

**CITY OF BALTIMORE
FIRE DEPARTMENT**

**Financial Statements
Together with Report of Independent Public Accountants**

For the Years Ended June 30, 2011, 2012, 2013 and 2014



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2011, 2012, 2013 and 2014

CONTENTS

| | |
|---|-------|
| REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS | 1 |
| Statements of Net Position – Governmental Funds – June 30, 2011 through 2014 | 3-6 |
| Statements of Revenues, Expenditure, and Changes in Fund Balances (Deficit) – Governmental Funds – For the Years Ended June 30, 2011 through 2014 | 7-10 |
| Statements of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual - General Fund – For the Years Ended June 30, 2011 through 2014 | 11-14 |
| Notes to the Financial Statements | 15 |
| Report of Independent Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 19 |



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Report of the Financial Statements

We have audited the accompanying carve out financial statements of the governmental activities of the City of Baltimore, Maryland, Fire Department (the Department), as of and for the years ended June 30, 2011, 2012, 2013 and 2014, and the related notes to the financial statements which collectively comprise the Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

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



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities for the Department, as of June 30, 2011, 2012, 2013, and 2014, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the financial reporting segment of the City of Baltimore, Maryland (the City) that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position and changes in financial position of the City as of and for the years ended June 30, 2011, 2012, 2013 and 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report date November 30, 2016, on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

Hunt Valley, MD
November 30, 2016

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Net Position – Governmental Funds
June 30, 2011**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|-------------------------|---------------------------------|----------------------------------|----------------------|
| Assets: | | | | |
| Due from Baltimore City | \$ 9,524,181 | \$ 719,709 | \$ 917,620 | \$ 11,161,510 |
| Total Assets | \$ 9,524,181 | \$ 719,709 | \$ 917,620 | \$ 11,161,510 |
| Liabilities: | | | | |
| Accounts Payable | \$ 652,033 | \$ 719,709 | \$ 9,772 | \$ 1,381,514 |
| Accrued Payroll | 8,872,147 | - | - | 8,872,147 |
| Total Liabilities | 9,524,181 | 719,709 | 9,772 | 10,253,661 |
| Fund Balances: | | | | |
| Assigned | - | - | 907,848 | 907,848 |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | 907,848 | 907,848 |
| Total Liabilities and Fund Balances | \$ 9,524,181 | \$ 719,709 | \$ 917,620 | \$ 11,161,510 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Net Position – Governmental Funds
June 30, 2012**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|---------------------------------|----------------------------------|---------------------|
| Assets: | | | | |
| Due from Baltimore City | \$ 5,689,890 | \$ 1,072,828 | \$ 507,740 | \$ 7,270,459 |
| Total Assets | \$ 5,689,890 | \$ 1,072,828 | \$ 507,740 | \$ 7,270,459 |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,244,253 | \$ 1,072,828 | \$ 4,453 | \$ 2,321,534 |
| Accrued Payroll | 4,445,637 | - | - | 4,445,637 |
| Total Liabilities | 5,689,890 | 1,072,828 | 4,453 | 6,767,171 |
| Fund Balances: | | | | |
| Assigned | - | - | 503,287 | 503,287 |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | 503,287 | 503,287 |
| Total Liabilities and Fund Balances | \$ 5,689,890 | \$ 1,072,828 | \$ 507,740 | \$ 7,270,459 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Net Position – Governmental Funds
June 30, 2013**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|---------------------------------|----------------------------------|---------------------|
| Assets: | | | | |
| Due from Baltimore City | \$ 4,818,215 | \$ 72,186 | \$ 461,862 | \$ 5,352,262 |
| Total Assets | \$ 4,818,215 | \$ 72,186 | \$ 461,862 | \$ 5,352,262 |
| Liabilities: | | | | |
| Accounts Payable | \$ 471,291 | \$ 72,186 | \$ 9,927 | \$ 553,403 |
| Accrued Payroll | 4,346,924 | - | - | 4,346,924 |
| Total Liabilities | 4,818,215 | 72,186 | 9,927 | 4,900,327 |
| Fund Balances: | | | | |
| Assigned | - | - | 451,935 | 451,935 |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | 451,935 | 451,935 |
| Total Liabilities and Fund Balances | \$ 4,818,215 | \$ 72,186 | \$ 461,862 | \$ 5,352,262 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Net Position – Governmental Funds
June 30, 2014**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|---------------------|---------------------------------|----------------------------------|---------------------|
| Assets: | | | | |
| Due from Baltimore City | \$ 5,872,779 | \$ 39,503 | \$ 168,394 | \$ 6,080,676 |
| Total Assets | \$ 5,872,779 | \$ 39,503 | \$ 168,394 | \$ 6,080,676 |
| Liabilities: | | | | |
| Accounts Payable | \$ 776,474 | \$ 35,784 | \$ 2,000 | \$ 814,258 |
| Retainages Payable | - | - | 1,825 | 1,825 |
| Accrued Payroll | 5,096,305 | 3,719 | - | 5,100,025 |
| Total Liabilities | 5,872,779 | 39,503 | 3,825 | 5,916,107 |
| Fund Balances: | | | | |
| Assigned | - | - | 164,569 | 164,569 |
| Unassigned | - | - | - | - |
| Total Fund Balances | - | - | 164,569 | 164,569 |
| Total Liabilities and Fund Balances | \$ 5,872,779 | \$ 39,503 | \$ 168,394 | \$ 6,080,676 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2011**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|--------------------|-------------------------|--------------------------|--------------------|
| Revenues: | | | | |
| General Fund Appropriations | \$ 146,765,037 | \$ - | \$ - | \$ 146,765,037 |
| 3rd Public Building Loan | - | - | 957,504 | 957,504 |
| Federal Grant Revenue | - | 14,800 | - | 14,800 |
| State Grant Revenue | - | 2,197,891 | - | 2,197,891 |
| Other Revenue | - | 14,454,484 | - | 14,454,484 |
| Total Revenues | 146,765,037 | 16,667,175 | 957,504 | 164,389,716 |
| Expenditures: | | | | |
| Administration | 11,654,519 | - | - | 11,654,519 |
| Emergency Management | 666 | - | - | 666 |
| Emergency Medical Services | 11,406,359 | 14,013,682 | - | 25,420,041 |
| Facilities Maintenance and Replacement | 8,700,261 | - | - | 8,700,261 |
| Fire and Emergency Community Outreach | 300,938 | - | - | 300,938 |
| Fire Code Enforcement | 2,929,764 | - | - | 2,929,764 |
| Fire Communications and Dispatch | 4,007,209 | - | - | 4,007,209 |
| Fire Marshal | - | 4,642 | - | 4,642 |
| Fire Suppression and Emergency Rescue | 105,184,237 | 26,458 | - | 105,210,695 |
| Recruitment and Training | 2,581,085 | - | - | 2,581,085 |
| Support Services | - | 68,587 | - | 68,587 |
| Capital Outlay | - | - | 381,238 | 381,238 |
| Total Expenditures | 146,765,037 | 14,113,368 | 381,238 | 161,259,644 |
| Excess of Revenues over Expenditures | - | 2,553,807 | 576,266 | 3,130,072 |
| Other Financing Sources: | | | | |
| Transfers from/To City | - | (2,553,807) | - | (2,553,807) |
| Total Other Financing Sources | - | (2,553,807) | - | (2,553,807) |
| Fund Balance Beginning | - | - | 331,583 | 331,583 |
| Fund Balance Ending | \$ - | \$ - | \$ 907,848 | \$ 907,848 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2012**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|--------------------|-------------------------|--------------------------|--------------------|
| Revenues: | | | | |
| General Fund Appropriations | \$ 148,486,729 | \$ - | \$ - | \$ 148,486,729 |
| Federal Grant Revenue | - | 2,113,013 | - | 2,113,013 |
| State Grant Revenue | - | 1,069,949 | - | 1,069,949 |
| Other Revenue | - | 9,769,171 | - | 9,769,171 |
| Total Revenues | <u>148,486,729</u> | <u>12,952,133</u> | <u>-</u> | <u>161,438,861</u> |
| Expenditures: | | | | |
| Administration | 12,239,548 | 303,888 | - | 12,543,436 |
| Emergency Management | 84,630 | 6,838 | - | 91,468 |
| Emergency Medical Services | 11,973,015 | 12,969,756 | - | 24,942,771 |
| Facilities Maintenance and Replacement | 11,155,870 | - | - | 11,155,870 |
| Fire and Emergency Community Outreach | 288,954 | - | - | 288,954 |
| Fire Code Enforcement | 3,087,578 | 117,575 | - | 3,205,152 |
| Fire Communications and Dispatch | 3,993,955 | - | - | 3,993,955 |
| Fire Marshal | - | 1,072 | - | 1,072 |
| Fire Suppression and Emergency Rescue | 103,140,934 | 2,175,637 | - | 105,316,570 |
| Recruitment and Training | 2,522,245 | - | - | 2,522,245 |
| Capital Outlay | - | - | 404,561 | 404,561 |
| Total Expenditures | <u>148,486,729</u> | <u>15,574,765</u> | <u>404,561</u> | <u>164,466,054</u> |
| Deficiency of Revenues over Expenditures | <u>-</u> | <u>(2,622,632)</u> | <u>(404,561)</u> | <u>(3,027,193)</u> |
| Other Financing Sources: | | | | |
| Transfers from/To City | - | 2,622,632 | - | 2,622,632 |
| Total Other Financing Sources | <u>-</u> | <u>2,622,632</u> | <u>-</u> | <u>2,622,632</u> |
| Fund Balance Beginning | - | - | 907,848 | 907,848 |
| Fund Balance Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 503,287</u> | <u>\$ 503,287</u> |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2013**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|--------------------|-------------------------|--------------------------|--------------------|
| Revenues: | | | | |
| General Fund Appropriations | \$ 188,841,452 | \$ - | \$ - | \$ 188,841,452 |
| 3rd Public Building Loan | - | - | 303,195 | 303,195 |
| Federal Grant Revenue | - | 151,668 | - | 151,668 |
| State Grant Revenue | - | 944,372 | 9,357 | 953,729 |
| Other Revenue | - | 14,822,504 | - | 14,822,504 |
| Total Revenues | 188,841,452 | 15,918,544 | 312,552 | 205,072,549 |
| Expenditures: | | | | |
| Administration | 14,504,739 | 41,899 | - | 14,546,638 |
| Emergency Management | 558,389 | 9,919 | - | 568,308 |
| Emergency Medical Services | 18,994,621 | 12,103,270 | - | 31,097,891 |
| Facilities Maintenance and Replacement | 12,369,146 | - | - | 12,369,146 |
| Fire and Emergency Community Outreach | 538,345 | - | - | 538,345 |
| Fire Code Enforcement | 4,011,077 | 43,102 | - | 4,054,178 |
| Fire Communications and Dispatch | 4,663,773 | - | - | 4,663,773 |
| Fire Marshal | - | 82 | - | 82 |
| Fire Suppression and Emergency Rescue | 131,293,705 | 3,537,969 | - | 134,831,674 |
| Recruitment and Training | 1,907,657 | - | - | 1,907,657 |
| Capital Outlay | - | - | 363,904 | 363,904 |
| Total Expenditures | 188,841,452 | 15,736,240 | 363,904 | 204,941,596 |
| Excess of Revenues over Expenditures | - | 182,305 | (51,352) | 130,953 |
| Other Financing Sources: | | | | |
| Transfers from/To City | - | (182,305) | - | (182,305) |
| Total Other Financing Sources | - | (182,305) | - | (182,305) |
| Fund Balance Beginning | - | - | 503,287 | 503,287 |
| Fund Balance Ending | \$ - | \$ - | \$ 451,935 | \$ 451,935 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)
Governmental Funds
For the Year Ended June 30, 2014**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|--|--------------------|-------------------------|--------------------------|--------------------|
| Revenues: | | | | |
| General Fund Appropriations | \$ 199,859,676 | \$ - | \$ - | \$ 199,859,676 |
| 3rd Public Building Loan | - | - | 35,524 | 35,524 |
| Federal Grant Revenue | - | 1,590,581 | - | 1,590,581 |
| State Grant Revenue | - | 690,137 | - | 690,137 |
| Other Revenue | - | 12,763,774 | - | 12,763,774 |
| Total Revenues | 199,859,676 | 15,044,492 | 35,524 | 214,939,692 |
| Expenditures: | | | | |
| Administration | 15,282,832 | - | - | 15,282,832 |
| Emergency Management | 823,171 | 766 | - | 823,936 |
| Emergency Medical Services | 23,399,564 | 12,970,434 | - | 36,369,998 |
| Facilities Maintenance and Replacement | 13,127,982 | 924,493 | - | 14,052,475 |
| Fire and Emergency Community Outreach | 339,606 | - | - | 339,606 |
| Fire Code Enforcement | 4,371,295 | 174,192 | - | 4,545,488 |
| Fire Communications and Dispatch | 5,485,254 | 2,700 | - | 5,487,954 |
| Fire Suppression and Emergency Rescue | 134,404,975 | 1,515,192 | - | 135,920,166 |
| Recruitment and Training | 2,624,998 | - | - | 2,624,998 |
| Support Services | - | - | - | - |
| Capital Outlay | - | - | 322,890 | 322,890 |
| Total Expenditures | 199,859,676 | 15,587,777 | 322,890 | 215,770,343 |
| Deficiency of Revenues over Expenditures | - | (543,284) | (287,366) | (830,650) |
| Other Financing Sources: | | | | |
| Transfers from/To City | - | 543,284 | - | 543,284 |
| Total Other Financing Sources | - | 543,284 | - | 543,284 |
| Fund Balance Beginning | - | - | 451,935 | 451,935 |
| Fund Balance Ending | \$ - | \$ - | \$ 164,569 | \$ 164,569 |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual
General Fund
For the Year Ended June 30, 2011**

| | Original Budget | Final Budget | Actual | Variance with Original Budget Positive (Negative) | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------------|--------------------|--|---|
| Revenues: | | | | | |
| Appropriations revenues | \$ 144,932,705 | \$ 152,541,705 | \$ 146,765,037 | \$ 1,832,332 | \$ (5,776,668) |
| Total revenues | 144,932,705 | 152,541,705 | 146,765,037 | 1,832,332 | (5,776,668) |
| Expenditures and Encumbrances: | | | | | |
| Administration | 12,661,119 | 12,661,119 | 11,471,313 | 1,189,806 | 1,189,806 |
| Emergency Management | - | - | 1 | (1) | (1) |
| Emergency Medical Services | 10,497,018 | 10,497,018 | 11,816,332 | (1,319,314) | (1,319,314) |
| Facilities Maintenance and Replacement | 12,517,905 | 12,517,905 | 7,564,772 | 4,953,133 | 4,953,133 |
| Fire and Emergency Community Outreach | 379,952 | 379,952 | 339,950 | 40,002 | 40,002 |
| Fire Code Enforcement | 2,789,153 | 2,789,153 | 2,908,594 | (119,441) | (119,441) |
| Fire Communications and Dispatch | 3,443,535 | 3,443,535 | 4,010,909 | (567,374) | (567,374) |
| Fire Investigation | 977,384 | 977,384 | - | 977,384 | 977,384 |
| Fire Suppression and Emergency Rescue | 99,920,607 | 107,529,607 | 105,744,016 | (5,823,409) | 1,785,591 |
| Recruitment and Training | 1,746,032 | 1,746,032 | 2,474,661 | (728,629) | (728,629) |
| Total expenditures and encumbrances | 144,932,705 | 152,541,705 | 146,330,548 | (1,397,843) | 6,211,157 |
| Excess of revenues over expenditures | - | - | 434,489 | 434,489 | 434,489 |
| Effect of change in encumbrances | - | - | (546,131) | (546,131) | (546,131) |
| Effect of change in accounts payable | - | - | 111,642 | 111,642 | 111,642 |
| Excess of revenues over expenditures (GAAP) | \$ - | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual
General Fund
For the Year Ended June 30, 2012**

| | Original Budget | Final Budget | Actual | Variance with Original Budget Positive (Negative) | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------------|--------------------|--|---|
| Revenues: | | | | | |
| Appropriations revenues | \$ 154,013,616 | \$ 154,013,616 | \$ 148,486,729 | \$ (5,526,887) | \$ (5,526,887) |
| Total revenues | 154,013,616 | 154,013,616 | 148,486,729 | (5,526,887) | (5,526,887) |
| Expenditures and Encumbrances: | | | | | |
| Administration | 12,444,200 | 12,444,200 | 12,209,057 | 235,143 | 235,143 |
| Emergency Management | 84 | 84 | 87,354 | (87,270) | (87,270) |
| Emergency Medical Services | 10,242,237 | 10,242,237 | 12,018,869 | (1,776,632) | (1,776,632) |
| Facilities Maintenance and Replacement | 11,789,186 | 11,789,186 | 11,622,055 | 167,131 | 167,131 |
| Fire and Emergency Community Outreach | 295,705 | 295,705 | 264,034 | 31,671 | 31,671 |
| Fire Code Enforcement | 2,873,217 | 2,873,217 | 3,087,280 | (214,063) | (214,063) |
| Fire Communications and Dispatch | 3,665,471 | 3,665,471 | 3,994,724 | (329,253) | (329,253) |
| Fire Investigation | 908,569 | 908,569 | - | 908,569 | 908,569 |
| Fire Suppression and Emergency Rescue | 109,985,359 | 109,985,359 | 102,656,840 | 7,328,519 | 7,328,519 |
| Recruitment and Training | 1,809,588 | 1,809,588 | 2,525,292 | (715,704) | (715,704) |
| Total expenditures and encumbrances | 154,013,616 | 154,013,616 | 148,465,505 | 5,548,111 | 5,548,111 |
| Excess of revenues over expenditures | - | - | 21,224 | 21,224 | 21,224 |
| Effect of change in encumbrances | - | - | 570,996 | 570,996 | 570,996 |
| Effect of change in accounts payable | - | - | (592,220) | (592,220) | (592,220) |
| Excess of revenues over expenditures (GAAP) | \$ - | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual
General Fund
For the Year Ended June 30, 2013**

| | Original Budget | Final Budget | Actual | Variance with Original Budget Positive (Negative) | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------------|--------------------|--|---|
| Revenues: | | | | | |
| Appropriations revenues | \$ 195,378,907 | \$ 196,705,128 | \$ 188,841,452 | \$ (6,537,455) | \$ (7,863,676) |
| Total revenues | 195,378,907 | 196,705,128 | 188,841,452 | (6,537,455) | (7,863,676) |
| Expenditures and Encumbrances: | | | | | |
| Administration | 15,960,145 | 15,960,145 | 14,526,462 | 1,433,683 | 1,433,683 |
| Emergency Management | 1,996 | 228,217 | 561,141 | (559,145) | (332,924) |
| Emergency Medical Services | 19,352,051 | 19,352,051 | 19,300,994 | 51,057 | 51,057 |
| Facilities Maintenance and Replacement | 14,205,004 | 14,205,004 | 11,535,376 | 2,669,628 | 2,669,628 |
| Fire and Emergency Community Outreach | 774,724 | 774,724 | 667,174 | 107,550 | 107,550 |
| Fire Code Enforcement | 3,793,799 | 3,793,799 | 4,142,349 | (348,550) | (348,550) |
| Fire Communications and Dispatch | 4,412,571 | 4,412,571 | 4,665,718 | (253,147) | (253,147) |
| Fire Investigation | 799,278 | 799,278 | - | 799,278 | 799,278 |
| Fire Suppression and Emergency Rescue | 134,244,919 | 135,344,919 | 131,287,549 | 2,957,370 | 4,057,370 |
| Recruitment and Training | 1,834,422 | 1,834,422 | 1,995,756 | (161,335) | (161,335) |
| Total expenditures and encumbrances | 195,378,907 | 196,705,128 | 188,682,519 | 6,696,388 | 8,022,609 |
| Excess of revenues over expenditures | - | - | 158,933 | 158,933 | 158,933 |
| Effect of change in encumbrances | - | - | (931,895) | (931,895) | (931,895) |
| Effect of change in accounts payable | - | - | 772,962 | 772,962 | 772,962 |
| Excess of revenues over expenditures (GAAP) | \$ - | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual
General Fund
For the Year Ended June 30, 2014**

| | Original Budget | Final Budget | Actual | Variance with Original Budget Positive | Variance with Final Budget Positive (Negative) |
|--|----------------------------|---------------------|--------------------|---|---|
| Revenues: | | | | | |
| Appropriations revenues | \$ 208,942,625 | \$ 208,942,625 | \$ 199,859,676 | \$ (9,082,949) | \$ (9,082,949) |
| Total revenues | 208,942,625 | 208,942,625 | 199,859,676 | (9,082,949) | (9,082,949) |
| Expenditures and Encumbrances: | | | | | |
| Administration | 16,893,147 | 16,893,147 | 15,386,604 | 1,506,543 | 1,506,543 |
| Emergency Management | 310,487 | 310,487 | 832,761 | (522,274) | (522,274) |
| Emergency Medical Services | 20,975,778 | 20,975,778 | 24,573,611 | (3,597,833) | (3,597,833) |
| Facilities Maintenance and Replacement | 16,917,694 | 16,917,694 | 13,221,465 | 3,696,229 | 3,696,229 |
| Fire and Emergency Community Outreach | 633,150 | 633,150 | 329,281 | 303,869 | 303,869 |
| Fire Code Enforcement | 4,103,016 | 4,103,016 | 4,225,471 | (122,455) | (122,455) |
| Fire Communications and Dispatch | 4,953,255 | 4,953,255 | 5,495,367 | (542,112) | (542,112) |
| Fire Investigation | 836,381 | 836,381 | 1,170 | 835,211 | 835,211 |
| Fire Suppression and Emergency Rescue | 140,998,538 | 140,998,538 | 135,400,193 | 5,598,345 | 5,598,345 |
| Recruitment and Training | 2,321,179 | 2,321,179 | 2,550,995 | (229,816) | (229,816) |
| Total expenditures and encumbrances | 208,942,625 | 208,942,625 | 202,016,918 | 6,925,707 | 6,925,707 |
| Excess of revenues over expenditures | - | - | (2,157,242) | (2,157,242) | (2,157,242) |
| Effect of change in encumbrances | - | - | 2,462,425 | 2,462,425 | 2,462,425 |
| Effect of change in accounts payable | - | - | (305,183) | (305,183) | (305,183) |
| Excess of revenues over expenditures (GAAP) | \$ - | \$ - | \$ - | \$ - | \$ - |

The accompanying notes are an integral part of this financial statement.

CITY OF BALTIMORE FIRE DEPARTMENT

Notes to the Financial Statements June 30, 2011, 2012, 2013 and 2014

1. DESCRIPTION OF THE FIRE DEPARTMENT

The mission of the Fire Department (the Department) is to protect lives, property and the environment within the corporate limits of the City of Baltimore (the City).

The City Charter establishes the Fire Department, and its roles and responsibilities are specified in the City Code. Its primary and most visible functions are to prevent and suppress fires, and to provide emergency medical services.

Although response to emergencies is the focus of most of the Department's resources, increased prevention efforts including residential fire safety training, the Mobile Safety Center, the Juvenile Fire Setters Intervention Program, early childhood education and the free smoke detector programs have been extremely effective in controlling the incidence of fires and related injuries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Department is operated as a separate department of the City. The Department's services are reported in, both, the Governmental and Enterprise funds of the City of Baltimore. Information for each Governmental Fund is presented separately in the Statement of Net Position and in the Statement of Revenues, Expenditures and Changes in Fund Balances and for the Enterprise Fund in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position of the City's financial statements for the years ended June 30, 2011, 2012, 2013, and 2014. The Department's financial statements as of and for those years ended are intended to present that portion of the City's financial position and the changes in financial position, that is attributable to the Department's transactions. The City provides support to the Department.

The City allocates certain shared and payroll costs to the Department. Therefore, the Department's accompanying financial statements are not indicative of the Department as if it were a stand-alone entity.

Basis of Accounting

The accounting and financial reporting policies of the Fire Department conform to accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board for governmental funds.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues applicable to the current fiscal year and collected soon after year-end are recognized as revenue. Expenditures expected to be paid from currently available resources are recorded when the related fund liability is incurred, except payments for compensated absences which are recognized as expenditures when paid.

CITY OF BALTIMORE FIRE DEPARTMENT

Notes to the Financial Statements June 30, 2011, 2012, 2013 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

General Fund

The General Fund accounts for the activity of the Department which is funded by appropriations from the City of Baltimore's general fund.

Salary and benefit costs included in the accompanying financial statements are amounts allocated to the Department based on employees coded to that Department.

Capital assets used by the Department are not included in this report. All fixed assets used by the Department are owned by the City and are used by the Department rent free. The Department pays for certain utility and maintenance cost out of its annual budget.

Accounts payable and accrued expenses include invoices paid subsequent to year-end with invoice dates as of year-end. It includes salary accrual related to the Department's payroll costs charged to the Department subsequent to year-end for payroll periods as of June 30 or prior.

The liability for compensated absences reported in the internal service fund consists of unpaid accumulated annual sick, vacation, and personal leave balances. The liability has been calculated using the vesting method, in which leave amounts for, both, employees who are currently eligible to receive termination payment and others who are expected to become eligible at termination are included. Payments made to terminated employees for accumulated leave are charged as expenditure/expenses, primarily in the General Fund. Estimated accumulated leave balance by fiscal year for the Fire Department are as follows:

| <u>As of June 30,</u> | <u>Governmental Funds</u> |
|-----------------------|---------------------------|
| 2011 | \$ 43,190,445 |
| 2012 | 27,473,609 |
| 2013 | 30,147,627 |
| 2014 | 34,119,524 |

Special Revenue Fund

The Special Revenue Fund is used to account for operating revenues received from Federal and State sources and insurance billings. The medical insurance billings are recorded as collected, as the amounts due are not reasonably estimated.

CITY OF BALTIMORE FIRE DEPARTMENT

Notes to the Financial Statements June 30, 2011, 2012, 2013 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements (continued)

Capital Projects Fund

The Capital Projects Fund is used to account for capital improvement, acquisitions, and related activities all of which is funded by proceeds of bonds issuances, grants and other revenues sources.

Due from/to the City

The City of Baltimore uses a pooled cash account whereby all City cash balance are held in one bank account recorded in the City's general fund. The due from/to balance in this financial statement represent the Department's share of the citywide pooled cash account.

3. PENSION PLAN

Classified employees of the Fire Department are required to join the City of Baltimore's Fire & Police Employees' Retirement System (BCFPERS). The BCFPERS is a cost-sharing multiple employer defined benefit pension plan which provides retirement disability and death benefits to plan members and beneficiaries. The plan is managed by a Board of Trustee in accordance with Article 22 of the Baltimore City Code. Plan provisions may be amended only by the City Council.

Employer Pension Expense was not allocated to various agencies before fiscal year 2013. Employer pension expense for fiscal years 2013 and 2014 was \$35,696,689 and \$39,465,290.

4. OTHER POSTEMPLOYMENT BENEFITS

Baltimore City administrative policy provides that other postemployment benefits, other than pension benefits, be available to all employees of the City. These benefits include certain healthcare and life insurance benefits. All employees who retire are eligible to receive these benefits. The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City employees. The OPEB Plan (Plan) is a contributory single employer defined benefit plan. The benefits and contribution provision of the Plan are established and may be amended by the City. The Plan provides postemployment healthcare, prescription and life insurance benefits to retirees and their beneficiaries. In order to effectively manage the Plan, the City established an OPEB Trust Fund. All retiree and City contributions are deposited into the Trust Fund and all retiree-related health and life benefits are paid from the Trust Fund. The City also contracted with the Board of Trustees of the Employees' Retirement System to act as investment manager for the Trust Fund, and BNY Mellon Bank Asset Servicing is the Trust Fund's asset custodian. The Plan does not issue stand-alone financial statements; however, the OPEB Trust Fund is included in the City's Financial Statements in the Fiduciary Funds.

CITY OF BALTIMORE FIRE DEPARTMENT

Notes to the Financial Statements June 30, 2011, 2012, 2013 and 2014

4. OTHER POSTEMPLOYMENT BENEFITS (continued)

It is the City policy to fund benefits on a pay-as-you-go basis plus additional contributions comprising Federal retiree drug subsidy payments and additional annual appropriations.

Retirees are required to contribute at various rates ranging from \$3 to \$2,288 on a monthly basis, depending on the health plan and level of coverage elected and whether Medicare supplemental coverage is present. In addition, retirees contribute 20% toward the prescription plan coverage. Administrative costs of the Plan are covered by the City.

OPEB costs are not allocated to the City department, thus, are excluded in the accompanying financial statements.

5. BUDGET PROCESS

The Fire Department participates in the City of Baltimore's Outcome Based Budgeting process. Outcome Based Budgeting is a budget process that aligns resources with results produced. This budgeting tool integrates strategic planning, long-range financial planning and performance management, and is a recommended practice of the Government Finance Officers Association.

6. RISK MANAGEMENT

The City of Baltimore 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 members of the public; and natural disasters. The Fire Department is a chartered agency within the City of Baltimore municipal government. Therefore, its exposure to various risks is managed the City's Office of Risk Management.



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the carve out financial statements of the governmental activities and each major fund of the City of Baltimore, Maryland, Fire Department (the Department) as of and for the years ended June 30, 2011, 2012, 2013, and 2014, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated November 30, 2016. Carve out financial statements are a component unit or part of a legal entity, but not the entire entity and, as such, the reporting unit is not a separate legal entity. Our audit was of the Department and not of the City of Baltimore as a whole or any other funds or operations.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, Maryland
November 30, 2016