



Fire Department
Biennial Financial Audit
Fiscal Years Ended June 30, 2016 and 2015

Table of Contents

Independent Auditor's Report.....	1
Basic Financial Statements	
Schedule of Revenues, Expenditures and Encumbrances and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	3
Statements of Revenues, Expenditures and Changes in Fund Balance Capital Projects	5
Statement of Revenues, Expenditures and Changes in Grant Cash Balance	6
Notes to the Financial Statements..	8

CITY OF BALTIMORE

JOAN M. PRATT, CPA
Comptroller



DEPARTMENT OF AUDITS AUDREY ASKEW, CPA

Acting City Auditor
100 N. Holiday Street
Room 321, City Hall
Baltimore, MD 21202
Telephone: 410-396-4783
Telefax: 410-545-3961

INDEPENDENT AUDITOR'S REPORT

Honorable Joan M. Pratt, Comptroller
and Other Members of the
Board of Estimates
City of Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, of the Fire Department (the Agency), an agency of the primary government of the City of Baltimore, Maryland, which comprise the Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance, Budget and Actual, Budgetary Basis, General Fund; Statements of Revenues, Expenditures and Changes in Fund Balance, Capital Projects; and Statement of Revenues, Expenditures and Changes in Grant Cash Balances, for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 3; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 judgement, including the assessment of 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.

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.

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 revenues collected and expenses paid for governmental activities, of the Agency, for the years ended June 30, 2016 and 2015 in accordance with the cash basis of accounting described in Note 3.

Basis of Accounting

The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

In accordance with Government Auditing Standards, we have also issued our report, dated April 3, 2018, on our consideration of the Agency's internal control over financial reporting and on 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 the Agency's internal control over financial reporting and compliance.



Audrey Askew, CPA
Acting City Auditor

April 3, 2018

CITY OF BALTIMORE
Fire Department
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance
Budget and Actual – Budgetary Basis – General Fund
For Fiscal Year Ended June 30, 2016

	Budget	Actual	Variance
Revenues			
Appropriation Revenue	\$ 212,004,866	\$ 207,806,686	\$ 4,198,180
Expenditures and Encumbrances			
Administration	9,054,434	5,378,073	3,676,361
Fire Suppression and Emergency Rescue	145,123,865	145,484,423	(360,558)
Emergency Management	861,837	692,747	169,090
Emergency Medical Services	22,590,280	21,994,796	595,484
Fire and Emergency Community Outreach	484,707	190,465	294,242
Fire Code Enforcement	4,515,538	5,000,609	(485,071)
Fire Investigation	973,340	859,203	114,137
Facilities Maintenance and Replacement	18,589,341	17,729,334	860,007
Fire Communications and Dispatch	5,933,230	6,748,727	(815,497)
Recruitment and Training	3,878,294	3,728,309	149,985
Total Expenditures and Encumbrances	212,004,866	207,806,686	4,198,180
Excess of Revenues over Expenditures and Encumbrances (GAAP)	-	-	-
Beginning Budgetary Fund Balance	-	-	-
Ending Budgetary Fund Balance	\$ -	\$ -	\$ -

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

CITY OF BALTIMORE
Fire Department
Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance
Budget and Actual – Budgetary Basis – General Fund
For Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Appropriation Revenue	\$ 218,117,694	\$ 210,342,316	\$ 7,775,378
Expenditures and Encumbrances			
Administration	18,918,339	17,210,948	1,707,391
Fire Suppression and Emergency Rescue	144,167,539	139,527,702	4,639,837
Emergency Management	425,308	1,377,153	(951,845)
Emergency Medical Services	24,403,472	21,409,662	2,993,810
Fire and Emergency Community Outreach	636,471	317,319	319,152
Fire Code Enforcement	4,213,911	4,795,229	(581,318)
Fire Investigation	873,655	905,841	(32,186)
Facilities Maintenance and Replacement	16,098,585	15,953,348	145,237
Fire Communications and Dispatch	5,226,444	5,808,968	(582,524)
Recruitment and Training	3,153,970	3,036,146	117,824
Total Expenditures and Encumbrances	<u>218,117,694</u>	<u>210,342,316</u>	<u>7,775,378</u>
Excess of Revenues over Expenditures and Encumbrances (GAAP)	-	-	-
Beginning Budgetary Fund Balance	-	-	-
Ending Budgetary Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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

CITY OF BALTIMORE
Fire Department
Statement of Revenues, Expenditures and Changes in Fund Balance
Capital Projects
For Fiscal Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues		
Proceeds from Bond Sale	\$ 125,383	\$ 246,557
Expenditures		
Capital Outlay	456,330	111,800
(Deficit) Excess of Revenues over Expenditures	(330,947)	134,757
Beginning Fund Balance	299,326	164,569
Ending Fund Balance	<u>\$ (31,621)</u>	<u>\$ 299,326</u>

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

CITY OF BALTIMORE
Fire Department
Statement of Revenues, Expenditures and Changes in Grant Cash Balance
For Fiscal Year Ended June 30, 2016

	Cash Balance 7/1/2015	Revenues	Expenditures	Cash Balance 6/30/2016
Federal Grants				
Administration	\$ (226,398)	\$ -	\$ -	\$ (226,398)
Fire Suppression and Emergency Rescue	(3,089)	12,944	17,188	(7,333)
Emergency Management	-	-	235,850	(235,850)
Emergency Medical Services	31,823	27,488	27,749	31,562
Fire Code Enforcement	(29,689)	162,386	111,872	20,825
Facilities Maintenance and Replacement	-	2,747,358	2,879,625	(132,267)
Total Revenues, Expenditures and Change in Grant Balances - Federal	(227,353)	2,950,176	3,272,284	(549,461)
State Grants				
Fire Suppression and Emergency Rescue	(308,172)	1,227,724	1,399,927	(480,375)
Emergency Management	(7,272)	-	33	(7,305)
Emergency Medical Services	66,299	22,000	714	87,585
Fire Code Enforcement	47,485	-	94	47,391
Facilities Maintenance and Replacement	(161,391)	-	1,067,975	(1,229,366)
Fire Communications and Dispatch	2,615	-	-	2,615
Total Revenues, Expenditures and Change in Grant Balances - State	(360,436)	1,249,724	2,468,743	(1,579,455)
Other Grants				
Administration	(119,389)	-	-	(119,389)
Fire Suppression and Emergency Rescue	7,016	-	-	7,016
Emergency Medical Services	5,023,023	192,152	374,143	4,841,032
Fire Code Enforcement	13,398	-	-	13,398
Facilities Maintenance and Replacement	(111,615)	114,139	2,492	32
Total Revenues, Expenditures and Change in Grant Balances - Other	4,812,433	306,291	376,635	4,742,089
Total Grants	\$ 4,224,644	\$ 4,506,191	\$ 6,117,662	\$ 2,613,173

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

CITY OF BALTIMORE
Fire Department
Statement of Revenues, Expenditures and Changes in Grant Cash Balance
For Fiscal Year Ended June 30, 2015

	Cash Balance 7/1/2014	Revenues	Expenditures	Cash Balance 6/30/2015
Federal Grants				
Administration	\$ (226,398)	\$ -	\$ -	\$ (226,398)
Fire Suppression and Emergency Rescue	(4,200)	9,579	8,468	(3,089)
Emergency Medical Services	31,823	-	-	31,823
Fire Code Enforcement	20,825	23,556	74,070	(29,689)
Total Revenues, Expenditures and Change in Grant Balances - Federal	<u>(177,950)</u>	<u>33,135</u>	<u>82,538</u>	<u>(227,353)</u>
State Grants				
Fire Suppression and Emergency Rescue	205,704	155,144	669,020	(308,172)
Emergency Management	(7,272)	-	-	(7,272)
Emergency Medical Services	66,370	68,262	68,333	66,299
Fire Code Enforcement	47,485	-	-	47,485
Facilities Maintenance and Replacement	(919,785)	758,394	-	(161,391)
Fire Communications and Dispatch	2,615	2,685	2,685	2,615
Total Revenues, Expenditures and Change in Grant Balances - State	<u>(604,883)</u>	<u>984,485</u>	<u>740,038</u>	<u>(360,436)</u>
Other Grants				
Administration	(119,389)	-	-	(119,389)
Fire Suppression and Emergency Rescue	7,462	-	446	7,016
Emergency Medical Services	4,648,495	374,528	-	5,023,023
Fire Code Enforcement	13,398	-	-	13,398
Facilities Maintenance and Replacement	110,000	12,500	234,115	(111,615)
Total Revenues, Expenditures and Change in Grant Balances - Other	<u>4,659,966</u>	<u>387,028</u>	<u>234,561</u>	<u>4,812,433</u>
Total Grants	<u><u>\$ 3,877,133</u></u>	<u><u>\$ 1,404,648</u></u>	<u><u>\$ 1,057,137</u></u>	<u><u>\$ 4,224,644</u></u>

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

CITY OF BALTIMORE
Fire Department
Notes to the Financial Statements
For Fiscal Years Ended June 30, 2016 and 2015

1. Description of the Fire Department

The Fire Department (the Agency) 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. At the end of fiscal year 2015, the Building Permits and Municipal Consents and Real Property Database Management offices were moved to the Department Of Transportation. Additionally, responsibility for Public and Private Energy Performance was transferred to the Department of Public Works.

2. Fund Financial Statements

The Agency's services are reported in the City's general, internal service, special revenue and capital projects funds. The Agency annually receives appropriations from both the general, internal service, special revenue funds and capital projects funds. General fund and internal service fund appropriations expired at year end. The special revenue funds receive grant from the Federal, State and other sources. Appropriations for special revenue fund do not expire at year end and continue until they are used for grant related expenditures. Because of these differences, the financial statements of the Agencies general and enterprise fund activities are reported on a budgetary basis in the *Statement of Revenues, Expenditure, Encumbrances and Changes in Fund Balance*. The financial statement of the special revenue and Capital project funds are reported in Statement of Revenues, Expenditures and Changes in Cash Balance.

3. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Agency are prepared on the cash basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of presentation differs from accounting principles generally accepted in the United States of America (GAAP) in that revenues are recognized when received rather than earned and expenses are recognized when paid rather than when the obligation is incurred. Specifically, the variances from GAAP include the mission of receivables and payables of the Agency, and such variances are presumed to be material. The accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

CITY OF BALTIMORE
Fire Department
Notes to the Financial Statements
For Fiscal Years Ended June 30, 2016 and 2015

4. Budget Process

The Agency 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.

5. 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 Agency is a chartered agency within the City of Baltimore municipal government. Therefore, its exposure to various risks is managed by the City's Office of Risk Management.

6. Subsequent Events

No subsequent events have occurred that would require recognition or disclosure in the financial statements.