City of Baltimore, Maryland

Comprehensive Annual Financial Report
Year Ended June 30, 2000

Prepared by the Department of Finance
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[CITY OF BALTIMORE LOGO APPEARS HERE]

ELECTED OFFICIALS

MAYOR
Martin O'Malley

PRESIDENT OF THE CITY COUNCIL
Sheila Dixon

COMPTROLLER
Joan M. Pratt

BOARD OF ESTIMATES

PRESIDENT
Sheila Dixon

MAYOR
Martin O'Malley

COMPTROLLER
Joan M. Pratt

DIRECTOR OF PUBLIC WORKS
George L. Winfield

CITY SOLICITOR
Thurman Zollicoffer

CITY COUNCIL

Sheila Dixon, *President*
Stephanie C. Rawlings, *Vice-President*

FIRST DISTRICT
John L. Cain
Nicholas C. D'Adamo, Jr.
Lois Garey

SECOND DISTRICT
Paula Johnson Branch
Bea Gaddy
Bernard C. Young

THIRD DISTRICT
Robert W. Curran
Kenneth N. Harris, Sr.
Lisa Joi Stancil

FOURTH DISTRICT
Keiffer J. Mitchell, Jr.
Catherine E. Pugh
Agnes Welch

FIFTH DISTRICT
Helen Holton
Stephanie C. Rawlings
Rochelle "Rikki" Spector

SIXTH DISTRICT
Dr. Norman A. Handy, Sr.
Edward L. Reisinger
Melvin L. Stukes

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STATISTICAL SECTION

CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor

DEPARTMENT OF FINANCE

PEGGY J. WATSON, Director
469 City Hall
Baltimore, Maryland 21202

December 22, 2000

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

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Baltimore, Maryland, (the City) for the year ended June 30, 2000. The CAFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations 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.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the certificate of achievement for excellence in financial reporting. The financial section includes the general purpose financial statements and the combining and individual fund financial statements and schedules, as well as the auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The Reporting Entity and Its Services

This report includes all of the fund and account groups of the City which we consider to be part of, controlled by or dependent on the City. Professional judgment must be used to determine whether or not a potential component unit should be included in the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's CAFR. Two component units, the Baltimore Industrial Development Authority and the New Baltimore City Board of School Commissioners (Board), 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 City provides the full range of municipal services contemplated by statute or charter. This includes public safety (police and fire protection), water and waste water utilities, highways and streets, sanitation, health and human services, culture and recreation, education (elementary through high school), public improvements, planning and zoning, parking facilities, mortgage loan programs, industrial development and general and administrative services; these activities are included in the reporting entity. 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 general purpose financial statements.

Economic Condition and Outlook

Baltimore is the center of the 17th largest metropolitan area in the country. In calendar year 1999, it was the location of about 383,000 jobs, or 33% of the jobs in the metropolitan area. The City is the northern anchor of the Washington-Baltimore Consolidated Metropolitan Statistical Area—the fourth largest, wealthiest, and one of the best-educated population centers in the country. The proximity to Washington and mid-western and northeastern markets, an excellent transportation system, international port, and access to a large and diversified work force continue to be cited as positive location factors. The City is home of internationally renowned health and hospital institutions, most notably the Johns Hopkins and University of Maryland medical facilities.

The "suburbanization" of jobs and residences and the concentration of the State's poor population in the City are the major concerns guiding City policy development. Population dropped from an estimated 632,700 in July, 1999 to an estimated 621,300 in July, 2000, a 1.8% drop. In face of these long term "mega trends," fiscal year 2000 witnessed some remarkably positive economic news. The number of jobs reported to be in the City increased from 378,800 to 383,000 or about 1.1% between calendar year 1998 and 1999, the first annual increase in a decade. More remarkable, job growth in the first quarter of calendar year 2000 compared to the first quarter of 1999 was nearly 9,300 jobs or 2.5%. Growth was particularly strong in services, retail and construction sectors. Along with jobs, the strong national economy resulted in much positive economic news, including the following notable items:

- The real property tax base grew for the second consecutive year which was a reversal of the downward trend after the recession of the early 1990's.

- Fiscal year 2000 was the fourth consecutive year of increase in the number and value of residential home sales. The City, for the third year in a row, led its suburban neighbors with a 10% increase in home sales.

- For five straight years, the combined Class A and B commercial office vacancy rate showed significant improvement, declining from about 12% at the end of fiscal year 1999 to about 8% at the end of fiscal year 2000. Baltimore's Class A office vacancy which stood at about 7% at the end of fiscal year 2000, was the second lowest in the Metropolitan Area.

- The calendar year 1999 unemployment rate of 7.1% represents the lowest rate of the decade.

- Net taxable income grew 3.7% between calendar year 1998 and 1999, surpassing the 1.9% growth in the prior year.

- The number of taxable income tax returns grew for a second consecutive year, the first time in 20 years. The 1.7% increase was the third largest of the past two decades.

- Total passenger volume at the Baltimore/Washington International Airport grew in calendar year 1999 for the sixth straight year, increasing by 16%, from 15.0 to 17.4 million passengers.

- Taxable retail sales, as reported by the State Comptroller's Office, grew by about 6% between fiscal year 1999 and 2000.

- Taxable hotel sales continued to grow for the ninth consecutive year, posting about a 6% growth in fiscal year 2000.

The latter fact illustrates Baltimore's steady growth as a visitor destination. The City's Convention Center received the "Prime Site Award" *(Facilities/Destinations Magazine),* the "Inner Circle Award" *(Association Meetings Magazine)* and the "Planners' Choice Award" *(Meeting News)*. Baltimore has joined in a unique partnership with Washington, D. C. in a joint bid to host the 2012 Summer Olympics. Baltimore's ability to host major events, including sports events, is widely recognized. It is reflected in its success in luring the Army-Navy Football Game to play in the PSINet Ravens Football Stadium. Operation Sail 2000, the largest gathering of any tall ship event in the nation's history, selected Baltimore as one of its few destinations. This weeklong international maritime event included more than two dozen tall ships and attracted about 1.5 million visitors. The City's newest major commercial attraction, the Power Plant, has received national awards and has become a model for commercial re-use of historic properties attracting over 1 million visitors this year. Like so many of its predecessors, the creative re-use of a 19th century power plant sets a nationally recognized design standard. Other attractions that serve as national models include: the Inner Harbor (over 13 million visitors a year), the national standard for waterfront development; Oriole Park at Camden Yards baseball stadium (3.5 million for the 1999 season), the standard for the current generation of baseball parks; and, the National Aquarium (1.7 million visitors in calendar year 1999), the standard for aquarium designers. From the strength of the Inner Harbor base, development grows outward along the waterfronts and throughout the City.

On the eastern edge of the Inner Harbor, construction will soon be complete on major elements of the Inner Harbor East project ($135 million, 750-room Baltimore Marriott Waterfront Hotel; $57 million, 205-room hotel, office and retail space; and a 365-space parking garage). Going further east, development of numerous projects spreads along the waterfront in Fells Point, Canton, and to the East Baltimore waterfront and industrial areas. Going south from the Inner Harbor, major projects such as the $53 million Tide Point digital technology industry complex project in Locust Point, anticipated to be the location of about 1,700 jobs, is near completion. Work has begun on the $30 million Harbor View low-rise apartments and town homes. In the central city core, the long planned and massive $370 million West Side Redevelopment effort is producing its first complete projects. The $17 million Redwood Apartments represent the first new apartment building to be constructed downtown in over 15 years. Work was completed on the renovation of the 144 unit Gallery Apartments and work was begun on the $12 million tranformation of the former Hecht Company Department Store into 173 market-rate apartments and the $16 million renovation to convert the former Stewart's Department Store into hotel and office space. These developments support the major investments at the downtown facilities of the University of Maryland. A partial list of the University's projects recently completed or under construction includes a $145 million addition to the Medical Center and a new $43 million building for the Schools of Law and Social Work. In addition to these major projects, new residential and commercial projects are underway or recently completed at other sites downtown and throughout the City.

MAJOR INITIATIVES

On December 7, 1999, Martin O'Malley was sworn in as Baltimore's 47th Mayor. The new Mayor established his primary objectives, which were focused on the long-term concerns facing the City—the loss of population and jobs and the continuing concentration of a disproportionate share of the State's poor. Mitigating and eliminating these urban ills require that the City adopt the best practices that can be found and take the risk to pioneer innovations. The City continues to pioneer as the pressure grows to be more creative in the use of limited resources. On the drug abuse and treatment front, it is widely known that Baltimore has perhaps the most severe drug problems in the nation. For instance, the City has the highest heroin addiction rate among large cities in the nation. Addressing these problems, the City continues to implement pioneering tools just as it was a leader in needle exchange and other programs. The Health Department has initiated the nation's first comprehensive process to monitor and evaluate the performance of treatment providers and holds them accountable for meeting quarterly benchmarks. In April, 2000, the Department opened the nation's first "full-time men's health center." The Center's objective is to provide health and medical services to Baltimore's large population of uninsured male residents. The City has integrated the Geographic Information System (GIS) and traditional database information from Police, Fire, Public Works, and the Health Departments into the "Leadstat" process, which is a City-invented tool to help manage lead paint abatement. It is believed to be the only program of its kind in the nation. The following sections provide examples of fiscal year 2000 initiatives and accomplishments within the framework of the Mayor's key objectives.

Objective 1: Make Baltimore a safe, clean city

Creating a safe city involves front line law enforcement, prosecution, adjudication, incarceration, rehabilitation (including drug treatment, education, job training, and job placement), and massive reinvestment in communities. In view of these mammoth demands, which could absorb all growth in the City's limited resources, it is essential to establish clear priorities. In fiscal year 2000, a new set of priorities was established that made front line law enforcement fundamental.

The City adopted a program modeled on the New York City crime fighting management tool, "ComStat." It, along with other fiscal year 2000 changes, are resulting in a total reconfiguration of resource utilization within the Police Department. For instance, the Warrant Apprehension Task Force, with substantial staff increases, has become a multi-county regional effort involving the cooperation of State and federal law enforcement agencies. By targeting the small number of City criminals believed to commit the majority of violent crimes, this initiative is hoped to have a major impact on the crime rate. Already, the unit has increased by 564% the arrests for homicide warrants. It appears that the annual murder rate may fall below 300 for the first time in over a decade.

On the prosecution front, the fiscal year 2000 budget funded $3.0 million in capital appropriations for information technology improvements to link central office and remote district court operations in the States' Attorney office.

The City implemented a "Zero Tolerance on Grime" policy and program. During the second half of the fiscal year, Sanitation Enforcement Officers issued over 19,000 citations. The City's enforcement officer and Environmental Control Board activity is increasing to a new level, producing over $800,000 in fine collections on an annual basis for violation of housing, sanitation, and health codes.

Objective 2: Increase educational, cultural and recreational opportunities for children

Educational reform efforts, State funding increases and changes in the State and local relationship in education, along with increased local spending (local support for the public schools increased $2.8 million in fiscal year 2000) are showing results. The initiatives have been numerous, including expanded corporate school sponsorship, increased foundation support for pilot programs, the Board initiated changes in curriculum, staffing, mandatory summer school and other changes, and important changes in key past practices such as "social promotion." Test scores of Baltimore City students on Maryland's current standardized tests in the 1999–2000 school year had their single largest annual increase in the history of the State-wide testing program. The increase in scores was greater than in 17 of Maryland's 24 counties. Major hurdles remain on the path to full public confidence in City schools, but much has been accomplished when one of the formerly poorest performing schools in the State, Pimlico Elementary School, has standardized scores equal to or higher than most schools in the metropolitan area suburbs.

Supporting the school effort are a variety of city agency programs. For instance, the City expanded the Family Place program into 6 additional library branches and the central library. This five-week program starts preschoolers on the road to good reading skills by connecting them and their caregivers with the library. Major capital appropriations, totaling about $10.0 million, were made for expansion of the Pratt Central Library and the installation of a fiber optic network. The Pratt Library provides free access to the Internet and other electronic resources, thus bridging the digital divide gap to the extent public resources allow. A new branch of the Enoch Pratt Free Library was opened in the Port Discovery children's museum. Work is nearly complete on the central branch's new children's wing, which includes a performance auditorium and a reading room, scheduled to open in the fall of 2000.

Underlying a child's ability to learn is a healthy body. The City Health Department is recognized by the Center for Disease Control for leading the nation in childhood immunization compliance for pre-schoolers and it is second in the nation in school-aged compliance. In May, the All Kids Count office of the Robert Wood Johnson Foundation awarded the Health Department, the "Best Overall Achievement" award for its Baltimore Immunization Registry Program. This program secures and reports on health care provider participation, early childhood population count (under age three), and childhood vaccination coverage information.

Objective 3: Make government responsive, accountable and cost effective

Priority concern, given management accountability and responsive government, is reflected in a number of actions. The Mayor invited two leading business groups, the Greater Baltimore Committee and the Presidents' Roundtable, to apply their private sector management expertise in a review of five key City agencies and several city-wide management processes. Private sector recommendations numbering 194 were made in fiscal year 2000. Eighty-two percent were adopted and substantial progress was made to implement about 20% within a short time of receipt beginning in fiscal year 2000.

In addition to rapid implementation of private sector advice, one of the most notable initiatives, is "CitiStat," a statistics based, performance management tool. Modeled after the New York City crime fighting management tool, "ComStat," it is an accountability tool introduced in fiscal year 2000 to be used eventually in all City agencies. Strategies are developed and employed, managers held accountable, and results measured — not yearly, quarterly, or monthly, but week to week. This program was implemented in fiscal year 2000 in the Departments of Public Works, Health, Housing, Fire, and Recreation and Parks. It has led to numerous action plans, some already yielding results to deal with issues ranging from managing personnel resources more effectively by reducing overtime and absenteeism, to reductions in physical assets under management such as the vehicle fleet.

Efforts to achieve cost savings by use of private contractors continued in fiscal year 2000. Recreation and Parks turned to the private sector for the management of one of its largest recreation facilities, the Baltimore Neighborhood Recreational Facility. The Health Department continued to expand its use of contract health professionals. The Finance Department eliminated the City owned and operated fuel oil tank farm in favor of private suppliers. Progress was made on bringing contract ATM's to public facility sites to increase public convenience and develop new revenues. The use of a credit card purchasing program was initiated and the City closed four purchasing warehouses in favor of expanded use of "just-on-time" delivery and requirements contracts with private suppliers.

Objective 4: Strengthen Baltimore's economy by increasing the tax base, jobs, and minority business opportunities

Consistent with efforts to promote economic development and job creation, the State created an Enterprise Zone Focus Area in Baltimore City targeting extremely distressed portions of enterprise zones, offering tax credits and other incentives to stimulate job creation. The State Enterprise Zone Program, with the variety of incentives offered, is an important tool in Baltimore's efforts to retain and attract viable businesses.

The first increase in a decade in the number of jobs located in the City occurred in fiscal year 2000. There are numerous examples of development actions that retain current jobs and produce new jobs. Some of the more significant activities are noted here. Construction is almost complete in major Inner Harbor East hotel, parking and offices projects that will create nearly 1,000 new jobs. Progress at the Tide Point Office complex is expected to result in as many as 2,000 new jobs. Construction began in fiscal year 2000 on a new regional check-remittance center for Bank One Corporation, the nations fourth-largest bank holding company. The new center, located in an enterprise zone, is expected to create 500 new jobs.

With the high concentration of poverty population and public assistance cases in the City, it is essential to train the workforce to properly compete for the jobs that are being created. In fiscal year 2000, about $11 million in new State and Federal grant funds allowed the Office of Employment Development to expand school-to-work and welfare-to-work training and placement services.

Legislation was enacted by the 2000 session of the Maryland General Assembly that allowed the City to create a Parking Authority. Insufficient parking in the central City has been cited as an impediment to job development. Initial efforts by the new Authority will be to develop a comprehensive plan and implement steps to more effectively manage and develope off-street parking resources. The City has several parking projects moving forward, including a 450-space garage under construction and scheduled to be completed within the year, as well as the first garage to be constructed with private funds in several years.

Objective 5: Create stable and healthy neighborhoods

The effort to stabilize neighborhoods involves increasing the number of homeowners, increasing the level of investment in the neighborhoods by residents, making the neighborhoods safer by addressing health and safety problems, such as housing code violations and lead-paint poisoning, and redeveloping high rise public housing projects that have become a destabilizing influence.

The City's overall objective of increasing homeownership to 50% by the year 2000 was surpassed some time ago. In calendar year 1999, the City's homeownership rate stood at about 55%. Shortly after the end of fiscal year 2000, the City announced the "Mayor's Healthy Neighborhoods Initiative." This innovative demonstration project is hoped to maintain and enhance the strength of neighborhoods by providing private sector lending, low-cost government sponsored loans, and small improvement grants to targeted neighborhoods. The program hopes to demonstrate that the right incentives coupled with innovative marketing and outreach programs, will give homeowners the confidence to invest in their homes and potential residents to buy and renovate in the neighborhood.

The City has committed one of the largest legal teams specifically focused on strategic and strict housing code enforcement in the nation. The City's efforts to strengthen enforcement and the prosecution of housing code violations is paying off, with the number of housing code violation cases up between calendar year 1998 and 1999, from 3,000 to 5,400 cases. To address the serious problem of lead poisoning, the City began to require blood-lead testing of all children at 12 and 24 months of age. The City also began requiring the posting of a "No Occupancy" notice on all residential housing units with outstanding lead violations, to prevent reoccupancy by children who might also be poisoned.

In fiscal year 2000, funds were appropriated to provide for demolition and redevelopment of Baltimore's last remaining high rise public housing projects. The Murphy Homes were demolished and preparation work was begun on the demolition of the Flag House project. The removal of these prominent symbols of neighborhood deterioration and the associated urban stresses constitutes an important milestone in the effort to create healthy linkages between neighborhoods.

Information Technology Focus

The City's information technology effort is guided by the Information Technology Board (ITB) and utilizes both off-the-shelf and internally-developed application programs covering financial management; payroll and human resources; real property, water/wastewater, and other billing systems; GIS; elections; and, other subsidiary and specialized systems. The City in fiscal year 2000 continued to make substantial operating and multi-year capital commitments to adapt legacy applications to a modern, enterprise-wide systems (e.g., networking, E-mail, Web access, etc.) using both centralized and distributed computing.

A major change arose from the Mayor's private sector advisory group, the Greater Baltimore Committee/Presidents' Round Table, which studied the City's information management systems. The Mayor has adopted a recommendation calling for the creation of the Mayor's Office of Information Technology

In fiscal year 2000 work continued on the conversion and integration of all legacy mapping projects into the more accurate, uniform and standard methods being used with the GIS technology. The City made substantial progress in moving towards e-government by posting employment opportunities and on-line applications for vendors and suppliers. The City was reported to be the first in the nation to use on-line auctions as a tool for disposal of local government surplus property.

Major Financial Accomplishments

While funding innovative programs and producing balanced budgets, continued budgetary improvements must be realized in order to balance expenditure requirements with the limited growth in its local, own source revenues. The strong economy and effective budget management have enabled the City to improve substantially its fund balance position. A significant addition of $6.8 million was made to the budget stabilization fund, which, at June 30, 2000, had a balance of $24.2 million. When combined with the undesignated unreserved fund balance of $4.8 million, the total of $29.0 million comprises over 3% of General Fund revenues, a major step to strengthen the City's balance sheet. Moody's Investor Service removed its negative outlook on the City's general obligation bonds and Standard & Poor's increase of the City's rating from A to A+. These actions reflect improvement in both the local economy and the City's financial management.

General Fund Operations

The General Fund accounts for all revenues and expenditures which are not accounted for in other funds. It is the principal fund of the City and finances most City governmental functions.

General Fund budgetary revenues and other financing sources totaled $909,511,000 for fiscal year 2000, as compared to $887,875,000 for fiscal year 1999, an increase of $21,636,000 or 2.4%. Property taxes produced 52.4% of these revenues in fiscal year 2000, as compared to 53.3% in fiscal year 1999. The following tabulation shows the source of these revenues.

Source	Fiscal 2000 Amount (In Thousands)	Percent of Total	Increase (Decrease) From Fiscal 1999 (In Thousands)	Percent of Increase (Decrease)
Local taxes:				
Property	$477,088	52.4%	$ 3,819	.8%
Income	146,808	16.1	1,538	1.1
Other	88,640	9.7	6,553	8.0
Licenses and permits	22,011	2.4	4,057	22.6
Fines and forfeitures	3,337	.4	658	24.6
Interest, rentals and other investment income	33,878	3.7	(1,034)	(3.0)
Federal, state, and other grants	74,909	8.4	5,676	8.2
Charges for current services	34,114	3.8	1,251	3.8
Other	2,137	.2	(763)	(26.3)
Transfers from other funds	26,589	2.9	(119)	(.5)
Totals	$909,511	100%	$21,636	2.4%

Revenues from real and personal property taxes in fiscal year 2000 increased $3,819,000 or .8% compared to the prior year.

Other local taxes increased by $6,553,000 or 8.0% from fiscal year 1999. This increase is primarily attributed to increases in the following areas: taxes on sales and services of $2.8 million, admission taxes of $1.0 million, and penalties and interest of $1.8 million.

Assessed valuations of all taxable property were $8.535 billion, an increase of 2.7% over fiscal year 1999. Real property assessed valuations totaled $6.840 billion, an increase of .2% over the previous year.

The City's fiscal year 2000 total property tax levy was $496,166,000, of which $478,991,000 or 96.5% was collected through June 30, 2000, which compares to 96.8% for the previous year. Delinquent tax collections were $2,489,000 higher than in fiscal year 1999. The ratio of total tax collections to the current tax levy was 99.0%, compared to 98.8% last year.

Income tax revenue for fiscal year 2000 was up $1,538,000 over the prior year due to the improvement in the economy.

Other revenues decreased by $763,000 from last year, attributable primarily to non-recurring events in fiscal year 2000.

Budgetary based expenditures and encumbrances and other financing uses totaled $904,741,000 for fiscal year 2000 as compared to $897,636,000 for fiscal year 1999, an increase of $7,105,000 or .8%, as shown in the following tabulation:

Function	Fiscal 2000 Amount (In Thousands)	Percent of Total	Increase (Decrease) From Fiscal 1999 (In Thousands)	Percent of Increase (Decrease)
General government	$187,201	20.7%	$ 11,822	6.7%
Public safety and regulation	312,008	34.5	10,328	3.4
Conservation of health	23,168	2.6	(42)	(.2)
Social services	799	.1	(192)	(19.4)
Education	878	.1	(43)	(4.7)
Public library	18,748	2.1	661	3.7
Recreation and culture	22,781	2.5	(1,028)	(4.3)
Highways and streets	3,542	.4	(1,028)	(22.5)
Sanitation and waste removal	29,826	3.3	(2,542)	(7.9)
Public service	11,357	1.3	605	5.6
Economic development	18,070	2.0	(253)	(1.4)
Transfers to other funds	76,027	8.4	(13,971)	(15.5)
Transfers to component unit	200,336	22.0	2,788	1.4
Totals	$904,741	100%	$ 7,105	.8%

General government expenditures increased by $11,822,000 or 6.7% from fiscal year 1999. This increase was primarily caused by increases in various lease payments of $2.6 million and an increase in retirees' health care of $3.9 million.

Public safety and regulation increased by $10,328,000 or 3.4% from fiscal year 1999. This increase is attributed to the City's desire to increase law enforcement efforts.

Recreation and culture decreased by $1,028,000 or 4.3% from fiscal year 1999. This decrease was primarily caused by shifting maintenance responsibilities to the Department of Public Works.

Transfers to other funds decreased $13,971,000 attributed, primarily, to a decrease in the amount forwarded to the Capital Projects Fund for pay-as-you-go projects of $19,926,000 and an increase in debt service funding of $5,249,000 in fiscal year 2000.

The City concluded fiscal year 2000 with an unreserved fund balance, on the budgetary basis, of $21,769,000. Of this amount, $14,132,000 has been designated for subsequent year's expenditures. After allocating $2,805,000 to satisfy additional liabilities recorded under GAAP, there remains an undesignated fund balance of $4,832,000 on a GAAP basis.

Special Revenue Funds

These funds are used to account for revenues derived from certain State shared taxes, governmental grants and other revenue sources that are restricted by law or administrative action to be expended for specific purposes. Following are comments, on the individual funds included under this category.

Grants Revenue Fund — The City government currently administers approximately 500 Federal, State, and other sources supported grant programs in this fund. For fiscal year 2000, a total of $251,592,000 was expended for various governmental operating functions which were supported from the following funding sources:

Source	Amount (In Thousands)
Federal grants	$171,293
State grants	60,166
Other grants	20,133
Total	$251,592

Grant appropriations are not closed out annually, but are carried forward to succeeding fiscal years as on-going programs until concluded or otherwise liquidated.

Motor Vehicle Fund — This fund was established to account for highway user revenues distributed to Baltimore City by the State of Maryland which must be used for the construction, reconstruction or maintenance of the streets and highways in Baltimore City and other related activities as provided for under applicable provisions of the State law.

Budgetary basis revenues credited to this fund, from State distributions and other sources, in fiscal year 2000 were $173,559,000. Expenditures and encumbrances and other financing uses totaled $169,625,000 for the year. At June 30, 2000, unreserved fund balance, on the budgetary basis, was $8,803,000.

Community Development Block Grant Fund — This fund was established to account for the financial activities of Federal grant entitlements awarded to the City by the U.S. Department of Housing and Urban Development under provisions of Title I of the Housing and Community Development Act of 1974. Generally, these grants replace a number of former categorical grant programs for certain urban renewal, neighborhood development and model cities activities. These grants, which are awarded annually, do not have termination dates for incurring expenditures and remain open until fully expended by grant years. During fiscal year 2000, the City recorded revenues of $41,520,000 in Federal funds for a like amount of incurred expenditures and financing uses.

Special Racetrack Fund — This fund accounts for State distributions of certain horse racing tax revenues to assist in the funding of services and facilities located within six miles of specified race tracks. During fiscal year 2000, the City received from the State a total of $585,000 and had recorded expenditures and encumbrances and other financing uses for the year totaling $651,000. At June 30, 2000, fund balance on the budgetary basis was $387,000, all of which was appropriated for fiscal year 2001 operations.

Enterprise Funds

The Enterprise Funds account for those operations that are financed and operated in a manner similar to a private business enterprise, where the cost (expenses, including depreciation) of providing services to the general public is recovered in whole or in part through user charges.

The following summary (amounts expressed in thousands) reflects results of operations for the Enterprise Funds for the current fiscal year:

	Operating Revenues	Operating Expenses	Operating Income (Loss)	Net Non-Operating Revenues (Expenses)	Operating Transfers (Out)	Net Income (Loss)
Water Utility	$ 79,427	$ 69,826	$ 9,601	$(2,000)		$ 7,601
Waste Water Utility	117,028	107,829	9,199	159		9,358
Parking Facilities	38,527	5,508	33,019	(6,476)	$(26,589)	(46)
Loan and Guarantee Program	1,123	3,156	(2,033)			(2,033)
Industrial Development Authority	5,912	4,075	1,837			1,837

Retirement Plans

Professional employees of both the New Baltimore City Board of School Commissioners 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.

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

The City's contributions to its pension systems for fiscal year 2000, and the actuarial accrued liability (excess) at June 30, 2000 (expressed in thousands) are as follows:

	City Contributions FY 2000	Actuarial Accrued Liability (Excess) at June 30, 2000
Fire and Police Employees' Retirement System (F&P)	$ 235	$(61,017)
Employees' Retirement System (ERS)	18,869	(91,926)
Elected Officials' Retirement System (EOS)	165	(1,869)
Unfunded Fire and Police Plan	5,585	32,370
	$24,854	

The funding periods of the actuarial accrued liabilities of the F&P, ERS and EOS are 20, 20 and 10 years, respectively. The Unfunded Fire and Police Plan is on a pay-as-you-go basis and since all of its members are retired, the City expects to continue to fund this plan in accordance with the present method.

Debt Administration

The ratio of net general bonded debt to assessed value and the amount of net general bonded debt per capita are useful indicators of the City's debt position and are listed below:

	2000	1999
Ratio of net general bonded debt to assessed value	5.0%	5.0%
Net general bonded debt per capita	$687	$653

The following is a summary of general obligation debt activity (expressed in thousands) for fiscal year 2000:

Gross general bonded debt outstanding, July 1, 1999	$474,068
Add:	
Bond sales, note sales, and accretion	40,103
Subtotal	514,171
Deduct:	
Bonds and notes redeemed in fiscal year 2000	25,865
Gross general bonded debt outstanding, June 30, 2000	488,306
Deduct:	
Self-supporting debt	35,356
Funds available in Debt Service Fund	22,051
Net general bonded debt, June 30, 2000	$430,899

The preceding totals do not include $10,782,000 borrowed from the State of Maryland for capital construction purposes which are not general obligation debt of the City as defined in the Maryland Constitution and the City is not required to levy taxes to meet the debt service requirements. The debt service is withheld by the State Comptroller from payments due the City as its share of distributions primarily from income taxes and highway user revenues.

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 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. Investment income for fiscal year 2000 totaled $23,042,000, for an effective yield of 5.32%. Earnings on investments include those funds which participate in the City's consolidated cash account. Not included are the New Baltimore City Board of School Commissioners, Industrial Development Authority Fund, and Pension Trust Funds.

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 fund is administered by the Office of Risk Management.

Operating revenues in the Risk Management Fund totaled $215.5 million in the fiscal year ended June 30, 2000. Operating expenses, including claims paid and incurred, totaled $226.2 million for the year ended June 30, 2000. The Risk Management Fund's accumulated deficit at June 30, 2000 was $34.3 million.

During fiscal year 2000, charges to City agencies increased by $11.0 million, from $204.5 million to $215.5 million. This increase, along with certain cost containment efforts, was designed to reduce the prior deficit. The Risk Management Fund deficit increased primarily due to increased deficits in the following portions of the fund, workers' compensation by $2.2 million, general tort by $1.0 million, prescription care by $4.3 million, and unemployment insurance by $.9 million.

The City plans to continue to charge City agencies premiums in excess of that needed to cover expected operating expenses, including claims paid and incurred, and thereby eliminating the accumulated Risk Management Fund deficit over the next eight years.

Independent Audit

The City Charter established a Department of Audits under the general supervision of the City Comptroller. The Charter requires the City Auditor to "annually make a general comprehensive public report of the financial position of the City; in the discretion of the Comptroller, such report may be in the form of an opinion on the annual financial statements prepared by the Director of Finance." The Comptroller has elected to have the City Auditor render an opinion as to the fairness of the Director of Finance's presentation of the City's general purpose financial statements. Additionally, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, KPMG LLP, to perform a joint audit with the City Auditor of the general purpose financial statements of the City for the year ended June 30, 2000. Their joint audit report is contained herein.

Future Operations

The fiscal year 2001 General Fund Budget was adopted on June 8, 2000. The budget totals $906.8 million, an increase of $35.4 million, or 4.1%, from the fiscal year 2000 budget of $871.4 million. The major element of change reflects a decrease of $6.5 million, from $18.3 million to $11.8 million, in pay-as-you-go capital appropriations. Operating appropriations increased $41.9 million for fiscal year 2000 from $853.1 million to $895.0 million.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baltimore, Maryland, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1999.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this annual report on a timely basis 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 auditors, KPMG LLP 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 City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

MARTIN O'MALLEY
Mayor

PEGGY J. WATSON
Director of Finance

MUNICIPAL ORGANIZATION CHART
CAMERA READY

CERTIFICATE (CAMERA READY)

Financial Section

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Independent Auditors' Report

December 22, 2000

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

We have audited the accompanying general purpose financial statements of the City of Baltimore, Maryland, as of and for the year ended June 30, 2000, as listed in the table of contents. The general purpose financial statements are the responsibility of the City of Baltimore, Maryland's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the New Baltimore City Board of School Commissioners component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinion.

In our opinion, based upon our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Baltimore, Maryland as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Baltimore, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this comprehensive annual financial report have not been audited by us and, accordingly, we express no opinion on such data.

In accordance with *Government Auditing Standards,* we have also issued a report dated December 22, 2000 on our consideration of the City of Baltimore, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

[NEED SIGNATURE]
Yovonda D. Brooks CPA
City Auditor
Department of Audits

[NEED SIGNATURE]
KPMG LLP
Independent Certified
Public Accountants

CITY OF BALTIMORE

Combined Balance Sheet

All Fund Types, Account Groups and Discretely Presented Component Unit

June 30, 2000

(Expressed in Thousands)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	New Board of School Commissioners	Reporting Entity
ASSETS AND OTHER DEBITS												
Cash and cash equivalents	$ 67,962	$ 83	$15,005	$ 4,283	$ 121,833	$ 88,059	$ 161,489			$ 458,714	$ 25,034	$ 483,748
Investments	34,578		12,031	111,714	397	10,263	3,936,819			4,105,802		4,105,802
Property taxes receivable	27,725									27,725		27,725
Other accounts receivable, net	51,685	4,367	83		59,158	1,974				117,267	582	117,849
Due from other governments	14,899	127,396		6,874						149,169	30,554	179,723
Due from other funds	47,682		1,295	19,689		1,052				69,718	52,171	121,889
Due from primary government											16,243	16,243
Due from component unit	5,137	4,675								9,812		9,812
Notes and mortgages receivable, net	12,416	3,438	8,832		49,876					74,562		74,562
Inventories, at cost	1,636	1,278			4,781	1,224				8,919	952	9,871
Other assets	5,175	122			10,661	277	44,921			61,156		61,156
Restricted assets:												
Cash and cash equivalents					33,678					33,678		33,678
Investments					69,926					69,926		69,926
Accounts receivable, net					25,835					25,835		25,835
Due from other funds					5,332					5,332		5,332
Property, plant and equipment, net					1,320,804	43,349		$2,145,515		3,509,668	64,867	3,574,535
Amount available in debt service fund for retirement of general long-term debt									$ 22,051	22,051		22,051
Amount to be provided in future years									818,661	818,661	73,115	891,776
Total assets and other debits	$268,895	$141,359	$37,246	$142,560	$1,702,281	$146,198	$4,143,229	$2,145,515	$840,712	$9,567,995	$263,518	$9,831,513

(Continued)

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	New Board of School Commissioners	Reporting Entity
LIABILITIES, EQUITY AND OTHER CREDITS												
Liabilities:												
Accounts payable and accrued liabilities	$ 62,275	$ 21,888		$ 14,870	$ 17,823	$ 6,832	$ 74,155			$ 197,843	$ 57,239	$ 255,082
Retainages payable				10,010						10,010		10,010
Property taxes payable — State	1,029									1,029		1,029
Due to other funds	3,346	51,525		447	19,638	94				75,050	52,171	127,221
Due to primary government											9,812	9,812
Due to other governments					2,157					2,157		2,157
Due to component unit	8,420			7,823						16,243		16,243
Deposits subject to refund	7,299				14					7,313		7,313
Obligations under securities lending program							413,592			413,592		413,592
Estimated liability for claims in progress						102,372				102,372		102,372
Other liabilities					13,477	2,627	2,658			18,762	11,808	30,570
Accounts payable from restricted assets					14,072					14,072		14,072
Deferred revenue	106,712	56,341	$ 8,832							171,885	13,570	185,455
Vested compensated absences									$ 64,117	64,117	60,561	124,678
Notes payable					228					228		228
Revenue bonds payable, net					546,753				57,290	604,043		604,043
Matured bonds — principal and interest payable			6,363							6,363		6,363
General long-term debt payable					5,195				528,740	533,935		533,935
Capital lease obligations									180,722	180,722	12,554	193,276
Landfill closure and postclosure liability									9,843	9,843		9,843
Total liabilities	189,081	129,754	15,195	33,150	619,357	111,925	490,405		840,712	2,429,579	217,715	2,647,294
Equity and other credits:												
Investment in general fixed assets								$2,145,515		2,145,515	64,867	2,210,382
Contributed capital					924,739	61,088				985,827		985,827
Retained earnings:												
Reserved for:												
Revenue bond retirements					55,929					55,929		55,929
Unreserved (deficit)					102,256	(26,815)				75,441		75,441
Fund balances:												
Reserved for:												
Budget stabilization	24,229									24,229		24,229
Landfill closure	1,659									1,659		1,659
Encumbrances	31,884	2,991		65,997						100,872	11,310	112,182
Inventories	1,636	1,278								2,914	288	3,202
Other assets	1,442	122								1,564		1,564
Pension benefits							3,642,725			3,642,725		3,642,725
Library services							1,588			1,588		1,588
Scholarships and memorials							8,511			8,511		8,511
Unreserved:												
Designated for:												
Debt service			22,051							22,051		22,051
Subsequent year's expenditures	14,132	432								14,564		14,564
Undesignated (deficit)	4,832	6,782		43,413						55,027	(30,662)	24,365
Total equity and other credits	79,814	11,605	22,051	109,410	1,082,924	34,273	3,652,824	2,145,515		7,138,416	45,803	7,184,219
Total liabilities, equity and other credits	$268,895	$141,359	$37,246	$142,560	$1,702,281	$146,198	$4,143,229	$2,145,515	$840,712	$9,567,995	$263,518	$9,831,513

See notes to general purpose financial statements.

CITY OF BALTIMORE

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

All Governmental Fund Types, Expendable Trust Fund and Discretely Presented Component Unit

for the year ended June 30, 2000

(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Primary Government	New Board of School Commissioners	Reporting Entity
Revenues:								
Taxes — local	$ 712,536					$ 712,536		$ 712,536
State shared revenue		$164,579				164,579		164,579
Licenses and permits	22,011	94				22,105		22,105
Fines and forfeitures	3,337	3,500				6,837		6,837
Interest, rentals and other investment income	33,878	3,365	$ 1,132	$ 9,880	$ 231	48,486	$ 3,064	51,550
Federal grants	13	212,813		17,728		230,554	117,448	348,002
State grants	75,981	60,166				136,147	560,298	696,445
Other grants	159	20,133				20,292	7,549	27,841
Charges for current services	34,114	2,470				36,584	5,845	42,429
Miscellaneous	2,137	136	886	5,379	445	8,983	1,707	10,690
Total revenues	884,166	467,256	2,018	32,987	676	1,387,103	695,911	2,083,014
Expenditures:								
Current:								
General government	187,425	70,187				257,612		257,612
Public safety and regulation	308,806	55,637				364,443		364,443
Conservation of health	24,061	121,253				145,314		145,314
Social services	916	21,056				21,972		21,972
Education	880				815	1,695	912,096	913,791
Public library	18,817	4,611				23,428		23,428
Recreation and culture	21,417	5,318				26,735		26,735
Highways and streets	3,711	81,640				85,351		85,351
Sanitation and waste removal	30,002					30,002		30,002
Public service	11,471					11,471		11,471
Economic development	17,880	39,181		35,159		92,220		92,220
Capital outlay				133,933		133,933	33,353	167,286
Capital leases				9,064		9,064	14,924	23,988
Debt Service:								
Principal retirements:								
City bonds			21,517			21,517		21,517
Bond anticipation notes			3,515			3,515		3,515
State construction loans			1,309			1,309		1,309
Federal loans			6,421			6,421		6,421
Other loans			1,421			1,421		1,421
Revenue bonds			1,225			1,225		1,225
Interest payments:								
City bonds			25,302			25,302		25,302
Bond anticipation notes			432			432		432
State construction loans			581			581		581
Federal loans			1,408			1,408		1,408
Other loans			918			918		918
Revenue bonds			2,891			2,891		2,891
Fiscal charges			1,455			1,455		1,455
Total expenditures	625,386	398,883	68,395	178,156	815	1,271,635	960,373	2,232,008
Excess (deficiency) of revenues over expenditures	258,780	68,373	(66,377)	(145,169)	(139)	115,468	(264,462)	(148,994)
Other financing sources (uses):								
Proceeds from capital leases				9,064		9,064	14,924	23,988
Proceeds from federal loans				5,400		5,400		5,400
Proceeds from general obligation bonds				38,655		38,655		38,655
Proceeds from private loans				1,107		1,107		1,107
Proceeds from State loans				1,000		1,000		1,000
Operating transfers in	26,589		63,059	82,970		172,618		172,618
Operating transfers from primary government							214,973	214,973
Operating transfers out	(76,027)	(60,219)		(9,783)		(146,029)		(146,029)
Operating transfers to component unit	(200,336)	(3,654)		(10,983)		(214,973)		(214,973)
Total other financing sources (uses)	(249,774)	(63,873)	63,059	117,430		(133,158)	229,897	96,739
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	9,006	4,500	(3,318)	(27,739)	(139)	(17,690)	(34,565)	(52,255)
Fund balances, July 1, 1999	70,808	7,105	25,369	137,149	5,704	246,135	15,501	261,636
Fund balances, June 30, 2000	$ 79,814	$ 11,605	$ 22,051	$ 109,410	$5,565	$ 228,445	$(19,064)	$ 209,381

See notes to general purpose financial statements.

CITY OF BALTIMORE

Combined Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balances Budget and Actual — Budgetary Basis — General and Budgeted Special Revenue Funds for the year ended June 30, 2000

(Expressed in Thousands)

	General Fund			Budgeted Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes — local	$ 699,123	$ 712,536	$13,413			
State shared revenue				$159,292	$164,579	$5,287
Licenses and permits	20,493	22,011	1,518	190	94	(96)
Fines and forfeitures	2,025	3,337	1,312	3,318	3,500	182
Interest, rentals and other investment income	33,772	33,878	106	3,078	3,365	287
Federal grants	75	13	(62)			
State grants	74,602	74,737	135			
Other grants	159	159				
Charges for current services	33,489	34,114	625	2,250	2,470	220
Miscellaneous	4,562	2,137	(2,425)	7	136	129
Total revenues	868,300	882,922	14,622	168,135	174,144	6,009
Expenditures and encumbrances:						
General government	189,630	187,201	2,429	9,608	9,528	80
Public safety and regulation	312,941	312,008	933	34,762	34,762	
Conservation of health	23,448	23,168	280			
Social services	801	799	2			
Education	878	878				
Public library	18,791	18,748	43			
Recreation and culture	22,938	22,781	157	16	14	2
Highways and streets	3,542	3,542		82,500	82,393	107
Sanitation and waste removal	29,843	29,826	17			
Public service	11,361	11,357	4			
Economic development	18,426	18,070	356	68	68	
Total expenditures and encumbrances	632,599	628,378	4,221	126,954	126,765	189
Excess of revenues over expenditures and encumbrances	235,701	254,544	18,843	41,181	47,379	6,198
Other financing sources (uses):						
Operating transfers in	27,204	26,589	(615)			
Operating transfers out	(76,096)	(76,027)	69	(39,943)	(39,857)	86
Operating transfers to component unit	(200,336)	(200,336)		(3,654)	(3,654)	
Total other financing sources (uses)	(249,228)	(249,774)	(546)	(43,597)	(43,511)	86
Excess (deficiency) of revenues and other financing sources over expenditures and encumbrances and other financing uses	(13,527)	4,770	18,297	(2,416)	3,868	6,284
Fund balances, July 1, 1999 (budgetary basis)	45,965	45,965		5,322	5,322	
Fund balances, June 30, 2000 (budgetary basis)	$ 32,438	50,735	$18,297	$ 2,906	9,190	$6,284
Adjustments required to reconcile to GAAP basis :						
Addition of encumbrances outstanding		31,884			2,991	
Less accounts payable not recorded for budgetary purposes		(2,805)			(576)	
Fund balances, June 30, 2000 (GAAP basis)		$ 79,814			$ 11,605	

See notes to general purpose financial statements.

CITY OF BALTIMORE

Combined Statement of Revenues, Expenses and Changes in Equity

All Proprietary Fund Types and Nonexpendable Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types	
	Enterprise	Internal Service	Nonexpendable Trust	Total (Memorandum Only)
Operating revenues:				
Charges for services	$ 237,812	$275,672		$ 513,484
Interest and other investment income	4,205			4,205
Total operating revenues	242,017	275,672		517,689
Operating expenses:				
Salaries and wages	55,847	18,681		74,528
Other personnel costs	17,111	5,826		22,937
Contractual services	65,321	24,311		89,632
Materials and supplies	10,374	11,731		22,105
Minor equipment	1,519	425		1,944
Claims paid and incurred		218,657		218,657
Postage and delivery service		582		582
General government overhead	9,189			9,189
Bad debts	3,431			3,431
Depreciation	20,347	8,525		28,872
Benefits paid			$206	206
Program expenses	3,022			3,022
Amortization of bond issuance costs	438			438
Unrealized depreciation on marketable securities			722	722
Interest	3,795			3,795
Total operating expenses	190,394	288,738	928	480,060
Operating income (loss)	51,623	(13,066)	(928)	37,629
Nonoperating revenues (expenses):				
Investment income		1,620		1,620
Interest expense	(8,299)			(8,299)
Loss on sale of property		(414)		(414)
Loss on sale of investments	(18)			(18)
Net nonoperating revenues (expenses)	(8,317)	1,206		(7,111)
Income (loss) before operating transfers	43,306	(11,860)	(928)	30,518
Operating transfers out	(26,589)			(26,589)
Net income (loss)	16,717	(11,860)	(928)	3,929
Add depreciation on fixed assets acquired with contributed capital	7,857			7,857
Increase (decrease) in retained earnings	24,574	(11,860)	(928)	11,786
Retained earnings (deficit)/fund balance — July 1, 1999	133,611	(14,955)	5,462	124,118
Retained earnings (deficit)/fund balance — June 30, 2000	158,185	(26,815)	4,534	135,904
Contributed capital — July 1, 1999	899,738	57,836		957,574
Additions, net	32,858	3,252		36,110
Less depreciation on fixed assets acquired with contributed capital	(7,857)			(7,857)
Contributed capital — June 30, 2000	924,739	61,088		985,827
Total equity — June 30, 2000	$1,082,924	$ 34,273	$4,534	$1,121,731

See notes to general purpose financial statements.

CITY OF BALTIMORE

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Proprietary Fund Types		Fiduciary Fund Types	Total
	Enterprise	Internal Service	Nonexpendable Trust	(Memorandum Only)
Cash flows from operating activities:				
Operating income (loss)	$ 51,623	$(13,066)	$ (928)	$ 37,629
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	20,347	8,525		28,872
Amortization of bond issuance costs	438			438
(Increase) decrease in accounts receivable	(13,231)	171		(13,060)
(Increase) in due from other funds		(1,052)		(1,052)
Write off of equipment		(341)		(341)
(Increase) in inventories	(1,353)	(972)		(2,325)
(Increase) in issuance cost	(791)			(791)
(Increase) decrease in other assets	26	(42)	(2)	(18)
Increase (decrease) in accounts payable and accrued liabilities	(1,121)	2,502		1,381
Increase in estimated liability for claims in progress		4,756		4,756
Increase (decrease) in other liabilities	552	(1,523)		(971)
(Decrease) in deferred revenue	(730)			(730)
Amortization of early extinguishment of debt	524			524
Increase in deposits subject to refund	5			5
Increase in accrued interest payable	137			137
(Decrease) in notes payable	(46)			(46)
(Decrease) in due to other funds	(9,240)	(2,994)		(12,234)
Increase in due to other governments	907			907
Net cash provided (used) by operating activities	48,047	(4,036)	(930)	43,081
Cash flows from noncapital financing activities:				
Operating transfers out	(26,589)			(26,589)
Cash flows from capital and related financing activities:				
Proceeds from sale of bonds, net	80,703			80,703
Acquisition and construction of capital assets	(84,236)	(6,277)		(90,513)
Mortgage receivable principal repayments	1,164			1,164
Decrease in notes receivable	1,861			1,861
Change in restricted assets	(48,793)			(48,793)
Change in restricted accounts payable	779			779
Principal paid on revenue bonds	18,346			18,346
Principal paid on bonds	(865)			(865)
Principal paid on BANs	(21,008)			(21,008)
Interest paid	(10,422)			(10,422)
Capital contributions — increases	34,741	3,252		37,993
Capital contributions — decreases	(1,883)			(1,883)
Net cash used by capital and related financing activities	(29,613)	(3,025)		(32,638)
Cash flows from investing activities:				
Proceeds from sale and maturities of mortgages and investment securities		3,665	1,148	4,813
Purchase of investments		(3,398)		(3,398)
Interest and other investment income	2,913	1,620		4,533
Net cash provided by investing activities	2,913	1,887	1,148	5,948
Net increase (decrease) in cash and cash equivalents	(5,242)	(5,174)	218	(10,198)
Cash and cash equivalents, July 1, 1999	160,752	93,233	1,204	255,189
Cash and cash equivalents, June 30, 2000	155,510	88,059	1,422	244,991
Cash and cash equivalents (Expendable Trust Fund)			5,275	5,275
Cash and cash equivalents (Agency Funds)			1,890	1,890
Cash and cash equivalents (Pension Trust Funds)			152,902	152,902
Cash and cash equivalents, June 30, 2000	$155,510	$ 88,059	$161,489	$405,058

See notes to general purpose financial statements.

CITY OF BALTIMORE

Combined Statement of Changes in Plan Net Assets

Pension Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

Additions:	
Contributions:	
Employer	$ 19,269
Employee	9,989
Investment income:	
Net appreciation in fair market value of investments	139,163
Securities lending income	1,645
Securities lending expense	(618)
Interest and dividend income, net	134,290
Investment expense	(11,238)
Total additions	292,500
Deductions:	
Retirement allowances	202,938
Death benefits	1,279
Administrative expense	2,601
Other	1,333
Total deductions	208,151
Net increase	84,349
Net assets held in trust for pension benefits:	
July 1, 1999	3,558,376
June 30, 2000	$3,642,725

See notes to general purpose financial statements.

CITY OF BALTIMORE

Index to the Notes to the General Purpose Financial Statements

1. The Reporting Entity and Description of Funds and Account Groups:

A. The Reporting Entity:

The City of Baltimore 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 of America for governmental entities (GAAP), the financial statements of the reporting entity include those of the City of Baltimore (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity either as a blended component unit or as a discretely presented component unit.

Blended component unit. The Baltimore Industrial Development Authority (IDA), an entity legally separate from the City, is governed by a Board appointed by the Mayor and is financially accountable to the City government. The IDA was established to finance capital construction projects such as water/waste water facilities and office buildings which solely benefit the City. The IDA does not provide financing to other governments, private businesses or individuals. The financial statements of this component unit are, for reporting purposes, blended with that of the primary government.

Discretely presented component unit. Legislation enacted by the 1997 Maryland General Assembly established a new, legally separate, nine member New Baltimore City Board of School Commissioners (Board) which is jointly appointed by the Mayor and Governor. The Board has the authority and responsibility for all system functions including the adoption of rules and regulations, and prescribing policies and procedures for management, maintenance, operation and control of the school system. Prior to this legislation, the City's Department of Education operated the school system and was not legally separate from the City. The Board remains financially accountable to the City. The Board is reported as a component unit in a separate column to emphasize that it is legally separate from the City.

Complete financial information regarding the discretely presented component unit, including financial statements, can be obtained directly from the Chief Financial Officer, New Baltimore City Board of School Commissioners, 200 East North Avenue, Baltimore, Maryland 21202.

Related Organizations. The City is responsible for appointing the board members of several entities, but the City's accountability for these organizations does not extend beyond making appointments. These boards include:

Baltimore City Foundation
Lexington Market
Baltimore Area Convention and Visitors Association
City of Baltimore Development Corporation
Baltimore Community Development Finance Corporation
Empower Baltimore Management Corporation
Special Benefits Taxing Districts

In addition, the Housing Authority of Baltimore City (HABC) is considered a related organization. HABC is a separate legal entity and is governed by a Commission of five citizens appointed to staggered terms by the Mayor. The Commission establishes the operating policies of the HABC, which are 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 nor impose a burden relationship upon the HABC. This organization is not financially accountable to the City and maintains its own separate accounting systems.

B. DESCRIPTION OF FUNDS AND ACCOUNT GROUPS:

The City's accounting system is organized and operated on a fund and account group basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with related liabilities and residual equities or fund balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations. The various funds are grouped by type in the financial statements. The types of funds and account groups maintained by the City are as follows:

Governmental Fund Types:

General Fund — The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds.

Special Revenue Funds — 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. Special Revenue Funds include the Grants Revenue Fund, Motor Vehicle Fund, Community Development Block Grant Fund and Special Racetrack Fund.

Debt Service Fund — This fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by the Enterprise Funds.

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.

Proprietary Fund Types:

Enterprise Funds — These funds account for the operations of governmental facilities operated in a manner similar to commercial enterprises where the intent is to recover, in whole or in part, through user charges, the costs or expenses (including depreciation) of providing goods or services to the general public on a continuing basis, except for the Industrial Development Authority, which provides revolving loan services to City agencies. These funds include:

- Water Utility Fund — Accounts for the operations of the City's water supply system.
- Waste Water Utility Fund — Accounts for the operations of the City's sewerage system.
- Parking Facilities Fund — Accounts for the operations of the City-owned off-street parking facilities.
- Loan and Guarantee Program Fund — Accounts for the City's economic development financing activities.
- Industrial Development Authority — Accounts for the activities of the City's Industrial Development Authority.

Internal Service Funds — These funds account for the financing of goods or services provided by certain City agencies to various other agencies and programs of the City on a cost reimbursement basis. The following funds are included in this category:

- Mobile Equipment Fund — Accounts for the service, repair, operation and replacement of the City's equipment fleet.
- Reproduction and Printing Fund — Accounts for the operations of the City's printing shop.
- Municipal Post Office Fund — Accounts for the operations of the City's internal post office facility offering complete mail services, including interdepartmental pick-up and delivery services, for various City departments and agencies.
- Municipal Telephone Exchange Fund — Accounts for the administration and operations of the City's telephone exchange.
- Electronic Equipment Maintenance Fund — Accounts for the administration and operations of the City's telecommunications system.

- Construction Management and Inspection Fund — Accounts for the operations of in-house construction management and inspection services on City buildings, highways, bridges and utility construction projects. Reimbursement of costs is funded through charges to appropriate capital projects under construction. Effective June 30, 2000, operations of the Construction Management and Inspection Fund were transferred to the General Fund, and the fund was closed.
- Risk Management Fund — Accounts for the administration and payment of claims resulting from the City's self-insurance programs, including the New Baltimore City Board of School Commissioners for general claims, workers' compensation claims, real property liability, motor vehicle liability, fleet driver liability and property damage claims, as well as medical and unemployment insurance for City employees.

Fiduciary Fund Types:

Transactions related to assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

- An Expendable Trust Fund which accounts for assets received and expended by the City as trustee for the Scholarship Fund.
- Nonexpendable Trust Funds which reflect the transactions related to endowments provided to the City by private donors for the Enoch Pratt Free Library and Memorials.
- Pension Trust Funds which account for the receipt, investment and distribution of retirement contributions made for the benefit of policemen, firemen, elected officials and other City employees.
- Agency Funds which account for assets held by the City as a custodial trustee.

Account Groups:

- General Fixed Assets Account Group — This account group is used to account for the fixed assets of the City, other than those fixed assets reported in the Enterprise and Internal Service Funds. These assets are stated at their original cost and are not depreciated. Capital expenditures are carried in this account group as construction in progress until the projects are completed and are then capitalized by function and classification. Infrastructures, such as streets, highways, bridges, sidewalks, street lighting, traffic poles and signals, and storm sewers, are not reported in the General Fixed Assets Account Group. Such assets are immovable and of value only to the City.
- General Long-Term Obligations Account Group — This account group is used to account for the general obligation bonded debt of the City, capital lease obligations, vested compensated absences of governmental funds and long-term financing agreements other than debt related to the Enterprise and Internal Service Funds.

2. Summary of Significant Accounting Policies:

The accounting and financial reporting policies of the City included in this report conform to GAAP and reporting standards as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and other appropriate sources.

The following is a summary of the more significant policies:

Basis of Accounting:

The accounting and financial reporting applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheets. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds, agency funds and the New Baltimore City Board of School Commissioners. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when the related fund liabilities are incurred except for debt service which is considered an expenditure when due, and accumulated employee leave which is considered an expenditure when paid.

Revenues which have been treated as susceptible to accrual include property taxes collected within 60 days after year-end; locally imposed State-collected taxes on income; State-shared taxes; Federal, State and other grant and entitlement revenues, and interest. All other revenues are recorded when received.

All proprietary funds, nonexpendable trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components and operating statements present increases (i.e., revenues/additions) and decreases (i.e., expenses/deductions) in net total assets.

GAAP allows governments to choose either not to implement, in proprietary fund types, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, unless those pronouncements are specifically adopted by GASB (provided that this is applied on a consistent basis) or to continue to follow FASB standards for these fund types. The City has elected not to implement FASB pronouncements issued after that date for its proprietary fund types.

The accrual basis of accounting is utilized by proprietary funds, nonexpendable trust funds and pension trust funds. Under this method, revenues/additions are recorded when earned and expenses/deductions are recorded at the time liabilities are incurred.

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.

Inventories:

Inventories are stated at cost, using primarily the moving average method. Inventories of governmental fund types are accounted for on the consumption method.

Unbilled Water and Waste Water Utility User Charges:

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

Property, Plant and Equipment — Proprietary Fund Types:

Property, plant and equipment of the proprietary fund types are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives, as follows:

Buildings	50 years
Improvements	20 – 50 years
Equipment	2 – 25 years

Depreciation on assets acquired or constructed with contributed capital is recognized in the operating statement and then transferred to the appropriate contributed capital account.

Long-Term Debt:

General obligation debt expected to be financed from governmental fund types is accounted for in the General Long-Term Obligations Account Group. The general obligation debt recorded in the Enterprise Funds is intended to be financed from these funds. All general obligation debt is secured by the full faith and credit of the City. The principal and interest of the revenue bonds recorded in the Water Utility, Waste Water Utility, Industrial Development Authority and Parking Facilities Funds are payable exclusively from the earnings of the respective funds, where applicable.

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.

Bond Anticipation Notes:

All Bond Anticipation Notes (BANs) were initially sold as long-term debt with stated maturities greater than one year and cannot be accelerated by the note holders. The BANs are recorded in the General Long-Term Obligations Account Group because the stated maturities are long-term. Although the City has the authority to and may refinance these notes, it is not required to do so.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, approved requisitions and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the General, Special Revenue, and Capital Projects Funds. Encumbrances are treated as reservations of fund balance in these funds because they do not constitute expenditures or liabilities. Encumbrances are reported with expenditures in all budgetary basis statements.

Total Memorandum Only:

The ''Total Memorandum Only'' columns are for overview informational purposes only. They do not fairly present financial position, results of operations or cash flows in conformity with GAAP and do not present consolidated financial information.

Sick, Vacation and Personal Leave:

Employees earn one day of sick leave for each completed month of service; there is no limitation on the number of sick leave days that may be accumulated. At June 30, 2000, the estimated accumulated sick leave for the City was $62,084,000. Sick leave benefit expenditures are not recorded until paid. A portion of unused sick leave earned annually during each twelve-month base period may be converted to cash for 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 leave days accumulated and unused as of the date of separation; under any other conditions of separation, unused sick leave is forfeited. Vested unused sick leave for employees with service of 20 or more years, whose activities are accounted for in governmental fund types and similar trust funds, are recorded in the General Long-Term Obligations Account Group. The liability is not expected to be paid from current expendable available financial resources. Vested unused sick leave for employees with 20 or more years of service, whose activities are accounted for in proprietary fund types, are recorded when leave is earned.

Employees can accumulate a maximum of 224 vacation and personal leave days depending upon length of service which either may be taken through time off or carried until paid upon termination or retirement. Accumulated vacation and personal leave for employees whose activities are accounted for in governmental fund types and similar trust funds are recorded in the General Long-Term Obligations Account Group. The liability is not expected to be reduced from current expendable available financial resources. Accumulated vacation and personal leave for employees whose activities are accounted for in proprietary fund types are recorded when leave is earned.

New Baltimore City Board of School Commissioners' employees are granted vacation, personal leave and sick leave in varying amounts based on length of service and bargaining unit. A limited number of vacation, personal leave and sick leave days may be carried forward from year to year and upon retirement with pension benefits or separation of employment with 20 years of service, employees are paid accumulated vacation and sick leave days at the appropriate formula and rates. The unpaid vested vacation, personal leave and sick leave have been reported as vested compensated absences.

Budgetary Data:

The Combined Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance — Budget and Actual — General and Budgeted Special Revenue Funds, reflects the budgeted and actual amounts for the General Fund, and only the budgeted Special Revenue Funds (Motor Vehicle and Special Racetrack Funds). Other Special Revenue Funds (Grants Revenue and Community Development Block Grant Funds) do not have annual budgets, since grant awards recorded in these funds span more than a single fiscal year.

Donated Fixed Assets:

Donated fixed assets are recorded at their estimated fair value at the date of receipt.

Estimated Liability for Claims in Progress:

The liability for claims in progress represents estimates for all personal injury, workers' compensation, unemployment, property damage, and medical claims at June 30, 2000. 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 5.5%, for all claims except medical, for which claims are not discounted.

Grant Revenues:

Revenues from Federal, State and other grants, the purpose of which is to fund specific City expenditures, are recognized at the time of the specific expenditures.

Property Tax:

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% and ½% is allowed for payments made in July and August, respectively. Unpaid property taxes are considered in arrears on October 1, and penalty and interest of 2% is assessed each month after the date that the taxes remain unpaid. Tax liens on real property are sold at public auction in May in instances where the taxes have remained delinquent since the preceding October 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 2000 was $6,839,568,000, which was approximately 40.8% of the estimated market value.

The tax rate in Baltimore City for real and personal property for fiscal year 2000 was $5.82 per $100 of assessed value. Current collections were 93.6% of the total tax levy.

At June 30, 2000, the City had property taxes receivable of $27,725,000, net of an allowance for uncollectible accounts of $47,270,000.

Restricted Assets:

The proceeds of the Water Utility Fund, Waste Water Utility Fund, Parking Facilities Fund, revenue bonds and Federal and State grants are restricted for the purpose of construction of water, sewer, and parking facilities.

Budget Stabilization Reserve:

State law authorizes its political subdivisions to establish reserve accounts for the purpose of maintaining fiscal stability in the event of economic downturns affecting local revenues. As of June 30, 2000, the City had reserved $24,229,000 of its General Fund fund balance for that purpose. The reserve can be used in case of emergency at the discretion of the Board of Estimates.

Designated for Subsequent Year's Expenditures:

The City administratively designates for subsequent year's expenditures a portion of its unreserved fund balance to be expended on specific projects. Before these projects begin, the City must obtain appropriation authority from the City Council. At June 30, 2000, unreserved fund balances designated for this purpose were $14,132,000 and $432,000, for the general and special revenues funds, respectively.

3. Budgeting and Budgetary Control:

Annual budgets are adopted for the General Fund and all Special Revenue Funds, except the Grants Revenue and Community Development Block Grant Funds, on a basis consistent with GAAP, except for certain miscellaneous general expenses which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes. 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 City Council shall adopt the budget at least 5 days before the beginning of the fiscal year.

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 over to the ensuing fiscal year until utilized or cancelled.

The adopted budgets are prepared and appropriated on an agency, program, activity and object of expenditure basis by fund. Purchase orders which result in an overrun of either operating or capital balances are not released until additional appropriations are made available. Expenditures for each adopted annual 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.

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 supplemental appropriation ordinances. During fiscal year 2000, supplemental appropriation ordinances were required for the General Fund in the amount of $13,227,000 and the Motor Vehicle Fund in the amount of $3,850,000.

Summarizations of the budgets adopted by the City Council for the General Fund and the Special Revenue Funds are presented in the Combined Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance — Budget and Actual — General and Budgeted Special Revenue Funds. The City's records are maintained on a budgetary basis and reported on a GAAP basis. The reconciliation of budget to GAAP follows:

Reconciliation: Budgetary to GAAP (Expressed in Thousands)	General Fund	Special Revenue Funds
Excess of revenues and other financing sources over expenditures and encumbrances and other financing uses — budgetary basis — fiscal year 2000	$4,770	$3,868
Change in encumbrances — fiscal year 2000 over 1999	4,553	861
Change in expenditures not recorded for budgetary purposes — fiscal year 2000 over 1999	(317)	(229)
Excess of revenues and other financing sources over expenditures and other financing sources (uses) — GAAP basis — fiscal year 2000	$9,006	$4,500

4. Cash Deposits:

The carrying amount of the City's deposits with financial institutions, including non-negotiable certificates of deposits, as of June 30, 2000, was a net overdraft of $5,073,000 resulting from the City's policy of investing the "bank float" (payments in transit) in order to maximize the amount of interest earnings. The bank balances as of June 30, 2000 were $7,223,000. All of the City's cash deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by securities held in the name of the City, by the City's agent.

The Board has demand deposits with carrying values of $25,034,000. Of this amount, $13,224,000 was held by Harbor Bank of Maryland (Harbor Bank) in escrow. Of the amount held by Harbor Bank, $6,233,000 earns a negotiated 4.52 percent rate of interest and was collateralized at 128 percent. The collateral held, in support of the amounts, consisted of agency securities in compliance with Section 6-202 of the State of Maryland Annotated Code. The collateral was held in the name of the Board in trust by the Federal Reserve Bank of Richmond. The remaining amount at Harbor Bank of $6,991,000 was not collateralized.

Of the remaining amount, $9,571,000 was on deposit with banks and collateralized by agency and treasury securities in the name of the Depository Bank, First Union National Bank, or invested in mutual funds in the name of the Board.

In addition, the School Activity Fund cash of $2,239,000 as of June 30, 2000 is held in over 150 separate commercial bank demand deposits insured by various government depository insurances.

5. Notes and Mortgages Receivable:

Notes and mortgages receivable as of June 30, 2000, consist of the following:

- The General and Special Revenue Funds have mortgages receivable of $12,416,000, net of a $1,000,000 allowance for losses, and $3,438,000 collateralized by real property, respectively. These mortgages bear interest at rates ranging from 1% to 12% and mature over 30 years.
- The Debt Service Fund has mortgages receivable of $8,832,000 collateralized by real property. These mortgages bear interest at rates ranging from 5.46% to 11.16% and mature over 30 years.
- The Loan and Guarantee Program Fund has notes receivable of $3,755,000, net of an allowance for losses of $57,175,000, collateralized by mortgages and deeds of trust. Interest bearing notes have rates ranging from 1% to prime plus 6% and mature over 40 years. At June 30, 2000, the prime rate was 9.50%. The allowance for these loans is estimated by management to be a reasonable provision for losses on these loans which were funded from the proceeds of general obligation bonds and Federal grants.
- The Parking Facilities Fund has notes receivable of $46,121,000 collateralized by real property. These notes bear interest at rates ranging from 6.1% to 6.9% and mature over 30 years.

6. Investments:

Other than pension funds, the City is authorized by State law to invest in direct or indirect obligations of the U.S. government, certificates of deposit, repurchase agreements and related mutual funds. City policy requires that securities underlying repurchase agreements must have a market value of at least 100% of the cost of the repurchase agreement and the City takes possession of the securities when the repurchase agreement's maturity is greater than five days. The City has complied with this policy throughout the year.

The pension funds are authorized by City law to invest in obligations of the U.S. government and Canada, deposits in savings accounts, corporate bonds, publicly traded preferred and common stocks, bankers' acceptance notes, the State's local government investment pool, loans secured by first mortgages, guaranteed investment contracts, covered call options and real estate equity investments. All of the deposits and investments of the pension funds are invested by outside money managers and are held under a custodial agreement.

Investments made by the City are summarized below. Investments represented by specific identifiable investment securities are classified as to credit risk by the three categories below:

Category 1 — Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 — Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 — Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

(Expressed in Thousands)	Category 1	Category 2	Carrying Value
Repurchase agreements	$ 28,300	$163,304	$ 191,604
U.S. Treasury and Agencies			
Not on securities loan	608,075		608,075
On securities loan for cash collateral	309,691		309,691
Corporate bonds			
Not on securities loan	315,651		315,651
On securities loan for cash collateral	17,239		17,239
Stocks			
Not on securities loan	1,370,628		1,370,628
On securities loan for cash collateral	79,800		79,800
	$2,729,384	$163,304	2,892,688
Mutual funds			1,217,766
Guaranteed investment contracts			70,219
Real estate equity investments			78,927
Securities lending collateral pool			413,592
			4,673,192
Less: cash equivalents			497,464
Total			$4,175,728

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 the current appraisals. Investments that do not have an established market are reported at estimated fair value.

At June 30, 2000, the City's retirement systems held foreign investments with a market value of $615,403,000. These securities are subject to foreign exchange risk. At June 30, 2000, the retirement systems held currency options and forward contracts hedging their foreign investment position totaling approximately $6,300,000 in U.S. currency in French Franc, Japanese Yen, German Deutsche Mark, Austrian Dollar, British Pound, Thailand Baht, and Netherlands Guilder dominations. Gains and losses on these forward contracts are recorded as investment income or expense.

On June 7, 1999, the City's retirement systems entered into a Securities Lending Authorization Agreement with 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 fund manager may loan securities held in custody of commingled funds if authorized in a fund's contract with the retirement systems.

Collateral received in exchange for securities loaned is deposited into an escrow account for the retirement systems benefit for the duration of the loan. At no time does the retirement system lose custody of either the security or the collateral. Collateral in exchange for the principal loaned 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.

At June 30, 2000, the retirement systems had no credit risk exposure to borrowers because the amounts they owed borrowers exceeded the amounts the borrowers owed the retirement systems. The market value of securities on loan at June 30, 2000, was $406,730,000, and the market value of the collateral received for those securities on loan was $413,592,000. The retirement systems did not impose any restrictions during the fiscal year on the amount of loans the custodian made on its behalf. The terms of the Securities Lending Authorization Agreement requires that the custodian indemnify the retirement systems against: (1) the failure to demand adequate and appropriate collateral from a borrower as and when required pursuant hereto; (2) the failure to comply with the investment guidelines in connection with the investment and reinvestment of cash collateral; (3) the failure to obtain and perfect a security interest or rights equivalent thereto in and to the collateral; or (4) the failure to make a reasoned determination of the creditworthiness of any borrower. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from default of the borrowers or the custodian.

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

7. Property, Plant and Equipment:

General fixed assets of the City are recorded at cost. General fixed assets activity by major class and function and sources of investment in general fixed assets (amounts expressed in thousands) for the fiscal year ended June 30, 2000, are as follows:

General Fixed Assets	Balance July 1, 1999	Additions and Transfers	Retirements and Transfers	Balance June 30, 2000
Activity by major class:				
Land	$ 146,321			$ 146,321
Buildings and improvements	1,199,584	$ 2,339		1,201,923
Equipment	156,290			156,290
Construction in progress	604,230	62,193	$25,442	640,981
Total	$2,106,425	$64,532	$25,442	$2,145,515
Activity by major function:				
General government	$ 226,260			$ 226,260
Public safety and regulation	71,859			71,859
Public works	35,562			35,562
Public health and welfare	13,849			13,849
Education	790,251			790,251
Recreation and culture	285,633			285,633
Economic development	11,951			11,951
Other	66,830	$ 2,339		69,169
Construction in progress	604,230	62,193	$25,442	640,981
Total	$2,106,425	$64,532	$25,442	$2,145,515
Sources of investment:				
Property acquired prior to July 1, 1966	$ 382,255			$ 382,255
Property acquired July 1, 1966 and thereafter:				
General fund	74,666			74,666
Motor vehicle fund	10,633			10,633
Revenue sharing fund	2,659			2,659
Special capital improvement funds:				
City funds	34,953			34,953
State construction loans	55,121			55,121
State grants	389,908			389,908
Federal grants	106,774			106,774
Debt proceeds	445,226	$ 2,339		447,565
Various funds, construction in progress	604,230	62,193	$25,442	640,981
Total	$2,106,425	$64,532	$25,442	$2,145,515

Composition of construction in progress (amounts expressed in thousands) as of June 30, 2000, is as follows:

	Cumulative Appropriations June 30, 2000	Expended to June 30, 2000	Commitments	Unencumbered Appropriations
Composition of construction in progress:				
General government	$100,892	$ 80,990	$ 2,240	$ 17,662
Public health and welfare	4,102	859	34	3,209
Public safety and regulation	137,588	122,671	4,777	10,140
Sanitation and waste disposal	47,248	26,954	2,552	17,742
Education	136,899	118,108	1	18,790
Recreation and culture	101,363	62,953	4,181	34,229
Economic development	259,648	223,603	7,051	28,994
Other	9,512	4,843	60	4,609
Total	$797,252	$640,981	$20,896	$135,375

Property held by the Baltimore City Public Schools prior to the creation of the New Baltimore City Board of School Commissioners effective June 1, 1997, is reported in the City's General Fixed Assets Account Group. Equipment purchased on or subsequent to that date is reported as component unit property, plant and equipment net, in the amount of $64,867,000.

Property, plant and equipment (amounts expressed in thousands) recorded in the Enterprise and Internal Service Funds as of June 30, 2000, consist of the following:

Enterprise Funds	Land	Buildings and Improvements	Equipment	Accumulated Depreciation	Construction in Progress	Net Total	Commitments
Water Utility	$12,232	$358,916	$ 47,511	$(265,913)	$253,547	$ 406,293	$40,174
Waste Water Utility	2,345	504,987	77,057	(258,416)	517,291	843,264	48,948
Parking Facilities	2,375	52,402	538	(9,851)	25,783	71,247	501
Total	$16,952	$916,305	$125,106	$(534,180)	$800,160	$1,320,804	$89,623
Internal Service Funds							
Mobile Equipment	$ 794	$ 5,047	$110,463	$ (73,834)		$ 42,470	
Reproduction and Printing			1,139	(986)		153	
Municipal Post Office			120	(99)		21	
Municipal Telephone Exchange			215	(159)		56	
Risk Management			1,434	(785)		649	
Total	$ 794	$ 5,047	$113,371	$ (75,863)		$ 43,349	

Interest is capitalized on proprietary fund type assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project, with interest earned on invested proceeds over the same period. During fiscal year 2000, net interest expense of $12,269,000 (net of interest income of $2,857,000) was capitalized.

8. Deferred Revenue:

Deferred revenue in the General Fund is associated with property taxes, mortgages receivable and other miscellaneous items.

Deferred revenue in the Debt Service Fund is associated with mortgages receivable.

Deferred revenue in the Special Revenue is associated with grant funds received as of June 30, 2000, for which related expenditures have not been incurred.

9. Debt (Other Than Revenue Bonds):

A. LONG-TERM DEBT:

The City of Baltimore does not have a debt limit. However, the Constitution of Maryland requires a three-step procedure for the creation of debt by the City of Baltimore:

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

A summary of general long-term debt activity (amounts expressed in thousands) for fiscal year 2000 is as follows:

	Amount Payable June 30, 1999	Adjustments (b)	New Debt Issued	Debt Retired	Amount Payable June 30, 2000
General obligation serial bonds:					
Highways	$ 22,177	$ 109	$ 300	$ 751	$ 21,835
Health	40		1,120	10	1,150
Public safety	15,261	90	15	661	14,705
Off-street parking	31,216	102	1,260	1,680	30,898
Parks and recreation	12,359	60	380	520	12,279
Public buildings and facilities	28,509	63	320	1,038	27,854
Schools	87,054	230	4,855	2,339	89,800
Waste water and storm sewer	16,523	167		1,592	15,098
Urban renewal and development	233,979	588	30,405	12,951	252,021
Water	2,729	8		704	2,033
Waste disposal	4,005	28		104	3,929
Unallocated	5,406	3			5,409
Total bonded debt	459,258	1,448	38,655	22,350	477,011
Bond anticipation notes	14,810			3,515	11,295
Long-term financing with the Federal Government:					
Federal economic development loan	29,748		5,400	6,230	28,918
Environmental Protection Agency loan	1,428			191	1,237
Total long-term financing with the Federal Government	31,176		5,400	6,421	30,155
Private:					
Fannie Mae	5,006		1,107	1,421	4,692
Long-term financing with the State of Maryland (a):					
Highway construction loans	1,779			567	1,212
State economic development loans	8,574		1,000	742	8,832
Sewer construction loans	780			42	738
Total long-term financing with the State of Maryland	11,133		1,000	1,351	10,782
Total long-term debt	521,383	1,448	46,162	35,058	533,935
Less: amount recorded in Enterprise Funds	6,051	19		875	5,195
Total general long-term debt	$515,332	$1,429	$46,162	$34,183	$528,740

(a) Under the Constitution of Maryland and applicable State law, certain State loans are not general obligation debts of the political subdivisions, and the political subdivisions, including the City of Baltimore, are not required to levy taxes to meet the debt service thereon. The debt service is deducted by the State Comptroller from payments due the City for its share of distributions from State income taxes and highway user revenues.

(b) The Mayor and City Council of Baltimore issued, as fully registered bonds, $67,062,000 in Series A General Obligation Bonds dated March 1, 1995 and $44,284,000 in Series C General Obligation Bonds dated May 1, 1998. The Series A and C Bonds consist of current interest bonds and capital appreciation bonds issued to advance refund certain non-callable maturities of the City's general obligation bonds.

No current interest is payable on the Series A or C Capital Appreciation Bonds, which are scheduled to mature on October 15 in each of the years 2006 to 2011, inclusive. Interest on the Series A and C Capital Appreciation Bonds accrues from the date of delivery, is compounded semiannually on each April 15 and October 15 and will be paid at the maturity or redemption date thereon. The accreted amount due at maturity is $6,499,000 on the Series A and $22,000 on the Series C as of June 30, 2000. The Series A Capital Appreciation Bonds are subject to redemption prior to maturity beginning on October 15, 2005, as a whole at any time or in part thereafter on October 15 or April 15.

The following is a summary of debt activity other than general obligation bonds and bond anticipation notes:

- *Federal Economic Development Loan:*

  The City has borrowed funds from the Federal Government to provide for various development projects throughout the City. At June 30, 2000, the principal owed to the Federal government was $28,918,000 and interest of $23,766,000 will be due thereon in future years. The loan bears interest at rates ranging from 7.90% to 9.08% and matures serially through 2012.

- *Federal Environmental Protection Loan:*

  The United States Environmental Protection Agency (EPA) has granted the City a loan under the Asbestos School Hazard Abatement Act of 1984 to provide for asbestos removal at Walbrook Senior High School. At June 30, 2000, the principal owed to the EPA was $1,237,000. The principal shall be repaid in annual installments of approximately $191,000 at zero interest and final payment is due on July 31, 2006.

- *Private Financing:*

  The City has borrowed funds from the Federal National Mortgage Corporation to provide construction financing for various housing projects. Since 1997, the City has borrowed a total of $7,730,000 for such purposes. The principal will be paid in semi-annual installments through January 31, 2004. At June 30, 2000, the principal owed to the Federal National Mortgage Corporation was $4,692,000 and interest of $842,000, at interest rates ranging from 7.0% to 8.16%, will be due thereon in future years.

- *Highway Construction Loans:*

  Under an amendment to State law enacted in 1970, the City became eligible to borrow funds from the State of Maryland for highway construction purposes in the same manner that counties are permitted to borrow. Since 1971, the City has borrowed from the State a total of $254,817,000 for such purposes. At June 30, 2000, the principal owed to the State was $1,212,000 and interest of $56,000, at interest rates ranging from 4.0% to 6.2%, will be due in future years through 2002.

- *State Economic Development Loans:*

  The City has borrowed $23,685,000 from the State of Maryland to provide for various economic development projects under the Maryland Industrial Land Act and the Industrial Commercial Redevelopment Act. At June 30, 2000, the principal owed to the State was $8,832,000 and interest of $3,438,000 will be due thereon in future years. These loans bear interest at rates ranging from 2.00% to 11.16% and the final payment is due in 2018.

- *Sewer Construction Loans:*

  Under the provisions of Chapter 445, laws of Maryland 1968, and Chapter 286, laws of Maryland 1974, loans were made available to counties and municipalities charged with providing sewerage facilities to assist in the construction of such facilities. Since December 1980, the City has borrowed a total of $1,184,000 for sewer projects. At June 30, 2000, the principal owed to the State was $738,000 and interest of $335,000 will be due thereon in future years.

The following is a schedule of the principal and interest payments (amounts expressed in thousands) required to service the existing debt of the City until maturity:

Fiscal Year	General Obligation Bonds		Bond Anticipation Notes*		Long-Term Financing with State of Maryland		Long-Term Financing with Federal Government		Private Financing	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2001	$ 23,630	$ 31,522	$ 4,000	$610	$ 1,366	$ 583	$ 5,069	$ 4,340	$1,173	$468
2002	22,613	25,465	4,115	282	1,432	541	4,612	3,890	1,173	218
2003	26,441	23,574	3,180	21	813	480	2,576	3,572	1,173	125
2004	30,993	21,629			905	439	2,795	3,359	1,173	31
2005 and thereafter	373,334	154,682			6,266	1,786	15,103	8,605		
Total	$477,011	$256,872	$11,295	$913	$10,782	$3,829	$30,155	$23,766	$4,692	$842

* Bond Anticipation Notes' maturities are reported at stated redemption dates which cannot be accelerated by the holders.

A summary of general obligation bonds and bond anticipation notes outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 2000, is as follows:

Purpose	Outstanding			Authorized But Unissued
	Due Dates	Interest Rates	Amount	Amount
Fire, police and public protection	2001 to 2016	4.7% to 9.0%	$ 15,855	$ 3,985
Off-street parking	2001 to 2017	1.5% to 9.0%	30,961	5,840
Parks and recreation	2001 to 2017	2.7% to 9.0%	14,289	7,426
Public buildings and facilities	2001 to 2017	2.7% to 9.5%	27,935	11,458
Schools	2001 to 2021	2.7% to 9.0%	91,776	29,885
Waste water and storm sewer	2001 to 2012	2.5% to 9.0%	15,098	
Urban renewal and development	2001 to 2021	2.7% to 9.5%	258,036	45,376
Water	2001 to 2011	4.0% to 9.0%	2,033	
Highways	2001 to 2021	4.7% to 9.0%	21,835	6,066
Waste disposal	2001 to 2011	4.75% to 9.0%	3,929	
Finance				20,000
Health	2001 to 2018	5.125% to 5.3%	1,150	6,830
Unallocated	2001 to 2011	4.7% to 5.5%	5,409	
Total			$488,306	$136,866

B. CAPITAL LEASE OBLIGATIONS:

Primary Government

The City has entered into various conditional purchase agreements to construct and purchase certain facilities and equipment to be used by municipal agencies. These conditional purchase agreements do not constitute a pledge of the full faith and credit or taxing power of the City and are subject to termination if sufficient funds are not appropriated by the City Council. Since termination of these agreements is not foreseen, the agreements have been capitalized. Further, upon satisfaction of the purchase agreement, title to the facilities and equipment will pass to the City. During fiscal year 2000, the City's capital lease obligation increased by $5,354,000 (which includes an increase of $9,064,000 in additional leases) over the fiscal year 1999 total of $175,368,000. This represents a 3% increase from the prior year.

The following is an analysis of the leased property under capital leases by major classes (amounts expressed in thousands) at June 30, 2000:

Classes of Property	
Buildings	$128,797
Equipment	112,635
Total	$241,432

The following is a schedule of the future minimum payments (amounts expressed in thousands) under the conditional purchase agreements:

2001	$ 21,293
2002	21,355
2003	20,965
2004	17,650
2005 and thereafter	188,078
Total	269,341
Less: interest	(88,619)
Present value of conditional purchase agreements	$180,722

Residual funds available from these conditional purchase agreements in the amount of $13,448,000, recorded in the Capital Projects Fund as investments as of June 30, 2000, will be used to acquire additional facilities.

New Baltimore City Board of School Commissioners

On December 17, 1998, the Board entered into a lease purchase agreement with the First Municipal Credit Corporation (FMCC) to provide financing for the $24,768,000 purchase of the newly implemented ORACLE computer system (the 1998 Lease Agreement). Under the terms of the 1998 Lease Agreement, funds were to be deposited into an ''Acquisition Account'' at Harbor Bank. As the Board entered into purchase agreements with one or more vendors for various items of equipment, moneys were to be drawn from the ''Acquisition Account'' to fund actual purchases. In addition, if at September 15, 2000, all of the moneys on deposit in the ''Acquisition Account'' at the Harbor Bank have not been paid out, the Board agreed to return the remaining moneys to FMCC to be applied against the interest portion of the lease payment due September 15, 2000, with any excess applied against the interest portion of one or more future lease payments; per an amendment dated September 12, 2000, there was an extension granted to extend this date from September 15, 2000 to September 15, 2001. Interest earned on the escrow balance remains in the escrow account and is to be used for the same purposes as the principal.

On October 1, 1999, the Board entered into a $12,370,000 thirty-year capital lease (the 1999 Lease Agreement) with FMCC for the purchase and repair of certain boilers at various school locations. Under the terms of the 1999 Lease Agreement, funds were to be deposited into an ''Acquisition Account'' at Harbor Bank. As the Board entered into purchase agreements with one or more vendors related to the purchase and repair of certain boilers, moneys were to be drawn from the ''Acquisition Account'' to fund actual purchases. In addition, if at February 15, 2001, all of the moneys on deposit in the ''Acquisition Account'' at the Harbor Bank have not been paid out, the Board agreed to return the remaining moneys to FMCC to be applied against the interest portion of the lease payment due on February 15, 2001, with any excess applied against the interest portion of one or more future lease payments. Interest earned on the escrow balance is to be paid to FMCC as set forth in the escrow agreement.

During Fiscal 2000, the Board had purchases of $7,003,000 and $7,921,000 related to the 1998 Lease Agreement and the 1999 Lease Agreement, respectively. Of these purchases, $2,543,000 was unpaid related to the 1999 Lease Agreement as of June 30, 2000.

The future minimum lease payments under the 1998 Lease Agreement and the 1999 Lease Agreement as of June 30, 2000 are $7,176,000 and $5,378,000, respectively.

The remaining unused portion of the moneys on deposit for the 1998 Lease Agreement and the 1999 Lease Agreement of $5,120,000 and $4,449,000, respectively, as of June 30, 2000, have been included in the combined balance sheet in cash and other liabilities.

Future minimum lease payments, as of June 30, 2000, are as follows (amounts expressed in thousands):

	Total
For the year ending June 30,	
2001	$ 7,309
2002	8,010
2003	1,401
2004	1,401
2005 and thereafter	16,118
	34,239
Unused portion of funds received as of June 30, 2000	(12,112)
Future interest component	(9,573)
Capital lease obligations–New Baltimore City Board of School Commissioners	$ 12,554

Capital lease obligations–New Baltimore City Board of School Commissioners, June 30, 1999	$ 4,861
New capital leases	14,924
Payment of principal	(6,092)
Fiscal year 1999 accounts payable paid in fiscal year 2000	1,404
Accounts payable as of June 30, 2000	(2,543)
Capital lease obligations–New Baltimore City Board of School Commissioners, June 30, 2000	$ 12,554

C. COMPENSATED ABSENCES:

Vested compensated absences at June 30, 2000 related to the government funds of the City and the New Baltimore City Board of School Commissioners were $64,117,000 and $60,561,000, respectively. These amounts will be paid from expendable available resources provided for in the budgets of future years. For proprietary fund types, vested compensated absences as of June 30, 2000, totalling $7,719,000 in enterprise funds and $2,312,000 in internal service funds, are recorded in other liabilities.

D. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

State and Federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, a liability has been established in the General Long-Term Obligations Account Group based on the City's estimate of 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 $9,843,000 as of June 30, 2000, which is based on 43.14% usage (filled) of the landfill. It is estimated that an additional $12,971,000 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 (2019). The estimated total current cost of the landfill closure and postclosure care ($22,815,000) 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, 2000. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

As of June 30, 2000, the City's General Fund held investments of $1,659,000, to help finance the landfill closure and postclosure care costs. In addition, the General Fund's fund balance was appropriately reserved. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in closure or 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.

10. Revenue Bonds:

The City has issued revenue bonds and revenue bond anticipation notes, the proceeds of which were used to provide funds for capital improvements to water and waste water facilities. Assets with a carrying value of $42,397,000 at June 30, 2000, and certain revenues of the Water and Waste Water Utility Funds are pledged as collateral for the bonds. Bonds outstanding (amounts in columns expressed in thousands) as of June 30, 2000, consist of:

	Water Utility Fund	Waste Water Utility Fund
Serial bonds series 1993-A maturing in annual installments from $840,000 to $1,250,000 from July 1. 2000 through July 1, 2008, with interest ranging from 4.7% to 5.5%, payable semiannually		$ 9,245
Serial bonds series 1993-A maturing in annual installments from $1,430,000 to $2,125,000 from July 1, 2000 through July 1, 2008, with interest ranging from 4.5% to 5.5%, payable semiannually	$ 15,750	
Serial bonds series 1994-A maturing in annual installments from $390,000 to $590,000 from July 1, 2000 through July 1, 2009, with interest ranging from 4.1% to 5.0%, payable semiannually		4,825
Serial bonds series 1994-A maturing in annual installments from $570,000 to $850,000 from July 1, 2000 through July 1, 2009, with interest ranging from 4.1% to 5.0%, payable semiannually	6,975	
Serial bonds series 1994-B maturing in annual installments from $297,000 to $406,000 from February 1, 2001 through February 1, 2015, with interest rate at 2.25%, payable semiannually		5,236
Serial bonds series 1994-C maturing in annual installments from $274,000 to $387,000 from February 1, 2001 through February 1, 2015, with interest rate at 2.5%, payable semiannually		4,919
Serial bonds series 1994-D maturing in annual installments from $181,000 to $297,000 from February 1, 2001 through February 1, 2015, with interest rate at 3.6%, payable semiannually		3,519
Serial bonds series 1996-A maturing in annual installments from $475,000 to $745,000 from July 1, 2000 through July 1, 2009, with interest ranging from 4.5% to 5.55%, payable semiannually		5,975
Serial bonds series 1996-A maturing in annual installments from $685,000 to $1,070,000 from July 1, 2000 through July 1, 2009, with interest ranging from 4.5% to 5.55%, payable semiannually	8,605	
Serial bonds series 1996-B maturing in annual installments from $115,000 to $208,000 from February 1, 2001 through February 1, 2017, with interest at 3.18%, payable semiannually		2,822
Serial bonds series 1998-A maturing in annual installments from $505,000 to $835,000 from July 1, 2000 through July 1, 2012, with interest ranging from 3.75% to 4.8%, payable semiannually	8,480	
Serial bonds series 1998-A maturing in annual installments from $249,000 to $414,00 from February 1, 2001 through February 1, 2019, with interest rate at 2.87%, payable semiannually		6,178
Serial bonds series 1998-B maturing in annual installments from $465,000 to $765,000 from July 1, 2000 through July 1, 2012, with interest ranging from 3.75% to 4.8%, payable semiannually		7,785
Serial bonds series 1999-A maturing in annual installments from $1,000 to $167,000 from August 1, 2000 through February 1, 2019, with interest rate at 2.52%, payable semiannually		2,574
Serial bonds series 1999-B maturing in annual installments from $400,000 to $652,000 from February 1, 2002 through February 1, 2021, with interest rate at 2.61%, payable semiannually		10,324
Serial bonds series 2000-A maturing in annual installments from $365,000 to $1,015,000 from July 1, 2001 through July 1, 2020, with interest ranging from 4.75% to 5.625%, payable semiannually		13,015
Serial bonds series 2000-A maturing in annual installments from $525,000 to $1,650,000 from July 1, 2001 through July 1, 2021, with interest ranging from 4.5% to 6.0%, payable semiannually	21,025	
Term bonds series 1990-B with interest at 3.806%, payable semiannually, due February 1, 2012		7,188
Term bonds series 1993-A with interest at 5.6%, payable semiannually, due July 1, 2013	12,200	7,100
Term bonds series 1993-A with interest at 5.65%, payable semiannually, due July 1, 2020	23,900	14,000
Term bonds series 1994-A with interest at 6.0%, payable semiannually, due July 1, 2015	6,250	4,330
Term bonds series 1994-A with interest at 5.0%, payable semiannually, due July 1, 2022		7,115
Term bonds series 1994-A with interest at 5.0%, payable semiannually, due July 1, 2024	30,475	
Term bonds series 1996-A with interest at 5.8%, payable semiannually, due July 1, 2015	7,845	5,445
Term bonds series 1996-A with interest at 5.5%, payable semiannually, due July 1, 2026	23,115	16,040
Term bonds series 1998-A with interest at 5.375%, payable semiannually, due July 1, 2015	2,765	
Term bonds series 1998-A with interest at 5.0%, payable semiannually, due July 1, 2018	3,220	
Term bonds series 1998-A with interest at 5.0%, payable semiannually, due July 1, 2028	14,890	
Term bonds series 1998-B with interest at 5.375%, payable semiannually, due July 1, 2015		2,540
Term bonds series 1998-B with interest at 5.0%, payable semiannually, due July 1, 2018		2,960
Term bonds series 1998-B with interest at 5.0%, payable semiannually, due July 1, 2028		13,700
Term bonds series 2000-A with interest at 5.625%, payable semiannually, due July 1, 2030		13,885
Term bonds series 2000-A with interest at 5.75%, payable semiannually, due July 1, 2030	19,880	
	205,375	170,720
Less unamortized charges	1,099	998
	$204,276	$169,722

The term bonds series 1990-B due February 1, 2012, are subject to redemption at par prior to maturity by operation of a mandatory sinking fund in annual principal amounts ranging from $466,000 to $730,000. The term bonds series 1993-A due July 1, 2013, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2009, at annual principal amounts ranging from $1,100,000 to $1,350,000 for the Water Utility Fund and from $650,000 to $800,000 for the Waste Water Utility Fund. The term bonds series 1993-A due July 1, 2020, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2014, at annual principal amounts ranging from $1,450,000 to $2,000,000 for the Water Utility Fund and $850,000 to $1,150,000 for the Waste Water Utility Fund.

The serial bonds series 1994-A are subject to redemption prior to maturity beginning on and after July 1, 2004, at redemption prices ranging from 102% to 100% of the principal amount. The term bonds series 1994-A due July 1, 2015, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2010, at annual principal amounts ranging from $895,000 to $1,200,000 for the Water Utility Fund and $620,000 to $830,000 for the Waste Water Utility Fund. The term bonds series 1994-A due July 1, 2022, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2016, at annual principal amounts ranging from $875,000 to $1,170,000. The term bonds series 1994-A due July 1, 2024, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2016, at annual principal amounts ranging from $1,265,000 to $6,320,000.

The serial bonds series 1996-A are subject to redemption prior to maturity beginning on or after July 1, 2006, at redemption prices ranging from 101% to 100% of the principal amount. The term bonds series 1996-A due July 1, 2015, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2010, at annual principal amounts ranging from $1,130,000 to $1,500,000 for the Water Utility Fund and $785,000 to $1,040,000 for the Waste Water Utility Fund. The term bonds series 1996-A due July 1, 2026, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2016, at annual principal amounts ranging from $1,585,000 to $2,710,000 for the Water Utility Fund and $1,100,000 to $1,880,000 for the Waste Water Utility Fund.

The serial bonds series 1998-A and 1998-B are subject to redemption prior to maturity beginning on or after July 1, 2008, at redemption prices ranging from 101% to 100% of the principal amount. The term bonds series 1998-A and 1998-B due July 1, 2015, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2013, at annual principal amounts ranging from $875,000 to $970,000 for the Water Utility Fund and $805,000 to $890,000 for the Waste Water Utility Fund. The term bonds series 1998-A and 1998-B due July 1, 2018, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2016, at annual principal amounts ranging from $1,020,000 to $1,125,000 for the Water Utility Fund and $940,000 to $1,035,000 for the Waste Water Utility Fund. The term bonds series 1998-A and 1998-B due July 1, 2028, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2019, at annual principal amounts ranging from $1,185,000 to $1,835,000 for the Water Utility Fund and $1,090,000 to $1,690,000 for the Waste Water Utility Fund.

The serial bonds series 2000-A maturing on or after July 1, 2011 are subject to redemption prior to maturity beginning on or after July 1, 2010, at par plus accrued interest. The term bonds series 2000-A due July 1, 2030, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2022, at annual principal amounts ranging from $1,750,000 to $2,735,000 for the Water Utility Fund. The term bonds series 2000-A due July 1, 2030, are subject to mandatory redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2021, at annual principal amounts ranging from $1,070,000 to $1,755,000 for the Waste Water Utility Fund.

The City has issued refunding revenue bonds, the proceeds of which were used to refinance all prior existing debt of the Parking Facilities Fund. Assets with a carrying value of $13,531,000 at June 30, 2000, and certain revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding (amounts expressed in thousands) as of June 30, 2000, consist of:

Serial bonds series 1992-B maturing in annual installments from $410,000 to $510,000 from July 1, 2000 through July 1, 2003, with interest ranging from 7.50% to 7.95%, payable semiannually	$ 1,835
Serial bonds series 1993 maturing in annual installments from $2,685,000 to $3,810,000 from July 1, 2000 through July 1, 2008, with interest ranging from 4.05% to 4.7%, payable semiannually	28,850
Serial bonds series 1997-B maturing in annual installments from $265,000 to $495,000 from July 1, 2000 through July 1, 2010, with interest ranging from 6.05% to 6.5%, payable semiannually	4,055
Term bonds series 1992-B with interest at 8.4%, payable semiannually, due July 1, 2011	5,955
Term bonds series 1993-A with interest at 5.1%, payable semiannually, due July 1, 2013	3,395
Term bonds series 1993-A with interest at 5.0%, payable semiannually, due July 1, 2018	4,330
Term bonds series 1997-A with interest at 5.9%, payable semiannually, due July 1, 2013	21,760
Term bonds series 1997-A with interest at 6.0%, payable semiannually, due July 1, 2018	29,040
Term bonds series 1997-B with interest at 6.75%, payable semiannually, due July 1, 2017	4,510
Term bonds series 1997-B with interest at 6.625%, payable semiannually, due July 1, 2022	4,735
Term bonds series 1997-B with interest at 6.625%, payable semiannually, due July 1, 2027	6,525
Term bonds series 1998-A with interest at 4.9%, payable semiannually, due July 1, 2011	175
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2014	1,770
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2017	2,060
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2021	3,300
	122,295
Less unamortized charges	4,149
	$118,146

The serial bonds series 1992-B are subject to redemption prior to maturity beginning on or after July 1, 2002, at redemption prices ranging from 102% to 100% of the principal amount. The series 1992-B term bonds due July 1, 2011, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2004, at annual principal amounts ranging from $550,000 to $970,000. The serial bonds series 1993 due July 1, 2004 and July 1, 2005, are subject to redemption prior to maturity beginning on or after July 1, 2003, at redemption prices ranging from 102% to 100% of the principal amount. The series 1993 term bonds due July 1, 2013 and July 1, 2018, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2009, at annual principal amounts ranging from $615,000 to $960,000. The series 1997-A term bonds due July 1, 2013 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2009, at annual principal amounts ranging from $3,860,000 to $4,870,000. The series 1997-A term bonds due July 1, 2018 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2014, at annual principal amounts ranging from $5,160,000 to $6,505,000. The serial bonds series 1997-B are subject to redemption prior to maturity beginning on or after July 1, 2007, at redemption prices ranging from 101% to 100% of the principal amount. The series 1997-B term bonds due July 1, 2017 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2011, at annual principal amounts ranging from $525,000 to $775,000. The series 1997-B term bonds due July 1, 2022 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2018, at annual principal amounts ranging from $830,000 to $1,070,000. The series 1997-B term bonds due July 1, 2027 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2023, at annual principal amounts ranging from $1,145,000 to $1,475,000. The series 1998-A term bonds due July 1, 2011 are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2003, at annual principal amounts ranging from $15,000 to $25,000. The series 1998-A term bonds due July 1, 2014, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2012, at annual principal amounts ranging from $560,000 to $620,000. The series 1998-A term bonds due July 1, 2017, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2015, at annual principal amounts ranging from $650,000 to $725,000. The series 1998-A term bonds due July 1, 2021, are subject to redemption at par prior to maturity by operation of a sinking fund on or after July 1, 2018, at annual principal amounts ranging from $760,000 to $890,000.

The City has issued $100,000,000 in variable rate demand revenue bonds Series 1986, through the Baltimore Industrial Development Authority of the Mayor and City Council (IDA). The purpose of these bonds is to finance various municipal capital projects. The bonds mature on August 1, 2016, but are subject to optional or mandatory redemptions in whole or in part prior to maturity.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. During fiscal year 2000, the variable interest rate paid by the City on these bonds ranged from a high of 5.8% to a low of 2.8%. It is the objective of the Remarketing Agent to set interest rates high enough to assure that the bonds are readily marketable, yet maintain the lowest possible interest cost for the IDA.

In conjunction with the issuance of the bonds, Bayerische Landesbank Girozentrale, New York Branch (the Bank) issued an irrevocable letter of credit in the amount of $102,500,000 in favor of the City and Allfirst Trust of Maryland as trustee and Chemical Bank as fiscal agent for the bondholders. The letter of credit expires July 13, 2001, but can be extended for an additional two years. The existing letter of credit permits the fiscal agent to draw amounts necessary to pay the principal portion and related accrued interest on bonds when tendered for purchase and not remarketed. Pursuant to the letter of credit agreement between the City, the Bank and the fiscal agent, the issuer is required to reimburse the Bank the amount drawn upon remarketing or in a lump sum on July 13, 2001, whichever is earlier. If the takeout agreement were to be exercised because the entire issue of $100,000,000 of demand bonds was put and not resold, the City would be required to pay approximately $8,000,000 per year through the expiration of the agreement. The interest rate on draws made from the letter of credit is at the Bank's prime interest rate.

The City is required to pay the Bank a fee throughout the period of effectiveness of the letter of credit equal to 0.275% per annum of the daily average unutilized amount and 0.20% per annum of the daily average utilized amount.

During fiscal year 2000, the City made no draws under the letter of credit, and no amounts drawn against the letter of credit were outstanding at June 30, 2000.

The Convention Center Refunding Revenue Bonds, Series 1998 were issued May 1, 1998 and are special, limited obligations of the City to refund the $56,385,000 Mayor and City Council Convention Center Revenue Bonds Series 1994. The bonds are payable solely from revenues which consists of certain hotel taxes and certain receipts derived from the ownership and operation of the Baltimore Convention Center. These bonds include $31,710,000 in serial bonds, which are due to mature on September 1, in each of the years 1999 to 2012, inclusive; $6,695,000 in 5.5% term bonds due to mature on September 1, 2014; $3,625,000 in 5.5% term bonds due to mature on September 1, 2015 and $16,485,000 in 5.0% term bonds due to mature on September 1, 2019. Interest on the bonds is payable on each March 1 and September 1 in each year. The bonds maturing on or after September 1, 2009 are subject to redemption prior to maturity beginning on or after September 1, 2008 at redemption prices ranging from 102% to 100% of the principal amount. The term bonds due September 1, 2014, are subject to redemption at par prior to maturity by operation of a sinking fund on or after September 1, 2013, at annual principal amounts ranging from $3,260,000 to $3,345,000. The term bonds due September 1, 2019, are subject to redemption at par prior to maturity by operation of a sinking fund on or after September 1, 2016, at annual principal amounts ranging from $3,825,000 to $4,425,000. These revenue bonds have been recorded in the General Long-Term Obligations Account Group because they are expected to be paid by General Fund revenues.

Principal maturities and interest (amounts expressed in thousands) of revenue bonds and revenue bond anticipation notes are as follows:

	Water Utility		Waste Water Utility		Parking Facilities		Industrial Development Authority		Convention Center	
	Principal	Interest*	Principal	Interest*	Principal	Interest*	Principal	Interest*	Principal	Interest*
2001	$ 3,190	$ 10,016	$ 3,877	$ 7,234	$ 3,360	$ 6,977		$ 8,000	$ 1,780	$ 2,832
2002	3,860	10,737	4,805	7,749	3,515	6,813		8,000	1,850	2,758
2003	4,090	10,552	5,024	7,578	3,690	6,636		8,000	1,930	2,679
2004	4,295	10,354	5,216	7,409	3,885	6,446		8,000	2,010	2,596
2005	4,495	10,142	5,424	7,206	4,080	6,241		8,000	2,095	2,508
2006 and thereafter	185,445	132,779	146,374	84,943	103,765	57,493	$100,000	96,000	47,625	20,880
Total	$205,375	$184,580	$170,720	$122,119	$122,295	$90,606	$100,000	$136,000	$57,290	$34,253

* Variable rate bonds' interest estimated at 8%.

Revenue bonds payable are presented on the combined balance sheet net of unamortized charges in the amount of $6,246,000.

At June 30, 2000, revenue bonds payable for the Industrial Development Authority (IDA) are presented on the combined balance sheet net of $45,391,000 of notes and obligations purchased from the City by the IDA. These obligations have been included in the General Long-Term Obligations Account Group.

11. Prior-Year Defeasance of Debt:

In prior years, the City defeased certain revenue bonds and other obligations by placing the proceeds of new debt issues in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2000, $212,146,000 of debt outstanding is considered defeased.

12. Operating Leases:

The City has entered into a number of operating leases for rental of office facilities and equipment, some of which provide for increased rentals based upon increases in real estate taxes and common area maintenance fees. As of June 30, 2000, future minimum lease payments (amounts expressed in thousands) are as follows:

2001	$ 5,096
2002	4,633
2003	3,618
2004	3,479
2005 and thereafter	24,870
Total	$41,696

All leases contain cancellation provisions and are subject to annual appropriations by the City Council. During fiscal year 2000, rent expenditures approximated $12,823,000 for all types of leases. These expenditures were made primarily from the General Fund.

13. Retirement Systems:

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

Plan Descriptions:

The City contributes to two single-employer defined benefit pension plans, the Fire and Police Employees' Retirement System and the Elected Officials' Retirement System, and a cost sharing multiple employer plan, the Employees' Retirement System. Each plan provides retirement benefits as well as disability benefits to plan members and their beneficiaries. The plans are each managed by a Board of Trustees in accordance with Article 22 of the Baltimore City Code. Plan benefits provision may be amended only by the City Council. The plans are considered part of the City's reporting entity and their financial statements are included in the City's general purpose financial statements as pension trust funds. Each plan issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing to the Retirement Systems at the following address:

Baltimore City Retirement Systems
Room 640, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

Funding Policy and Annual Pension Cost

Baltimore City Code establishes the contribution requirements for plan members and the City for each of the three plans. The City's annual pension cost for the current year and related information for each plan is as follows:

(Dollars Expressed in Thousands)

	Fire and Police Employees' Retirement System	Employees' Retirement System	Elected Officials' Retirement System
Contribution rates:			
Employer	0.1%	6.1%	14.4%
Employee	6%	4%	5%
Annual pension cost	$235	$18,869	$165
Contribution made	$235	$18,869	$165
Basis of Accounting	Accrual	Accrual	Accrual
Actuarial valuation date	June 30, 2000	June 30, 2000	June 30, 2000
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level Dollar Open	Level Dollar Open	Level Dollar Open
Remaining amortization period	20 years	20 years	10 years
Assets valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumption:			
Investment rate of return:*			
Pre-retirement*	8.25%	8.0%	7.5%
Post-retirement	6.8%	6.8%	6.0%
Projected salary increases*	4.5% –10.0%	4.75% – 7.0%	6.0%
*Includes inflation at	3.75%	3.75%	3.75%

Three-Year Trend Information
(Dollars Expressed in Thousands)

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Fire and Police Employees' Retirement System:			
June 30, 2000	$ 235***	100%	$0
June 30, 1999	268**	100	0
June 30, 1998	13,830*	100	0
Employees' Retirement System:			
June 30, 2000	18,869	100	0
June 30, 1999	19,710	100	0
June 30, 1998	20,990	100	0
Elected Officials' Retirement System:			
June 30, 2000	165	100	0
June 30, 1999	217	100	0
June 30, 1998	351	100	0

* Fiscal year 1998 was reduced by $10 million of interest surplus as provided by law.

** Fiscal year 1999 was reduced by $30 million of interest surplus as provided by law.

*** Fiscal year 2000 was reduced by $28 million of interest surplus as provided by law.

Required Supplementary Information
Schedule of Funding Progress
(Dollars Expressed in Thousands)
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess of) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of) as a Percentage of Covered Payroll ((b-a)/c)
Fire and Police Employees' Retirement System:						
June 30, 2000	$2,078,331	$2,017,314	$(61,017)	103.0%	$191,003	(31.9)%
June 30, 1999	1,974,471	1,919,288	(55,183)	102.9	183,068	(30.1)
June 30, 1998	1,913,980	1,850,540	(63,440)	103.4	185,817	(34.1)
Employees' Retirement System:						
June 30, 2000	1,309,548	1,217,622	(91,926)	107.5	308,896	(29.8)
June 30, 1999	1,247,952	1,193,031	(54,921)	104.6	305,212	(18.0)
June 30, 1998	1,185,993	1,155,226	(30,767)	102.7	290,848	(10.6)
Elected Officials' Retirement System:						
June 30, 2000	13,100	11,231	(1,869)	116.6	1,150	(162.5)
June 30, 1999	12,650	10,140	(2,510)	124.8	893	(281.1)
June 30, 1998	11,223	9,370	(1,853)	119.8	893	(207.5)

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going-concern basis. Analysis of the plan over time indicates whether the plans are becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan. All City funded retirement plans at June 30, 1998, 1999 and 2000, are funded in excess of the actuarial accrued liability.

The Unfunded Fire and Police Pension Plan

The City's Fire and Police Departments are the administrators of the City's unfunded single-employer defined benefit local retirement plan. The plan is managed by the City's Fire and Police Departments under the Code of Local Laws of Baltimore. All employees eligible for this plan were hired prior to January 1, 1947. All members of this plan are currently retired and the City plans to pay benefits on a pay-as-you-go basis until all obligations have been fulfilled. The unfunded accrued liability represents the actuarial present value of future benefits based on assumed annual salary increases of 4.0%. There is no covered payroll for the plan. The City's annual contributions equal the employee benefits paid under the terms of the plan. The City's employer contributions and unfunded accrued liability for the last three years are as follows:

Three-Year Trend Information
(Dollars Expressed in Thousands)

	Employer Contributions	Unfunded Accrued Liability
June 30, 2000	$5,585	$32,370
June 30, 1999	6,086	33,134
June 30, 1998	6,603	36,484

The Maryland State Retirement and Pension Systems

Under Maryland law, the New Baltimore City Board of School Commissioners (Board) is required to make no contributions to the State Systems. The covered employees are required by State statute to contribute to the State Systems. The contribution from employees is 5% for participants in the State Systems retirement plans (with a 5% limit on the annual living allowance and 7% for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index) and 5% for participants in the State Systems pension plans to the extent their regular earnings exceed the Social Security wage base. 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 Board, the employer's share of retirement and pension costs to the State System for teachers and related positions. During the year ended June 30, 2000, the State paid $47,059,000 in such costs. This amount has been recorded by the Board as both a revenue and an expenditure in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

The State also makes contributions on behalf of Enoch Pratt Free Library employees. The State's contributions for the year ended June 30, 2000 was $1,244,000. This amount has also been recognized as both a revenue and an expenditure in the accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances.

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; and natural disasters. During fiscal year 1987, the City established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks. 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 Fund 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. Commercial insurance coverage is provided for each property damage claim in excess of $750,000 with a cap of $250,000,000. 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 fund.

All funds of the City and the New Baltimore City Board of School Commissioners participate in the program and make payments to the Risk Management Fund based on actuarial estimates and historical cost information of the amounts needed to pay prior and current year claims. As of June 30, 2000, the City has determined that the range of potential claims liability for the fund to be between $102,372,000 and $131,128,000. The claims liability of $102,372,000 reported in the fund is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. This liability, which has been discounted at 5.5% at June 30, 2000, 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. Any claims in excess of $102,372,000 will be charged or credited to expense in the periods in which they are made. Changes in the Risk Management Fund's claims liability (amounts expressed in thousands) in fiscal years 1999 and 2000 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Fiscal Year Liability
1999	$90,235	$203,055	$(195,674)	$ 97,616
2000	97,616	217,093	(212,337)	102,372

15. Postemployment Benefits:

City administrative policy provides that certain postemployment benefits, other than pension benefits, be provided to all its employees, including the New Baltimore City Board of School Commissioners. These benefits include certain health care and life insurance benefits. All employees who retire are eligible to receive these benefits. At June 30, 2000, there were 18,869 retirees eligible for these benefits. The City reimburses approximately 63% of the premium cost incurred by pre-Medicare retirees and their dependents. The City also reimburses approximately 84% of the cost for Medicare supplement for each retiree or dependent eligible for Medicare. Such benefits are accounted for on a cash basis so that payments during the current year represent benefit coverage for currently retired employees or their beneficiaries. During fiscal year 2000, these postemployment benefits amounted to $59,841,000.

16. Individual Fund Disclosures:

Interfund receivables and payables (amounts expressed in thousands) at June 30, 2000, are as follows:

	Interfund Receivables	Interfund Payables
General	$47,682	$ 3,346
Special Revenue:		
Grants Revenue		43,147
Motor Vehicle		3,025
Community Development Block Grants		5,353
		51,525
Internal Service:		
Reproduction and Printing		94
Municipal Telephone	1,052	
	1,052	94
Capital Projects	19,689	447
Enterprise:		
Water Utility	2,416	948
Waste Water Utility	2,916	1,843
Parking Facilities		11,423
Industrial Development Authority		5,424
	5,332	19,638
Debt Service	1,295	
Total	$75,050	$75,050

The following funds had a deficit (amounts expressed in thousands) in retained earnings at June 30, 2000:

Internal Service Funds:	
Reproduction and Printing	$ 112
Municipal Post Office	13
Risk Management	34,339
Municipal Telephone Exchange	365
Enterprise Funds:	
Loan and Guarantee Program	34,668
Component Unit:	
New Baltimore City Board of School Commissioners	30,662

The City plans to continue to charge City agencies premiums in excess of that needed to cover expected operating expenses, including claims paid and incurred, and thereby eliminating the accumulated Risk Management Fund deficit over the next eight years.

The deficits in the other Internal Service Funds will be eliminated by reduced salary expenses and increases in user fees.

At the completion of the Loan and Guarantee Program, the City plans to eliminate its deficit by offsetting it against contributed capital.

The deficit of the New Baltimore City Board of School Commissioners, a component unit of the City, will be funded by future cost savings or by supplemental grants from the City or the State of Maryland.

17. Segment Information — Enterprise Funds:

Selected financial information (amounts expressed in thousands) with respect to business segments of Enterprise Funds as of June 30, 2000, and the year then ended is as follows:

	Water Utility	Waste Water Utility	Parking Facilities	Loan and Guarantee Program	Industrial Development Authority	Total
Operating revenues	$ 79,427	$117,028	$ 38,527	$ 1,123	$ 5,912	$ 242,017
Depreciation and amortization expense	7,592	11,983	1,176		34	20,785
Operating income (loss)	9,601	9,199	33,019	(2,033)	1,837	51,623
Operating transfers out			(26,589)			(26,589)
Net income (loss)	7,601	9,358	(46)	(2,033)	1,837	16,717
Net working capital	29,311	39,452	5,631	17,453	72,527	164,374
Changes in contributed capital, net	15,068	11,816		(1,883)		25,001
Changes in property, plant and equipment	33,135	28,063	2,691			63,889
Total assets	513,768	943,252	150,268	21,517	73,476	1,702,281
General long-term debt payable	2,034	3,161				5,195
Notes payable				228		228
Revenue bonds payable, net	204,276	169,722	118,146		54,609	546,753
Total equity	288,389	749,329	16,789	15,388	13,029	1,082,924

18. 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 aggregate amounts sought in this litigation totals approximately $117.0 million. The City vigorously contests such claims as a matter of policy and will fully assert all available remedies, including the $200,000 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.

As of June 30, 2000, the City is contingently liable for loans guaranteed by the Loan and Guarantee Program in an aggregate amount of approximately $1,295,000.

The City receives significant financial assistance from the U.S. Government and the State of Maryland in the form of 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, 2000, the City estimates that no material liabilities will result from such audits.

Under the terms of a Waste Disposal Agreement, the City has committed to deliver 900 tons of solid waste per day through May, 2005 to the Northeast Maryland Waste Disposal Authority. The City's current tipping fee expense for delivering the solid waste is $36 per ton. Such tipping fee is subject to adjustment for inflation and certain other factors as provided for in the Waste Disposal Agreement.

The City has entered into a 20-year Sewerage Sludge Disposal Agreement with the Northeast Maryland Waste Disposal Authority in connection with the financing of a sludge composting facility in Baltimore City. The agreement obligates the City to deliver approximately 55,000 tons of sewerage sludge per year and to pay a tipping fee comparable to alternative methods currently being used by the City. The debt service on variable rate bonds is a component of the tipping fee. These fees are recorded in the Waste Water Utility Enterprise Fund. The City's current tipping fee expense for delivering sewerage sludge is $95.04 per wet ton.

The City has also entered into 20-year Service Agreements with Wheelabrator Water Technologies Baltimore L.L.C. in connection with the financing of heat drying facilities for processing biosolids at the City's Back River and Patapsco Waste Water Treatment Plants. The agreements obligate the City to deliver approximately 20,000 dry tons of biosolids per year at each facility and to pay a tipping fee. The debt service on the bonds is a component of the tipping fee. These fees are recorded in the Waste Water Utility Enterprise Fund. The City's current tipping fee expense for delivering biosolids is $431.47 per dry ton.

19. Subsequent Event:

On November 1, 2000, the New Baltimore City Board of School Commissioners issued $25,000,000 of School System Revenue Bonds, Series 2000, maturing through the year ending June 30, 2015.

Financial Statements

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, 2000

(Expressed in Thousands)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes—local:			
Real property	$380,747	$381,314	$ 567
Personal property	88,860	95,773	6,913
Sales and services	75,267	77,293	2,026
Payments in lieu of taxes	5,059	5,598	539
Income	146,725	146,808	83
Other	2,465	5,750	3,285
Total taxes—local	699,123	712,536	13,413
Licenses and permits:			
General government	3,369	3,295	(74)
Public safety and regulation	13,871	15,720	1,849
Conservation of health	1,540	1,359	(181)
Highways	1,713	1,637	(76)
Total licenses and permits	20,493	22,011	1,518
Fines and forfeitures:			
General government	1,825	3,139	1,314
Library	200	198	(2)
Total fines and forfeitures	2,025	3,337	1,312
Interest, rentals and other investment income	33,772	33,878	106
Federal grants:			
Public safety and regulation	75	13	(62)
State grants:			
General government	58,916	59,584	668
Public safety and regulation	322	408	86
Health	10,236	9,702	(534)
Library	4,988	4,920	(68)
Recreation and culture	140	123	(17)
Total State grants	74,602	74,737	135
Other grants:			
Library	159	159	
Charges for current services:			
General government	11,192	11,344	152
Public safety and regulation	6,173	6,727	554
Fire	11	12	1
Conservation of health	141	100	(41)
Social services	600	297	(303)
Library	67	83	16
Recreation and culture	709	687	(22)
Highways, sanitation and waste removal	14,596	14,864	268
Total charges for current services	33,489	34,114	625
Miscellaneous	4,562	2,137	(2,425)
Total revenues	$868,300	$882,922	$14,622

(Continued)

CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances

and Changes in Fund Balance — Budget and Actual (Budgetary Basis), Continued

General Fund

for the year ended June 30, 2000

(Expressed in Thousands)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Expenditures and encumbrances by agency:			
Community Relations Commission	$ 754	$ 707	$ 47
Department of Comptroller	4,121	4,040	81
City Council	3,547	3,546	1
Office of Financial Review	534	533	1
Courts	7,887	7,721	166
Supervisors of Elections	3,080	3,037	43
Department of Finance	11,961	11,961	
Department of Fire	97,552	97,550	2
Department of Health	18,391	17,974	417
Department of Housing and Community Development	14,070	13,705	365
Department of Law	4,133	4,130	3
Department of Legislative Reference	724	722	2
Enoch Pratt Free Library	18,791	18,748	43
Board of Liquor License Commissioners	1,403	1,401	2
Mayoralty and Related Functions	132,635	130,548	2,087
Office of Occupational Medicine and Safety	430	430	
Department of Personnel	1,937	1,937	
Department of Planning	1,125	1,110	15
Department of Police	205,332	205,328	4
Department of Public Works	65,974	65,925	49
Department of Recreation and Parks	15,904	15,781	123
Office of Sheriff	6,974	6,350	624
Office of State's Attorney	14,508	14,451	57
Wage Commission	491	403	88
Department of Municipal and Zoning Appeals	341	340	1
Total expenditures and encumbrances	632,599	628,378	4,221
Excess of revenues over expenditures and encumbrances	235,701	254,544	18,843
Other financing sources (uses):			
Operating transfers in	27,204	26,589	(615)
Operating transfers out	(76,096)	(76,027)	69
Operating transfers to component unit	(200,336)	(200,336)	
Net other financing uses	(249,228)	(249,774)	(546)
Excess (deficiency) of revenues over expenditures and encumbrances and net other financing uses	(13,527)	4,770	18,297
Fund balance, July 1, 1999 (budgetary basis)	45,965	45,965	
Fund balance, June 30, 2000 (budgetary basis)	$ 32,438	$ 50,735	$18,297

This schedule does not include a non-budgetary revenue and expense item in the amount of $1,244,000 which was paid by the State of Maryland to the Maryland State Retirement System on behalf of the City of Baltimore for employees of the Enoch Pratt Free Library.

CITY OF BALTIMORE

Combining Balance Sheet

Special Revenue Funds

June 30, 2000

(Expressed in Thousands)

	Grants Revenue	Motor Vehicle	Community Development Block Grants	Special Racetrack	Total
ASSETS					
Cash and cash equivalents	$ 75			$ 8	$ 83
Other accounts receivable, net	4,130	$ 237			4,367
Due from Federal government	62,274		$ 8,465		70,739
Due from State of Maryland	24,216	16,534		397	41,147
Due from other grantors	15,510				15,510
Due from component unit	4,675				4,675
Inventories of supplies and materials		1,278			1,278
Notes and mortgages receivable, net			3,438		3,438
Other assets		122			122
Total assets	$110,880	$18,171	$11,903	$405	$141,359
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 17,304	$ 3,695	$ 875	$ 14	$ 21,888
Due to other funds	43,147	3,025	5,353		51,525
Deferred revenue	50,429	237	5,675		56,341
Total liabilities	110,880	6,957	11,903	14	129,754
Fund balances:					
Reserved for:					
Encumbrances		2,991			2,991
Inventories		1,278			1,278
Other assets		122			122
Unreserved:					
Designated for subsequent year's expenditures		41		391	432
Undesignated		6,782			6,782
Total fund balances		11,214		391	11,605
Total liabilities and fund balances	$110,880	$18,171	$11,903	$405	$141,359

CITY OF BALTIMORE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP Basis)

Special Revenue Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Grants Revenue	Motor Vehicle	Community Development Block Grants	Special Racetrack	Total
Revenues:					
State shared revenue		$163,994		$ 585	$164,579
Licenses and permits		94			94
Fines and forfeitures		3,500			3,500
Interest and other investment income		3,365			3,365
Federal grants	$171,293		$ 41,520		212,813
State grants	60,166				60,166
Other grants	20,133				20,133
Charges for current services		2,470			2,470
Miscellaneous		136			136
Total revenues	251,592	173,559	41,520	585	467,256
Expenditures:					
General government	56,015	9,572	4,580	20	70,187
Public safety and regulation	19,492	34,781	1,325	39	55,637
Conservation of health	121,070		183		121,253
Social services	21,056				21,056
Public library	4,611				4,611
Recreation and culture	5,305			13	5,318
Highways and streets		81,630		10	81,640
Economic development	24,043		15,070	68	39,181
Total expenditures	251,592	125,983	21,158	150	398,883
Excess of revenues over expenditures		47,576	20,362	435	68,373
Other financing uses:					
Operating transfers out		(39,357)	(20,362)	(500)	(60,219)
Operating transfers to component unit		(3,654)			(3,654)
Total other financing uses		(43,011)	(20,362)	(500)	(63,873)
Excess (deficiency) of revenues over expenditures and other financing uses		4,565		(65)	4,500
Fund balances, July 1, 1999		6,649		456	7,105
Fund balances, June 30, 2000		$ 11,214		$ 391	$ 11,605

CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances and Changes in Fund Balance — Budget and Actual (Budgetary Basis)

Motor Vehicle Fund

for the year ended June 30, 2000

(Expressed in Thousands)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State shared:			
State highway user revenue	$160,000	$164,834	$4,834
Overhead reimbursement	(1,100)	(840)	260
Total State shared revenues	158,900	163,994	5,094
Licenses and permits	190	94	(96)
Fines and forfeitures	3,318	3,500	182
Interest and other investment income	3,078	3,365	287
Charges for current services:			
Department of Public Works:			
Impounding cars	1,730	1,697	(33)
Highways	520	773	253
Total charges for current services	2,250	2,470	220
Miscellaneous	7	136	129
Total revenues	167,743	173,559	5,816
Expenditures and encumbrances:			
Department of Recreation and Parks	2,276	2,211	65
Department of Planning	786	706	80
Department of Police	9,684	9,683	1
Department of Public Works	108,268	108,227	41
Mayoralty	5,787	5,787	
Total expenditures and encumbrances	126,801	126,614	187
Excess of revenues over expenditures and encumbrances	40,942	46,945	6,003
Other financing uses:			
Operating transfers out	(39,443)	(39,357)	86
Operating transfers to component unit	(3,654)	(3,654)	
Total other financing uses	(43,097)	(43,011)	86
Excess (deficiency) of revenues over expenditures and encumbrances and other financing uses	(2,155)	3,934	6,089
Fund balance, July 1, 1999 (budgetary basis)	4,869	4,869	
Fund balance, June 30, 2000 (budgetary basis)	$ 2,714	$ 8,803	$6,089

CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances and Changes in Fund Balance — Budget and Actual (Budgetary Basis)

Special Racetrack Fund

for the year ended June 30, 2000

(Expressed in Thousands)

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State-shared:			
Racetrack fees	$ 392	$585	$193
Total revenues	392	585	193
Expenditures and encumbrances:			
Department of Public Works	30	30	
Department of Recreation and Parks	16	14	2
Department of Housing and Community Development	68	68	
Department of Police	22	22	
Department of Transportation	17	17	
Total expenditures and encumbrances	153	151	2
Excess of revenues over expenditures and encumbrances	239	434	195
Other financing uses:			
Operating transfers out	(500)	(500)	
Deficiency of revenues over expenditures and encumbrances and other financing uses	(261)	(66)	195
Fund balance, July 1, 1999 (budgetary basis)	453	453	
Fund balance, June 30, 2000 (budgetary basis)	$ 192	$387	$195

CITY OF BALTIMORE

Combining Balance Sheet

Enterprise Funds

June 30, 2000

(Expressed in Thousands)

	Water Utility	Waste Water Utility	Parking Facilities	Loan and Guarantee Program	Industrial Development Authority	Total
ASSETS						
Cash and cash equivalents	$ 5,905	$ 17,578	$ 9,161	$ 16,972	$72,217	$ 121,833
Investments				397		397
Accounts receivable, net						
Utility services	12,563	11,592				24,155
Other			1,228		707	1,935
Unbilled accounts receivable	16,201	16,700		167		33,068
Inventories	4,682	99				4,781
Notes and mortgages receivable, net			46,121	3,755		49,876
Restricted assets: cash, investments, loans and accounts receivable:						
Future capital expenditures	38,682	33,321	6,840			78,843
Revenue bond and note debt service account	22,648	14,397	12,515			49,560
Revenue bond and note contingency account	2,284	3,068	1,016			6,368
Property, plant and equipment, net	406,293	843,264	71,247			1,320,804
Issuance costs	4,510	3,233	2,140		552	10,435
Other assets				226		226
Total assets	$513,768	$943,252	$150,268	$ 21,517	$73,476	$1,702,281
LIABILITIES AND EQUITY						
Liabilities:						
Accounts payable and accrued liabilities	$ 2,495	$ 3,254	$ 382		$ 18	$ 6,149
Accrued interest payable	4,406	3,263	3,528	$ 81	396	11,674
Deposits subject to refund	14					14
Due to other funds	948	1,843	11,423		5,424	19,638
Due to other governments	2,157					2,157
Accounts payable from restricted assets	5,676	8,396				14,072
Notes payable				228		228
Revenue bonds payable, net	204,276	169,722	118,146		54,609	546,753
Other liabilities	3,373	4,284		5,820		13,477
General long-term debt payable	2,034	3,161				5,195
Total liabilities	225,379	193,923	133,479	6,129	60,447	619,357
Equity:						
Contributed capital	196,832	677,259	592	50,056		924,739
Retained earnings:						
Reserved for:						
Revenue bond retirements	24,932	17,465	13,532			55,929
Unreserved (deficit)	66,625	54,605	2,665	(34,668)	13,029	102,256
Total equity	288,389	749,329	16,789	15,388	13,029	1,082,924
Total liabilities and equity	$513,768	$943,252	$150,268	$ 21,517	$73,476	$1,702,281

CITY OF BALTIMORE

Combining Statement of Revenues, Expenses and Changes in Equity

Enterprise Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Water Utility	Waste Water Utility	Parking Facilities	Loan and Guarantee Program	Industrial Development Authority	Total
Operating revenues:						
Water and sewer service	$ 79,427	$117,028				$ 196,455
Rents, fees and other income			$ 38,527	$ 196	$ 2,634	41,357
Interest and investment income				927	3,278	4,205
Total operating revenues	79,427	117,028	38,527	1,123	5,912	242,017
Operating expenses:						
Salaries and wages	25,226	30,505		116		55,847
Other personnel costs	7,886	9,199		26		17,111
Contractual services	18,885	41,866	4,332	238		65,321
Materials and supplies	4,564	5,810				10,374
Minor equipment	661	858				1,519
General government overhead	3,735	5,454				9,189
Bad debts	1,277	2,154				3,431
Depreciation	7,417	11,860	1,070			20,347
Program expenses				2,776	246	3,022
Amortization of bond issuance costs	175	123	106		34	438
Interest					3,795	3,795
Total operating expenses	69,826	107,829	5,508	3,156	4,075	190,394
Operating income (loss)	9,601	9,199	33,019	(2,033)	1,837	51,623
Nonoperating revenues (expenses):						
Gain (loss) on sale of investments	(25)		7			(18)
Interest income (expense)	(1,975)	159	(6,483)			(8,299)
Net nonoperating revenues (expenses)	(2,000)	159	(6,476)			(8,317)
Income (loss) before operating transfers	7,601	9,358	26,543	(2,033)	1,837	43,306
Operating transfers out			(26,589)			(26,589)
Net income (loss)	7,601	9,358	(46)	(2,033)	1,837	16,717
Add depreciation on fixed assets acquired by contributed capital	1,465	6,392				7,857
Increase (decrease) in retained earnings	9,066	15,750	(46)	(2,033)	1,837	24,574
Retained earnings (deficit) — July 1, 1999	82,491	56,320	16,243	(32,635)	11,192	133,611
Retained earnings (deficit) — June 30, 2000	91,557	72,070	16,197	(34,668)	13,029	158,185
Contributed capital — July 1, 1999	181,764	665,443	592	51,939		899,738
Additions (decreases), net	16,533	18,208		(1,883)		32,858
Less depreciation on fixed assets acquired by contributed capital	(1,465)	(6,392)				(7,857)
Contributed capital — June 30, 2000	196,832	677,259	592	50,056		924,739
Total equity — June 30, 2000	$288,389	$749,329	$ 16,789	$ 15,388	$13,029	$1,082,924

CITY OF BALTIMORE

Combining Statement of Cash Flows

Enterprise Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Water Utility	Waste Water Utility	Parking Facilities	Loan and Guarantee Program	Industrial Development Authority	Total
Cash flows from operating activities:						
Net operating income (loss)	$ 9,601	$ 9,199	$ 33,019	$ (2,033)	$ 1,837	$ 51,623
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	7,417	11,860	1,070			20,347
Amortization of bond issuance costs	175	123	106		34	438
(Increase) decrease in accounts receivable	(5,776)	(6,964)	(1,085)	767	(173)	(13,231)
(Increase) decrease in inventories	(1,369)	16				(1,353)
(Increase) in issuance cost	(105)	(686)				(791)
Decrease in other assets				26		26
Increase (decrease) in accounts payable and accrued liabilities	335	(1,370)	(104)		18	(1,121)
Increase (decrease) in other liabilities	303	250		(1)		552
(Decrease) in deferred revenue				(730)		(730)
Amortization of early extinguishment of debt	274	250				524
Increase in deposits subject to refund	5					5
Increase (decrease) in accrued interest payable	(21)	146	(74)		86	137
(Decrease) in notes payable				(46)		(46)
Increase in due to other governments	907					907
Increase (decrease) in due to other funds		(2,645)	6,160		(12,755)	(9,240)
Net cash provided (used) by operating activities	11,746	10,179	39,092	(2,017)	(10,953)	48,047
Cash flows from noncapital financing activities:						
Operating transfers out			(26,589)			(26,589)
Cash flows from capital and related financing activities:						
Proceeds from sale of bonds, net	40,905	39,798				80,703
Acquisition and construction of capital assets	(40,553)	(39,923)	(3,760)			(84,236)
Mortgage receivable principal repayments			1,164			1,164
Decrease in notes receivable				1,861		1,861
Changes in restricted assets	(26,416)	(22,377)				(48,793)
Changes in restricted accounts payable	153	626				779
Principal paid on revenue bonds	(2,940)	(3,544)	(3,205)		28,035	18,346
Principal paid on bonds	(704)	(161)				(865)
Principal paid on BANs	(12,008)	(9,000)				(21,008)
Interest paid	(3,409)	(1,335)	(5,678)			(10,422)
Capital contributions	16,533	18,208		(1,883)		32,858
Net cash provided (used) by capital and related financing activities	(28,439)	(17,708)	(11,479)	(22)	28,035	(29,613)
Cash flows from investing activities:						
Interest on investments	1,426	1,494	7	(14)		2,913
Net increase (decrease) in cash and cash equivalents	(15,267)	(6,035)	1,031	(2,053)	17,082	(5,242)
Cash and cash equivalents, July 1, 1999	32,412	30,061	24,119	19,025	55,135	160,752
Cash and cash equivalents, June 30, 2000	$ 17,145	$ 24,026	$ 25,150	$16,972	$72,217	$155,510

CITY OF BALTIMORE

Combining Balance Sheet

Internal Service Funds

June 30, 2000

(Expressed in Thousands)

	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Electronic Equipment Maintenance	Risk Management	Total
ASSETS							
Cash and cash equivalents	$29,805		$ 65		$1,435	$ 56,754	$ 88,059
Investments						10,263	10,263
Accounts receivable, net:							
Other	274	$ 42			9	1,649	1,974
Inventories	879	217	11		117		1,224
Due from other funds				$1,052			1,052
Property, plant and equipment, net	42,470	153	21	56		649	43,349
Other						277	277
Total assets	$73,428	$ 412	$ 97	$1,108	$1,561	$ 69,592	$146,198
LIABILITIES AND EQUITY							
Liabilities:							
Accounts payable and accrued liabilities	$ 4,116	$ 140	$ 22	$1,393	$ 7	$ 1,154	$ 6,832
Due to other funds		94					94
Estimated liability for claims in progress						102,372	102,372
Other liabilities	1,965	143	51	48	15	405	2,627
Total liabilities	6,081	377	73	1,441	22	103,931	111,925
Equity:							
Contributed capital	60,872	147	37	32			61,088
Retained earnings:							
Unreserved (deficit)	6,475	(112)	(13)	(365)	1,539	(34,339)	(26,815)
Total equity (deficit)	67,347	35	24	(333)	1,539	(34,339)	34,273
Total liabilities and equity	$73,428	$ 412	$ 97	$1,108	$1,561	$ 69,592	$146,198

CITY OF BALTIMORE

Combining Statement of Revenues, Expenses and Changes in Equity

Internal Service Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Electronic Equipment Maintenance	Construction Management and Inspection	Risk Management	Total
Operating revenues –								
Charges for services	$32,753	$2,434	$1,012	$12,937	$ 497	$10,492	$215,547	$275,672
Operating expenses:								
Salaries and wages	9,750	944	279	545	189	4,164	2,810	18,681
Other personnel costs	2,981	272	104	177	58	1,584	650	5,826
Contractual services	6,305	597	37	11,431	154	215	5,572	24,311
Materials and supplies	11,236	398	2	2	11	67	15	11,731
Minor equipment	283	10		48		79	5	425
Claims paid and incurred	1,564						217,093	218,657
Postage and delivery service			582					582
Depreciation	8,291	45	7	19		30	133	8,525
Total operating expenses	40,410	2,266	1,011	12,222	412	6,139	226,278	288,738
Operating income (loss)	(7,657)	168	1	715	85	4,353	(10,731)	(13,066)
Nonoperating revenues (expenses):								
Investment income							1,620	1,620
Loss on sale of property	(414)							(414)
Total nonoperating revenues (expenses)	(414)						1,620	1,206
Net income (loss)	(8,071)	168	1	715	85	4,353	(9,111)	(11,860)
Retained earnings (deficit) – July 1, 1999	14,546	(280)	(14)	(1,080)	1,454	(4,353)	(25,228)	(14,955)
Retained earnings (deficit) – June 30, 2000	6,475	(112)	(13)	(365)	1,539		(34,339)	(26,815)
Contributed capital – July 1, 1999	57,620	147	37	32				57,836
Additions, net	3,252							3,252
Contributed capital – June 30, 2000	60,872	147	37	32				61,088
Total equity (deficit) – June 30, 2000	$67,347	$ 35	$ 24	$ (333)	$1,539		$ (34,339)	$ 34,273

CITY OF BALTIMORE

Combining Statement of Cash Flows

Internal Service Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Electronic Equipment Maintenance	Construction Management and Inspection	Risk Management	Total
Cash flows from operating activities:								
Net operating income (loss)	$ (7,657)	$ 168	$ 1	$ 715	$ 85	$ 4,353	$(10,731)	$(13,066)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	8,291	45	7	19		30	133	8,525
(Increase) decrease in accounts receivable . .	58	(41)			3		151	171
(Increase) in inventories	(810)	(157)	(1)		(4)			(972)
Write off of equipment	(414)					73		(341)
(Increase) in due from other funds				(1,052)				(1,052)
(Increase) in other assets							(42)	(42)
Increase (decrease) in accounts payable and accrued liabilities	2,031	58	7	819	(5)	(334)	(74)	2,502
(Decrease) in due to other funds		(5)		(478)		(2,511)		(2,994)
Increase in estimated liability for claims in progress							4,756	4,756
Increase (decrease) in other liabilities	119	18		4	1	(1,611)	(54)	(1,523)
Net cash provided (used) by operating activities	1,618	86	14	27	80		(5,861)	(4,036)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets . .	(6,091)	(86)		(27)			(73)	(6,277)
Capital contributions	3,252							3,252
Net cash (used) by capital and related financing activities	(2,839)	(86)		(27)			(73)	(3,025)
Cash flows from investing activities:								
Proceeds from sale and maturities of investments							3,665	3,665
Purchase of investment securities							(3,398)	(3,398)
Interest on investments							1,620	1,620
Net cash provided by investing activities							1,887	1,887
Net increase (decrease) in cash and cash equivalents	(1,221)		14		80		(4,047)	(5,174)
Cash and cash equivalents, July 1, 1999	31,026		51		1,355		60,801	93,233
Cash and cash equivalents, June 30, 2000	$29,805		$65		$1,435		$ 56,754	$ 88,059

CITY OF BALTIMORE

Combining Balance Sheet

Trust and Agency Funds

June 30, 2000

(Expressed in Thousands)

	Expendable Trust Fund	Nonexpendable Trust Funds			Agency Funds						
	Scholarship	Enoch Pratt Free Library	Memorials	Pension Trust Funds	Unpresented Stock and Coupon Bonds	Property Sold for Taxes	Bid Deposit Refunds	Waxter Center Accessary	Waterloo Summit	Recreation Accessary	Total
ASSETS											
Cash and cash equivalents	$5,275	$ 15	$1,407	$ 152,902	$55	$459	$48	$13		$1,315	$ 161,489
Investments	283	1,546	1,514	3,519,826					$58		3,523,227
Securities lending collateral				413,592							413,592
Other assets, principally accrued interest receivable	7	27	25	44,862							44,921
Total assets	$5,565	$1,588	$2,946	$4,131,182	$55	$459	$48	$13	$58	$1,315	$4,143,229
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable and accrued liabilities				$ 72,207	$55	$459	$48	$13	$58	$1,315	$ 74,155
Obligations under securities lending program				413,592							413,592
Pension benefits payable				2,658							2,658
Total liabilities				488,457	55	459	48	13	58	1,315	490,405
Fund balance:											
Reserved for:											
Pension benefits				3,642,725							3,642,725
Library services		$1,588									1,588
Scholarships and memorials	$5,565		$2,946								8,511
Total fund balance	5,565	1,588	2,946	3,642,725							3,652,824
Total liabilities and fund balance	$5,565	$1,588	$2,946	$4,131,182	$55	$459	$48	$13	$58	$1,315	$4,143,229

CITY OF BALTIMORE

Combining Statement of Plan Net Assets

Pension Trust Funds

June 30, 2000

(Expressed in Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
ASSETS				
Cash and cash equivalents	$ 65,069	$ 65	$ 87,768	$ 152,902
Investments	1,537,242	14,502	2,381,674	3,933,418
Other assets, principally accrued interest receivable	15,288	3	29,571	44,862
Total assets	1,617,599	14,570	2,499,013	4,131,182
LIABILITIES				
Obligations under securities lending program	197,613		215,979	413,592
Accounts payable	39,367	10	32,830	72,207
Pension benefits payable	1,219	6	1,433	2,658
Total liabilities	238,199	16	250,242	488,457
Net assets held in trust for pension benefits, June 30, 2000	$1,379,400	$14,554	$2,248,771	$3,642,725

CITY OF BALTIMORE

Statement of Revenues, Expenditures and Changes in Fund Balance

Expendable Trust Fund

for the year ended June 30, 2000

(Expressed in Thousands)

	Scholarship
Revenues:	
Interest and other investment income	$ 231
Contributions	445
Total revenues	676
Expenditures:	
Education	815
Deficiency of revenues over expenditures	(139)
Fund balance, July 1, 1999	5,704
Fund balance, June 30, 2000	$5,565

CITY OF BALTIMORE

Combining Statement of Revenues, Expenses and Changes in Fund Balance

Nonexpendable Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Enoch Pratt Free Library	Memorials	Total
Expenses:			
Loss in market value	$ 119	$ 603	$ 722
Claims, awards and benefits	159	47	206
Net loss	(278)	(650)	(928)
Fund balance, July 1, 1999	1,866	3,596	5,462
Fund balance, June 30, 2000	$1,588	$2,946	$4,534

CITY OF BALTIMORE

Combining Statement of Cash Flows

Nonexpendable Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Enoch Pratt Free Library	Memorials	Total
Cash flows from operating activities:			
Net loss	$(278)	$ (650)	$ (928)
Adjustments to reconcile net loss to net cash used by operating activities:			
(Increase) in other assets		(2)	(2)
Net cash used by operating activities	(278)	(652)	(930)
Cash flows from investing activities:			
Sale of investments	279	869	1,148
Net cash provided by investing activities	279	869	1,148
Net increase in cash and cash equivalents	1	217	218
Cash and cash equivalents, July 1, 1999	14	1,190	1,204
Cash and cash equivalents, June 30, 2000	$ 15	$1,407	$1,422

CITY OF BALTIMORE

Combining Statement of Changes in Plan Net Assets

Pension Trust Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
Additions:				
Contributions:				
Employer	$ 18,869	$ 165	$ 235	$ 19,269
Employee	458	60	9,471	9,989
Investment income:				
Net appreciation in fair market value of investments	55,312	272	83,579	139,163
Securities lending income	890		755	1,645
Securities lending expense	(309)		(309)	(618)
Interest and dividend income	56,267	698	77,325	134,290
Investment expense	(4,479)	(25)	(6,734)	(11,238)
Total additions	127,008	1,170	164,322	292,500
Deductions:				
Retirement allowances	74,758	420	127,760	202,938
Death benefits	610		669	1,279
Administrative expense	1,502	12	1,087	2,601
Other	208	46	1,079	1,333
Total deductions	77,078	478	130,595	208,151
Net increase	49,930	692	33,727	84,349
Net assets held in trust for pension benefits:				
July 1, 1999	1,329,470	13,861	2,215,045	3,558,376
June 30, 2000	$1,379,400	$14,553	$2,248,772	$3,642,725

CITY OF BALTIMORE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

for the year ended June 30, 2000

(Expressed in Thousands)

	Balance July 1, 1999	Additions	Deductions	Balance June 30, 2000
Unpresented Stock and Coupon Bonds				
Assets:				
Cash	$ 57		$ 2	$ 55
Total assets	57		2	55
Liabilities:				
Accounts payable and accrued liabilities	45		2	43
Other	12			12
Total liabilities	57		2	55
Property Sold for Taxes				
Assets:				
Cash	571		112	459
Total assets	571		112	459
Liabilities:				
Other	571		112	459
Total liabilities	571		112	459
Bid Deposit Refunds				
Assets:				
Cash	73	$ 95	120	48
Total assets	73	95	120	48
Liabilities:				
Other	73	95	120	48
Total liabilities	73	95	120	48
Waxter Center Accessary				
Assets:				
Cash	13			13
Total assets	13			13
Liabilities:				
Other	13			13
Total liabilities	13			13
Waterloo Summit				
Assets:				
Investments	47	11		58
Total assets	47	11		58
Liabilities:				
Other	47	11		58
Total liabilities	47	11		58
Recreation Accessary				
Assets:				
Cash	662	1,089	436	1,315
Total assets	662	1,089	436	1,315
Liabilities:				
Other	662	1,089	436	1,315
Total liabilities	662	1,089	436	1,315
Total-All Agency Funds				
Assets:				
Cash	1,376	1,184	670	1,890
Investments	47	11		58
Total assets	1,423	1,195	670	1,948
Liabilities:				
Accounts payable and accrued liabilities	45		2	43
Other	1,378	1,195	668	1,905
Total liabilities	$1,423	$1,195	$670	$1,948

Statistical Section

CITY OF BALTIMORE

General Governmental Revenues by Source (GAAP Basis)

Last Ten Fiscal Years (1)

(Expressed in Thousands)

Unaudited

Fiscal Year	State Shared Revenue and Taxes	Licenses and Permits	Federal, State and Other Grants (2)	Charges for Services	Fines and Forfeitures	Interest, Rental and Other Investment Income	Miscellaneous	Total
1991	$783,628	$14,010	$662,819	$31,580	$5,046	$47,415	$ 5,561	$1,550,059
1992	778,647	14,844	625,477	33,704	4,795	46,867	3,517	1,507,851
1993	806,534	15,149	653,700	39,170	5,463	42,527	5,177	1,567,720
1994	824,907	15,569	740,932	42,727	2,657	41,981	20,125	1,688,898
1995	828,484	17,575	787,550	33,661	2,225	51,692	7,496	1,728,683
1996	828,756	16,636	852,279	33,065	2,218	55,480	33,052	1,821,486
1997	855,103	17,744	919,106	32,915	2,287	47,410	8,179	1,882,744
1998	837,392	18,265	324,877	34,191	2,219	54,249	21,296	1,292,489
1999	858,748	18,187	345,718	35,615	3,136	56,745	28,240	1,346,389
2000	877,115	22,105	386,993	36,584	6,837	48,255	22,266	1,400,155

Notes:

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

(2) Effective 7/l/97, State grants for the New Baltimore City Board of School Commissioners are shown as a discretely presented component unit.

CITY OF BALTIMORE

General Governmental Expenditures by Function (GAAP Basis)

Last Ten Fiscal Years (1)

(Expressed in Thousands)

Unaudited

Fiscal Year	General Government	Public Safety	Corrections	Highways and Streets	Sanitation	Public Library	Conservation of Health	Social Services	Recreation and Culture	Economic Development	Education (2)	Public Service	Debt Service	Capital Expenditures	Total
1991	$169,863	$291,560	$39,582	$41,321	$58,008	$16,941	$123,366	$10,423	$42,729	$72,522	$511,303	$8,259	$75,549	$165,881	$1,627,307
1992	170,528	292,415	4,752	39,841	53,717	15,940	123,196	12,028	42,139	58,620	542,136	8,504	90,502	162,292	1,616,610
1993	168,313	299,704		43,927	54,378	16,416	134,655	13,536	38,448	76,270	560,578	8,979	102,615	105,189	1,623,008
1994	174,798	310,604		44,362	62,017	18,139	152,560	12,910	40,634	113,328	626,293	8,955	99,697	94,285	1,758,582
1995	178,597	320,873		43,888	60,681	18,701	173,231	14,628	41,907	105,681	637,729	8,377	129,341	124,682	1,858,316
1996	196,103	331,597		86,570	33,267	20,996	166,160	17,048	42,082	88,260	704,324	6,925	57,657	153,531	1,904,520
1997	197,620	319,234		79,504	31,839	21,770	180,654	19,026	41,138	74,817	744,639	9,049	44,486	162,534	1,926,310
1998	224,773	347,333		96,910	31,224	22,313	145,165	18,438	39,175	56,496	1,080	9,609	55,476	171,249	1,219,241
1999	239,389	346,758		84,361	31,040	24,173	143,482	18,737	27,267	88,221	776	9,798	57,936	162,408	1,234,346
2000	257,612	364,443		85,351	30,002	23,428	145,314	21,972	26,735	92,220	880	11,471	68,395	143,184	1,271,007

Notes:

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.

(2) Effective 7/l/97, education expenditures are reported as a discretely presented component unit.

CITY OF BALTIMORE

Property Tax Levies and Collections

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Unaudited

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Current and Prior Years' Adjustments	Outstanding Delinquent Taxes (a)	Percent of Delinquent Taxes to Tax Levy
1991	$458,041	$448,749	98.0%	$7,159	$455,908	99.5%	$ (3,310)	$15,701	3.4%
1992	477,796	461,228	96.5	3,284	464,512	97.2	(11,636)	17,349	3.6
1993	486,949	469,004	96.3	6,622	475,626	97.7	(9,605)	19,067	3.9
1994	485,291	471,864	97.2	4,629	476,493	98.2	(13,942)	13,923	2.9
1995	481,529	469,075	97.4	3,336	472,411	98.1	(10,581)	12,460	2.6
1996	482,014	463,887	96.2	526	464,413	96.3	(11,861)	18,200	3.8
1997	483,009	466,782	96.6	7,043	473,825	98.1	(11,158)	16,226	3.4
1998	475,125	461,022	97.0	9,238	470,260	99.0	7,022	14,069	3.0
1999	483,042	467,651	96.8	9,606	477,257	98.8	4,489	15,365	3.2
2000	496,166	478,991	96.5	12,095	491,086	99.0	(6,879)	27,324	5.5

Note:

(a) Excludes State portion of delinquent property taxes, which at June 30, 2000 totaled $401,000. This column is net of additions, abatements and provision for doubtful accounts.

CITY OF BALTIMORE

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Unaudited

	Real Property		Personal Property		Total		
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value
1991	$6,540,390	$15,476,647	$1,172,207	$1,172,207	$7,712,597	$16,648,854	46.3%
1992	6,743,056	16,304,564	1,375,767	1,375,767	8,118,823	17,680,331	45.9
1993	6,909,633	16,688,960	1,375,816	1,375,816	8,285,449	18,064,776	45.9
1994	6,919,889	17,080,579	1,312,421	1,312,421	8,232,310	18,393,000	44.8
1995	6,878,428	16,941,298	1,361,857	1,361,857	8,240,285	18,303,155	45.0
1996	6,867,382	16,782,536	1,382,719	1,382,719	8,250,101	18,165,255	45.4
1997	6,864,457	16,695,103	1,416,870	1,416,870	8,281,327	18,111,973	45.7
1998	6,820,914	16,574,901	1,305,973	1,305,973	8,126,887	17,880,874	45.5
1999	6,828,724	16,638,885	1,482,570	1,482,570	8,311,294	18,121,455	45.9
2000	6,839,568	16,769,650	1,695,691	1,695,691	8,535,259	18,465,341	46.2

Note:

Assessed values are established by the Maryland State Department of Assessments on July 1 of each year. Each real property's assessment is reevaluated every three years.

CITY OF BALTIMORE
Property Tax Rates
Last Ten Fiscal Years (1)
Unaudited

Fiscal Year	City Tax Rate	State Tax Rate(2)	Total(3)
1991	$5.95	$.21	$6.16
1992	5.90	.21	6.11
1993	5.90	.21	6.11
1994	5.90	.21	6.11
1995	5.85	.21	6.06
1996	5.85	.21	6.06
1997	5.85	.21	6.06
1998	5.85	.21	6.06
1999	5.82	.21	6.03
2000	5.82	.21	6.03

Notes:

(1) Tax rates are for each $100 of assessed valuation.

(2) The State tax rate is shown for informational purposes 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.

CITY OF BALTIMORE
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures
Last Ten Fiscal Years (2)

(Dollars Expressed in Thousands)

Unaudited

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Total Debt Service to Total General Expenditures (2)
1991	$44,752	$29,067(3)	$73,819	$1,446,676	5.1%
1992	51,798(4)	29,575(5)	81,373	1,446,527	5.6
1993	64,485(6)	29,166(7)	93,651	1,502,556	6.2
1994	59,334(8)	29,751(9)	89,085	1,618,273	5.5
1995	47,464(10)	27,807(11)	75,271	1,693,767	4.4
1996	24,019(12)	29,481(13)	53,500	1,725,382	3.1
1997	13,618(14)	26,997(15)	40,615	1,739,062	2.3
1998	19,376(16)	31,460(17)	50,836	1,031,090	4.9
1999	26,936(18)	28,478(19)	55,414	1,049,381	5.3
2000	35,401(20)	30,124(21)	65,525	1,092,664	6.0

Notes:

(1) Includes General, Special Revenue and Debt Service Funds.

(2) The City has no legal debt margin, however, all bond issues must be approved by the State Legislature. The City has no overlapping debt.

(3) Excludes $1,699,000 in federal loans.

(4) Excludes $6,616,000 in federal loans.

(5) Excludes $2,159,000 in federal loans.

(6) Excludes $7,010,000 in federal loans.

(7) Excludes $1,863,000 in federal loans.

(8) Excludes $7,390,000 in federal loans.

(9) Excludes $1,256,000 in federal loans.

(10) Excludes $3,390,000 in federal loans.

(11) Excludes $890,000 in federal loans.

(12) Excludes $3,315,000 in federal loans.

(13) Excludes $842,000 in federal loans.

(14) Excludes $3,376,000 in federal loans.

(15) Excludes $495,000 in federal loans.

(16) Excludes $3,721,000 in federal loans.

(17) Excludes $919,000 in federal loans.

(18) Excludes $1,240,000 in federal loans.

(19) Excludes $829,000 in federal loans.

(20) Excludes $6,421,000 in federal loans.

(21) Excludes $1,408,000 in federal loans.

CITY OF BALTIMORE

Ratio of Net General Bonded Debt to Assessed Value

and Net General Bonded Debt Per Capita

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Unaudited

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Deduct Other Self-Supporting Debt	Funds Available In Debt Service Fund	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita (Rounded to nearest dollar)
1991	733,800	$7,712,597	$374,997	$50,346	$24,077	$300,574	3.9%	$410
1992	730,300	8,118,823	392,462	50,750	28,787	312,925	3.9	428
1993	723,500	8,285,449	407,190	50,406	29,356	327,428	4.0	453
1994	709,200	8,232,310	392,840	45,190	21,388	326,262	4.0	460
1995	700,000	8,240,285	390,814	44,712	39,250	306,852	3.7	438
1996	683,300	8,250,101	416,293	43,826	34,926	337,541	4.1	494
1997	669,900	8,281,327	441,435	41,991	36,485	362,959	4.4	542
1998	650,900	8,126,887	457,039	39,097	30,379	387,563	4.8	595
1999	631,500	8,311,294	474,068	36,487	25,369	412,212	5.0	653
2000	627,000	8,535,259	488,306	35,356	22,051	430,899	5.0	687

Note:

Composition of other self-supporting debt at June 30, 2000 was:

Off-street parking facilities general obligation bonds and notes (portion reimbursable by private operators)	$30,898
Water utility general obligation bonds	2,034
Waste water utility general obligation bonds	2,424
Total	$35,356

CITY OF BALTIMORE

Revenue Bond Coverage

Water Utility, Waste Water Utility,

Parking Facilities and Convention Center Bonds

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Unaudited

	Fiscal Year	Gross Revenue	Direct Operating Expense(1)	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Water Utility	1991	$51,807	$43,450	$8,357		$3,422	$3,422	2.44
	1992	54,951	45,196	9,755		3,779	3,779	2.58
	1993	56,679	44,520	12,159		4,786	4,786	2.54
	1994	75,734	48,842	26,892		4,041	4,041	6.65
	1995	61,475	49,149	12,326	$ 655	5,427	6,082	2.03
	1996	64,067	52,357	11,710	1,505	5,385	6,890	1.70
	1997	69,640	55,293	14,347	1,705	6,459	8,164	1.76
	1998	68,707	58,000	10,707	2,370	7,509	9,879	1.08
	1999	72,949	60,780	12,169	2,465	8,245	10,710	1.13
	2000	79,427	69,826	9,601	2,940	8,725	11,665	.82
Waste Water Utility	1991	71,252	70,284	968		1,005	1,005	.96
	1992	76,416	69,623	6,793		1,267	1,267	5.36
	1993	88,043	67,519	20,524		1,903	1,903	10.79
	1994	89,988	74,804	15,184		1,954	1,954	7.77
	1995	87,064	80,627	6,437	3,167	3,172	6,339	1.02
	1996	91,466	82,095	9,371	2,094	3,594	5,688	1.65
	1997	100,405	88,060	12,345	2,112	4,180	6,292	1.96
	1998	103,643	88,933	14,710	2,632	5,010	7,642	1.92
	1999	105,718	92,350	13,368	2,830	5,851	8,681	1.54
	2000	117,028	107,829	9,199	3,544	5,163	8,707	1.02
Parking Facilities	1991	30,435	2,054	28,381	1,435	4,911	6,346	4.47
	1992	35,154	2,866	32,288	1,495	6,571	8,066	4.00
	1993	35,686	2,207	33,479	1,575	7,883	9,458	3.54
	1994	33,429	3,536	29,893		4,667	4,667	6.41
	1995	33,741	2,563	31,178	275	7,295	7,570	4.12
	1996	33,361	3,033	30,328	2,085	6,720	8,805	3.44
	1997	37,382	3,715	33,667	2,620	10,289	12,909	2.61
	1998	37,283	3,721	33,562	2,725	6,122	8,847	3.79
	1999	41,248	3,703	37,545	2,835	7,313	10,148	3.70
	2000	38,527	5,508	33,019	3,205	7,131	10,336	3.19
Convention Center(2)	1995	8,721		8,721		1,904	1,904	4.58
	1996	9,591		9,591		3,265	3,265	2.94
	1997	11,059		11,059		3,265	3,265	3.39
	1998	3,654		3,654		3,265	3,265	1.12
	1999	3,861		3,861		2,429	2,429	1.59
	2000	4,567		4,567	1,225	2,891	4,116	1.11

Notes:

(1) Operating expenses — excluding depreciation and amortization.

(2) Bonds issued during fiscal year 1995.

CITY OF BALTIMORE

Computation of Overlapping Debt

June 30, 2000

Unaudited

The City of Baltimore has no Overlapping Debt.

CITY OF BALTIMORE

Real Property Value, Construction Permits and Bank Deposits Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Unaudited

	Commercial Construction (3)		Residential Construction (3)		Real Property Value (2)			
Fiscal Year	Number of Permits	Value (1)	Number of Units	Value	Commercial	Residential	Exempt	Commercial Bank Deposits (5)
1991	2,820	$281,856	604	$40,594	$6,547,311	$8,929,336	$6,378,703	$11,524,141
1992	2,419	215,277	208	10,086	6,698,397	9,606,167	6,662,506	9,663,868
1993	966(4)	211,162	156	6,704	6,959,775	9,729,185	6,984,155	8,204,950
1994	1,015	128,089	304	15,276	7,218,642	9,861,937	7,080,398	7,584,447
1995	1,201	223,963	300	17,167	6,868,865	10,072,433	7,416,788	7,305,798
1996	1,472	563,801	310	29,593	6,527,246	10,255,289	8,326,719	6,442,122
1997	1,045	301,210	179	15,563	6,833,124	10,485,062	7,510,520	7,024,263
1998	1,153	532,405	171	19,158	6,756,076	10,853,717	7,537,284	8,743,095
1999	1,320	335,380	396	45,508	6,789,443	10,913,873	8,377,825	10,538,115
2000	1,979	861,674	102	64,188	6,854,669	11,142,555	8,355,897	

Notes:

(1) Includes additions, conversions and razings.

(2) Source: State of Maryland Department of Assessments and Taxation.

(3) Source: City of Baltimore, Bureau of Information Technology Services.

(4) Effective July 1, 1992, only permits with a value of $10,000 or more are reported.

(5) Source: FDIC Data Book for respective years, figure for fiscal year 2000 unavailable.

CITY OF BALTIMORE

Principal Taxpayers

for the year ended June 30, 2000

(Dollars Expressed in Thousands)

Unaudited

Taxpayer	Type of Business	2000 Assessed Value	Percentage of Total Assessed Value
BGE (Baltimore Gas & Electric Company)	Power Utility	$ 584,928	6.9%
Verizon—Maryland	Telephone/Communications	332,926	3.9
AT&T Communications of Maryland	Telephone/Communications	86,649	1.0
Baltimore Center Associates LTD. Partnership	Real Estate	49,907	0.6
Boston Properties, Inc.	Real Estate	43,613	0.5
Wheelabrator Baltimore, L.L.C.	Solid Waste Disposal	34,273	0.4
CSX Transportation, Inc.	Railroad	29,991	0.4
Xerox Corporation	Document Company	25,948	0.3
MCI Worldcom	Telephone/Communications	24,911	0.3
Pratt Street Hotel, L.L.C.	Hotel/Hospitality	22,258	0.3
		$1,235,404	14.6%

CITY OF BALTIMORE

Demographic and Miscellaneous Statistics

for the year ended June 30, 2000

Unaudited

Form and Structure

City incorporated in 1797 with Home Rule Charter since 1918

Executive and Legislative Officials:

Mayor	runs city-wide
Comptroller	runs city-wide
City Council, President	runs city-wide
Other City Council Members	by district

Above officials serve concurrent four year terms with no term limits. There are three Council Members in each of the six districts.

Principal Public Service Departments

Department	Full Time Budgeted Positions		
	FY2000	FY1996	FY1992
Police	4,160	3,847	3,594
Fire	1,830	1,768	1,985
Public Works	5,680	5,867	4,408
Recreation and Parks	321	684	803
All Other Employees	4,162	4,330	6,457
Totals	16,153	16,496	17,247

Economy

	FY2000	FY1996	FY1992
Retail Sales (in billions) (1)	$ 4.7	$ 3.8	$ 3.5
Income/Cap (2)	(3)$ 24,750	$ 22,682	$ 19,554
Total Employment	(4) 274,059	287,002	300,172
% Unemployment	(4) 7.1%	8.3%	11.0%
Office Vacancy Rate	8.4%	21.9%	20.3%
Real Property Tax Rate	$5.82/100	$5.85/100	$5.90/100

(1) FY2000 not comparable with the rest of the years due to changes in reporting method effective January 1997.
(2) Calendar year figures.
(3) Calendar year 1998 is the latest year available.
(4) Calendar year 1999 is the latest year available.

Demographics (thousands)

Fiscal Year	Population(1)	Over 65(1)	Registered Voters
2000	627.0	83.4	311.1
1990	736.1	99.8	386.6
1980	786.8	100.2	392.8
1970	905.7	95.9	431.1
1960	925.2	84.7	(2)440.4

(1) Calendar year figures.
(2) Imputed from 1970 ratio to population.

Infrastructure

Police Stations	9
Fire Stations	46
Street miles	2,000
Storm Drain miles	1,000
Sanitary Sewer miles	3,100
Park acreage	6,500
Recreation Facilities:	
Zoo (attendance)	580,000
Arena (attendance)	714,000
Aquarium (attendance)	1.6 million
Pools and Beaches	10
Golf Courses	5
Ice Rinks	2
Indoor Soccer Fields	2
Library Facilities	26
Volumes (millions)	3.5
Circulation (millions)	1.3
Other Facilities (attendance):	
Oriole Park at Camden Yards	3.3 million
PSINet Stadium	659,000
Convention Center	541,000
Baltimore Museum of Art	290,000
Walters Art Museum	120,000
Meyerhoff Symphony Hall	303,000