			Net(a)				
2023	\$ 59,583	\$ 21,157		\$ 2,329	\$ 180	\$ 4,021	\$ 15,498
2024	37,701	18,842		2,410	119	5,138	15,238
2025	39,510	17,035		2,252	58	7,118	14,954
2026	39,100	15,230		1,004	14	7,910	14,638
2027	38,697	13,458				8,507	14,249
2028-2032	161,266	43,556				54,049	64,327
2033-2037	108,512	17,035				73,451	49,105
2038-2042	57,109	2,589				78,752	29,891
2043-2047						54,905	13,310
2048-2052						40,554	3,287
Totals	\$ 541,478	\$ 148,902	\$	\$ 7,995	\$ 371	\$ 334,405	\$ 234,497

(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, 2022, 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	
2023	\$ 542	\$	128
2024	219		109
2025	230		99
2026	170		91
2027	133		85
2028-2032	754		337
2033-2037	908		169
2038-2042	325		2
Totals	\$ 3,281	\$	1,020

A summary of general obligation bonds outstanding and bond anticipation notes outstanding, and bonds authorized but unissued (expressed in thousands) as of June 30, 2022, 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%	\$ 1,155	\$ 19
Off-street parking	2018 to 2026	1.0% to 5.0%	1,847	345
Recreation and parks	2018 to 2035	1.0% to 6.0%	28,679	8,586
Public buildings and facilities	2018 to 2035	1.0% to 5.0%	124,247	166,069
Schools	2018 to 2035	1.0% to 5.8%	159,544	127,481
Urban renewal and development	2018 to 2035	1.0% to 6.0%	223,267	140,469
Highways	2018 to 2026	1.0% to 5.0%	566	21
Finance				20,000
Health	2018 to 2032	1.0% to 6.0%	921	4,071
Stormwater	2018 to 2026	1.0% to 5.5%	3,281	
Unallocated	2018 to 2026	1.0% to 5.0%	1,252	
Totals			\$ 544,759	\$ 467,061

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Baltimore City Public School System (BCPSS) Bonds

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

As BCPSS enters into capital project contracts with one or more contractors, funds are to be drawn from the Series 2009 Construction Bonds escrow account to fund capital expenditures. The interest rates on the bonds include a Tax Credit rate of 5.90% and an interest rate of 1.25%, and interest is payable quarterly on March 15, June 15, September 15, and December 15 of each year. Principal sinking fund payment started on December 15, 2014. As of June 30, 2022, the outstanding balance of the Series 2009 Construction Bonds is \$15,800,000.

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 5.69% and interest is payable semi-annually on June 15 and December 15 of each year. As of June 30, 2022, the outstanding balance on the Series 2011 Bonds is \$20,300,000.

Future minimum bond payments are as follows at fiscal year ending June 30, 2022 (expressed in thousands):

Fiscal Year	Principal	Interest	Total
2023	\$ 16,156	\$ 4,097	\$ 20,253
2024	15,372	4,097	19,469
2025	4,436	3,780	8,216
2026	177	1,731	1,908
Totals	\$ 36,141	\$ 13,705	\$ 49,846

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 \$275,914,000 as of June 30, 2022, and revenues of the Water, Wastewater, and Stormwater Funds are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2022 consist of (expressed in thousands):

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2022		\$ 1,170	
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2024	\$ 1,690		
Serial bonds series, 2003-B maturing in annual installments from \$71,081 to \$73,094 through February 1, 2031, with interest rate at 0.40%, payable semiannually	615		
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		287	
Serial bonds series, 2004-A maturing in annual installments from \$211,118 to \$218,042 through February 1, 2032, with interest rate at 0.40%, payable semiannually	2,119		
Serial bonds series, 2004-C maturing in annual installments from \$904,000 to \$907,000 through February 1, 2024, with interest rate at 0.25%, payable semiannually		1,811	
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		1,206	
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		3,586	
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		1,263	
Serial bonds series, 2007-A maturing in annual installments from \$75,198 to \$78,574 through February 1, 2035, with interest rate at 0.40%, payable semiannually	929		
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		8,203	
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		800	
Serial bonds series 2009 maturing in annual installments from \$102,451 to \$124,415 through June 15, 2024, with interest at 4.00% to 5.00%, payable semiannually			\$ 243
Serial bonds series, 2009-A maturing in annual installments of \$426,167 through February 1, 2029, with an interest rate at 0.00%		2,983	
Serial bonds series, 2009-B maturing in annual installments of \$91,149 through February 1, 2030, with an interest rate at 0.00%		646	
Serial bonds series, 2009-B maturing in annual installments of \$586,172 from February 1, 2019 through February 1, 2043, with an interest rate at 0.00%	12,310		
Serial bonds series, 2009-E maturing in annual installments of \$157,842 through February 1, 2032, with an interest rate at 0.00%		1,578	
Serial bonds series, 2011-B maturing in annual installments of \$140,980 to \$172,023 through February 1, 2043, with interest rates of 1.00%	3,276		
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%		2,129	
Serial bonds series 2012 maturing in annual installments from \$207,900 to \$256,850 through October 1, 2027, with interest rates of 2.00% to 5.00%, payable semiannually			1,449
Serial bonds series, 2013-A maturing in annual installments of \$1,634,802 to \$1,798,836 through February 1, 2034, with interest rate at 0.80%, payable semiannually		20,668	
Serial bonds series, 2013-A maturing in annual installments of \$2,910,000 to \$3,055,000 through July 1, 2023, with interest rates from 3.00% to 5.00%, payable semiannually	5,965		
Serial bonds series, 2013-B maturing in annual installments of \$3,690,000 to \$3,880,000 through July 1, 2033, with interest rates from 2.00% to 5.00%, payable semiannually	7,570		
Serial bonds series, 2013-C maturing in annual installments of \$1,570,000 to \$2,540,000 through July 1, 2032, with interest rates from 3.00% to 5.00%, payable semiannually	22,555	5,665	
Serial bonds series, 2013-D maturing in annual installments from \$2,980,000 to \$6,420,000 through July 1, 2023, with interest rates from 3.00% to 5.00%, payable semiannually		9,400	
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		13,555	
Serial bonds series, 2014-A maturing in annual installments of \$2,144,262 to \$2,464,774000 through February 1, 2035, with interest rates at 1.00% payable semiannually		26,558	
Serial bonds series, 2014-A maturing in annual installments of \$2,010,000 to \$3,785,000 through July 1, 2034, with interest rates from 2.00% to 5.00% payable semiannually	37,345		
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		

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Serial bonds series, 2014-B maturing in annual installments of \$1,160,000 to \$4,825,000 through July 1, 2034, with interest rates of 5.00% payable semiannually	\$ 28,005		
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 \$830,000 to \$3,905,000 through July 1, 2034 with interest rates from 3.00% to 5.00% payable semiannually	26,155		
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		\$ 33,050	
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		97,540	
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		21,990	
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		13,834	
Serial bonds series, 2015-B maturing in annual installments of \$3,396,653 to \$3,920,216 through February 1, 2037, with interest rates of 0.90%, payable semiannually		55,270	
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		20,810	
Serial bonds series 2016 maturing in annual installments from \$447,055 to \$662,235 through April 1, 2031, with interest rates of 2.75% to 5.00%, payable semiannually			\$ 5,270
Serial bonds series 2017-A maturing in annual installments from \$3,070,000 to \$6,080,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	66,255		
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	24,090		
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	40,795		
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	78,542		
Serial bonds series 2017-A maturing in annual installments from \$1,895,000 to \$6,415,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually		42,930	
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		70,940	
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		51,655	
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		4,079	
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		151,106	
Serial bonds series 2018 maturing in annual installments from \$280,772 to \$513,317 through April 1, 2034, with interest rates of 3.5% to 5.00%, payable semiannually			4,915
Serial bonds series 2018-C maturing in annual installments from \$521,314 to \$606,526 through Feb 1, 2040, with interest rates of 0.80%, payable semiannually		10,211	
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	

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Serial bonds series 2019-A maturing in annual installments from \$2,470,000 to \$8,310,000 through July 1, 2050, with interest rates of 4.00% to 5.00%, payable semiannually	\$ 71,490		
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044	31,615		
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2049	38,465		
Serial bonds series 2019-A maturing in annual installments from \$1,685,000 to \$3,755,000 through July 1, 2039, with interest rates of 4.00% to 5.00%, payable semiannually		\$ 47,880	
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			\$ 21,845
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	15,065		
Term bond series 2019-B with interest at 4.00%, payable semiannually, due July 1, 2033	995		
Serial bonds series 2019-B maturing in annual installments from \$38,013 to \$41,583 through Feb 1, 2040, with interest rates of 0.50%, payable semiannually		718	
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			9,024
Serial bonds series 2019-C maturing in annual installments from \$110,000 to \$2,855,000 through July 1, 2038, with interest rates of 3.00% to 4.00%, payable semiannually	9,310		
Term bond series 2019-C with interest at 4.00%, payable semiannually, due July 1, 2034	765		
Serial bonds series 2019-C maturing in annual installments from \$415,000 to \$461,790 through Feb 1, 2040, with interest rates of 0.50%, payable semiannually		7,970	
Serial bonds series 2020-A maturing in annual installments from \$2,990,000 to \$13,995,000 through July 1, 2034, with interest rates of 0.373% to 2.225%, payable semiannually		136,650	
Term bond series 2020-A with interest at 2.814%, payable semiannually, due July 1, 2040		83,275	
Term bond series 2020-A with interest at 2.864%, payable semiannually, due July 1, 2043		32,015	
Serial bonds series 2020-A maturing in annual installments from \$1,790,000 to \$4,190,000 through July 1, 2040, with interest rates of 4.00% to 5.00%, payable semiannually	54,480		
Term bond series 2020-A with interest at 4.00%, payable semiannually, due July 1, 2045	23,605		
Term bond series 2020-A with interest at 5.00%, payable semiannually, due July 1, 2050	29,290		
Serial bonds series 2020-B maturing in annual installments from \$4,465,000 to \$15,720,000 through July 1, 2034, with interest rates of 0.393% to 2.225%, payable semiannually	169,710		
Term bond series 2020-B with interest at 2.814%, payable semiannually, due July 1, 2040	91,345		
Term bond series 2020-B with interest at 2.864%, payable semiannually, due July 1, 2043	40,420		
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,954,518 through February 1, 2051, with interest rates of 0.40%, payable semiannually		81,069	
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,199,631 through February 1, 2052, with interest rates of 0.40%, payable semiannually	60,357		
Serial bonds series 2021-A maturing in annual installments from \$300,148 to \$336,987 through February 1, 2051, with interest rates of 0.40%, payable semiannually			9,246
Serial bonds series 2021-B maturing in annual installments from \$865,243 to \$1,640,819 through July 1, 2060, with interest rates of 0.40%, payable semiannually			42,461
Serial bonds series 2021-C maturing in annual installments from \$917,887 to \$991,294 through February 1, 2041, with interest rates of 0.40%, payable semiannually		18,174	
Serial bonds series 2021-C maturing in annual installments from \$4,815,100 to \$8,334,749 through July 1, 2056, with interest rates of 1.91%, payable semiannually	192,609		
Serial bonds series 2021-E maturing in annual installments from \$1,000 to \$183,148 through February 1, 2042, with interest rates of 0.40%, payable semiannually		3,528	
Serial bonds series 2021-G maturing in annual installments from \$4,019,269 to \$6,957,198 through July 1, 2056, with interest rates of 1.91%, payable semiannually		160,775	
Serial bonds series 2022A-G maturing in annual installments from \$371,000 to \$478,000 through July 1, 2026, with interest rates of 0.00%, payable semiannually			2,514
	1,341,507	1,610,247	118,567
Unamortized bond premiums	112,041	85,366	6,775
	<u>\$ 1,453,548</u>	<u>\$ 1,695,613</u>	<u>\$ 125,342</u>

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Fixed Rate Water, Wastewater and Stormwater Utility Revenue Bonds

On December 9, 2021, the City entered into a Water loan agreement with the Water Infrastructure Finance and Innovation Act (WIFIA) Revolving Loan Fund totaling \$192,610,000. The rate of interest on the loan is set at 1.91%.

On December 9, 2021, the City entered into a Wastewater loan agreement with the Water Infrastructure Finance and Innovation Act (WIFIA) Revolving Loan Fund totaling \$160,775,000. The rate of interest on the loan is set at 1.91%.

On December 9, 2021, the City entered into a Stormwater loan agreement with the Water Infrastructure Finance and Innovation Act (WIFIA) Revolving Loan Fund totaling \$45,461,000. The rate of interest on the loan is set at 1.91%.

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 \$16,473,000 as of June 30, 2022, and revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2022, consist of (expressed in thousands):

Variable rate demand bonds series 2008, payable monthly, due July 1, 2032	\$ 59,145
Parking Refunding Series 2018 (refunded 2005, 2010), payable semi-annually, due July 1, 2035.....	8,395
Total*	\$ 67,540

* Included in the Parking Fund Statement of Net Position is an unamortized portion of bond discount of \$578,000.

The City had \$59,145,000 of Series 2008 refunding taxable variable rate demand revenue bonds outstanding as of June 30, 2022. 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, 2022 through July 1, 2032 range from \$3,335,000 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, NA issued an irrevocable letter of credit with a current value in the amount of \$60,117,000 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expires November 30, 2027. The existing Agreement permits the fiscal agent to draw certain amounts to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarketed. The interest rate on draws made under this agreement is a defined base rate plus, up to an additional 2.00% depending on the terms of the draw. The City is required to pay the letter of credit fee throughout the effectiveness of the Agreement equal to 0.58% per annum of the average daily amount of the available commitment. During fiscal year 2022, the City made no draws under the letter of credit and there were no amounts drawn against the letter of credit outstanding as of June 30, 2022.

Stormwater Subordinate Obligation Bond

The City has issued a non-interest bearing \$3,000,000 Stormwater Subordinate Obligation Revenue Bond, Series 2022A. The current remaining principal on this bond is \$2,514,000. This bond will be used to the construction and distribution of recycling carts to Baltimore City residents.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

County Transportation Revenue Bonds

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

Convention Center Hotel Revenue Bonds

The City issued Convention Center Hotel Revenue Bonds in the amount of \$300,940,000. The proceeds of these bonds were used to finance the acquisition, demolition, construction and equipping of a convention center hotel in the City. The bonds are secured by pledges of revenues from the operation of the hotel, certain City hotel taxes and limited guarantees from the hotel operator. Bonds outstanding as of June 30, 2022, consist of (expressed in thousands):

Serial bond series 2017, maturing in installments from \$2,500,000 to \$10,775,000 through September 2036, with interest rates ranging from 3.0% to 5.00% payable semiannually	\$	108,365
Term bonds series 2017 with interest at 5.00% due September 1, 2039		35,655
Term bonds series 2017 with interest at 5.00% due September 1, 2042		41,280
Term bonds series 2017 with interest at 5.00% due September 1, 2046		74,455
Totals	\$	259,755

* Include in the Baltimore Hotel Corporation Statement of Net Position is an unamortized premium of \$23,665,000

Changes in revenue bond obligations for the year ending June 30, 2022, are as follows (expressed in thousands):

	June 30, 2021	New Debt Issues	Debt Retired	June 30, 2022	Due within One Year
<i>Governmental Activities*</i>					
Convention Center Hotel	\$ 262,705		\$ 2,950	\$ 259,755	\$ 3,485
Transportation	81,601		12,303	69,298	11,175
Total Governmental Activities	\$ 344,306		\$ 15,253	\$ 329,053	\$ 14,660
<i>Business - Type Activities**</i>					
Water	\$ 1,177,078	\$ 192,610	\$ 28,181	\$ 1,341,507	\$ 35,434
Wastewater	1,501,194	160,775	51,722	1,610,247	55,083
Stormwater	75,317	45,461	2,211	118,567	1,836
Parking Facilities	71,865		4,325	67,540	5,055
Total Business-Type Activities	\$ 2,825,454	\$ 398,846	\$ 86,439	\$ 3,137,861	\$ 97,408

* Included in the Statement of Net Position for Governmental Activities is a remaining unamortized portion of bond change to discount of \$30,775,000.

** Included in the Statement of Net Position for Business-Type Activities is a remaining unamortized portion of bond premium of \$203,604,000.

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
2023	\$ 3,485	\$ 12,901	\$ 11,175	\$ 2,825
2024	4,050	12,713	10,474	2,406
2025	4,560	12,497	6,570	1,948
2026	5,040	12,257	2,239	957
2027-2031	5,510	11,993	5,749	1,464
2032-2036	36,745	54,999	26,615	4,155
2037-2041	48,975	44,208	6,476	279
2042-2046	62,500	30,340		
2047-2051	88,890	13,079		
Totals	\$ 259,755	\$ 204,987	\$ 69,298	\$ 14,034

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)
2023	\$ 35,434	\$ 43,213	\$ (499)	\$ 55,083	\$ 41,229	\$ 1,836	\$ 2,655	\$ 5,055	\$ 1,158	\$ 2,391
2024	37,473	41,585	(499)	60,770	40,581	3,074	2,869	4,580	1,056	2,239
2025	38,914	40,289	(499)	60,548	40,058	3,032	2,959	4,725	964	2,081
2026	39,966	39,077	(499)	60,526	39,150	7,745	3,705	5,280	862	1,903
2027	41,277	37,868	(499)	59,815	37,797	5,463	2,826	31,480	2,634	6,181
2028-2032	250,957	167,704	(2,485)	344,132	160,819	13,583	12,207	16,420	254	396
2033-2037	282,901	121,708	(2,069)	333,481	110,240	15,215	10,183			
2038-2042	266,910	75,130	(1,116)	266,385	66,440	17,349	8,027			
2043-2047	202,858	34,780	(35)	198,923	32,680	19,843	5,465			
2048-2052	104,676	9,820		127,215	11,281	16,565	2,224			
2053-2057	40,141	1,866		43,369	1,766	8,480	960			
2058-2062						6,382	245			
Totals	\$ 1,341,507	\$ 613,040	\$ (8,200)	\$ 1,610,247	\$ 582,041	\$ 118,567	\$ 54,325	\$ 67,540	\$ 6,928	\$ 15,191

(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, 2022, 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 \$1,341,507,000, \$1,610,247,000, and \$118,567,000 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 50.0% of pledged revenues. Total principal and interest remaining to be paid on the revenue bonds for the Water, Wastewater and Stormwater Utility Funds are \$1,946,347,000, \$2,192,288,000, and \$172,892,000, respectively. Principal and interest paid for the current year and pledged revenue for the Water Utility Fund were \$68,598,000 and \$186,454,000, respectively. Principal and interest paid for the current year and pledged revenue for the Wastewater Utility Fund were \$89,900,000 and \$121,360,000, respectively. Principal and interest paid for the current year and pledged revenues for the Stormwater Utility Fund were \$5,351,000 and \$20,147,000, respectively.

The Parking Facility Fund

The Parking Facility Fund has pledged future revenue from parking fees and fines to repay \$67,540,000 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 15.1% of pledged revenue. Total principal and interest remaining to be paid on these revenue bonds is \$89,659,000. For the current year, principal and interest payments and current pledged revenues were \$8,251,000 and \$54,556,000, respectively.

Tax Increment Revenue Pledges

The City has pledged a portion of future property tax revenues to repay \$334,405,000 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 \$568,903,000. For the current year, principal and interest payments and current pledged revenues were \$12,631,000 and \$32,140,000, 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 revenues sources the City used to issue \$259,755,000 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 \$464,742,000. For the current year, principal and interest payments were \$16,012,000.

10. Prior-Year Defeasance of Debt

Primary Government

In prior years, the City defeased certain revenue bonds and other obligations by placing the proceeds of new debt issues in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. As of June 30, 2022, \$448,190,000 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, 2022, 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Hedged Derivative Instruments

As of June 30, 2022, the City had deferred liabilities for various hedged derivative instruments with the total fair values of these instruments in the amounts of (\$55,001) and (\$2,372,987), for governmental and business-type activities, respectively. The notional amounts for these hedged derivative instruments as of June 30, 2022, were \$6,000,000 and \$58,600,000, for governmental and business-type activities, respectively. During fiscal year 2022, the fair values of these instruments decreased \$555,859 for governmental-type and decreased by \$2,569,049 for business-type activities. All hedges are cash flow hedges.

The following schedule provides a detailed analysis of derivative instruments held as of June 30, 2022:

MAYOR AND CITY COUNCIL OF BALTIMORE

SWAP PROFILE as of June 30, 2022

Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
Hedged Derivative Instruments - Governmental Activities							
General Obligation Bonds							
<i>Floating to Fixed Swaps</i>							
2003 Bonds	5/14/2003	10/15/2022	4.970%	1M LIBOR	\$ 6,000,000	\$ (55,001)	A-/A2
Total Governmental Activities					<u>\$ 6,000,000</u>	<u>\$ (55,001)</u>	
Hedged Derivative Instruments - Business-type Activities							
Parking Revenue Bonds Series							
<i>Floating to Fixed Swaps</i>							
2008 Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	\$ 55,400,000	\$ (2,341,556)	A+/A2
2008 Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	3,200,000	(31,431)	A+/A2
Total Parking Facilities Fund					<u>58,600,000</u>	<u>(2,372,987)</u>	
Total Business-type Activities					<u>\$ 58,600,000</u>	<u>\$ (2,372,987)</u>	

Credit risk — As of June 30, 2022, the City is not exposed to credit risk on any of the outstanding swaps because the swaps have negative fair value. All fair values were calculated using the mark-to-market or par value method. However, should interest rates change and the fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value. The swap agreements contain varying collateral agreements with counterparties. In general, these agreements require full collateralization of the fair value of the swap should the counterparty's credit rating fall below Baa as issued by Moody's or BBB as issued by Standard and Poor's. Collateral on all swaps may be in the form of cash or U. S. government securities held by the City. Although the City executes transactions with various counterparties, one swap or approximating 9% of the notional amount of swaps outstanding, is held with a counterparty that is currently rated A-/A2. The remaining two swaps are held with a counterparty rated A+/A2, approximating 91% of the outstanding notional value.

Basis risk — The City's variable rate bonds are of two types: remarketed variable rate demand bonds (VRDBs) and auction rate bonds (ARBs). For those swaps associated with the VRDBs and ARBs, the City receives a floating rate based on one-month LIBOR. For two of the swaps, the City will receive a percent of LIBOR or a percent of LIBOR plus a basis point spread, each rate was chosen to closely approximate the City's tax-exempt variable rate bond payments. Because these swaps are LIBOR-based, there is an additional degree of basis risk. For three of the swaps, the City receives the one month LIBOR, chosen to approximate the City's taxable variable rate bond payments. As of June 30, 2022, LIBOR for the prior 52-weeks ranged from 0.08% to 1.06%, whereas the City's taxable market ranged from 0.06% to 1.72%.

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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

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, 2022 are as follows:

Investment Derivative Instruments

	Changes in Fair Value		Classification	Fair Value at June 30, 2022	
	Classification	Amount		Amount	Notional
Business-Type Activities					
Water Utility Fund					
Floating to Floating	Investment Revenue	\$ (5,850,958)	Debt	\$ (5,285,797)	\$ (71,455,000)
Total Business-Type Activities		\$ (5,850,958)		\$ (5,285,797)	\$ (71,455,000)

Credit Risk – As of June 30, 2022, 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 \$5,850,958 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, 2022.

Currency	Forward Foreign Contracts Cost Receivable (a)	Forward Foreign Contracts Cost Payable (b)	Forward Foreign Contracts Fair Value Receivable (c)	Forward Foreign Contracts Fair Value Payable (d)	Unrealized Net Gain/(Loss) (c-a) + (b-d)
Canadian Dollar	\$ 1,342	\$ 1,342	\$ 1,342	\$ 1,343	\$ (1)
Euro Currency Unit	5,335,469	5,216,514	5,335,469	5,241,537	(25,023)
Hong Kong Dollar	6,066	6,066	6,066	6,072	(6)
Japanese Yen	9,804	9,804	9,804	9,884	(80)
Pound Sterling	978,494	973,561	978,494	965,088	8,473
Swiss Franc	470,279	470,279	470,279	471,787	(1,508)
U.S. Dollar	4,700,481	4,545,920	4,700,481	4,700,481	(154,561)
Total	\$ 11,501,935	\$ 11,223,486	\$ 11,501,935	\$ 11,396,192	\$ (172,706)

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

12. Pension Plans

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

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

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

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

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

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

A. PLAN DESCRIPTIONS-SINGLE EMPLOYER PLANS

Fire & Police Employees' Retirement System

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

As of June 30, 2021, the measurement date, the F&P membership consisted of:

Retirees and beneficiaries currently receiving benefits	6,360
Active plan members	<u>3,839</u>
Total	<u><u>10,199</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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

As of June 30, 2021, the measurement date, the EOS Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	31
Active plan members	<u>16</u>
Total	<u><u>47</u></u>

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

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

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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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

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

B. PLAN DESCRIPTIONS-MULTIPLE EMPLOYER PLANS

Employees Retirement System

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

As of June 30, 2021, the measurement date, the ERS Plan membership consisted of:

Active plan members	8,332
Retirees and beneficiaries currently receiving benefits	9,194
Inactive plan members eligible to but not yet receiving benefits	<u>1,046</u>
Total	<u><u>18,572</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 8 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 5,329 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 2,995 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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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, 2022 was \$3,458,000.

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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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.

As of June 30, 2022, the City reported a liability of \$24,966,000 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2021, 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, 2021. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2022, the City's proportionate share was .1664%.

C. NET PENSION LIABILITY (ASSET)

The measurement date for the City Plans and the State System is June 30, 2021. Measurements are based on the fair value of assets as of June 30, 2021. The following schedules are the net pension liability (NPL) or the net pension asset (NPA) and the sensitivity of the NPL or NPA to the discount rate.

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

(Expressed in Thousands)

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees Retirement System
Total pension liability	\$ 4,189,758	\$ 18,522	\$ 2,116,718
Less: plan fiduciary net position	3,328,832	31,152	1,718,504
Net pension liability (asset)	\$ 860,926	\$ (12,630)	\$ 398,214
Plan fiduciary net position as a percentage of total pension liability (asset)	79.5%	168.2%	81.2%

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	\$ 151,088	\$	\$ 92,637
% of Contribution made	100.00%	N/A	100.00%
Covered payroll	330,600		398,214
Actuarial assumptions:			
Investment rate of return:			
Pre-retirement	7.25%	6.75%	7.00%
Post retirement	7.25%	6.75%	6.50%
Projected salary increases	2.75%	2.5%	1.50%
Includes inflation rate at	2.75%	2.5%	1.50%
Cost-of-living adjustment	2.75%	2.5%	1.5 - 2.0%
Mortality	RP-2014 Blue Collar Mortality Table using the RPEC_2014 Model	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females
Last Experience Study Covered	July 1, 2015 - June 30, 2018	July 1, 2010 - June 30, 2014	July 1, 2014 - June 30, 2018

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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

(Expressed in Thousands)

	Maryland State Retirement and Pension System	
Contributions made	\$	3,458
Actuarial assumptions:		
Investment rate of return:		6.80%
Projected salary increases	2.75% to 9.25%, including inflation	
Inflation rate	2.25% general, 2.75% 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%/23.5%	7.3%/34%	7.3%/25.0%
International equities	7.2%/23.5%	7.7%/21%	7.9%/15.0%
Private equities	10.2%/11.0%		11.3%/13.0%
Fixed income	1.6%/14.0%	0.0%/22%	1.7%/22.0%
Real estate	5.7%/11.0%	6.1%/10%	6.6%/13.0%
Hedge funds	3.3%/5.0%		
Energy MLP	7.6%/5.0%		
Private energy	5.8%/5.0%		
Cash	-0.3%/2.0%		
Defensive Equities		6.6%/13%	6.6%/5.0%
Risk Premia			6.3%/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, 2021 measurement date. The discount rate used to determine the total pension liability as of June 30, 2021 is 7.25%.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

The EOS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Employer contributions were assumed to be made in accordance with the contributions policy in effect for July 1, 2016 actuarial valuation. As of June 30, 2021, 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 as of June 30, 2021, 6.75%, is the assumed long-term expected rate of return on EOS investments.

The ERS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Expected member contributions for FYE 2018 were 5% of pay remaining at 5% of pay for FYE 2020 will continue to remain annually at 5% of compensation thereafter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the July 1, 2016 actuarial valuation. Based on these assumptions, the ERS Plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2018 measurement date. The discount rate as of June 30, 2021 is 7.00% for active and terminated vested participants and 6.50% for in-pay participants. The assumed long-term expected rate of return on ERS investments is 7.50%.

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	4.7%/37%
Private equities	6.5%/13%
Rate sensitive	-0.4%/19%
Credit opportunity	2.6%/9%
Real assets	4.2%/14%
Absolute return	2.0%/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 as of June 30, 2021, 6.80%, 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.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

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

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Fire and Police Employees' Retirement System	6.25%	7.25%	8.25%
Net pension liability	\$ 1,349,135	\$ 860,926	\$ 453,778
Plan fiduciary net position as a percentage of total pension liability	71.2%	79.5%	88.0%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Elected Officials' Retirement System	5.75%	6.75%	7.75%
Net pension (asset)	\$ (10,770)	\$ (12,630)	\$ (14,207)
Plan fiduciary net position as a percentage of total pension (asset)	152.8%	168.2%	183.8%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
	6.00% Active Part.	7.00% Active Part.	8.00% Active Part.
Employees' Retirement System (City of Baltimore Portion)	5.50% Retired Part.	6.50% Retired Part.	7.50% Retired Part.
Net pension liability	\$ 630,774	\$ 398,214	\$ 202,236
Plan fiduciary net position as a percentage of total pension liability	73.2%	81.2%	89.5%

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Maryland State Retirement and Pension System	6.40%	7.40%	8.40%
LEOPS	\$ 30,725	\$ 20,060	\$ 11,377
ERPS	9,311	4,906	1,259

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
Total City Plans and State (exclude Baltimore City Public School Portion)			
Net pension liability	\$ 2,009,175	\$ 1,284,106	\$ 654,443

(Expressed in Thousands)

	1% Decrease	Current Discount Rate	1% Increase
	6.00% Active Part.	7.00% Active Part.	8.00% Active Part.
Employees' Retirement System (Baltimore City Public Schools Portion)	5.50% Retired Part.	6.50% Retired Part.	7.50% Retired Part.
Net pension liability	\$ 140,815	\$ 89,681	\$ 45,148
Plan fiduciary net position as a percentage of total pension liability	73.2%	81.2%	89.5%

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Fire and Police Employees' Retirement System		
Pension contributions subsequent to measurement date	\$ 153,550	
Differences between actual and expected experience	6,775	\$ 16,164
Assumption change	34,491	
Differences between actual and projected earnings		328,779
Total	\$ 194,816	\$ 344,943

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Elected Officials' Retirement System		
Differences between actual and expected experience	\$ 1,095	
Assumption change	210	
Differences between actual and projected earnings		\$ 3,298
Total	\$ 1,305	\$ 3,298

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Maryland State Retirement and Pension System		
Pension contributions subsequent to measurement date	\$ 3,666	
Differences between actual and expected experience		
Assumption change	4,621	\$ 6,223
Differences between actual and projected earnings	1,313	
Total	\$ 9,600	\$ 6,223

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employees' Retirement System (City of Baltimore Portion)		
Pension contributions subsequent to measurement date	\$ 75,609	
Differences between actual and expected experience	7,588	\$ 5,135
Change in proportionate share	2,122	4,171
Assumption change	13,361	
Differences between actual and projected earnings		152,122
Total	\$ 98,680	\$ 161,428

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total City Plans and State (exclude Baltimore City Public School Portion)		
Pension contributions subsequent to measurement date	\$ 232,617	
Differences between actual and expected experience	15,458	\$ 21,299
Change in proportionate share	2,122	4,171
Assumption change	52,683	6,223
Differences between actual and projected earnings	1,313	484,199
Total	\$ 304,193	\$ 515,892

(Expressed in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employees' Retirement System (Baltimore City Public Schools Portion)		
Pension contributions subsequent to measurement date	\$ 18,002	
Differences between actual and expected experience	1,709	\$ 1,156
Change in proportionate share	4,171	2,122
Assumption change	3,009	
Differences between actual and projected earnings		34,259
Total	\$ 26,891	\$ 37,537

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		Employees'
	Employees' Retirement System	Elected Officials' Retirement System	System (City of Baltimore Portion)	System (City of Baltimore Portion)	Retirement System (Baltimore City Public Schools Portion)
2023	\$ (62,649)	\$ (93)	\$ (16,751)	\$ (16,751)	\$ (3,468)
2024	(55,872)	(426)	(28,530)	(28,530)	(5,908)
2025	(68,025)	(594)	(38,119)	(38,119)	(7,893)
2026	(117,131)	(880)	(54,957)	(54,957)	(11,379)
Total	\$ (303,677)	\$ (1,993)	\$ (138,357)	\$ (138,357)	\$ (28,648)

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Maryland State Retirement and Pension System
2023	\$ 110
2024	(108)
2025	(179)
2026	(79)
2027	(33)
Total	\$ (289)

In addition to the amounts disclosed above \$3,458,000 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, 2022.

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

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

(Expressed in Thousands)

Pension expense (income)	Fire and Police Employees' Retirement System		Employees' Retirement System (City of Baltimore Portion)		Total City Plans (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
	\$ 80,390	\$ (552)	\$ 29,519	\$ 109,357	\$ 109,357	\$ 6,590

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)	\$ 290,606	\$ 1,140
Service cost	71,089	290
Changes of benefits terms		
Changes in assumptions	45,988	
Differences between expected and actual experience	(18,539)	1,015
Benefit payments, including refunds of member contribution	(268,604)	(1,306)
Net change in total pension liability	120,540	1,139
Total pension liability - beginning	4,069,217	17,383
Total pension liability - ending	<u>\$ 4,189,757</u>	<u>\$ 18,522</u>
Plan fiduciary net position:		
Net investment income	\$ 774,160	\$ 7,086
Contributions - employer	151,088	
Contributions - member	31,657	77
Benefit payments, including refunds of member contribution	(268,604)	(1,306)
Administrative expense	(4,928)	(34)
Net change in plan fiduciary net position	683,373	5,823
Plan fiduciary net position - beginning	2,645,458	25,330
Plan fiduciary net position - ending	<u>3,328,831</u>	<u>31,153</u>
Net pension liability (asset) - ending	<u>\$ 860,926</u>	<u>\$ (12,631)</u>
Plan fiduciary net position as a percentage of the total pension liability	79.45%	168.2%
Covered payroll	\$ 330,600	\$ 1,470
Net pension liability (asset) as a percentage of covered employee payroll	260.41%	-859.3%

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	\$ 316,544	\$ 885,891	\$ 38,424	\$ 32,277	\$ 5,379	\$ 2,590	\$ 89,681

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	\$ 860,926	\$ (12,630)	\$ 398,214	\$ 24,966

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

G. THE MARYLAND STATE RETIREMENT AND PENSION SYSTEMS – BCPSS

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

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

The State of Maryland pays, on behalf of the BCPSS, the employer’s share of retirement and pension costs to the State Systems for teachers and related positions. During the fiscal year ended June 30, 2022, the State paid \$62.7 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, 2022, was \$2,498,000. This amount has also been recognized as both revenue and expenditure in the accompanying Statement of Activities.

H. DEFERRED COMPENSATION

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

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

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.

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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

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

	Number of Participants		
	City	Baltimore City Public School	Total
Active employees	18,624	3,186	21,810
Inactive employees or beneficiaries currently receiving benefits	11,706	2,003	13,709
Inactive employees entitled to but not yet receiving benefits	891	153	1,044
Totals	31,221	5,342	36,563

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. FINANCIAL RESULTS

The OPEB Trust Fund does not issue a stand-alone financial report and is not separately audited. Instead, the financial results are published as part of the City's annual comprehensive financial report (ACFR). The financial results for the year ended June 30, 2022 are presented below:

OPEB Trust Funds
Statement of Fiduciary Net Position
June 30, 2022
(Expressed In Thousands)

	OPEB Trust Fund
Assets:	
Cash and cash equivalents	\$ 16,770
Investments:	
Stocks	534,105
Bonds	158,622
Real estate	98,842
Other assets	6,367
Total assets	814,706
Liabilities:	
Accounts payable	3,355
Total liabilities	3,355
Net position:	
Net position restricted for OPEB	\$ 811,351

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

OPEB Trust Funds
Statement of Changes in Fiduciary Net Position
For the year Ended June 30, 2022
 (Expressed In Thousands)

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 62,588
Employee	42,798
Total contributions	<u>105,386</u>
Investment income:	
Net depreciation fair value of investments	(76,741)
Interest and dividend income	11,340
Total investment (loss)	<u>(65,401)</u>
Less: investment expense	5,468
Net investment (loss)	<u>(70,869)</u>
Total additions (deduction)	<u>34,517</u>
Deductions:	
Health benefits	89,441
Total deductions	<u>89,441</u>
Changes in net position	(54,924)
Net position restricted for OPEB - beginning of the year	866,275
Net position restricted for OPEB - end of the year	<u>\$ 811,351</u>

D. 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 \$158 to \$2,692 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.

E. 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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

period of 30 years. The valuation also assumes a 5.40% healthcare trend for fiscal year 2021, reduced by decrements to a rate of 4.04% in 2075. Salary increases were not considered as OPEB benefits and OPEB benefits are not based on pay.

Inflation	2.50%
Salary increases, including wage inflation	2.75%-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	Actual increase from 202-2022, followed by 5.10% decreasing to an ultimate rate of 4.04% by 2075

F. 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, 2022 and the valuation date is as of June 30, 2021. 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, 2022 is as follows:

(Expressed in Thousands)

	City Portion	BCPSS Portion	Total
Total OPEB liability	\$ 795,406	\$ 136,094	\$ 931,500
Less: plan fiduciary net position	692,811	118,540	811,351
Net OPEB liability	\$ 102,595	\$ 17,554	\$ 120,149
Plan fiduciary net position as a percentage of the total OPEB liability	87.1%	87.1%	87.1%

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)

Health Care Cost Trend Rates	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease		\$ (9,948)	
Current	\$ 14,387	120,149	\$ 249,193
1% increase		284,333	

(Expressed in Thousands)

Health Care Cost Trend Rates (City Portion)	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease		\$ (8,495)	
Current	\$ 12,285	102,595	\$ 212,785
1% increase		242,791	

(Expressed in Thousands)

Health Care Cost Trend Rates (BCPSS Portion)	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease		\$ (1,453)	
Current	\$ 2,102	17,554	\$ 36,408
1% increase		41,542	

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

G. DEFERRED INFLOWS AND OUTFLOWS

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

(Expressed in Thousands)

OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 287,113
Change in assumptions or other inputs	\$ 106,760	187,195
Net difference between projected and actual earnings on OPEB plan investments...	59,561	
Total	\$ 166,321	\$ 474,308

(Expressed in Thousands)

OPEB (City of Baltimore Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 220,882
Change in assumptions or other inputs	\$ 68,058	155,634
Net difference between projected and actual earnings on OPEB plan investments...	50,511	
Change in proportionate share	69,097	613
Total	\$ 187,666	\$ 377,129

(Expressed in Thousands)

OPEB (Baltimore City Public School Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$ 66,231
Change in assumptions or other inputs	\$ 38,702	31,561
Net difference between projected and actual earnings on OPEB plan investments...	9,050	
Change in proportionate share	266	68,750
Total	\$ 48,018	\$ 166,542

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

(Expressed in Thousands)

Net deferred outflows and inflows for years ended June 30:	Baltimore City Public		
	City Portion	Schools Portion	Total
2023	\$ (39,817)	\$ (24,908)	\$ (64,725)
2024	(44,068)	(27,569)	(71,637)
2025	(59,268)	(37,077)	(96,345)
2026	(35,170)	(22,001)	(57,171)
2027	(11,140)	(6,969)	(18,109)
Total	\$ (189,463)	\$ (118,524)	\$ (307,987)

H. 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	\$ 26,505	\$ 5,720	\$ 32,225
Interest on total OPEB liability	81,746	17,642	99,388
Current-period benefit changes	(374,521)	(80,827)	(455,348)
Difference between expected and actual experience in the total OPEB liability	(73,299)	(15,819)	(89,118)
Expensed portion of current-period difference between expected and actual return on investment	13,304	2,871	16,175
Expected investment return net of investment expenses	7,513	1,622	9,135
Projected earnings on plan investments	(50,327)	(10,861)	(61,188)
OPEB expense June 30, 2022.....	\$ (369,079)	\$ (79,652)	\$ (448,731)

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

I. 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
	Total OPEB	Governmental			Nonmajor		Baltimore City Public
		Activities	Water	Wastewater	Stormwater	Proprietary Fund	Schools
Net OPEB Liability, Beginning of Year	\$ 544,252	\$ 496,801	\$ 14,291	\$ 13,830	\$ 2,257	\$ 689	\$ 16,384
OPEB Expense	(448,731)	(417,789)	(8,970)	(8,790)	(1,440)	(17)	(11,725)
Employer Contributions	(62,588)	(45,360)	(2,447)	(2,318)	(376)	(309)	(11,778)
Deferred Outflows/(Inflows)	87,216	45,593	7,611	7,209	1,170	960	24,673
Net OPEB Liability, End of Year	\$ 120,149	\$ 79,245	\$ 10,485	\$ 9,931	\$ 1,611	\$ 1,323	\$ 17,554

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. 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.

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, 2022, the City has determined that the range of potential claims liability for the program to be between \$372,164,000 and \$520,637,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). This liability, which has been discounted at 3.0% as of June 30, 2022 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 2022 and 2021 were (amounts expressed in thousands):

	2022	2021
Unpaid claims, beginning	\$ 402,539	\$ 390,155
Claims incurred	238,731	259,861
Claims paid	(269,106)	(247,477)
Unpaid claims, ending	\$ 372,164	\$ 402,539

The City estimates that \$94,062,000 of the estimated claims liability is due within one year.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

15. Leases

Primary Government

Lessor-Operating lease

The City has entered into various lease agreements as lessor to lease buildings and office space. Leases have terms of 1 to 30 years. The City has included all leases except those for which call for nominal lease payments. As the interest rate implicit in these leases are not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

As of June 30, 2022, future minimum lease payments for leases where the City is the lessee are as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2023	\$ 494	\$ 1,256	\$ 1,750
2024	517	1,233	1,750
2025	541	1,209	1,750
2026	566	1,184	1,750
2027	592	1,158	1,750
2028-2032	3,396	5,354	8,750
2033-2037	4,257	4,493	8,750
2038-2042	5,335	3,415	8,750
2043-2047	6,687	2,063	8,750
2048-2052	7,142	1,609	8,751
	\$ 29,527	\$ 22,974	\$ 52,501

Lessee-Operating lease

The City has entered into various lease agreement as lessee primarily for office space. Leases have initial term for 1 to 15 years with an average length of 4 years, and contains one or more renewals at the City's option, most commonly for five-year periods and others at one or three-years. The City has generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

As of June 30, 2022, future minimum lease payments for leases where the City is the lessee are as follows (amounts expressed in thousands):

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 6,928	\$ 1,834	\$ 8,762	\$	\$	\$
2024	6,551	1,522	8,073			
2025	3,973	1,273	5,246			
2026	4,117	1,087	5,204			
2027	3,703	905	4,608			
2028-2032	13,911	2,224	16,135			
2033-2037	3,309	264	3,573			
2038-2042	352	26	378			
	\$ 42,844	\$ 9,135	\$ 51,979	\$	\$	\$

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

Lessee – Finance purchase

The City entered into two lease agreements with Banc of America Public Capital Corp. to purchase motor vehicles and heavy equipment for the Department of General Services. The City is required to make semi-annual payments. One agreement was with a 5-year term and an interest rate of 4.493%, and the other agreement was a 10-year term and an interest rate of 4.6212%. The semiannual payments for these agreements are \$642,000 and \$1,060,000 respectively. The City also entered into a lease agreement with Banc of America Public Capital Corp. for helicopters. This agreement was a 10-year term and an interest rate of 2.41%, and semi-annual payments of \$1,020,000. As of June 30, 2022, the total finance purchase liability is \$163,992,000.

Future minimum lease payments as of June 30, 2022, are as follows (expressed in thousands):

Fiscal Year	Governmental Fund	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
2023	\$ 8,163	\$ 137	\$ 26,944	\$ 35,244
2024	7,442	141	23,870	31,453
2025	5,928	57	20,389	26,374
2026	5,967		16,937	22,904
2027	4,649		14,126	18,775
2028-2032	19,337		25,757	45,094
2033-2037	2,117			2,117
Total minimum lease payments	53,603	335	128,023	181,961
Less: computed interest	(7,473)	(15)	(10,482)	(17,970)
Present value minimum lease payments	\$ 46,130	\$ 320	\$ 117,541	\$ 163,991

The following is a schedule of leased property under leases by major class as of June 30, 2022 (expressed in thousands):

Classes of Right of Use Assets	Governmental Activities	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
Buildings	\$ 193,620			\$ 193,620
Equipment	288,667	\$ 3,187	\$ 243,744	535,598
Total	\$ 482,287	\$ 3,187	\$ 243,744	\$ 729,218

Amortization of assets recorded under financed purchases is included in depreciation expense.

Baltimore City Public School System (BCPSS)

Lessee

BCPSS has entered into a 30 year lease with the Baltimore Design School for rental space in October of 2011. During the year which ended June 30, 2022, rent and lease expenditures equaled \$1.7 million made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 15 year lease with St. Marks Evangelical Lutheran Church of Baltimore City for parking spaces in June of 2012. During the year which ended June 30, 2022, rent and lease expenditures equaled \$39,000 made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 5 year lease with The Shrine of the Sacred Heart Roman Catholic Congregation, Inc for rental space in October of 2010. During the year which ended June 30, 2022, rent and lease expenditures equaled \$208,000 made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 3 years lease with Marco Technologies LLC to provide office equipment and a 3 year vehicle lease with Enterprise Fleet Management for Fiscal Year 2021. During the year which ended June 30, 2022, rent and lease expenditures equaled \$1.9 million. An interest rate of 4% was applied.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Future minimum lease payments under lease agreements as of June 30, 2022 are as follow (expressed in thousands):

Fiscal Year	Baltimore Design School	St. Mark's Church	Roman Catholic	Enterprise	Macro Technologies
2023	\$ 1,700	\$ 40	\$ 209	\$ 660	\$ 1,280
2024	1,700	42	209	660	320
2025	1,700	43	209	660	
2026	1,700	44		130	
2027	1,700	44			
2028-2032	8,500				
2033 and thereafter	15,300				
Total minimum lease payments	32,300	213	627	2,110	1,600
Less: amount representing interest	(9,626)	(20)	(35)	(128)	(37)
Present value minimum lease payments	\$ 22,674	\$ 193	\$ 592	\$ 1,982	\$ 1,563

Right-to-use assets through outstanding leased are shown below, by underlying asset class, as of June 30, 2022 (expressed in thousands):

Classes of Property	
Buildings	\$ 25,406
Equipment	7,282
Total	\$ 32,688

Lessor

BCPSS, acting as lessor, leases telecom under long-term, non-cancelable lease agreements, at an interest rate of 4%. The leases expire at various dates through 2038 and provide renewal options ranging from three months to six years. During the year ended June 30, 2022, BCPSS recognized \$286,000 and \$177,000, in lease revenue and interest revenue, respectively, pursuant to these contracts.

Future minimum lease payments under lease agreements as of June 30, 2022 are as follow (expressed in thousands):

Fiscal Year	Telecom
2023	\$ 657
2024	555
2025	501
2026	485
2027	443
2028-2032	1,438
2033 and thereafter	1,182
Total minimum lease payments	5,261
Less: amount representing interest	(1,043)
Present value minimum lease payments	\$ 4,218

A leases receivable of \$4.2 million and deferred inflow of \$4.6 million are presented in the BCPSS Statements.

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 \$30,450,000 as of June 30, 2022, which is based on 84.29 % usage (filled capacity) of the landfill. This is a increase in the liability of

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

\$2,285,000, and a increase in the usage of 2%, since June 30, 2021. It is estimated that an additional \$5,676,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (the year 2024). The estimated total current cost of the landfill closure and postclosure care, \$36,125,000, 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, 2022. 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 2023.

	Governmental Activities
Balance June 30, 2021	\$ 28,165
Increase in Estimate	2,285
Balance June 30, 2022	\$ 30,450
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 as of June 30, 2022, cash and cash equivalents of \$28,010,000 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 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, 2022, consist of the following:

- A. The General Fund has notes receivable of \$260,288,000 net of a \$1,000,000 allowance for losses. A note receivable from the Baltimore Hotel Corporation for \$259,755,000 bears interest at rates ranging from 3% to 5% and mature over 30 years. A portion of this note receivable totaling \$256,270,000 is scheduled to be collected in 2023 through 2046. The other portion of the notes receivable unrelated to the Baltimore Hotel Corporation is for notes totaling \$533,000 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 \$10,587,000 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 \$8,247,000 is scheduled to be collected in 2023 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, 2022, are as follows (amounts expressed in thousands):

	General*	Grants Revenue	Capital Projects	Other Funds	Governmental Funds
Fund Balances					
Nonspendable:					
Reserved for other assets	\$ 1,726				\$ 1,726
Restricted:					
General government				\$ 36,484	36,484
Education	\$ 50,585			19,769	70,354
Highways and streets			\$ 27,847		27,847
Sanitation and waste removal	67,962				67,962
Debt service.....	259,755				259,755
Public library				2,653	2,653
Recreation and culture				9,913	9,913
Total restricted	378,302		27,847	68,819	474,968
Assigned to:					
General government	235,437			13,595	249,032
Public safety and regulation	24,407				24,407
Conservation of health	11,133				11,133
Social services	8,024				8,024
Education				2,498	2,498
Public library	2,599				2,599
Recreation and culture	2,525				2,525
Highways and streets	7,908				7,908
Sanitation and waste removal	5				5
Public service	2,187				2,187
Economic development	35,692			1,628	37,320
Total assigned**	329,917			17,721	347,638
Unassigned	157,271				157,271
Total fund balances	\$ 867,216	\$	\$ 27,847	\$ 86,540	\$ 981,603

* General fund unassigned fund balance includes \$157,271,000 for the budget stabilization reserve.

** The assigned fund balance include encumbrances as follows: General Fund \$93,996,000, Capital Projects \$112,242,000, and Other Funds \$110,286,000

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, 2022, the City estimates that no material liabilities will result from such audits.

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, 2022. 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

CITY OF BALTIMORE

Notes to Basic Financial Statements

(Continued)

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 \$98.18 and \$47.81 up to the guaranteed and excess tonnage amounts, respectively. Payments under the agreement in fiscal year 2022 were \$2.7 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 3,000 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 2022 with the completion of debt service payment. The average service tipping fees were \$428.70 and \$434.76 per ton for the Back River and Patapsco Wastewater Treatment Plants, respectively. Payments under the agreements in fiscal year 2022 were \$23.7 million. The agreements extend to 2025 for the Back River and 2027 for the Patapsco Wastewater Treatment Plants.

In 2002, the City entered into a Consent Decree to rehabilitate its sanitary sewer system and address sanitary sewer overflows (SSOs). The 2002 Consent Decree expired on January 1, 2016. On October 6, 2017, the U.S. District Court approved a Modified Consent Decree (MCD). The Modified Consent Decree supersedes the 2002 Consent Decree and provides a revised schedule to address SSOs through a hybrid level of protection. The Modified Consent Decree is one of many that the U.S. Department of Justice has negotiated with major cities with aging sewer infrastructure. These efforts are ambitious and the costs are estimated at \$2.0 billion (as of October 1, 2021), which is comprised of the following components: \$1.4 billion in costs and encumbrances incurred through October 1, 2021 and \$250-600 million in projected costs for completion of Phase I and II projects through December 31, 2030 (capital only).

The MCD is composed of two (2) phases. Phase I provides environmental benefits and constructs the Headworks Project at the Back River Wastewater Treatment Plant. Phase I is mostly complete. After the completion of the Headworks project in January 2021, the sewer system experienced a 67% reduction in volume of SSOs as compared to the year prior. Phase II projects will build on the Phase I performance results and achieve the MCD mandated Levels of Protection against SSOs through additional system rehabilitation and increases hydraulic capacity. The City will continue to address sewage building backups and sanitary discharges of unknown origin (SDUOs), while performing proactive maintenance throughout the sanitary sewer system. Collectively, the MCD extends the deadline to address SSOs to December 31, 2030. A close-out report is due by July 31, 2033.

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

20. Adjustments for Discretely Presented Component Units

As of and for the year ended June 30, 2022, 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, 2022, 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, 2022 and related deferred outflows, deferred inflows and expense.

The BCPSS adopted GASB Statement No. 87, "Leases". The implementation of this standard required a restatement of the BCPSS Net Position of \$6,281,000. Additionally, the required footnote disclosure for such balances have also been added to the notes to the financial statements.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

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		\$ 26,891	\$ 48,018	\$ 74,909
Net pension liability		89,681		89,681
Net OPEB liability			17,554	17,554
Deferred inflows		37,537	166,542	204,079
Expenses	\$ 1,642,729	(10,538)	(656)	1,631,535
Net position, as restated, June 30, 2022	1,773,883	(100,325)	(136,078)	1,537,480

21. Tax Abatement

As of June 30, 2022, the City approves Tax Abatements and Payment In Lieu of Taxes (PILOT) for the purpose of encouraging economic development and to provide better residential housing for the disabled and senior citizens:

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

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

(Expressed in Thousands)

Tax Abatement Program	Amount of Taxes Abated
Economic development	
Market based housing	\$ 5,690
Business development	12,068
Garages	335
Affordable housing	10,296
State of Maryland Port Authority	1,159
Total	\$ 29,548

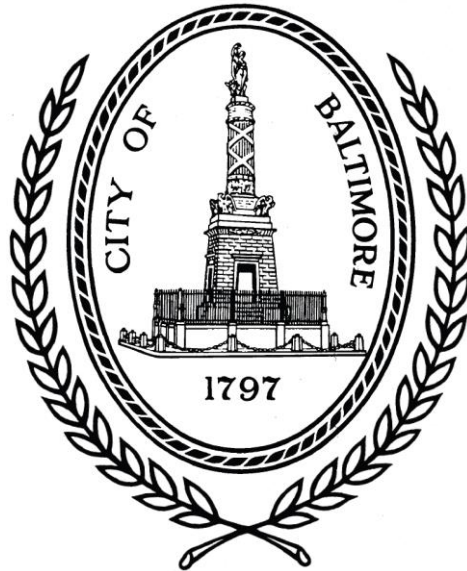
22. Subsequent Events

On August 3, 2022, the City issued general obligation bonds, Series 2022-A and 2022-B in the amounts of \$46,425,000 and \$16,000,000, respectively, and totaling \$62,425,000 for various capital projects. The interest on the bonds is due each April 15th and October 15th, and will mature on October 15, 2042.

On November 15, 2022, the City entered into two Master Lease Purchase Agreements with Banc of America Public Capital Corp. totaling \$26,009,000 to purchase motor vehicles and heavy equipment for the Department of General Services. One Agreement was for \$8,161,000 with a 5-year term and an interest rate of 4.493%. The other agreement was for \$17,848,000 with a 10-year term and an interest rate of 4.6212%.

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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, 2022
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes - local.....	\$1,535,346	\$1,584,256	\$1,820,590	\$ 236,334
State shared revenue.....	156,304	156,304	175,035	18,731
Licenses and permits.....	33,730	33,730	27,391	(6,339)
Fines and forfeitures.....	29,761	29,761	33,314	3,553
Interest, rentals and other investment income.....	66,153	66,153	21,808	(44,345)
Federal grants.....	300	300	57,888	57,588
State grants.....	101,664	101,664	99,393	(2,271)
Other grants.....	25	25		(25)
Charges for current services.....	49,424	49,424	42,871	(6,553)
Miscellaneous.....	3,800	3,800	6,636	2,836
Total revenues.....	<u>1,976,507</u>	<u>2,025,417</u>	<u>2,284,926</u>	<u>259,509</u>
Expenditures and encumbrances:				
Baltimore City Public School System.....	275,307	275,307	275,514	(207)
Board of Liquor License Commissioners.....	2,527	2,527	2,672	(145)
City Council.....	8,634	8,634	7,976	658
Civil Service Commission.....	12,373	12,373	9,707	2,666
Comptroller.....	8,339	8,339	7,224	1,115
Courts.....	21,575	21,575	20,133	1,442
Department of Finance.....	31,203	55,503	28,889	26,614
Department of Fire.....	257,550	257,550	271,684	(14,134)
Department of General Services.....	14,878	16,288	16,135	153
Department of Health.....	82,567	116,412	112,259	4,153
Department of Housing and Community Development.....	74,351	74,351	62,304	12,047
Department of Law.....	12,497	12,497	12,088	409
Department of Legislative Reference.....	1,399	1,399	1,548	(149)
Department of Municipal and Zoning Appeals.....	492	492	388	104
Department of Planning.....	7,118	21,118	17,472	3,646
Department of Police.....	541,592	542,267	513,796	28,471
Department of Public Works.....	120,033	122,758	118,391	4,367
Department of Recreation and Parks.....	47,963	47,963	45,524	2,439
Department of Transportation.....	125,272	129,697	129,775	(78)
Enoch Pratt Free Library.....	30,653	30,653	24,138	6,515
Mayorality.....	221,923	227,298	255,842	(28,544)
Office of Civil Rights.....	5,595	5,595	3,721	1,874
Office of Financial Review.....	801	801	788	13
Office of Sheriff.....	21,928	21,928	22,025	(97)
Office of State's Attorney.....	38,521	38,521	34,168	4,353
Supervisor of Elections.....	7,320	7,320	5,362	1,958
Total expenditures and encumbrances.....	<u>1,972,411</u>	<u>2,059,166</u>	<u>1,999,523</u>	<u>59,643</u>
Excess of revenues over expenditures and encumbrances.....	<u>4,096</u>	<u>(33,749)</u>	<u>285,403</u>	<u>319,152</u>
Other financing sources (uses):				
Transfers in.....	13,916	13,916	41,155	27,239
Transfers out.....	(106,069)	(106,069)	(59,111)	46,958
Total other financing sources (uses).....	<u>(92,153)</u>	<u>(92,153)</u>	<u>(17,956)</u>	<u>74,197</u>
Net changes in fund balances.....	<u>(88,057)</u>	<u>(125,902)</u>	<u>267,447</u>	<u>393,349</u>
Fund balances - beginning.....	1,130,024	1,130,024	1,130,024	
Fund balances - ending.....	<u>\$ 1,041,967</u>	<u>\$ 1,004,122</u>	<u>1,397,471</u>	<u>\$ 393,349</u>
Adjustments to reconcile to GAAP basis:				
Residual Equity Transfer In				
Addition of encumbrances outstanding.....			85,801	
Less: Accounts payable not recorded for budgetary purposes and other GAAP adjustments.....				(616,056)
Fund balance - June 30, 2022 (GAAP basis).....			<u>\$ 867,216</u>	

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

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

(3) This schedule does not include a non-budgetary revenue and expense item in the amount of \$2,498,000 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, 2022
(Expressed in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021
City's share of the net pension liability	85.92%	85.19%	80.03%	81.56%	72.51%	86.99%	77.81%	81.75%
City's proportionate share of the net pension liability	\$ 610,998	\$ 614,236	\$ 644,079	\$ 597,470	\$ 565,892	\$ 626,594	\$ 705,725	\$ 398,214
City's covered payroll	344,809	347,656	319,693	318,999	304,333	341,037	365,095	340,218
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	177.2%	176.7%	201.5%	187.3%	185.9%	171.6%	207.4%	117.0%
Plan fiduciary net position as a percentage of the total pension liability	67.83%	68.00%	65.17%	65.17%	71.11%	69.80%	66.57%	66.57%

The reporting date is June 30, 2022 and the measurement date is June 30, 2021. Covered payroll is as of the measurement date.

CITY OF BALTIMORE
Schedule of Employer Contributions
Employees' Retirement System Plan
For the Year Ended June 30, 2022
(Expressed in Thousands)

Description	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 78,437	\$ 77,088	\$ 60,712	\$ 68,895	\$ 63,481	\$ 73,025	\$ 78,177	\$ 67,658	\$ 71,084
Contribution in relation to the actuarially determined contribution	81,558	82,780	61,704	68,904	63,481	73,025	78,177	67,658	71,084
Contribution deficiency (excess)	\$ (3,121)	\$ (5,692)	\$ (992)	\$ (9)	\$	\$	\$	\$	\$
Covered payroll	\$ 344,809	\$ 347,656	\$ 319,693	\$ 318,999	\$ 304,333	\$ 341,037	\$ 365,095	\$ 340,218	\$ 372,142
Contribution as a percentage of covered payroll	23.65%	23.81%	19.30%	21.60%	20.86%	21.41%	21.41%	19.89%	19.10%

Covered payroll is an of The Employees' Retirement System Plan fiscal year end.

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, 2022
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021
City's share of the net pension liability	0.02%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
City's proportionate share of the net pension liability	\$ 4,595	\$ 5,894	\$ 7,001	\$ 6,935	\$ 6,939	\$ 7,322	\$ 4,906
City's covered payroll	952	850	1,400	1,423	1,486	1,394	1,407
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	482.7%	693.4%	500.0%	487.2%	467.1%	525.3%	348.7%
Plan fiduciary net position as a percentage of the total pension liability	66.27%	62.97%	66.71%	68.36%	67.98%	66.29%	76.76%

Note: The reporting date is June 30, 2022 and the measurement date is June 30, 2021.

CITY OF BALTIMORE
Schedule of Employer Contributions
Maryland State Retirement and Pension System-ERPS
For the Year Ended June 30, 2022
(Expressed in Thousands)

Description	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 556	\$ 486	\$ 659	\$ 659	\$ 691	\$ 695	\$ 721
Contribution in relation to the actuarially determined contribution	466	486	659	659	691	695	721
Contribution deficiency (excess)	\$ 90	\$	\$	\$	\$	\$	\$
Covered payroll	\$ 952	\$ 850	\$ 1,400	\$ 1,423	\$ 1,486	\$ 1,394	\$ 1,407
Contribution as a percentage of covered payroll	48.95%	57.18%	47.07%	46.30%	46.51%	49.86%	51.25%

Note: 2022 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, 2022
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021
City's share of the net pension liability	0.11%	0.13%	0.13%	0.14%	0.13%	0.12%	0.13%
City's proportionate share of the net pension liability	\$ 23,578	\$ 30,244	\$ 28,519	\$ 28,528	\$ 26,032	\$ 27,837	\$ 20,060
City's covered payroll	172	214	220	232	228	234	259
City's proportionate share of the net pension liability as a percentage of its covered employee payroll.....	13708%	14165.2%	12982.3%	12301.8%	11397.6%	11916.5%	7736.3%
Plan fiduciary net position as a percentage of the total pension liability	61.30%	58.88%	62.80%	63.82%	64.79%	63.60%	63.60%

Note: The reporting date is June 30, 2022 and the measurement date is June 30, 2021.

CITY OF BALTIMORE
Schedule of Employer Contributions
Maryland State Retirement and Pension System-LEOPS
For the Year Ended June 30, 2022
(Expressed in Thousands)

Description	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 2,392	\$ 2,497	\$ 2,497	\$ 2,711	\$ 2,592	\$ 2,641	\$ 2,946
Contribution in relation to the actuarially determined contribution	2,392	2,497	2,497	2,711	2,592	2,641	2,946
Covered payroll	172	214	220	232	228	234	259
Contribution as a percentage of covered payroll	1390.70%	1166.82%	1135.00%	1169.03%	1134.85%	1130.56%	1136.14%

Note: 2022 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, 2022
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Interest (includes interest on service cost)	\$ 248,633	\$ 256,066	\$ 260,001	\$ 296,220	\$ 275,197	\$ 277,540	\$ 283,201	\$ 290,606
Service cost	65,548	66,199	70,730	70,987	70,244	69,279	68,669	71,089
Change in assumption		35,494			86,384			
Differences between expected and actual experience	1,396	28,065	11,353	(17,476)	(20,544)	(9,039)	13,551	(18,539)
Benefit payments, including refunds of member contributions	(219,808)	(223,359)	(237,195)	(245,080)	(246,971)	(255,996)	(262,905)	(268,604)
Net change in total pension liability	95,769	162,465	104,889	104,651	164,310	81,784	102,816	74,552
Total pension liability - beginning	3,252,533	3,348,302	3,510,767	3,615,656	3,720,307	3,884,617	3,966,401	3,966,401
Total pension liability - ending	\$ 3,348,302	\$ 3,510,767	\$ 3,615,656	\$ 3,720,307	\$ 3,884,617	\$ 3,966,401	\$ 4,069,217	\$ 4,040,953
Plan fiduciary net position:								
Net investment income	\$ 312,131	\$ 53,526	\$ 2,982	\$ 291,978	\$ 211,668	\$ 148,059	\$ (15,075)	\$ 774,160
Contribution - employer	113,004	118,190	120,279	129,689	137,738	141,325	146,795	151,088
Contribution - member	28,058	30,130	30,339	29,902	31,285	30,711	31,353	31,657
Benefit payments, including refunds of member contributions	(219,808)	(223,359)	(237,195)	(245,080)	(246,970)	(255,996)	(262,905)	(268,604)
Administrative expense	(3,786)	(4,281)	(4,377)	(4,328)	(4,984)	(5,144)	(4,967)	(4,928)
Net change in plan fiduciary net position	229,599	(25,794)	(87,972)	202,161	128,737	58,955	(104,799)	683,373
Plan fiduciary net position - beginning	2,244,571	2,474,170	2,448,376	2,360,404	2,562,565	2,691,302	2,750,257	2,750,257
Plan fiduciary net position - ending	2,474,170	2,448,376	2,360,404	2,562,565	2,691,302	2,750,257	2,645,458	3,433,630
Net position liability (asset) - ending	\$ 874,132	\$ 1,062,391	\$ 1,255,252	\$ 1,157,742	\$ 1,193,315	\$ 1,216,144	\$ 1,423,759	\$ 607,323
Plan fiduciary net position as a percentage of the total pension liability	73.89%	69.74%	65.28%	68.88%	69.28%	69.34%	65.01%	79.45%
Covered payroll	\$ 290,581	\$ 320,408	\$ 298,779	\$ 296,357	\$ 323,351	\$ 322,382	\$ 326,640	\$ 330,600
Net pension liability (asset) as a percentage of covered employee payroll	300.82%	331.57%	420.13%	390.66%	369.05%	377.24%	435.88%	260.41%

The reporting date is June 30, 2022 and the measurement date is June 30, 2021.

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, 2022
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability								
Interest (includes interest on service cost)	\$ 1,177	\$ 1,219	\$ 983	\$ 965	\$ 1,023	\$ 1,045	\$ 1,130	\$ 1,140
Service cost	399	410	260	250	221	243	297	290
Changes of benefit terms					(64)			
Change in assumption		(3,523)	315			841		
Differences between expected and actual experience	(256)	(440)	(474)	662	245	776	80	1,015
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(933)	(1,110)	(1,165)	(1,125)	(1,306)
Net change in total pension liability	595	(3,099)	321	944	315	1,740	382	1,139
Total pension liability - beginning	16,185	16,780	13,681	14,002	14,946	15,261	17,001	17,383
Total pension liability - ending	\$ 16,780	\$ 13,681	\$ 14,002	\$ 14,946	\$ 15,261	\$ 17,001	\$ 17,383	\$ 18,522
Plan fiduciary net position:								
Net investment income	3,508	\$ 629	\$ 45	\$ 3,116	\$ 2,309	\$ 1,056	\$ 294	\$ 7,086
Contribution - employer	307	85						
Contribution - member	56	61	62	90	69	70	76	77
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(934)	(1,110)	(1,165)	(1,125)	(1,306)
Administrative expense	(32)	(33)	(35)	(55)	(37)	(36)	(37)	(34)
Net change in plan fiduciary net position	3,114	(23)	(691)	2,217	1,231	(75)	(792)	5,823
Plan fiduciary net position - beginning	20,349	23,463	23,440	22,749	24,966	26,197	26,122	25,330
Plan fiduciary net position - ending	23,463	23,440	22,749	24,966	26,197	26,122	25,330	31,153
Net position liability (asset) - ending	(6,683)	(9,759)	(8,747)	(10,020)	(10,936)	(9,121)	(7,947)	(12,631)
Plan fiduciary net position as a percentage of the total pension liability	139.83%	171.33%	162.47%	167.00%	171.70%	153.65%	145.72%	168.19%
Covered payroll	\$ 1,267	\$ 1,298	\$ 1,334	\$ 1,297	\$ 1,399	\$ 1,363	\$ 1,470	\$ 1,470
Net pension liability (asset) as a percentage of covered employee payroll	(527.37)%	(751.38)%	(655.70)%	(772.55)%	(781.70)%	(669.19)%	(540.75)%	(859.30)%

The reporting date is June 30, 2022 and the measurement date is June 30, 2021.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire and Police Employees' Retirement System:										
Actuarially determined contribution	\$ 107,779	\$ 113,843	\$ 119,020	\$ 121,115	\$ 129,689	\$ 137,738	\$ 141,326	\$ 146,795	\$ 151,088	\$ 161,380
Contribution in relation to the actuarially determined contribution	104,779	113,843	119,020	121,115	129,689	137,738	141,326	146,795	151,088	161,380
Covered payroll	277,524	292,739	322,667	300,855	296,357	323,351	322,382	326,640	330,600	318,060
Contribution as a percentage of covered payroll	38.84%	38.89%	36.39%	40.26%	43.76%	42.60%	43.84%	44.94%	45.70%	50.74%
Elected Officials' Retirement System:										
Actuarially determined contribution	\$ 419	\$ 307	\$ 85	\$	\$	\$	\$	\$	\$	\$
Contribution in relation to the actuarially determined contribution	419	307	85							
Covered payroll	1,236	1,267	1,299	1,334	1,297	1,399	1,363	1,470	1,431	1,544
Contribution as a percentage of covered payroll	33.90%	24.23%	6.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost at end of year	\$ 29,652	\$ 30,838	\$ 29,956	\$ 52,654	\$ 51,945	\$ 32,225
Interest	93,367	94,514	100,281	149,945	150,398	99,388
Changes of benefit term			563,734		(455,349)	(455,348)
Difference between expected and actual experience			(210,824)	(103,175)	(112,063)	(108,649)
Changes of assumption or other inputs		30,644	304,959		(280,793)	
Benefits payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)	(46,643)
Net changes in Total OPEB Liability	16,139	49,644	690,285	(5,512)	(724,954)	(479,027)
Total OPEB Liability - beginning	1,384,925	1,401,064	1,450,708	2,140,993	2,135,481	140,527
Total OPEB Liability - ending (a)	\$ 1,401,064	\$ 1,450,708	\$ 2,140,993	\$ 2,135,481	\$ 1,410,527	\$ (338,500)
Plan Fiduciary Net Position						
Contribution - Employer	\$ 138,931	\$ 145,466	\$ 124,579	\$ 121,951	\$ 121,020	\$ 62,588
Net investment income	46,166	32,933	33,133	866	157,969	(70,869)
Benefit payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)	(46,643)
Net change in Plan Fiduciary Net Position	78,217	72,047	59,891	17,881	199,897	(54,924)
Plan Fiduciary Net Position - beginning	438,342	516,559	588,606	648,497	666,378	866,275
Plan Fiduciary Net Position - ending (b)	516,559	588,606	648,497	666,378	866,275	811,351
Net OPEB liability - ending (a) - (b)	\$ 884,505	\$ 862,102	\$ 1,492,496	\$ 1,469,103	\$ 544,252	\$ (1,149,851)

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

	2017	2018	2019	2020	2021	2022
Total OPEB liability	\$ 1,401,064	\$ 1,450,708	\$ 2,140,993	\$ 2,135,481	\$ 1,410,527	\$ 931,500
Plan fiduciary net position	516,559	588,606	648,497	666,378	866,275	811,351
Net OPEB liability	884,505	862,102	1,492,496	1,469,103	544,252	120,149
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.9%	40.6%	30.3%	31.2%	61.4%	87.1%
Covered payroll	1,464,035	1,345,680	1,196,671	1,352,753	1,467,615	1,410,294
Net OPEB liability as a percentage of covered payroll	60.4%	64.1%	124.7%	108.6%	37.1%	8.5%
Average money weighted rate of return	10.5%	6.4%	5.8%	0.6%	21.4%	-8.0%

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

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

	2017	2018	2019	2020	2021	2022
City's share of the net OPEB liability	71.4%	71.3%	84.5%	84.8%	98.8%	85.4%
City's proportionate share of the net OPEB liability	\$ 625,170	\$ 614,351	\$ 1,260,559	\$ 1,245,666	\$ 537,868	\$ 102,595
City's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	42.7%	64.1%	124.7%	92.1%	36.6%	7.3%
Plan fiduciary net position as a percentage of the total OPEB liability	36.9%	40.6%	30.3%	31.2%	61.4%	87.1%

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

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

	2019	2020	2021	2022
Actuarial determined contribution	\$ 175,567	\$ 182,546	\$ 181,645	\$ 80,595
Contributions in relations to the actuarial determined contributions	124,579	121,951	121,020	62,588
Contribution deficiency (excess)	\$ 50,988	\$ 60,595	\$ 60,625	\$ 18,007
Covered payroll	\$ 1,196,671	\$ 1,352,753	\$ 1,467,615	\$ 1,410,294
Contributions as a percentage of covered payroll	10.4%	9.0%	8.2%	4.4%

Note: This is the fourth 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 budget is prepared on a cash basis with the exception of certain normal and routine monthly accruals related to payroll.

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 2022, a supplemental appropriation ordinance was required for the general fund in the amount of \$86,755,000.

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

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

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

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

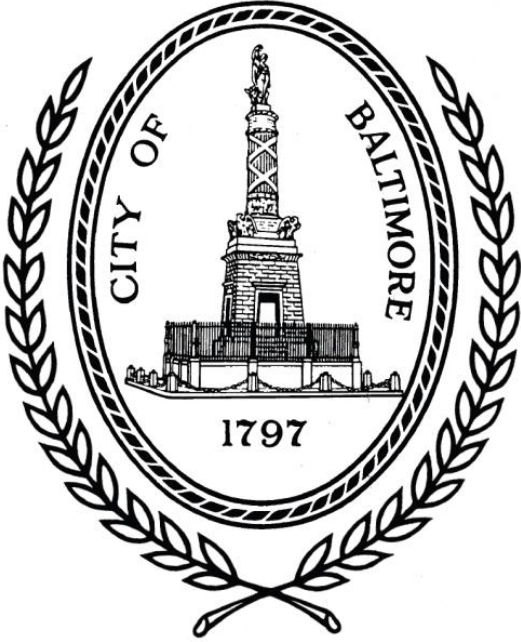
For Fire and Police Employees' Retirement System: www.bcfpers.org

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

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

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

**Combining and
Individual Fund
Statement and
Schedules**



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Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Permanent Funds

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

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

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

CITY OF BALTIMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022
(Expressed in Thousands)

	Special Revenue Funds								Permanent Funds			Total Nonmajor Governmental Funds	
	Community	School	State Video		Affordable			Enoch	Total				
	Development	Construction	Baltimore	Lottery	Scholarship	Table Game	Housing Trust	Children and	Pratt Free	Memorial			
	Block Grant Fund	Fund	Casino Fund	Terminal Fund	Fund	Fund	Fund	Youth Fund	Library Fund	Fund			
Assets:													
Cash and cash equivalents.....		\$ 2,150	\$ 1,678	\$ 7,291	\$ 5,664	\$ 3,979	\$ 36,505	\$ 13,179	\$ 70,446	\$ 66	\$ 380	\$ 446	\$ 70,892
Investments.....					926				926	2,587	9,533	12,120	13,046
Other receivables, net.....	\$ 9,222	198							9,420				9,420
Due from other government.....		150	712			150			1,012				1,012
Total assets.....	9,222	2,498	2,390	7,291	6,590	4,129	36,505	13,179	81,804	2,653	9,913	12,566	94,370
Liabilities, deferred inflows of resources and fund balances:													
Liabilities:													
Accounts payable and accrued liabilities.....	3,821		201			14	21		4,057				4,057
Due to other funds.....	3,773								3,773				3,773
Total liabilities.....	7,594		201			14	21		7,830				7,830
Total liabilities.....	7,594		201			14	21		7,830				7,830
Fund balances:													
Restricted.....					6,590		36,484	13,179	56,253	2,653	9,913	12,566	68,819
Assigned.....	1,628	2,498	2,189	7,291		4,115			17,721				17,721
Total fund balances.....	1,628	2,498	2,189	7,291	6,590	4,115	36,484	13,179	73,974	2,653	9,913	12,566	86,540
Total liabilities, deferred inflows of resources and fund balances.....	\$ 9,222	\$ 2,498	\$ 2,390	\$ 7,291	\$ 6,590	\$ 4,129	\$ 36,505	\$ 13,179	\$ 81,804	\$ 2,653	\$ 9,913	\$ 12,566	\$ 94,370

CITY OF BALTIMORE
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			Total Nonmajor Governmental Funds
	Community		State Video			Affordable				Enoch Pratt		Total	
	Development	School	Lottery		Table Game		Housing	Children and		Free Library	Memorial		
	Block Grant	Construction	Baltimore	Terminal	Scholarship	Fund	Trust Fund	Youth Fund	Total	Fund	Fund		
Fund	Fund	Casino Fund	Fund	Fund	Fund	Fund	Fund	Total	Fund	Fund			
Revenues:													
Taxes - local		\$ 12,173					\$ 19,739	\$ 13,327	\$ 45,239				\$ 45,239
State shared revenue		1,700	\$ 7,377	\$ 4,414		\$ 1,700			15,191				15,191
Interest, rentals and other investment income					\$ 18				18	\$ 7	\$ 1,642	\$ 1,649	1,667
Federal grants	\$ 11,503								11,503				11,503
Other revenue		700							700				700
Total revenues	11,503	14,573	7,377	4,414	18	1,700	19,739	13,327	72,651	7	1,642	1,649	74,300
Expenditures:													
Current:													
General government	2,356	15,637	1,188	666			911		20,758				20,758
Public safety and regulation			1,895						1,895				1,895
Education								5,191	5,191				5,191
Public library										7		7	7
Recreation and culture			74			83			157		121	121	278
Sanitation and waste removal			497						497				497
Economic development	11,942		506						12,448				12,448
Total expenditures	14,298	15,637	4,160	666	18	1,617	18,828	8,136	40,946	7	121	128	41,074
Excess (deficiency) of revenues over (under) expenditures	(2,795)	(1,064)	3,217	3,748	18	1,617	18,828	8,136	31,705		1,521	1,521	33,226
Other financing sources (uses):													
Transfers out			(4,100)	(1,940)					(6,040)				(6,040)
Total other financing sources (uses)			(4,100)	(1,940)					(6,040)				(6,040)
Net change in fund balances	(2,795)	(1,064)	(883)	1,808	18	1,617	18,828	8,136	25,665		1,521	1,521	27,186
Fund balances - beginning	4,423	3,562	3,072	5,483	6,572	2,498	17,656	5,043	48,309	2,653	8,392	11,045	59,354
Fund balances - ending	\$ 1,628	\$ 2,498	\$ 2,189	\$ 7,291	\$ 6,590	\$ 4,115	\$ 36,484	\$ 13,179	\$ 73,974	\$ 2,653	\$ 9,913	\$ 12,566	\$ 86,540

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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, 2022
(Expressed in Thousands)

	Conduit Fund
Assets:	
Current assets:	
Accounts receivable, net:	
Other.....	\$ 42,453
Total current assets.....	<u>42,453</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents.....	26,937
Capital assets, net of accumulated depreciation.....	180,595
Capital assets not being depreciated.....	34,426
Total noncurrent assets.....	<u>241,958</u>
Total assets.....	<u>284,411</u>
Deferred outflows of resources	
Deferred outflows related to pension	628
Deferred outflows related to OPEB	355
Total deferred outflows of resources.....	<u>983</u>
Total assets and deferred outflows of resources.....	<u>285,394</u>
Liabilities and deferred inflows of resources:	
Current liabilities:	
Accounts payable and accrued liabilities.....	372
Due to other funds.....	71,049
Compensated absences.....	230
Other liabilities.....	5,000
Current liabilities payable from restricted assets:	
Accounts payable from restricted assets.....	9,914
Total current liabilities.....	<u>86,565</u>
Noncurrent liabilities:	
Net pension liability	2,590
Net OPEB liability	1,323
Compensated absences.....	324
Total noncurrent liabilities.....	<u>4,237</u>
Total liabilities.....	<u>90,802</u>
Deferred inflows of resources:	
Deferred inflows related to pension	33
Deferred inflows related to OPEB	1,374
Total deferred inflows of resources.....	<u>1,407</u>
Total liabilities and deferred inflows of resources.....	<u>92,209</u>
Net position:	
Net investment in capital assets	215,022
Unrestricted.....	<u>(21,837)</u>
Total net position.....	<u>\$ 193,185</u>

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Proprietary Fund
For the Year Ended June 30, 2022
(Expressed in Thousands)

	Conduit Fund
Operating revenues:	
Rents, fees, and other income.....	\$ 36,807
Total operating revenues.....	<u>36,807</u>
Operating expenses:	
Salaries and wages.....	5,117
Other personnel costs.....	2,140
Contractual services.....	2,205
Materials and supplies.....	133
Minor equipment.....	112
Depreciation.....	3,738
Total operating expenses.....	<u>13,445</u>
Operating income	23,362
Nonoperating revenues (expenses):	
Other	617
Total nonoperating expenses, net	<u>617</u>
Income before capital contributions and transfers	23,979
Capital contributions (distribution).....	(9,708)
Changes in net position.....	14,271
Total net position - beginning	<u>178,914</u>
Total net position - ending.....	<u>\$ 193,185</u>

CITY OF BALTIMORE
Combining Statement of Cash Flows
Nonmajor Proprietary Fund
For the Year Ended June 30, 2022
(Expressed in Thousands)

	Conduit Fund
Cash flows from operating activities:	
Receipts from customers.....	\$ 36,807
Payments to employees.....	(8,056)
Payments to suppliers.....	(2,558)
Net cash provided by operating activities.....	<u>26,193</u>
Cash flow from capital and related financing activities:	
Acquisition and construction of capital assets.....	17,618
Capital contributions (reduction).....	(9,708)
Net cash provided by capital and related financing activities.....	<u>7,910</u>
Net increase (decrease) in cash and cash equivalents.....	34,103
Cash and cash equivalents, beginning of year.....	<u>35,287</u>
Cash and cash equivalents, end of year.....	<u>\$ 69,390</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 23,362</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense.....	3,738
Effect of changes in non cash operating asset and liabilities:	
Deferred outflows - pension	649
Deferred outflows - OPEB	(40)
Accounts payable and accrued liabilities.....	96
Other noncurrent liabilities	(119)
Pension liability - current period	(1,999)
OPEB liability - current period	1,251
OPEB liability	142
Deferred inflows - pension.....	33
Deferred inflows - OPEB.....	(920)
Total adjustments.....	<u>2,831</u>
Net cash provided by operating activities.....	<u>\$ 26,193</u>

Internal Service Funds

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

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

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

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

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

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

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

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

CITY OF BALTIMORE
Combining Statement of Fund Net Position
Internal Service Funds
June 30, 2022
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Assets:								
Current assets:								
Cash and cash equivalents.....	\$ 506			\$ 195	\$ 1,282	\$ 6,628	\$ 4,770	\$ 13,381
Accounts receivable, net:								
Other.....			\$ 69		16	247		332
Due to other fund.....					1,396			1,396
Inventories.....		\$ 6,873	726	617				8,216
Total current assets.....	506	6,873	795	812	2,694	6,875	4,770	23,325
Noncurrent assets:								
Restricted cash.....	677	72,627						73,304
Capital assets, net.....	4,591	86,787		43				91,421
Total noncurrent assets.....	5,268	159,414		43				164,725
Total assets.....	5,774	166,287	795	855	2,694	6,875	4,770	188,050
Liabilities:								
Current liabilities:								
Accounts payable and accrued liabilities.....	625	7,371	268	25	272	4,029		12,590
Due to other funds.....		2,438	973					3,411
Financed purchases.....	1,843	22,157						24,000
Compensated absences.....	24	669	31	22	54	210		1,010
Total current liabilities.....	2,492	32,635	1,272	47	326	4,239		41,011
Noncurrent liabilities:								
Financed purchases.....	7,777	85,764						93,541
Compensated absences.....	45	671	83	38	285	521		1,643
Total noncurrent liabilities.....	7,822	86,435	83	38	285	521		95,184
Total liabilities.....	10,314	119,070	1,355	85	611	4,760		136,195
Net position:								
Net investment in capital assets.....	(5,029)	(21,133)						(26,162)
Unrestricted (deficit).....	489	68,350	(560)	770	2,083	2,115	4,770	78,017
Total net position.....	\$ (4,540)	\$ 47,217	\$ (560)	\$ 770	\$ 2,083	\$ 2,115	\$ 4,770	\$ 51,855

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2022
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Operating revenues:								
Charges for services.....	\$ 6,920	\$ 58,117	\$ 3,086	\$ 1,717	\$ 9,344	\$ 27,558	\$ 6,278	\$ 113,020
Operating expenses:								
Salaries and wages.....	555	12,937	809	440	1,231	3,800		19,772
Other personnel costs.....	221	6,098	279	222	550	1,946		9,316
Contractual services.....	5,500	17,018	1,181	79	6,268	25,215	314	55,575
Materials and supplies.....		(610)	733		6	501		630
Minor equipment.....	10			26	67	65	6,016	6,184
Postage and delivery service.....				968				968
Depreciation.....	1,858	13,724		25				15,607
Total operating expenses.....	8,144	49,167	3,002	1,760	8,122	31,527	6,330	108,052
Operating income (loss).....	(1,224)	8,950	84	(43)	1,222	(3,969)	(52)	4,968
Nonoperating revenues:								
Loss on sale of equipment.....		(503)						(503)
Total nonoperating revenues, net.....		(503)						(503)
Change in net position.....	(1,224)	8,447	84	(43)	1,222	(3,969)	(52)	4,465
Total net position - beginning.....	(3,316)	38,770	(644)	813	861	6,084	4,822	47,390
Total net position - ending.....	\$ (4,540)	\$ 47,217	\$ (560)	\$ 770	\$ 2,083	\$ 2,115	\$ 4,770	\$ 51,855

CITY OF BALTIMORE
Combining Statement of Cash Flows
Internal Services Funds
For the Year Ended June 30, 2022
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Cash flows from operating activities:								
Receipts from customers.....	\$ 6,920	\$ 50,109	\$ 2,982	\$ 1,729	\$ 8,870	\$ 27,675	\$ 6,278	\$ 104,563
Payments to employees.....	(782)	(19,532)	(1,056)	(638)	(1,602)	(5,564)		(29,174)
Payments to suppliers.....	(5,253)	(17,164)	(1,926)	(1,169)	(6,779)	(23,176)	(6,764)	(62,231)
Net cash provided (used) by operating activities.....	885	13,413		(78)	489	(1,065)	(486)	13,158
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets.....		(7,680)						(7,680)
Financed purchases payment.....	(1,804)							(1,804)
Net cash (used) by capital and related financing activities.....	(1,804)	(7,680)						(9,484)
Net increase (decrease) in cash and cash equivalents....	(919)	5,733		(78)	489	(1,065)	(486)	3,674
Cash and cash equivalents, beginning of year.....	2,102	66,894		274	792	7,693	5,256	83,011
Cash and cash equivalents, end of year.....	\$ 1,183	\$ 72,627	\$	\$ 196	\$ 1,281	\$ 6,628	\$ 4,770	\$ 86,685
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss).....	\$ (1,224)	\$ 8,950	\$ 84	\$ (43)	\$ 1,221	\$ (3,969)	\$ (52)	\$ 4,967
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation.....	1,858	13,724		25				15,607
Changes in noncash operating assets and liabilities:								
Accounts receivable.....		1,312	(60)		923	117		2,292
Inventories.....		(177)	97	12				(68)
Accounts payable and accrued liabilities.....	270	(756)	15	(76)	(382)	2,794	(434)	1,431
Compensated Absences.....	(19)		5	4				(10)
Due to other funds.....		(9,143)	(141)		(1,396)			(10,680)
Other liabilities.....		(497)			123	(7)		(381)
Total adjustments.....	2,109	4,463	(84)	(35)	(732)	2,904	(434)	8,191
Net cash provided (used) by operating activities.....	\$ 885	\$ 13,413	\$	\$ (78)	\$ 489	\$ (1,065)	\$ (486)	\$ 13,158
Noncash activity from capital and related financing activities:								
New financed purchases.....		\$ 25,000						\$ 25,000
Total noncash activity from capital and related financing activities.....	\$	\$ 25,000						\$ 25,000

Fiduciary Funds

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

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

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

CITY OF BALTIMORE
Combining Statement of Fiduciary Net Position
Pension and OPEB Trust Funds
June 30, 2022
(Expressed In Thousands)

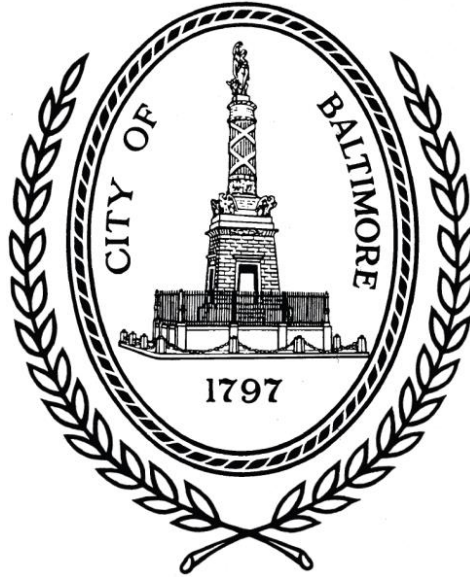
	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
Assets:					
Cash and cash equivalents	\$ 49,677	\$ 172	\$ 77,139	\$ 16,770	\$ 143,758
Investments:					
Stocks	1,269,114	16,633	1,438,795	534,105	3,258,647
Bonds	391,221	6,178	423,617	158,622	979,638
Real estate	302,431	3,763	287,473	98,842	692,509
Private equity and hedge fund			737,694		737,694
Securities lending collateral	52,923		15,145		68,068
Forward foreign contracts	3,353		1,737		5,090
Other assets	24,016	3	12,023	6,367	42,409
Total assets	2,092,735	26,749	2,993,623	814,706	5,927,813
Liabilities:					
Obligations under securities lending program	52,923		15,145		68,068
Forward foreign contracts	9,765		1,737		11,502
Accounts payable	55,743		20,657	3,355	79,755
Pension benefits payable		12			12
Total liabilities	118,431	12	37,539	3,355	159,337
Net position:					
Net position restricted for pensions	\$ 1,974,304	\$ 26,737	\$ 2,956,084		\$ 4,957,125
Net position restricted for OPEB				\$ 811,351	\$ 811,351

CITY OF BALTIMORE
Combining Statement of Changes in Fiduciary Net Position
Pension and OPEB Trust Funds
For the year Ended June 30, 2022
(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
Additions:					
Contributions:					
Employer	\$ 98,640		\$ 160,592	\$ 62,588	\$ 321,820
Employee	18,493	\$ 76	31,523	42,798	92,890
Total contributions	117,133	76	192,115	105,386	414,710
Investment income:					
Net depreciation fair value of investments	(84,958)	(2,840)	(413,661)	(76,741)	(578,200)
Securities lending income, net	163		209		372
Interest and dividend income	9,129	(40)	162,961	11,340	183,390
Total investment (loss)	(75,666)	(2,880)	(250,491)	(65,401)	(394,438)
Less: investment expense	70	64	29,617	5,468	35,219
Net investment (loss)	(75,736)	(2,944)	(280,108)	(70,869)	(429,657)
Total additions (deduction)	41,397	(2,868)	(87,993)	34,517	(14,947)
Deductions:					
Retirement benefits	165,290	1,512	255,641		422,443
Health benefits				89,441	89,441
Death benefits	1,507		1,446		2,953
Administrative expenses	4,460	35	5,116		9,611
Other	1,362		22,552		23,914
Total deductions	172,619	1,547	284,755	89,441	548,362
Changes in net position	(131,222)	(4,415)	(372,748)	(54,924)	(563,309)
Net position restricted for pensions and OPEB - beginning of the year	2,105,526	31,152	3,328,832	866,275	6,331,785
Net position restricted for pensions and OPEB - end of the year	\$ 1,974,304	\$ 26,737	\$ 2,956,084	\$ 811,351	\$ 5,768,476

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STATISTICAL SECTION



See Report of Independent Public Accountants

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CITY OF BALTIMORE

Statistical Section

(Unaudited)

Table of Contents

	Page
Financial Trends	
These schedules contain information to help the reader understand how the City’s financial performance and well-being have changed over time.	129
Revenue Capacity	
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	135
Debt Capacity	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	139
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	145
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	149

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 2,988,956	\$ 2,569,231	\$ 2,520,873	\$ 2,464,962	\$ 2,528,116	\$ 2,574,640	\$ 2,520,881	\$ 2,628,359	\$ 2,561,824	\$ 2,619,065
Restricted.....	40,548	22,598	15,946	24,669	400,063	483,623	527,293	533,780	548,492	548,272
Unrestricted.....	(650,914)	(442,540)	(1,759,089)	(1,662,259)	(1,951,655)	(2,771,072)	(3,416,173)	(3,838,247)	(3,756,368)	(3,301,360)
Total governmental activities										
net position.....	\$ 2,378,590	\$ 2,149,289	\$ 777,730	\$ 827,372	\$ 976,524	\$ 287,191	\$ (367,999)	\$ (676,108)	\$ (646,052)	\$ (134,023)
Business-type activities										
Net investment in capital assets	\$ 1,785,501	\$ 2,215,884	\$ 2,379,232	\$ 2,386,644	\$ 2,981,404	\$ 3,383,394	\$ 3,345,821	\$ 3,475,643	\$ 3,554,754	\$ 3,393,693
Restricted.....	152,197	180,965	157,613	165,076	162,084	161,308	181,109	184,072	257,759	292,386
Unrestricted.....	133,419	123,976	136,251	413,302	85,565	(92,013)	176,933	237,107	369,574	613,755
Total business-type activities										
net position.....	\$ 2,071,117	\$ 2,520,825	\$ 2,673,096	\$ 2,965,022	\$ 3,229,053	\$ 3,452,689	\$ 3,703,863	\$ 3,896,822	\$ 4,182,087	\$ 4,299,834
Primary government										
Net investment in capital assets	\$ 4,774,457	\$ 4,785,115	\$ 4,900,105	\$ 4,851,606	\$ 5,509,520	\$ 5,958,034	\$ 5,866,702	\$ 6,104,002	\$ 6,116,578	\$ 6,012,758
Restricted.....	192,745	203,563	173,559	189,745	562,147	644,931	708,402	717,852	806,251	840,658
Unrestricted.....	(517,495)	(318,564)	(1,622,838)	(1,248,957)	(1,866,090)	(2,863,085)	(3,239,240)	(3,601,140)	(3,386,794)	(2,687,605)
Total primary government										
net position.....	\$ 4,449,707	\$ 4,670,114	\$ 3,450,826	\$ 3,792,394	\$ 4,205,577	\$ 3,739,880	\$ 3,335,864	\$ 3,220,714	\$ 3,536,035	\$ 4,165,811

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 399,166	\$ 278,892	\$ 294,987	\$ 303,696	\$ 249,415	\$ 404,025	\$ 524,515	\$ 400,893	\$ 469,895	\$ 680,482
Public safety and regulation	661,829	673,680	692,155	744,940	764,040	781,830	1,228,602	929,667	540,675	495,295
Conservation of health	130,911	125,383	112,575	116,592	119,811	134,743	169,216	153,361	238,343	102,496
Social services	125,515	112,301	102,809	109,591	120,630	95,107	103,384	96,066	109,391	46,078
Education	288,227	306,128	302,568	299,699	278,881	383,934	494,735	556,361	445,278	415,151
Public library	33,184	34,550	35,063	34,150	34,531	35,189	46,150	43,288	44,795	47,844
Recreation and culture	50,297	52,540	51,367	53,657	58,124	59,049	68,491	70,023	50,955	57,420
Highways and streets	159,022	172,330	185,601	192,487	169,147	165,800	181,100	171,571	171,578	109,502
Sanitation and waste removal	73,536	63,623	67,445	70,823	76,638	81,877	98,499	88,140	93,298	96,363
Public service	50,710	50,260	51,041	49,475	53,188	50,052	103,340	59,833	64,306	749
Economic development	170,002	208,870	141,772	126,430	133,594	131,347	188,852	148,659	200,302	133,416
Interest	29,605	41,967	41,078	30,518	28,857	77,530	52,787	57,496	43,994	25,705
Total governmental activities expenses	2,172,004	2,120,524	2,078,461	2,132,058	2,086,856	2,400,483	3,259,671	2,775,358	2,472,810	2,210,501
Business-type Activities:										
Water	136,171	155,308	160,208	170,637	167,667	147,289	158,089	202,211	193,828	197,622
Waste water	178,221	179,306	182,769	193,563	193,055	207,730	237,396	276,754	272,330	275,487
Stormwater		18,292	15,747	19,365	21,521	26,175	25,299	27,206	24,515	39,556
Parking	17,681	23,528	19,183	18,125	27,939	17,797	24,038	15,145	20,808	7,693
Nonmajor proprietary	11,826	10,753	11,607	12,148	13,703	10,087	11,142	11,577	14,377	22,717
Total business-type activities expenses	343,899	387,187	389,514	413,838	423,885	409,078	455,964	532,893	525,858	543,075
Total primary government expenses	\$ 2,515,903	\$ 2,507,711	\$ 2,467,975	\$ 2,545,896	\$ 2,510,741	\$ 2,809,561	\$ 3,715,635	\$ 3,308,251	\$ 2,998,668	\$ 2,753,576
Program Revenues										
Governmental activities:										
Charges for services (a)	\$ 114,163	\$ 103,331	\$ 107,482	\$ 103,190	\$ 103,151	\$ 111,154	\$ 122,790	\$ 119,799	\$ 106,621	\$ 103,576
Operating grants and contributions	385,841	431,515	318,266	347,636	344,684	324,457	365,771	378,546	471,637	453,220
Capital grants and contributions	109,488	71,806	54,788	25,284	83,501	41,095	67,257	151,510	69,483	43,478
Total governmental activities revenue	609,492	606,652	480,536	476,110	531,336	476,706	555,818	649,855	647,741	600,274
Business-type activities:										
Charges for services:										
Water	154,680	158,678	176,439	160,865	163,563	178,367	175,492	216,396	243,563	278,280
Waste water	183,521	221,181	216,428	229,300	235,133	258,386	276,844	270,764	289,812	278,131
Stormwater		27,511	25,971	27,807	29,309	28,552	28,540	30,943	31,462	37,882
Parking	83,542	87,398	85,634	87,145	88,454	85,257	76,801	69,697	38,693	56,537
Nonmajor proprietary	18,400	14,385	13,916	37,505	11,744	28,639	34,627	35,986	36,712	36,807
Capital Grants and Contributions	129,608	131,574	201,880	259,288	217,959	169,154	161,469	162,602	195,057	16,230
Total Business-type Activities Revenue	569,751	640,727	720,268	801,910	746,162	748,355	753,773	786,388	835,299	703,867
Total Primary Government Revenues	1,179,243	1,247,379	1,200,804	1,278,020	1,277,498	1,225,061	1,309,591	1,436,243	1,483,040	1,304,141
Net (Expense)/Revenue										
Government Activities	(1,562,512)	(1,513,872)	(1,597,925)	(1,655,948)	(1,555,520)	(1,923,777)	(2,703,853)	(2,125,503)	(1,825,069)	(1,610,227)
Business-type Activities	225,852	253,540	330,754	388,072	322,277	339,277	297,809	253,495	309,441	160,792
Total Primary Government Net Expenses	\$ (1,336,660)	\$ (1,260,332)	\$ (1,267,171)	\$ (1,267,876)	\$ (1,233,243)	\$ (1,584,500)	\$ (2,406,044)	\$ (1,872,008)	\$ (1,515,628)	\$ (1,449,435)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 806,258	\$ 810,824	\$ 816,199	\$ 852,114	\$ 853,197	\$ 886,417	\$ 909,254	\$ 882,332	\$ 977,299	\$ 1,034,569
Income taxes	276,111	284,437	300,014	346,727	335,923	346,797	440,144	396,540	410,712	449,876
Other local taxes	188,803	204,391	193,595	242,426	240,278	187,754	263,381	175,770	209,918	353,372
State shared revenues	128,707	131,180	147,608	153,195	159,022	170,240	166,082	163,417	155,527	190,226
Unrestricted investment Income	17,879	16,722	19,431	34,782	21,634	28,296	48,730	34,734	16,598	24,739
Miscellaneous	43,861	32,581	88,734	33,073	32,523	124,395	161,944	94,212	60,895	26,429
Transfers	47,742	(195,564)	61,495	100,737	62,095	59,295	59,128	56,482	24,176	43,045
Total Governmental Activities	1,509,361	1,284,571	1,627,076	1,763,054	1,704,672	1,803,194	2,048,663	1,803,487	1,855,125	2,122,256
Business-type Activities:										
Unrestricted investment Income	2,135	2,186	5,809	4,591	3,849	5,535	12,493	9,853		
Transfers	(47,742)	195,564	(61,495)	(100,737)	(62,095)	(59,295)	(59,128)	(56,482)	(24,176)	(43,045)
Total Business-type activities	(45,607)	197,750	(55,686)	(96,146)	(58,246)	(53,760)	(46,635)	(46,629)	(24,176)	(43,045)
Total primary government	1,463,754	1,482,321	1,571,390	1,666,908	1,646,426	1,749,434	2,002,028	1,756,858	1,830,949	2,079,211
Change in Net Position										
Governmental activities	(53,151)	(229,301)	29,151	107,106	149,152	(120,583)	(655,190)	(322,016)	30,056	512,029
Business-type activities	180,245	451,290	275,068	291,926	264,031	285,517	251,174	206,866	285,265	117,747
Total primary government	\$ 127,094	\$ 221,989	\$ 304,219	\$ 399,032	\$ 413,183	\$ 164,934	\$ (404,016)	\$ (115,150)	\$ 315,321	\$ 629,776

(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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 5,519	\$ 5,519	\$ 5,519	\$ 297,255	\$ 2,260	\$ 2,210	\$ 3,028	\$ 3,179	\$ 2,051	\$ 1,726
Restricted					380,996	423,673	431,094	428,824	433,047	378,302
Assigned	203,425	188,946	174,647	244,257	197,220	221,658	257,252	237,026	180,620	329,917
Unassigned	90,070	106,022	112,642	134,300	134,327	163,604	145,945	139,661	152,864	157,271
Total General Fund	\$ 299,014	\$ 300,487	\$ 292,808	\$ 675,812	\$ 714,803	\$ 811,145	\$ 837,319	\$ 808,690	\$ 768,582	\$ 867,216
All Other Governmental Funds										
Restricted										
Grants revenue fund						\$ 2,449	\$ 21,606			
Capital projects fund	\$ 27,400	\$ 9,256	\$ 2,190	\$ 10,743	\$ 5,081	8,448	31,000	\$ 10,689	\$ 7,558	\$ 27,847
Other nonmajor funds	13,148	13,342	13,756	13,926	13,986	14,688	18,057	42,537	40,316	68,819
Assigned										
Capital projects fund	5,702					5,064	56,946	98,777	86,406	
Other nonmajor funds	46,060	53,217	58,095	10,068	11,234	8,794	16,929	16,644	19,038	17,721
Unassigned										
Grants revenue fund	(62,864)	(83,355)	(77,836)	(36,799)	(13,584)					
Capital projects fund	(3,490)	(13,612)	(7,576)	(14,628)	(8,966)					
Other nonmajor funds	(9,255)	(9,451)	(12,399)			(1,819)		(1,432)		
Total all other Governmental Funds	\$ 16,701	\$ (30,603)	\$ (23,770)	\$ (16,690)	\$ 7,751	\$ 37,624	\$ 144,538	\$ 167,215	\$ 153,318	\$ 114,387

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue:										
General fund:										
Taxes - local	\$ 1,219,656	\$ 1,258,118	\$ 1,284,515	\$ 1,426,286	\$ 1,410,593	\$ 1,406,403	\$ 1,535,001	\$ 1,490,708	\$ 1,568,679	\$ 1,820,590
State shared revenue	\$128,707	131,180	137,714	142,213	140,451	146,174	146,085	148,910	141,732	175,035
Licenses and permits	40,572	41,457	41,584	48,829	44,450	41,043	38,880	34,042	31,702	27,391
Fines and forfeitures	29,445	14,673	15,325	8,365	7,192	27,085	34,939	36,093	35,484	33,314
Interest, rentals, and other investment income	16,816	15,833	17,181	33,991	21,082	27,071	46,140	32,027	13,834	21,808
Federal grants	245	261	275	217	480	79		16,719	85,039	57,888
State grants	93,376	102,786	105,059	104,585	105,705	104,644	98,528	107,973	107,204	101,891
Other grants	25	26	26	26	26	27	26			
Charges for services	44,146	47,201	50,573	45,996	51,509	43,026	48,971	49,664	39,435	42,871
Miscellaneous	4,365	5,757	5,730	459	7,300		8,560	4,492	6,693	6,636
Total revenues - general fund	1,577,353	1,617,292	1,657,982	1,810,967	1,788,788	1,795,552	1,957,130	1,920,628	2,029,802	2,287,424
Other governmental funds:										
Grants revenue fund	251,949	242,805	223,148	222,291	226,145	233,957	242,604	236,726	268,121	281,944
Capital projects fund	121,065	91,069	66,983	45,370	105,487	62,019	149,195	167,792	81,726	57,369
Other funds	21,860	36,279	41,327	40,792	47,068	56,090	64,161	66,619	56,737	74,300
Total revenues - other governmental funds	394,874	370,153	331,458	308,453	378,700	352,066	455,960	471,137	406,584	413,613
Total revenues all government funds	1,972,227	1,987,445	1,989,440	2,119,420	2,167,488	2,147,618	2,413,090	2,391,765	2,436,386	2,701,037
Expenditures:										
General fund:										
General government	223,730	216,329	258,028	281,616	249,579	155,606	267,831	259,968	415,463	433,325
Public safety and regulation	594,077	625,432	679,202	702,632	730,093	766,230	831,453	799,401	810,793	867,723
Conservation of health	20,811	23,778	20,887	19,663	21,882	38,648	36,077	37,785	132,450	63,706
Social services	89,235	76,857	64,249	73,851	86,353	59,899	68,539	56,519	65,812	5,778
Education	257,770	273,241	265,939	269,937	276,324	293,355	289,410	288,912	304,669	282,743
Public library	23,131	24,577	24,942	24,856	24,812	24,505	26,784	27,886	24,794	27,282
Recreation and culture	39,235	39,796	39,349	41,884	44,392	43,845	45,574	51,897	51,558	50,672
Highways and streets	83,051	102,308	113,452	125,440	96,537	99,848	102,468	99,702	107,305	147,151
Sanitation and waste removal	69,381	59,837	64,422	72,642	72,380	75,384	78,238	81,719	94,402	95,638
Public service	43,024	41,241	43,895	42,947	44,769	42,579	44,863	49,689	51,149	29,676
Economic development	48,544	49,348	49,069	39,499	34,276	41,634	52,998	63,843	50,473	73,146
Debt service-Principal				42,956	60,646	51,466	60,922	66,913	55,403	61,575
Debt service-Interest				24,786	37,042	43,247	44,425	56,683	47,399	32,419
Other bonds cost				2,033	6,318					
Total expenditures - general fund	1,491,989	1,532,744	1,623,434	1,764,742	1,785,403	1,736,246	1,949,582	1,940,917	2,211,670	2,170,834
Other government funds:										
Grants revenue fund	280,319	275,977	223,964	238,344	218,716	221,811	242,441	273,949	293,820	329,217
Capital projects fund	202,458	160,874	172,688	173,201	154,671	186,541	241,506	258,800	153,872	161,181
Debt service fund:										
Principal	69,877	44,483	38,912							
Interest	23,678	31,708	31,005							
Other bond costs		6,178	6,135							
Other funds	22,600	23,133	31,107	29,565	34,101	41,857	37,119	41,958	56,757	41,074
Total expenditures - other government funds	598,932	542,353	503,811	441,110	407,488	450,209	521,066	574,707	504,449	531,472
Total expenditures all governmental funds	2,090,921	2,075,097	2,127,245	2,205,852	2,192,891	2,186,455	2,470,648	2,515,624	2,716,119	2,702,306
Excess (deficiency) of revenues over expenditures	(118,694)	(87,652)	(137,805)	(86,432)	(25,403)	(38,837)	(57,558)	(123,859)	(279,733)	(1,269)
Other financing sources (uses):										
Transfers, net	76,110	56,828	61,495	100,038	60,289	57,703	64,777	57,882	24,176	43,045
Capital leases	11,804			8,978		29,618				
Proceeds from financed purchase										17,927
Refunding capital leases							(4,563)			
Face value of bonds and loans	283,535	5,414	64,249	92,317	1,907	225,155	121,406	43,560	55,843	
Refunding of bonds	(214,336)				(377,111)	(133,560)	3,675	(36,720)		
Transportation revenue bonds			9,609	(13,833)		14,924	(8,004)	47,209	137,485	
Swap termination	(18,760)									
Premium (discount) on sale of bonds	42,443		1,606	3,220		35,923		5,976	8,224	
Proceeds from bond issuances					403,750		8,792			
Capital contributions		(20,421)								
Payoff of bond anticipation note						(60,148)				
Total other financing sources	180,796	41,821	136,959	190,720	88,835	165,052	190,646	117,907	225,728	60,972
Net changes in fund balances	\$ 62,102	\$ (45,831)	\$ (846)	\$ 104,288	\$ 63,432	\$ 126,215	\$ 133,088	\$ (5,952)	\$ (54,005)	\$ 59,703
Debt service as a percentage of noncapital expenditures	4.87%	3.89%	3.52%	3.26%	4.66%	4.61%	4.53%	5.36%	3.96%	3.57%

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
2013	\$ 778,346	\$ 732,467	94.1 %	\$ 10,961	\$ 752,648	99.6 %
2014	755,711	741,449	98.1	14,263	774,254	99.5
2015	778,380	762,772	98.0	12,061	772,040	96.0
2016	804,391	760,686	94.6	3,278	808,328	95.0
2017	851,099	808,328	95.0	33,196	841,524	98.9
2018	892,079	865,223	97.0	11,095	876,318	98.2
2019	901,885	870,822	96.6	2,388	873,210	96.8
2020	924,357	887,452	96.0	19,491	906,943	98.1
2021	934,187	906,201	97.0	13,273	919,474	97.0
2022	957,351	933,828	97.5		933,828	97.5

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		
2013	\$ 28,844,799	\$ 34,386,667	\$ 1,845,424	\$ 1,845,424	\$ 30,690,223	\$ 36,232,091	84.7	2.380
2014	29,209,703	33,938,341	1,966,795	1,966,795	31,176,498	35,905,136	86.8	2.360
2015	29,063,381	33,749,836	1,895,006	1,895,006	30,958,387	35,644,842	86.9	2.360
2016	31,577,756	35,782,497	2,011,722	2,011,722	33,589,478	37,794,219	88.9	2.360
2017	32,550,695	37,113,758	2,123,826	2,123,826	34,674,521	39,237,584	88.4	2.360
2018	33,909,100	38,844,708	2,241,053	2,309,659	36,150,153	41,154,367	87.8	2.360
2019	34,346,269	39,649,866	2,261,405	2,381,099	36,607,674	42,030,965	87.1	2.360
2020	35,108,831	40,412,995	2,255,234	2,374,928	37,364,065	42,787,922	87.3	2.360
2021	35,937,626	41,359,937	2,235,339	2,287,050	38,172,965	43,646,987	87.5	2.360
2022	37,198,306	42,126,603	2,155,394	2,202,000	39,353,700	44,328,603	88.8	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)
2013	\$ 2.268	\$ 0.112	\$ 2.380
2014	2.268	0.112	2.380
2015	2.268	0.112	2.380
2016	2.248	0.112	2.360
2017	2.248	0.112	2.360
2018	2.248	0.112	2.360
2019	2.248	0.112	2.360
2020	2.248	0.112	2.360
2021	2.248	0.112	2.360
2022	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)

	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
BGE (Baltimore Gas & Electric Company).....	\$1,086,022	1	2.8%	\$ 682,593	1	2.0%
CSX Transportation.....	240,043	2	0.6%	191,840	3	0.5%
SSA Baltimore Holdings, LLC.....	238,492	3	0.6%			
100 Pratt St. Ventures LLC.....	186,773	4	0.5%	175,700	4	0.6%
Mirecourt Associates, LLC.....	185,000	5	0.5%			
Harbor Point Parcel 2 Holdings.....	177,109	6	0.5%			
Baltimore Hotel Corporation.....	176,421	7	0.4%	163,991	6	0.5%
Amazon.com.....	149,623	8	0.4%			
Verizon MD.....	133,566	9	0.3%	197,766	2	0.7%
414 Light Street, LLC.....	123,650	10	0.3%			
Harbor East Limited.....				151,857	8	0.5%
Harbor East Limited - Parcel B.....				170,000	5	0.6%
Baltimore Center Associates.....				159,241	7	0.5%
New Community College of Baltimore.....				76,834	9	0.2%
Canton Crossing Tower LLC.....				74,180	10	0.2%
Total.....	\$2,696,699		6.9%	\$2,044,002		6.3%

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	Financed Purchased	General Obligation Bonds	Sewer Construction Loans	Revenue Bonds	Financed Purchased			
2013	\$ 569,097	\$ 114,435	\$ 36,461	\$ 1,430	\$ 424,599	\$ 193,368			\$ 1,467,888	\$ 2,628	\$ 2,809,906	11.51	\$ 4,517
2014	524,969	149,824	33,461	1,016	395,501	189,600	\$ 3,113		1,735,806	2,240	3,035,530	11.49	4,874
2015	553,761	147,218	30,357	662	391,894	161,477	3,018		1,920,369	1,840	3,210,596	11.48	5,163
2016	575,793	145,990	27,132	230	394,224	160,368	3,602		1,864,330	1,427	3,173,096	10.84	5,162
2017	527,049	199,876	23,792		358,666	144,969	3,291		2,127,319	1,087	3,386,049	11.34	5,536
2018	526,557	198,176	20,320		359,235	160,006	3,589		2,204,360	826	3,472,217	11.22	5,763
2019	572,887	196,203	16,707		378,975	150,608	4,656		2,626,638	644	3,947,318	12.46	6,651
2020	589,054	204,193	13,919		358,518	157,210	4,275		2,578,004	543	3,905,716	12.32	6,668
2021	596,189	338,246	11,018		344,306	149,781	3,795		2,825,454	437	4,269,226	N/A	N/A
2022	541,478	334,405	7,995		329,053	163,671	3,283		3,137,861	320	4,518,066	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)
2013	\$ 569,097	\$ 45,523	\$ 523,574	1.45	841.62
2014	528,082	49,947	478,135	1.33	767.73
2015	556,779	51,130	505,649	1.42	813.14
2016	579,395	62,486	516,909	1.21	840.96
2017	469,340	53,552	415,788	1.06	679.78
2018	530,146	111,525	418,621	1.02	694.82
2019	577,543	116,468	461,075	1.10	756.06
2020	593,329	109,142	484,187	1.13	826.67
2021	599,984		599,984	1.37	N/A
2022	544,760		544,760	N/A	N/A

(a) Per capita calculation utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau, in thousands.

(b) Externally restricted for repayment of principal on debt; through fiscal year 2015, debt service was accounted for in a separate Debt Service Fund; as of fiscal year 2016, debt service is included in the General Fund. Effective with the fiscal year 2021, the Debt Service Fund is not accounted for separately and is now part of the General Fund.

N/A Information not available

CITY OF BALTIMORE
Direct and Overlapping Governmental Activities Debt
June 30, 2022

The City of Baltimore has no Overlapping Debt.

CITY OF BALTIMORE
Legal Debt Margin Information
June 30, 2022

The City has no Legal Debt Margin.

CITY OF BALTIMORE
Pledged Revenue Coverage
June 30, 2022
(Expressed in Thousands)

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds					
	Water	Less:	Net	Debt Service			Wastewater	Less:	Net	Debt Service		
	Utility	Operating	Available	Principal	Interest	Coverage	Utility	Operating	Available	Principal	Interest	Coverage
2013	\$ 154,680	\$ 100,845	\$ 53,835	\$ 10,343	\$ 23,545	1.59	\$ 183,521	\$ 125,035	\$ 58,486	\$ 22,676	\$ 28,910	1.13
2014	158,678	113,947	44,731	10,830	21,126	1.40	221,181	123,993	97,188	24,083	27,140	1.90
2015	176,439	114,341	62,098	12,250	27,894	1.55	216,428	122,937	93,491	24,951	33,151	1.61
2016	160,865	112,771	48,094	15,880	33,432	0.98	229,300	126,379	102,921	31,485	39,359	1.45
2017	163,563	117,547	46,016	17,298	33,627	0.90	235,133	130,532	104,601	33,886	37,475	1.47
2018	178,367	93,837	84,530	18,441	38,044	1.51	258,386	141,648	116,738	40,251	38,934	1.55
2019	185,132	99,376	85,756	21,058	39,047	1.43	267,204	157,518	109,686	40,805	41,063	1.34
2020	216,396	137,014	79,382	21,058	39,047	1.32	270,764	163,142	107,622	40,805	41,063	1.31
2021	243,563	107,329	136,234	28,018	40,915	1.98	289,812	151,068	138,744	45,196	38,240	1.66
2022	278,280	99,503	178,777	28,181	40,418	2.61	278,131	162,374	115,757	51,722	38,178	1.29

Fiscal Year	Stormwater Revenue Bonds						Parking Facilities Revenue Bonds					
	Stormwater	Less:	Net	Debt Service			Parking	Less:	Net	Debt Service		
	Utility	Operating	Available	Principal	Interest	Coverage	Facilities	Operating	Available	Principal	Interest	Coverage
2013 (a)							\$ 83,542	\$ 9,737	\$ 73,805	\$ 8,410	\$ 9,829	4.05
2014	\$ 27,511	\$ 13,585	\$ 13,926	\$ 436	\$ 466	15.44	87,398	10,919	76,479	9,280	9,407	4.09
2015	25,971	10,632	15,339	441	441	17.39	85,634	7,133	78,501	9,800	8,753	4.23
2016	27,807	14,641	13,166	616	140	17.65	87,145	6,662	80,483	10,350	8,217	4.33
2017	29,309	16,799	12,510	1,771	1,037	4.46	88,454	10,159	78,295	10,960	7,669	3.98
2018	28,552	19,733	8,819	1,312	533	5.33	85,257	9,015	76,242	11,490	6,992	4.13
2019	28,540	17,454	11,086	1,059	500	7.11	76,801	8,117	68,684	12,270	5,716	3.82
2020	30,943	17,825	13,118	1,059	500	8.41	69,697	6,821	62,876	12,270	5,716	3.50
2021	31,462	19,396	12,066	2,471	2,571	2.39	38,693	6,416	32,277	4,775	4,202	3.60
2022	37,882	17,744	20,138	2,821	2,530	3.76	56,537	4,096	52,441	4,325	3,926	6.36

Fiscal Year	Convention Center Revenue Bonds				
	Convention	Net	Debt Service		
	Center	Available	Principal	Interest	Coverage
2013	\$ 4,577	\$ 4,577	\$ 3,095	\$ 1,475	1.00
2014	4,560	4,560	3,260	1,302	1.00
2015	5,968	5,968	3,435	1,118	1.31
2016	4,517	4,517	3,625	924	0.99
2017	4,120	4,120	3,825	729	0.90
2018	4,580	4,580	4,015	533	1.01
2019	4,220	4,220	4,220	327	0.93
2020	4,425	4,425	4,225	110	1.02
2021 (b)					
2022 (b)					

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.

(a) Beginning in fiscal year 2014, the Stormwater Utility Fund is presented as a separate proprietary fund.

(b) Convention Center Revenue Bond Series 1998 was paid off in 2020. The Bond Series 2017A for the Convention Center is presented in the ACFR but the revenue is reported in Baltimore Hotel Corporation financial statements.

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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)
2013	623,215	25,909,929	41,575	267,895	9.7
2014	623,711	27,485,795	44,068	268,596	8.6
2015	621,849	28,753,031	46,238	271,363	7.5
2016	614,664	29,338,098	47,730	270,515	6.6
2017	611,648	30,073,681	49,168	271,837	6.3
2018	602,495	30,942,036	51,357	273,304	5.7
2019	593,490	31,679,263	53,378	275,911	5.1
2020	585,708	31,707,954	54,097	256,482	8.8
2021	576,498	33,757,152	58,556	256,302	7.6
2022	N/A	N/A	N/A	264,558	5.6

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	2022 [1]			2013 [4]		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Government [2]						
State	36,995	1	10.74	35,443	1	10.71 %
Other Government authority (City, School, etc.)	23,752	2	6.89	26,827	2	8.11
Federal	11,157	3	3.24	9,918	3	3
Subtotal Government	<u>71,904</u>		<u>20.87 %</u>	<u>72,188</u>		<u>21.82 %</u>
Ten Largest Private Sector Employers [3]						
Johns Hopkins Hospital and Health System	20,845	1	6.05	18,090	2	5.47
Johns Hopkins University	18,600	2	5.40	22,000	1	6.65
University of Maryland Medical System	11,450	3	3.32	9,423	3	2.85
University System of Maryland	8,965	4	2.60	8,900	4	2.69
MedStar Health	6,175	5	1.79	6,010	5	1.82
LifeBridge Health - Sinai	5,315	6	1.54	5,213	6	1.58
Amazon.com	4,500	7	1.31			
Mercy Health Services	4,030	8	1.17	3,738	7	1.13
St. Agnes HealthCare	3,265	9	0.95	2,833	9	0.86
Exelon / Constellation Energy / BGE	2,950	10	0.86	3,116	8	0.94
Kennedy Krieger Institute				2,449	10	0.74
Subtotal Ten Largest Private Sector Employer	<u>86,095</u>		<u>24.99 %</u>	<u>81,772</u>		<u>24.73 %</u>
Total Government and Ten Largest Private Sector Employers	<u>157,999</u>		<u>45.86 %</u>	<u>153,960</u>		<u>46.55 %</u>

Source:

- [1] For the government and private sectors: Maryland Dept of Commerce.
- [2] Data only available for the first quarter of 2022, Baltimore City Employment Table.
- [3] Data from table, Brief Economic Facts reports latest available 2020-2021 (Baltimore City)
- [4] For 2013, City of Baltimore Comprehensive Annual Financial Report for Fiscal Year 2013.
- [5] Quarterly Average Employment; Total Employment Table

Operating Information

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CITY OF BALTIMORE
Full Time Equivalent Employees By Function
Last Ten Years

Function/program	Full-time equivalent Employees at June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	1,674	1,666	1,700	1,577	1,785	1,858	1,934	1,949	1,940	2,005
Public safety										
Police.....	3,796	3,608	3,444	3,259	3,125	3,243	3,235	3,241	3,193	3,197
Fire	1,732	1,699	1,699	1,639	1,731	1,733	1,733	1,733	1,734	1,732
Other	683	695	700	813	735	751	757	758	767	766
Conservation of health	862	719	890	842	800	784	820	814	913	909
Public library	399	394	391	389	389	437	450	450	455	454
Recreation and parks	368	385	310	327	310	311	312	314	372	380
Highways and streets	1,352	1,331	1,428	1,024	1,079	1,074	1,070	1,070	1,020	1,127
Public work										
Water	893	857	717	899	810	846	847	847	850	844
Wastewater	985	1,096	797	694	761	750	751	751	751	743
Solid waste	853	705	802	995	880	866	864	864	838	685
Other	537	682	504	487	423	438	440	441	437	438
Public service	70	260	65	73	65	65	68	68	69	76
Economic development	560	461	559	426	382	383	389	394	378	391
	14,764	14,558	14,006	13,444	13,275	13,539	13,670	13,694	13,717	13,747

Source: Baltimore City Bureau of Budget and Management Research.

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<i>Police</i>										
Arrests*	45,275	44,110	33,462	25,339	24,453	25,841	49,163	16,690	12,620	11,925
<i>Fire</i>										
Fire Suppression Units Dispatched	137,667	140,718	143,889	147,249	163,872	163,959	166,977	154,107	165,320	178,580
Structural Fires	2,401	1,839	2,541	2,377	2,760	2,841	2,898	2,746	3,371	2,151
EMS Transports	94,883	92,225	92,094	97,502	100,894	100,009	100,043	88,910	87,612	82,203
Inspections	N/A	N/A	N/A	24,339	16,505	29,296	18,126	19,818	18,507	16,083
<i>Solid Waste</i>										
Refuse Collected (tons)	142,543	149,137	155,624	149,582	153,793	159,204	125,383	144,402	158,547	154,876
Recyclables Collected (tons)	26,468	25,248	28,979	28,253	29,512	29,632	22,003	26,000	15,800	22,159
<i>Water/Wastewater</i>										
Number of Accounts	450,427	454,008	426,642	407,000	420,681	427,040	427,773	427,422	427,674	425,965
Average Daily Water Production (MGD)	218	220	223	193	190	183	194	194	191	184
Average Daily Sewage Treatment (MGD)	208	208	199	205	180	176	232	186	184	176
<i>Transportation (DOT)</i>										
Miles Streets Resurfaced/Reconstructed	98.0	101.0	122.0	122.0	61.0	109	109	96	76	17
Potholes Repaired	74,487	126,432	126,771	122,985	12,466	93,270	118,513	14,040	62,616	90,121
Traffic Citations Issued**	63	118	88	140	83	6	12	12	12	
Parking Citations Issued	331,067	341,384	380,239	405,721	256,551	310,655	326,361	223,611	186,811	337,264
Traffic Signals Repaired	4,312	4,645	4,450	4,328	4,771	5,582	4,918	3,383	4,150	1,858
Street Lights Repaired	28,096	25,091	24,254	21,311	20,139	22,558	2,758	1,163	1,076	1,238
<i>Housing</i>										
Number of inspections (housing and code enforcement)	270,607	254,871	254,646	196,698	224,727	261,588	271,385	211,192	220,481	190,280
Number of permits issued	24,537	28,351	27,060	30,183	40,718	39,964	35,389	39,529	39,042	42,803
Property Management Service Requests Completed***	60,585	78,824	78,824	44,452	39,645	82,546	79,093	68,865	55,013	65,001
<i>Recreation and Parks</i>										
Enrollment at Recreation Centers	146,598	138,103	144,077	158,483	148,300	162,230	14,893	23,954	10,990	20,413
Permits Issued for Park Facilities	1,581	1,616	1,894	1,935	1,711	1,929	1,681	988	608	1,555
<i>Library</i>										
Volumes in Collection (millions)	2.4	2.2	2.3	2.2	2.2	2.2	2.3	2.4	2.4	2.4
Volumes Borrowed (millions)	1.7	1.3	1.3	1.2	1.1	1.3	1.7	1.8	1	1.7

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<i>Police/Sheriff</i>										
Buildings	16	16	16	16	16	16	16	16	16	16
Marked Patrol Units	403	463	576	480	620	680	680	591	560	555
Other vehicles	448	311	309	510	538	594	575	555	608	541
<i>Fire Stations</i>										
Buildings	61	62	62	62	62	62	62	61	54	53
Fire/EMS Apparatus (Tankers/Ladders/Medics) (Fleet)	154	142	138	155	146	115	117	149	157	170
Other vehicles	142	217	228	224	218	241	240	220	219	222
<i>Recreation and Parks</i>										
Buildings	210	210	210	210	210	210	210	211	211	211
Acreage	5,827	5,827	5,827	4,874	4,874	4,874	4,874	5,617	5,027	5,018
Vehicles	120	121	120	121	142	129	128	137	139	141
Equipment	157	158	151	145	137	104	156	131	126	129
<i>Public Works (Transportation, Solid Waste, and General Services)</i>										
Buildings	119	119	119	119	119	121	121	126	128	127
Vehicles	942	1,017	987	981	1,055	943	965	1,109	1,143	1,132
Equipment	552	538	537	534	570	372	499	448	438	439
Streets (miles)	2,000	2,000	2,000	2,000	2,000	4,800	4,800	4,800	4,800	4,800
<i>Water/Wastewater/Stormwater</i>										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Other Buildings	221	221	221	221	221	221	221	225	195	194
Vehicles	631	641	636	594	481	688	667	716	714	752
Equipment	489	482	481	466	605	259	331	283	276	276
Water Mains (Miles)	3,400	3,400	3,669	3,692	3,748	3,748	3,884	3,718	3,723	3,957
Water Treatment capacity (MGD)	360	360	360	360	360	360	360	360	360	360
Sanitary sewers (miles)	1,335	1,335	1,361	1,380	1,398	1,398	1,416	1,370	1,417	1,471
Storm sewers (miles)	1,100	1,100	1,108	1,108	1,180	1,180	1,213	1,112	1,197	1,203
Wastewater Treatment capacity (MGD)	253	253	253	253	253	253	253	253	253	253
<i>Libraries</i>										
Buildings	30	29	24	24	24	24	24	24	24	24
Vehicles	16	17	17	16	14	17	17	17	17	17
<i>Other-General Government</i>										
Buildings	132*	132*	132*	132	132	132*	132	133	133	133
Vehicles	869	514	175	532	1,643	316	221	223	221	231
Equipment	101	72	14	76	191	49	13	12	10	10

* The total number of buildings excludes residential properties under the ownership of the Mayor and City Council.

N/A Data not available.

Source: Baltimore City Department of Finance.

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