

**CITY OF BALTIMORE
DEPARTMENT OF RECREATION AND PARKS**

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

For the Years Ended June 30, 2010, 2011, 2013 and 2014



JUNE 30, 2010, 2011, 2013 and 2014

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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 and each major fund of the City of Baltimore, Maryland, Department of Recreation and Parks (the Department), as of and for the years ended June 30, 2010, 2011, 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 and major fund information for the Department, as of June 30, 2010, 2011, 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, 2010, 2011, 2013 and 2014.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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
June 24, 2016

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Balance Sheet – Governmental Funds
June 30, 2010**

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Accounts
Assets:							
Due from Baltimore City	\$ 1,113,748	\$ 79,372	\$ 120,526	\$ 2,575	\$ 1,322,013	\$ 2,638,234	\$ 1,186,896
Due from Other Governments	-	-	10,313	-	2,618,241	2,628,554	-
Total Assets	\$ 1,113,748	\$ 79,372	\$ 130,839	\$ 2,575	\$ 3,940,254	\$ 5,266,788	\$ 1,186,896
Liabilities:							
Accounts Payable	\$ 270,201	\$ 5,716	\$ 106,305	\$ -	\$ 640,251	\$ 1,022,473	\$ 31,579
Retainages Payable	-	-	-	2,575	251,097	253,672	-
Accrued Payroll	843,547	73,656	17,615	-	-	934,817	-
Advance	-	-	6,919	-	-	6,919	-
Total Liabilities	1,113,748	79,372	130,839	2,575	891,348	2,217,881	31,579
Fund Balance:							
Assigned	-	-	-	-	3,048,906	3,048,906	1,155,317
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	3,048,906	3,048,906	1,155,317
Total Liabilities and Fund Balance	\$ 1,113,748	\$ 79,372	\$ 130,839	\$ 2,575	\$ 3,940,254	\$ 5,266,787	\$ 1,186,896

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Balance Sheet – Governmental Funds
June 30, 2011**

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Accounts
Assets:							
Due from Baltimore City	\$ 1,136,914	\$ 79,244	\$ 1,857,302	\$ -	\$ 2,449,929	\$ 5,523,389	\$ 384,525
Due from Other Governments	-	-	-	-	1,592,499	1,592,499	-
Total Assets	\$ 1,136,914	\$ 79,244	\$ 1,857,302	\$ -	\$ 4,042,428	\$ 7,115,888	\$ 384,525
Liabilities:							
Due to the Other Funds							
Accounts Payable	\$ 329,732	\$ -	\$ 112,843	\$ -	\$ 281,241	\$ 723,816	\$ 35,267
Retainages Payable	-	-	-	-	237,037	237,037	-
Accrued Payroll	807,182	79,244	53,643	-	-	940,069	-
Advance	-	-	1,690,816	-	-	1,690,816	-
Total Liabilities	1,136,914	79,244	1,857,302	-	518,278	3,591,738	35,267
Fund Balance:							
Assigned	-	-	-	-	3,524,150	3,524,150	349,258
Unassigned	-	-	-	-	-	-	-
Total Fund Balance	-	-	-	-	3,524,150	3,524,150	349,258
Total Liabilities and Fund Balance	\$ 1,136,914	\$ 79,244	\$ 1,857,302	\$ -	\$ 4,042,428	\$ 7,115,888	\$ 384,525

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Balance Sheet – Governmental Funds
June 30, 2013**

	General Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Assets:						
Due from Baltimore City	\$ 998,123	\$ 1,148,460	\$ -	\$ -	\$ 2,146,583	\$ -
Due from Other Governments	-	9,400	-	627,083	636,483	-
Total Assets	\$ 998,123	\$ 1,157,860	\$ -	\$ 627,083	\$ 2,783,066	\$ -
Liabilities:						
Due to the Other Funds	\$ -	\$ -	\$ -	\$ 1,171,183	\$ 1,171,183	\$ 236,405
Accounts Payable	574,769	275,477	-	734,653	1,584,898	22,948
Retainages Payable	-	-	-	1,194,272	1,194,272	-
Accrued Payroll	423,355	53,090	-	-	476,445	-
Advance	-	829,293	-	-	829,293	-
Total Liabilities	998,123	1,157,860	-	3,100,108	4,084,908	259,353
Fund Balance:						
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(2,473,025)	(2,473,025)	(259,353)
Total Fund Balance	-	-	-	(2,473,025)	(2,473,025)	(259,353)
Total Liabilities and Fund Balance	\$ 998,123	\$ 1,157,860	\$ -	\$ 627,083	\$ 2,783,066	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Balance Sheet – Governmental Funds
June 30, 2014**

	General Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Assets:						
Due from Baltimore City	\$ 1,249,515	\$ 287,291	\$ -	\$ 333,605	\$ 1,870,411	\$ -
Due from Other Governments	-	1,170,170	-	1,101,434	2,271,604	-
Total Assets	\$ 1,249,515	\$ 1,457,461	\$ -	\$ 1,435,039	\$ 4,142,015	\$ -
Liabilities:						
Accounts Payable	\$ 769,351	\$ 319,554	\$ -	\$ 417,432	\$ 1,506,337	\$ 96,700
Retainages Payable	-	-	-	660,691	660,691	-
Accrued Payroll	480,164	61,533	-	-	541,696	21,608
Advance	-	1,076,375	-	-	1,076,375	-
Total Liabilities	1,249,515	1,457,461	-	1,078,123	3,785,099	177,583
Fund Balance:						
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	356,916	356,916	(177,583)
Total Fund Balance	-	-	-	356,916	356,916	(177,583)
Total Liabilities and Fund Balance	\$ 1,249,515	\$ 1,457,461	\$ -	\$ 1,435,039	\$ 4,142,015	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Governmental Funds

For the Year Ended June 30, 2010

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Revenue:							
General Fund Appropriations	\$ 23,108,325	\$ -	\$ -	\$ -	\$ -	\$ 23,108,325	\$ -
Motor Vehicle Appropriations	-	3,041,664	-	-	-	3,041,664	-
Federal Grant Revenue	-	-	-	200,739	1,223,648	1,424,387	-
State Grant Revenue	-	-	381,524	-	10,936,628	11,318,152	-
Other Grant Revenue	-	-	-	-	-	-	-
Proceeds of Bond Sales	-	-	-	-	-	-	-
Transfers In (Out)	-	-	795,101	-	-	795,101	-
Other Revenue	-	-	-	-	251,609	251,609	2,522,144
Total Revenue	23,108,325	3,041,664	1,176,625	200,739	12,411,885	39,939,238	2,522,144
Expenditure:							
Administration	3,496,017	-	239,751	-	-	3,735,768	339,753
Municipal Concerts and Other Events	24,638	-	728,524	-	-	753,162	149,577
General Park Services	8,691,909	-	134,552	-	-	8,826,461	1,691,055
Special Facilities	1,151,647	-	-	-	-	1,151,647	465,400
Regular Recreation Services	9,744,115	-	36,361	200,739	-	9,981,215	-
Parks and Trees	-	250,963	-	-	-	250,963	609,341
Urban Forestry	-	2,790,701	37,437	-	-	2,828,138	-
Capital Outlay	-	-	-	-	11,469,410	11,469,410	-
Total Expenditures	23,108,325	3,041,664	1,176,625	200,739	11,469,410	38,996,763	3,255,126
Excess/ Deficiency Revenue over Expenditures	-	-	-	-	942,475	942,475	(732,982)
Other Financing Sources:							
Transfers from/To City	-	-	-	-	(2,341,986)	(2,341,986)	-
Bonds Sale Proceeds	-	-	-	-	3,670,889	3,670,889	-
Total Other Financing Sources	-	-	-	-	1,328,903	1,328,903	-
Fund Balance Beginning (Deficit)	-	-	-	-	777,528	10,981,434	1,888,307
Fund Balance Ending (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 3,048,906	\$ 10,981,434	\$ 1,155,325

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Governmental Funds

For the Year Ended June 30, 2011

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Revenue:							
General Fund Appropriations	\$ 25,901,294	\$ -	\$ -	\$ -	\$ -	\$ 25,901,294	\$ -
Motor Vehicle Appropriations	-	3,037,731	-	-	-	3,037,731	-
Federal Grant Revenue	-	-	-	290,947	415,151	706,098	-
State Grant Revenue	-	-	947,491	-	6,195,635	7,143,126	-
Other Grant Revenue	-	-	1,967,893	-	-	1,967,893	-
Other Revenue	-	-	-	-	877,616	877,616	1,421,933
Total Revenue	25,901,294	3,037,731	2,915,384	290,947	7,488,402	39,633,758	1,421,933
Expenditure:							
Administration	4,739,828	155,747	257,043	-	-	5,152,618	91,004
Aquatics	1,330,507	-	187,277	-	-	1,517,784	23,703
Parks Maintenance	7,757,729	-	356,386	-	-	8,114,115	150,090
Youth and Adults Sports	415,697	-	182,481	-	-	598,178	75,723
Community Recreation Centers	9,680,327	-	68,706	281,290	-	10,030,323	1,603,034
Special Facilities Management	113,632	-	1,366,867	-	-	1,480,499	(78,839)
Horticulture	998,701	409,072	3,366	9,657	-	1,420,796	48,692
Recreation for Seniors	206,239	-	-	-	-	206,239	109,034
Therapeutic Recreation	458,316	-	-	-	-	458,316	-
Special Events Recreation	168,647	-	179,465	-	-	348,112	205,559
Urban Forestry	31,672	2,472,912	313,793	-	-	2,818,377	-
Capital Outlay	-	-	-	-	8,804,293	8,804,293	-
Total Expenditures	25,901,294	3,037,731	2,915,384	290,947	8,804,293	40,949,649	2,228,000
Excess/ Deficiency Revenue over Expenditures	-	-	-	-	(1,315,891)	(1,315,891)	(806,067)
Other Financing Sources:							
Transfers from/To City	-	-	-	-	(243,944)	(243,944)	-
Bonds Sale Proceeds	-	-	-	-	2,035,079	2,035,079	-
Total Other Financing Sources	-	-	-	-	1,791,135	1,791,135	-
Fund Balance Beginning (Deficit)	-	-	-	-	3,048,906	3,048,906	1,155,325
Fund Balance Ending (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ 3,524,150	\$ 3,524,150	\$ 349,258

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Governmental Funds

For the Year Ended June 30, 2013

	General Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Revenue:						
General Fund Appropriations	\$ 24,520,219	\$ -	\$ -	\$ -	\$ 24,520,219	\$ -
Federal Grant Revenue	-	-	235,003	894,491	1,129,494	-
State Grant Revenue	-	816,161	-	6,527,611	7,343,772	-
Other Grant Revenue	-	1,796,470	-	-	1,796,470	-
Other Revenue	2,225,827	-	-	11,882	2,237,709	1,789,523
Total Revenue	26,746,046	2,612,631	235,003	7,433,984	37,027,664	1,789,523
Expenditure:						
Administration	3,967,963	-	-	-	3,967,963	23,421
Aquatics	2,161,454	-	-	-	2,161,454	7,208
Parks Maintenance	7,106,003	798,168	-	-	7,904,171	5,205
Youth and Adults Sports	488,052	254,052	-	-	742,104	2,284
Community Recreation Centers	10,374,060	42,050	235,003	-	10,651,113	1,382,115
Special Facilities Management	402,507	959,407	-	-	1,361,914	5,150
Horticulture	849,788	19,826	-	-	869,614	247,985
Recreation for Seniors	247,990	-	-	-	247,990	80,656
Therapeutic Recreation	316,355	-	-	-	316,355	-
Special Events Recreation	16,013	498,557	-	-	514,570	323,260
Urban Forestry	815,861	40,084	-	-	855,945	-
Transfers Out	-	487	-	-	487	-
Capital Outlay	-	-	-	14,140,264	14,140,264	-
Total Expenditures	26,746,046	2,612,631	235,003	14,140,264	43,733,944	2,077,284
Excess/ Deficiency Revenue over Expenditures	-	-	-	(6,706,280)	(6,706,280)	(287,761)
Other Financing Sources:						
Transfers from/To City	-	-	-	(906,680)	(906,680)	-
Bonds Sale Proceeds	-	-	-	8,136,150	8,136,150	-
Total Other Financing Sources	-	-	-	7,229,470	7,229,470	-
Fund Balance Beginning (Deficit)	-	-	-	(2,996,216)	(2,996,216)	28,408
Fund Balance Ending (Deficit)	\$ -	\$ -	\$ -	\$ (2,473,026)	\$ (2,473,026)	\$ (259,353)

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)

Governmental Funds

For the Year Ended June 30, 2014

	General Fund	Grants Revenue Fund	Community Development Block Grant Fund	Capital Projects Fund	Totals	Accessory Fund
Revenue:						
General Fund Appropriations	\$ 29,624,036	\$ -	\$ -	\$ -	\$ 29,624,036	\$ -
Federal Grant Revenue	-	-	213,218	847,267	1,060,485	-
State Grant Revenue	-	1,220,251	-	4,220,030	5,440,281	-
Other Grant Revenue	-	2,542,018	-	-	2,542,018	-
Proceeds of Bond Sales	-	-	-	-	-	-
Other Revenue	-	127,439	-	166,943	294,382	1,868,493
Total Revenue	29,624,036	3,889,708	213,218	5,234,240	38,961,202	1,868,493
Expenditure:						
Administration	4,294,275	173,125	-	-	4,467,400	34,167
Aquatics	2,734,262	65,758	-	-	2,800,020	9,894
Parks Maintenance	9,040,426	1,001,416	-	-	10,041,842	29,413
Youth and Adults Sports	479,032	226,230	-	-	705,262	8,139
Community Recreation Centers	10,544,103	151,716	213,218	-	10,909,037	1,194,171
Special Facilities Management	324,908	1,326,104	-	-	1,651,012	3,768
Horticulture	1,040,472	345,634	-	-	1,386,106	98,625
Recreation for Seniors	252,203	-	-	-	252,203	118,560
Therapeutic Recreation	381,051	-	-	-	381,051	-
Special Events Recreation	18,607	566,384	-	-	584,991	290,086
Urban Forestry	514,697	33,341	-	-	548,038	-
Capital Outlay	-	-	-	9,913,409	9,913,409	-
Total Expenditures	29,624,036	3,889,708	213,218	9,913,409	43,640,371	1,786,823
Excess/ Deficiency Revenue over Expenditures	-	-	-	(4,679,169)	(4,679,169)	81,670
Other Financing Sources:						
Transfers from/To City	-	-	-	7,353,000	7,353,000	-
Bonds Sale Proceeds	-	-	-	156,110	156,110	-
Total Other Financing Sources	-	-	-	7,509,110	7,509,110	-
Fund Balance Beginning (Deficit)	-	-	-	(2,473,025)	(2,473,025)	(259,353)
Fund Balance Ending (Deficit)	\$ -	\$ -	\$ -	\$ 356,916	\$ 356,916	\$ (177,683)

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenue:				
Appropriations Revenue	\$ 26,167,088	\$ 26,167,088	\$ 23,108,325	\$ (3,058,763)
Total Revenue	26,167,088	26,167,088	23,108,325	(3,058,763)
Expenditure:				
Administration	3,883,885	3,883,885	3,518,381	365,504
Municipal Concert and Other Events	42,760	42,760	28,357	14,403
General Parks Services	9,515,356	9,515,356	8,914,019	601,337
Special Facilities	1,719,196	1,719,196	1,177,353	541,843
Regular Recreational Service	11,005,891	11,005,891	10,165,868	840,023
Total Expenditures	26,167,088	26,167,088	23,803,978	2,363,110
Excess/ Deficiency Revenue over Expenditures	-	-	(695,653)	695,653
Effect of Change in Encumbrances	-	-	355,672	(355,672)
Effect of Change in Accounts Payable	-	-	339,981	(339,981)
Excess/ Deficiency Revenue over Expenditures (GAAP)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

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

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenue:				
Appropriations Revenue	\$ 18,566,657	\$ 26,497,657	\$ 25,901,294	\$ (7,334,637)
Total Revenue	18,566,657	26,497,657	25,901,294	(7,334,637)
Expenditure:				
Administration	3,540,739	3,540,739	4,780,875	(1,240,136)
Aquatics	719,444	1,438,444	1,517,178	(797,734)
Parks Maintenance	6,021,712	7,521,712	7,656,905	(1,635,193)
Youth and Adult Sports	250,000	613,000	415,773	(165,773)
Community Recreation Centers	6,368,451	11,368,451	9,784,113	(3,415,662)
Special Facilities Management	248,504	248,504	123,418	125,086
Horticulture	694,931	694,931	1,031,509	(336,578)
Recreation for Seniors	-	349,000	206,239	(206,239)
Therapeutic Recreations	430,614	430,614	494,342	(63,728)
Special Events Recreation	102,177	102,177	169,200	(67,023)
Urban Forestry	190,085	190,085	38,245	151,840
Total Expenditures	18,566,657	26,497,657	26,217,797	(7,651,140)
Excess/ Deficiency Revenue over Expenditures	-	-	(316,503)	316,503
Effect of Change in Encumbrances	-	-	376,034	(376,034)
Effect of Change in Accounts Payable	-	-	(59,531)	59,531
Excess/ Deficiency Revenue over Expenditures (GAAP)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

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

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenue:				
Appropriations Revenue	\$ 34,565,883	\$ 34,565,883	\$ 26,746,046	\$ (7,819,837)
Total Revenue	34,565,883	34,565,883	26,746,046	(7,819,837)
Expenditure:				
Administration	4,135,862	4,135,862	4,025,341	110,521
Aquatics	2,212,105	2,212,105	1,992,802	219,303
Parks Maintenance	9,010,640	9,010,640	7,132,659	1,877,981
Youth and Adult Sports	553,919	553,919	487,441	66,478
Community Recreation Centers	11,942,400	11,942,400	9,401,824	2,540,576
Special Facilities Management	20,228	20,228	520,830	(500,602)
Horticulture	882,055	882,055	965,111	(83,056)
Recreation for Seniors	224,032	224,032	279,968	(55,936)
Therapeutic Recreations	425,880	425,880	344,202	81,678
Special Events Recreation	-	-	16,030	(16,030)
Urban Forestry	5,158,762	5,158,762	1,210,153	3,948,609
Total Expenditures	34,565,883	34,565,883	26,376,361	8,189,522
Excess/ Deficiency Revenue over Expenditures	-	-	369,685	(369,685)
Effect of Change in Encumbrances	-	-	(256,068)	256,068
Effect of Change in Accounts Payable	-	-	(113,617)	113,617
Excess/ Deficiency Revenue over Expenditures (GAAP)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

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

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenue:				
Appropriations Revenue	\$ 34,256,114	\$ 34,256,114	\$ 29,624,036	\$ (4,632,078)
Total Revenue	34,256,114	34,256,114	29,624,036	(4,632,078)
Expenditure:				
Administration	4,202,493	4,202,493	4,382,133	(179,640)
Aquatics	2,079,483	2,079,483	2,956,485	(877,002)
Parks Maintenance	9,384,052	9,384,052	9,073,798	310,254
Youth and Adult Sports	538,474	538,474	477,272	61,202
Community Recreation Centers	12,856,522	12,856,522	10,800,470	2,056,052
Special Facilities Management	110,779	110,779	226,315	(115,536)
Horticulture	1,036,749	1,036,749	1,004,607	32,142
Recreation for Seniors	261,606	261,606	255,970	5,636
Therapeutic Recreations	404,057	404,057	356,626	47,431
Special Events Recreation	18	18	18,589	(18,571)
Urban Forestry	3,381,881	3,381,881	312,963	3,068,918
Total Expenditures	34,256,114	34,256,114	29,865,228	4,390,886
Excess/ Deficiency Revenue over Expenditures	-	-	(241,192)	241,192
Effect of Change in Encumbrances	-	-	435,775	(435,775)
Effect of Change in Accounts Payable	-	-	(194,583)	194,583
Excess/ Deficiency Revenue over Expenditures (GAAP)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Statement of Revenues – Budget and Actual - Motor Vehicle Fund
For the Year Ended June 30, 2010**

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues:				
Appropriations revenues	\$4,257,424	\$4,257,424	\$ 3,041,664	\$ (1,215,760)
Total revenues	4,257,424	4,257,424	3,041,664	(1,215,760)
Expenditures and Encumbrances:				
General Parks Services	534,584	534,584	233,290	301,294
Park and Street Trees	3,722,840	3,722,840	2,806,498	916,342
Total expenditures and encumbrances	4,257,424	4,257,424	3,039,788	1,217,636
Excess (deficiency) of revenues over expenditures	-	-	1,876	1,876
Effect of change in encumbrances	-	-	(114,710)	-
Effect of change in accounts payable	-	-	112,834	-
Excess (deficiency) of revenues over expenditures (GAAP)	\$ -	\$ -	\$ -	\$ 1,876

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

**Statement of Revenues – Budget and Actual - Motor Vehicle Fund
For the Year Ended June 30, 2011**

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)
Revenues:				
Appropriations revenues	\$3,478,546	\$3,478,546	\$ 3,037,731	\$ (440,815)
Total revenues	3,478,546	3,478,546	3,037,731	(440,815)
Expenditures and Encumbrances:				
Administration	155,747	155,747	155,747	-
Horticulture	340,947	340,947	399,873	(58,926)
Urban Forestry	2,981,853	2,981,853	2,733,391	248,462
Total expenditures and encumbrances	3,478,546	3,478,546	3,289,011	189,535
Excess (deficiency) of revenues over expenditures	-	-	(251,280)	(251,280)
Effect of change in encumbrances	-	-	245,564	-
Effect of change in accounts payable	-	-	5,716	-
Excess (deficiency) of revenues over expenditures (GAAP)	\$ -	\$ -	\$ -	\$ (251,280)

The accompanying notes are an integral part of this statement.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

1. DESCRIPTION OF THE RECREATION AND PARKS DEPARTMENT

The City of Baltimore's Department of Recreation and Parks is the primary provider of leisure, recreational and park programming to the citizens of the City of Baltimore (the City). The agency is headed by a Director (appointed by the Mayor) and operates under three main bureaus. These are the Bureaus of Administration, Parks and Recreation.

The Bureau of Administration provides for the control and administration of the department. The control and administration of the agency is provided through the following divisions: Director's Office, Engineering/Capital, Information and Technology, Fiscal Services, Office of Personnel, Office of Development and Media Services, Office of Partnerships, and Security, Risk and Fleet Management.

The Bureau of Recreation provides a wide range of sports, constructive leisure time and out-of-school activities for the citizens of Baltimore. The Bureau operates 55 year-round recreation centers, three indoor pools; five park pools; and 12 neighborhood pools throughout the City. In addition, specialized recreational activities are provided through Carrie Murray Nature Center, Mount Pleasant Ice Skating Rink, Patterson Park Sport Complex, Middle Branch Rowing Club, Myers Sports Pavilion, therapeutic recreation for the physically and emotionally challenged, and senior citizens.

The Bureau of Parks provides for the beautification, management and general maintenance of 6,000 acres of parkland. The Bureau also plans, organizes and implements outdoor programs and activities in City parks. The Horticulture Division plants and displays colorful flower beds and other special plantings throughout the City. The Division also manages the Rawlings P. Conservatory and Cylburn Arboretum. The Forestry Division plants and cares for all trees in the public rights-of-way and in City Parks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Department is operated as a separate department of the City. Accordingly, the Department's financial statements are combined and reported in the City's financial statements for the years ended June 30, 2010, 2011, 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.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

The financial statements have been prepared on 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 for payments for compensated absences, which are recognized as expenditures when paid.

The Department's services are reported in the governmental funds of the City of Baltimore. The City maintains five governmental funds (general, motor vehicle, grants revenue, community development block grant fund, and capital projects). Information for each fund is presented separately in the balance sheet and in the statement of revenues, expenditures and changes in fund balances.

General Fund

The general fund accounts for the activity of the Department which is funded by appropriation 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. The Department of Recreation and Parks uses and maintains various City recreation centers, facilities and parks throughout the city. All fixed assets used by the Department are owned by the City and are used by the Department of Recreation and Parks rent free. The Department of Recreation and Parks pay 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 of June 30 or prior.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The liability for compensated absences reported in the City's internal service fund consists of unpaid accumulated annual sick, vacation, and personal leave balances. The liability was calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payment and other who are expected to become eligible for termination are included. Payments made to terminated employee for accumulated leave are charged as expenditure/expenses, primarily in the General fund. These liabilities are not allocated to the Department in the accompanying financial statements.

Estimated accumulated leave balance by fiscal year for the Department is as follows:

<u>Fiscal Years</u>	<u>Government Funds</u>
2010	\$ 2,260,000
2011	2,823,000
2013	2,622,315
2014	2,701,000

Grants Revenue Fund

The grants revenue fund is used to account for operating revenues received from Federal, State and private sources. Revenue is recognized as expenses are incurred. The funds are restricted by law, contract or regulations to expenditures for specific purposes.

Not included in this report are recreational expenditures in the amounts of \$9,000, \$491,000, \$4,352,000 and \$3,028,000, for fiscal years 2010, 2011, 2013 and 2014, respectively. These expenditures were used to provide for various recreational activities and under the City American Recovery and Reconstruction Act (ARRA). The City's ARRA program was managed on a city-wide basis by the Baltimore Economic Recovery Team.

Motor Vehicle Fund

The motor vehicle fund accounts for the activities of the Department which are funded by appropriation from the City of Baltimore's motor vehicle fund.

Community Development Block Grant

The Community Development Block Grant Fund (CDBG) receives funding from the City to supplement the Department's youth football program.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Projects Fund

The capital project fund is used to account for capital improvements, acquisitions and related activity all of which is funded by proceeds of bond issuances, grants and other revenue sources.

Accessory Fund

The accessory fund is used to account for fee based transactions associated with the community centers and recreational activities provided by the Department. This Fund is intended to be self-supporting; there is no expectation of other funding sources to support these activities.

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 of recreation and Park's share of the citywide pooled cash account.

3. FUND BALANCES AND DEFICITS

The following funds had a fund deficit as follows:

<u>Fund</u>	<u>Fiscal Years</u>	<u>Amount</u>
Capital Projects	2013	\$ 2,473,026
Accessory Fund	2013	259,353
Accessory Fund	2014	177,583

The deficit in the capital projects fund represents expenditures which will be recovered through City bond issuances, grant and donations.

The deficit in the accessory funds are the result of timing differences. Revenues to cover these deficits are expected to be received in subsequent fiscal years.

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

4. PENSION PLAN

Classified employees of the Department of Recreation and Parks are required to join the City of Baltimore's Employees' Retirement System (ERS). The ERS 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 Trustees 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 \$2,283,000 and \$2,535,000, respectively.

5. OTHER POSTEMPLOYMENT BENEFITS

Baltimore City administrative policy provides that other postemployment benefits, other than pension benefits, be provided 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 benefit and contribution provisions 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 insurance benefits are paid from the Trust Fund. The City also contracted with the Board of Trustees of the Employees' Retirement System to act as investment manager for the Trust Fund. BNY Mellon Bank Asset Servicing is the Trust Fund's asset custodian. The Plan does not issue standalone financial statements; however, the OPEB Trust Fund is included in the City's financial statements as a Trust and Agency Fund.

The City policy is to fund benefits on a pay as you go basis plus make additional contributions comprising the Federal retiree drug subsidy payments and additional annual appropriations. Retirees are required to contribute at various rates ranging from approximately \$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. As of June 30, 2014, there were 32,778 participants in the plan.

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

CITY OF BALTIMORE DEPARTMENT OF RECREATION AND PARKS

Notes to the Financial Statements June 30, 2010, 2011, 2013 and 2014

6. PROGRAM CONTRIBUTIONS

The Baltimore City Foundation, Inc. makes contribution to fund various actives to the Department of Recreation and Parks programs. Their contributions are not included in the operating income of the Department of Recreation and Parks as reported in the Statement of Revenues, Expenses, and Changes in Fund Balance.

Baltimore City Foundation, Inc. (the Foundation) was incorporated on January 5, 1981, under the laws of the State of Maryland as a non-stock, not-for-profit corporation to foster and promote the growth, progress and general welfare of the City of Baltimore. The Foundation serves as a channel for the collection and disbursement of funds for various programs administered by local community organizations and Baltimore City agencies. The Foundation's support comes primarily from individual and business donor's contributions.

<u>Fiscal Years</u>	<u>Reimbursed Salaries & Wages</u>	<u>Contractual Services</u>	<u>Materials & Supplies</u>	<u>Other</u>	<u>Total</u>
2010	\$ -	\$ 75,412	\$ 11,023	\$ 105,638	\$ 192,073
2011	-	100,002	-	1,159,176	1,259,178
2013	62,794	131,738	4,131	167,803	366,466
2014	-	258,339	57,086	391,414	706,839

7. BUDGET PROCESS

The Department of Recreation and Parks 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.

8. RISK MANAGEMENT

The Department of Recreation and Parks 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 Department is a chartered agency within the City of Baltimore municipal government. Therefore, its exposure to the various outlined risks is managed by the City's Department 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, Department of Recreation and Parks (the Department) as of and for the years ended June 30, 2010, 2011, 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 June 24, 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.



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
June 24, 2016

A handwritten signature in black ink that reads "SB & Company, LLC".