

**CITY OF BALTIMORE  
DEPARTMENT OF GENERAL SERVICES**

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

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



**S B & COMPANY, LLC**  
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**JUNE 30, 2011, 2012, 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 the internal service funds of the City of Baltimore, Maryland, Department of General Services (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 did not audit Internal Service Funds of the City of Baltimore, Maryland, (the City). 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 the component units, is based solely on the report of the other auditors. 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



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statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and internal service funds for the Department, as of June 30, 2011, 2012, 2013, and 2014, and the respective changes in financial position and, where applicable, cash flows 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 where applicable cash flows 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 dated 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

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>General Fund</b>	<b>Motor Vehicle Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Assets:</b>				
Due from Baltimore City	\$ 1,383,771	\$ 88,978	\$ 2,753,630	\$ 4,226,379
<b>Total Assets</b>	<b>\$ 1,383,771</b>	<b>\$ 88,978</b>	<b>\$ 2,753,630</b>	<b>\$ 4,226,379</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,115,598	\$ 2,634	\$ 374,633	\$ 1,492,865
Retainages Payable	-	-	148,294	148,294
Accrued Payroll	268,173	86,344	-	354,517
<b>Total Liabilities</b>	<b>1,383,771</b>	<b>88,978</b>	<b>522,927</b>	<b>1,995,676</b>
<b>Fund Balances:</b>				
Assigned	-	-	2,230,703	2,230,703
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>2,230,703</b>	<b>2,230,703</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,383,771</b>	<b>\$ 88,978</b>	<b>\$ 2,753,630</b>	<b>\$ 4,226,379</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Balance Sheet – Governmental Funds  
June 30, 2012**

	<b>General Fund</b>	<b>Motor Vehicle Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Assets:</b>				
Due from Baltimore City	\$ 772,627	\$ 61,151	\$ -	\$ 833,778
<b>Total Assets</b>	<b>\$ 772,627</b>	<b>\$ 61,151</b>	<b>\$ -</b>	<b>\$ 833,778</b>
<b>Liabilities:</b>				
Due to the City	\$ -	\$ -	\$ 3,338,884	\$ 3,338,884
Accounts Payable	474,243	590	449,832	924,665
Retainages Payable	-	-	236,124	236,124
Accrued Payroll	298,384	60,561	-	358,945
<b>Total Liabilities</b>	<b>772,627</b>	<b>61,151</b>	<b>4,024,840</b>	<b>4,858,618</b>
<b>Fund Balances:</b>				
Unassigned	-	-	(4,024,840)	(4,024,840)
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>(4,024,840)</b>	<b>(4,024,840)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 772,627</b>	<b>\$ 61,151</b>	<b>\$ -</b>	<b>\$ 833,778</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Assets:</b>			
Due from Baltimore City	\$ 946,938	\$ 2,365,669	\$ 3,312,607
<b>Total Assets</b>	<b>\$ 946,938</b>	<b>\$ 2,365,669</b>	<b>\$ 3,312,607</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 678,259	\$ 333,708	\$ 1,011,967
Retainages Payable	-	160,933	160,933
Accrued Payroll	268,679	-	268,679
<b>Total Liabilities</b>	<b>946,938</b>	<b>494,641</b>	<b>1,441,579</b>
<b>Fund Balances:</b>			
Assigned	-	1,871,028	1,871,028
<b>Total Fund Balances</b>	<b>-</b>	<b>1,871,028</b>	<b>1,871,028</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 946,938</b>	<b>\$ 2,365,669</b>	<b>\$ 3,312,607</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	General Fund	Grants Revenue Fund	Capital Projects Fund	Total
<b>Assets:</b>				
Due from Baltimore City	\$ 1,261,753	\$ -	\$ 2,887,607	\$ 4,149,360
Due from Other Governments	-	10,383	-	10,383
<b>Total Assets</b>	<u>\$ 1,261,753</u>	<u>\$ 10,383</u>	<u>\$ 2,887,607</u>	<u>\$ 4,159,743</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 915,551	\$ 10,383	\$ 61,453	\$ 987,387
Retainages Payable	-	-	187,471	187,471
Accrued Payroll	346,202	-	-	346,202
<b>Total Liabilities</b>	<u>1,261,753</u>	<u>10,383</u>	<u>248,924</u>	<u>1,521,060</u>
<b>Fund Balances:</b>				
Assigned	-	-	2,638,683	2,638,683
<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>2,638,683</u>	<u>2,638,683</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,261,753</u>	<u>\$ 10,383</u>	<u>\$ 2,887,607</u>	<u>\$ 4,159,743</u>

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



**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**Governmental Funds  
For the Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Motor Vehicle Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Revenues:</b>				
General Fund Appropriations	\$ 16,491,734	\$ -	\$ 3,490,941	\$ 19,982,675
Motor Vehicle Appropriations	-	2,100,200	-	2,100,200
Public Building Loans	-	-	3,897,744	3,897,744
Federal Grant Revenue	-	-	3,552,820	3,552,820
<b>Total Revenues</b>	<b>16,491,734</b>	<b>2,100,200</b>	<b>10,941,505</b>	<b>29,533,439</b>
<b>Expenditures:</b>				
Administration	53,635	30,343	-	83,978
Building Permits and Municipal Consents	287,608	1,484,734	-	1,772,342
Facilities Management	15,611,988	39,961	-	15,651,949
Real Property Management	538,503	-	-	538,503
Street Cut and Right-of-Way Construction Oversight	-	545,162	-	545,162
Capital Outlay	-	-	9,702,364	9,702,364
<b>Total Expenditures</b>	<b>16,491,734</b>	<b>2,100,200</b>	<b>9,702,364</b>	<b>28,294,298</b>
Excess of Revenues over Expenditures	-	-	1,239,141	1,239,141
Fund Balance Beginning	-	-	991,562	991,562
<b>Fund Balance Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,230,703</b>	<b>\$ 2,230,703</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**Governmental Funds  
For the Year Ended June 30, 2012**

	General Fund	Motor Vehicle Fund	Capital Projects Fund	Total
<b>Revenues:</b>				
General Fund Appropriations	\$ 14,069,175	\$ -	\$ 2,050,000	\$ 16,119,175
Motor Vehicle Appropriations	-	1,360,801	-	1,360,801
Federal Grant Revenue	-	-	2,751,426	2,751,426
<b>Total Revenues</b>	<u>14,069,175</u>	<u>1,360,801</u>	<u>4,801,426</u>	<u>20,231,402</u>
<b>Expenditures:</b>				
Administration	210,871	16,305	-	227,176
Building Permits and Municipal Consents	187,672	1,344,497	-	1,532,169
Facilities Management	13,095,901	-	-	13,095,901
Real Property Management	574,731	-	-	574,731
Capital Outlay	-	-	11,056,970	11,056,970
<b>Total Expenditures</b>	<u>14,069,175</u>	<u>1,360,802</u>	<u>11,056,970</u>	<u>26,486,947</u>
Deficiency of Revenues over Expenditures	-	-	(6,255,544)	(6,255,544)
Fund Balance Beginning	-	-	2,230,704	2,230,704
<b>Fund Balance Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,024,840)</u>	<u>\$ (4,024,840)</u>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**Governmental Funds  
For the Year Ended June 30, 2013**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Revenues:</b>			
General Fund Appropriations	\$ 14,736,491	\$ 2,000,000	\$ 16,736,491
Public Building Loans	-	4,983,893	4,983,893
Federal Grant Revenue	-	3,470,839	3,470,839
<b>Total Revenues</b>	<u>14,736,491</u>	<u>10,454,732</u>	<u>25,191,223</u>
<b>Expenditures:</b>			
Administration	452,427	-	452,427
Building Permits and Municipal Consents	1,607,987	-	1,607,987
Facilities Management	12,070,285	-	12,070,285
Real Property Management	605,792	-	605,792
Capital Outlay	-	4,558,864	4,558,864
<b>Total Expenditures</b>	<u>14,736,491</u>	<u>4,558,864</u>	<u>19,295,355</u>
Excess of Revenues over Expenditures	-	5,895,868	5,895,868
Fund Balance Beginning	-	(4,024,840)	(4,024,840)
<b>Fund Balance Ending</b>	<u>\$ -</u>	<u>\$ 1,871,028</u>	<u>\$ 1,871,028</u>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**Governmental Funds**

**For the Year Ended June 30, 2014**

	<b>General Fund</b>	<b>Grants Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>Revenues:</b>				
General Fund Appropriations	\$ 16,054,328	\$ -	\$ 2,600,000	\$ 18,654,328
Public Building Loans	-	-	276,098	276,098
Federal Grant Revenue	-	-	720,077	720,077
State Grant Revenue	-	210,245	-	210,245
Other Revenues	-	-	115,000	115,000
<b>Total Revenues</b>	<u>16,054,328</u>	<u>210,245</u>	<u>3,711,175</u>	<u>19,975,748</u>
<b>Expenditures:</b>				
Administration	631,080	210,245	-	841,325
Building and Energy Improvements	1,120,293	-	-	1,120,293
Building Permits and Municipal Consents	905,517	-	-	905,517
Facilities Management	12,807,408	-	-	12,807,408
Real Property Management	590,029	-	-	590,029
Capital Outlay	-	-	2,943,519	2,943,519
<b>Total Expenditures</b>	<u>16,054,327</u>	<u>210,245</u>	<u>2,943,519</u>	<u>19,208,091</u>
Excess of Revenues over Expenditures	-	-	767,656	767,656
Fund Balance Beginning	-	-	1,871,027	1,871,027
<b>Fund Balance Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,638,683</u>	<u>\$ 2,638,683</u>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Net Position – Mobile Equipment  
As of June 30, 2011, 2012, 2013, and 2014**

	June 30,			
	2011	2012	2013	2014
<b>Assets:</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 50,863,154	\$ 47,390,745	\$ 9,291,217	\$ 6,641,221
Accounts receivable	337,453	46,290	60,421	25,198
Inventories	3,764,087	4,191,255	6,187,915	5,736,699
<b>Total Current Assets</b>	<b>54,964,694</b>	<b>51,628,290</b>	<b>15,539,553</b>	<b>12,403,118</b>
<i>Noncurrent assets:</i>				
Capital assets - net	58,715,435	61,870,958	60,747,590	77,005,505
Restricted cash	-	-	29,656,353	40,705,206
<b>Total Noncurrent Assets</b>	<b>58,715,435</b>	<b>61,870,958</b>	<b>90,403,943</b>	<b>117,710,711</b>
<b>Total Assets</b>	<b>113,680,129</b>	<b>113,499,248</b>	<b>105,943,496</b>	<b>130,113,829</b>
<b>Liabilities:</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued liabilities	4,522,102	6,652,633	4,981,246.65	6,023,603.86
Due to other funds	300,058	300,058	-	-
Leases payable	-	-	3,622,626	7,939,744
Other liabilities	3,093,943	3,157,225	3,232,844	799,449
<b>Total Current Liabilities</b>	<b>7,916,103</b>	<b>10,109,916</b>	<b>11,836,717</b>	<b>14,762,797</b>
<i>Noncurrent liabilities:</i>				
Leases payable	-	-	26,333,444	48,282,097
Other liabilities	-	-	-	1,619,292
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>-</b>	<b>26,333,444</b>	<b>49,901,389</b>
<b>Total Liabilities</b>	<b>7,916,103</b>	<b>10,109,916</b>	<b>38,170,161</b>	<b>64,664,186</b>
<b>Net position:</b>				
Net investment in capital assets	58,715,435	61,870,958	61,870,958	77,005,505
Unrestricted (Deficit)	47,048,592	41,518,374	5,902,376	(11,555,864)
<b>Total Net Position</b>	<b>\$ 105,764,027</b>	<b>\$ 103,389,332</b>	<b>\$ 67,773,334</b>	<b>\$ 65,449,641</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Net Position – Energy Conservation  
As of June 30, 2011, 2012, 2013, and 2014**

	June 30,			
	2011	2012	2013	2014
<b>Assets:</b>				
<i>Current assets:</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Inventories	-	-	-	-
<b>Total Current Assets</b>	-	-	-	-
<i>Noncurrent assets:</i>				
Capital assets - net	-	-	-	-
<b>Total Noncurrent Assets</b>	-	-	-	-
<b>Total Assets</b>	-	-	-	-
<b>Liabilities:</b>				
<i>Current liabilities:</i>				
Accounts payable and accrued liabilities	52,264.40	75,701.03	159,789.06	287,810
Due to other funds	1,027,895	1,404,202	1,206,688	929,183
Other liabilities	157,363	164,574	175,336	22,252
<b>Total Current Liabilities</b>	1,237,522	1,644,477	1,541,813	1,239,245
<i>Noncurrent liabilities:</i>				
Other liabilities	-	-	-	15,957
<b>Total noncurrent liabilities</b>	-	-	-	15,957
<b>Total liabilities</b>	1,237,522	1,644,477	1,541,813	1,255,202
<b>Net position:</b>				
Net investment in capital assets	-	-	-	-
Unrestricted (Deficit)	(1,237,522)	(1,644,477)	(1,541,813)	(1,255,202)
<b>Total Net Position</b>	\$ (1,237,522)	\$ (1,644,477)	\$ (1,541,813)	\$ (1,255,202)

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Net Position – Building Maintenance  
For the Years Ended June 30, 2013 and 2014**

	<b>June 30,</b>	
	<b>2013</b>	<b>2014</b>
<b>Assets:</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 217,234	\$ 308,171
<b>Total Current Assets</b>	<b>217,234</b>	<b>308,171</b>
<i>Noncurrent assets:</i>		
Capital assets - net	-	-
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>217,234</b>	<b>308,171</b>
<b>Liabilities:</b>		
<i>Current liabilities:</i>		
Accounts payable and accrued liabilities	724,387.73	1,214,474
Other liabilities	262,946	112,780
<b>Total Current Liabilities</b>	<b>987,334</b>	<b>1,327,254</b>
<i>Noncurrent liabilities:</i>		
Other liabilities	-	157,475
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>157,475</b>
<b>Total Liabilities</b>	<b>987,334</b>	<b>1,484,729</b>
<b>Net position:</b>		
Net investment in capital assets	-	-
Unrestricted (Deficit)	(770,100)	(1,176,559)
<b>Total Net Position</b>	<b>\$ (770,100)</b>	<b>\$ (1,176,559)</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Revenues, Expenses, and Changes in Net Position**

**Mobile Equipment**

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

	<b>June 30,</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 41,577,657	\$ 46,206,728	\$ 40,594,551	\$ 42,552,093
<b>Operating Expenses:</b>				
Salaries and wages	13,121,162	14,491,041	13,299,423	13,787,856
Other personnel costs	4,484,377	5,526,269	5,776,374	5,721,582
Contractual services	9,510,132	11,766,392	12,247,745	14,444,572
Material and supplies	11,815,941	19,111,315	14,820,431	2,387,452
Depreciation	8,134,297	7,311,959	7,891,223	8,973,872
<b>Total operating expenses</b>	<b>47,065,909</b>	<b>58,206,976</b>	<b>54,035,196</b>	<b>45,315,334</b>
<b>Operating Loss</b>	<b>(5,488,252)</b>	<b>(12,000,248)</b>	<b>(13,440,645)</b>	<b>(2,763,241)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Loss on disposal of property	(1,316,604)	(121,803)	(363,120)	(453,669)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,316,604)</b>	<b>(121,803)</b>	<b>(363,120)</b>	<b>(453,669)</b>
Change in net position	(6,804,856)	(12,122,051)	(13,803,765)	(3,216,910)
<b>Capital contributions</b>	<b>5,602,673</b>	<b>9,747,356</b>	<b>6,556,067</b>	<b>893,217</b>
<b>Transfers Out</b>	<b>-</b>	<b>-</b>	<b>(28,368,299)</b>	<b>-</b>
Total net position - beginning	106,966,209	105,764,026	103,389,331	67,773,335
<b>Total Net Position - Ending</b>	<b>\$ 105,764,026</b>	<b>\$ 103,389,331</b>	<b>\$ 67,773,334</b>	<b>\$ 65,449,642</b>

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



**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Revenues, Expenses, and Changes in Net Position**

**Energy Conservation**

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

	<b>June 30,</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Operating Revenues:</b>				
Charges for services	\$ 151,459	\$ 1,104,170	\$ 1,684,529	\$ 1,379,429
<b>Operating Expenses:</b>				
Salaries and wages	706,840	1,048,444	1,037,904	458,290
Other personnel costs	214,830	320,735	348,677	123,437
Contractual services	175,104	130,750	179,518	475,569
Material and supplies	13,249	4,246	753	13,949
Minor equipment	13,477	6,950	15,014	21,572
Depreciation	-	-	-	-
<b>Total operating expenses</b>	<b>1,123,500</b>	<b>1,511,125</b>	<b>1,581,866</b>	<b>1,092,817</b>
Change in net position	(972,041)	(406,955)	102,663	286,612
Total net position - beginning	(265,482)	(1,237,523)	(1,644,478)	(1,541,815)
<b>Total Net Position - Ending</b>	<b>\$ (1,237,523)</b>	<b>\$ (1,644,478)</b>	<b>\$ (1,541,815)</b>	<b>\$ (1,255,203)</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Revenues, Expenses, and Changes in Net Position**

**Building Maintenance**

**For the Years Ended June 30, 2013 and 2014**

	<b>June 30,</b>	
	<b>2013</b>	<b>2014</b>
<b>Assets:</b>		
<i>Current assets:</i>		
Cash and cash equivalents	\$ 217,234	\$ 308,171
<b>Total Current Assets</b>	<u>217,234</u>	<u>308,171</u>
<i>Noncurrent assets:</i>		
Capital assets - net	-	-
<b>Total Noncurrent Assets</b>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>217,234</u>	<u>308,171</u>
<b>Liabilities:</b>		
<i>Current liabilities:</i>		
Accounts payable and accrued liabilities	724,387.73	1,214,474
Other liabilities	262,946	112,780
<b>Total Current Liabilities</b>	<u>987,334</u>	<u>1,327,254</u>
<i>Noncurrent liabilities:</i>		
Other liabilities	-	157,475
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>157,475</u>
<b>Total Liabilities</b>	<u>987,334</u>	<u>1,484,729</u>
<b>Net position:</b>		
Net investment in capital assets	-	-
Unrestricted (Deficit)	(770,100)	(1,176,559)
<b>Total Net Position</b>	<u>\$ (770,100)</u>	<u>\$ (1,176,559)</u>

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

# CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES

## Statements of Cash Flows

### Mobile Equipment

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

	June 30,			
	2011	2012	2013	2014
<b>Cash Flow From Operating Activities</b>				
Receipts from customers	\$ 41,213,971	\$ 46,070,723	\$ 38,283,703	\$ 43,038,532
Payments to employees	(17,558,836)	(19,823,652)	(19,037,863)	(20,349,949)
Payments to suppliers	(21,217,326)	(28,877,551)	(28,701,879)	(15,763,259)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>2,437,808</u>	<u>(2,630,479)</u>	<u>(9,456,039)</u>	<u>6,925,324</u>
<b>Cash Flows From Noncapital Financing Activities:</b>				
Transfers in	-	-	(28,368,299)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>(28,368,299)</u>	<u>-</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of capital assets	(4,420,582)	(10,467,482)	(6,767,854)	(25,231,787)
Capital contributions	5,602,673	9,747,356	6,556,067	893,217
Loss on disposal of property	-	-	-	(453,669)
Leases Payable	-	-	29,956,070	26,265,772
<b>Net Cash Provided (Used) by capital and related financing activities</b>	<u>1,182,091</u>	<u>(720,126)</u>	<u>29,744,283</u>	<u>1,473,533</u>
<b>Cash Flows From Investing Activities</b>				
Loss on sale of equipment	(1,316,604)	(121,803)	(363,120)	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(1,316,604)</u>	<u>(121,803)</u>	<u>(363,120)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>2,303,295</u>	<u>(3,472,409)</u>	<u>(8,443,175)</u>	<u>8,398,857</u>
Cash and cash equivalents, beginning of year	<u>48,559,859</u>	<u>50,863,154</u>	<u>47,390,745</u>	<u>38,947,570</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 50,863,154</u>	<u>\$ 47,390,745</u>	<u>\$ 38,947,570</u>	<u>\$ 47,346,427</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>				
Operating loss	\$ (5,488,252)	\$ (12,000,247)	\$ (13,440,645)	\$ (2,763,242)
Adjustment to reconcile operating loss to net cash provided by operating activities:				
Depreciation	8,134,297	7,311,959	7,891,223	8,973,872
Accounts receivable	(140,088)	291,162	(14,130)	35,223
Inventories	(223,598)	(427,168)	(1,996,660)	451,216
Accounts payable and accrued liabilities	172,092	2,130,532	(1,671,387)	1,042,358
Other liabilities	(16,643)	63,283	75,618	(814,103)
Due to other funds	-	-	(300,058)	-
Total adjustments	<u>7,926,060</u>	<u>9,369,767</u>	<u>3,984,606</u>	<u>9,688,566</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,437,808</u>	<u>\$ (2,630,480)</u>	<u>\$ (9,456,039)</u>	<u>\$ 6,925,324</u>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Cash Flows**

**Energy Conservation**

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

	June 30,			
	2011	2012	2013	2014
<b>Cash Flow From Operating Activities</b>				
Receipts from customers	\$ 1,078,283	\$ 1,480,477	\$ 1,487,016	\$ 1,101,924
Payments to employees	(872,597)	(1,361,967)	(1,378,988)	(731,928)
Payments to suppliers	(205,687)	(118,510)	(108,028)	(369,996)
<b>Net Cash Provided (Used) by Operating Activities</b>	-	-	-	-
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Acquisition of capital assets	-	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	-	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning of year	-	-	-	-
<b>Cash and Cash Equivalents, End of Year</b>	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>				
Operating loss	\$ (972,041)	\$ (406,955)	\$ 102,663	\$ 286,612
Adjustment to reconcile operating loss to net cash provided by operating activities				
Depreciation	-	-	-	-
Accounts receivable	-	-	-	-
Inventories	-	-	-	-
Accounts payable and accrued liabilities	(3,857)	23,437	84,088	128,021
Other liabilities	49,073	7,211	10,762	(137,128)
Due to other funds	926,824	376,307	(197,513)	(277,505)
Total adjustments	972,041	406,955	(102,663)	(286,612)
<b>Net Cash Provided by Operating Activities</b>	\$ -	\$ -	\$ -	\$ -

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statements of Cash Flows**

**Building Maintenance**

**For the Years Ended June 30, 2013 and 2014**

	<b>June 30,</b>	
	<b>2013</b>	<b>2014</b>
<b>Cash Flow From Operating Activities:</b>		
Receipts from customers	\$ 9,846,131	\$ 10,324,453
Payments to employees	(1,681,245)	(2,089,640)
Payments to suppliers	(7,947,653)	(8,143,878)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>217,234</b>	<b>90,936</b>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Acquisition of capital assets	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	217,234	90,936
Cash and cash equivalents, beginning of year	-	217,234
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 217,234</b>	<b>\$ 308,171</b>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>		
Operating loss	\$ (770,100)	\$ (406,459)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation	-	-
Accounts receivable	-	-
Inventories	-	-
Accounts payable and accrued liabilities	724,388	490,087
Other liabilities	262,946	7,309
Due to other funds	-	-
Total adjustments	987,334	497,395
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 217,234</b>	<b>\$ 90,936</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 16,852,267	\$ 17,379,267	\$ 16,491,734	\$ (360,533)	\$ (887,533)
<b>Total Revenues</b>	<b>16,852,267</b>	<b>17,379,267</b>	<b>16,491,734</b>	<b>(360,533)</b>	<b>(887,533)</b>
<b>Expenditures and Encumbrances:</b>					
Administration	82,404	82,404	55,817	26,587	26,587
Building Permits and Municipal Consents	233,931	233,931	287,423	(53,492)	(53,492)
Facilities Management	15,871,778	16,398,778	15,346,794	524,984	1,051,984
Real Property Management	664,154	664,154	537,990	126,164	126,164
<b>Total Expenditures and Encumbrances</b>	<b>16,852,267</b>	<b>17,379,267</b>	<b>16,228,024</b>	<b>624,243</b>	<b>1,151,243</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	263,710	263,710	263,710
Effect of change in encumbrances	-	-	(265,867)	(265,867)	(265,867)
Effect of change in accounts payable	-	-	2,157	2,157	2,157
<b>Excess (Deficiency) of Revenues over Expenditures (GAAP)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 15,530,064	\$ 15,530,064	\$ 14,069,175	\$ (1,460,889)	\$ (1,460,889)
<b>Total Revenues</b>	<b>15,530,064</b>	<b>15,530,064</b>	<b>14,069,175</b>	<b>(1,460,889)</b>	<b>(1,460,889)</b>
<b>Expenditures and Encumbrances:</b>					
Administration	61,683	61,683	211,086	(149,403)	(149,403)
Building Permits and Municipal Consents	215,344	215,344	187,672	27,672	27,672
Facilities Management	14,638,433	14,638,433	14,642,458	(4,025)	(4,025)
Real Property Database Management	614,603	614,603	576,609	37,994	37,994
<b>Total Expenditures and Encumbrances</b>	<b>15,530,063</b>	<b>15,530,063</b>	<b>15,617,825</b>	<b>(87,762)</b>	<b>(87,762)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	(1,548,650)	(1,548,651)	(1,548,651)
Effect of change in encumbrances	-	-	907,295	907,295	907,295
Effect of change in accounts payable	-	-	641,355	641,355	641,355
<b>Excess (Deficiency) of Revenues over Expenditures (GAAP)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 17,962,695	\$ 17,962,695	\$ 14,736,491	\$ (3,226,204)	\$ (3,226,204)
<b>Total Revenues</b>	<b>17,962,695</b>	<b>17,962,695</b>	<b>14,736,491</b>	<b>(3,226,204)</b>	<b>(3,226,204)</b>
<b>Expenditures and Encumbrances:</b>					
Administration	779,571	779,571	454,667	324,904	324,904
Building Permits and Municipal Consents	1,641,999	1,641,999	1,669,663	(27,664)	(27,664)
Facilities Management	14,841,914	14,841,914	12,158,464	2,683,450	2,683,450
Real Property Database Management	699,210	699,210	605,792	93,418	93,418
<b>Total Expenditures and Encumbrances</b>	<b>17,962,694</b>	<b>17,962,694</b>	<b>14,888,586</b>	<b>3,074,108</b>	<b>3,074,108</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	(152,095)	(152,096)	(152,096)
Effect of change in encumbrances	-	-	356,111	356,111	356,111
Effect of change in accounts payable	-	-	(204,016)	(204,016)	(204,016)
<b>Excess (Deficiency) of Revenues over Expenditures (GAAP)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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



**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 19,990,117	\$ 19,990,117	\$ 16,054,328	\$ (3,935,789)	\$ (3,935,789)
<b>Total Revenues</b>	<u>19,990,117</u>	<u>19,990,117</u>	<u>16,054,328</u>	<u>(3,935,789)</u>	<u>(3,935,789)</u>
<b>Expenditures and Encumbrances:</b>					
Administration	956,994	956,994	644,296	312,698	312,698
Building and Energy Improvements	3,674,429	3,674,429	(820,015)	4,494,444	4,494,444
Building Permits and Municipal Consents	1,581,671	1,581,671	973,387	608,284	608,284
Facilities Management	13,009,012	13,009,012	13,675,527	(666,515)	(666,515)
Public and Private Energy Performance	1,641	1,641	(1,641)	3,282	3,282
Real Property Database Management	766,369	766,369	526,117	240,252	240,252
<b>Total Expenditures and Encumbrances</b>	<u>19,990,117</u>	<u>19,990,117</u>	<u>14,997,671</u>	<u>4,992,446</u>	<u>4,992,446</u>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	1,056,657	1,056,657	1,056,657
Effect of change in encumbrances	-	-	(819,365)	(819,365)	(819,365)
Effect of change in accounts payable	-	-	(237,292)	(237,292)	(237,292)
<b>Excess (Deficiency) of Revenues over Expenditures (GAAP)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) – Budget and Actual - Motor Vehicle Fund  
For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Original Budget Positive</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 2,171,577	\$ 2,171,577	\$ 2,100,200	\$ (71,377)	\$ (71,377)
<b>Total Revenues</b>	<b>2,171,577</b>	<b>2,171,577</b>	<b>2,100,200</b>	<b>(71,377)</b>	<b>(71,377)</b>
<b>Expenditures and Encumbrances:</b>					
Administration	30,343	30,343	30,343	-	-
Building Permits and Municipal Consents	1,464,812	1,464,812	1,478,161	(13,349)	(13,349)
Facilities Management	166,588	166,588	39,961	126,627	126,627
Street Cut and Right-of-Way Construction Oversight	509,834	509,834	548,125	(38,291)	(38,291)
<b>Total Expenditures and Encumbrances</b>	<b>2,171,577</b>	<b>2,171,577</b>	<b>2,096,590</b>	<b>74,987</b>	<b>74,987</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	-	-	3,610	3,610	3,610
Effect of change in encumbrances	-	-	(4,324)	(4,324)	(4,324)
Effect of change in accounts payable	-	-	714	714	714
<b>Excess (Deficiency) of Revenues over Expenditures (GAAP)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

**Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Budget and Actual - Motor Vehicle Fund  
For the Year Ended June 30, 2012**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Original Budget Positive</b>	<b>Variance with Original Budget Positive</b>
<b>Revenues:</b>					
Appropriations revenues	\$ 1,484,266	\$ 1,484,266	\$ 1,360,801	\$ (123,465)	\$ (123,465)
<b>Total revenues</b>	<b>1,484,266</b>	<b>1,484,266</b>	<b>1,360,801</b>	<b>(123,465)</b>	<b>(123,465)</b>
<b>Expenditures and Encumbrances:</b>					
Administration	16,305	16,305	16,305	-	-
Building Permits and Municipal Consents	1,307,982	1,307,982	1,386,331	(78,349)	(78,349)
Facilities Management	156,707	156,707	-	156,707	156,707
Real Property Database Management	3,272	3,272	(3,272)	6,544	6,544
<b>Total expenditures and encumbrances</b>	<b>1,484,266</b>	<b>1,484,266</b>	<b>1,399,364</b>	<b>84,902</b>	<b>84,902</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>-</b>	<b>(38,563)</b>	<b>(38,563)</b>	<b>(38,563)</b>
Effect of change in encumbrances	-	-	36,519	-	-
Effect of change in accounts payable	-	-	2,044	-	-
<b>Excess (deficiency) of revenues over expenditures (GAAP)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

# **CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

### **1. DESCRIPTION OF THE DEPARTMENT OF GENERAL SERVICES**

The Department of General Services (the Department) is responsible for providing healthy work environments and safe reliable vehicles for City employees by delivering high quality and cost-effective support services to City agencies who serve Baltimore's citizens and stakeholders. The Department oversees six major divisions: Fleet Management, Facilities Management, Permits and Municipal Consents, Real Property Database Management, Public and Private Energy Performance, and Building and Energy Improvements. Other duties include: delivering cost effective, high quality, reliable and sustainable services by managing quality facilities; ensuring efficient fleet operations; and maintaining exemplary administrative customer service that support Baltimore City agencies in the advancement of their goals. Initiatives also include modernizing and reducing the size of the City's fleet, conducting behavior change programs to reduce energy consumption, installing solar capacity to serve multiple facilities, managing the purchase of energy commodities and maximizing opportunities from renewable energy sources consistent with the City's Sustainability Plan and State mandates to promote a clean environment.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Department is operated as a separate department of the City of Baltimore (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 Balance Sheet and in the Statement of Revenues, Expenditures and Changes in Fund Balances and for the Internal Service 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 allows 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 Department of General Services conform to accounting principles generally accepted in the United States and reporting standards as promulgated by the Governmental Accounting Standards Board for governmental funds.

# CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Basis of Accounting** (continued)

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.

#### **Internal Service Funds**

The Internal Service Fund financial statements are reported using the economic resources measurement focus and is reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are reported incurred regardless of when the related cash flows take place.

#### **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 accumulating 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.

# CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements (continued)

##### *General Fund* (continued)

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 Department of General Services are as follows:

<u>As of June 30,</u>	<u>Governmental Funds</u>	<u>Internal Service Funds</u>
2011	\$ 4,395,702	\$ 3,251,306
2012	4,375,441	3,321,799
2013	4,378,826	3,671,126
2014	3,628,027	2,727,302

##### *Motor Vehicle Fund*

The Motor Vehicle Fund accounts for the activity of the Department which is funded by appropriations from the City of Baltimore's motor vehicle fund. During fiscal year 2013, the City consolidated the activity of the Motor Vehicle fund into the General Fund.

##### *Grants Revenue Fund*

The Grants Revenue Fund is used to account for operating revenues received from Federal, State and private sources. The funds are restricted by law, contract or regulations that designate expenditures for specific purposes.

##### *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.

##### *Internal Service Fund*

The Internal Service Fund accounts for the activities of the Energy Conservation Fund, Mobile Equipment Fund, and Building Maintenance Fund (established in 2013), which provide goods and services to other departments on a cost-reimbursement basis.

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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. CAPITAL ASSETS**

Capital Assets activity by year for the Mobile Equipment Fund was as follows:

<b>Asset Class</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Asset being Depreciated</b>				
Land	\$ 794,486	\$ 794,486	\$ 794,486	\$ 794,486
Building & Improvements	39,534,789	39,534,789	39,534,789	39,534,789
Equipment	4,801,100	5,466,322	5,478,223	5,899,391
Motor Vehicles	82,319,790	90,489,802	89,989,063	109,901,908
Total asset being depreciated	<u>127,450,165</u>	<u>136,285,399</u>	<u>135,796,561</u>	<u>156,130,574</u>
<b>Depreciation</b>				
Building & Improvements	4,939,487	5,338,578	6,204,504	7,029,792
Equipment	4,749,993	4,919,154	5,045,108	5,210,297
Motor Vehicles	59,045,251	64,156,708	63,799,360	66,884,980
Total Depreciation	<u>68,734,731</u>	<u>74,414,440</u>	<u>75,048,972</u>	<u>79,125,069</u>
Net Assets being depreciated	58,715,434	61,870,959	60,747,589	77,005,505
<b>Assets not being depreciated</b>				
CWIP	-	-	-	-
Net Capital Assets	<u>\$ 58,715,434</u>	<u>\$ 61,870,959</u>	<u>\$ 60,747,589</u>	<u>\$ 77,005,505</u>

Depreciation is computed on a straight-line basis over the following useful lives:

<b>Asset Class</b>	<b>Estimated Useful Life</b>
Buildings	50
Building Improvements	20-50
Equipment	2-25

**Other Internal Service Funds Assets**

Both of the other Internal Service Funds (Energy Conservation and Building Maintenance) use and maintain various City Facilities throughout the city. All fixed assets by these funds are owned by the city. These funds pay certain utility and maintenance cost out of their budgets.

**CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

**4. DUE TO OTHER FUNDS**

Balances due to other funds are primarily the result of the City’s policy not to reflect cash deficits in its individual agencies. Due to other funds, by fund, are as follows:

<b>Fund</b>	<b>Fiscal Year</b>	<b>Amount</b>
Capital Projects	2012	\$3,338,884

**5. LEASES PAYABLE**

The City of Baltimore has entered into various conditional purchase agreements to purchase motor vehicles for use by various municipal agencies.

These conditional purchase agreements do not constitute a pledge of the full faith and credit 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. The Department of General Services manages the motor vehicles purchased under these agreements and accordingly, both the assets and liability have been recorded in the Mobile Equipment Internal Service Fund. During fiscal years ended June 30, 2013 and 2014, the total amount of leases entered into by the City on behalf of the Mobile Equipment fund were \$29,956,070 and \$30,447,973, respectively. The balance outstanding as of June 30, 2013 and 2014, was \$29,956,842 and \$56,221,842, respectively. Future minimum lease payment as of June 30, 2014, are as follows:

<b>Fiscal Years Ending June 30</b>	<b>Amount</b>
<b>2015</b>	\$7,939,744
<b>2016</b>	7,939,744
<b>2017</b>	7,939,744
<b>2018</b>	7,939,744
<b>2019</b>	7,939,744
<b>2020-2024</b>	22,540,886
<b>Total Minimum Lease Payments</b>	62,239,606
<b>Less:Interest</b>	6,017,764
<b>Leases Payable</b>	<u>\$56,221,842</u>

Amortization of assets records under capital leases is included in depreciation expenses.



# CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES

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

### 6. FUND BALANCES AND DEFICITS

The Department of General Services had fund deficits at June 30 as follows:

<b>Fund</b>	<b>Fiscal Year</b>	<b>Amount</b>
Capital Projects	2012	\$4,024,840

The deficit in Capital Projects is primarily caused by timing differences between expenditures and receipt of funding from various sources. The City has not determined how the deficit will be funded.

### 7. PENSION PLAN

Classified employees of the Department of General Services 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 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 \$3,597,323 and \$4,165,624, respectively.

### 8. OTHER POSTEMPLOYMENT BENEFITS

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.

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 departments, thus, are excluded in the accompanying financial statements.

## **CITY OF BALTIMORE DEPARTMENT OF GENERAL SERVICES**

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

#### **9. BUDGET PROCESS**

The Department of General Services 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.

#### **10. 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 Department of General Services 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.



**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 General Services (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.



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