



BALTIMORE CITY COUNCIL COMMITTEE OF THE WHOLE

Mission Statement

On behalf of the Citizens of Baltimore City, the mission of the Committee of the Whole is to meet, discuss and study matters that have particular interest to the City as a whole and to its citizens.

The Honorable Zeke Cohen

CHAIR

PUBLIC HEARING

Wednesday, September 17, 2025

5:30 PM

CLARENCE "DU" BURNS COUNCIL CHAMBERS

Legislative Oversight: LO25-0016

***Title: Briefing - Annual Comprehensive Financial
Report (ACFR) and Single Audit for the Year
Ending June 30, 2024***

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Meeting: Legislative Oversight Hearing
Committee: Committee of the Whole
LO25-0016

Title: Briefing - Annual Comprehensive Financial Report (ACFR) and Single Audit for the Year Ending June 30, 2024

Purpose:

Briefing - Annual Comprehensive Financial Report (ACFR) and Single Audit for the Year Ending June 30, 2024. Inviting the City's Director of Finance, the City Auditor, and SB & Company (External Audit Firm) to present and discuss material weaknesses found in the ACFR for Year Ending June 30, 2024 and Single Audit to the City Council. The Baltimore City Charter requires the City Auditor, under the supervision of the Comptroller, to audit the comprehensive annual financial report of the City, prepared by the Director of Finance. The ACFR and the Single Audit for the fiscal year ending June 30, 2024, were submitted to the Board of Estimates on May 9, 2025.

REPORTING AGENCIES

Agency	Report
Department of Finance	Pending
Department of Audits	Pending
SB& Company (External Audit Firm)	Pending

BACKGROUND

The Department of Audits (DOA) is the City's independent auditor, providing various audit attestation engagements and assurance services with the overall goal of improving government accountability. One of the primary responsibilities of DOA is conducting performance and financial audits, including the Annual Comprehensive Financial Report (ACFR) and Single Audit.ⁱ

In addition, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, SB & Company, LLC, to perform an audit with the City Auditor of the basic financial statements of the City for the year ended June 30, 2024.ⁱⁱ

The City Charter grants the City Auditor to "audit the expenditure of City-granted funds by any public or private agency that receives such funds," in accordance with the Generally Accepted Government Auditing Standards and State and federal law.ⁱⁱⁱ

This Legislative Oversight hearing will provide details on the two separate year-end financial reports 1) ACFR and 2) The Single Audit. LO25-0016 will emphasize the importance of the accuracy and timeliness of both these reports.

- ACFR provides a comprehensive accounting of the City's financial position at the end of the prior year.
- Single Audit Report is a comprehensive financial and administrative compliance report required for entities that spend over a certain threshold in Federal funds during a fiscal year.

ADDITIONAL INFORMATION

Fiscal Note:

The legislative oversight briefing on the ACFR and Single Audit for the Year Ending June 30, 2024, has no estimated financial impact.

The Department of Audits is positioned within the Office of the Comptroller (Service 131). The Comptroller has executive responsibility for the City's independent audit function. In Fiscal Year 2026, the Audits division received \$6,738,678 in General Fund.^{iv} Majority of this budget is directed at salaries for 45 positions, personnel costs, and contractual services.^v

Information Source(s):

ⁱ Department of Audits. (September 12, 2025). <https://comptroller.baltimorecity.gov/audits>

ⁱⁱ City of Baltimore Annual Comprehensive Financial Report for Year Ended June 30, 2024, Department of Finance (May 9, 2025).

ⁱⁱⁱ Baltimore City Charter, Article V, § 8. (November 5, 2024). <https://codes.baltimorecity.gov/us/md/cities/baltimore/charter/V/8>

^{iv} City of Baltimore, Ordinance 25-025, Council Bill 25-0060.

<https://baltimore.legistar.com/LegislationDetail.aspx?ID=7397268&GUID=E145B00D-890B-47D6-AA82-DB0D7B8A42DB&Options=ID|Text|&Search=25-0060>.

^v City of Baltimore, Board of Estimates Recommendations Agency Detail Volume I, Fiscal Year 2026. (May 12, 2025).

<https://bbmr.baltimorecity.gov/sites/default/files/upload/FY2026%20Agency%20Detail%20Volume%20I.pdf>

Baltimore City Council



Committee of the Whole Committee

LO25-0016

**Title: Briefing - Annual Comprehensive
Financial Report (ACFR) and Single Audit
for the Year Ending June 30, 2024**

Agency Reports



Certified Public
Accountants &
Business Advisors



September 17, 2025

Presentation to City Council

2024

Financial Statement and
Uniform Grant Guidance Audit

Leadership Team

❖ SB & Company, LLC

- Bill Seymour, Engagement Partner
- Tiana Wynn, Audit Partner
- Chris Lehman, Audit Partner

❖ Baltimore City Department of Audits

- Josh Pasch, City Auditor
- Thandee Maung, Deputy City Auditor
- Boniface Kyalla, Audit Manager

Overview of the Audits

- **Annual Comprehensive Financial Report (ACFR):**

- City's official financial report for fiscal year ended June 30, 2024.
- This presents a full set of financial statements and supplementary information showing the City's financial position, results of operations, cash flows, etc., for the fiscal year ended June 30, 2024
- Due Date – December 31, 2024
- Received April 2025
- Opinion date May 9, 2025

- **Uniform Grant Guidance Audit ("Single Audit"):**

- A comprehensive audit required of non-federal entities like City of Baltimore that expend more than \$750K in federal awards/grants/assistance during a fiscal year.
- Identifies whether federal awards/grants were used in accordance with the law, grant terms, and regulations.
- Due Date – 9 months after year end (March 31)
- Received finalized Schedule of Federal Expenditures- April 2025
- Opinion date May 9, 2025

Recurring Material Weaknesses

✓ Significant Findings over the Years

- Financial reporting, water billing, grants accounting, fixed assets, information technology
- Improper preparation of the schedule of federal awards
- Sub-recipient monitoring and proper reporting
- Cash management of Federal grants
- Late, incomplete, undocumented submission of certain reports due to federal agencies

✓ How to resolve material weaknesses

- Process takes more than one year due to timing of report (Due by March 31 of following fiscal year)
- As part of the finding management provides a corrective action plan
- Implement corrective action plan
- Tested in subsequent years to determine compliance

Types of Findings from an Evaluation of Internal Controls or Single Audit Testing

Material Weakness	A material weakness is a deficiency, or combination of deficiencies, in internal controls over financial reporting or compliance such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected on a timely basis, or noncompliance of a material program requirement.
Significant Deficiency	A significant deficiency is a deficiency, or a combination of deficiencies, in internal controls over financial reporting or compliance that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the financial reporting or compliance.
Management Recommendation	A management recommendation is a suggestion for improvements in internal controls, operating procedures, policies, or other suggestions to improve your operations as a result of conditions noted during the audit process or what is considered a best practice in the industry.
Single Audit Finding	A single audit finding is an exception found during testing that was not considered a material weakness or significant deficiency.

2024 Audit Results

Summary of 2024 Results

- Audit of the following June 30, 2024 financial statements
 - City of Baltimore
 - Water Utility Fund
 - Waste Water Utility Fund
 - Storm Water Utility Fund
 - Parking Facilities Fund
- Uniform Grant Guidance Audit (federal funds)
- Data collection form submission
- Report on internal controls over financial reporting
- Observations and recommendations

Summary of 2024 Results:

Financial Statement Audit

- ✓ Issued an unmodified opinion on the financial statements
- ✓ Discovered no instances of material fraud
- ✓ Received access to requested information that was available
- ✓ Encountered significant delays during the audit process
- ✓ Identified six material weaknesses related to internal controls over financial reporting
 - Financial reporting function
 - Cash and cash equivalents
 - Grant accounting
 - Water and wastewater billing
 - Fixed assets accounting
 - Information technology security

Summary of 2024 Results:

Uniform Grant Guidance Audit

- ✓ **Tested eleven programs (79% of federal grants)**
- ✓ **Issued qualified opinions for seven programs**
- ✓ **Material weakness over internal controls for presentation of schedule of expenditures of federal awards (SEFA)**
- ✓ **9 other findings identified as significant deficiencies**
 - Reporting (3)
 - Eligibility (2)
 - Subrecipient monitoring (1)
 - Cash management (1)
 - Earmarking (1)
 - Special tests (1)

Summary of 2024 Results:

Internal Control Over Financial Reporting

✓ **Material weakness over internal control over financial reporting (last 5 years)**

- Financial reporting (2020-2024)
- Cash and cash Equivalents (2024)
- Grant accounting (2020-2024)
- Water and wastewater accounting (2020-2024)
- Fixed assets (2020-2024)
- Information technology (2020-2024)

Material Weakness in Internal Controls Over Financial Reporting

Material Weakness in Internal Controls Over Financial Reporting

Financial Reporting Function (2018-2024)

- Finance reports financial information based on information provided and maintained by various departments.
- Finance does not have the authority to enforce timely preparation and reconciliation of activity/account balances from departments.
- Finance does not have staff or resources to conduct a thorough review of transactions that underlie and support the financial statements (i.e., cannot review all transactions through the year).
- Does not have adequate financial reporting software that can generate financial statements for a government entity and requires significant manual manipulation of data to create financial statements.
- Due to voluminous amount of activity in accounts, it is difficult to perform a thorough post-closing review and detect all material errors.
- Because of the number of errors detected, financial information provided throughout the year may be materially incorrect.
- Material adjustments were made in water/wastewater receivables (both service receivables and intergovernmental receivables); grant receivables; due to/from grant fund; and fixed assets.

Effect:

The City had significant audit adjustments for the year ended June 30, 2024. Additionally, the interim financial information produced by the City may be inaccurate.

Recommendation:

We recommend the City provide training to personnel, develop formal written procedures for monthly and year-end financial reporting functions, develop checklists, perform reconciliations and variance analysis and consider obtaining more resources to assist in the preparation of financial statements.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Cash and cash equivalents (2024):

- Material post closing adjustments were made to cash and other cash related accounts.
- Unable to establish accurate balances of cash balances which required multiple rounds of journal entries to correct.
- Commingling of multiple cash and bank accounts in a single reconciliation.
- Lack of communication with Treasury on variances detected.
- Late or under billing of grant revenues.

Effect:

The City is not able to establish accurate balances of cash and cash equivalents.

Recommendation:

We recommend the City to develop a formal written procedure to develop monthly and year-end financial reporting procedures and checklists and to consider obtaining more resources to assist in the preparation of financial statements. Additionally, the City should consider implementing certain procedures over cash and cash related accounts:

- Ensure that all transactions are posted and reviewed on a current basis.
- Bank reconciliations should be performed on a timely basis at the end of each month, by individual bank account.
- Ensure that supervisory personnel timely and adequately review monthly bank reconciliations.
- Investigate large and unusual reconciling activity timely, and ensure corrections are made within the City's books and records.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Grant Accounting Function (2018-2024):

- Lack of formal procedures and accountability at various departments.
- Unable to establish accurate balances of grant accounts receivable and grant deferred revenue accounts.
- Lack of communication between the departments that receive grants from state and federal agencies.
- Grant revenues and expenditures are often allocated to incorrect general ledger accounts which could result in overcharging certain grant accounts, overstating deferred revenues for other grant accounts, and improper billings of certain grants.
- Late or under billing of grant revenues.

Effect:

The City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts; expenditures reported on the Schedule could be misstated.

Recommendation:

We recommend a policy to ensure timely and proper tracking and accounting for grant revenues and expenditures. We also recommend timely and proper reconciliation of grant account balances from central general ledger to systems maintained at individual departments that receive grants. In addition, the City should continue its investment in and implementation of new general ledger software that would be able to accommodate the accounting and recordkeeping for grants received by the City and dedicate staff to properly account for its grant activities.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Schedule of Federal Awards Preparation (2018-2024)

- Detail expenditure information in the accounting software differs from the expenditures reported by various City departments.
- There are unreconciled amounts from cash draw down requests when compared to the underlying records without documentation of the variances.
- There are unreconciled amounts passed through to subrecipients.
- The schedule of federal expenditures does not reconcile to the City's audited annual comprehensive financial report.
- Material adjustments were made to properly reflect the amounts of certain federal grants, including the presentation of amounts passed to subrecipients.
- Because of the number of errors detected, schedule of federal expenditures may be materially incorrect.

Effect:

The determination of which major programs will be audited are affected by the accuracy of the Schedule at the time of audit. Without proper internal controls over financial reporting, inaccurate reporting of the City's financial information could occur. As a result, individual program reports throughout the year could have inaccurate information.

Recommendation:

We recommend the City establish policies and procedures to ensure that the Federal funds are properly identified and reported accurately in the schedule of federal awards in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering federal assistance programs with the City receive training in grant administration.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Water and Wastewater Billing Function (2018-2024)

- Significant number of accounts have not been billed timely (i.e., not billed for the entire fiscal year and estimated as of year end).
- Bad debt reserve calculation is solely based on aging of receivables and does not include other factors.
- Significant number of accounts have been billed inconsistently.
- Potentially have not fully billed or fully reconciled all accounts.

Effect:

The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments and this is a greater risk of error due to manual adjustments.

Recommendation:

We strongly recommend the City develop a formal written procedure to develop timely and accurate billing for water and wastewater utilities. The City should reconcile all accounts to the water billing system. The City should properly train and develop staff prior to implementation of any new systems.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Fixed Assets Accounting (2018-2024)

- The City recorded capital expenditures as both construction in progress and as buildings and improvements.
- Finance reports fixed assets based on information maintained and provided by various departments.
- Finance relies on information from departments to determine when a fixed asset is placed in service.
- Manual process of upkeep and reconciliations and as a result errors can occur.

Effect:

The City had significant audit adjustments for the year ended June 30, 2024. Additionally, the interim financial information produced by the City may be inaccurate.

Recommendation:

We recommend that the City develop a formal written procedure to reconcile capital expenditures recorded in various funds to the capitalized assets reported on the entity-wide basis. We also recommend that the City develop written capitalization policies. The City should use the new general ledger software to track fixed asset additions and depreciation calculations.

Material Weakness in Internal Controls Over Financial Reporting (cont.)

Information Technology (2018-2024)

While progress continues to be made in addressing and remediating the legacy vulnerabilities, the review of the network security in fiscal year 2024 indicated that a number of "severe/critical/high risk" vulnerabilities remain to be remediated. Additionally, the review of cybersecurity preparedness revealed that while component risk assessments have been performed an enterprise-wide risk assessment was not performed during the audit period.

Effect:

The absence of timely remediation increases the risk to the organization that those vulnerabilities may be exploited leading to disruption of the City's operations and/or theft/loss of data. Inadequate segregation of duties leads to increased risk to unauthorized changes when individuals that make changes have access to the production environment.

Recommendation:

We recommend that the City: (1) implement IT training programs surrounding the various threats and how to identify them; (2) maintain a more secure network for its daily operations and the storage of its data; and (3) continue efforts to perform an enterprise-wide risk assessment.

Understanding Fund Balance

Fund balance is the residual amount in governmental funds after accounting for all financial assets and liabilities. This represents the resources available for future spending or the obligations to be met.

- **Nonspendable:** This classification includes amounts that cannot be spent because they are not in spendable form. An example is inventory.
- **Restricted:** Restricted fund balance has constraints placed upon the use of the resources either by external creditors, grantors, contributors or imposed by law through a constitutional provision or enabling legislation. An example here is amounts needed to service future debt payments.
- **Committed:** Committed fund balance represents resources a government has set aside for specific purposes through a formal action by its highest-level decision-making body, such as a city council or governing board. These commitments can only be changed or lifted by the same formal process used to impose them. They differ from restricted funds, which are constrained by external parties or laws.
- **Assigned:** This category is for amounts the City has a stated intended use as established by the Board of Estimates. The Board of Estimates has delegated the authority to assign amounts for a specific purpose to the City's Director of Finance. These are resources where the constraints/restrictions are less binding than that for committed funds. An example here would be for encumbrances.
- **Unassigned:** Unassigned fund balance is the residual amounts that are not accounted for in any other category (nonspendable, restricted, committed or assigned).

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Brandon M. Scott
Mayor

Committee of the Whole

LO25-0016: Briefing – Annual Comprehensive Financial Report (ACFR) and Single Audit for the Year Ending June 30, 2024

PREPARED BY
Department of Finance

September 17, 2025

SECTION 1:

How We Report and Audit the City's Finances



Brandon M. Scott
Mayor

Understanding the ACFR

- **What it is:**

The City's official financial report, prepared in accordance with **Governmental Accounting Standards Board (GASB)** standards and audited by an **independent auditor** using government auditing standards.

- **Who prepares it:**

Compiled by the **Department of Finance (Bureau of Accounting & Payroll Services [BAPS])** to ensure transparency, accuracy, and compliance.

- **What it includes:**

1. Introductory Section – Background and guide to the report

2. Financial Section – Core financial statements, notes, and auditor's report

3. Statistical Section – Historical financial and demographic data to show trends over time



Understanding the Single Audit

- **What it is:**

Federal audit required for entities that spent **\$750K+** in federal funds (threshold rises to \$1M for FYs starting on or after Oct. 1, 2024). The scope of the Single Audit encompasses the City of Baltimore as the audited entity, inclusive of agency programmatic spending.

- **Who prepares it:**

Performed by an **independent auditor** in accordance with the Uniform Guidance and government auditing standards.

- **What it includes:**

1. Audit of Financial Statements – Ensures financial data is accurate and fairly presented

2. Compliance Testing – Reviews how federal funds are spent and whether rules are followed

3. Schedule of Expenditures of Federal Awards (SEFA) – Lists all federal grants and spending



SECTION 2:

Challenges and Improvements



Timing Challenges and Improvement Efforts

Recent Challenges:

- Primary contributing factors to FY24 audit delay:
 - Limited staffing capacity during key reporting periods.
 - Shortage of personnel with specialized audit and financial reporting experience.
 - Transition to an automated software to pull financial data into reporting templates led to the need for additional reconciliation of financial reports.

Process Improvements Underway:

- Actively backfilling key accounting vacancies to rebuild capacity.
- Completed project mapping on key deliverables, responsibilities and detailed timelines.
- Advancing data efforts to reduce reconciliation issues and improve reporting readiness.
- Providing targeted training to strengthen staff expertise in audit and financial reporting.



SECTION 3:
Single Audit Findings and
Citywide Corrective Actions:
July 2023-June 2024



Programmatic Audit Findings

Findings Summary:

The single audit covered 9 major programs in FY2024. The program findings center around the following issues:

- | |
|--|
| • Program files missing documentation required by program (participant information, housing inspection etc.) |
| • Unique Entity Identifier (UEI) or Federal Award Identification Number (FAIN) Number missing on executed grant agreements and other grant documentation |
| • Subrecipient reporting and monitoring |
| • Drawdowns (proof of request, sign off); proof of meeting earmarking requirements |
| • Reporting submission Federal Funding Accountability and Transparency Act (FFATA), Performance Progress and Evaluation report (PPER) (non submission or validation to general ledger) |

Corrective Actions Taken / Planned:

- Agencies were able to implement corrective actions for prior year findings and several of the prior year findings were cleared.
- Agencies implemented corrective action plans for program operations that are being tracked at a citywide level.



Accounting Function:

Audit Finding & Corrective Actions

Discussion of the citywide accounting function findings

Finding Summary (Material Weakness, Repeat Finding): 2024-001

- *The City had significant post year-end adjustments to its fiscal year 2024 financial statements with significant delays in adequately reconciling cash, investments, receivables, capital assets and proprietary funds.*

Corrective Actions Taken / Planned:

- **In FY 25**, Finance fully implemented Workiva, a cloud-based financial reporting software that pulls data from Workday into a mapped reporting template. This template serves as the foundation for the financial statements and ACFR, while also maintaining a clear audit trail for any document changes. Additional refinements to Workiva are currently in progress. These additional mapping updates should reduce post year-end adjustments.
- **July 2025:** BAPS prepared a project plan for review of Workiva mapping. The project plan included evaluation of the monthly and year end close out process to identify any needed enhancements to process or documentation.
- **September 2025:** Actions outlined in the project plan will be completed.
 - **Status Update: 100% Completed-** In August, BAPS partnered with Workiva consultants and BCIT to configure files that allow ACFR reporting to automatically update within Workday data. Prior-year data has rolled over successfully, which should reduce post-year adjustments.



Grant Accounting Function: Audit Finding & Corrective Actions - Summary

Broadly, across the focus areas of technology, training and grants oversight, below summarizes our work FY 25 work:

FY 25 GMO Initiatives:

- Developed a Draft Grants Transformation Plan outlining citywide improvement goals through FY 28.
- Drafted two new Administrative Manual policies for FY 26: Subrecipient Monitoring and Management and Unique Entity Identifier (UEI) Best Practices – with BOE for 9/17/25 approval.
- Completed a citywide grants needs assessment.
- Coordinating with agencies to secure GMO access to all federal, state, and other grant portals.
- Implemented additional compliance review for Workday Grant set up and maintenance functions, including monthly worktag inactivation report to prevent improper billing against grants not fully set up in Workday, as well as verification of subaward status before final award setup approval.



Grant Accounting Function: Audit Finding & Corrective Actions

Finding Summary (Material Weakness, Repeat Finding): 2024-003

- *Due to lack of formal procedures and accountability at various departments, the City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts, including cash amounts that are not timely posted to grant accounts.*

Corrective Action Focus Areas:

- Technology
- Training
- Grants oversight structure (including oversight, policy and staffing)

Focus areas and action steps will be discussed in more depth on the next slides.



Grant Accounting Function:

Audit Finding & Corrective Actions- Technology

Corrective Actions Taken / Planned:

Workday Improvements:

- Launched new budget process requiring agencies to request grant worktag creation in Workday, which both categorizes activity and triggers rules (e.g., routing to fiscal grant teams). This creates a clear distinction between grant and non-grant activity and strengthens the City's ability to track grants accurately.
- The Grants Management Office (GMO) implemented monthly inactivation of grant worktags without an associated award to enforce spend controls.
- GMO added a review step to identify subrecipients and subawards in Workday before worktag request approvals are issued to reduce instances of unidentified subawards and subrecipients
- GMO now serves as final approver for agencies grant award creation, reviewing budget, calendar, and setup in Workday to insure standardization and inclusion of all required information
- GMO initiated Workday security role reviews with agencies to assess grants management security role access needs and determine whether key grant management staff have appropriate access.



Grant Accounting Function:

Audit Finding & Corrective Actions- Staffing and Training

- Key senior accounting leadership positions – BAPS Deputy Chief, BAPS Grants Accounting Manager – were filled over the spring and summer.
- As of September 2025, recruitment efforts are in progress for seven additional accounting roles.
- Since May 2024, GMO and BAPS have provided **monthly training** to grant-receiving agencies **averaging over 90 attendees per session** on topics critical to grants management including:
 - Grant Accounting Best Practice & Workday Billing Refresher
 - Cost Reimbursable Invoicing in WD
 - Schedule of Expenditures of Federal Awards (SEFA) Overview
 - Subrecipient Monitoring Overview
 - Award Set-Up Best Practices and Potential Pitfalls
 - Extra Features in Workday
 - Subaward Set-up Walk Thru
 - FY25 SEFA Pass-Through Reporting Preparation
 - Grant Worktag Set-up for the Fiscal Year
 - Grant Management Roles and Responsibilities
 - How to Monitor Subrecipients: Step-by-Step Guide
 - Award Set-Up Clinic
 - Subaward Set-up and Management Refresher
 - 2 CFR 200 Uniform Guidance –Subrecipient Monitoring and Financial Management



Grant Accounting Function:

Audit Finding & Corrective Actions- Oversight

- GMO implemented a mandatory requirement for agencies to enter billing milestones into their award setup to monitor upcoming draw down dates and confirm appropriate invoicing has taken place
- GMO is implementing a Citywide oversight of the Unique Entity Identifier (UEI) oversight process
 - Held a focus group to inform UEI best practices and policy development
 - Codified all existing city-wide UEIs into City Administrative Policy and required all agencies/entities without an existing UEI to use Mayoral UEI to eliminate confusion and mismanagement
 - Required all agencies to provide GMO with administrator access to all non-Mayoral UEIs to streamline annual renewal and to eliminate account lockouts due to staff changes
- Developed the Grants Management Office Administrative Manual Policies – Subrecipient Monitoring & Management and Federal Registration & UEI. The policies are with the Board of Estimates for 9/17/25 approval.



Grant Accounting Function: Audit Finding & Corrective Actions – FY 26

Broadly, across the focus areas of technology, training and grants oversight to summarize our work FY 24, FY 25 and planned work for FY 26 :

FY 26 GMO Initiatives:

- Partnering with MOID to develop a City Grants Management Handbook.
- Modified Award Tasks BP to produce a "to do" notification at award creation and require at least two billing/reporting tasks for all awards; Change Control Committee approved this change in July 2025, with implementation kick off in September 2025.
- Collaborated with BBMR to develop a Workday grants dashboard to review and analyze grant spending.



Cash and Cash Equivalents:

Audit Finding & Corrective Actions

Finding Summary (Material Weakness, New Finding): 2024-002

- *The City did not complete a thorough review of the general ledger activity for certain cash and cash related accounts, resulting in a significant post-closing adjustments to its fiscal year 2024 financial statements.*

Corrective Actions Taken / Planned:

- **August 2025:** BAPS will develop and implement a project plan to address reconciliation and reporting issues. The plan will review Workiva mapping, strengthen the monthly close process, clarify staff roles, and enhance training and transaction reviews.
- **Status Update:** In July, BAPS implemented updated procedures and provided staff training on the proper reconciliation of payroll garnishment and tax accounts. All FY25 bank transactions have been successfully reconciled. BAPS has also established a performance metric requiring all bank transactions to be reconciled within 30 days.
- To improve transparency and agency coordination, BAPS now distributes a monthly “Unidentified Wires” report to agencies for review and identification. Additionally, Workiva access has been expanded to include more staff members to ensure redundancy and operational continuity.



Water and Wastewater Billing:

Audit Finding & Corrective Actions

Finding Summary (Material Weakness, Repeat Finding): 2024-004

- *There were accounts that remain unbilled since the system has been implemented and several accounts have been billed inconsistently. The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments. This is a greater risk of error due to manual adjustments.*

Corrective Actions Taken / Planned:

- **June 2024:** DPW upgraded water billing system through Route Smart software, resulting in optimized billing cycles with 98% of bills issued on time. The software also improves route efficiency and reduces technician travel.
- **May 2025:** DPW revamped the staff training curriculum and launched a 6-month rotational program for new hires, supporting cross-functional skill development (including training on the new system) to improve accuracy of water billing.
- **Note:** DPW's current practice involves structured tracking and reporting of overdue AR via a monthly meeting. The City prioritizes strategic write-offs and has decided to continue the allowance method, which is in line with an affirmative responsibility to collect and retain all legal rights to recovery. A calculation is performed monthly.



Fixed Asset Accounting:

Audit Finding & Corrective Actions

Finding Summary (Material Weakness, Repeat Finding): 2024-005

- *There were significant post-close adjustments recorded to fixed assets to correct the year-end reporting for capitalized assets including construction in progress (CIP). Additionally, errors were detected in the depreciation calculation that resulted in additional adjustments.*

Corrective Actions Taken / Planned:

- **July 2024-June 2025:** The City used Workday for the first time to calculate FY24 depreciation, resulting in more accurate and timely asset tracking. Closing projects in Workday now automatically triggers the capitalization process for capital expenditures.
- **July 2025:** BAPS will onboard a new capital accounting manager in August 2025.
 - **Status Update:** Capital Accounting Manager hired in August.
- **October 2025:** BAPS will release formal capitalization policies.
 - **Status Update:** In July, the DOF/BAP's Capital team developed an SOP for closing completed projects, including capitalizing expenditures, and is mapping business processes to track project completion in Workday. BAPS continues working with Planning on developing additional SOPs and project accounting guidelines.
- **Ongoing / continuous:** Depreciation and reconciliation reports between the fixed asset module and general ledger are now run and reviewed monthly by the Capital Manager.



Information Technology Security:

Audit Finding & Corrective Actions

Finding Summary (Material Weakness, Repeat Finding): 2024-006

- *While progress continues to be made in addressing and remediating the legacy vulnerabilities, the review of the network security in fiscal year 2024 indicated that “severe/critical/high risk” vulnerabilities remain to be remediated. Additionally, the review of cybersecurity preparedness revealed that while component risk assessments have been performed, an enterprise-wide risk assessment was not performed during the audit period.*
- *While progress has been made in ensuring that all equipment required to restore mainframe operations at the secondary data center is in place, a failover test has not been performed.*

Corrective Actions Taken / Planned:

- **January-December 2024:** 37% reduction in historical vulnerabilities, including 11% critical and 41% high-risk.
- **January 2025:** New Deputy CISO hired to lead redesign of the Vulnerability Management Program.
- **Ongoing / continuous:** BCIT strengthening vulnerability management with Tenable, dedicated lead and milestone tracking; faster server/workstation patching; privileged-account reviews and segregation-of-duties controls; 48-hour mainframe disaster-recovery capability; multi-year remediation through December 2025.



Schedule of Expenditures of Federal Awards (SEFA): Audit Finding & Corrective Actions

Finding Summary (Material Weakness, Repeat Finding): 2024-007

- *Finance is responsible for preparing the Schedule of Expenditures of Federal Awards based upon grant information obtained from the financial accounting records and other information provided by each department or agency. In many instances, the detail expenditure information in the accounting software differed from the expenditures reported by various City departments. Additionally, expenditures related to sub-recipients, subcontractors, and beneficiaries are not separately tracked in the general ledger.*

Corrective Actions Taken / Planned:

- Corrective Actions listed in Finding 2023-003 also help address this finding; including changes to Award module set up and citywide training.
- **March 2026:** Design and complete grants management dashboard within Workday.
- **Ongoing / continuous:** GMO will continue to conduct trainings on SEFA reporting and subrecipient management and reporting.



Noncompliance Over Reporting: Audit Finding & Corrective Actions

Finding Summary (Significant Deficiency, Repeat Finding): 2024-008

- *The City's audited financial statements and the data collection form were not completed within nine months after the end of the audit period.*

Corrective Actions Taken / Planned:

- **July 2025:**
 - Billing milestones added in Workday (*automatic checkpoints to prevent missed deadlines*)
 - SharePoint updated with training materials & grant resources (*centralized access*)
- **September 2025:**
 - Subrecipient monitoring and UEI Administrative Manual policies approved by BOE (*stronger compliance*)
 - Status Update:** Planned for 9/17/25 BOE approval.
 - Grants accounting roles backfilled (*expanded capacity for timely reporting*)
 - Status Update:** Grants Accounting Manager and Grants Accounting Systems Analyst began in August 2025.
- **March 2026:**
 - Workday grants dashboard fully designed and implemented (*real-time monitoring of grant activity & deadlines*)



Understanding Fund Balance Categories

Category	Definition
Non-spendable	This fund balance includes items that are non-cash and cannot be spent. For the City of Baltimore this fund balance includes other mortgage receivables and inventory.
Restricted	This fund balance is restricted due constraints that are placed by creditors and/or legislation. For the City of Baltimore this fund balance includes the Landfill Closure and Development fund as well as Debt Service(debt owed).
Assigned	This fund balance is not restricted but are assigned for specific use. Examples would be for a pending settlement or upcoming capital projects.
Unassigned	This fund balance is the amount leftover from and not included in the other types of fund balances. This is fund balance is not assigned for any specific uses. Unassigned fund balance includes our Budget Stabilization Reserve fund. This is typically only used in a crisis.



FY 24 Year-End Fund Balance

Category	Amount
Nonspendable	\$6,292.00
Restricted	\$340,866.00
Assigned	\$315,884.00
Unassigned	\$259,021.00
Total fund balances	\$922,063.00



Questions?



Brandon M. Scott
Mayor

Baltimore City Council



Committee of the Whole

LO25-0016

**Title: Briefing - Annual Comprehensive
Financial Report (ACFR) and Single Audit
for the Year Ending June 30, 2024**

Additional Materials

CITY OF BALTIMORE, MARYLAND

**Single Audit Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2024

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CITY OF BALTIMORE, MARYLAND

Single Audit Together with Reports of Independent Public Accountants For the Year Ended June 30, 2024

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, the combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the Employees’ Retirement System, the Elected Officials Retirement System, and the Fire and Police Employees’ Retirement System. These funds represent 85% of the total assets, 85% of the net position, and 81% of the additions of the Pension and OPEB Trust Funds. We also did not audit the Baltimore City Public School System (School System) and Baltimore Hotel Corporation, which are both discretely presented component units. The financial statements of the School System, Baltimore Hotel Corporation and certain information of the Pension and OPEB Trust Funds were audited by other auditors whose reports have been furnished to us. Our opinions, insofar as they relate to the amounts included for the School System, Baltimore Hotel Corporation and certain information of the Pension and OPEB Trust Funds, are based on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 City's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance – Budget and Actual- Budgetary Basis – General Fund and Grants Fund, Schedule of the City's Proportionate Share of Net Pension Liability: Employees' Retirement System Plan, Schedule of Employer Contributions: Employees Retirement System Plan, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – ERPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System-ERPS, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – LEOPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System – LEOPS, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees' Retirement System – Single Employer Plan, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Elected Officials' Retirement System - Single Employer Plan; Schedule of Employer Contributions – Single Employer Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios – OPEB Plan; Schedule of the City's Proportionate Share of Net OPEB Liability, Schedule of Employer Contributions – OPEB Plan; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Adjustments to Discretely Presented Component Unit Financial Statements Audited by Other Auditors

As part of our audit of the City's 2024 financial statements, we also audited the adjustments described in Note 21 that were applied to adjust the financial statements of the School System, a discretely presented component unit of the City, as of and for the year ended June 30, 2024, including the restatement of certain 2024 financial statements' beginning balances in the accompanying financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the School System other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements of the School System as a whole.

Owings Mills, Maryland
May 9, 2025

SBC & Company, LLC

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

**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, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated May 9, 2025. Our report includes references to other auditors who audited the financial statements of the Employees’ Retirement System, the Elected Officials Retirement System, the Fire and Police Retirement System, Baltimore City Public Schools System, and Baltimore Hotel Corporation as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal controls over financial reporting or compliance and other reports on matters that are reported on separately by those auditors.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’s internal controls over financial reporting (internal controls) as a basis for designing 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 City’s internal controls. Accordingly, we do not express an opinion on the effectiveness of the City’s internal controls.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider certain deficiencies in internal controls, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005 and 2024-006, to be material weaknesses.

A *deficiency in internal controls* 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 controls such that there is a reasonable possibility that a material misstatement of the City'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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Owings Mills, Maryland
May 9, 2025



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Baltimore, Maryland's (the City) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the *Summary of Independent Public Accountants' Results* section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Housing Opportunities for Persons with AIDS, Total American Rescue Plan Act, Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises, Ending the HIV Epidemic: A Plan for America, Medical Assistance Program, HIV Emergency Relief Project Grants and HIV Prevention Activities Health Department Based

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Housing Opportunities for Persons with AIDS, Total American Rescue Plan Act, Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises, Ending the HIV Epidemic: A Plan for America, Medical Assistance Program, HIV Emergency Relief Project Grants and HIV Prevention Activities Health Department Based for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Independent Public Accountants' Results* section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States

(*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinions on the Housing Opportunities for Persons with AIDS, Total American Rescue Plan Act, Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises, Ending the HIV Epidemic: A Plan for America, Medical Assistance Program, HIV Emergency Relief Project Grants and HIV Prevention Activities Health Department Based

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding:

AL No.	Program Name	Finding No.	Basis for Qualified Opinion
14.241	Housing Opportunities for Persons with AIDS	2024-011 2024-014	Material Weakness in Internal Controls and Noncompliance over Cash Management Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
21.027	Total American Rescue Plan Act	2024-015	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	2024-016	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
93.686	Ending the HIV Epidemic: A Plan for America	2024-021 2024-022	Material Weakness in Internal Controls and Noncompliance over Reporting Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
93.778	Medical Assistance Program	2024-023	Material Weakness in Internal Controls and Noncompliance over Reporting
93.914	HIV Emergency Relief Project Grants	2024-024 2024-025	Material Weakness in Internal Controls and Noncompliance over Cash Management Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
93.940	HIV Prevention Activities Health Department Based	2024-026 2024-027 2024-028	Material Weakness in Internal Controls and Noncompliance over Cash Management Material Weakness in Internal Controls and Noncompliance over Reporting Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal controls over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal controls over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-007 through 2024-028. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Controls over Compliance

Our consideration of internal controls over compliance was for the limited purpose described in *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal controls over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal controls over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal controls over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal controls over compliance* is a deficiency, or combination of deficiencies, in internal controls over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal controls over compliance described in the accompanying schedule of findings and questioned costs as items 2024-007, 2024-011, 2024-014, 2024-015, 2024-016, 2024-021, 2024-022, 2024-023, 2024-024, 2024-025, 2024-026, 2024-027 and 2024-028 to be material weaknesses.

A significant deficiency in internal controls over compliance is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal controls over compliance described in the accompanying schedule of findings and questioned costs as items 2024-008, 2024-009, 2024-010, 2024-012, 2024-013, 2024-017, 2024-018, 2024-019 and 2024-020 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questions costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended June 30, 2024, and have issued our report thereon dated May 1, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Owings Mills, Maryland
May 9, 2025

SB + Company, LLC

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF AGRICULTURE				
Direct Grants				
FY21 Women Infants and Children (WIC) Supplemental Food	10.557		\$ -	\$ 39,985
FY23 Women Infants and Children (WIC) Supplemental Food	10.557		-	28,355
FY24 Women Infants and Children (WIC) Supplemental Food	10.557		-	1,891,130
Total Special Supplemental Nutrition Program for Women, Infants, and Children			-	1,959,470
GROW Center	10.675		-	38,916
DPW-Baltimore Comprehensive Composting Pilot	10.935		-	85,820
Total			-	124,736
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	2,084,206
U.S. DEPARTMENT OF COMMERCE				
Pass-Through Maryland Department of Labor				
Maryland Works for Wind, Good Jobs Challenge	11.307	GJC-02-BCI	-	72,049
Total Economic Development Cluster			-	72,049
Direct Grants				
MWBD Advanced Manufacturing Center Grant 2021/MB21OBD8020225	11.802		-	223,014
Year 3 (7/2023 - 6/30/2024) MBDA Advanced manufacturing Center grant	11.802		-	205,995
Total Business Resource Development	11.802		-	429,009
TOTAL U.S. DEPARTMENT OF COMMERCE			-	501,058

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Grants				
CDBG-48	14.218		\$ 3,972,213	\$ 3,972,213
FY23 HOME Program	14.218		113,642	113,642
CDBG-47	14.218		920,610	920,610
CDBG-46	14.218		152,826	152,826
CDBG-45	14.218		297,000	297,000
CDBG-42	14.218		82,445	82,445
FY21 HOME Program	14.218		1,431,772	1,431,772
CV3 Community Development Block Grant (CDBG) COVID-19 CARES Act	14.218		929,684	1,004,614
FY24 CDBG49 Community Development Block Grant (CDBG)	14.218		10,258,361	10,258,361
Total Community Development Block Grants/Entitlement Grants			18,158,553	18,233,483
Emergency Solutions Grant	14.231		1,176	1,176
Emergency Solutions Grant - Cares Act	14.231		1,212,674	1,253,821
FY20 Emergency Solutions Grant	14.231		539,727	568,939
FY24 Emergency Solutions Grant - Program Sub Beans and Breat St. Vincent de Paul	14.231		80,715	80,715
FY24 Emergency Solutions Grant - Program Admin	14.231		-	182,759
FY24 Emergency Solutions Grant - Program Sub Weinberg Shelter Associated Catholic Charities	14.231		38,345	38,345
FY24 Emergency Solutions Grant - Program Sub Homeless Outreach Downtown Partnership	14.231		56,859	56,859
FY24 Emergency Solutions Grant - Program Sub Youth Resource Drop-in Springboard	14.231		49,010	60,000
FY24 Emergency Solutions Grant - Program Sub Front Door St. Vincent de Paul	14.231		176,383	176,383
FY24 Emergency Solutions Grant - Program Sub Sarah's Hope St. Vincent de Paul	14.231		176,702	176,702
FY24 Emergency Solutions Grant - Program Sub Women's Shelter with TIME Organization	14.231		140,766	192,452
FY24 Emergency Solutions Grant - Program Sub Relocation Program United Way	14.231		56,613	56,613
FY24 Emergency Solutions Grant - Program Sub Temporary Housing Project Plase	14.231		164,238	164,238
Total Emergency Solutions Grant Program			2,693,208	3,009,002
FY22 HOME Program	14.239		9,567	9,567
FY20 HOME Program	14.239		1,384,005	1,384,005
FY19 HOME Program	14.239		1,736,681	1,736,681
FY18 HOME Program	14.239		1,189	1,189
HOME American Rescue Plan (ARP)	14.239		10,545	10,545
FY24 Home Program	14.239		238,666	238,666
Total Home Investment Partnerships Program			3,380,653	3,380,653
Continuum of Care	14.267		-	33,109
CoC - Continuum of Care FFY20	14.267		20,000	54,805
FY21 CoC - Continuum of Care	14.267		3,333,508	3,838,968
Youth Homelessness Demonstration Program (YHDP) 10/1/22 - 9/30/23	14.267		367,970	367,970
FY22 CoC Grant	14.267		4,774,058	4,838,854

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)				
Direct Grants (continued)				
FY22 CoC Planning Application	14.267		\$ 113,480	\$ 187,986
FY24 MOHS - HMIS Consolidated Grant	14.267		65,000	238,475
FY24 MOHS - Coordinated Access Project	14.267		-	356,171
FY22 CoC Program Sub Samaritan Project People Encouraging People	14.267		328,902	328,902
FY22 CoC Program Sub Permanent Housing At Jacob's Well	14.267		13,524	13,524
FY22 CoC Program Sub Homewood Bound PHP Expansion Health Care for the Homeless	14.267		833,939	833,939
FY22 CoC Program Sub Multi Grant S+C At Jacob's Well	14.267		78,340	78,340
FY22 CoC Program Sub Multi Grant S+C Community Housing Associates	14.267		283,840	283,840
FY22 CoC Program Sub Multi Grant S+C Dayspring	14.267		207,322	207,322
FY22 CoC Program Sub Multi Grant S+C Marian House	14.267		120,433	120,433
FY22 CoC Program Sub Multi Grant S+C St. Vincent de Paul	14.267		329,979	329,979
FY22 CoC Program Sub REACH Combined Associated Catholic Charities	14.267		369,328	369,328
FY22 CoC Program Sub FRESH Start Associated Catholic Charities	14.267		55,631	55,631
FY22 CoC Program Sub Tenant Based S+C Dayspring	14.267		158,995	158,995
FY22 CoC Program Sub Permanent Housing Dayspring	14.267		121,659	121,659
FY22 CoC Program Sub Harford House & Micah House GEDCO	14.267		66,205	66,205
FY22 CoC Program Sub Home Connections III PH St. Vincent de Paul	14.267		825,565	825,565
FY22 CoC Program Sub Permanent Housing Marian House	14.267		56,831	56,831
FY22 CoC Program Sub Serenity Place PHP Marian House	14.267		20,499	20,499
FY22 CoC Program Sub S+C Expansion Marian House	14.267		31,848	31,848
FY22 CoC Program Sub Permanent Housing St. Ambrose Housing Center	14.267		173,725	173,725
FY22 CoC Program Sub TAMAR 2 PHP Marian House	14.267		21,941	21,941
FY22 CoC Program Sub Home Connections Plus St. Vincent de Paul	14.267		45,683	45,683
FY22 CoC Program Sub TAMAR S+C Marian House	14.267		379,922	379,922
FY22 CoC Program Sub Rental Assistance Project PLASE	14.267		627,149	627,149

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)				
Direct Grants (continued)				
FY22 CoC Program Sub SHP PH Unity Project PLASE	14.267		\$ 385,284	\$ 385,284
FY22 CoC Program Sub Medically Fragile SRO Project PLASE	14.267		40,873	40,873
FY22 CoC Program Sub Scattered Site Housing S+C Women's Housing Coalition	14.267		397,571	397,571
FY22 CoC Program Sub Geraldine Young FC Transition Housing The Y in Central MD	14.267		131,814	131,814
FY22 CoC Program Sub Homewood Bound Bonus Health Care for the Homeless	14.267		736,396	736,396
FY22 CoC Program Sub Veteran PSH Project PLASE	14.267		682,949	682,949
FY22 CoC Program Sub Front Door Rapid Re-Housing St. Vincent de Paul	14.267		308,366	308,366
FY22 CoC Program Sub Rapid Re-Housing St. Vincent de Paul	14.267		189,775	189,775
FY22 CoC Program Sub Rapid Re-Housing House of Ruth Maryland	14.267		402,286	402,286
FY22 CoC Program Sub Coordinated Entry SSO - DV Bonus House of Ruth Maryland	14.267		187,843	187,843
FY22 CoC Program Sub YHDP COMPASS PH Springboard Community Services	14.267		84,990	84,990
FY22 CoC Program Sub YHDP Promise PH St. Vincent de Paul	14.267		355,261	355,261
FY22 CoC Program Sub YHDP Promise RRH St. Vincent de Paul	14.267		338,269	338,269
FY22 CoC Program Sub YHDP Diversion and Kinship Springboard Community Services	14.267		248,468	248,468
FY22 CoC Program Sub Transitional Housing Baltimore Safe Haven	14.267		127,377	127,377
FY22 CoC Program Sub YHDP Youth PH Springboard Community Services	14.267		79,617	79,617
FY22 CoC Program Sub Supportive Housing Program	14.267		165,395	165,395
FY22 CoC Program Sub Scattered Site 2 Women's Housing Coalition	14.267		172,057	172,057
FY22 CoC MOHS Administrative Costs	14.267		-	291,712
FY23 CoC MOHS - HMIS Consolidated Grant	14.267		13,000	165,646
FY23 CoC Program Sub Multi Grant S+C At Jacob's Well	14.267		48,245	48,245
FY23 CoC Program Sub Multi Grant S+C Community Housing Associates	14.267		219,223	219,223
FY23 CoC Program Sub Multi Grant S+C Dayspring	14.267		207,483	207,483
FY23 CoC Program Sub Tenant Based S+C Dayspring	14.267		214,116	214,116
FY23 CoC Program Sub Multi Grant S+C Marian House	14.267		74,346	74,346
FY23 CoC Program Sub TAMAR 2 PHP Marian House	14.267		39,282	39,282
FY23 CoC MOHS - Administrative Costs	14.267		-	64,709
FY23 CoC Program Sub Rental Assistance Project PLASE	14.267		120,138	120,138
FY23 CoC Program Sub Permanent Housing St. Ambrose Housing Center	14.267		142,863	142,863
FY23 CoC Program Sub Multi Grant S+C St. Vincent de Paul	14.267		202,602	202,602
Total Continuum of Care Program			<u>20,141,165</u>	<u>21,892,551</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)				
Direct Grants (continued)				
Healthy Homes and Weatherization Cooperation Demonstration (HHWCD)	14.901		\$ 36,604	\$ 36,604
FY22-FY25 Older Adults Home Modification Program (OAHMP)	14.921		96,724	96,724
Total			<u>133,328</u>	<u>133,328</u>
HOPWA - Housing Opportunities for Persons with AIDS - Entitlement	14.241		561,708	633,883
HOPWA - Housing Opportunities for Persons with AIDS	14.241		-	4,397
HOPWA - Housing Opportunities for Persons with AIDS - Competitive Award	14.241		-	158,117
HOPWA - Housing Opportunities for Persons with AIDS	14.241		-	103,772
FY20 HOPWA - Housing Opportunities for Persons with AIDS - Competitive	14.241		230,310	230,310
FY20 HOPWA - Housing Opportunities for Persons with AIDS - CV	14.241		146,647	146,647
FY21 HOPWA - Housing Opportunities for Persons with AIDS - MDH21F001	14.241		3,889,865	3,889,865
FY24-FY23 HOPWA - Housing Opportunities for Persons with AIDS - Formula Award	14.241		-	58,836
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-C0018	14.241		246,988	246,988
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 Baltimore City	14.241		1,800,633	1,801,369
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 Baltimore County	14.241		1,278,091	1,278,091
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 Harford County	14.241		25,172	25,172
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 Howard County	14.241		182,855	182,855
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 Queen Anne's County	14.241		6,012	6,012
FY22 HOPWA - Housing Opportunities for Persons with AIDS - MDH22-F001 University of Maryland, Baltimore	14.241		96,078	96,078
Total Housing Opportunities for Persons with AIDS			<u>8,464,359</u>	<u>8,862,392</u>
9/1/21 - 8/21/23 - Youth Homelessness Demonstration Program (YHDP)	14.276		166,700	166,700
Total			<u>166,700</u>	<u>166,700</u>
FY19 - FY21 - EmPOWER Maryland Energy Efficiency	14.905		4,824	4,824
FY19 - FY25 - Lead Based Painted Hazard Reduction Program	14.905		485,448	485,448
FY19 - FY23 - HUD Lead Abatement	14.905		1,005,022	1,005,022
Total Lead Hazard Reduction Demonstration Grant Program			<u>1,495,294</u>	<u>1,495,294</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>54,633,260</u>	<u>57,173,403</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF JUSTICE				
Direct Grants (continued)				
Families for Justice (MO CJ)	16.021		\$ -	\$ 13,589
BPD Focused Deterrence Project	16.123		-	7,869
Project Pneuma	16.123		255,000	255,000
We Our Us Unity Engagement Men's Movement, Incorporated	16.123		469,998	469,998
Total			<u>724,998</u>	<u>746,456</u>
 FY23 Victim Witness Services/ Unit SAO	16.575		-	10,535
FY24 Victims of Crime Act (VOCA) - Federal	16.575		-	309,328
VOCA Victim Assistance Formula Grant	16.575		-	53,734
Pass-Through Govenors Office of Crime Control and Prevention (GOCCP)				
FY23 Victims of Crime Act (VOCA)/GOCCP	16.575	VOCA-2022-0100	-	134,891
FY23 SAO Victims of Crime Act (VOCA)/GOCCP	16.575	VOCA-2022-0100	-	1,439
FY23 MONSE Victims of Crime Act (VOCA)/GOCCP	16.575	VOCA-2022-0100	-	75,318
Total Crime Victim Assistance			<u>-</u>	<u>585,245</u>
 Direct Grants				
Improving Criminal Justice Responses to Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program	16.590		201,316	201,316
FY23 MONSE City of Baltimore Justice for Families Program	16.590		19,530	19,530
FY22 COPS Technology and Equipment Program	16.710		-	900,358
FY22 Law Enforcement Agency De-Escalation	16.710		-	199,900
Justice Assistance Grant Program (JAG 13)	16.738		-	1,870
Justice Assistance Grant Program (JAG 14)	16.738		-	11,023
Justice Assistance Grant Program (JAG 15)	16.738		-	427,772
Operation Relentless Pursuit	16.738		-	920,000
Justice Assistance Grant Program (JAG 16)	16.738		81,622	439,547
Baltimore Crime Gun Intelligence Center (CGIC)	16.738		-	135,756
Justice Assistance Grant Program (JAG 17)	16.738		12,624	505,717
Justice Assistance Grant Program (JAG 18)	16.738		-	121,706
Justice Assistance Grant Program (JAG 19)	16.738		-	175,851
FY24 MONSE Public Safety Partnership: Expanding GVRs Capacity in Baltimore City	16.738		-	12,710
Capacity Enhancement Backlog Reduction	16.741		-	29,934
FY22 Circuit Court Cooperative Reimbursement Agreement (Child Support)	16.741		-	131
FY22 Capacity Enhancement Backlog Reduction (CEBR)/15PBJA-21-GG-03201-DNAX	16.741		-	219,356
FY23 Capacity Enhancement Backlog Reduction (CEBR)/15PBJA-21-GG-01668-DNAX	16.741		-	125,497
FY22 Coverdell Forensic Science Improvement (CFSI)	16.742		-	13,975

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF JUSTICE (continued)				
Direct Grants (continued)				
FY23 Neighborhood Policing Plan	16.753		\$ -	\$ 206,676
FY23 Community Collaboration	16.753		-	112,533
Baltimore Reconnects: Strengthening Families During and After Incarceration	16.812		49,995	49,995
FY24 - FY26 Comprehensive Opioid, Stimulant, and Substance Use Site-based Program (COSSUP)	16.838		-	37,134
Total			<u>365,088</u>	<u>4,868,287</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,090,086</u>	<u>6,199,988</u>
U.S. DEPARTMENT OF LABOR				
Pass-Through Maryland Department of Labor				
WIA/WIOA Cluster				
FY22/23 WIOA Adult/AA-36324-21-55-A-24	17.258	Unknown	155,203	155,203
FY23-24 WIOA Adult	17.258	P36-BCI-FY23-A	1,878	1,878
Support To Communities Grant (WSA)	17.258	P36-BCI-STC	24,302	103,234
FY24-25 WIOA Adult	17.258	P46-BCI-PY23-A & B	40,701	3,049,275
FY23-24 WIOA Youth	17.259	P36-BCI-PY22-Y	416,897	571,903
FY24-25 WIOA Youth	17.259	P46-BCI-PY23-Y	348,510	2,068,757
FY22/23 WIOA Dislocated Worker	17.259	Unknown	-	9,692
FY23-24 WIOA Dislocated Worker	17.278	P36-BCI-FY23-D	11,351	42,990
FY24-25 WIOA Dislocated Worker	17.278	P46-BCI-PY23-D	-	1,223,522
Total WIOA Cluster			<u>998,842</u>	<u>7,226,454</u>
Fostering Opioid Recovery Through Workforce Development	17.270	P15-MOED-FOR-OPIOID	34,913	184,293
FY24 Fostering Opioid Recovery - Civic Works, Inc.	17.270	P15-MOED-FOR-OPIOID	80,481	80,481
FY24 - FY26 QUEST GRANT (Quality Jobs, Equity, Strategy, and Training)	17.277	Unknown	-	4,334
Total			<u>115,394</u>	<u>269,108</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>1,114,236</u>	<u>7,495,562</u>
U.S. DEPARTMENT OF ENERGY				
Direct Grants				
USEPA Grant - SEJCA- YH2O+ Expansion project	66.312		-	37,729
Total			<u>-</u>	<u>37,729</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>-</u>	<u>37,729</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF EDUCATION				
Direct Grants (continued)				
Special Education Cluster (IDEA) - Infants and Families				
Infants and Toddlers Program	84.181		\$ -	\$ 22,526
FY22 Infants and Toddlers Program	84.181		31,198	31,198
FY23 Infants and Toddlers Program	84.181		353,811	361,002
FY24 CLIG STATE FUNDS	84.181		237,718	924,467
FY24 CLIG IDEA Part C Funds Program Support	84.181		411,213	487,503
FY24 CLIG IDEA Part B 611 Funds Program Support	84.181		-	39,142
FY24 CLIG IDEA Part B 619 Funds for Extended Option	84.181		-	73,988
Total Special Education-Grants for Infants and Families			1,033,940	1,939,826
TOTAL U.S. DEPARTMENT OF EDUCATION			1,033,940	1,939,826
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
FY21 Title VII Elder Abuse	93.041		-	10,146
FY23 Title VII Elder Abuse	93.041		-	10,484
FY24 Title VII Elder Abuse	93.041		-	4,984
Cares Act VII Ombudsman OMC3	93.042		-	31,168
FY21 Title VII Fed Ombudsman	93.042		-	38,279
FY23 Title VII Fed Ombudsman	93.042		-	36,869
FY24 Title VII Fed Ombudsman	93.042		-	61,837
Total			-	193,767
Pass-Through Maryland Department of Aging				
FY22 Title IIID: Preventive Health	93.043	650622/03	-	28,873
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			-	28,873
Direct Grants				
FY21 Title IIIB: Ombudsman	93.044		-	15,942
FY22 Title IIIB: Ombudsman	93.044		-	16,206
FY23 Title IIIB: Supportive Services	93.044		232,900	815,907
FY23 Title IIIB: Ombudsman	93.044		-	16,540
FY21 Title IIIB: Supportive Services	93.044		-	4,535
FY24 Title IIIB: Supportive Services	93.044		32,895	33,101
FY24 Title IIIB: Ombudsman (438824)	93.044		-	580,152
FY23 Title IIIC-1: Congregate Meals	93.045		-	21,750
FY21 Title IIIC-1: Congregate Meals	93.045		-	6,204
FY24 Title IIIC-1: Congregate Meals	93.045		-	45,331
FY23 Nutrition Services Incentive Program (NSIP)	93.053		-	302,610
Pass-Through Maryland Department of Aging				
FY20 Title IIIB: Supportive Services	93.044	650120/03	-	77,970
FY22 Title IIIB: Supportive Services	93.044	650122/03	-	106,988
FY22 Title IIIC-1: Congregate Meals	93.045	650222/03	-	757,599
Total Aging Cluster			265,795	2,800,835
Direct Grants				
FY23 Senior Medical Patrol (SMP)	93.048		-	7,235
FY24 Senior Medical Patrol (SMP)	93.048		-	30,440
FY23 SMP Special Project	93.048		-	11,881
Total Special Programs for the Aging, Title IV, and Title II, Discretionary Projects			-	49,556

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants (continued)				
ARP Act Title III-E Family Caregivers	93.052		\$ -	\$ 10,565
FY23 Title III-E Family Caregivers (436123)	93.052		-	457,294
FY21 CARES Act III-E Family Caregiver Support Program-FCC3	93.052		-	281,541
Total National Family Caregiver Support, Title III, Part E			-	749,400
FY22 Cancer Prevention Education and Screening	93.069		-	364
FY23 CITIES READINESS INITIATIVE (CRI)	93.069		99,515	103,645
FY24 CITIES READINESS INITIATIVE (CRI)	93.069		-	9,054
FY25 Public Health Preparedness and Response For Bioterrorism	93.069		-	175
Pass Through Maryland DEPARTMENT OF HEALTH				
FY21 Public Health Preparedness and Response for Bioterrorism	93.069	CH831PHP	-	3,962
FY24 Public Health Preparedness and Response For Bioterrorism	93.069	CH831PHP	-	343,854
Total Public Health Emergency Preparedness			99,515	461,054
Direct Grants				
FY23 MIPPA (Medicare Improvements for Patients and Providers)	93.071		-	31,444
FY22 Personal Responsibility Education Program (PREP)	93.092		-	61,396
FY24 Personal Responsibility Education Program (PREP)	93.092		76,200	256,312
FY23 Personal Responsibility Education Program (PREP)	93.092		88,433	253,918
Pass Through Maryland DEPARTMENT OF HEALTH				
FY23 Sexual Risk Avoidance Education Program (SRAE) Just for Girls	93.092	AD750SRA	-	7,782
Total			164,633	610,852
Direct Grants				
FY21 Tuberculosis Control	93.116		131,848	131,848
E-PRA Health	93.136		14,800	14,800
FY23 LHD Overdose Data to Action (OD2A)	93.136		-	556,486
FY21 Teen Dating Violence	93.136		4,760	4,760
FY24 LHD Overdose Data to Action (OD2A)	93.136		-	2,073
4470 OMH	93.137		1,182,254	1,284,418
FY22 - FY24 Office Of Minority Health	93.137		-	59,674
Policy Disparities Demo Project	93.137		72,961	352,658
Total			1,406,623	2,406,717
FY21 Childhood Lead Poisoning Prevention (Federal)	93.197		-	5,565
FY24 CDC Childhood Lead Poisoning	93.197		-	75,490
Total			-	81,055

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants (continued)				
Family Planning	93.217		\$ -	\$ 17,821
FY22 Family Planning	93.217		104,229	104,229
FY 23 Family Planning	93.217		143,784	261,402
OAH U Choose Teen Pregnancy Prevention	93.217		610,100	629,892
Maryland Family Planning /Title X Program Surplus	93.217		-	4,154
FY24 REPRODUCTIVE HEALTH & FAMILY PLANNING	93.217		221,861	1,072,800
FY24 ARH Family Planning -School Health	93.217		-	60,289
Total Family Planning Services			<u>1,079,974</u>	<u>2,150,587</u>
 FY21 Sexual Risk Avoidance Education Program (SRAE) Just for Girls	93.235		-	20,011
FY24 Sexual Risk Avoidance Education (SRAE - Just for Girls) 4311	93.235		40,481	115,616
Total Title V State Sexual Risk Avoidance Education			<u>40,481</u>	<u>135,627</u>
 FY22 First Responders - Comprehensive Addictions Recovery Act (FR-CARA)	93.243		-	3,376
Total			<u>-</u>	<u>3,376</u>
 Immunization - IAP and HEP B	93.268		-	11,885
Perinatal Hepatitis	93.268		-	1,321
FY22 Immunization and Vaccines for Children	93.268		406,982	406,982
FY23 Perinatal Hepatitis	93.268		-	38,240
FY23 CARES Mass Vaccination (COVID)	93.268		61,200	61,200
FY23 Immunization and Vaccines for Children	93.268		671,240	671,240
FY24 Immunization IAP	93.268		23,700	636,901
FY24 Immunization Action Plan - Hepatitis B	93.268		-	104,523
Total Immunization Cooperative Agreements			<u>1,163,122</u>	<u>1,932,292</u>
 Community-Based Test and Cure Hepatitis C	93.270		-	2,592
FY23 Integrated Viral Hepatitis Surveillance and Prevention Funding for Health Departments (PS 21-2103)	93.270		280,710	301,564
FY22 Hep-C Testing/Cure	93.270		-	4,063
FY24 Integrated Viral Hepatitis Surveillance and Prevention Funding for Health Departments (PS 21-2103)	93.270		279,089	337,247
Total Viral Hepatitis Prevention and Control			<u>559,799</u>	<u>645,466</u>
 OAH U Choose Teen Pregnancy Prevention	93.297		-	9,245
FY24 OAH U Choose Teen Pregnancy Prevention	93.297		461,180	580,152
FY24 OPA U Choose Teen Pregnancy Prevention	93.297		-	41,613
FY24 U choose Teen Pregnancy Prevention - School Health	93.297		-	66,311
Total Teenage Pregnancy Prevention Program			<u>461,180</u>	<u>697,321</u>
 Expending Access to Covid-19 Vaccines (VAC5)	93.323		-	144,510
FY22 Title III E Family Caregivers (436122)	93.323		-	128,315
FY23 4454 - F829N - Enhancing Detection Grant	93.323		-	74,235
FY24 ELC Enhancing Detection Grant	93.323		-	36,998

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Pass-Through Maryland Department of Aging				
FY21 Supplemental Nutrition Funding HDC5	93.323	655121/03	\$ -	\$ 350,403
FY21 ARP Act Title IIIB Supportive Services	93.323	655321/03	-	463,084
FY21 ARP Act Title IIIC-1 Congregate Meals	93.323	655421/03	-	74,137
FY21 ARP Act Title IIID Preventive Health	93.323	655521/03	-	75,126
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			-	1,346,808
 FY20 Senior Health Insurance Program (SHIP)	93.324	651520/03	-	9,528
FY24 Senior Health Insurance Program (SHIP)	93.324	651524/03	-	97,630
Total State Health Insurance Assistance Program			-	107,158
 Direct Grants				
FY23 Crisis Cooperative Public Health Workforce	93.354		-	40,095
FY24 Public Health Workforce Supplemental Grant	93.354		-	487,113
Total Public Health Emergency Response			-	527,208
 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		2,449,859	4,076,076
 Implementing Overdose Prevention Strategies at the Local Level (IOPSLL)	93.421		-	95,834
Strengthening Capacity in Suicide, Overdose, and Adverse Childhood Experiences Prevention	93.421		-	19,997
FY24 Maternal Mortality Review Program	93.478		88,000	88,306
FY23 SAMHSA HHS- Baltimore city Healthcare on the Spot	93.493		379,366	379,366
Public Network Expansion	93.493		47,414	262,727
FY24 ACF CD Federal Earmark	93.493		144,523	144,523
Total			659,303	990,753
 Pass-Through Maryland Department of Aging				
FY20 MIPPA (Medicare Improvements for Patients and Providers)	93.518	653720/03	-	2,738
Total			-	2,738

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CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants				
FY23 Temporary Assistance for Needy Families (TANF) Employment Continuum	93.558		\$ -	\$ 26,838
Pass-Through Maryland Department of Human Services				
Temporary Assistance for Needy Families (TANF) Family Investment	93.558	BCDSS/FIA 19-017-A1	-	169,208
FY24 BCDSS YouthWorks	93.558	BCDSS/FIA-23-049	-	1,860,706
FY24 MD Department of Human Services (Employment Continuum)	93.558	TBD - NOA	-	1,487,231
Total			<u>-</u>	<u>3,543,983</u>
Direct Grants				
Community Services Block Grant (CSBG)	93.569		-	474,862
FY24 Community Service Block Grant (CSBG)	93.569		-	1,255,349
Total			<u>-</u>	<u>1,730,211</u>
FY24 Head Start Grant Award	93.600		7,568,368	7,568,368
Total Head Start Cluster			<u>7,568,368</u>	<u>7,568,368</u>
FY23 Ending the HIV Epidemic (4380) - GRT001462	93.686		-	32,708
FY23 Ending the HIV Epidemic: JHU Reach CIDNI	93.686		844,974	844,974
FY23 Ending the HIV Epidemic: UMB Star Track	93.686		385,819	385,819
FY23 Ending the HIV Epidemic: BCHD Syringe Support Program	93.686		-	364,999
FY23 Ending the HIV Epidemic: BCHD STD Clinic	93.686		-	6,994
Ending the HIV Epidemic ADMINISTRATION	93.686		-	3,311
Total Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B			<u>1,230,793</u>	<u>1,638,805</u>
Strengthening Public Health Infrastructure, Workforce, and Data Systems	93.697		-	182,978
Strengthening Public Health Infrastructure, Workforce, and Data Systems A2	93.697		-	591,044
Total COVID-19 Testing and Mitigation for Rural Health Clinics			<u>-</u>	<u>774,022</u>
FY23 Pregnant Women With Dependent Children (PWC) Eligibility	93.767		521,627	521,627
Total Children's Health Insurance Program			<u>521,627</u>	<u>521,627</u>
FY23 Administrative Care Coordination-School Health Program	93.778		-	64,692
FY24 Administrative Care Coordination	93.778		1,253,777	1,253,777
FY24 Supplemental Administrative Care Coordination	93.778		1,504,388	2,078,263
FY23 Medicaid Transportation Services (BCHD)	93.778		-	2,009,396
FY24 Medicaid Transportation Services (DHHS-HRSA)	93.778		-	2,901,123
Pass-Through Maryland Department of Health				
FY24 PWC Eligibility/MD DEPARTMENT OF HEALTH	93.778	MA157ACM	1,954,422	1,954,422
Total Medicaid Cluster			<u>4,712,587</u>	<u>10,261,673</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants				
Access Harm Reduction	93.788		\$ -	\$ 7,923
FY23 Administrative Care Coordination for Pregnant Women	93.788		386,357	386,357
FY23 Supplemental Administrative Care Coordination	93.788		353,080	353,080
FY23 445623 Access Harm Reduction	93.788		-	2,919
FY24 Access Harm Reduction	93.788		-	275,661
Total Opioid STR			739,437	1,025,940
 FY21 Home Visiting Planning	93.870		-	5,282
FY23 Home Visiting Planning	93.870		10,851	38,267
FY23 HFA - American Rescue Plan 1	93.870		-	4,264
FY24 HFA - American Rescue Plan 2	93.870		-	28,657
FY24 Home Visiting Planning	93.870		847,544	1,443,854
FY24 HFA - American Rescue Plan 1	93.870		-	43,232
Total Maternal, Infant and Early Childhood Home Visiting Grant			858,395	1,563,556
 Ryan White Part A	93.914		-	43,825
FY22 Ryan White Part A (4277)	93.914		-	77,713
FY23 Ryan White A - Part A - HIV Services - Oral Health (BCHD)	93.914		-	81,735
FY23 Ryan White A - Part A HIV Services - JHU Emergency Financial Assistance	93.914		310	310
FY23 Ryan White A - Part A- HIV Services - BCHD Admin - Outpatient Ambulatory Health Services	93.914		-	443,276
FY23 Ryan White A - Part A - Planning Council Support	93.914		-	243,726
FY23 Ryan White A - Part A - HIV Services - Traditional Outreach (BCHD)	93.914		-	74,227
FY23 Ryan White A - Part A - Carryover BCHD Clinics	93.914		-	521,788
FY23 Ryan White A - Part A - HIV Services - Medical Case Management (JHU)	93.914		136,144	136,144
FY23 Ryan White A - Part A - BCHD Administration	93.914		-	1,157,306
FY23 Ryan White A - Part A - AIDS Drug Assistance Program (ADAP)	93.914		114,563	114,563
FY23 Ryan White A - Part A - Clinical Quality Management (CQM) - BCHD Administration	93.914		-	361,230
FY23 Ryan White A - MAI - BCHD Administration	93.914		-	95,781
FY23 Ryan White A - MAI - HIV Services - Provider (CTL)	93.914		1,295,031	1,295,031
FY23 Ryan White A - Part A - HIV Services - Provider (CTL)	93.914		12,019,753	12,019,753

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CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants (continued)				
FY24 Ryan White A - MAI - BCHD Administration	93.914		\$ -	\$ 22,533
FY24 Ryan White A - Part A - HIV Services - Traditional Outreach (BCHD)	93.914		-	39,408
FY24 Ryan White A - Part A - HIV Services - Oral Health (BCHD)	93.914		-	18,282
FY24 Ryan White A - Part A - BCHD Administration	93.914		-	202,161
FY24 Ryan White A - Part A - Clinical Quality Management (CQM) - BCHD Adminis	93.914		-	59,778
FY24 Ryan White A - Part A - Planning Council Support	93.914		-	90,324
FY24 Ryan White A - Part A - HIV Services - Provider (CTL)	93.914		1,952,804	1,952,804
Total HIV Emergency Relief Project Grants			<u>15,518,605</u>	<u>19,051,698</u>
FY22 Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic in the US	93.940		650,942	650,942
FY23 Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic in the US	93.940		1,674,415	2,218,196
FY23 499023 Integrated HIV Surveillance and Prevention Programs for Health Departments	93.940		-	1,755,731
FY22 499022 Integrated HIV Surveillance and Prevention Programs for Health Departments	93.940		-	84,155
FY24 Integrated HIV (EHE) Programs for Health Departments to Support Ending the HIV Epidemic in the US	93.940		1,295,394	1,808,844
FY24 EHE HIV Prevention	93.940		-	3,937
PS20-2010 Supplement Comp C - MPOX: Integrated HIV Program to Support Ending HIV Epidemic in the United States (EHE)	93.940		-	193,976
PS20-2010 Supplement Comp A - PrEP: Integrated HIV Program to Support Ending HIV Epidemic in the United States (EHE)	93.940		34,590	41,021
FY21 - FY23 PS20-2010 (EHE) Carryover	93.940		-	56,898
Total HIV Prevention Activities Health Department Based			<u>3,655,341</u>	<u>6,813,700</u>
FY24 American Rescue Plan One -Time Supplement Funding	93.959		-	20,754
FY24 Addiction Assessment Unit (AAU)	93.959		-	364,991
FY24 Forensic Alternative Service Team (FAST) 20A	93.959		-	569,821
Pass-Through Behavioral Health Systems - Baltimore				
FY21 Forensic Alternative Services Team (FAST) 20A	93.959	MH327-20A-BCCB	-	6,545
FY21 Addictions Assessment Unit (AAU)	93.959	AS019-AAU-BCCA	-	262
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>-</u>	<u>962,373</u>
Direct Grants				
FY21 422421 SEXUALLY TRANSMITTED DISEASE STD	93.977		-	22,449
State Venereal Disease Control	93.977		-	44,485
STRENGTHENING STD PREVENTION AND CONTROL FOR HEALTH DEPARTMENTS	93.977		-	943,655
FY23 1901 SUPPLMNT STRNGTHNING STD PREVNIN & CONTRL FOR HLTH DEPTS STD	93.977		-	14,143
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants			<u>-</u>	<u>1,024,732</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)				
Direct Grants (continued)				
FY23 Y-SURGE Project -Innovative Strategies to Increase Equitable Access	93.974		\$ 47,819	\$ 78,401
Maryland Family Planning/ Title X Program Telehealth	93.974		-	24,332
FY24 Y-SURGE Project - Innovative Strategies to Increase Equitable Access	93.974		394,158	617,807
Total Family Planning Service Delivery Improvement Research			<u>441,977</u>	<u>720,540</u>
Health Equity Diabetes	93.988		368,421	410,812
Total Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems			<u>368,421</u>	<u>410,812</u>
Federal Core Funding Maternal and Child Health	93.994		-	11,885
Surveillance and Quality Improvement (SQI)	93.994		-	1,321
Child Health Systems Improvement	93.994		570,683	765,237
FY24 Maternal and Child Health Asthma	93.994		-	186,639
FY24 Child Health Systems Improvement	93.994		248,960	556,618
FY24 Infants & Toddlers C&Y	93.994		-	61,315
Pass-Through Maryland Department of Health				
FY24 Title V	93.994	FH605CHI	-	210,008
Total Maternal and Child Health Services Block Grant to the States			<u>819,643</u>	<u>1,793,023</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>44,785,477</u>	<u>79,402,582</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE				
Direct Grants				
Retired Senior Volunteer Program (RSVP)/Corporation for National and Community Service (NCS)	94.002		-	1,309
FY24 Retired and Senior Volunteers Program (RSVP) 423424	94.002		-	169,825
FY25 Retired and Senior Volunteers Program (RSVP)	94.002		-	11,445
Total AmeriCorps Seniors Retired and Senior Volunteer Program (RSVP)			<u>-</u>	<u>182,579</u>
FY23 Senior Companion Program	94.016		-	122,812
FY24 Senior Companion Program (SCP) 423524	94.016		-	99,150
Total Foster Grandparents/Senior Companion Cluster			<u>-</u>	<u>221,962</u>
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE			<u>-</u>	<u>404,541</u>

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CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Grants (continued)				
FF20 Res Bailout GRT004565	97.044		\$ -	\$ 1,160,222
EMW-2021-FG-05586 FFY21 Assistance to Firefighters grant	97.044		-	194,443
FY22 Assistance to Firefighters Grant (AFG)	97.044		-	423,868
2023 Hazard Mitigation Plan Update	97.044		-	36,575
Total	97.049		-	1,815,108
FY23 State Homeland Security Program (SHSP)	97.067		-	23,429
Pass-Through Maryland Department of Emergency Management				
Urban Area Security Initiative	97.067	EMW-2017-SS-SS-00019-UASI	-	27,571
MEMA Homeland Security	97.067	EMW-2017-SS-SS-00019-SHSP	-	41,357
FY20 Urban Area Security Initiative	97.067	EMW-2020-SS-00010-UASI	-	101,685
FY20 State Homeland Security Program	97.067	EMW-2020-SS-00010-SHSP	-	327,875
FY21 Urban Area Security Initiative	97.067	EMW-2021-SS-00047-S01-UASI	-	480,777
FY21 State Homeland Security Program	97.067	EMW-2021-SS-00047 SHSP	-	656,831
FY22 State Homeland Security Program	97.067	EMW-2022-SS-00009-S01 SHSP	-	282,676
FY22 Urban Area Security Initiative	97.067	EMW-2022-SS-00009-S01-UASI	-	253,345
FY23 Urban Area Security Initiative (UASI)	97.067	EMW-2023-SS-00011 UASI	-	40,451
Total Homeland Security Grant Program			-	2,235,997
Pass-Through Maryland Department of Emergency Management				
FY21 Emergency Management Performance Grant (EMPG)	97.042	EMP-2021-EP-00003-S01	-	14,124
Total Emergency Management Performance Grants			-	14,124
Direct Grants				
FY19 Regional Catastrophic Preparedness Grant Program	97.111			
FY20 Regional Catastrophic Preparedness Grant Program	97.111		-	2,353
Total Regional Catastrophic Preparedness Grant Program (RCPGP)			-	225,180
			-	227,533
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	4,292,762

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CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF THE TREASURY				
Pass-Through Maryland Department of Labor				
Workforce Supplemental American Rescue Plan Act (ARPA)/MD DEPARTMENT OF LABOR	21.027	SP000001	\$ 832,607	\$ 1,049,825
Round II Workforce Supplemental ARPA/MD DEPARTMENT OF LABOR	21.027	BCI-ARPA II-FY23	1,205,140	2,401,183
Total			<u>2,037,747</u>	<u>3,451,008</u>
Direct Grants				
American Rescue Plan Act GR442200	21.027		-	3,304,518
HLT FY 22 ARPA Health Response GR442202	21.027		368,947	15,625,919
FY 22 Project Evaluation GR442204	21.027		-	248,102
OED ARPA Broadband GR442205	21.027		-	5,506,925
OED ARPA Violence Prevention GR442207	21.027		5,499,703	11,931,220
OED FY 22 Workforce Development (City Recovery Act) GR442208	21.027		2,167,846	8,754,161
ARPA Baltimore City Department of Planning Clean Corps (17)	21.027		-	5,545,424
ARPA BCRP PAYGO (13)	21.027		-	519,196
ARPA Department of General Services BPD Fleet (16)	21.027		-	2,224,716
ARPA DHCD Impact Investment Area Neighborhood Recovery Fund (18)	21.027		-	338,509
ARPA Food Equity (14)	21.027		1,000,125	3,103,710
ARPA OPI Performance Management (15)	21.027		-	267,876
Ministers Conference CDC-Cradle to Career Pipeline	21.027		270,000	270,000
BCCC-Refugee Youth Project	21.027		70,313	70,313
B'More Clubhouse: No One Turned Away	21.027		46,875	140,625
FreeState Justice - Improving Healthcare and Housing Services Access	21.027		35,250	105,750
Urban Strategies, Inc.-Bridging the Gap in the Perkins Homes	21.027		287,500	287,500
Wide Angle Youth Media's Core Programs	21.027		67,500	135,000
Bikur Cholim-Response to COVID and Health Needs	21.027		71,250	71,250
Baltimore Corp, Inc.-Providing Baltimore's Under Employed	21.027		92,750	92,750
Mayor's Office, Digital Services	21.027		-	715,263
MOHS-Housing Navigation and Landlord Engagement	21.027		1,000,013	1,920,668
Greater Baltimore Urban League-Justice Impacted Employment Program	21.027		489,303	489,303
Soccer Without Borders - Strengthening resilience among English Language Learners	21.027		182,154	182,154
North East Housing-Creating Permanent Affordable Housing and Resources	21.027		183,380	183,380
Chesapeake Shakespeare Company-Rebuilding Student Matinees via Free Tuition & Transportation	21.027		138,442	138,442
Downtown Partnership of Baltimore	21.027		300,000	300,000
Interior Buildout of the Bethel Empowerment Wellness Center (BEWC)	21.027		179,282	179,282
Baltimore Safe Haven Housing as Healthcare	21.027		306,756	306,756
B360-#Ride4Change: Using Dirt Bikes to End The Cycle of Poverty	21.027		305,678	305,678
ARPA Black Yield Institute-South Baltimore Community Food Sovereignty Strategy	21.027		187,500	187,500
ARPA Volo Kids Foundation-BActive	21.027		337,319	337,319
ARPA Southwest Partnership - Resurrecting the Poppleton Rec	21.027		358,333	358,333
ARPA South Baltimore Community Land Trust-Rise, Reclaim, Rebuild: Building Community Resilience and Equity through Homeownership and Advocacy	21.027		46,508	139,523
Aequo Foundation Covid Housing Initiative	21.027		664,969	664,969
ARPA Rebuilding Together Baltimore, Inc.-Safe & Healthy Housing Repairs for Homeowners with Limited Incomes	21.027		241,280	241,280
ARPA ReBUILD Metro -Post-COVID Affordable Housing Development and Neighborhood Stabilization in East Baltimore	21.027		1,005,208	1,005,208

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF THE TREASURY (continued)				
Direct Grants (continued)				
ARPA Pro Bono Resource Center of Maryland-Protecting Home Ownership in Baltimore City's Low-Income Neighborhoods to Ensure Housing Equity	21.027		\$ 166,046	\$ 166,046
ARPA Banner Neighborhoods Community Corporation-Expanding Youth Employment and Sports (E.Y.E.S.)	21.027		353,079	353,079
ARPA Parity Baltimore Incorporated-Parity x The SOS Fund			213,750	213,750
ARPA No Boundaries Coalition Inc.-Community Recovery Through Youth Income, Education & Workforce Development	21.027		270,318	270,318
ARPA Green & Healthy Homes Initiative Inc- Healthy Homes for Equitable Baltimore Communities	21.027		878,283	878,283
ARPA Leadenhall Baptist Church-Pantry Project	21.027		57,000	57,000
ARPA International Rescue Committee in Baltimore-Linking Immigrants & Jobs in Baltimore's COVID Economy	21.027		71,501	71,501
ARPA General Fund Restoration	21.027		-	455,094
ARPA MOHS-Rapid Resolution and Shelter Diversion Fund	21.027		881,860	881,860
ARPA MIMA-Baltimore New Americans Access Coalition and Language Access	21.027		-	1,656,724
ARPA Shelter Demobilization	21.027		1,877,141	2,826,236
ARPA City Dibs	21.027		375,000	375,000
ARPA Ahavas Chaim: Developing Mental Health and Support Resources to Help Keep at Risk Youth Off the Streets	21.027		61,774	61,774
ARPA Artspace Projects: Ambassador Theater redevelopment: A new community art and culture incubator in Northwest Baltimore	21.027		35,672	35,672
ARPA Project PLASE: Creation of Permanent Supportive and Emergency Housing at Beacon House Square	21.027		1,040,458	1,040,458
ARPA Black Arts District: Project RestART	21.027		272,093	272,093
ARPA Omega Baltimore Foundation: Managing and Operating Easterwood Recreation Center	21.027		129,750	129,750
ARPA Druid Heights CDC: Druid Heights Community Green Infrastructure Project	21.027		125,000	125,000
ARPA Southeast CDC: Increasing Access to Safe, Healthy and Affordable Homes	21.027		767,243	767,243
ARPA KEYS Empowers: KEYS Community Healing Village	21.027		420,000	420,000
ARPA HeartSmiles	21.027		91,836	91,836
ARPA Everyman Theatre : Social Undistancing - An Equitable Strategy for Rebuilding Baltimore Theatre Audiences & Art-makers	21.027		355,174	355,174
ARPA Neighborhood Housing Services: Greater Rosemont Mondawmin Equitable Neighborhood Development and Affordable Housing Initi	21.027		1,491,065	1,491,065
RPA-DHCD Healthy Homes: healthier living environment for residents and to stabilize the physical condition of houses	21.027		-	1,502,073
Strengthening LHD Infrastructure	21.027		-	181,676
ARPA DPW Operating Improvements	21.027		-	4,284
ARPA Digital Equity Fund	21.027		-	269
ARPA DHCD: Enterprise Technology for DHCD and BMZA	21.027		-	921,050
ARPA Pratt Digital Equity and Inclusion	21.027		-	37,359
ARPA BOPA Arts and Cultural Festival	21.027		250,000	250,000
ARPA BCIT: Hardware Refresh and CitiWatch Replacement	21.027		-	2,803,121
ARPA Direct Care Worker Relief	21.027		-	2,000,000
ARPA Housing Accelerator Fund	21.027		-	89,954
ARPA Middle Neighborhoods CDC	21.027		-	400,000
ARPA DGS & DPW Fleet	21.027		-	4,826,209
ARPA DHCD: Renter's Right to Counsel	21.027		-	1,000,000
ARPA DHCD: HUBS	21.027		-	1,310,960
ARPA Maryland Volunteer Lawyers for the Arts	21.027		93,995	156,984
ARPA New Humidification Project (Walter's Art Museum)	21.027		125,000	125,000

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF THE TREASURY (continued)				
Direct Grants (continued)				
ARPA Baltimore Museum of Art: Ensuring Safe Air Quality	21.027		\$ 125,000	\$ 125,000
ARPA MOHS Shelter Operations and Acquisition	21.027		-	28,861,824
ARPA DPW: Emergency Waste Removal Contract	21.027		-	3,036,290
ARPA United Way Arts Organization Relief Fund			-	2,250,000
ARPA Hilton Baltimore Inner Harbor Hotel Administration	21.027		-	404,000
ARPA DPW: Solid Waste Bureau Recycling Crews	21.027		-	512,490
ARPA Public Markets Lost Revenue due to Covid-19	21.027		1,500,000	1,500,000
ARPA DHCD Wealth Building in Middle Neighborhoods	21.027		-	14,087
ARPA DHCD Baltimore Shines	21.027		-	3,000,000
ARPA BCIT Tax System Modernization Software	21.027		-	829,064
ARPA Cecil Community Park Phase II	21.027		-	700,000
ARPA HBCU Fellowship Program	21.027		2,000,000	2,000,000
ARPA CollegeBound Foundation Student Scholarships	21.027		1,000,000	1,000,000
ARPA MOHS/MOCFS: Eviction Prevention	21.027		-	500,000
PRJ002390 ARPA BCRP Greater Model Pool	21.027		-	407,981
PRJ002392 ARPA BCRP: Gardenville	21.027		-	712,155
PRJ002393 ARPA BCRP: Rec Centers - South Baltimore	21.027		-	620,145
PRJ002394 ARPA BCRP: Middle Branch	21.027		-	93,135
PRJ002660 HABC Perkins Somerset Oldtown (PSO) Infrastructure	21.027		-	2,000,000
PRJ002756 DHCD Uplands: Phase II Redevelopment Public Infrastructure	21.027		-	5,084,885
PRJ002757 ARPA HABC: PSO Transformation Plan	21.027		-	8,490,101
PRJ002759 ARPA HABC: Somerset 2 North Central Park Infrastructure	21.027		-	532,054
PRJ002773 ARPA BCRP Johnston Square - Court	21.027		-	35,053
PRJ002778 ARPA BCRP Luzerne Ave Courts	21.027		-	87,741
PRJ002788 ARPA DHCD IIANRF-Homeowner Incentives	21.027		-	189,765
PRJ002790 ARPA DCHD IIANRF-Stabilization & Demolition	21.027		-	291,975
PRJ002792 ARPA DHCD: Uplands: Phase II, Rental 2A	21.027		-	547,377
PRJ002793 ARPA DHCD: Uplands: Phase II, Rental 2B	21.027		-	1,752,124
PRJ002794 ARPA BCRP Warwick Ave Court	21.027		-	15,056
PRJ002796 ARPA BCRP Caroline & Hoffman Courts	21.027		-	76,780
PRJ002797 ARPA DHCD-IIANRF-Property Acquisition	21.027		-	428,567
PRJ002801 ARPA DGS: City Libraries - Whole Building Renovation for Community Access and Health	21.027		-	640,681
PRJ002803 ARPA DHCD CPTED Pilot Program: Penrose/Fayette Street Outreach and GBA (Greater Baybrook Alliance) Neighborhoods	21.027		-	7,050
PRJ002808 ARPA DHCD: Park Heights	21.027		-	4,775,339
PRJ002825 ARPA BCRP Wilbur Waters Courts	21.027		-	61,136
PRJ002837 ARPA DGS Capital Improvements: Northwest Community Action Center	21.027		-	194,646

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF THE TREASURY (continued)				
Direct Grants (continued)				
PRJ002838 ARPA DGS Capital Improvements: City Hall	21.027		\$ -	\$ 38,706
PRJ002846 ARPA BCRP Radecke Playground	21.027		-	256,176
PRJ002847 ARPA BCRP Indiana Ave Playground	21.027		-	173,883
PRJ002848 ARPA BCRP Shipley Hill Playground	21.027		-	319,942
PRJ002849 ARPA BCRP Luzerne & Biddle Playground	21.027		-	230,000
PRJ002850 ARPA BCRP Patterson Park Playground	21.027		-	380,000
PRJ002851 ARPA BCRP Elmley Playground	21.027		-	170,000
PRJ002852 ARPA BCRP Bonview Playground	21.027		-	220,000
PRJ002857 ARPA BCIT: Air-Gapped Network (Core Network)	21.027		-	1,527,133
PRJ002968 ARPA DHCD: Park Heights, Vertical Construction	21.027		-	2,343,831
PRJ002974 ARPA BCRP Druid Hill Park Tennis Court	21.027		-	275,752
PRJ003223 ARPA HABC: Nathaniel J. McFadden Learn and Play Park	21.027		-	1,237,625
PRJ003255 ARPA DPW: Northwest Transfer Station	21.027		-	8,513
PRJ003274 ARPA Baltimore City Public Schools: Edmondson HS CTE renovations - Design Services	21.027		-	750,000
PRJ003278 ARPA-Baltimore City Public Schools: Mergenthaler Vo Tech HS - Football Field Renovation	21.027		-	300,000
PRJ003359 ARPA BCIT: Public Wi-Fi	21.027		-	7,258
PRJ003361 ARPA BCIT: Recreation Centers	21.027		-	41,674
PRJ003362 ARPA BCIT: Recreation Centers - Wireless Access Points RFQ-000404	21.027		-	39,684
PRJ003364 ARPA BCIT: Senior Centers - Wireless Access RFQ-000404	21.027		-	5,248
PRJ003370 ARPA Baltimore City Public Schools: Northwestern HS - Air Conditioning	21.027		-	900,000
PRJ003371 ARPA Baltimore City Public Schools: City Springs Replacement Building Design Services	21.027		-	1,050,000
PRJ003378 ARPA DGS: Fire Station Roofs-Engine 42	21.027		-	1,983
PRJ003379 ARPA DGS: Fire Station Roofs-Engine 45	21.027		-	1,317
PRJ003380 ARPA DGS: Fire Station Roofs- Hazmat Fire Station	21.027		-	1,283
			<u>30,932,222</u>	<u>176,858,926</u>
Total American Rescue Plan Act			<u>32,969,969</u>	<u>180,309,934</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>32,969,969</u>	<u>180,309,934</u>
Total Expenditures of Federal Awards			<u>\$ 135,626,968</u>	<u>\$ 339,841,591</u>

The accompanying notes are an integral part of this schedule.

CITY OF BALTIMORE, MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

1. BASIS OF PRESENTATION

All Federal grant operations of City of Baltimore, Maryland (the City) are included in the scope of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance or the Single Audit). The Single Audit was performed in accordance with the provisions of the Office of Management and Budget (OMB) Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major Federal grant programs noted in Section 1 of the schedule of findings and questioned costs. The programs on the schedule of expenditures of Federal awards (the Schedule) represents all Federal award programs with fiscal year 2024, cash or non-cash expenditure activities. For Single Audit testing, we tested to ensure coverage of at least 40% of Federally granted funds. Actual coverage is 79%. The major programs tested are listed in Section I of the schedule of findings and questioned costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Expenditures of Federal award grant funds are made for the purposes specified by the grantor and are subject to certain restrictions. Expenditures are also subject to audit by the relevant Federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of City.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. FEDERAL LOANS

The State Capitalization Grants are revolving loan funds for the Water, Wastewater and Stormwater funds. Federally funded new loan proceeds provided under this program are included as expenditures on the Schedule in the year incurred. For the year ended June 30, 2024, there were no expenditures under this program. Loans outstanding as of June 30, 2024 were \$51,310,807.

In addition to the Capitalization Grants from the State Revolving fund, the City has borrowed funds under the Department of Housing and Urban Development (HUD) 108 loan program for Assistance Listing 14.218. These loans made under the Federal Community Development Block Grant (CDBG) program will be repaid from future CDBG revenue.

CITY OF BALTIMORE, MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

4. FEDERAL LOANS (continued)

During fiscal year 2024, the City made approximately \$12,200,000 of new loans. Loans outstanding as of June 30, 2024 were \$15,496,000. Both the current and prior year loans are reported in the Schedule of Changes in Long-Term Liabilities in the City's 2024 Annual Comprehensive Financial Report.

Revolving Loan – Program Income

The City has a \$1,000,000 revolving loan program for low-income housing renovation. Under this Federal program, repayments to the City are considered revenue and loans of such funds to eligible recipients are considered expenditures. For the year ended June 30, 2024, there were no amounts recorded as principal and interest, as they were immaterial to the City's financial statements as a whole.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF BALTIMORE, MARYLAND

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section I – Summary of Independent Public Accountants’ Results

Financial Statements

Type of independent public accountants' report issued Unmodified

Internal controls over financial reporting:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted? None Reported

Federal Awards

Type of independent public accountants' report issued Qualified and Unmodified

Internal controls over major programs:

Material weakness(es) identified? Yes

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Type of independent public accountants report issued on compliance for major programs

Housing Opportunities for Persons with AIDS	14.241	Qualified
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Total American Rescue Plan Act	21.027	Qualified
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Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Qualified
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Ending the HIV Epidemic: A Plan for America	93.686	Qualified
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Medical Assistance Program	93.778	Qualified
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HIV Emergency Relief Project Grants	93.914	Qualified
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HIV Prevention Activities Health Department Based	93.940	Qualified
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All others Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? Yes

CITY OF BALTIMORE, MARYLAND

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Section I – Summary of Independent Public Accountants’ Results (continued)

Identification of Major Programs

Name of Federal Major Programs	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Emergency Solutions Grants	14.231	\$ 3,009,002
HOME Investment Partnerships Program	14.239	3,380,653
Total Housing Opportunity for Persons with AIDS	14.241	8,862,392
Continuum of Care	14.267	21,892,551
U.S. Department of Treasury		
Total American Rescue Plan Act	21.027	180,309,934
U.S. Department of Health and Human Services		
Activities to Support State, Tribal, Local and Territorial (STLT)		
Health	93.391	4,076,076
Head Start	93.600	7,568,368
Ending the HIV Epidemic: A Plan for America	93.686	1,638,805
Medical Assistance Program (Medicaid Cluster)	93.778	10,261,673
HIV Emergency Relief Project Grants	93.914	19,051,698
HIV Prevention Activities Health Department Based	93.940	6,813,700
Total		\$ 266,864,852
Dollar threshold used to distinguish between type A and type B programs:		\$ 3,000,000
Auditee qualified as low-risk Auditee?		No

Section II	Financial Statement Findings See findings 2024-001 through 2024-006
Section III	Federal Awards Findings and Questioned Costs See findings 2024-007 through 2024-028
Section IV	Summary Schedule of Prior Year Findings See findings 2023-001 through 2023-026

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SECTION II – FINANCIAL STATEMENT FINDINGS

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding No	AL No	Funding Department	Title of Finding
Financial Statement Findings:			
Material Weaknesses:			
2024-001	All	All	Material Weakness over Financial Reporting Function
2024-002	All	All	Material Weakness over Cash and Cash Equivalents
2024-003	All	All	Material Weakness over Grant Accounting Function
2024-004	All	All	Material Weakness over Water and Wastewater Accounting
2024-005	All	All	Material Weakness over Fixed Assets Accounting
2024-006	All	All	Material Weakness over Information Technology Security
Federal Awards Findings and Questioned Costs:			
Material Weaknesses:			
2024-007	All	All	Material Weakness in Internal Controls and Noncompliance over the Preparation of the Schedule of Federal Awards
2024-011	14.241	U.S. Department of Housing and Urban Development	Material Weakness in Internal Controls and Noncompliance over Cash Management
2024-014	14.241	U.S. Department of Housing and Urban Development	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-015	21.027	U.S. Department of the Treasury	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-016	94.391	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-021	95.686	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Reporting
2024-022	93.686	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-023	93.778	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Reporting
2024-024	93.914	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Cash Management
2024-025	93.914	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-026	93.940	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Cash Management
2024-027	93.940	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Reporting
2024-028	93.940	U.S. Department of Department of Health and Human Services	Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring
Significant Deficiencies:			
2024-008	All	All	Significant Deficiency in Internal Controls and Noncompliance over Reporting
2024-009	14.239	U.S. Department of Housing and Urban Development	Significant Deficiency in Internal Controls and Noncompliance over Eligibility
2024-010	14.239	U.S. Department of Housing and Urban Development	Significant Deficiency in Internal Controls and Noncompliance over Special Tests – Housing Quality Standards
2024-012	14.241	U.S. Department of Housing and Urban Development	Significant Deficiency in Internal Controls and Noncompliance over Eligibility
2024-013	14.241	U.S. Department of Housing and Urban Development	Significant Deficiency in Internal Controls and Noncompliance over Reporting
2024-017	93.600	U.S. Department of Department of Health and Human Services	Significant Deficiency in Internal Controls and Noncompliance over Reporting
2024-018	93.600	U.S. Department of Department of Health and Human Services	Significant Deficiency in Internal Controls and Noncompliance over Subrecipient Monitoring
2024-019	93.686	U.S. Department of Department of Health and Human Services	Significant Deficiency in Internal Controls and Noncompliance over Cash Management
2024-020	94.686	U.S. Department of Department of Health and Human Services	Significant Deficiency in Internal Controls and Noncompliance over Earmarking

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-001

Programs: All

Material Weakness over Financial Reporting

Repeat Finding: Yes; 2023-002

Condition:

The City had significant post year-end adjustments to its fiscal year 2024 financial statements. Such adjustments relate to errors (both material and immaterial) undiscovered throughout the fiscal year. There were significant delays in adequately reconciling cash, investments, receivables, capital assets, and the proprietary funds.

Criteria:

In accordance with Uniform Guidance, the City must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process and report financial data reliably in accordance with U.S. generally accepted accounting principles (GAAP).

Cause:

The Finance Department reports financial information based on the information provided and maintained by various departments that process property tax activities, water and sewer activities, capital asset activity, and internal fund balance/transfer activity. The Finance Department does not have the authority to enforce timely preparation and reconciliation of activity and account balances from departments. The City continues to face challenges, making it difficult to properly track property tax receivables, water billings and capital assets. Due to the voluminous amount of activity in these accounts, it is difficult to perform a thorough post-closing review and detect all material errors. Additionally, because of the number of errors detected, information provided throughout the year may be materially incorrect. The City does not have a process to ensure that all cash accounts are reconciled timely and reviewed by supervisory review.

The City has invested in new software, but as of June 30, 2024 was still working to customize the software for the City's needs and had not yet fully implemented any functions of the software.

Effect:

The City had significant audit adjustments for the year ended June 30, 2024. Additionally, interim financial information produced by the City may be inaccurate.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-001 (continued)

Recommendation:

We recommend the City provide training to personnel, develop formal written procedures for monthly and year-end financial reporting functions, develop checklists, perform reconciliations and variance analysis and consider obtaining more resources to assist in the preparation of financial statements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-002

Programs: All

Material Weakness over Cash and Cash Equivalents

Repeat Finding: No

Condition:

The City did not complete a thorough review of the general ledger activity for certain cash and cash related accounts, resulting in significant post-closing adjustments to its fiscal year 2024 financial statements. There were material adjustments to reduce cash and cash equivalents in addition to significant adjustments to reduce certain payroll liability accounts as of June 30, 2024.

Criteria:

In accordance with Uniform Guidance, the City must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process and report financial data reliably in accordance with GAAP.

Cause:

The City does not have a process in place to investigate large, unusual reconciling items in a timely manner during its monthly bank reconciliation process. Additionally, multiple cash accounts are reconciled in a single reconciliation, instead of by individual bank account.

Effect:

The City had significant audit adjustments for the year ended June 30, 2024. Additionally, interim financial information produced by the City may be inaccurate.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City to develop a formal written procedure to develop monthly and year-end financial reporting procedures and checklists. The City should consider obtaining more resources with appropriate knowledge, skills, and expertise to assist in the preparation of financial statements. Additionally, the City should consider implementing the following procedures over cash and cash related accounts:

- Ensure that all transactions are posted and reviewed on a current basis.
- Perform bank reconciliations on a timely basis at the end of each month, by individual bank account.
- Ensure that supervisory personnel timely and adequately review monthly bank reconciliations.
- Investigate large and unusual reconciling activity timely, and ensure corrections are made within the City's books and records.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-002 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-003

Programs: All

Material Weakness over Grant Accounting Function

Repeat Finding: Yes; 2023-001

Condition:

Due to lack of formal procedures and accountability at various departments, the City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts, including cash amounts that are not timely posted to grant accounts.

Criteria:

The City is responsible for properly tracking and accounting for state, Federal and other grants in accordance with accounting principles generally accepted in the United States of America and following Administrative Manual (AM) Grant Policies 413-00 through 413-70.

Cause:

Finance reports grant revenue, grant accounts receivable and grant deferred revenue balances based on the information provided and maintained by various departments that receive state, Federal, and other grants. Finance does not have the authority to enforce timely preparation and reconciliation of grant account balances from departments. The City also does not have staff dedicated to properly account for the grant activity and related details required.

Effect:

The City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts; expenditures reported on the Schedule could be misstated.

Questioned Costs:

Unknown

Recommendation:

We recommend timely and proper reconciliation of grant account balances from the central general ledger to systems maintained at individual departments that receive grants. In addition, the City should continue its investment in and implementation of the new general ledger software that would be able to accommodate the accounting and recordkeeping for grants received by the City and dedicate knowledgeable staff to properly account for its grant activities.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-004

Programs: All

Material Weakness over Water and Wastewater Accounting

Repeat Finding: Yes; 2023-003

Condition:

There were accounts that remain unbilled since the system has been implemented and a number of accounts have been billed inconsistently. The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments. This is a greater risk of error due to manual adjustments. There was a significant number of accounts that have not been billed since the system has been implemented and a significant number of accounts have been billed inconsistently. The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments. This is a greater risk of error due to manual adjustments.

Criteria:

The City is responsible for timely and accurate billing for City residents and recordation of water and wastewater utility services in accordance with accounting principles generally accepted in the United States of America.

Cause:

The City implemented a new water and wastewater utilities billing system, UMAX. During the transition, errors in the transfer of underlying database information caused a significant number of customer accounts to be not billed or billed inconsistently.

Effect:

The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments and this is a greater risk of error due to manual adjustments. Also, these are significant post-closing adjustments to correct the funds' balances.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City develop formal written procedures to develop timely and accurate billing for water and wastewater utilities. Capital projects should be monitored throughout the year to ensure proper accounting.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-005

Programs: All

Material Weakness over Fixed Assets Accounting

Repeat Finding: Yes; 2023-004

Condition:

There were significant post-close adjustments recorded to fixed assets to correct the year-end reporting for capitalized assets including construction in progress (CIP). Additionally, errors were detected in the depreciation calculation that resulted in additional adjustments.

Criteria:

In accordance with Uniform Guidance, the City must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process and report financial data reliably in accordance with GAAP, which includes the proper capitalization and recordation of capital assets.

Also, the City does not have a process to ensure closed CIP projects are tracked timely.

Cause:

The Finance Department reports depreciable and non-depreciable fixed assets based only on the information provided at the end of the fiscal year, provided by various City departments that purchase and dispose of fixed assets and account for construction during the fiscal year. The Finance Department is responsible at the end of the year to account for each department's expenditures in construction as well as track what projects have been completed during the year in order to properly reclassify the completed project to the correct depreciable asset (e.g., infrastructure, building, improvements, etc.).

Effect:

The City had significant post-closing audit adjustments for the year ended June 30, 2024. Additionally, the interim financial information produced by the City may be inaccurate.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City develop formal written procedures to reconcile capital expenditures recorded in various funds to the capitalized assets reported on an entity-wide basis. We also recommend that the City develop written capitalization policies. The City should use the new general ledger software to track capital asset additions and depreciation calculations.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-005 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-006

Programs: All

Material Weakness over Information Technology Security

Repeat Finding: Yes; 2023-005

Condition:

While progress continues to be made in addressing and remediating the legacy vulnerabilities, the review of the network security in fiscal year 2024 indicated that a number of “severe/critical/high risk” vulnerabilities remain to be remediated. Additionally, the review of cybersecurity preparedness revealed that while component risk assessments have been performed, an enterprise-wide risk assessment was not performed during the audit period.

While progress has been made in ensuring that all equipment required to restore mainframe operations at the secondary data center is in place, a failover test has not been performed.

Criteria:

The City is responsible for maintaining a safe and secure network for daily operations as well as data maintenance and storage.

Cause:

The City did not have proper Information Technology (IT) security in place, leaving its systems at risk. The City also did not have sufficient equipment and IT support to immediately transfer to remote operations.

Effect:

The absence of timely remediation increases the risk to the organization that those vulnerabilities may be exploited leading to disruption of the City’s operations and/or theft/loss of data. The absence of a periodic risk assessment may lead to unidentified threats, compliance issues, outdated security measures, financial loss, operational disruptions, and inefficient resource allocation.

Questioned Costs:

None.

Recommendation:

We recommend that the City: (1) implement IT training programs surrounding the various threats and how to identify them; (2) maintain a more secure network for its daily operations and the storage of its data; and (3) continue efforts to perform an enterprise-wide risk assessment.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-006 (continued)

Auditor's Conclusion:

Finding remains as stated.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-007

Programs: All

Material Weaknesses in Internal Controls and Noncompliance over the Preparation of the Schedule of Federal Awards

Repeat Finding: Yes; 2023-006

Condition:

The Finance Department is responsible for preparing the schedule of expenditures of Federal awards (the Schedule) based upon grant information obtained from the financial accounting records and other information provided by each department or agency. In many instances, the detail expenditure information in the accounting software differed from the expenditures reported by various City departments. Additionally, expenditures related to sub-recipients, subcontractors, and beneficiaries are not adequately tracked in the general ledger.

Criteria:

In accordance with 2 CFR 200.303, Internal controls: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.508, Auditee responsibilities: The auditee must: (b) Prepare appropriate financial statements, including the Schedule in accordance with §200.510 Financial statements.

In accordance with 2 CFR 200.510, Financial statements: (b) Schedule of expenditures of Federal awards: the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must: (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency; (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included; (3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available. For a cluster of programs, also provide the total for the cluster; (4) Include the total amount provided to subrecipients from each Federal program.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-007 (continued)

Criteria: (continued)

(5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total federal awards expended for loan or loan guarantee programs in the schedule; and (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

Cause:

The City does not maintain a centralized grant accounting function or standardized policies and procedures, including requirements to periodically submit and reconcile expenditures; instead, each department maintains its own grant information. The lack of submission of grant documents and accurate information by the various agencies and departments to Finance weakens internal controls over grant reporting and hinders the ability of Finance to accurately prepare the Schedule.

Internal controls over financial reporting should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City cannot provide reasonable assurance that the Schedule is fairly presented. Controls have not been established by the City to ensure complete and accurate reporting for the Schedule for the 2024 fiscal year.

Effect:

The determination of which major programs will be audited is affected by the accuracy of the Schedule at the time of audit. Without proper internal controls over financial reporting, inaccurate reporting of the City's financial information could occur, and the City cannot provide reasonable assurance that the Schedule is fairly presented. As a result, individual program reports throughout the year could have inaccurate information. There were also significant delays in the preparation of the Schedule, which prevented the City from meeting the March 31, 2025 deadline with the Federal clearinghouse.

Questioned Costs:

Unknown.

Recommendation:

We recommend that Finance establish policies and procedures to ensure that the Federal funds are properly identified and reported accurately in the Schedule in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering Federal assistance programs with the City receive training in grant administration.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-008

Programs: All

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-007

Condition:

The City's audited financial statements and the data collection form were not completed within nine months after the end of the audit period.

Criteria:

In accordance with 2 CFR § 200.512, the audit must be completed, and the data collection form must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Cause:

The City does not maintain a centralized grant accounting function or standardized policies and procedures, including requirements to periodically submit and reconcile expenditures; instead, each department maintains its own grant information. The lack of submission of grant documents and accurate information by the various agencies and departments to Finance weakens internal controls over grant reporting and hinders the ability of Finance to accurately prepare the Schedule.

Internal controls over financial reporting should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City cannot provide reasonable assurance that the Schedule is fairly presented. Controls have not been established by the City to ensure complete and accurate reporting for the Schedule for the 2024 fiscal year.

Effect:

The City was not in compliance with Uniform Guidance.

Questioned Costs:

Unknown.

Recommendation:

We recommend that Finance establish policies and procedures to ensure that the Federal funds are properly identified and reported accurately in the Schedule in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering Federal assistance programs with the City receive training in grant administration.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-008 (continued)

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-009

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.239 Home Investment Partnership Program

Significant Deficiency in Internal Controls and Noncompliance over Eligibility

Repeat Finding: No

Condition:

For 2 out of 40 selections, we could not verify if eligibility requirements were met due to lack of supporting documentation.

For 2 out of 40 selections, no documentation was provided to support income verification. Additionally, the rental amount per the contract was not in accordance with the criteria specified in Uniform Guidance.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 24 CFR section 92.2: The HOME program has income targeting requirements. Only low income or very low-income persons can receive housing assistance. Therefore, the participating jurisdiction must determine if each family is income eligible by determining the family's annual income, including all persons in the household, as provided for in 24 CFR section 92.203. Participating jurisdictions must maintain records for each family assisted (24 CFR section 92.508).

Per 24 CFR §92.252(a): The maximum HOME rents, which include utilities or the utility allowance, are the lesser of the fair market rent for comparable units in the area, as established by HUD under 24 CFR section 888.111, or a rent that does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area as determined by HUD, with adjustments for the number of bedrooms. Rental projects with five or more units have additional rent limitations. Twenty percent of the HOME-assisted units must be occupied by very low-income families and meet one of the following rent requirements: (1) the rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for larger or smaller families; or (2) the rent does not exceed 30 percent of the families adjusted income (24 CFR sections 92.216 and 92.252).

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-009 (continued)

Cause:

The agency does not have adequate controls in place to ensure the grant requirements are met.

Effect:

Tenants receiving assistance under this program may not qualify as low-income families.

Questioned Costs:

Unknown.

Recommendation:

The City should establish controls to be in compliance with the eligibility requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-010

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.239 Home Investment Partnership Program

Significant Deficiency in Internal Controls and Noncompliance over Special Tests – Housing Quality Standards

Repeat Finding: Yes; 2023-026

Condition:

For 2 out of 11 selections, there was no evidence that a follow-up inspection was conducted to ensure corrective measures were implemented.

For 2 out of 11 selections, management was unable to provide support for verification of inspections that occurred in fiscal year 2024.

Criteria:

In accordance with 2 CFR §200.303: The non-federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 24 CFR sections 574.310(b)(1)-(2): All housing that involves acquisition, rehabilitation, conversion, lease, repair of facilities, new construction, project- or tenant-based rental assistance (including assistance for shared housing arrangements), and operating costs must meet various housing quality standards.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

The agency does not have controls in place to ensure requirements around housing quality standards are met.

Effect:

The City may not be in compliance with the housing quality standards requirements under Uniform Guidance.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-010 (continued)

Recommendation:

We recommend that the City: (1) implement proper documentation controls to ensure the housing quality standards requirements are being followed; and (2) follow the AM 413-61 retention policy.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-011

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-008

Condition:

For 2 out of 10 selections, there is no evidence of approval of the drawdown request and management was unable to provide the expenditure report to support the drawdown request.

For 1 out of 10 selections, there is no evidence that the drawdown request was submitted on the IDIS portal.

Criteria:

In accordance with 2 CFR §200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director Conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends, as well as all program and sub-recipient (when applicable) documentation, to include: (1). program documentation; (2) timesheets; (3) deliverables;(4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

The agency does not have proper controls in place for the cash management process.

Effect:

The City may not be in compliance with the cash management requirements in accordance with Uniform Guidance.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-011 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with cash management requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-012

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Significant Deficiency in Internal Controls and Noncompliance over Eligibility

Repeat Finding: Yes; 2023-009

Condition:

For 1 out of 60 selections, the Mayor's Office of Homeless Services (MOHS) management did not have evidence of case manager review of the participant file for eligibility requirements.

For 1 out of 60, MOHS management was unable to provide the rent calculation worksheet, hence, we were unable to verify reasonableness of contracted monthly rent.

For 1 out of 60 selections, MOHS management was unable to provide evidence that the property inspection was performed during the fiscal year.

For 1 out of 60 selections, MOHS management was unable to provide evidence of third-party verifications or documentation of expected income, assets, unusual medical expenses, and any other pertinent information.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

According to the Office of Management and Budget (OMB) Compliance Supplement, a person eligible for assistance under this program means a person with HIV or AIDS who is a low-income individual and the person's family, including persons important to their care or well-being, as defined in 24 CFR section 574.3. The eligibility of those tenants who were admitted to the program should be determined by (1) obtaining applications that contain all the information needed to determine eligibility, including diagnosis, documentation of housing need, income, rent, and order of selection; and (2) obtaining third party verifications or documentation of expected income, assets, unusual medical expenses, and any other pertinent information.

Per 24 CFR §574.320, the rent charged for a unit must be reasonable in relation to rents currently being charged for comparable units in the private unassisted market and must not be in excess of rents currently being charged by the owner for comparable unassisted units.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-012 (continued)

Criteria: (continued)

In accordance with 24 CFR sections 574.310(b)(1)-(2): All housing that involves acquisition, rehabilitation, conversion, lease, repair of facilities, new construction, project- or tenant-based rental assistance (including assistance for shared housing arrangements), and operating costs must meet various housing quality standards.

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director Conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends; as well as all program and sub-recipient (when applicable) documentation, to include: (1) program documentation; (2) timesheets; (3) deliverables; (4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

MOHS did not have proper controls in place to ensure eligibility requirements of the grant were met.

Effect:

MOHS may not be in compliance with the eligibility requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that MOHS: (1) follow AM 413-60 and AM 413-61 for documentation and retention of the review and approval of eligibility criteria; and (2) provide training about procedures related to the documentation of eligibility evaluations.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-013

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Person with AIDS

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-010

Condition:

We were unable to verify if the Federal Funding Accountability and Transparency Act (FFATA) report was prepared and submitted.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Cause:

The agency did not have adequate controls in place to properly report its first-tier subawards in accordance with the Transparency Act requirements.

Effect:

The agency may not be in compliance with the reporting requirements of the grant.

Questioned Costs:

None.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with reporting requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Finding 2024-013 (continued)

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-014

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-011

Condition:

For 2 out of 2 selections, there is no evidence that the subrecipients were monitored during the fiscal year.

For 2 out of 2 selections, various information related to the funding source and the pass through entity were missing on the notice of award (E.g. FAIN number, UEI, indirect cost).

Criteria:

In accordance with 2 CFR §200.303: The non-federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of subrecipients.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-014 (continued)

Criteria: (continued)

(f) Verify that every subrecipient is audited as required by 2 CFR § 200.331 when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

Cause:

MOHS did not maintain adequate documentation of the requirements included in Uniform Guidance related to procedures required for subrecipient monitoring.

Effect:

The City was not in compliance with the Uniform Guidance.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-015

U.S. Department of Treasury

AL No. 21.027 American Rescue Plan Act

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: **No**

Condition:

For 12 out of 40, the unique entity identifier (UEI) was not included in the grant agreement.

For 12 out of 40, the Federal Award Identification Number (FAIN) was not included in the grant agreement.

For 4 out of 40 selections, the UEI was incorrect in the grant agreement.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

There were no proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-015 (continued)

Effect:

The City was not in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-016

U.S. Department of Health and Human Services

AL No. 93.391 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: **No**

Condition:

For 1 out of 1 selection, management was unable to provide the notice of award.

For 1 out of 1 selection, management was unable to provide evidence that subrecipient monitoring was performed to ensure compliance with accounting requirements.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-016 (continued)

Criteria: (continued)

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director Conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends; as well as all program and sub-recipient (when applicable) documentation, to include: (1) program documentation; (2) timesheets; (3) deliverables; (4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

The Baltimore City Health Department (BCHD) did not have proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

Effect:

BCHD may not be in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-017

U.S. Department of Health and Human Services

AL No. 93.600 Head Start

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: No

Condition:

We were unable to verify if the Federal Funding Accountability and Transparency Act (FFATA) report was prepared and submitted.

Criteria:

In accordance with 2 CFR §200.303, The non-federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Cause:

The Mayor’s Office of Children and Family Success (MOCFS) does not have controls in place to ensure reporting requirements are met.

Effect:

MOCFS was not in compliance with federal reporting requirements.

Questioned Costs:

None.

Recommendation:

We recommend the City establish and implement a process to ensure reporting requirements are met.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor’s Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-018

U.S. Department of Health and Human Services

AL No. 93.600 Head Start

Significant Deficiency in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 1 out of 1 selection, various information related to the funding source and the pass-through entity is missing on the notice of award (E.g. FAIN number, UEI and indirect cost).

Criteria:

In accordance with 2 CFR §200.303: The non-federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

Cause:

MOCFS did not have proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

Effect:

MOCFS was not in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-018 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-019

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Significant Deficiency in Internal Controls and Noncompliance over Cash Management

Repeat Finding: No

Condition:

For 1 out of 2 selections, the drawdown request form was approved by the Grant Service Director after the request was submitted on Payment Management System (PMS).

Criteria:

In accordance with 2 CFR 200.303: Internal Control, The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends; as well as all program and sub-recipient (when applicable) documentation, to include: (1) program documentation; (2) timesheets; (3) deliverables; (4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

Cause:

Controls surrounding the cash management process are not operating effectively.

Effect:

Expenditures are not reviewed prior to submission of request in PMS. Expenditures reported to the federal government could be inaccurate.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-019 (continued)

Recommendation:

We recommend that the City review policies, procedures and practices in place over controls related to reviewing and approving drawdowns prior to submission in PMS.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-020

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Significant Deficiency in Internal Controls and Noncompliance over Earmarking

Repeat Finding: No

Condition:

Management was unable to provide evidence that the earmarking requirements were met.

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Per the OMB compliance supplement (Part IV), the earmarking requirements are as follows:

- a. No more than 10 percent of the award can be used for administrative expenses;
- b. No more than 5 percent of the award can be used for clinical quality management expenses; and
- c. Planning and evaluation costs may not exceed 10 percent of the grant award. Collectively, recipient administration and planning and evaluation costs may not exceed 15 percent of the grant award (42 USC 300ff28(b)(4)).

Cause:

BCHD did not have proper controls in place to ensure the earmarking requirements of the grant were met.

Effect:

BCHD may not be in compliance with the earmarking requirements of the grant.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-020 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with earmarking requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-021

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-016

Condition:

For 1 out of 1 selection, we were unable to agree the expenditure details from the general ledger to the amounts reported in the Federal Financial Report to ensure completeness, accuracy and compliance with required accounting basis.

Additionally, we were unable to verify if the Federal Funding Accountability and Transparency Act (FFATA) report was prepared and submitted.

Criteria:

In accordance with 2 CFR §200.303, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Cause:

The agency could not reconcile information reported in the expenditure report to the State of Maryland to the underlying records. Finance and the agency use different parameters for running reports and neither department reconciled the information on the financial reports to the accounting records. BCHD does not have controls in place to ensure reporting requirements are met.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-021 (continued)

Effect:

Expenditures reported to the Federal government could be inaccurate. BCHD may not be in compliance with the reporting requirements.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement a process to reconcile reports used by the various departments for external reporting to the City's internal records to validate compliance with reporting requirements. Additionally, there should be a process to ensure all reports are submitted timely.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-022

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-017

Condition:

For 1 out of 1 selection, management was unable to provide evidence that subrecipient monitoring was performed to ensure compliance with accounting requirements.

For 1 out of 1 selection, management was unable to provide the notice of award.

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-022 (continued)

Criteria: (continued)

(f) Verify that every subrecipient is audited as required by 2 CFR § 200.331 when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

Cause:

BCHD did not have proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

Effect:

BCHD may not be in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-023

U.S. Department of Health and Human Services

AL No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness in Internal Controls in Noncompliance over Reporting

Repeat Finding: Yes; 2023-019

Condition:

For 4 out of 4 selections, we were unable to agree the expenditure details from the general ledger to the amounts reported on the Medical Assistance Transportation report, the Maryland Children Health Program (MCHP) - Eligibility report, the Administrative Care Coordination report and Supplemental Administrative Care Coordination 440 report to ensure completeness, accuracy and compliance with required accounting basis.

Additionally, we were unable to verify if the Federal Funding Accountability and Transparency Act (FFATA) report was prepared and submitted.

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Pub. L. No. 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Cause:

The agency could not reconcile information presented in the expenditure report to the general ledger. Finance and the agency use different parameters for generating reports and there was no documentation of the reconciling differences. BCHD does not have controls in place to ensure reporting requirements are met.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-023 (continued)

Effect:

Expenditures reported to the federal government could be inaccurate. BCHD may not be in compliance with the reporting requirements.

Questioned Costs:

Unknown

Recommendation:

We recommend the City establish and implement a process to reconcile reports used by the various departments for external reporting to the City's internal records to validate compliance with reporting requirements. Additionally, there should be a process to ensure all reports are submitted timely.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-024

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-020

Condition:

For 1 out of 2 selections, the drawdown request forms did not have the approval of the Grant Service Director.

For 1 out of 2 selections, the drawdown request form was approved by the Grant Service Director after the request was submitted on Payment Management System (PMS).

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends; as well as all program and sub-recipient (when applicable) documentation, to include: (1) program documentation; (2) timesheets; (3) deliverables; (4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

Cause:

Controls surrounding the cash management process are not operating effectively.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-024 (continued)

Effect:

Expenditures are not reviewed prior to submission of request in PMS. Expenditures reported to the federal government could be inaccurate.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City review policies, procedures and practices in place over controls related to reviewing and approving drawdowns prior to submission in PMS.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-025

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-021

Condition:

For 6 out of 6 selections, we were unable to verify the subrecipient's active registration on SAM.gov.

For 6 out of 6 selections, various information related to the funding source and the pass through entity is missing on the notice of award (E.g. FAIN number, UEI, Assistance Listing Number and name of pass-through and indirect cost).

For 3 out of 6 selections, there were either findings identified during site visit or on the fiscal year 2024 single audit report of the subrecipient. However, no documentation was provided to evidence follow-up or other documentation to ensure that the identified issues were resolved.

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier. (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-025 (continued)

Criteria: (continued)

d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

(f) Verify that every subrecipient is audited as required by 2 CFR § 200.331 when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

Cause:

BCHD did not have proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

Effect:

BCHD may not be in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-026

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-022

Condition:

For 1 out of 2 selections, the drawdown request forms did not have the approval of the Grant Service Director.

For 1 out of 2 selections, the GL support provided included expenditures incurred after the request was submitted on Payment Management System (PMS).

Criteria:

In accordance with 2 CFR 200.303: Internal Control, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

According to AM 413-60, Grant Documentation, Grant Manager/Program Manager/Director Conducts ongoing monitoring and control of all reimbursement receipts and deposits until grant ends; as well as all program and sub-recipient (when applicable) documentation, to include: (1) program documentation; (2) timesheets; (3) deliverables; (4) activities; (5) vendor payments; (6) program data/charts/numbers; and (7) financial and compliance report.

According to AM 413-61, Grant Management Financial Reporting, Grant Manager/Program Manager/Director maintains all documentation, either electronic or hard copy, for all Federally funded grants for the term of the grant for a minimum of seven years for review and audit by the granting agency or its designee.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-026 (continued)

Cause:

Controls surrounding the cash drawdown process are not operating effectively. The agency could not reconcile information presented in the expenditure report to the underlying records. Finance and the agency use different parameters for generating reports and there was no documentation of the reconciling differences.

Effect:

Expenditures are not reviewed prior to submission of request. Expenditures reported to the federal government could be inaccurate.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City review policies, procedures and practices in place over controls related to reviewing and approving drawdowns prior to submission in PMS.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-027

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-023

Condition:

For 1 out of 1 selection, we were unable to agree the expenditure details from the general ledger to the amount reported in the Federal Financial Report to ensure completeness, accuracy and compliance with required accounting basis.

Additionally, we could not verify if the Final Performance Progress and Evaluation Report (PPER) was submitted.

Criteria:

In accordance with 2 CFR §200.303, the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR 200.302: Financial management. (a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, the grant agreement requires the Federal Financial Report to be submitted through recipient online accounts in the Payment Management System and the Final Performance Progress and Evaluation Report (PPER) to be submitted via www.grantsolutions.gov no later than 120 days after the period of performance end date.

Cause:

The agency could not reconcile information reported in the expenditure report to the state to the underlying records. Finance and the agency use different parameters for running reports and neither department reconciled the information on the financial reports to the accounting records. BCHD does not have controls in place to ensure reporting requirements of the grant are met.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-027 (continued)

Effect:

Expenditures reported to the federal government could be inaccurate. BCHD may not be in compliance with the reporting requirements.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement a process to reconcile reports used by the various departments for external reporting to the City's internal records to validate compliance with reporting requirements. Additionally, there should be a process to ensure all reports are submitted timely.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-028

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-024

Condition:

For 1 out of 3 selections, management was unable to provide evidence that the Single Audit Report was obtained and reviewed for findings.

For 3 out of 3 selections, we were unable to verify the subrecipient's active registration on SAM.gov.

For 3 out of 3 selections, various information related to the funding source and the pass-through entity is missing on the notice of award (E.g. FAIN number, UEI, Assistance Listing Number and name of pass-through and indirect cost).

Criteria:

In accordance with 2 CFR §200.303: the non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In accordance with 2 CFR §25.300: (a) A recipient may not make a subaward to a subrecipient unless that subrecipient has obtained and provided to the recipient a unique entity identifier. Subrecipients are not required to complete full SAM registration to obtain a unique entity identifier; and (b) A recipient must notify any potential subrecipients that the recipient cannot make a subaward unless the subrecipient has obtained a unique entity identifier as described in paragraph (a) of this section.

According to 2 CFR §200.332, all pass-through entities must: (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the Federal award identification including the subrecipient's unique entity identifier, Federal Award Identification Number (FAIN), identification of whether the award is R&D and indirect cost rate for the Federal award.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2024

Finding 2024-028 (continued)

Criteria: (continued)

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

(f) Verify that every subrecipient is audited as required by 2 CFR § 200.331 when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501.

Cause:

BCHD did not have proper controls in place to ensure the subrecipient monitoring requirements of the grant were met.

Effect:

BCHD may not be in compliance with the subrecipient monitoring requirements of the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to maintain compliance with subrecipient monitoring requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

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CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-001

Programs: All

Material Weakness over Grant Accounting Function

Repeat Finding: Yes; 2022-001

Condition:

Due to lack of formal procedures and accountability at various departments, the City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts.

2024 Status:

See finding 2024-003 in current year.

CITY OF BALTIMORE

Summary Schedule of Prior Year Findings Year Ended June 30, 2024

Finding 2023-002

Programs: All

Material Weakness over Financial Reporting

Repeat Finding: Yes; 2022-002

Condition:

The City had significant post year-end adjustments to its fiscal year 2023 financial statements. Such adjustments relate to errors (both material and immaterial) undiscovered throughout the fiscal year. For example, there were cash accounts that were not reconciled for the majority of the fiscal year, which resulted in approximately \$50 million of uninvestigated reconciling items. Additionally, upon review of certain trust accounts, an account for \$92 million was identified, but had not been recorded as of year-end.

2024 Status:

See finding 2024-001 in current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-003

Programs: All

Material Weakness over Water and Wastewater Accounting

Repeat Finding: Yes; 2022-003

Condition:

There was a significant number of accounts that have not been billed since the system has been implemented and a significant number of accounts have been billed inconsistently. The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments. This is a greater risk of error due to manual adjustments.

There were also approximately \$13 million capitalizable costs that were erroneously recorded as operational expenses that needed to be adjusted post-close.

2024 Status:

See finding 2024-004 in current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-004

Programs: All

Material Weakness over Fixed Assets Accounting

Repeat Finding: Yes; 2022-004

Condition:

There were significant post-close adjustments recorded to fixed assets to correct the year-end reporting for capitalized assets. Additionally, errors were detected in the depreciation calculation that resulted in additional adjustments.

2024 Status:

See finding 2024-005 in current year.

CITY OF BALTIMORE

Summary Schedule of Prior Year Findings Year Ended June 30, 2024

Finding 2023-005

Programs: All

Material Weakness over Information Technology Security

Repeat Finding: Yes; 2022-005

Condition:

While progress has been made in addressing and remediating the legacy vulnerabilities, including adding additional personnel to the task, the review of the network security in fiscal year 2023 indicated that a number of “severe/critical/high risk” vulnerabilities remain to be remediated.

Other areas for improvement include, but are not limited to:

- Lack of a formally documented entitlement review of privileged accounts such as domain administrators.
- Inadequate segregation of duties for those personnel with the responsibilities for making program changes and for those personnel with the responsibilities for the migration to production.
- Inability to restore mainframe operations at the secondary data center.

2024 Status:

See finding 2024-006 in current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-006

Programs: All

**Material Weakness in Internal Controls and Noncompliance over the Preparation of the
Schedule of Federal Awards**

Repeat Finding: Yes; 2022-006

Condition:

The Finance Department is responsible for preparing the schedule of expenditures of Federal awards based upon grant information obtained from the financial accounting records and other information provided by each department or agency. In many instances, the detail expenditure information in the accounting software differed from the expenditures reported by various City departments. Additionally, expenditures related to sub-recipients, subcontractors, and beneficiaries are not separately tracked in the general ledger.

2024 Status:

See finding 2024-007 in current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-007

Programs: All

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-007

Condition:

The City's audited financial statements and the data collection form were not completed within nine months after the end of the audit period.

2024 Status:

See finding 2024-008 in current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-008

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: No

Condition:

For 5 out of 13 selections, the support did not reconcile to the drawdown amount in the Federal database.

2024 Status:

See finding 2024-011 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-009

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Eligibility

Repeat Finding: Yes; 2022-008

Condition:

For 14 out of 40 selections, Mayor's Office of Homeless Services (MOHS) management did not have evidence of case manager review of the participant file for eligibility requirements.

For 25 out of 40 selections, MOHS management was unable to provide evidence that property inspections were performed during the fiscal year.

For 25 out of 40 selections, MOHS management was unable to provide evidence of third-party verifications or documentation of expected income, assets, unusual medical expenses, and any other pertinent information.

For 6 out of 40 selections, MOHS management was unable to provide support to verify the rent reasonableness.

2024 Status:

See finding 2024-012 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-010

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-009

Condition:

The Federal Financial Report provided by Mayor's Office of Homeless Services (MOHS) management was not submitted in a timely manner.

2024 Status:

See finding 2024-013 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-011

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2022-010

Condition:

For 3 out of 3 selections, the Federal award identification number (FAIN) and the subrecipient's unique entity identifier (UEI) were not disclosed on the subaward.

For 3 out of 3 selections, there was no evidence that the prior year Single Audit Report was reviewed.

2024 Status:

See finding 2024-014 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-012

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Special Tests – Housing Quality Standards

Repeat Finding: Yes; 2022-011

Condition:

For 25 out of 40 selections, the Mayor’s Office of Homeless Services (MOHS) management was unable to provide support for verification of property inspection for fiscal year 2023.

2024 Status:

Finding has been cleared in fiscal year 2024.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-013

U.S. Department of the Treasury

AL No. 21.023 Emergency Rental Assistance Program

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-013

Condition:

Management was unable to provide evidence that the SF-425 Federal Financial Report was filed.

2024 Status:

The Schedule did not report any expenditures in fiscal year 2024.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-014

U.S. Department of Health and Human Services

AL No. 93.044, 93.045, 93.053 Aging Cluster

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: No

Condition:

The Federal Financial Report provided by management did not include amounts spent under the Federal award.

2024 Status:

Finding has been cleared in fiscal year 2024.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-015

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: No

Condition:

For 4 out of 4 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting reimbursement.

2024 Status:

See finding 2024-019 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-016

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: **No**

Condition:

For 1 out of 1 selection, we were unable to agree the expenditure details from the general ledger to the amounts reported in the Federal Financial Report to ensure completeness, accuracy and compliance with the required accounting basis.

For 1 out of 1 selection, we noted that the Federal Financial Report was not submitted timely.

2024 Status:

See finding 2024-021 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-017

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 1 out of 1 selection, management was unable to provide evidence that subrecipient monitoring was performed to ensure compliance with accounting requirements.

For 1 out of 1 selection, we were unable to verify the subrecipient's active registration on SAM.gov.

For 1 out of 1 selection, there was no evidence that the prior year Single Audit Report was reviewed.

2024 Status:

See finding 2024-022 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-018

U.S. Department of Health and Human Services

AL No. 93.767 Children's Health Insurance Program (CHIP)

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-017

Condition:

For 1 out of 1 selection, we were unable to agree the expenditure details from the general ledger to the amounts reported in the expenditure report to the state to ensure completeness, accuracy and compliance with required accounting basis.

2024 Status:

Finding has been cleared in fiscal year 2024.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-019

U.S. Department of Health and Human Services

AL No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-019

Condition:

For 3 out of 3 selections, we were unable to agree the expenditure details from the general ledger to the amounts reported on the Medical Assistance Transportation report, the Maryland Children Health Program (MCHP) - Eligibility report and the Administrative Care Coordination (ACC) report to ensure completeness, accuracy and compliance with required accounting basis.

2024 Status:

See finding 2024-023 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-020

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2022-020

Condition:

For 2 out of 2 selections, the drawdown request forms did not have the approval of the Grant Service Director.

For 2 out of 2 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

2024 Status:

See finding 2024-024 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-021

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 7 out of 7 selections, we were unable to verify the subrecipient's active registration on SAM.gov.

For 7 out of 7 selections, there was no evidence that subrecipient's Single Audit Report was reviewed.

2024 Status:

See finding 2024-025 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-022

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2022-021

Condition:

For 1 out of 1 selection, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

2024 Status:

See finding 2024-026 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-023

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2022-023

Condition:

For 1 out of 1 selection, we were unable to agree the expenditure details from the general ledger to the amount reported in the Federal Financial Report to ensure completeness, accuracy and compliance with the required accounting basis.

2024 Status:

See finding 2024-027 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-024

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: **No**

Condition:

For 2 out of 4 selections, management was unable to provide evidence that subrecipient monitoring was performed to ensure compliance with Federal requirements.

For 1 out of 4 selections, there was no approval on the subrecipient monitoring report.

For 4 out of 4 selections, we were unable to verify the subrecipient's active registration on SAM.gov.

For 4 out of 4 selections, there was no evidence that the subrecipient's Single Audit Report was reviewed.

2024 Status:

See finding 2024-028 in the current year.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-025

U.S. Department of Housing and Urban Development

AL No. 14.239 HOME Investment Partnerships Program

Material Weakness in Internal Controls and Noncompliance over Program Income

Repeat Finding: No

Condition:

For 10 out of 10 selections, we were unable to agree the program income amount to the general ledger to ensure funds are properly recorded in the accounting records.

2024 Status:

Finding has been cleared in fiscal year 2024.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2024**

Finding 2023-026

U.S. Department of Housing and Urban Development

AL No. 14.239 HOME Investment Partnerships Program

**Significant Deficiency in Internal Controls and Noncompliance over Special Tests – Housing
Quality Standards**

Repeat Finding: **No**

Condition:

For 1 out of 40 selections, the Physical Inspection Findings and Notice of Corrective Measures letter did not have the compliance officer's approval.

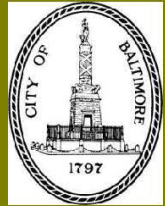
For 2 out of 40 selections, management was unable to provide support for verification of inspection for fiscal year 2023.

2024 Status:

See finding 2024-010 in the current year.

SECTION V – CORRECTIVE ACTION PLANS

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FROM	NAME & TITLE	Michael Mocksten, Director	CITY of BALTIMORE MEMO	
	AGENCY NAME & ADDRESS	Department of Finance 100 Holliday Street, 4 th floor Baltimore, MD 21202		
	SUBJECT	CAPs for 2024 Single Audit		

May 9th, 2025

Mr. William Seymour
SB & Company, LLC
Certified Public Accountants
10200 Grand Central Avenue, Suite 250
Owings Mills, MD 21117

Dear Mr. Seymour:

The following represents the City's responses and associated corrective action plans for the findings identified in the 2024 Single Audit.

Sincerely,

Michael Mocksten

Michael Mocksten
Director of Finance

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-001

Programs: All

Material Weakness over Financial Reporting

Repeat Finding: Yes; 2023-002

Auditee's Corrective Action Plan:

The City implemented Workday, an Enterprise Resource Planning (ERP) system in phases, with Human Resources and Payroll going live in January 2021 followed by Financial Accounting, Procurement, Supplier Accounts, Banking, and Grants going live in August 2022. Although these phases were complete as of August 2022, the City continues to refine the business processes within the system and to adopt newly offered features to fully utilize the functionality.

The new system includes improved financial reporting and functionality. Specific improvements implemented are:

- Automatic calculations of allocations in Workday.
- Extensive review of the chart of accounts, including the use of hierarchies, which more closely align the financial and budgetary reporting needs of the City.
- Use of “control” accounts for accounts receivable and accounts payable, which requires the subsidiary systems to reconcile to the general ledger.
- Use of multi-book accounting, which allows for Generally Accepted Accounting Principles (GAAP) entries to be entered into a separate ledger.
- Purchase of Workiva, a cloud-based financial reporting software which pulls financial data from Workday into a mapped financial reporting template which is the basis for the financial statements and Annual Comprehensive Financial Report (ACFR). The software pulls data directly from Workday into mapped templates and provides an audit trail for changes to the ACFR document. This was implemented for the fiscal year 2024 ACFR, however, further adjustments will be implemented in the next fiscal year.

July 2025 - BAPS will prepare a project plan for review of Workiva mapping. The project plan will include an evaluation of the monthly and year-end close out process to identify any needed enhancements to process or documentation.

September 2025 - Actions outlined in the project plan will be completed.

December 2025 - Review and evaluation of the effectiveness of Workiva mapping changes will be completed.

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-001 (continued)

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

Completion Date:

December 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-002

Programs: All

Material Weakness over Cash and Cash Equivalents

Repeat Finding: No

Auditee's Corrective Action Plan:

In the FY 2024 audit process, the City experienced specific challenges with financial reporting due to technology implementation and staffing. In implementing Workiva, BAPS took a phased approach and conducted mapping reviews for parallel reporting to confirm that the new consolidated mapping from Workday to Workiva would mirror the prior year's manually compiled ACFR; however, at implementation, additional mapping corrections were identified. The need for training additional staff members on functionality was also identified.

In addition, during FY 2023, BAPS experienced significant staffing transition using contractual support to address staffing needs while focusing on recruitment for unfilled positions. In those staffing transitions, certain reconciliation functions were impacted.

To address these issues, BAPS will prepare a project plan that will include a review of Workiva mapping and an evaluation of the monthly closing process to identify any needed enhancements including identifying corrective training, delineating additional monthly staff reporting assignments, confirming the review of all transactions and review of payroll reconciliations both at the payroll level and at the central accounting level. BAPS will prepare and implement a project plan addressing the reconciliation issues by August 2025.

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

Completion Date:

August 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-003

Programs: All

Material Weakness over Grant Accounting Function

Repeat Finding: Yes; 2023-001

Auditee's Corrective Action Plan:

To address these findings, the City is focusing on three areas: technology, grants oversight structure, including policy and training, and staffing.

In terms of technology, the City implemented Workday, an Enterprise Resource Planning (ERP) system in phases, with Human Resources and Payroll going live in January 2021 followed by Financial Accounting, Procurement, Supplier Accounts, Banking, and Grants going live in August 2022. Although these phases were complete as of August 2022, the City continues to refine the business processes within the system and to adopt newly offered features to fully utilize the functionality.

Unlike prior manual grants tracking spreadsheets maintained at an agency level, the Workday grants management and accounting module is robust with a workflow process for grant approval, grant budget tracking, and invoice scheduling. The Workday grants modules have enhanced internal controls and now provide transparency by requiring the grant funding source be defined prior to grant approval and fields are available for the Unique Entity Identifier (UEI) and sub-recipients' information. These features help address prior year findings regarding a failure to maintain UEI and sub-recipient information.

The implementation of the Workday grants modules centralizes much of the grant management function by requiring the agencies to upload the grant documents into Workday as well as critical grant information fields, such as grant start and end date, UEI, grant funding source, subrecipients associated with the grant, etc. In FY 2024 the City worked to refine grants module workflow to add additional grant program staff approvals to the spend business processes (transactions related to spending of funds) so that both agency fiscal staff and agency grant programmatic staff can review transactions and approve and to add additional reporting on grant awards.

Specific enhancements/reconfigurations in Workday's Grants Module to mitigate Audit Findings include:

- Custom validations requests (e.g., Charm tickets which log the entire record of the requested change)
- Standardize data entry requirements create grant worktag requests and create award and document attachment requirements (e.g. Grant Award documents for new and recurring awards)
- Data entry validation (i.e. Assistance Listing Number (ALN) and UEI required fields for federal award, Fund 4000/4001)

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-003 (continued)

Auditee's Corrective Action Plan: (continued)

Additionally, we developed standardized agency reports, to be used by agency grant staff, Bureau of Accounting and Payroll Services (BAPS), and Bureau of Budget and Management Research (BBMR), for users to see all revenues and expenditures to date for any grant and a current grant balance.

In FY 2024, the City implemented a citywide Grants Management Committee coordinated by the Mayor's Office of Performance Innovation. Through feedback from this workgroup, we identified an expanded scope of responsibility for the Grants Management Office (GMO), including oversight and compliance, training and budget monitoring. In addition, a new Grants Director position was created and onboarded the first quarter of FY 2025.

In FY 2025, GMO has begun implementing checks and balances to the Workday grant setup and maintenance functions, including a monthly worktag inactivation report to prevent improper billing against grants not fully setup in Workday, as well as verification of subaward status before final award setup approval. Additionally, in FY 2026, GMO will be implementing a mandatory requirement for agencies to enter billing milestones into their award setup to monitor upcoming drawdown dates and confirm appropriate invoicing has taken place.

In addition, the Department of Finance is continuing to review our grants policies to identify areas of improvement and efficiencies. For example, a new policy is being developed for “Grant Sub-Recipient Monitoring and Management” and “SAM.gov and UEI Requirements” and several others are being revised and developed, as well as a grants management handbook for City agencies. The new policy for Sub- Recipient Monitoring and Management will be completed by July 2025. The grants management handbook will be completed by the first quarter of FY 2026.

Since December 2024, GMO has hosted biweekly grants management sessions for the City; with the first session focused on providing City-wide grant updates and triaging grant-related questions, and the second monthly session consisting of a live training session on grant-specific topics. GMO has provided training sessions and supporting materials on the following subjects:

1. “How to monitor subrecipients” - a step-by-step comprehensive guide to monitor city subrecipients with supporting templates for risk assessments, metrics tracking, expenditure tracking, and narrative reporting
2. “Subaward setup and refresher” - a walkthrough training on how to set-up subrecipients and subawards in Workday as well as updates to GMO’s approval process to ensure subawards are identified
3. “Award setup walkthrough clinic” - an award setup clinic for all agencies to setup their awards concurrently in real time and receive live feedback

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-003 (continued)

Auditee's Corrective Action Plan: (continued)

4. "2 CFR 200 Subrecipient monitoring and financial management" - a consultant-led training focusing on 2 CFR 200 standards and requirements for subrecipient monitoring and financial management, with supporting how-to guides, subrecipient vs. contractor handouts, and a 2 CFR 200 desk reference
5. Upcoming May 2025 training "Maintain Award Tasks step-by-step guide – a comprehensive walk through of how to assign billing and reporting deadlines in Workday and how to assign roles and responsibilities for completion.

All training has been recorded, and all recordings, slides and supplemental materials are being collated into a Grants Management SharePoint site to serve as a grants management clearinghouse for all City grant staff and stakeholders. The SharePoint site is expected to be fully updated by the end of June 2025.

Within BAPS, additional staffing has been allocated and recruitment is ongoing with hires expected in first quarter FY 2026, and positions designated to provide oversight to grants accounting.

July 2025 -

- GMO will implement a mandatory requirement for agencies to enter billing milestones into their award setup in order to monitor upcoming draw down dates and confirm appropriate invoicing has taken place.
- The new policy for Subrecipient Monitoring and Management will be completed by July 2025.
- Grants Management Sharepoint will be updated to include all trainings recordings, slides and supplemental materials.

FY 2026 1st Quarter-

- The grants management handbook will be completed
- Recruitment and hiring for BAPS Grants accounting positions

FY 2026 3rd Quarter-

- Design and implement a grants management dashboard within Workday

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

Completion Date:

March 2026

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-004

Programs: All

Material Weakness over Water and Wastewater Accounting

Repeat Finding: Yes; 2023-003

Auditee's Corrective Action Plan:

The Department of Public Works (DPW) took several steps to assess, evaluate, and improve water and wastewater billing functions, including the following:

- DPW optimized water billing cycles and schedules through a software program called Route Smart. City customers are billed monthly. Route Smart realigned the billing cycles so that customers were evenly divided into 15 groups located in the same geographic area of the City. This approach creates efficiencies by allowing meter technicians to stay in one region when addressing meter issues rather than traveling back and forth throughout the City.
- DPW has averaged 98% of bills being issued for each cycle on a regular basis. The Customer Support & Services Division (CSSD) and the Meter Shop work collaboratively to ensure readings are entered and meters are fixed or replaced so that we can provide timely and accurate monthly billing.
- CSSD and Meter Shop operations include an Internal Process Improvement team (Quality Assurance) and a Data Team (Quality Control) for monthly billing and customer service response times.
- In 2024, stakeholder meetings were established. DPW works closely with stakeholders on a monthly basis, including the Mayor's Office of Performance and Innovation and the Department of Finance to review performance metrics and collection rates.
- CSSD has a monthly training calendar to provide proactive and leadership development sessions since April 2022 to increase knowledge, skills, and abilities.
- In May 2025, the CSSD revised the training curriculum and developed a 6-month rotational program for new hires and present staff that allows for skill development and insights across multiple functional areas to improve cross-training and connection to the operation. Training will continue to evolve to develop the staff as needed and with best practices.
- In June 2024, DPW upgraded its water billing system, which provided additional capabilities such as: (1) a customer self-service portal that will allow the user to easily update contact information, set preferences, and manage/monitor their water usage; (2) a dashboard that allows customers to access account balances, make payments, and view payment history; (3) support for a wider range of devices and platforms; (4) paperless billing; and (5) an updated utility bill design for easier reading and payment.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-004 (continued)

Auditee's Corrective Action Plan: (continued)

- The water billing system upgrades were completed in June 2024.
- The support phase is ongoing and continuous. In the support phase, evaluation of outcomes and ongoing improvements are completed on a quarterly basis and where a need is identified through the quality assurance process a plan to address is implemented.

Contact Person:

Khalil Zaied, Department of Public Works

Michael Mocksten, Chief Financial Officer, Baltimore City

Completion Date:

June 30, 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-005

Programs: All

Material Weakness over Fixed Asset Accounting

Repeat Finding: Yes; 2023-004

Auditee's Corrective Action Plan:

The City implemented Workday, an Enterprise Resource Planning (ERP) system in phases, with Human Resources and Payroll going live in January 2021 followed by Financial Accounting, Procurement, Supplier Accounts, Banking, and Grants going live in August 2022. Although these phases were complete as of August 2022, the City continues to refine the business processes within the system and to adopt newly offered features to fully utilize the functionality.

The Workday Business Asset module was implemented in FY 2023. In Workday, Business Asset is a broader term that encompasses various types of assets, including fixed assets. This module allows assets to be flagged during the purchase process and Workday automatically calculates the depreciation. Specific improvements are as follows:

- Depreciation will be run monthly rather than at the end of the year, allowing for a more regular review of the fixed assets.
- Workday reports which reconcile the subsidiary fixed asset module to the general ledger will be run monthly and reviewed.
- The City used Workday to calculate FY 2024 depreciation.
- A new Workday security role within each agency, an asset tracking specialist, is responsible for reviewing the fixed asset listing and working with the Department of Finance ensuring that assets are capitalized properly. The role has been created and assigned at the agency level. Additional agency training for the asset tracking specialist role will be implemented in 1st quarter FY 2026.
- In FY 25 recognizing the need for additional centralized oversight of capital accounting BAPS allocated a supervisory position with hiring to be completed in fourth quarter FY 25.
- In conjunction with stakeholders, BAPS will develop formal written policies and procedures on capitalization by October 2025.

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

Completion Date:

October 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-006

Programs: All

Material Weakness over Information Technology Security

Repeat Finding: Yes; 2023-005

Auditee's Corrective Action Plan:

We concur with the findings.

The Baltimore City Office of Information & Technology (BCIT) has made significant progress in resolving this finding.

Of 11 recommendations identified in FY23, BCIT has fully implemented seven (7) and partially implemented three (3).

Specific improvements on the remaining recommendations are below:

Vulnerability Management

In 2024, the BCIT vulnerability management program made large strides forward. We reduced the historical vulnerability backlog by 37%, with an 11% reduction in Critical vulnerabilities and a 41% reduction in High vulnerabilities.

In January 2025, BCIT also hired a new Deputy Chief Information Security Officer with a strong background in vulnerability management. The Deputy CISO is redesigning our Vulnerability Management program, with specific emphasis on historical vulnerability remediation.

While BCIT has made significant progress in resolving this finding, there are still a number of aged vulnerabilities. The BCIT vulnerability management program focuses efforts on the largest “bang for the buck” vulnerabilities. Historical vulnerabilities with instances in single or low double digits are addressed based on resource availability, but focus is on vulnerabilities with many instances (hundreds or thousands) and can close out larger portions of our backlog with a single patch. In most, if not all, of the cases of our historical vulnerabilities, these are single or low double digits instances.

Enterprise-wide Risk Assessment

BCIT will complete an enterprise-wide risk assessment by July 2025.

Mainframe Backup Testing and Operating System Upgrades

In terms of the operating system upgrades, core systems work was completed in June 2022. Phased upgrades were completed in July 2024. Additional business process improvements are ongoing with a timeline of August 2026 for completion. BCIT also plans to test restoration of operations at the secondary data center for the mainframe in FY 2026.

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-006 (continued)

Contact Person:

Leyla Layman, Interim CIO/CDO, City of Baltimore

Completion Date:

August 2026 and continuous review

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-007

Programs: All

Material Weakness over Schedule of Expenditures of Federal Awards (SEFA) Reporting

Repeat Finding: Yes; 2023-006

Auditee's Corrective Action Plan:

The City's legacy financial system did not collect data required for SEFA. Agencies had to provide most details manually and work between spreadsheets and multiple systems to input and track receipt grant awards and spend on personnel, supplies and services and sub-recipient awards related to grants. The steps to address this legacy finding have been phased and include the technology implementation, staff training and additional oversight.

As noted, the City implemented Workday, an Enterprise Resource Planning (ERP) system, across workstreams so that Financial Accounting, Grants, Procurement, Supplier Accounts, Banking, Payroll and Human Resources are all in one system. As with any ERP, an ongoing process of evaluation and updates are needed to continuously align workflow and business processes. This approach has led to continued improvement over the years as the grants management module is fully implemented in Workday. Since implementation, additional enhancements have been adopted and utilized with a robust workflow process for grant approval, grant budget tracking, and invoice scheduling. In addition to the technology adoption, an increase in citywide grants training and oversight has been implemented. The progress is detailed below:

- FY 2023 represented the first year in the new system. To compile the SEFA, the City used a hybrid approach to leverage Workday and Agency provided data.
 - There were some data accuracy challenges from data entry errors. To address those data entry challenges the award modification business process was improved post-implementation to add a GMO review and approval step of award modifications.
 - As of May 2024, all award modifications now require centralized GMO review to verify data accuracy.
 - Additional process changes in FY 2023 included implementation of the requirement as part of the FY 2024 budget preparation process that grant worktags must be created and budgeted for during the City's annual budget process. The grant worktag creation process includes approvals at the agency program and fiscal levels, as well as at the Department of Finance level.
- In FY 2024 further Award Module enhancements were adopted to provide key new data points in Workday.
 - Each grant award now includes information: Federal Assistance Listing Number (fna CFDA#), Passthrough Agencies & Passthrough Identifier.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-007 (continued)

Auditee's Corrective Action Plan: (continued)

- Additionally, in FY 2024, GMO, in collaboration with BAPS launched the Grants Workstream Training sessions. These monthly citywide virtual live trainings are on a variety of grant management related topics, averaging 60 attendees per session. Attendees are City agency grant managers and City agency fiscal staff.
- In FY 2024 and FY 2025 the topics covered included:
 - FY 2024 Grant Work tag Preparation
 - FY 2024 SEFA Preparation
 - Grant Accounting Best Practices and Workday Billing
 - Award Set-up Best Practice & Potential Pitfalls
 - Extra Features in Workday (including reporting and how to set up award tasks and deadlines)
 - Subrecipient Monitoring Best Practices
 - Cost-reimbursable grant invoicing in Workday
 - FY 2025 SEFA preparation
 - FY 2026 Grant Work tag Preparation
 - Grant Management Roles and Responsibilities
 - Specific training on the SEFA, including information on understanding the importance of the SEFA, what information is included and how to review SEFA data, was conducted. Citywide training sessions were held in FY 2024 and FY 2025 to ensure that the reporting is understood by City agencies, with special emphasis on subrecipient payments being reported properly. The training schedule is ongoing and continuous.
- To improve SEFA reporting data, in FY 2025 there is an emphasis on subrecipient set up and spending to ensure that functionality is refined to improve uniformity in subrecipient set up. GMO, in conjunction with BAPS, the Bureau of Procurement and City agencies, will work to refine subrecipient set up, spending and monitoring, including improved reporting.
 - GMO has hosted three subrecipient monitoring and management-related trainings since December 2024. Additionally, to improve subrecipient managing and monitoring, GMO modified the award setup business process in Workday to include verification of subaward status before final award setup approval. In FY 2025, GMO provided training on how to setup subawards accurately in Workday. As discussed above, these trainings will be ongoing.
- Additionally, GMO and the BBMR will collaborate on a subaward dashboard to monitor subrecipient spending data in real time.

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-007 (continued)

Completion Date:

FY 2026 3rd Quarter-

- Design and complete a grants management dashboard within Workday
- Ongoing and continuous - GMO will continue to conduct trainings on SEFA reporting and subrecipient management and reporting.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-008

Programs: All

Significant Deficiency and Noncompliance over Reporting

Repeat Finding: Yes; 2023-007

Auditee's Corrective Action Plan:

The City implemented Workday, an Enterprise Resource Planning (ERP) system in August 2022 and we continue to refine the software and fully utilize functionality. The Workday grants module requires the grant funding source be defined prior to grant approval and fields are available for the UEI and sub-recipients' information. The implementation of the Workday grants modules centralizes much of the grant management function by requiring city agencies to upload the grant documents into Workday and provides a standardized approval path within agency fiscal and program staff, leadership and central Finance staff, such as the Grants Management Office.

The City implemented Workiva, a service which integrates with Workday, automates the financial statement process and which was used for the first time in FY 2024 to gain efficiencies in the report creation process. Lessons learned from the FY 2024 implementation of Workiva will be used to streamline reporting in future years.

Additionally, the corrective actions for grants have included monthly citywide trainings in the fourth quarter of FY 2024 led by the Grants Management Office and Bureau of Accounting and Payroll on key grant accounting functions in Workday; including, for example, Billing, Creating an Award, Subaward Setup, How to Monitor Subrecipients, and Maintain Award Tasks functionality, with each training averaging 60 agency grant staff across the City in attendance. GMO continues to work with specific agencies to train and review their reporting functions as well as triage agency-specific grant problems to eliminate errors where possible and improve overall documentation. GMO is revising the City's Administrative Manual to reflect reporting requirements, including two new policies - "Subrecipient Monitoring and Management" and "SAM.gov and UEI Requirements" as well as developing reporting templates in a centralized SharePoint clearinghouse for City-wide use. These trainings are ongoing and continuous.

Finally, GMO is implementing a change to the award setup process to require that all reporting and billing deadlines are entered at award set up to ensure applicable grant deadlines are listed and assigned to the program staff responsible. This data will provide transparency to city agency staff, management and GMO on specific reporting deadlines, responsible staff member and compliance for each grant. GMO will use this data to conduct compliance reviews by running monthly reporting to determine what agencies have reports due and which agencies are delinquent which will enhance our internal controls of the grants process.

July 2025 -

- GMO implementation of a mandatory requirement for agencies to enter billing milestones into their award setup to monitor upcoming drawdown dates and confirm appropriate invoicing has taken place.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-008 (continued)

Auditee's Corrective Action Plan: (continued)

- The new policy for Sub-Recipient Monitoring and Management will be completed by July 2025.
- Grants Management SharePoint updated to include all trainings recordings, slides and supplemental materials.

FY 2026 1st Quarter-

- The grants management handbook will be completed
- Recruitment and hiring for BAPS Grants accounting positions

FY 2026 3rd Quarter-

- Design and implement a grants management dashboard within Workday

Contact Person:

Michael Moiseyev, Chief Financial Officer, Baltimore City

Completion Date:

March 2026

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-009

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.239 Home Investment Partnership Program

Significant Deficiency in Internal Controls and Noncompliance over Eligibility

Repeat Finding: No

Auditee's Corrective Action Plan:

The agency concurs with and accepts these findings.

Our grantees are aware of HOME record keeping requirements and are reminded of these requirements annually in the text of our file inspection compliance notifications. The management of the cited properties will be given a formal letter making them aware of the findings of this audit and reminded of HOME Investment Partnership Program record keeping requirements. We will also add the record keeping reminder to our Annual Desk Review notification. We will ensure that 100% of active HOME properties receive the record keeping requirements reminder, not just properties that receive file inspections. Additionally, the one file missing support documentation will be selected as a part of that property's annual file inspection in 2025. We will also instruct the property that failed to submit its requested tenant file to continue searching for the file. The file in question is for a former tenant and was maintained by the previous management company. DHCD will reach out to the former management company to see if they can assist in the search.

Contact Person:

Eugene Greene, Operations Officer, Baltimore City DHCD – Development Division

Completion Date:

Effective immediately.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-010

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.239 Home Investment Partnership Program

Significant Deficiency in Internal Controls and Noncompliance over Special Tests – Housing

Quality Standards

Repeat Finding: Yes; 2023-026

Auditee's Corrective Action Plan:

The Agency continues to appreciate the comprehensive review of this program and concurs with this finding.

Of the two selections that lacked evidence of follow up inspection, one of the cited properties did not receive a follow up inspection in the program year, due in part to the transition of the property management staff. The exit and arrival of new property management company led to high staff turnover at the property. These follow up inspections will take place this year. Follow up inspections at another property did take place, but the results of at least one unit still required corrective measures. The results were shared with property staff at the time of inspection, but file documentation was not updated in a manner consistent with our corrective action plan. The 2025 inspections of that property have already begun with more scheduled.

For the three selections that we were unable to provide support for verification of inspection for fiscal year 2024, these inspections took place after the fiscal year ended. HOME program compliance inspections are scheduled by calendar year, not fiscal year, so it is possible for annually inspected properties to not have an inspection during a fiscal year. The audit process has made us aware that we were not properly updating rescheduled inspections, inadvertently giving the impression that these inspections took place on their originally scheduled dates.

While the outcome of the audit is not ideal, the corrective action plan from last year did go into effect and progress has been made. A new compliance officer was hired to take over the physical inspection portion of HOME compliance. The dedicated employee was able organize and update the physical inspection documentation into our SharePoint file. Several follow up inspections have already taken place. Going forward, we will redouble our efforts to make sure that Inspection Findings and Corrective measures are recorded and followed up making it a point of emphasis at weekly compliance meetings. We will also update our internal tracker so that rescheduled and follow up inspections are reflected accurately.

Contact Person:

Eugene Greene, Operations Officer, Baltimore City DHCD – Development Division

Completion Date:

Effective immediately.

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-011

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-008

Auditee's Corrective Action Plan:

Condition #1

MOHS Fiscal acknowledges the finding that 2 out of 10 selections had no evidence of approval of the drawdown request and management.

Condition #2

MOHS fiscal acknowledges that 1 of 10 selections, there was no evidence that the drawdown request was submitted on the IDIS portal

Corrective Action

With the implementation of the "Fiscal and Compliance Manual", MOHS Fiscal staff are now required to maintains copies of the Submitted expenditure reports to the Fiscal "G drive."

For draws, MOHS Fiscal Staff are now required to adopt a naming convention for each grant, draw request, Confirmation of payment posting to the GL, save supporting documentation, including the proof of the IDIS voucher) to the Fiscal "G drive" and complete reconciliations.

Contact Person:

Diamond Okojie, Fiscal Director, Mayor's Office of Homeless Services

Completion Date:

April 7, 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-012

U.S. Department of Housing and Urban Development (HUD)

AL No. 14.241 Housing Opportunities for Persons with AIDS

Significant Deficiency in Internal Controls and Noncompliance over Eligibility

Repeat Finding: **Yes; 2023-009**

Auditee's Corrective Action Plan:

Condition #1 Response

MOHS acknowledges that 1 of 60 files did not have evidence of the case manager's review of the file for eligibility requirements.

Corrective Action:

The HAP Housing Contract Specialist will conduct an annual review of the client eligibility documentation to ensure that all eligibility documentation is maintained in the client's file.

Condition #2 Response

MOHS acknowledges that 1 out of 60 selections did not contain the rent calculation worksheet.

Corrective Action:

MOHS collects client income at intake and annually to determine eligibility and the tenant's rent portion. The rent calculation worksheet ensures that the tenant's rent portion does not exceed 30% of the client's income. This rent calculation worksheet and income verification is maintained in the client's file.

Condition #3 Response

MOHS acknowledges the 1 out of 60 selections did not have evidence of property inspection.

Corrective Action:

MOHS requires that all housing units under the program be inspected prior to the client's lease up and annually. We will ensure that units assisted under the program are inspected annually and the passed inspection is maintained in the client's file.

Condition #4 Response

MOHS acknowledges that 1 out of 60 selections did not have the supporting third-party documentation of income.

Corrective Action:

MOHS policy requires that clients are required to submit third party verification of income, assets, and medical expenses at program entry and annual recertification to ensure proper calculation of tenant rent.

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-012 (continued)

Contact Person:

Lakeysha Williams, Director of Programs, Mayor's Office of Homeless Services

Completion Date:

April 7, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-013

U.S. Department of Housing and Urban Development

AL No. 14.241 Housing Opportunities for Persons with AIDS

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-010

Auditee's Corrective Action Plan:

Condition #1 Response

MOHS acknowledges that evidence that the Federal Funding Accountability and Transparency Act (FFATA) report was prepared and submitted, was not provided.

Corrective Action:

MOHS will follow the City's Grant Management office's established process of establishing and maintaining a hardcopy audit file. This file will include: a. Federal System Registrations: SAM, DUNS #s, Grants.gov information; b. Federal Financial Accountability and Transparency (FFATA) information; c. FFR Submissions (SF-425 Federal Financial Report); d. Grant Agreements; and e. Prior Year Single Audits/Monitoring Reports.

Contact Person:

Lakeysha Williams, Director of Programs, Mayor's Office of Homeless Services

Completion Date:

April 7, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-014

U.S. Department of Housing and Urban Development

AL No. 14.241 Housing Opportunities for Persons with AIDS

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-011

Auditee's Corrective Action Plan:

Condition #1 Response

MOHS acknowledges the finding that 2 out of 2 subrecipient files did not have evidence that subrecipient was monitored.

Corrective Action:

MOHS will follow the City's Grant Management office's established process of establishing and maintaining a hardcopy audit file. This file will include: a. Federal System Registrations: SAM, Unique Entity Identification #s, Grants.gov information; b. Federal Financial Accountability and Transparency (FFATA) information; c. FFR Submissions (SF-425 Federal Financial Report); d. Grant Agreements; and e. Prior Year Single Audits/Monitoring Reports.

Condition #2 Response

MOHS acknowledges the finding that 2 out of 2 selections did not have information related to the funding source and pass through entity on the notice of award.

Corrective Action:

MOHS will follow the City's Grant Management office's established process of establishing and maintaining a hardcopy audit file. This file will include: a. Federal System Registrations: SAM, Unique Entity Identification #s, Grants.gov information; b. Federal Financial Accountability and Transparency (FFATA) information; c. FFR Submissions (SF-425 Federal Financial Report); d. Grant Agreements; and e. Prior Year Single Audits/Monitoring Reports.

Contact Person:

Lakeysha Williams, Director of Programs, Mayor's Office of Homeless Services

Completion Date:

April 7, 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-015

U.S. Department of Treasury

AL No. 21.027 American Rescue Plan Act (ARPA)

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: No

Auditee's Corrective Action Plan:

Comments on Finding

Prior to executing subgrant agreements, in accordance with 2 CFR 200, the Mayor's Office of Recovery Programs (Recovery Office) confirms that subrecipients have a Unique Entity Identifier (UEI) through SAM.gov. The Recovery Office is responsible for ensuring that UEI information is correctly entered into subgrant agreements that are between the Recovery Office and a subrecipient. Additionally, the Recovery Office shared the UEI requirement with City agencies and developed template ARPA subgrant agreements that City agencies must use with their subrecipients. These templates include a specific field in which to enter the UEI. City agencies are responsible for ensuring that this information is correctly entered into the subgrant agreement.

Whether the subgrant agreement is executed by the Recovery Office or another City agency, the Recovery Office collects and retains the SAM.gov record for each subrecipient on the City's secure network and records the UEI number in a spreadsheet. UEIs are also included in all statutorily required quarterly and annual reporting to the U.S. Department of Treasury. This information has consistently and accurately been reported to the Treasury.

However, though required reports to Treasury are accurate, the Recovery Office acknowledges that the UEI was missing or incorrect for some subgrant agreements. This is due to the following:

- Clerical errors in the preparation of draft agreements; and
- An early version of a funding exhibit in ARPA template subgrant agreements that did not include a specific field in which to enter the UEI (this funding exhibit has since been corrected).

CAP for Agreements Executed by the Mayor's Office of Recovery Programs

Subgrant Agreement Review

- The Recovery Office will complete a review of all executed subgrant agreements to confirm that the correct Unique Entity Identifier (UEI) appears in the agreement.
 - This review will exclude Interagency Agreements with City agencies since they are not considered subrecipients, but as the prime recipient, the City of Baltimore.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-015 (continued)

Auditee's Corrective Action Plan (continued)

Subgrant Agreement Review (continued)

- This review will also exclude any agreements related to projects classified under Expenditure Category 6.1 in ARPA SLFRF guidance. According to Frequently Asked Questions (FAQs) issued by the Treasury, this EC does not give rise to subrecipient relationships, therefore UEI information is not required¹.

Resolution of Identified UEI Errors in Subgrant Agreements

- For any subgrant agreements with an incorrect or missing UEI, the Recovery Office will submit a single memorandum that presents correct UEIs to the Board of Estimates (BOE) to ensure that the official record has correct UEI information.

New Subgrant Agreements

- The Recovery Office will implement a revised business process for the review of subgrant agreements. All ARPA funding was obligated as of December 31, 2024. According to Treasury guidance, there are very limited circumstances in which a jurisdiction may enter new subgrant agreements after the statutory obligation deadline. If the Recovery Office does execute a new subgrant agreement, the Recovery Office Project Manager must include the following two items in their request for the Chief Recovery Officer's signature on the document:
 - A copy of the subrecipient's SAM.gov record; and
 - Written confirmation that the UEI number presented in the agreement matches the subrecipient's SAM.gov record.

CAP for Agreements Signed by Other City of Baltimore Agencies

Subgrant Agreement Review

- The Recovery Office will distribute a list to City agencies with all subgrants funded by ARPA. The list will include the subgrant agreement amount, subgrantee name, Workday identifiers (e.g., Purchase Order or Supplier Contract numbers), and the UEI number on file.
 - This review will also exclude any agreements related to projects classified under Expenditure Category 6.1 in ARPA SLFRF guidance. According to Treasury FAQs, this EC does not give rise to subrecipient relationships².
 - City agencies must complete a review of all ARPA-funded subgrant agreements included on the list and confirm that the UEIs are accurate.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-015 (continued)

Auditee's Corrective Action Plan (continued)

Resolution of Identified UEI Errors in Subgrant Agreements

- For any subgrant agreements with an incorrect or missing UEI, the Recovery Office will require each City agency to submit a single memorandum that presents correct UEIs to the Board of Estimates (BOE) to ensure that the official record has correct UEI information.
- Using the list distributed by the Recovery Office, City agencies will confirm that the correction memo has been submitted and approved by the BOE.

New Subgrant Agreements

- The Recovery Office will implement a revised business process for the review of subgrant agreements in Workday. Though the Recovery Office does not execute ARPA-funded agreements initiated by other City agencies, executed agreements are routed in Workday for Recovery Office approval. The Recovery Office Project Manager will review the UEI presented in the agreement and confirm its accuracy. If it is missing or inaccurate, the Project Manager will notify the agency and instruct them to submit a memorandum to the BOE with the correct UEI information.

¹ According to FAQ 13.14 Treasury is not collecting subaward data for projects categorized under Expenditure Category Group 6 "Revenue Replacement." Treasury has determined that there are no subawards under this eligible use category. U.S. Department of the Treasury (2021). Final Rule Frequently Asked Questions (FAQ). Retrieved from <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

² According to FAQ 13.14 Treasury is not collecting subaward data for projects categorized under Expenditure Category Group 6 "Revenue Replacement." Treasury has determined that there are no subawards under this eligible use category. U.S. Department of the Treasury (2021). Final Rule Frequently Asked Questions (FAQ). Retrieved from <https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>.

Contact Person:

Elizabeth Tatum, Deputy Director, Mayor's Office of Recovery Programs

Completion Date:

June 30, 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-016

U.S. Department of Health and Human Services

AL No. 93.391 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: **No**

Auditee's Corrective Action Plan:

BCHD has developed a subrecipient monitoring policy currently routed internally for approval that addresses the assessment, monitoring and documentation portions of subrecipient monitoring as well as other key elements to ensure adherence to 2 CFR 200. The following tools have been created and implemented or in progress to use during monitoring:

- A.** Subrecipient vs. Contractor Determination Checklist that must be completed by staff when submitting contract request to the contract unit.
- B.** Comprehensive risk assessment tool to determine monitoring plan for subrecipient.
- C.** Both programmatic and fiscal baseline monitoring tools. Programmatic tools are at the beginning stages of implementation and continue to be customized for specific grant award requirements when necessary.
- D.** Updated expense tracker for the accountants to utilize for review of subrecipient invoices.
- E.** Both monitoring and risk assessment tools were created to request and document single audit and SAMS.gov status.

Contact Person:

Nkenge Williams, Director of Audits, Baltimore City Health Department

Completion Date:

June 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-017

U.S. Department of Health and Human Services

AL No. 93.600 Head Start

Significant Deficiency in Internal Controls and Noncompliance over Reporting

Repeat Finding: No

Auditee's Corrective Action Plan:

MOCFS has noted the requirement to complete the FFATA report on the annual Baltimore City Head Start Administrative Calendar and will put an alert in the Workday system. Filing the FFATA for each sub-recipient will be completed once the entire contract is approved by the BOE.

Contact Person:

Shannon Burroughs-Campbell, Executive Director of Baltimore City Head Start
Lisa Dooley, Head Start Accountant

Completion Date:

June 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-018

U.S. Department of Health and Human Services

AL No. 93.600 Head Start

Significant Deficiency in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: No

Auditee's Corrective Action Plan:

While the FAIN was included in the package approved by BOE and sent to the subrecipient and the budget and the federal award also included in the package showed that only direct costs would be reimbursed, the City's Law Department will revise Exhibit G Funding Source in Subrecipient contracts to include the FAIN, the subrecipient's UEI and a statement regarding indirect costs. Consequently, the information noted as missing will be specifically referenced/included in contracts signed by the subrecipients moving forward.

Contact Person:

Shannon Burroughs-Campbell, Executive Director of Baltimore City Head Start
Lisa Dooley, Head Start Accountant

Completion Date:

June 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-019

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Significant Deficiency in Internal Controls and Noncompliance over Cash Management

Repeat Finding: **No**

Auditee's Corrective Action Plan:

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-020

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Significant Deficiency in Internal Controls and Noncompliance over Earmarking

Repeat Finding: **No**

Auditee's Corrective Action Plan:

BCHD fiscal will revise its internal processes to ensure compliance with 2 CFR 200 and the OMB compliance supplement (Part IV) by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include training on earmarking requirements.
- B.** Established a Contract and Compliance Unit which responsibilities include ensuring program and fiscal staff are informed of all grant compliance requirements.
- C.** Establish a process for periodic review by BCHD Fiscal internal audit team of grant expenditure reports and general ledger details to ensure compliance with the earmarking requirements.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-021

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-016

Auditee's Corrective Action Plan:

The Federal Financial Report (FFR) is a cumulative report covering the entire project or award period, which for this grant spans from March 1, 2020 to February 28, 2025. As a result, the cumulative amounts reported on the FFR will not align with the amounts recorded in the general ledger for fiscal year 2024.

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.
- D.** Established the Contract and Compliance Unit responsible for overseeing the filing of the FFATA report.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2024

Finding 2024-022

U.S. Department of Health and Human Services

AL No. 93.686 Ending the HIV Epidemic: A Plan for America

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-017

BCHD has developed a subrecipient monitoring policy currently routed internally for approval that addresses the assessment, monitoring and documentation portions of subrecipient monitoring as well as other key elements to ensure adherence to 2 CFR 200. The following tools have been created and implemented or in progress to use during monitoring:

- A.** Subrecipient vs. Contractor Determination Checklist that must be completed by staff when submitting contract request to the contract unit to ensure subrecipients are properly identified and to develop a comprehensive monitoring schedule for the agency.
- B.** Comprehensive risk assessment tool to determine monitoring plan for subrecipient.
- C.** Both programmatic and fiscal baseline monitoring tools. Programmatic tools are at the beginning stages of implementation and continue to be customized for specific grant award requirements when necessary.
- D.** Updated expense tracker for the accountants to utilize for review of subrecipient invoices.
- E.** Updated monitoring and risk assessment tools to include requesting and documenting both single audit reports and SAMS.gov status.
- F.** Update subrecipient contract agreement templates ensure subawards are clearly identified and include the Federal Award Identification Number, subrecipient's UEI, along with clear monitoring expectations.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

June 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-023

U.S. Department of Health and Human Services

AL No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-019

Auditee's Corrective Action Plan:

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.
- D.** Established a Contract and Compliance Unit responsible for overseeing the filing of the FFATA report.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-024

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-020

Auditee's Corrective Action Plan:

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-025

U.S. Department of Health and Human Services

AL No. 93.914 HIV Emergency Relief Project Grants

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-021

Auditee's Corrective Action Plan:

BCHD has developed a subrecipient monitoring policy currently routing internally for approval that addresses the assessment, monitoring and documentation portions of subrecipient monitoring as well as other key elements to ensure adherence to 2 CFR 200. The following tools have been created and implemented or in progress to use during monitoring:

- A.** Subrecipient vs. Contractor Determination Checklist that must be completed by staff when submitting contract request to the contract unit to ensure subrecipients are properly identified and to develop a comprehensive monitoring schedule for the agency.
- B.** Comprehensive risk assessment tool to determine monitoring plan for subrecipient.
- C.** Both programmatic and fiscal baseline monitoring tools. Programmatic tools are at the beginning stages of implementation and continue to be customized for specific grant award requirements when necessary.
- D.** Updated expense tracker for the accountants to utilize for review of subrecipient invoices.
- E.** Updated monitoring and risk assessment tools to include requesting and documenting both single audit reports and SAMS.gov status.
- F.** Update subrecipient contract agreement templates ensure subawards are clearly identified and include the Federal Award Identification Number, subrecipient's UEI, along with clear monitoring expectations.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

June 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-026

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based Programs

Material Weakness in Internal Controls and Noncompliance over Cash Management

Repeat Finding: Yes; 2023-022

Auditee's Corrective Action Plan:

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-027

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based Programs

Material Weakness in Internal Controls and Noncompliance over Reporting

Repeat Finding: Yes; 2023-023

Auditee's Corrective Action Plan:

BCHD fiscal department continues to revise its internal processes to strengthen capacity and to ensure compliance with 2 CFR 200 by implementing the following:

- A.** Comprehensive staff training, supported by documented Standard Operating Procedures, training guides and updated policies which will include processes for timely submission of grant reports with required fiscal approvals.
- B.** Create a standard reconciliation process that will ensure expenditures reported on required grantor reports are properly reflected in the general ledger in addition to clearly identifying variances from the SEFA due to timing.
- C.** Created an internal comprehensive grants tracker via Smartsheet which includes all grant award periods, reporting requirements, due dates and other pertinent grant award data.
- D.** Established a Contract and Compliance Unit responsible for overseeing the filing of the FFATA report.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

September 30, 2025

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2024**

Finding 2024-028

U.S. Department of Health and Human Services

AL No. 93.940 HIV Prevention Activities Health Department Based Programs

Material Weakness in Internal Controls and Noncompliance over Subrecipient Monitoring

Repeat Finding: Yes; 2023-024

Auditee's Corrective Action Plan:

BCHD has developed a subrecipient monitoring policy currently routing internally for approval that addresses the assessment, monitoring and documentation portions of subrecipient monitoring as well as other key elements to ensure adherence to 2 CFR 200. The following tools have been created and implemented or in progress to use during monitoring:

- A.** Subrecipient vs. Contractor Determination Checklist that must be completed by staff when submitting contract request to the contract unit to ensure subrecipients are properly identified and to develop a comprehensive monitoring schedule for the agency.
- B.** Comprehensive risk assessment tool to determine monitoring plan for subrecipient.
- C.** Both programmatic and fiscal baseline monitoring tools. Programmatic tools are at the beginning stages of implementation and continue to be customized for specific grant award requirements when necessary.
- D.** Updated expense tracker for the accountants to utilize for review of subrecipient invoices.
- E.** Updated monitoring and risk assessment tools to include requesting and documenting both single audit reports and SAMS.gov status.
- F.** Subrecipient contract agreement templates are being updated to ensure subaward is clearly identified and includes the Federal Award Identification Number, subrecipient's UEI, along with clear monitoring expectations.

Contact Person:

Unyime Ekpa, Chief Financial Officer, Baltimore City Health Department

Completion Date:

June 30, 2025

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SB & Company, LLC

Baltimore Office:

10200 Grand Central Avenue, Suite 250

Owings Mills, Maryland 21117

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410.584.0061 (F)

City of Baltimore

Maryland



Annual Comprehensive Financial Report
Year Ended June 30, 2024

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City of Baltimore, Maryland

Annual Comprehensive Financial Report

Year Ended June 30, 2024

Prepared by the Department of Finance

Michael Mocksten

Chief Financial Officer





ELECTED OFFICIALS

MAYOR

Brandon M. Scott

PRESIDENT OF THE CITY COUNCIL

Zeke Cohen

COMPTROLLER

Bill Henry

BOARD OF ESTIMATES

PRESIDENT

Zeke Cohen

MAYOR

Brandon M. Scott

COMPTROLLER

Bill Henry

DIRECTOR OF PUBLIC WORKS

Khalil Zaied

CITY SOLICITOR

Ebony Thompson

CITY COUNCIL

Zeke Cohen, President

Sharon Green Middleton, Vice-President

FIRST DISTRICT

Mark Parker

SECOND DISTRICT

Danielle McCray

THIRD DISTRICT

Ryan Dorsey

FOURTH DISTRICT

Mark Conway

FIFTH DISTRICT

Isaac "Yitzy" Schleifer

SIXTH DISTRICT

Sharon Green Middleton

SEVENTH DISTRICT

James Torrence

EIGHTH DISTRICT

Paris Gray

NINTH DISTRICT

John. T Bullock

TENTH DISTRICT

Phylicia Porter

ELEVENTH DISTRICT

Zac Blanchard

TWELFTH DISTRICT

Jermaine Jones

THIRTEENTH DISTRICT

Antonio "Tony" Glover

FOURTEENTH DISTRICT

Odette Ramos

City of Baltimore
Annual Comprehensive Financial Report
Year Ended June 30, 2024

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INTRODUCTORY SECTION



- Letter of Transmittal
- Municipal Organization Chart

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CITY OF BALTIMORE**DEPARTMENT OF FINANCE**

Michael Mocksten,
Chief Financial Officer
454 City Hall
Baltimore, Maryland 21202

Brandon M. Scott, Mayor

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

May 9, 2025

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Annual Comprehensive Financial Report (ACFR) of the City of Baltimore, Maryland, (the City) for the year ended June 30, 2024. The ACFR was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and changes in financial position of the City; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been provided.

Management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the ACFR.

The City Charter established a Department of Audits under the general supervision of the City Comptroller. The Charter requires the City Auditor to "annually make a general comprehensive public report of the financial position of the City; in the discretion of the Comptroller, such report may be in the form of an opinion on the annual financial statements prepared by the Director of Finance." Additionally, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, SB & Company, LLC, to perform an audit with the City Auditor of the basic financial statements of the City as of and for the year ended June 30, 2024. The audit report is contained herein. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. On the basis of this examination, the independent public accountants have issued an unmodified opinion that the presentation of the basic financial statements conforms with accounting principles generally accepted in the United States. In conducting the audit, the auditors performed tests of the accounting records and such other procedures as were considered necessary in the circumstances to provide a reasonable basis for this opinion on the financial statements. The auditors also assessed the accounting principles used and significant estimates made by management, as well as evaluated the overall financial statement presentation.

The independent audit of the City's financial statements is part of a broader, federally mandated Uniform Grant Guidance "Single Audit" designed to meet the special needs of Federal grantor agencies. The Single Audit Report will be available as a separate document as of a later date.

This report includes all of the funds that we consider to be part of, controlled by or dependent on the City. Professional judgment must be used to determine whether or not a potential component unit should be included in the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's ACFR. Three component units, the Baltimore Industrial Development Authority (blended component unit), the Baltimore City Public School System and the Baltimore Hotel Corporation (discretely presented component units), were considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for these entities. The Housing Authority of Baltimore City and certain other organizations are not considered to be component units and are not included in the City's basic financial statements.

PROFILE OF THE GOVERNMENT

The Mayor and City Council of Baltimore (the City) is a body corporate and politic of the State of Maryland (the State) in which the City performs all local governmental functions. The City has had a charter form of government since 1797, home rule powers since 1918, and is governed by an elected Mayor, Comptroller and a City Council. The City has a total area of approximately 92 square miles and population of 565,239 as of 2023 per the most recent report from the US Census. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay and is served by Baltimore/Washington International Thurgood Marshall Airport in adjacent Anne Arundel County. The City is surrounded by Baltimore County, a separate entity that borders the City on the east, north, west and part of the south, and Anne Arundel County that adjoins the City on its southern border.

The City provides the full range of municipal services contemplated by statute or Charter, provided or paid for by the City from Local, State, or Federal sources. These services include public safety (police and fire protection), water, wastewater and stormwater utilities, highways and streets, sanitation, health and human services, culture and recreation, education (elementary through high school, provided by a component unit, the Baltimore City Public School System), public improvements, planning and zoning, parking facilities, mortgage loan programs, industrial development, and general and administrative services. The City is also responsible for adopting and maintaining building codes and regulation of licenses and permits, collecting certain taxes and revenues, maintaining public records, and conducting elections. These activities are included in the reporting entity. There are no overlapping local governmental entities or taxing jurisdictions. Accordingly, there is no overlapping debt of the City.

Under the Charter, the City's executive functions are vested in the Mayor, the Board of Estimates, and an independent Comptroller. The City's legislative functions are vested in the City Council. The Mayor is the chief executive officer of the City. The Mayor is elected for a term of four years and is eligible to succeed him or herself without limitation as to the number of terms. If the Mayor is disabled or absent from the City, the President of the City Council acts as ex-officio Mayor. If the Mayor resigns, is permanently disqualified, or dies in office, the President of the City Council becomes Mayor for the remainder of the term. The Mayor has the authority to veto ordinances, has the power to appoint most department heads and municipal officers, serves on the Board of Estimates, and appoints two of the other four members of the Board of Estimates.

The Board of Estimates is the highest administrative body of the City. It is composed of the President of the City Council, who serves as President of the Board, the Mayor, the Comptroller, the City Solicitor and the Director of Public Works. The Board of Estimates formulates and determines City fiscal policy with its primary policy tool being the recommended annual Ordinance of Estimates, the City's budget.

Key Budgetary Policies

Balanced Budget: The City Charter requires the operating budget to be balanced. Any difference between non-property tax revenues and total expenditures must be made up by adjusting the property tax rate or enactment of new revenue measures.

Public Hearings: The Charter mandates that both the Board of Estimates and the City Council conduct public hearings on the proposed budget.

Timely Adoption: The Charter sets forth a schedule requiring the budget to be adopted before the beginning of the fiscal year, July 1.

Budget Amendment: The Charter provides means for adopting supplemental appropriations funded from unanticipated revenues and/or new grants and sources that materialize during the year. The City's policy is to minimize the use of supplemental appropriations. In addition, the Charter allows for and spells out the procedures for amending the budget to transfer appropriations between programs within an agency and between agencies.

Six-Year Capital Plan: Guiding the physical development budget plan of the City is the Charter requirement for a six-year capital improvement plan, the first year comprising the capital budget year. The plan is prepared in conformance with basic capital budgeting policies, which include appropriating funds in the year in which projects are likely to begin, financing a portion of capital improvements from current revenues, and estimating the impact of capital projects on the operating budget.

Budget Monitoring and Execution: Budget analysts maintain ongoing contact with agency fiscal officers in the process of implementation and execution of the budget. Expenditure and revenue projections are developed and reviewed every quarter. The Mayor, through the Department of Finance, exercises appropriate fiscal management to adjust budget policy, as necessary, to be within the limits of the current adopted plan. The City Council has the practice of reviewing budget performance at mid-year and during the fourth quarter.

Debt Policy: In 1990, the City adopted a formal debt policy which set annual borrowing limits, consolidated all financing arrangements within the Department of Finance, established refunding and refinancing policies, and set limits on key debt management ratios. The objective is to maintain the City's reputation as a locality having a conservative approach to all aspects of debt management, including debt service expenses, debt retirement schedules, and debt capacity ratios. The Debt Policy was last reviewed December 2023 by an independent financial consultant contracted by the City. After considering the consultant's recommendation, the City plans to increase \$80 million to \$125 million in budgeted annual general obligation debt stating in Fiscal Year 2026. The Debt Policy is subject to review at least every five years or at such earlier time as may be Adopted by the Director of Finance.

Budget Stabilization Reserve Policy: In November 2008, the City's Board of Estimates approved a budget stabilization reserve policy that established the basis for having a budget stabilization reserve as well as identifying its maintenance level, scope of coverage, circumstances under which funds shall be drawn down from the reserve, and the requirements to replenish the reserve when utilized. The policy stipulates that the reserve serves to provide a budget defense to stabilize a post-adopted budget that has been impacted by an uncorrectable shortfall in revenues and/or an unanticipated and uncorrectable emergency expense. The reserve is the revenue source of last resort to avoid a budget deficit. Under no circumstances is the reserve to be used as a revenue source to balance a planning year budget. The policy further recommends that the reserve shall be maintained on any June 30 at a minimum level of 8% of the value of the general fund operating budget of the subsequent fiscal year.

OTHER FINANCIAL INFORMATION

Retirement Plans

Professional employees of the Baltimore City Public School System and the Enoch Pratt Free Library, an agency of the City, are members of the State of Maryland Retirement System, to which the City is not required to contribute. The City contributes to four retirement plans for all other City employees and elected officials. The City also contributes to the State of Maryland Retirement System for Sheriff's Office employees.

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

Temporary Investment of Cash Balances

Through the Office of the Director of Finance, the City pursues an aggressive cash management and investment program to achieve maximum financial return on available funds. Excess funds are invested on a short-, intermediate, or long-term basis depending on cash needs at the best obtainable rates. Investments are generally limited to direct or indirect obligations of the U.S. government and fully collateralized repurchase agreements. The City utilizes the practice of recording investment income in the period it is earned.

Risk Management

The City is self-insured in the area of casualty and property losses, including the uninsured portion of losses to City buildings and contents, vehicles, watercraft, boilers, machinery, workers' compensation and employers' liability, employees' health insurance, third party general liability and automobile liability losses. The Office of Risk Management, within the Department of Finance, administers the fund.

Internal Control

City management is responsible for establishing and maintaining adequate internal control over financial reporting. The City has established a comprehensive internal control framework to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the City's objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

ECONOMIC PROFILE AND OUTLOOK

Baltimore City is the historic, business, education, and cultural center of Maryland, located between Washington, D.C. and New York City along the Interstate 95 corridor. The City was founded in 1729, incorporated in 1797, and became independent from Baltimore County in 1851. It is the most populous city in Maryland and the 30th most populous city in the United States.

The City is situated in one of the most populous, wealthiest and best educated population centers in the country. This provides access to a large and diversified workforce for the city, as well as expanded opportunity for residents. However, residents face various socio-economic issues and inequities that are rooted in historic policies, such as redlining and segregation. The City is working to address these realities every day by providing targeted and equitable services to residents.

Baltimore benefits from a robust inter-city transportation network that includes multiple Interstate highways, the Amtrak Northeast Regional and Acela corridors, the Baltimore-Washington International Thurgood Marshall Airport, and the Maryland Area Rail Commuter (MARC) system. In the City, residents and visitors are served by a public transportation system that features a combination of light-rail, metro-rail, and bus service administered by the Maryland Transit Administration, which saw over 52 million riders in 2023. Off land, the Port of Baltimore functions as a major import and export hub serving the inland population as the closest seaport for the Midwest region. In calendar year 2023 the port processed 11.7 million tons of general cargo, surpassing the previous record of 11.3 million tons set in 2022 (this data does not include impacts from the Francis Scott Key Bridge collapse in March 2024).

The City is home to multiple higher education institutions, such as Johns Hopkins University, University of Maryland Baltimore, Morgan State University, Coppin State University, and Maryland Institute College of Art. Johns Hopkins and University of Maryland also extend into the healthcare sector, operating medical systems that serve the greater Baltimore region alongside Mercy Medical System and LifeBridge Health. This prominent health care and knowledge-related industry presence provides Baltimore with a strong economic backbone.

Economic Outlook

Nearly five years after the onset of the COVID-19 pandemic and almost a year after the collapse of the Francis Scott Key Bridge, the City's economy demonstrates sustained recovery and encouraging stability. The real estate market remains robust, with residential property values holding steady. The number of business establishments in the City has seen a net increase, reflecting a growing economic environment. The hospitality industry continues its upward trajectory, showing consistent improvement, while the City's income taxable base indicates ongoing strengthening. Some key performances underscoring the City's resilience and recovery momentum are detailed below:

Jobs and Employment

The City's labor market continues showing signs of stability following the significant disruption caused by the COVID-19 pandemic. Between 2019 and 2022, the City's labor force contracted by nearly 22,400 individuals. However, recovery efforts have gradually strengthened its labor market. According to data from the Bureau of Labor Statistics (BLS), the City's annual average labor force increased from 272,948 in 2022 to 277,950 by October 2024, reflecting a gain of over 5,000 individuals. Between 2019 and 2021, more than 19,900 residents lost their jobs, bringing the number of employed residents to a low of 255,999—the lowest level since 2006. However, improvements in the City's economy have stimulated demand for workers, leading to significant progress. As of October 2024, over 10,600 individuals have been employed, bringing the total annual average number of employed residents to 266,612. This recovery highlights the City's ongoing efforts to rebuild its labor market.

Remarkably, the growth in the number of employed residents of recent years has outpaced the expansion of the City's labor force, allowing the City to sustain a 4.0% unemployment rate. This suggests that the City's economy is operating near full capacity, with the majority of residents who are willing and able to work are successfully employed.

The City continues to experience positive shifts in the composition of its income tax base. According to data from the State Comptroller for the 2022 calendar year—the most recent completed tax period—the City's overall income base is showing growth. Notably, the number of returns filed increased by more than 2,000, and the average net taxable income for City residents rose to \$66,453, representing a 0.4% increase compared to 2021. More significantly, the data highlights a strengthening taxable base. While the number of returns filed by individuals earning less than \$30,000 decreased by nearly 5,200, there was a substantial rise in higher-income brackets. Specifically, returns from filers earning between \$30,000 and \$60,000 grew by over 1,700, and those earning between \$60,000 and \$150,000 increased by 4,040. These trends highlight the City's shifting economic landscape and its expanding taxable income base despite of population declines.

Retail Activity and Offices

The Maryland Sales and Use Tax (SUT) server as a valuable indicator of local and regional economic activity. The City's economic activity, as measured by the SUT revenue generated within its boundaries, has remained relatively stable. Data for the period August 2023 to December 2023 (the only available data for Fiscal 2024 due to a State system change) shows that the City's taxable sales accounted for 6.0% of the State's total. This represents a slight decline of 0.1% compared to the City's 6.1% share during Fiscal 2023, indicating steady but modest performance in taxable economic activity.

While the City's total percentage of Sales and Use Tax (SUT) remains consistent with Fiscal Year 2023, changes in purchasing patterns within the City are evident. Monthly SUT data from August to December 2023 shows that sales from food and beverage activities increased by 3.6%, rising from 31.0% average during Fiscal Year 2022-2023 to 34.6%. Meanwhile, miscellaneous activities, which include sales occurring outside the State, grew by 1.6%, climbing from 13.0% to 14.6% during the same period. Together, these two categories accounted for nearly 50% of all activities contributing SUT revenue from the City. However, spending on utilities declined by 2.1% during the same period. The City will continue monitoring spending patterns as data from the remaining months of Fiscal Year 2024 becomes available.

Another key indicator of the City's economic stability is the growth in business establishments. According to the State Department of Labor, Licensing, and Regulation (DLLR), the number of businesses operating in the City increased by 219, from 14,272 in 2022 to 14,491 in 2023—the highest total reported since tracking began in 2010. This growth was largely driven by two industries: Education and Health Services, which added 128 establishments, and Professional and Business Services, which contributed 82 new establishments. This expansion demonstrate the City's efforts to attract and sustain businesses in high-demand sectors.

Residential Housing

Despite high mortgage rates potentially deterring some buyers from purchasing new homes, the City's real estate market remained resilient and stable throughout Fiscal 2024. While the number of residential units sold declined by 424, from 6,679 in 2023 to 6,255 in 2024 (January through October), market activity continues to reflect strong demand. Notably, the average time to close on a listed residential property has stayed below 40 days for the fourth consecutive year, with an average of 37 days as of October 2024. This is only slightly longer than the 35-day average in 2023 but significantly shorter than the pre-pandemic average of 64 days during 2015–2020. These trends underscore the City's continued appeal as an affordable and practical housing option in the region.

Furthermore, property values in the City are steadily appreciating. The average sale price of residential properties rebounded, increasing by 2.9% as of October 2024, rising from \$251,142 to \$258,353. This recovery highlights the increased competitiveness of the City's housing market, and its ability to regain momentum despite broader economic challenges.

Port of Baltimore

Activity at the Port of Baltimore experienced partial disruption following the collapse of the Francis Scott Key Bridge on March 26, 2024. While the social and economic consequences of this tragedy are still being assessed, the Port has since resumed full operations. The Port's strategic importance has grown significantly since the 2016 expansion of the Panama Canal, which enabled larger ships to navigate deeper and broader lanes. As one of only four Eastern U.S. ports with a 50-foot (15.2-meter) shipping channel and a 50-foot container berth, Baltimore is uniquely positioned to accommodate some of the world's largest container ships, including many previously restricted to the Pacific Coast.

Data from the Maryland Port Administration (MPA) highlights the Port of Baltimore's significant economic impact.

In 2023, the Port generated over \$5.3 billion in total personal income from its MPA terminals, private terminals, and cruises. It supports 20,300 direct jobs, with nearly 273,000 jobs connected to port-related activities. The Port ranks first among U.S. ports for volume in several categories, including autos and light trucks, roll-on/roll-off heavy farm and construction machinery, imported gypsum, and imported sugar. Additionally, it ranks ninth nationally for foreign cargo handled and foreign cargo value. During 2023, the Port of Baltimore also achieved record-breaking activity in multiple areas, handling 52.3 million tons of foreign cargo, 1.3 million tons of roll-on/roll-off farm and construction machinery, 1.1 million twenty-foot equivalent containers, and 11.7 million tons of general cargo. For the 13th consecutive year, the Port also handled more cars and light trucks—847,148 units—than any other U.S. port.

Some of these improvement can be attributed to the expansion from ZIM Shipping Lines, one of the world's largest container shipping companies, which doubled its service to the Port, increasing calls from bi-weekly to weekly and expanding the size of its ships entering Maryland by 50%.

Looking ahead, the Port has begun construction on the Howard Street Tunnel, a key infrastructure project designed to enhance its container business. The expansion will allow for double-stacked container rail cars, improving access to the Port from locations along the East Coast, from Maine to Florida. Once completed, the project is expected to increase the Port's capacity by 160,000 additional containers annually and create 13,000 new construction and operational jobs.

Tourism and Travel Industries

The City's tourism and travel industries continue to recover, steadily working toward pre-COVID-19 activity levels. While many activities have fully rebounded, some have even surpassed pre-pandemic performance.

Baltimore Convention Center (BCC). In Fiscal 2021, the BCC held no events while it served as a COVID-19 field hospital, testing site, and vaccination facility. The facility continued to operate in this capacity until October 1, 2021. In Fiscal 2023, the BCC held 99 events, generating \$9.9 million in revenues. However, in Fiscal 2024, the Convention Center hosted 113 events, 14 more than the prior year, and generated \$10.8 million in revenues. The increase in events and revenues in Fiscal 2024 indicated the industry is nearing pre-pandemic levels of activity.

Hospitality. The City's hospitality market continues to show positive signs of recovery, gradually approaching pre-pandemic levels. According to data from the Smith Travel Report, the average number of available rooms per month decreased by 2.5%, from 283,937 in October 2023 to 276,792 in October 2024. Despite this reduction, the industry has demonstrated improvement, driven by increased demand for City accommodations. During the height of the COVID-19 pandemic in 2020, the average monthly number of available rooms plummeted from 208,262 in 2019 to just 90,941. As the economy reopened, demand steadily grew, reaching an average of 164,228 rented rooms per month by the end of 2023 and increasing further to 172,508 rented rooms per month as of October 2024.

The combined impact of reduced supply and rising demand has pushed the City's occupancy rate to 62.3%, a 3.0% increase over 2023. This marks the first time since 2019 that the occupancy rate has exceeded 60%. Additionally, the average daily rate (ADR) per hotel room averaged \$175.20 for the period January-October 2024, representing a \$8.40 or 5.0% increase compared to the \$166.80 average during the same period of 2023. The higher ADR along with increased demand for City accommodations has contributed to increased hotel tax revenues to nearly pre-pandemic levels.

Baltimore Washington International Thurgood Marshall Airport (BWI). During the calendar year 2019, nearly 27.0 million passengers flew in or out of BWI airport, ranking it as the 22nd busiest airport in the United States. As a result of COVID-19, the travel and airline industry experienced a massive disruption, but the industry has rebounded going into calendar year 2024. As of July 2024, there were over 27.3 million passengers throughout a 12-month period, or a 9.2% increase during the same period from the prior year. BWI Marshall serves as an integral part of the U.S. Capital Region's supply chain, accounting for 241,000 metric tons of cargo delivered to region during the same period.

Cruise Industry. Since 2009, the Port of Baltimore has had year-round cruising, averaging more than 200,000 passengers annually through 2019. Following the pause during the COVID-19 pandemic, Baltimore's passenger counts have rebounded, with all ships sailing at full capacity. In calendar 2023, more than 444,000 passengers cruised from the Port of Baltimore, which represented the third-highest total in the port's history. In May 2024, Royal Caribbean, one of the largest companies in this industry, replaced the Baltimore-based ship with enhanced fleet and offered year-round cruises from Baltimore to the Bahamas, Bermuda, the Caribbean, and New England/Canada. In November 2024, the Port announced that Carnival Cruise Line agreed to a new five-year contract with the Port of Baltimore and that Carnival will include new travel destinations in 2025. Carnival is a long-time partner with the Port of Baltimore and their new agreement and new travel itineraries indicate positive economic outcomes for years to come. Cruise-related Port activity is estimated to generate about \$70 million in business revenue and creates more than 400 jobs.

Commercial Real Estate Development

Segments of the Baltimore City commercial real estate market have been impacted by the ongoing repercussions of the COVID-19 pandemic, establishing new baselines and expectations for commercial real estate activity in the City. While shifts in corporate remote working policies have affected vacancy rates, demand for retail and industrial spaces indicate an area of strength in the market.

Office vacancy rates hit 19.6% by the second quarter of 2022, which represents the highest office vacancy rate that the City has experienced in recent years. This rate has improved to 13.7% in the third quarter of 2024. Recent announcement from major employers, like Amazon, indicating reinstatement of 5 day in-office work weeks, could have spillover effect on other employers which could positively impact office vacancy rates in the City going forward.

Vacancy rates for retail spaces have remained consistent compared to the previous calendar year. As of the third quarter of calendar year 2024, the Downtown retail vacancy rate was 6.7%, 0.2 percentage points above the 6.5% of the previous year and up 0.1 percentage points from the prior quarter's 6.6%, suggesting that this vacancy rate range can be expected for retail spaces in the future rather than returning to pre-pandemic levels.

Industrial vacancy rates have been consistent between 2023 and 2024. As of the third quarter of calendar year 2024, the citywide industrial vacancy rate was 7.2%, a slight increase of 0.2 percentage points over the prior year. In addition, industrial properties have faced significant growth in real estate market rent per square foot, reaching \$9.48 in the third quarter of 2024 from \$9.24 for the same period of the prior year.

TEN-YEAR FINANCIAL PLAN

On February 20, 2013, the City released Change to Grow: A Ten-Year Financial Plan for Baltimore. This was the original iteration of the City's Ten-Year Plan, and the first of its kind. The Plan calls for comprehensive reforms to close what was then a projected \$745 million structural budget deficit, increase the City's tax competitiveness, accelerate infrastructure investment, and reduce the City's long-term pension and health care liabilities.

Implementation of the Ten-Year Plan began in Fiscal 2013 with two key initiatives: 20 Cents by 2020 – a program to reduce the effective property tax rate for owner-occupied properties – and health benefit changes for employees that were projected to save the City \$20 million annually.

In Fiscal 2014, the City implemented Ten-Year Plan initiatives to further reduce the fiscal gap, including pension changes for current and future employees, a new schedule for firefighters, a revenue package, a State-mandated stormwater fee, a reduction to the real property tax rate and the discontinuation of retiree pharmacy benefits.

The Fiscal 2015 budget reflected the implementation of more Ten-Year Plan initiatives, including reducing workers' compensation payments, increasing parking revenues, reducing the size of the City's workforce and the City's fleet. In addition to targeted savings initiatives, the City made several investments; these include increasing the contribution to the budget stabilization reserve, increasing PAYGO capital funding, increasing general obligation debt authority, and implementing a new pay schedule for professional employees to help with recruitment and retention.

In the Fiscal 2016 budget, key initiatives included an additional \$9 million PAYGO capital contribution, beyond the \$8 million baseline, and the elimination of 280 General Fund positions. In Fiscal 2016, the City also negotiated a new Memorandum of Understanding with 14 non-profit institutions who will contribute a collective \$6 million annually for ten years beginning in Fiscal 2017.

In Fiscal 2017, the City continued to work towards implementing cost-savings initiatives identified under the Ten-Year Plan. While the initiatives implemented through Fiscal 2016 had a meaningful impact on the original projected shortfall, a significant structural budget gap remained. To continue addressing this long-term challenge, the Fiscal 2017 adopted budget contains further cost-saving investments emphasizing blight elimination, street repaving, recreation center expansion, and information technology upgrades.

In Fiscal 2018 the budget contained additional initiatives to improve the efficiency of government, further reduce the property tax rate for homeowners, make much-needed infrastructure investments, and reduce the City's long-term liabilities. In Fiscal 2018, the City contributed \$9 million beyond the \$8 million baseline in PAYGO capital funding, plus \$12 million of additional funding for operating and capital projects to comply with the Department of Justice consent decree for Police Department reforms. The Fiscal 2018 budget also transferred 54 positions out of the General Fund.

The Fiscal 2019 budget reflected baseline costs and unforeseen challenges that grew at a faster pace than projected revenue. The adopted budget added 162 General Fund positions including 100 sworn Police Department positions. However, cost-savings relating to personnel were also achieved, as total unfunded liabilities declined. The City also remained committed to the 20 Cents by 2020 program, further reducing the effective property tax rate by 2.6 cents. This budget dedicated \$8.3 million above baseline for a total of \$25.3 million in PAYGO capital funding.

During Fiscal 2019, the City insured its strong fiscal footing by competitively awarding a contract to Ernst and Young (EY) for the Ten-Year Plan refresh, which is expected to provide an assessment of infrastructure requirements, new savings and revenue options, and a comprehensive look at the City's overall tax policy. The City and EY have since worked together designing strategies for further changes to health care benefits, reforms for the Fire and Police pension plans for new hires, launching an employee wellness program, and building reserves to prepare for the next recession.

In Fiscal 2020, the budget introduced new measures in order to reduce the baseline deficit. By expanding the Taxi Tax to include ride-sharing services and levying a grocery bag surcharge to incentivize shoppers to bring their own bags, it was estimated that the City realized \$4.0 million in additional revenues within the first year of implementation.

In Fiscal 2021, the City continued efforts to reduce the baseline deficit by downsizing the Police Mounted Unit and the Police Marine unit to an "on-call" posture. Permanent sworn personnel assigned to these units were re-deployed. In addition to these measures, the Police Department increased the rate charged for special events and secondary employment to ensure that the total charges covered the entire costs of Police officers and sergeants at these events. The initiatives led to an estimated savings of \$3.3 million in the first year of implementation.

In Fiscal 2022, the City introduced a corporate compliance unit to enforce the collection of self-reported taxes such as parking, hotel, and beverage container taxes along with other revenue sources. One-time recoveries generated an estimated \$14.5 million within the initial years of implementation. Furthermore, the City audited owner-occupied properties receiving the Targeted Homeowners Tax Credit to ensure the credit was properly granted during Fiscal 2022 and thereafter.

Work is underway to update the 10-Year Financial Plan outlining key initiatives to maintain structural balance in the City's budget while also making targeted investments. Through the work of the plan the City is aiming to identify strategies that can slow expenditure growth through various reforms (i.e. staffing model changes, benefit reform, service delivery efficiencies). Through these strategies, the City is aiming for the budget to keep pace with inflation ensuring budget amounts fully reflect the cost of providing services and delivering capital projects. The updated 10-Year Financial Plan is anticipated to be completed in calendar 2025.

HIGHLIGHTS OF THE FISCAL YEAR 2024 ADOPTED BUDGET

The Fiscal 2024 Adopted Budget represents the largest year over year investment in Baltimore's greatest asset, our young people.

The budget plan continues record investments in our youth, including an increase of \$79 million in funding for schools, which represents a total fiscal year investment of more than \$400 million in total operating support for Baltimore City Public Schools. The budget continues to support the development through key initiatives such as the renovation and re-opening of recreation centers and connecting 7,000 young people with summer jobs through our YouthWorks program.

The budget includes investments to combat violent crime with a focus on taking guns off the streets, revitalizing our communities with a laser focus on demolishing vacant properties, enhancing support for our older adults through increased funding for senior centers and the creation of a framework to establish a standalone office to service the needs of older adults. The budget continues to maintain a focus on equity, which is represented through increased support for minority and women owned businesses, as well as through the expansion of the Mayor's Office of Equity and Civil Rights.

This year's budget is guided by making strategic enhancements to services that drive forward the Mayor's Action Plan with a goal of bold and transformative systemic change in Baltimore. Major priorities include:

Investing in Baltimore's Youth

The Action Plan calls for increasing youth participation in the City's recreation programming by modernizing facilities and offerings. The Mayor's Fiscal 2024 capital budget includes funding for improvements at the Curtis Bay and Gardenville Recreation Centers along with expanding the Bocek Park Athletic Center gym. The Mayor's budget also includes funding to increase wages for Recreation Center staff to recruit and retain employees.

\$405.5million for the City's total operating support to Baltimore City Public Schools. This marks the second year of increased contributions to meet the requirements of the Blueprint for Maryland's Future. The City's required local share for Fiscal 2024 is expected to increase by \$79.4 million from Fiscal 2023 driven by the State funding formula for Schools.

The Mayor's Office of Neighborhood Safety and Engagement (MONSE) will also evaluate its school-based violence intervention program to determine a plan for expanding the program to additional schools.

Funding for the Mayor's Office of Employment Development (MOED) YouthWorks Summer Job Program to increase the hourly rate for young people participating in the program. In Fiscal 2024, the service anticipates connecting 7,000 youth with summer work experiences up from approximately 6,700 in Fiscal 2022.

Providing \$1.3 million for pre and post-natal services offered by the Family League of Baltimore. This program provides residents with paraprofessional home visits designed to promote positive outcomes and improve family health. Family League, a lead partner in the Health Department's B'more for Healthy Babies initiative, a citywide strategy to reduce infant mortality, provides families and healthcare providers with resources to reduce fetal tobacco and nicotine exposure

Advancing Public Safety

The Action Plan calls for expanding and strengthening victim services and advocacy for victims of shootings and other forms of violent crime. The Mayor's budget includes funding for five additional civilian positions to expand the Victims Services Unit beyond the Western and Southern districts. These positions are being created by repurposing other long-term vacant civilian positions within BPD.

Continuing the City's Group Violence Reduction Strategy (GVRS), as a partnership between the MONSE, Baltimore Police Department (BPD), and State's Attorney's Office. The GVRS launched as a pilot in the Western district resulting in a 33.8% year-over-year decrease in both non-fatal shootings and homicides. In Fiscal 2023, the strategy expanded to the Southwestern district and will be followed by the Central and Eastern Districts in Fiscal 2024, with a goal of being citywide by mid-2024. MONSE will work to increase the number of GVRS participants to 100 in Fiscal 2024 through planned programming with GVRS partners and the planned expansion of GVRS.

Increasing resources for the Group Violence Unit in BPD's Criminal Investigation service. Under this plan, the Department will increase staffing levels for this unit by 36 from 24 to 60 full-time positions. This increase will be realized by redeploying staff from other areas of BPD. This unit will work in partnership with MONSE, the State's Attorney's Office, federal partners, and community-based organizations to make referrals and hold people committing violence accountable.

Expanding Baltimore's Community Violence Intervention (CVI) ecosystem with increased grant support for community-based organizations to provide services and outreach across the City. The CVI ecosystem includes violence intervention, hospital-based response, school-based intervention, conflict mediation, victim services, and intensive life coaching.

Revitalizing Neighborhoods

The Action Plan calls for improving the cleanliness of Baltimore neighborhoods, streets, parks, and public spaces. My budget includes funding for up to 10 crewstostabilizeservice delivery within the Department of Public Works. These positions will ensure the Department has the necessary resources to devote to street sweeping, alley cleaning, and other services that help keep our neighborhoods clean. The budget also includes the creation of 19 new positions in the Department of Recreation and Parks to focus on improving the maintenance and upkeep of facilities throughout the City's Park system.

Increased investment for strategies focused on reducing the number of vacant buildings throughout the City. The Adopted Budget increases funding for the In-Rem foreclosure process that allows the City to take ownership of vacant properties with the goal of securing entire blocks that can be redeveloped to achieve community outcomes. The budget also continues investment in the Right to Counsel program that provides critical legal services to City residents navigating the eviction process.

Centering Equity As We Grow

The Action Plan calls for increasing opportunities for small and minority-owned businesses. The Mayor's budget creates the Mayor's Office of Small and Minority Business Advocacy and Development. This Office will work to provide equitable access to contracting opportunities and capital while ensuring prompt and fair payment terms and developmental tools and resources for these firms.

Funding for additional staffing and program costs to complete a citywide equity assessment. This important work will be used to establish a baseline to develop and implement policy changes.

\$2.0 million for the ongoing costs for the Police Accountability Board in the Office of Equity and Civil Rights (OECR). Baltimore's Police Accountability Board was codified by City Ordinance 22-146 adopted in June 2022. In 2023, this office was funded by a supplemental appropriation. Economic Security.

The Action Plan calls for recruiting, retaining, and developing a diverse and high-achieving workforce. The Mayor's budget includes funding to continue offering wage incentives to City positions requiring a CDL in an effort to improve recruitment and retention for these critical positions as well as investing in the ongoing implementation of the \$10,000 incentive program for CDL drivers. This incentive was approved by the Board of Estimates in March 2023 and will continue to be offered into Fiscal 2025.

Increasing funding for the Community Action Partnership (CAP) centers operated by the Mayor's Office of Children and Family Success. The increase in General Fund support for this service will continue work on eviction prevention as COVID related grants for these programs expire.

Funding to maintain the current level of service at the City's homeless shelters. The City anticipates utilizing ARPA funds to purchase a hotel that will continue to operate as a non-congregate shelter and provide a pathway to permanent housing for individuals experiencing homelessness.

ACKNOWLEDGMENTS

The preparation of this annual report could not have been accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting and Payroll Services of the Department of Finance. We wish to express our appreciation to all members of the Bureau who assisted and contributed to its preparation. We are also grateful to the City's independent public accountants, SB & Company, LLC, and the City Auditor for the professional assistance and advice they provided during the course of their audit. Finally, we would like to thank the members of the Board of Estimates and the City Council for their interest and support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

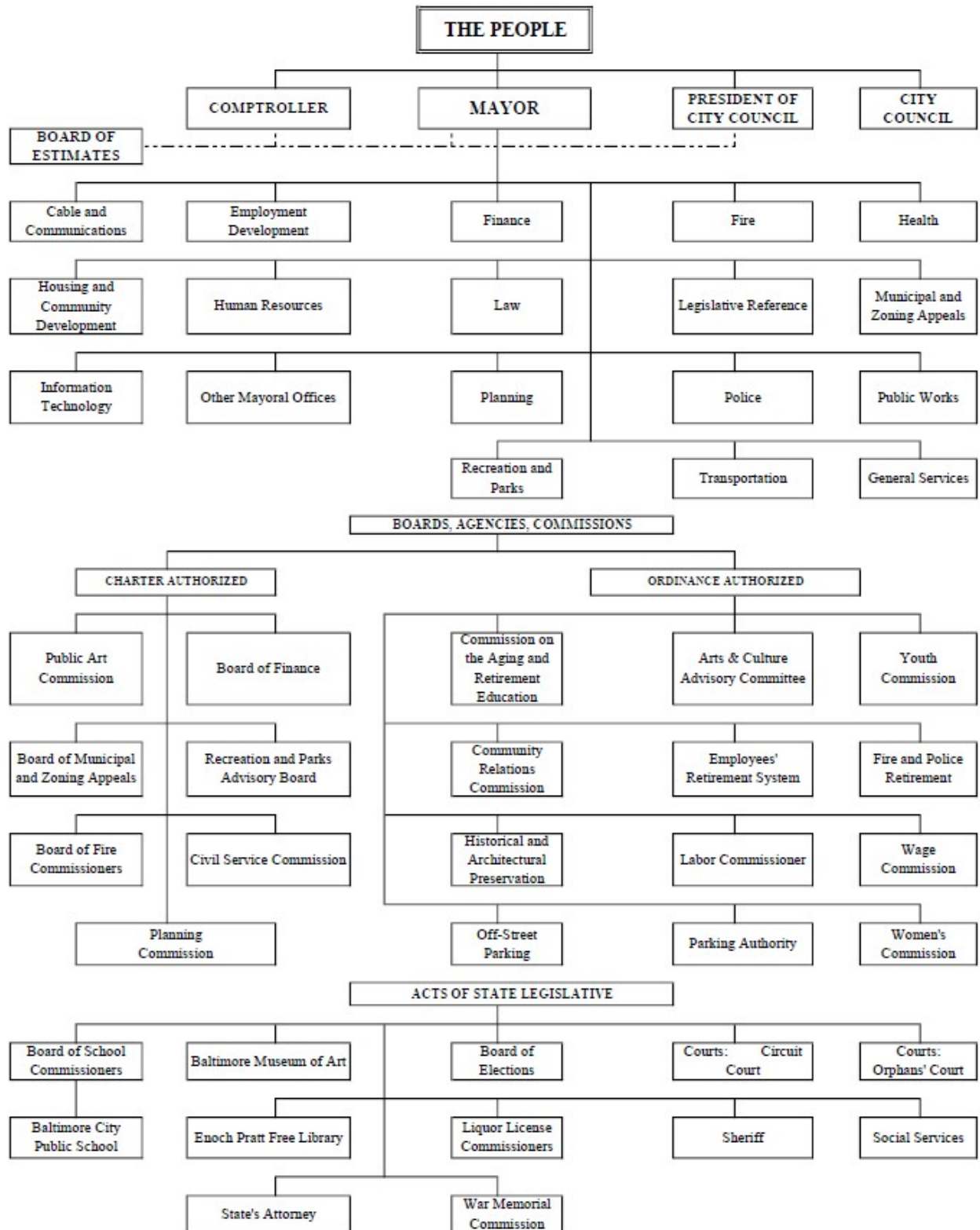
A handwritten signature in blue ink, appearing to read 'B. Scott', with a long horizontal flourish extending to the right.

Brandon M. Scott
Mayor

A handwritten signature in black ink, appearing to read 'Mocksten', with a long horizontal flourish extending to the right.

Michael Mocksten
Chief Financial Officer

MUNICIPAL ORGANIZATION CHART



FINANCIAL SECTION



- **Report of Independent Public Accountants**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Notes to the Basic Financial Statements**
- **Required Supplementary Information**
- **Combining and Individual Fund Statements and Schedules**

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, the combining statement of fiduciary net position – Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position – Pension and OPEB Trust Funds of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the Employees’ Retirement System, the Elected Officials Retirement System, and the Fire and Police Employees’ Retirement System. These funds represent 85% of the total assets, 85% of the net position, and 81% of the additions of the Pension and OPEB Trust Funds. We also did not audit the Baltimore City Public School System (School System) and Baltimore Hotel Corporation, which are both discretely presented component units. The financial statements of Baltimore City Public School System, Baltimore Hotel Corporation and certain information of the Pension and OPEB Trust Funds were audited by other auditors whose reports have been furnished to us. Our opinions, insofar as they relate to the amounts included for the Baltimore City Public School System, Baltimore Hotel Corporation and certain information of the Pension and OPEB Trust Funds, are based on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 City's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal controls-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance – Budget and Actual- Budgetary Basis – General Fund and Grants Fund, Schedule of the City's Proportionate Share of Net Pension Liability: Employees' Retirement System Plan, Schedule of Employer Contributions: Employees Retirement System Plan, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – ERPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System-ERPS, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – LEOPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System – LEOPS, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees' Retirement System – Single Employer Plan, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Elected Officials' Retirement System - Single Employer Plan; Schedule of Employer Contributions – Single Employer Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios – OPEB Plan; Schedule of the City's Proportionate Share of Net OPEB Liability, Schedule of Employer Contributions – OPEB Plan; and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Adjustments to Discretely Presented Component Unit Financial Statements Audited by Other Auditors

As part of our audit of the City's 2024 financial statements, we also audited the adjustments described in Note 21 that were applied to adjust the financial statements of the Baltimore City Public School System (the School System), a discretely presented component unit of the City, as of and for the year ended June 30, 2024, including the restatement of certain 2024 financial statements' beginning balances in the accompanying financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the School System other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements of the School System as a whole.

Owings Mills, Maryland
May 9, 2025

SB & Company, LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the City of Baltimore's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2024 by \$4.5 billion (net position). This amount includes \$934.5 million (restricted net position) and is net of an unrestricted deficit of \$2.8 billion. During the fiscal year, the City's total net position increased by \$489.3 million.

As of June 30, 2024, the City's governmental funds reported combined ending fund balances of \$1.0 billion. At the close of the fiscal year, the unassigned fund balance for the general fund was \$259.0 million.

The City's governmental total long-term obligations decreased by \$102.3 million, during fiscal year 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

Accounting principles generally accepted in the United States of America requires the utilization of dual focus financial reporting. The purpose of this overview is to provide the reader with an introduction to the City's basic financial statements prepared under these reporting requirements.

The City's basic financial statements comprise three components:

- (1) Government-wide financial statements,
- (2) Fund financial statements, and
- (3) Notes to the basic financial statements.

The report also contains required and other supplementary information including notes to the Required Supplementary Information in addition to the basic financial statements themselves.

Measurement focus refers to what is measured and reported in a fund's operating statement while basis of accounting determines when a transaction or event is recognized in these funds. Under the accrual basis of accounting, most transactions are recorded when they occur, regardless of when cash is received or disbursed. Under the modified accrual basis of accounting, revenues and other financial resources are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred with certain exceptions.

Financial Report Layout and Structure

The total economic resources focus is intended to determine if a fund is better or worse off economically as a result of events and transactions of the period. This focus utilizes the accrual basis of accounting to record events and transactions that improve (revenues or gains) or diminish (expenses or losses) a fund's economic position. It is the focus used by businesses.

The current financial resources focus is intended to determine if there are more or less resources that can be spent in the near future as a result of events and transactions of the period. This focus utilizes the modified accrual basis of accounting to record increases (revenues or other financing sources) or decreases (expenditures and other financing uses) in a fund's spendable resources. For most state and local governments, this focus is their legally mandated accounting method and with the incorporation of encumbrances (spending commitments), the one utilized to determine adherence to budgetary requirements.

Layout and Structure of the City of Baltimore Annual Comprehensive Financial Report

ACFR	Introductory Section				
	Financial Section				
		Management's Discussion and Analysis			
		Government-wide Statements	Fund Statements		
			Governmental Funds	Proprietary Funds	Fiduciary Funds
	View	Broad overview similar to a private sector business	Grouping of related activities used by state and local governments to ensure and demonstrate compliance with finance-related legal requirements		
	TYPES OF FINANCIAL STATEMENTS	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
			Statements of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Net Position	Statement of Changes in Fiduciary Net Position
		Statement of Activities		Statement of Cash Flows	
		Full accrual basis for revenues and expenses, includes all assets and liabilities. Economic resource focus	Modified accrual basis for revenues and expenses. Financial resource measurement focus	Full accrual basis for revenues and expenses, includes all assets and liabilities, using an Economic resource focus	Accrual basis-agency funds do not have measurement focus
		Notes to the Basic Financial Statements			
		Required Supplementary Information			
		Combining and Individual Fund Statements and Schedules			
		Statistical Section			

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. This section contains the Statement of Net Position and the Statement of Activities.

The Statement of Net Position is the difference between assets plus deferred outflow of resources and liabilities plus deferred liabilities inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as, revenues pertaining to uncollected taxes and expenses pertaining to earned, but unused, vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and regulation, conservation of health, social services, education, public library, recreation and culture, highway and streets, sanitation and waste removal, public service, economic development, and interest expenses. The business-type activities of the City include water, sewer and stormwater utilities, parking facilities and several other fees supported activities.

The government-wide financial statements include, not only the City itself (known as the primary government), but also the legally separate activities of the Baltimore City Public School System and the Baltimore Hotel Corporation. Summary financial information for these component units are reported separately from the financial information presented for the primary government itself. The Baltimore City Public School System prepared its own financial statements, which are also prepared in conformity with governmental accounting and audited. The Baltimore Hotel Corporation prepared its own financial statements in conformity with not for profit accounting and audited.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, i.e., most of the City's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) the balance left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several major governmental funds (general, grants revenue, and capital projects). Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for these major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements as presented in supplementary information herein.

Proprietary funds

Proprietary funds are generally used to account for services for which the City charges customers -- either outside customers, or internal units or departments of the City. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service fund are charges for customer services including water, sewer, stormwater, parking fees, commercial and industrial rents, printing services, vehicle maintenance fees, telecommunication, central post office fees, energy conservation and building maintenance. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary funds provide the same type of information as shown in the government-wide financial statements.

The City maintains the following two types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government- wide financial statements. Enterprise funds are used to account for the operation of the City's business-type activities and include water, sewer and stormwater, utilities, and parking facilities, all of which are considered to be major funds of the City, and several other non-major fee supported activities.
- *Internal Service funds* are used to report activities that provide supplies and service for certain City programs and activities. The City uses internal service funds to account for its fleet of vehicles, printing and mail services, telecommunications services, energy conservation and building maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds

Fiduciary funds are used to report net position held in a trust or agency capacity for others. These resources cannot be used to support the City's own programs and are not reflected in the government-wide financial statements. The City's fiduciary funds are comprised of pension trust, OPEB trust and custodial funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information such as the general fund budgetary basis financial statement, the Retirement System's changes in net pension liability and investment return ratios, and the City's progress in funding its other postemployment benefits obligation.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Primary Government)

The City's financial statements were prepared in conformity with the reporting model required by Governmental Accounting Standards Board Statement Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments. The report includes prior fiscal year results for the purpose of providing comparative information for the MD&A.

CITY OF BALTIMORE
Statement of Net Position-Summary
For the Fiscal Years 2024 and 2023
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets.....	\$ 2,611,255	\$ 2,504,502	\$ 1,575,182	\$ 1,742,757	\$ 4,186,437	\$ 4,247,259
Capital assets, net.....	3,124,524	3,090,230	6,476,363	6,317,940	9,600,887	9,408,170
Total assets.....	5,735,779	5,594,732	8,051,545	8,060,697	13,787,324	13,655,429
Deferred outflows of resources.....	497,975	502,020	132,506	138,654	630,481	640,674
Total assets and deferred outflows of resources.....	6,233,754	6,096,752	8,184,051	8,199,351	14,417,805	14,296,103
Long-term liabilities outstanding.....	1,576,756	1,577,659	3,130,835	3,235,043	4,707,591	4,812,702
Other liabilities.....	4,526,935	4,397,133	382,797	487,998	4,885,131	4,885,131
Total liabilities.....	6,103,691	5,974,792	3,513,632	3,723,041	9,592,722	9,697,833
Deferred inflows of resources.....	300,895	567,537	23,474	43,905	324,369	611,442
Total liabilities and deferred inflows of resources.....	6,404,586	6,542,329	3,537,106	3,766,946	9,917,091	10,309,275
Net position:						
Net investment in capital assets.....	2,292,020	2,212,781	4,030,213	3,510,817	6,322,233	5,723,598
Restricted.....	602,363	607,148	332,127	363,595	934,490	970,743
Unrestricted.....	(3,065,209)	(3,265,506)	284,603	557,993	(2,780,606)	(2,707,513)
Total net position.....	\$ (170,826)	\$ (445,577)	\$ 4,646,943	\$ 4,432,405	\$ 4,476,117	\$ 3,986,828

Analysis of Statement of Net Position-Summary

Total assets and deferred outflows increased by \$121.7 million in fiscal year 2024. The increase is driven by an increase in capital assets, net of \$192.7 million, a decrease of \$60.8 million in current and other assets, and a decrease in deferred outflows of \$10.2 million. Total liabilities and deferred inflows decreased by \$392.2 million in fiscal year 2024. This increase is driven by a decrease in long-term liabilities of \$105.1 million, offset by a decrease of \$287.1 million in deferred inflows.

As noted earlier, net position may serve as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4.5 billion at the close of fiscal year 2024. The City's net position includes its investment of \$6.3 billion in capital assets (e.g., land, buildings, and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities. An additional portion of the City's net position, \$934.5 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net position of \$2.8 billion.

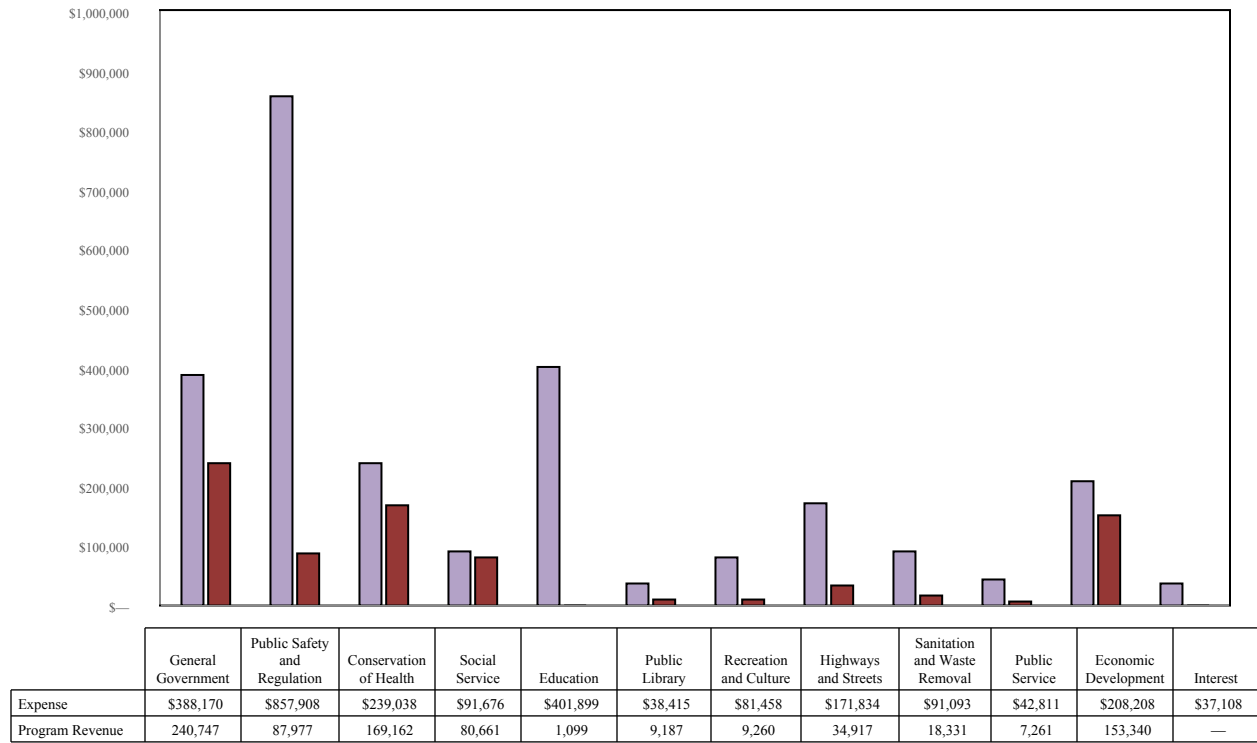
CITY OF BALTIMORE
Changes in Net Position
For the Fiscal Years 2024 and 2023
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 124,437	\$ 104,068	\$ 719,040	\$ 675,606	\$ 843,477	\$ 779,674
Operating grants and contributions	641,352	603,774	—	—	641,352	603,774
Capital grants and contributions	46,153	39,217	133,545	103,471	179,698	142,688
General revenues:						
Property taxes	1,095,085	1,056,930	—	—	1,095,085	1,056,930
Income taxes	476,256	455,975	—	—	476,256	455,975
State shared revenue	146,520	205,090	—	—	146,520	205,090
Transfer and recordation tax	93,746	139,357	—	—	93,746	139,357
Electric and gas tax	49,738	21,636	—	—	49,738	21,636
Telecommunications tax	33,878	30,843	—	—	33,878	30,843
Admission	10,095	8,069	—	—	10,095	8,069
Other	159,387	180,404	—	—	159,387	180,404
Total revenues	2,876,647	2,845,363	852,585	779,077	3,729,232	3,624,440
Expenses:						
General government	388,170	643,985	—	—	388,170	643,985
Public safety and regulation	857,908	884,812	—	—	857,908	884,812
Conservation of health	239,038	223,809	—	—	239,038	223,809
Social services	91,676	71,198	—	—	91,676	71,198
Education	401,899	663,354	—	—	401,899	663,354
Public library	38,415	48,600	—	—	38,415	48,600
Recreation and culture	81,458	81,437	—	—	81,458	81,437
Highways and streets	171,834	227,609	—	—	171,834	227,609
Sanitation and waste removal	91,093	120,261	—	—	91,093	120,261
Public service	42,811	32,060	—	—	42,811	32,060
Economic development	208,208	166,988	—	—	208,208	166,988
Interest	37,108	35,000	—	—	37,108	35,000
Water	—	—	204,147	226,707	204,147	226,707
Wastewater	—	—	341,573	331,684	341,573	331,684
Stormwater	—	—	22,930	20,309	22,930	20,309
Parking	—	—	11,479	13,092	11,479	13,092
Non-major proprietary	—	—	10,196	12,518	10,196	12,518
Total expenses	2,649,618	3,199,113	590,325	604,310	3,239,943	3,803,423
Increase in net assets before transfer	227,029	(353,750)	262,260	174,767	489,289	(178,983)
Transfer:						
Transfer in (out)	47,722	42,196	(47,722)	(42,196)	—	—
Change in net position	274,751	(311,554)	214,538	132,571	489,289	(178,983)
Net position - beginning	(445,577)	(134,023)	4,432,405	4,299,834	3,986,828	4,165,811
Net position - ending	\$ (170,826)	\$ (445,577)	\$ 4,646,943	\$ 4,432,405	\$ 4,476,117	\$ 3,986,828

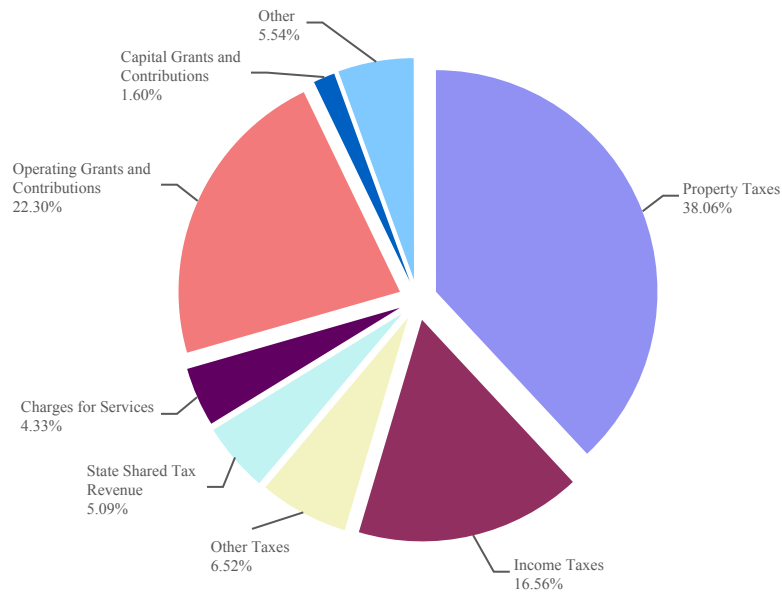
Analysis of Changes in Net Position

The overall increase in the City's net position amounted to \$489.3 million during fiscal year 2024. This change is explained in the government and business-type activities discussion below.

Expenses and Program Revenues – Governmental Activities (expressed in thousands)



Revenues By Source – Governmental Activities



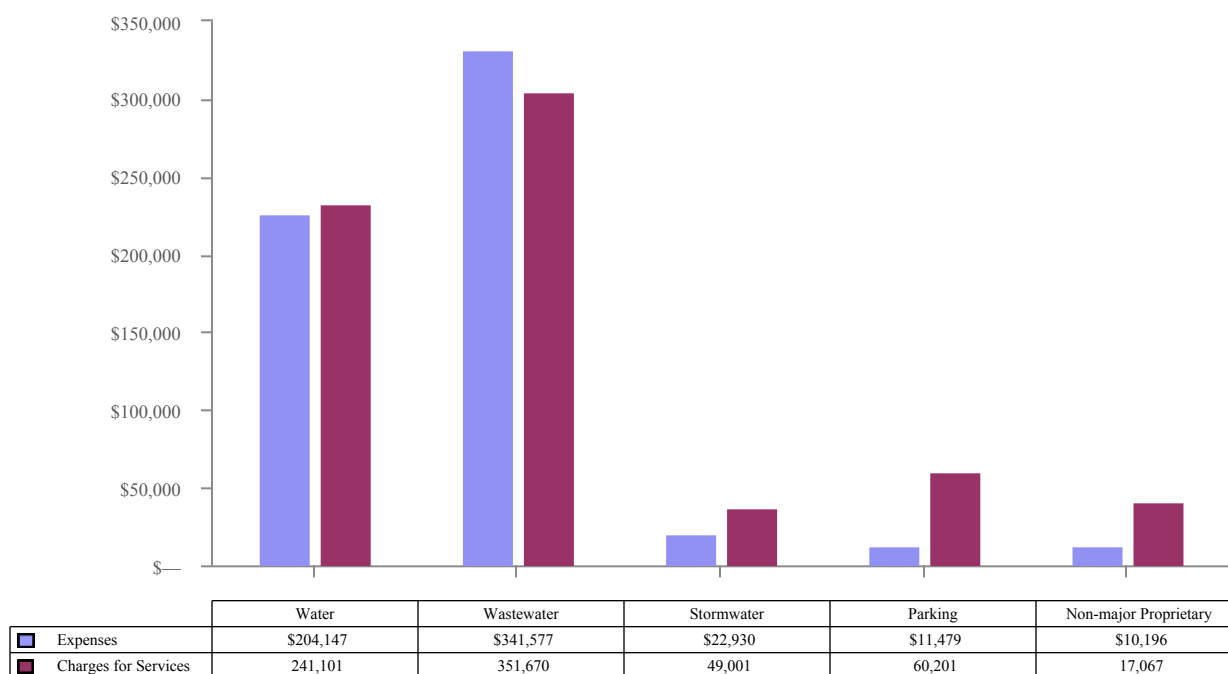
Governmental Activities

During the current fiscal year, expense related to governmental activities amounted to \$2.6 billion; this is more than revenues by \$227.0 million, before transfers in of \$47.7 million. Total revenue of \$2.9 billion is comprised of program revenues totaling \$811.9 million, which is 28.2% of total revenue. Program revenues are the principal source of funding for the City's general government, health, and economic development activities. Other major activities including public safety and regulation, as well as the highways and streets program, are primarily supported by general revenues. A more detailed analysis of the governmental activities is discussed in the "Financial Analysis of the City's Funds" section.

During fiscal year 2024, governmental activities revenue increased by \$31.3 million.

Governmental expenses decreased by \$549.5 million during fiscal year 2024. The decrease is primarily attributable to decreases in public safety and regulation (\$26.9M), general government (\$255.8M), education (\$261.5M), and highways and streets (\$55.8M) activities.

Expenses and Program Revenues – Business-type Activities (expressed in thousands)



Business-type Activities

Business-type activities are presented after adjustments to reflect the consolidation of internal service fund activities related to enterprise funds. Charges for services represent the principal revenue source for the City's business-type activities. During the current fiscal year, revenue from business-type activities totaled \$852.6 million. Expenses for these activities totaled \$590.3 million income earned of \$262.3 million and net transfer out of \$47.7 million which resulted in an increase in net position of \$214.5 million.

Operating revenues increased by \$43.4 million in fiscal year 2024 for business-type activities. Capital assets increased by \$158.4 million in the business-type activities primarily as a result of the utilities funds' effort to build environmentally sound facilities.

The City implemented a new Water and Stormwater billing system during fiscal year 2017. Several upgrades to the software have occurred and process improvements continue to be developed. At year end, the City estimated billings to account for full year of revenue.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the City's financing requirements. In particular, an unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Types of major governmental funds reported by the City include the general fund, grants revenue fund, and capital projects fund. Data from the remaining governmental funds are combined into a single, aggregated presentation as other non-major funds.

CITY OF BALTIMORE
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2024 and 2023
(Expressed in Thousands)

	2024	2023	Variance Amount
Revenues:			
General fund:			
Property taxes	\$ 1,068,865	\$ 1,111,172	\$ (42,307)
Income taxes	476,256	450,067	26,189
Other local - taxes	209,525	181,121	28,404
Total local taxes	1,754,646	1,742,360	12,286
Licenses and permits	36,817	25,610	11,207
Interest, rentals, and other investment income	59,845	64,164	(4,319)
Intergovernmental grants	139,894	132,434	7,460
Other	224,745	268,854	(44,109)
Total revenues-general fund	2,215,947	2,233,422	(17,475)
Other governmental funds:			
Grants revenue fund	487,689	447,021	40,668
Capital projects fund	57,337	53,613	3,724
Other funds	73,481	80,691	(7,210)
Total revenues other governmental funds	618,507	581,325	37,182
Total revenues all governmental funds	2,834,454	2,814,747	19,707
Expenditures:			
General fund:			
General government	369,115	435,450	(66,335)
Public safety and regulation	844,838	745,296	99,542
Conservation of health	47,681	58,239	(10,558)
Social services	17,452	19,944	(2,492)
Education	417,423	336,714	80,709
Public library	30,386	30,946	(560)
Recreation and culture	67,201	63,368	3,833
Highways and streets	105,085	146,889	(41,804)
Sanitation and waste removal	101,297	109,558	(8,261)
Public service	30,067	16,025	14,042
Economic development	95,708	53,447	42,261
Debt service	96,863	108,315	(11,452)
Total expenditures - general fund	2,223,116	2,124,191	98,925
Other governmental funds:			
Grants revenue fund	534,051	475,112	58,939
Capital projects fund	184,926	177,426	7,500
Other funds	63,966	57,374	6,592
Total expenditures other governmental funds	782,943	709,912	73,031
Total expenditures all governmental funds	3,006,059	2,834,103	171,956
Excess of expenditures over revenue	(171,605)	(19,356)	(152,249)
Other financing sources:			
Transfers in	155,618	165,758	(10,140)
Transfers out	(107,896)	(123,562)	15,666
Proceeds from debt and leases	12,678	3,524	9,154
Proceeds from subscription issued (SBITA)	25,958	7,348	18,610
Capital Projects Fund:			
Premium on general obligation bonds	—	7,797	(7,797)
Face value of funding and refunding general obligation bonds	—	101,710	(101,710)
Issuance of debt	—	—	—
Total other financing sources	86,358	162,575	(76,217)
Net changes in fund balances	(85,247)	143,219	(228,466)
Fund balances - beginning	1,124,895	981,603	143,292
Fund balances - ending	\$ 1,039,648	\$ 1,124,822	\$ (85,174)

Revenues for governmental functions overall totaled approximately \$2.8 billion in the fiscal year ended June 30, 2024, which represents an increase of 0.7% from the fiscal year ended June 30, 2023. Expenditures for governmental functions, totaling \$3.0 billion, increased by approximately 6.1% from the fiscal year ended June 30, 2023. In the fiscal year ended June 30, 2024, expenditures for governmental functions exceeded revenue by \$171.6 million.

The General Fund is the chief operating fund of the City. Revenue in the General Fund decreased by \$17.5 million as compared to fiscal year 2023. The total expenditures for the General Fund increased by \$98.9 million, or 4.7%, compared to fiscal year 2023.

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$259.0 million, while total fund balance was \$922.1 million. The fund balance in the City's General Fund decreased by \$21.1 million during the fiscal year, which was caused by a financing use of \$13.9 million (net transfer out), proceeds from leases, subscription based information technology arrangements, general obligation bonds offset by expenditures exceeding revenue by \$7.2 million. The Capital Fund has a restricted fund balance of \$48.6 million, a decrease of \$28.8 million over prior year. This increase was primarily caused by expenditures exceeding revenue by \$127.6 million, offset by a financing source of \$98.8 million (transfer in and general obligation bonds).

The Grants Revenue Fund is used to account for the spending of various Federal, State, and private grants and special purpose funds. Most of these grants are funded on an expenditure reimbursement basis. Should any portion of the grant's receivable be determined uncollectible, the balance may be written off against the General Fund. The Grants Revenue Fund had no fund balance as of year end. The General Fund transferred \$10.6 million to the Grants Revenue Fund, to absorb the current year grant fund deficit.

Proprietary Funds

The City's business-type activities prior to allocation of internal service fund activities are comprised of the funds listed below. The non-major funds include the Conduit Fund.

(Expressed in Thousands)						
	Water, Wastewater and Stormwater Utility Funds		Parking Facility Fund		Non-major Other Funds	
	2024	2023	2024	2023	2024	2023
Operating revenues	\$ 641,772	\$ 574,368	\$ 60,201	\$ 60,104	\$ 17,067	\$ 41,134
Operating expenses	542,012	521,183	8,238	8,278	10,197	12,407
Operating income	99,760	53,185	51,963	51,826	6,870	28,727
Non operating revenues (expenses), capital contribution, and transfers	106,840	69,872	(50,963)	(47,072)	—	(19,520)
Change in net position	\$ 206,600	\$ 123,057	\$ 1,000	\$ 4,754	\$ 6,870	\$ 9,207

As discussed in the Business-type activities section the Utilities fund experienced an operating revenue increase in fiscal year 2024. The decrease is attributable to catch up billings made in fiscal year 2023 that were not required in fiscal year 2024.

General Fund budgetary highlights

CITY OF BALTIMORE
Schedule of Revenues, Expenditures and Encumbrances and Changes in Fund Balance - Budget and Actual
Budgetary Basis - General Fund
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Original Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
Total revenues	\$ 2,224,588	\$ 2,275,849	\$ 2,213,604	\$ (10,984)	\$ (62,245)
Expenditures and encumbrances:					
General government	444,427	445,844	406,814	37,613	39,030
Public safety and regulation	870,096	906,984	824,223	45,873	82,761
Conservation of health	80,474	85,726	17,856	62,618	67,870
Social services	3,709	3,709	4,883	(1,174)	(1,174)
Education	425,023	425,023	417,423	7,600	7,600
Public library	32,359	32,359	27,380	4,979	4,979
Recreation and culture	65,993	72,967	57,622	8,371	15,345
Highways and streets	151,360	151,360	123,267	28,093	28,093
Sanitation and waste removal	113,791	119,773	83,983	29,808	35,790
Public service	42,170	42,170	39,114	3,056	3,056
Economic development	88,907	88,907	66,810	22,097	22,097
Total expenditures and encumbrances	2,318,309	2,374,822	2,069,375	\$ 248,934	\$ 305,447
Excess (deficiency) of revenue over expenditures and encumbrances	(93,721)	(98,973)	144,229		
Other Financing uses:					
Transfers in	17,127	17,127	41,747		
Transfers out	(102,837)	(102,837)	(94,275)		
Total other financing uses	(85,710)	(85,710)	(52,528)		
Net changes in fund balances	(179,431)	(184,683)	91,701		
Fund balances — beginning	1,299,111	1,299,111	1,299,111		
Fund balances — ending	\$ 1,119,680	\$ 1,114,428	\$ 1,390,812		

The City's final budget differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved after adoption, and during the fiscal year. During fiscal year 2024, supplemental appropriations totaling \$56.5 million were approved for the general fund, all of which were approved from prior year surplus or from unexpected increases in revenues sources. Actual expenditures for the year were less than the original budget by \$248.9 million and were \$305.4 million less than adjusted appropriations. This amount was primarily related to the governmental activities: lower than budgeted costs for general government operations amounted to \$39.0 million; lower than budgeted costs for public safety and regulation amounted to \$82.8 million; lower than budgeted costs for conservation of health to \$67.9 million; lower than budgeted costs for education amounted to \$7.6 million; lower than budgeted costs for highway and streets amounted to \$28.1 million; lower than budgeted costs for sanitation and waste removal amounted to \$35.8 million; and lower than budgeted costs for economic development amounted to \$22.1 million.

On a budgetary basis, revenues for fiscal year 2024 totaled \$2.2 billion and expenditures and transfers totaled \$2.1 billion. The excess of expenditures and transfers over revenues resulted in a budgetary basis fund balance as of June 30, 2024, of \$1.4 billion, an increase of \$91.7 million in the fund balance.

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$9.6 billion (net of accumulated depreciation). Capital assets include land, buildings and improvements, machinery and equipment, park facilities, roads, streets, bridges, and library books. The total increase in the City's net capital assets for the current fiscal year was increase 2.05% (1.11% increase for governmental activities and a 2.51% increase for business-type activities) as shown in the table below.

Capital Assets, Net of Depreciation For the Fiscal Years 2024 and 2023

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land and other	\$ 357,916	\$ 358,442	\$ 36,920	\$ 36,920	\$ 394,836	\$ 395,362
Building and improvements	882,851	915,297	3,262,941	3,356,542	4,145,792	4,271,839
Equipment	118,806	80,770	144,273	149,757	263,079	230,527
Infrastructure	1,440,302	1,502,840	2,068,004	2,112,812	3,508,306	3,615,652
Library books	4,065	6,244	—	—	4,065	6,244
Construction in progress	260,514	181,307	964,225	661,909	1,224,739	843,216
Right-to-use leased	30,401	37,215	—	—	30,401	37,215
SBITA	29,669	8,115	—	—	29,669	8,115
Total	\$ 3,124,524	\$ 3,090,230	\$ 6,476,363	\$ 6,317,940	\$ 9,600,887	\$ 9,408,170

See Note 5 "Capital Assets" in the Notes to Basic Financial Statements for additional information.

Debt Administration

As of June 30, 2024, the City had total long-term obligations outstanding of \$4.2 billion. Of this amount, \$507.3 million was general obligation bonds backed by the full faith and credit of the City, \$307.0 million was revenue bonds for governmental activity at the Convention Center, the Convention Center Hotel, and transportation bonds, and \$3.0 billion was revenue bonds related to commercial business activity. The remainder includes revenue bonds and other obligations of City business and governmental activities.

During fiscal year 2024, the City sold \$9.4 million in revenue bonds and borrowed \$12.2 million in economic development loans .

The ratio of net general obligation bonded debt to taxable valuation and the amount of bonded debt per capita are useful indicators of the City's debt position for management, citizens, and investors. A comparison of these indicators follows:

	FY 2024	FY 2023
Net general bonded debt (expressed in thousands)	\$ 507,260	\$ 547,055
Ratio of net general bonded debt to net assessed value	1.1 %	1.2 %

See note 7 "Long-term Obligations" in the Notes to the Basic Financial Statements for additional information.

As of June 30, 2024, the City had \$507.3 million in authorized, outstanding property tax-supported general obligation bonds. There are an additional \$561.5 million in bonds that are authorized, but unissued.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2025 budget submitted by the Board of Estimates to the Baltimore City Council proposed total appropriations of \$4,209,666,000 of which \$2,242,700,000 were for General Fund operations and Pay-As-You-Go (PAYGO) capital. The City Council, after deliberations pursuant to Charter requirements and powers, made no reductions to the total General Fund or other fund appropriations. The property tax rates on real property and personal property remained at \$2.248 and \$5.62 per \$100 of assessed valuation, respectively. The locally imposed and State mandated income tax rate was 3.2%. The Ordinance of Estimates was adopted by the City Council and signed by the Mayor on June 30, 2024.

Fiscal 2025 Budget – Economic Factors

Summary

The City of Baltimore's economy continued showing strength four years after the start of the COVID-19 pandemic and a year after the collapse of the Francis Scott Key Bridge. Major economic industries and markets including labor and housing remain stable, indicating signs of a healthy and resilient economy. Notably, in 2024 the City of Baltimore experienced a 0.5% increase in population and reached 568,271 residents. This is the first population increase the City has seen since 2014, reversing a decade-long trend of year-over-year declines.

The following is a review of the significant economic areas that affected the Fiscal 2025 Budget and are expected to continue influencing the City's financial outlook.

Labor Market

The City's labor market continued showing stability. The City increased by 1,380 the number of employers to reach 15,871 as of the third quarter of 2024. This represents the higher number of establishments operating in the City in records.

As of the end of Fiscal 2024, the City's labor force reached 280,591 residents, reflecting an increase of over 4,600 individuals, or 1.7%, compared to 276,683 in June 2023. The total annual average number of employed residents as of October 2024, which accounts for seasonality, reached 266,612, an increase of 10,600 individuals compared to the same average as of October 2023. While the job market did not fully absorb this increase, more than 1,500 City residents were newly hired. As a result, the City's unemployment rate rose from 3.0% to 4.2% between the second quarters of 2023 and 2024. Nevertheless, this 4.2% rate remains significantly lower than the average unemployment rate of 7.7% experienced between 2004 and 2021.

Recent Income tax data from the State of Maryland shows continued positive trend changes in the income composition of City residents. In 2013, 32.5% of the income tax returns indicated earnings of over \$50,000. By 2023, that group has grown by 34,302 or 54.0%, and now represents 50.5% of the total taxable base.

These positive trends have been reflected in the robust performance of the City's income tax. Fiscal 2024 ended with a \$26.9 million surplus compared to budget estimates. As of the second quarter of Fiscal 2025, the City anticipates that this revenue source will outperform the budget by an additional \$23.4 million.

Residential Real Estate

The City's housing market remains strong, with home prices rising by 4.7% citywide in Fiscal Year 2024 compared to Fiscal Year 2023. Although sale volume and transaction activity aligned with budgeted expectations, the average residential property value rose by 7.7% in the third quarter of 2024, from \$245,000 in 2023 to \$264,000 in 2024.

Despite the ongoing impact of interest rates, which continues disincentivizing some market activity, the City benefits from an abundant housing supply and remains the most affordable housing option in the region. These conditions have helped sustain key revenue sources, such as transfer and recordation taxes.

The Department of Finance anticipates the housing market will continue stabilizing in Fiscal 2025.

Tourism and Travel Industries

The City's tourism and travel industries continue to recover. During the period January through October 2024, the City's occupancy rate increased by 3.0 over the same period in 2023, and reached an annual average of 62.3%, representing the first time since 2019 that the City's occupancy rate exceeded the 60% mark. Also during this period, the average daily rate (ADR) per hotel room averaged \$175.20, which represented a \$8.40 or 5.0% increase compared to the \$166.80 average during the same period of 2023.

The combination of higher ADR and increased demand for City rooms contributed to increased hotel tax revenues, which are anticipated to continue improving in Fiscal 2025.

Request for information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, go to <https://finance.baltimorecity.gov/public-info/reports> or contact the Director of Finance at the following address:

Room 469, City Hall
100 N. Holliday Street
Baltimore, Maryland 21202

CITY OF BALTIMORE
Statement of Net Position
June 30, 2024
(Expressed in Thousands)

	Primary Government			Component Units	
	Governmental activities	Business-type activities	Total	Baltimore City Public School System	Baltimore Hotel Corporation
Assets and deferred outflows of resources:					
Assets:					
Cash and cash equivalents	\$ 767,335	\$ 842,106	\$ 1,609,441	\$ 608,333	\$ 18,627
Investments	810,213		810,213	188,493	31,234
Property taxes receivable, net	71,761	—	71,761	—	—
Service receivable, net	—	181,572	181,572	—	—
Other receivables, net	136,951	20,526	157,477	10,968	4,060
Due from other governments	336,938	654,158	991,096	255,704	2,059
Internal balances	137,633	(137,633)	—	—	—
Due from primary government	—	—	—	72,100	—
Inventories, at cost	18,156	7,591	25,747	2,984	67
Notes and mortgages receivable, net	254,015	6,862	260,877	—	—
Other assets	39,856	—	39,856	1,106	3,498
Net pension asset	7,956	—	7,956	—	—
Net OPEB asset	4,268	—	4,268	3,529	—
Lease receivable	26,173	—	26,173	6,549	—
Capital assets being depreciated, net of accumulated depreciation	2,506,093	5,475,218	7,981,311	1,279,282	149,224
Capital assets not being depreciated	618,431	1,001,145	1,619,576	330,567	—
Total assets	5,735,779	8,051,545	13,787,324	2,759,615	208,769
Deferred outflow of resources:					
Deferred amortization on early extinguishment of debt	—	92,101	92,101	—	—
Deferred loss on bond refunding	1,048	5,616	6,664	—	—
Deferred outflows related to pension	419,153	18,330	437,483	30,305	—
Deferred outflows related to OPEB	77,774	16,459	94,233	24,547	—
Total deferred outflows of resources	497,975	132,506	630,481	54,852	—
Total assets and deferred outflows of resources	6,233,754	8,184,051	14,417,805	2,814,467	208,769
Liabilities and deferred inflows of resources:					
Liabilities:					
Accounts payable and accrued liabilities	648,088	139,922	788,010	326,828	7,216
Accrued interest payable	13,025	39,828	52,853	—	4,204
Unearned revenue	568,711	—	568,711	26,655	1,974
Notes payable	—	—	—	—	273,966
Due to other governments	—	—	—	38,571	—
Deposits subject to refund	39,296	—	39,296	—	3,898
Due within one year:					
Estimated claims in progress	91,515	—	91,515	—	—
Revenue bond payable, net	12,255	106,146	118,401	—	—
Long term debt payable	51,484	234	51,718	5,990	—
Leases	6,614	—	6,614	—	—
Financing purchase	30,125	57	30,182	1,806	—
Compensated absences	29,802	5,897	35,699	8,947	—
Due in more than one year:					
Estimated claims in progress	267,235	—	267,235	—	—
Revenue bond payable, net	262,576	3,110,072	3,372,648	—	—
Long term debt payable	933,893	2,489	936,382	2,028	—
Leases	52,744	—	52,744	—	—
Financing purchase	152,977	—	152,977	22,470	—
Compensated absences	142,114	9,962	152,076	72,387	—
Landfill closure	32,452	—	32,452	—	—
Net pension liability	1,801,017	89,888	1,890,905	120,752	—
Net OPEB liability	—	825	825	—	—
Other liabilities	967,820	—	967,820	105,767	—
Derivative instrument liability	(52)	8,312	8,260	—	—
Total liabilities	6,103,691	3,513,632	9,617,323	732,201	291,258
Deferred inflows of resources:					
Deferred inflows related to pension	25,894	2,017	27,911	3,430	—
Deferred inflows related to OPEB	199,587	20,649	220,236	123,494	—
Deferred inflow for service concession arrangement	49,241	—	49,241	—	—
Deferred inflow for lease	26,173	—	26,173	6,558	—
Deferred inflow related to interest rate swaps	—	808	808	—	—
Total deferred inflows of resources	300,895	23,474	324,369	133,482	—
Total liabilities and deferred inflows of resources	6,404,586	3,537,106	9,941,692	865,683	291,258
Net position:					
Net investment in capital assets	2,292,020	4,030,213	6,322,233	1,551,655	—
Restricted for:					
Construction	48,593	—	48,593	323,332	—
Debt Service	252,220	332,127	584,347	—	—
Sanitation	88,646	—	88,646	—	—
Leases	139,562	—	139,562	—	—
Pension	7,956	—	7,956	—	—
Education and housing	65,386	—	65,386	—	—
Unrestricted (deficits)	(3,065,209)	284,603	(2,780,606)	73,798	(82,489)
Total net position	\$ (170,826)	\$ 4,646,943	\$ 4,476,117	\$ 1,948,785	\$ (82,489)

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

CITY OF BALTIMORE
Statement of Activities
For the Year Ended June 30, 2024
(Expressed in Thousands)

Functions/Programs					Net (Expense) Revenues and Changes in Net Position							
					Program Revenues			Primary Government			Component Units	
					Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Baltimore City Public School System
Primary Government:												
Governmental activities:												
General government	\$ 388,170	\$ 50,833	\$ 189,914	\$ —	\$ (147,423)	\$ —	\$ (147,423)	\$ —	\$ —	—		
Public safety and regulation	857,908	16,626	71,351	—	(769,931)	—	(769,931)	—	—	—		
Conservation of health	239,038	2,230	166,932	—	(69,876)	—	(69,876)	—	—	—		
Social services	91,676	—	80,661	—	(11,015)	—	(11,015)	—	—	—		
Education	401,899	—	1,099	—	(400,800)	—	(400,800)	—	—	—		
Public library	38,415	107	9,080	—	(29,228)	—	(29,228)	—	—	—		
Recreation and culture	81,458	92	9,168	—	(72,198)	—	(72,198)	—	—	—		
Highways and streets	171,834	28,984	5,933	—	(136,917)	—	(136,917)	—	—	—		
Sanitation and waste removal	91,093	18,286	45	—	(72,762)	—	(72,762)	—	—	—		
Public service	42,811	—	7,261	—	(35,550)	—	(35,550)	—	—	—		
Economic development	208,208	7,279	99,908	46,153	(54,868)	—	(54,868)	—	—	—		
Interest	37,108	—	—	—	(37,108)	—	(37,108)	—	—	—		
Total governmental activities ..	2,649,618	124,437	641,352	46,153	(1,837,676)	—	(1,837,676)	—	—	—		
Business-type activities:												
Water	204,147	241,101	—	52,948	—	89,902	89,902	—	—	—		
Wastewater	341,573	351,670	—	67,912	—	78,009	78,009	—	—	—		
Stormwater	22,930	49,001	—	12,685	—	38,756	38,756	—	—	—		
Parking	11,479	60,201	—	—	—	48,722	48,722	—	—	—		
Non-major proprietary	10,196	17,067	—	—	—	6,871	6,871	—	—	—		
Total business-type activities ..	590,325	719,040	—	133,545	—	262,260	262,260	—	—	—		
Total primary government	\$ 3,239,943	\$ 843,477	\$ 641,352	\$ 179,698	(1,837,676)	262,260	(1,575,416)	—	—	—		
Component units:												
Baltimore City Public School System	\$ 2,144,743	\$ 2	\$ 541,519	\$ 150,517	—	—	—	(1,452,705)	—	—		
Baltimore Hotel Corporation	64,793	64,925	—	—	—	—	—	—	—	132		
General revenues:												
Property taxes					1,095,085	—	1,095,085	—	—	—		
Income taxes					476,256	—	476,256	—	—	—		
Transfer and recordation tax					93,746	—	93,746	—	—	—		
Electric and gas tax					49,738	—	49,738	—	—	—		
Telecommunications tax					33,878	—	33,878	—	—	—		
Admission tax					10,095	—	10,095	—	—	—		
Other local taxes					40,968	—	40,968	—	—	—		
State shared tax revenues					146,520	—	146,520	—	—	—		
State, federal, and city grants					—	—	—	1,480,320	—	—		
Unrestricted investment income					66,089	—	66,089	45,255	—	—		
Miscellaneous					52,330	—	52,330	95,172	—	18,125		
Transfers					47,722	(47,722)	—	—	—	—		
Total general revenues and transfers					2,112,427	(47,722)	2,064,705	1,620,747	—	18,125		
Changes in net position					274,751	214,538	489,289	168,042	—	18,257		
Net position -- beginning					(445,577)	4,432,405	3,986,828	1,780,743	—	(100,746)		
Net position -- ending					\$ (170,826)	\$ 4,646,943	\$ 4,476,117	\$ 1,948,785	\$ —	(82,489)		

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

CITY OF BALTIMORE
Balance Sheet - Governmental Funds
June 30, 2024
(Expressed in Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Non-major Funds	Total
Assets:					
Cash and cash equivalents	\$ 354,463	\$ 124,781	\$ 5,059	\$ 94,033	\$ 578,336
Investments	750,982	—	46,332	12,899	810,213
Property taxes receivable, net	71,761	—	—	—	71,761
Other receivables, net	59,848	—	20,441	56,661	136,951
Due from other governments	43,860	289,708	2,358	1,012	336,938
Due from other funds	286,564	115,625	32,192	—	434,381
Notes and mortgages receivable, net	254,015	—	—	—	254,015
Inventories, at cost	3,894	—	—	—	3,894
Other assets	37,481	4	—	—	37,485
Total assets	\$ 1,862,868	\$ 530,118	\$ 106,382	\$ 164,605	\$ 2,663,974
Liabilities, deferred inflows of resources and fund balances (deficits):					
Liabilities :					
Accounts payable and accrued liabilities	\$ 538,032	\$ 27,663	\$ 47,684	\$ 7,260	\$ 620,639
Retainages payable	735	106	9,959	—	10,800
Estimated liability for claims in progress	91,515	—	—	—	91,515
Due to other funds	149,214	—	—	48,582	197,796
Deposits subject to refund	39,296	—	—	—	39,296
Unearned revenue	26,444	538,274	146	3,847	568,711
Total liabilities	845,236	566,043	57,789	59,689	1,528,757
Deferred inflows of resources:					
Unavailable property taxes	69,395	—	—	—	69,395
Leases	26,173	—	—	—	26,173
Total deferred inflows of resources	95,568	—	—	—	95,568
Total liabilities and deferred inflows of resources	940,804	566,043	57,789	59,689	1,624,325
Fund balances:					
Nonspendable	6,292	—	—	—	6,292
Restricted	340,866	—	48,593	65,386	454,845
Assigned	315,884	—	—	39,530	355,414
Unassigned	259,021	(35,924)	—	—	223,097
Total fund balances	922,063	(35,924)	48,593	104,916	1,039,648
Total liabilities and fund balances	\$ 1,862,867	\$ 530,119	\$ 106,382	\$ 164,605	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,031,200
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	539,335
Internal service funds are used by management to charge the cost of fleet management, energy conservation, mailing, communications, printing, building maintenance, and risk management to individual funds. Some of the assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	52,338
Unavailable revenue is not due and payable in the current period and, therefore, is not reported in the funds	69,395
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds	(4,902,742)
Net position of governmental activities	\$ (170,826)

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

CITY OF BALTIMORE
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Governmental Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	General Fund	Grants Revenue Fund	Capital Projects Fund	Non-major Funds	Total
Revenues:					
Taxes -- local	\$ 1,754,646	\$ —	\$ —	\$ 18,901	\$ 1,773,547
State shared revenue	128,289	—	—	18,231	146,520
Licenses and Permits	36,817	—	—	—	36,817
Fines and forfeitures	29,882	—	—	—	29,882
Interest and other investment income	59,845	4,374	10	741	64,970
Intergovernmental grants	139,894	408,099	46,136	21,383	615,512
Other grants	3,589	68,388	17	—	71,994
Charges for services	57,574	163	70	—	57,807
Miscellaneous	5,411	6,665	11,104	14,225	37,405
Total revenues	2,215,947	487,689	57,337	73,481	2,834,454
Expenditures:					
Current:					
General government	369,115	61,529	—	22,534	453,178
Public safety and regulation	844,838	87,460	—	2,397	934,695
Conservation of health	47,681	192,503	—	—	240,184
Social services	17,452	74,576	—	131	92,159
Education	417,423	37	—	15,367	432,827
Public library	30,386	10,837	—	—	41,223
Recreation and culture	67,201	10,513	—	1,840	79,554
Highways and streets	105,085	6,433	—	—	111,518
Sanitation and waste removal	101,297	93	—	535	101,925
Public service	30,067	14,230	—	—	44,297
Economic development	95,708	75,840	22,120	21,162	214,830
Debt service:					
Principal	58,149	—	—	—	58,149
Interest	38,714	—	—	—	38,714
Capital outlay	—	—	162,806	—	162,806
Total expenditures	2,223,116	534,051	184,926	63,966	3,006,059
Excess (deficiency) of revenues under expenditures	(7,169)	(46,362)	(127,589)	9,515	(171,605)
Other financing sources (uses):					
Capital contributions					
Transfers in	41,747	10,557	103,314	—	155,618
Transfers out	(94,275)	—	(4,582)	(9,039)	(107,896)
Proceeds from leases	438	—	—	—	438
Proceeds from subscriptions issued (SBITA)	25,958	—	—	—	25,958
Proceeds from debt issuance	12,240	—	—	—	12,240
Face value of general obligation bonds	(26)	—	26	—	—
Total other financing all uses	(13,918)	10,557	98,758	(9,039)	86,358
Net changes in fund balance	(21,087)	(35,805)	(28,831)	476	(85,247)
Fund balances -- beginning	943,150	(119)	77,424	104,440	1,124,895
Fund balances -- ending	\$ 922,063	\$ (35,924)	\$ 48,593	\$ 104,916	\$ 1,039,648

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

CITY OF BALTIMORE
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances (Deficits) of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2024
(Expressed in Thousands)

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance -- total governmental funds	\$ (85,247)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year	29,228
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	42,264
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	115,758
The net effect of the expenses for recording the City's pension liability from employment retirement plans are not reported as expenditures in governmental funds	157,449
The net income of some activities of internal service funds is reported with governmental activities	15,299
Changes in net position of governmental activities	<u>\$ 274,751</u>

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

CITY OF BALTIMORE
Statement of Net Position - Proprietary Funds
June 30, 2024
(Expressed in Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Non-major Funds	Total	
Assets and deferred outflows of resources:							
Current assets:							
Cash and cash equivalents	\$ 62,680	\$ 25,871	\$ 54,016	\$ 10,273	\$ —	\$ 152,840	\$ 49,438
Accounts receivable, net:							
Service billings	65,777	106,483	9,312	—	—	181,572	—
Other	1,761	1,862	237	495	16,171	20,526	823
Due from other funds	—	—	—	—	—	—	1,396
Due from other governments	29,875	61,580	—	—	—	91,455	—
Inventories	6,865	249	477	—	—	7,591	14,262
Restricted assets:							
Cash and cash equivalents	54,913	77,671	4,195	7,428	—	144,207	—
Notes and mortgages receivable	—	—	—	3,268	—	3,268	—
Total current assets	221,871	273,716	68,237	21,464	16,171	601,459	65,919
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	162,746	303,792	54,706	16,216	7,599	545,059	139,562
Due from other governments	254,420	265,501	42,782	—	—	562,703	—
Notes and mortgages receivable	—	—	—	3,594	—	3,594	—
Capital assets, net of accumulated depreciation	1,779,350	3,175,272	253,518	59,730	207,348	5,475,218	92,529
Capital assets not being depreciated	338,459	522,574	94,144	20,101	25,867	1,001,145	794
Total noncurrent assets	2,534,975	4,267,139	445,150	99,641	240,814	7,587,719	232,885
Total assets	2,756,846	4,540,855	513,387	121,105	256,985	8,189,178	298,804
Deferred outflows of resources							
Deferred amortization on early extinguishment of debt	51,099	38,171	—	2,831	—	92,101	—
Deferred loss on bond refunding	—	—	—	5,616	—	5,616	—
Deferred outflows related to pension	8,375	7,976	1,401	—	578	18,330	—
Deferred outflows related to OPEB	7,557	7,086	1,421	—	395	16,459	—
Total deferred outflows of resources	67,031	53,233	2,822	8,447	973	132,506	—
Total assets and deferred outflows of resources	2,823,877	4,594,088	516,209	129,552	257,958	8,321,684	298,804
Liabilities and deferred inflows of resources:							
Current liabilities:							
Accounts payable and accrued liabilities	13,866	18,138	1,960	3,773	1,467	39,204	17,682
Accrued interest payable	15,723	18,195	929	4,981	—	39,828	—
Due to other funds	—	75,600	—	—	41,882	117,482	120,500
Compensated absences	2,612	2,671	449	—	165	5,897	924
Other liabilities	—	—	—	—	—	—	—
Accounts payable from restricted assets	28,658	62,099	9,714	57	190	100,718	—
Financed purchases	—	57	—	—	—	57	22,765
Revenue bonds payable	38,914	59,476	3,031	4,725	—	106,146	—
General long-term debt payable	—	—	234	—	—	234	—
Total current liabilities	99,773	236,236	16,317	13,536	43,704	409,566	161,871
Noncurrent liabilities:							
Financed purchases	—	—	—	—	—	—	102,968
Revenue bonds payable, net	1,341,929	1,599,728	115,770	52,645	—	3,110,072	—
Derivative instrument liability	3,503	—	—	4,809	—	8,312	—
Compensated absences	4,917	3,950	770	—	325	9,962	1,778
General long-term debt payable	—	—	2,489	—	—	2,489	—
Net pension liability	40,634	38,697	7,752	—	2,805	89,888	—
Net OPEB liability	32	94	30	—	669	825	—
Total noncurrent liabilities	1,391,015	1,642,469	126,811	57,454	3,799	3,221,548	104,746
Total liabilities	1,490,788	1,878,705	143,128	70,990	47,503	3,631,114	266,617
Deferred inflows of resources:							
Deferred inflows related pension	912	868	174	—	63	2,017	—
Deferred inflows related OPEB	9,178	8,814	1,526	—	1,131	20,649	—
Deferred inflows related to interest rate swaps	—	—	—	808	—	808	—
Total deferred inflows of resources	10,090	9,682	1,700	808	1,194	23,474	—
Total liabilities and deferred inflows of resources	1,500,878	1,888,387	144,828	71,798	48,697	3,654,588	266,617
Net position:							
Net investment in capital assets	910,898	2,347,886	283,394	30,780	457,255	4,030,213	(35,690)
Restricted for:							
Debt service	198,318	107,284	10,309	16,216	—	332,127	—
Unrestricted (deficit)	213,780	250,530	77,677	10,760	(247,993)	304,754	67,877
Total net position	\$ 1,322,996	\$ 2,705,700	\$ 371,380	\$ 57,756	\$ 209,262	4,667,094	\$ 32,187
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds						(20,151)	
Net position of business-type activities						\$ 4,646,943	

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

CITY OF BALTIMORE
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Non-major Funds	Total	
Operating revenues:							
Charges for sales, services, and fees	\$ 241,101	\$ 351,670	\$ 49,001	\$ 60,201	\$ 17,067	\$ 719,040	\$ 185,028
Total operating revenues	241,101	351,670	49,001	60,201	17,067	719,040	185,028
Operating expenses:							
Salaries and wages	55,045	61,388	11,055	30	3,227	130,745	21,508
Other personnel costs	12,637	14,162	2,539	5	1,070	30,413	11,268
Contractual services and other	66,656	121,903	9,023	5,928	2,584	206,094	107,190
Materials and supplies	8,687	26,440	1,987	—	127	37,241	2,885
Minor equipment	2,282	3,515	276	—	61	6,134	6,574
Depreciation	51,044	87,664	5,709	2,275	3,128	149,820	16,429
Total operating expenses	196,351	315,072	30,589	8,238	10,197	560,447	165,854
Operating income	44,750	36,598	18,412	51,963	6,870	158,593	19,174
Nonoperating revenues (expenses):							
Loss on sale of assets	—	—	—	—	—	—	(411)
Interest income	18,923	21,845	8,402	878	—	50,048	
Interest expense	(26,745)	(48,383)	(747)	(4,119)	—	(79,994)	(3,592)
Total nonoperating expenses, net	(7,822)	(26,538)	7,655	(3,241)	—	(29,946)	(4,003)
Income/(loss) before capital contributions (distributions) and transfers	36,928	10,060	26,067	48,722	6,870	128,647	15,171
Capital contributions (distributions)	52,948	67,912	12,685	—	—	133,545	—
Transfers out	—	—	—	(47,722)	—	(47,722)	—
Changes in net position	89,876	77,972	38,752	1,000	6,870	214,470	15,171
Total net position - beginning	1,233,120	2,627,728	332,628	56,756	202,392	4,452,624	17,016
Total net position - ending	\$ 1,322,996	\$ 2,705,700	\$ 371,380	\$ 57,756	\$ 209,262	4,667,094	\$ 32,187
Adjustment to reflect the consolidation of internal service activities related to enterprise funds						(20,151)	
Net position of business-type activities						\$ 4,646,943	

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

CITY OF BALTIMORE
Reconciliation of the Statement of Revenues, Expenses, and
Changes in Net Position of Proprietary Funds
to the Statement of Activities
For the Year Ended June 30, 2024
(Expressed in Thousands)

Amounts reported for business-type activities in the statement of activities are different because:

Net change in fund balance -- total proprietary funds	\$	214,470
The net expense of some activities of internal service funds is reported with business-type activities		73
Change in net position of business-type activities	\$	214,543

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

CITY OF BALTIMORE
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Enterprise Funds						Internal Service Funds
	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund	Parking Facilities Fund	Non-major Funds	Total	
Cash flows from operating activities:							
Receipts from customers	\$ 252,551	\$ 345,537	\$ 47,485	\$ 61,989	\$ 15,258	\$ 722,820	\$ 257,773
Payments to employees	(83,122)	(15,187)	(15,879)	(35)	(5,920)	(120,143)	(25,208)
Payments to suppliers	(90,762)	(169,680)	(8,939)	(7,203)	(2,818)	(279,402)	(128,431)
Net cash provided by operating activities	78,667	160,670	22,667	54,751	6,520	323,275	104,134
Cash flows from noncapital financing activities:							
Transfers out	—	—	—	(47,722)	—	(47,722)	—
Net cash (used) by noncapital financing activities	—	—	—	(47,722)	—	(47,722)	—
Cash flows from capital and related financing activities:							
Mortgages receivable principal payments	—	—	—	1,635	—	1,635	—
Principal paid on revenue bonds	(33,767)	(64,795)	(3,546)	(4,559)	—	(106,667)	—
Principal paid on State water quality loans	1,087	—	—	—	—	1,087	—
Principal paid on general long-term debt	—	—	(222)	—	—	(222)	—
Interest received	18,923	21,845	8,402	878	—	50,048	—
Interest paid	(30,671)	(37,333)	(498)	(3,602)	—	(72,104)	(3,592)
Acquisition and construction of capital assets	(117,456)	(216,991)	(34,348)	(2,889)	(6,519)	(378,203)	(33,065)
Finance purchases payments	—	(136)	—	—	—	(136)	7,942
Capital contributions (distribution) received	13,156	99,193	12,376	—	—	124,725	—
Net cash (used) provided by capital and related financing activities	(148,728)	(198,217)	(17,836)	(8,537)	(6,519)	(379,837)	(28,715)
Net increase (decrease) in cash and cash equivalents	(70,061)	(37,547)	4,831	(1,508)	1	(104,284)	75,419
Cash and cash equivalents, beginning of year	350,398	444,880	108,085	35,427	7,599	946,389	113,582
Cash and cash equivalents, end of year	\$ 280,337	\$ 407,333	\$ 112,916	\$ 33,919	\$ 7,600	\$ 842,105	\$ 189,001
Reconciliation of operating income to net cash provided by operating activities:							
Operating income/(loss)	\$ 44,750	\$ 36,598	\$ 18,412	\$ 51,963	\$ 6,870	\$ 158,593	\$ 19,174
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation expense	51,044	87,664	5,709	2,275	3,128	149,820	16,429
Effect of changes in non cash operating assets and liabilities:							
Accounts receivables	11,314	(6,133)	(1,516)	1,788	(1,809)	3,644	94
Inventories	(3,716)	(13)	1,550	—	—	(2,179)	(1,600)
Deferred outflows - pension	(4,061)	(3,849)	(614)	—	(236)	(8,760)	—
Deferred outflows - OPEB	4,045	3,704	675	—	242	8,666	—
Accounts payable and accrued liabilities	(9,504)	(17,629)	833	(1,275)	(46)	(27,621)	(10,182)
Compensated absences	1,668	624	187	—	(66)	2,413	(108)
Due (from) other funds	—	75,600	—	—	—	75,600	80,327
Deferred inflows - pension	(751)	(723)	(129)	—	(69)	(1,672)	—
Deferred inflows - OPEB	(8,756)	(8,018)	(1,462)	—	(523)	(18,759)	—
Pension liability - current period	(5,777)	(5,700)	(713)	—	(876)	(13,066)	—
OPEB liability	(1,589)	(1,455)	(265)	—	(95)	(3,404)	—
Total adjustments	33,917	124,072	4,255	2,788	(350)	164,682	84,960
Net cash provided by operating activities	\$ 78,667	\$ 160,670	\$ 22,667	\$ 54,751	\$ 6,520	\$ 323,275	\$ 104,134
Noncash activity from capital and related financing activities:							
Acquisition and construction of capital assets financed by debt	(24,183)	(33,227)	1,082	(43)	—	(56,371)	—
Total noncash activity from capital and related financing activities	\$ (24,183)	\$ (33,227)	\$ 1,082	\$ (43)	\$ —	\$ (56,371)	\$ —

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

CITY OF BALTIMORE
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2024
(Expressed In Thousands)

	Pension/OPEB Trust Funds
Assets:	
Cash and cash equivalents	\$ 95,564
Investments:	
Stocks	3,141,173
Bonds	1,022,283
Real estate	617,782
Private equity and hedge fund	1,464,542
Securities lending collateral	62,509
Accounts receivable, net:	
Forward foreign contracts	12,712
Other assets	55,179
Total assets	<u>6,471,744</u>
Liabilities:	
Obligations under securities lending program	62,509
Forward foreign contracts	12,712
Accounts payable	52,009
Pension benefits payable	15
Total liabilities	<u>127,245</u>
Net position:	
Net position restricted for pensions	5,381,139
Net position restricted for OPEB	963,360
Net position restricted for pension and OPEB	<u>\$ 6,344,499</u>

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

CITY OF BALTIMORE
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2024
(Expressed In Thousands)

	Pension/OPEB Trust Funds
Additions:	
Contributions:	
Employer	\$ 297,621
Employee	96,724
Total contributions	394,345
Investment income:	
Net appreciation/(depreciation) in fair value of investments	422,309
Securities lending income, net	409
Interest and dividend income	119,748
Total investment loss	542,466
Less: investment expense	28,398
Net investment income/(loss)	514,068
Total additions (deductions)	908,413
Deductions:	
Retirement benefits	450,047
Health benefits	90,727
Death benefits	2,188
Administrative expenses	11,400
Other	22,739
Total deductions	577,101
Changes in net position	331,312
Net position restricted for pensions and OPEB - beginning of the year	6,013,187
Net position restricted for pensions and OPEB - end of year	\$ 6,344,499

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

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CITY OF BALTIMORE
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CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Baltimore (City) was incorporated under the laws of the State of Maryland in 1797 and operates under an elected Mayor-Council form of government. As required by accounting principles generally accepted in the United States for governmental entities (GAAP), the accompanying financial statements present the City and its component units, entities, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the City.

Discretely Presented Component Units

The Baltimore City Public School System (BCPSS) is responsible for elementary and secondary education within the City's jurisdiction. The BCPSS receives significant funding from the City and is a financial burden to the City. The City is also required to pay certain benefits to its employees. However, the BCPSS is legally separate from the City since it has the authority and responsibility for all its system functions and the Governor of the State of Maryland appoints a majority of its nine member board. The City, however, approves the BCPSS annual budget. The City adjusted the financial results of the BCPSS to record the net pension liability attributable to BCPSS employees that participate in the Employees' Retirement System of the City of Baltimore (ERS) and the net other postemployment liability (OPEB) which are detailed in Note 20. Complete financial statements for BCPSS may be obtained from the Chief Financial Officer, Baltimore City Public School System, 200 East North Avenue, Baltimore, Maryland 21202.

The Baltimore Hotel Corporation (BHC) was incorporated on October 14, 2005 as a nonprofit non-stock corporation and is wholly owned by the City. BHC is financially accountable to the City. The BHC assists the Mayor and City Council of Baltimore on enhancing the economic development in the City by operating a downtown convention center headquarters hotel and parking structure. The City has pledged certain site-specific occupancy tax revenue to pay shortfalls in hotel operating revenues and is responsible for operating deficits.

Complete financial statements for BHC for the year ended December 31, 2024 may be obtained from the Chief Financial Officer, Baltimore City, 469 City Hall, 100 N. Holliday St., Baltimore, Maryland 21202.

Related Organizations

There are other governmental entities that provide services within the City of Baltimore. While the City is responsible for appointing the board members of these entities, the City's accountability for these organizations does not extend beyond making appointments. The City's basic financial statements do not reflect the operations of the:

Baltimore City Foundation	Live Baltimore Home Center
Lexington Market	Healthcare Access Maryland
Visit Baltimore, Inc.	Royal Farms Arena – SMG
Baltimore Community Lending	Family League of Baltimore City, Inc.
City of Baltimore Development Corporation	Hippodrome Foundation
Special Benefits Taxing Districts	Community Media of Baltimore City, Inc.
Neighborhood Impact Investment Fund	

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

In addition, the Housing Authority of Baltimore City (HABC) is considered a related organization. The HABC is a separate legal entity and is governed by a Commission of five citizens with staggered terms appointed by the Mayor. The Commission establishes the operating policies of the HABC, which was implemented under the direction of an Executive Director appointed by the Commission. The HABC develops, maintains, and manages low-rent housing and administers housing assistance payment programs primarily for the citizenry's benefit and not that of the primary government. These activities are subsidized by the U. S. Department of Housing and Urban Development and other grantors. Consequently, the primary government is not able to exert influence over or to impose a burden relationship upon the HABC. This organization is not financially accountable to the City and maintains its own separate accounting systems.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Basis of Presentation

Government-wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund service provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been eliminated for the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Net position (the amount by which assets and deferred outflows exceed liabilities and deferred inflows) are reported on the Statement of Net Position in three components:

- Net investment in capital assets - the total amount of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds and other debt that are related to the acquisition or construction of those assets.
- Restricted - for amounts when constraints placed on the net position are either externally imposed, or are imposed by constitutional provisions or enabling legislation; and
- Unrestricted - the total net position which does not fit the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted assets first with unrestricted resources utilized as needed.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as non-operating expenses.

The City reports the following major governmental funds:

General Fund. This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Grants Revenue Fund. This fund accounts for revenues derived from governmental grants and other revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Capital Projects Fund. The proceeds of general obligation bond issues, State construction loans, governmental and other grants, and revenues from other sources appropriated for capital improvements, acquisitions and related programs are accounted for in this fund, except for those accounted for in the proprietary fund types. Although not required to disclose this fund as a major fund per GASB34, management has opted to disclose the Capital Projects Funds as a major fund due to its importance in the financial statements.

The City also reports non-major governmental funds which are classified as Special Revenue Funds and Permanent Funds.

The City reports the following major and non-major enterprise funds:

Water Utility Fund. This fund accounts for the operation, maintenance, and development of the City's water supply system.

Wastewater Utility Fund. This fund accounts for the operation, maintenance, and development of the City's sewerage system.

Stormwater Utility Fund. This fund accounts for the operation, maintenance, and development of the City's Stormwater system and infrastructure.

Parking Facilities Fund. This fund accounts for the operation, maintenance, and development of the City-owned offstreet parking facilities.

Although not required to report the Stormwater Utility Fund and the Parking Facilities Fund as major enterprise funds per GASB 34, management has opted to disclose these funds separately.

Conduit Fund. This fund accounts for the operation, maintenance, and development of the City's conduit infrastructure. This fund is non-major fund.

The City reports the following other fund types:

Internal Service Funds. These funds account for mobile equipment, reproduction and printing, municipal post office, municipal telephone exchange, municipal communications, energy conservation, building maintenance and hardware and software replacement, which provided goods and services to other departments on a cost-reimbursement basis.

Fiduciary Funds. These funds account for assets and activities when a government unit is functioning either as a trustee or an agent of another party, transactions related to assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The fiduciary funds include the following:

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Pension Trust Funds. These funds account for the receipt, investment and distribution of retirement contributions made for the benefit of police officers, firefighters, elected officials and other City employees.

Other Postemployment Benefits Trust Fund. This fund accounts for the receipt, investment and distribution of retiree health and life insurance benefits.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. 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. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end, except for grant and entitlement revenues which have a 90 day availability period. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases are reported as other financing sources.

Under the terms of the grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general fund revenues.

C. ASSETS, LIABILITIES, AND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, as well as short-term investments with a maturity date within three months of the date acquired by the City.

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the City for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value as of June 30, 2024, based on market prices. The individual funds' portions of the pool's fair value are presented as "Cash and Cash Equivalents." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund. The City does not invest any portion of its cash in derivative investments.

Receivables and Payables

All property tax receivables are shown net of an allowance for uncollectibles.

Mortgage receivables reported in governmental fund and government-wide financial statements, and notes receivable reported in proprietary fund statements consist of loans that are generally not expected or scheduled to be collected in the subsequent year.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

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

Inventories

Inventories are valued at cost using the moving average method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost, except for intangible right to use assets, which are discussed in Note 15. Donated capital assets, donated works of art, and similar items are recorded at acquisition value. Infrastructure assets acquired prior to July 1, 2001 are reported at estimated historical cost using deflated replacement cost. Infrastructure assets, such as streets, highways, bridges, sidewalks, street lighting, traffic poles and signals, and storm sewers are required to be capitalized under GAAP. Capitalization thresholds are: \$50,000 for buildings, improvements and infrastructure; and \$10,000 for equipment, with the exception of vehicles which has a \$5,000 threshold. Library books are capitalized as a collection based on total purchases. Donated capital assets, such as works of art, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Infrastructure	25-80
Buildings	50
Building improvements	20-50
Equipment	2-25
Library books	5
Mobile Equipment	5-10

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual sick, vacation, and personal leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. Payments made to terminated employees for accumulated leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds, when paid.

Estimated Liability for Claims in Process

The liability for claims in process represents estimates for all personal injury, workers' compensation, unemployment, property damage, and medical claims as of June 30, 2024. This liability, which includes estimates for known and incurred but not reported claims, is based upon an actuarial valuation of the City's claim payment history discounted at a rate of 3.0%, for all claims except medical, for which claims are not discounted.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Property Tax and Property Tax Calendar

The City levies an annual tax for the fiscal year beginning July 1 and ending June 30, on real and personal property located in the City, due and payable each July 1 (lien date), based on assessed values as of the previous January 1. These assessed values are established by the State of Maryland Department of Assessments and Taxation at various rates of estimated market value. A discount of 1/2% is allowed for payments made in July. Unpaid property taxes are considered in arrears on October 1, and penalty and interest of 2% is assessed each month. Real property subject to tax liens is sold at public auction in May in instances where the taxes have remained delinquent since the preceding October 1.

The City is responsible for the assessment, collection, and apportionment of property taxes. The City levies an annual tax for the fiscal year ending June 30, due and payable each July 1, based on assessed values as of the previous January 1.

State law requires that all real property be reassessed every three years, and further provides that the amount of any increase over previous established market values be phased in over a three-year period. To accomplish the triennial assessment requirement, approximately one-third of all real property is reviewed annually. The City Council, effective with the fiscal year beginning July 1, 1991, enacted a 104% homestead tax credit program which will protect homeowners from increases in assessments that are greater than 4% in any one year. The assessed value of real property in Baltimore City for fiscal year 2024 was \$40,329,000,000 which was approximately 89.0% of the estimated market value.

The tax rate in Baltimore City for real property taxes for fiscal year 2024 was \$2.25 per \$100 of assessed value. Pursuant to State Law, the personal property tax and tax rate applied to operating property of public utilities is 2.5 times the real property rate or \$5.62 per \$100 of assessed value. Current collections were 96.70% of the total tax levy.

As of June 30, 2024, the City had property taxes receivable of \$71,760,527, net of an allowance for uncollectible accounts of \$20,381,000.

Gains and Losses on Early Extinguishment of Debt from Refundings

Gains and losses on the early extinguishment of debt from refundings are amortized over the shorter of the life of the new or old debt.

Sick, Vacation and Personal Leave

Employees earn one day of sick leave for each completed month of service, and there is no limitation on the number of sick days that employees can accumulate. A portion of unused sick leave earned annually during each twelve-month base period may be converted to cash at a maximum of three days, computed on an attendance formula. Upon retirement with pension benefits, or termination of employment after completion of twenty or more years of service without pension benefits, employees receive one day's pay for every four sick days accumulated and unused at the date of separation; under any other conditions of separation, unused sick leave is forfeited.

Employees earn vacation leave for each completed month of service and can accumulate a maximum of 45 days. Police officers earn vacation leave for each completed month of service and can accumulate a maximum of 125 days. Vacation leave balances can either be taken through time off or carried until paid at termination or retirement. Four personal leave days are granted for usage only on the fiscal year starting July 1st, and expire on June 30th of the same fiscal year.

The City accrues for all salary-related items in the government-wide and proprietary fund types in the fund financial statements for which they are liable to make a payment directly and incrementally associated with payments made for compensated absences on termination or retirement. The City includes its share of social security and Medicare payments made on behalf of the employees in the accrual for sick, vacation and personal leave pay.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

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

Restricted Assets

The proceeds of the Water Utility Fund, Wastewater Utility Fund, Stormwater Utility Fund, Parking Facilities Fund, and Non-major Funds revenue bonds and Federal and State grants, and restricted accounts receivable are restricted for the purpose of the construction of water, sewer, stormwater, and parking facilities.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until the future period. As of June 30, 2024, the City recognized unamortized losses on early extinguishments of debt, refunding, pension and OPEB activity, and interest rate swaps as deferred outflows of resources in the government-wide statement of net position and the proprietary funds statement of net position.

A deferred inflow of resources represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2024, the City recognized deferred inflows of resources in the governmental funds for property taxes, income taxes, other prepaid taxes and notes receivables. Additionally, the City recognized deferred inflows of resources in the government-wide statement of net position for pension and OPEB.

Fund Balance

The City classifies its fund balance into the following categories:

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in spendable form such as inventories, prepaid amounts, long-term portions of loans and notes receivable and activities that are legally or contractually required to remain intact such as principal balance in a permanent fund.
- Restricted fund balance has constraints placed upon the use of the resources either by external creditors, grantors, contributors or imposed by law through a constitutional provision or enabling legislation.
- Assigned fund balance includes amounts that are constrained by the City to be used for specific purposes but are neither restricted nor committed for which the City has a stated intended use as established by the Board of Estimates. The Board of Estimates has delegated the authority to assign amounts for a specific purpose to the City's Director of Finance. These are resources where the constraints/restrictions are less binding than that for committed funds. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed.
- Unassigned fund balance is the residual amount of the general fund not included in the four categories described above. The general fund is the only positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for the specific purpose exceed the amounts restricted, committed or assigned to those purposes, negative unassigned fund balance may be reported.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The Board of Estimates is required to take formal action before funds can be committed for a specific purpose. Formal action of the Board of Estimates is also required before committed funds can be rescinded or modified. The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

Nonspendable fund balance

Long Term Assets - This portion of fund balance represents those long-term assets that are not available for appropriation and expenditure.

Inventory - This portion of fund balance represents amounts not available for appropriation or expenditure because the underlying asset (inventory) is not an available resource for appropriation or expenditure.

Permanent Fund - This portion of fund balance represents amounts for which the City is legally or contractually required to maintain intact.

Restricted fund balance

Landfill closure and development - This portion of fund balance has been set aside to fund the cost of future landfill development and closure cost as required by federal regulation.

Debt Service - This portion of the fund balance represents the amounts needed to service future debt payments.

Assigned fund balance

Encumbrances - This portion of fund balance represents approved contracts for which the City has completed the procurement process and the Board of Estimates has approved the contract.

Requisitions - This portion of fund balance is set aside by the Director of Finance to fund various non-lapsing transactions which have not completed the procurement process at year end.

Subsequent years' expenditures - This portion of fund balance represents the amount to finance certain non-recurring policy initiatives and other expenditures included in the Fiscal year 2024 budget.

Unassigned fund balance

Budget stabilization reserve - The City of Baltimore's budget stabilization reserve (reserve) was established by resolution of the Board of Estimates for the purpose of providing a budget defense to stabilize a post-adopted City budget that has been impacted by an uncorrectable shortfall in budgeted revenues and/or unanticipated and uncorrectable emergency expenses, for the sole purpose of avoiding a budget deficit. The Board of Estimates in determining to use the reserve would first need to acknowledge that all reasonable efforts had been made in controlling expenses, and secondly, the City's unreserved fund balance had been exhausted. The reserve under no circumstances can be used as a revenue source to balance a planning year budget. The Board of Estimates determines the amount of annual funding for the reserve. The resolution requires that reserves be maintained on any June 30th at a minimum level of 8% of the value of the general fund's operating budget of the subsequent year. Whenever funds are drawn from the reserve, a Board of Estimates approved reserve replenishment plan must be established and must specify a timetable for full restoration of the reserve not to exceed five years.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Interfund Transactions

The City has three types of transactions among funds:

Statutory transfers - Legally required transfers that are reported when incurred as “Transfers in” by the recipient fund and as “Transfers out” by the disbursing fund.

Transfers of Expenditures (Reimbursements) - Reimbursement of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Interfund payments - Charges or collections for services rendered by one fund to another that are recorded as revenues of the recipient fund and as expenditures or expenses of the disbursing fund.

Uses of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These financial statements and notes are rounded and as such there may be rounding differences between the financial statements and footnotes.

D. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD PRONOUNCEMENTS

In fiscal year 2024, the City adopted portions of Governmental Accounting Standards Board Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

In fiscal year 2024, the City early adopted Governmental Accounting Standards Board (GASB) “*Accounting Changes and Error Corrections*.” The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. This adoption had no material impact on the fiscal year 2024 statements.

The City will be required to adopt the following GASB pronouncements:

GASB Statement No. 101

In June 2022, the GASB issued Statement No. 101, “Compensated Absences”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The City is required to adopt GASB No. 101 for its fiscal year 2025 financial statements.

GASB Statement No. 102

In December 2023, the GASB issued Statement No. 102, “Certain Risk Disclosure”. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The City is required to adopt GASB No. 102 for its fiscal year 2025 financial statements.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

GASB Statement No. 103

In April 2024, the GASB issued Statement No. 103, “Financial Reporting Model Improvements”. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The City is required to adopt GASB No. 103 for its fiscal year 2026 financial statements.

GASB Statement No. 104

In September 2024, the GASB issued Statement No. 104, “Disclosure of Certain Capital Assets”. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The City is required to adopt GASB No. 104 for its fiscal year 2026 financial statements

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

2. Reconciliation of Government-wide and Fund Financial Statements

A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and the net position for governmental activities as shown on the government-wide statement of net position is presented on the face of the governmental funds balance sheets. The asset and liability elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and accrual basis of accounting.

A summary reconciliation of the difference between net changes in fund balance as reflected on the governmental funds statement of revenues, expenditures, and changes in fund balances and changes in net position for governmental activities as shown on the government-wide statement of activities is presented in an accompanying schedule to the governmental funds statement of revenues, expenditures, and changes in fund balances. The revenues and expense elements which comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and accrual basis of accounting.

A summary reconciliation of the difference between total net position as reflected on the proprietary funds statement of net position and the net position for business-type activities as shown on the government-wide statement of net position is presented on the face of the proprietary funds statement of net position. The asset element which comprises the reconciliation difference stems from the allocation of internal service fund balance to the business-type activities on the government-wide statement of net position.

A summary reconciliation of the difference between net changes in net position as reflected on the proprietary funds statement of revenues, expenses and changes in net position and changes in net position for business activities as shown on the government-wide statement of activities is presented on the face of the proprietary funds statement of net position. The expense element, which comprises the reconciliation difference, stems from the allocation of internal service funds deficit to the business-type activities on the government-wide statement of activities.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position (amount expressed in thousands):	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds:	
Capital assets	\$ 2,413,563
Less accumulated depreciation	617,637
Total	<u>\$ 3,031,200</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Net pension asset	\$ 7,956
Net OPEB asset	4,268
Other assets	29,136
Deferred loss on bond refundings	1,048
Deferred outflow of resources (pension)	419,153
Deferred outflow of resources (OPEB)	77,774
Total	<u>\$ 539,335</u>
Internal Service funds are used by management to charge the cost of fleet management, mailing, communications, printing energy conservation and building maintenance to individual funds. Some assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	
	\$ 52,338
Deferred revenue is not due and payable in the current period, and therefore, is not reported in the funds	
	<u>\$ 69,395</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Accounts payable	\$ -
Accrued interest payable	(13,025)
Long-term bonds	(985,377)
Revenue bonds	(274,831)
Finance purchase	(57,407)
Leases	(59,320)
Compensated absences and other	(169,536)
Estimated claims in progress	(267,235)
Landfill closure liability	(32,452)
Net pension liability	(1,801,017)
Other liabilities	(967,820)
Deferred inflow of resources (pension)	(25,894)
Deferred inflow of resources (service concession arrangement)	(49,241)
Deferred inflow of resources (OPEB)	(199,587)
Total	<u>\$ (4,902,742)</u>
Explanation of differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (amount expressed in thousands):	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	\$ 159,880
Finance purchase and lease	30,450
Depreciation	(161,102)
Total	<u>\$ 29,228</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Service concession agreement	\$ 1,119
Interest revenue related to entity-wide debt	14,925
Revenues not received for several months after the fiscal year end are not considered as available revenues in the governmental funds	26,220
Total	<u>\$ 42,264</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Debt service principal	\$ 58,149
Debt service interest (financed purchase, GO bonds, and accrued interest)	2,896
Claims liability	—
Landfill closure liability	4,146
Compensated absences	(831)
Miscellaneous other liability	(1,105)
Changes in net OPEB liability, deferred inflow and outflow	56,363
SBITA	(3,860)
Total	<u>\$ 115,758</u>
The net effect of the expenses for recording the City's pension liability from employee retirement plans are not reported as expenditures in the governmental funds	
	\$ 157,449
The net income of some activities of internal service funds is reported with governmental activities:	
Internal service funds net expenses attributed to governmental activities	<u>\$ 15,299</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

3. Deposits and Investments

A. SUMMARY OF DEPOSIT AND INVESTMENT BALANCES

The following is a reconciliation of the City's deposit and investment balances as of June 30, 2024 (expressed in thousands):

	Government-wide Statements of Net Position	Fiduciary Funds Statement of Net Position Total	Total
Cash and cash equivalents	\$ 780,614	\$ 95,564	\$ 876,178
Investments	810,213	6,245,780	7,055,993
Restricted cash and cash equivalents	828,828	—	828,828
Total	<u>\$ 2,419,655</u>	<u>\$ 6,341,344</u>	<u>\$ 8,760,999</u>

B. CASH DEPOSITS

As of June 30, 2024, the carrying amount of the City's general fund disbursement bank account was \$336,845,000. and the respective bank balances totaled \$361,391,000. All of the City's cash deposits are either insured through the Federal Depository Insurance Corporation or collateralized by securities held in the name of the City, by the City's agent.

As of June 30, 2024, BCPSS and BHC had demand deposits with carrying values of \$29,600,000 and \$16,286,000, respectively.

C. INVESTMENTS

Primary Government

For other than pension funds, BCPSS and BHC, the City is authorized by State Law to invest in direct or indirect obligations of the United States Government, repurchase agreements that are secured by direct or indirect obligations of the United States Government, certificate of deposit, commercial paper with highest letter and numerical rating, mutual funds registered with the Securities and Exchange Commission and the Maryland Local Government Investment Pool. The City's investment policy limits the percentage of certain types of securities with the exception of obligations for which the United States Government has pledged its full faith and credit. For investments held by the City in trust and/or to secure certain debt obligations, the City complies with the terms of the trust agreements. The City's Board of Finance has formally adopted the above policies and reviews and approves all securities transactions.

Investments are reported at fair value, except that investments with maturities of less than one year from purchase date are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Real estate holdings are valued based on current appraisals. Leveling disclosures for the investments are included in a table on the following page.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

This primary government's investments as of June 30, 2024, are presented below. All investments are presented by investment type, and debt securities are presented by maturity (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)		
		Less Than 6	6 to 12	Greater Than 12
Debt Securities:				
U.S. Treasury	\$ 739,143	\$ —	\$ 339,041	\$ 400,102
U.S. Agencies	11,741	—	—	11,741
Money market mutual funds	190,332	190,332	—	—
	941,216	\$ 190,332	\$ 339,041	\$ 411,843
Other investments:				
Equity mutual funds	12,997			
	954,213			
Less: cash equivalents	144,000			
Total investments	\$ 810,213			

Investments and Valuation - The City categorizes its investments using the fair value measurements identified in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Investment Type	Fair Value	Investment Levels		
		Level 1	Level 2	Level 3
Debt Securities:				
U.S. Treasury	\$ 739,142	\$ 739,142	\$ —	—
U.S. Agencies	11,741	11,741	—	—
Money market mutual funds	190,333	190,333	—	—
	941,216	\$ 941,216	\$ —	—
Other investments:				
Equity mutual funds	12,997			
	954,213			
Less: cash equivalents	144,000			
Total investments	\$ 810,213			

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

Interest rate risk—Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investment.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The City limits its interest rate risk in accordance with the City's Board of Finance policy by maintaining a minimum of 20 percent of the City's investments in funds in liquid investments to include United States Government securities, overnight repurchase agreements, and the Maryland Local Government Investment Pool, and by limiting the par value of the portfolio invested for a period greater than one year at or below \$100 million.

The Maryland Local Government Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company but maintains a policy to operate in a manner consistent with SEC Rule 2a7 of the Investment Company Act of 1940.

Credit risk of debt securities—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The City Board of Finance limits City investments to only the highest rated investments in the categories discussed above. The City's rated debt investments as of June 30, 2024, were rated by a nationally recognized statistical rating agency and are presented below using the Moody's rating scale (expressed in thousands):

Investment Type	Fair Value	Quality Ratings		
		Aaa-AA+	A1-P1	Not Rated
Debt Securities:				
U.S. Treasury	\$ 739,143	\$ 739,143	\$ —	—
U.S. Agencies	11,741	11,741	—	—
Money market mutual funds	190,332	190,332	—	—
Total debt securities	<u>\$ 941,216</u>	<u>\$ 941,216</u>	<u>\$ —</u>	<u>—</u>

Concentration of credit risk—Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has not adopted a formal policy on the concentration of credit risk.

Retirement Systems

The City's three Retirement Systems (Systems or System) are authorized by the Baltimore City Code to make investments in accordance with the guidelines and limitations set forth in the Code. The Board of Trustees of each system accomplishes the daily management of the investments through an external investment advisor, who acts as a fiduciary for each system, and through external investment managers. The Board of Trustees for each system invests the assets of the system using the "prudent person standard", which allows the Board to consider the probable safety of investments, avoid speculative investments, and invest as people of prudence, discretion, and intelligence would in a similar situation. The Boards of Trustees have adopted an investment policy and guidelines for each system to formally document their investment objectives and responsibilities. Leveling tables as required by generally accepted accounting principles (GAAP) are available in the separately issued statements for the Systems.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The invested assets of the retirement systems as of June 30, 2024, are as follows (expressed in thousands):

Investment Type	Carrying Value			
	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
Debt Securities:				
U.S. Treasury notes and bonds	\$ 19,604	\$ —	\$ 71,307	\$ 90,911
U.S. Government agency bonds	—	—	29,583	29,583
Corporate bonds	69,049	5,961	99,042	174,052
Commingled fixed income fund	207,742	—	269,517	477,259
U.S. Quasi and Foreign Government	56,756	—	—	56,756
Total debt securities	353,151	5,961	469,449	828,561
Other:				
Domestic equities	526,178	9,627	436,288	972,093
Mutual funds	42,487	364	31,985	74,836
International equities	292,580	5,545	442,664	740,789
Defensive equities	140,448	3,659	—	144,107
Dynamic US equity fund	—	—	701	701
Hedge funds	—	—	207,658	207,658
Commingled equity fund	—	—	599,988	599,988
Private equity funds	521,368	—	568,593	1,089,961
Private energy funds	—	—	182,333	182,333
Real estate	242,684	3,012	305,159	550,855
Total other	1,765,745	22,207	2,775,369	4,563,321
Total investments	2,118,896	28,168	3,244,818	5,391,882
Less: Cash and cash equivalents	42,487	364	31,985	74,836
Total net investment	\$ 2,076,409	\$ 27,804	\$ 3,212,833	\$ 5,317,046

Foreign Currency Risk Exposure – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

The Fire and Police Employee's Retirement System's Board of Trustees has adopted a policy that the external managers demonstrate sensitivity to currency risk. The foreign currency exposure of the Fire and Police Employee's Retirement System may be hedged back to the U.S. dollar using forward foreign exchange contracts. From 0% to 100% of the foreign currency exposure of the portfolio may be hedged. Cross-hedging to currencies other than the U.S. dollar may reach 25% of the total portfolio. Currency speculation is not permitted.

The Employees' Retirement Systems Board of Trustees has not adopted a formal policy to limit foreign currency risk.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The foreign currency risk for each system as of June 30, 2024 is presented on the following table expressed in thousands):

Currency	Employees' Retirement System	Fire and Police Employees' Retirement System	Total
Euro Currency Unit	\$ 36,289	\$ 125,309	\$ 161,598
Australian Dollar	3,307	1,946	5,253
Brazil Real	3,149	1,441	4,590
British Pound Sterling	—	83,134	83,134
Canadian Dollar	6,724	14,733	21,457
Chinese Yuan Renminbi	1,103	—	1,103
Danish Krone	2,486	7,500	9,986
Hong Kong Dollar	5,265	5,398	10,663
Indonesian Rupian	346	2,559	2,905
Israeli Shekel	184	—	184
Japanese Yen	17,206	57,233	74,439
Mexican Peso	883	2,235	3,118
New Taiwan Dollar	3,822	4,133	7,955
New Zealand Dollar	36	—	36
Norwegian Krone	153	319	472
Polish Zloty	511	—	511
Pound Sterling	12,039	—	12,039
Russian Ruble	206	—	206
Singapore Dollar	567	3,957	4,524
South African Comm Rand	132	1,074	1,206
South Korean Won	5,587	5,982	11,569
Swedish Krona	1,679	13,014	14,693
Swiss Franc	5,079	19,914	24,993
Thailand Baht	183	562	745
UAE Dirham	1,039	—	1,039
Total Foreign Currency	\$ 107,975	\$ 350,443	\$ 458,418

Interest rate risk – The Fire and Police Employee’s Retirement System Board of Trustees uses the Option Adjusted Duration as a measure of interest rate sensitivity for bonds. Duration is a measure of the approximate sensitivity of a bond’s value to interest rate changes. The Fire and Police Employees’ Retirement System Board of Trustees’ fixed income interest rate policy states that the effective duration of a portfolio may not exceed 120% of the effective duration of the underlying Bloomberg Barclay’s U.S. Aggregate Bond Index.

Both the Employees’ Retirement System and the Elected Officials’ Retirement System have selected the duration method to disclose the debt securities exposure to changes in interest rates. However, both plans have not adopted a formal policy to limit interest rate risk.

Credit Risk – The Boards of Trustees of the City’s three retirement systems have not adopted a formal policy to limit credit risk.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The credit rating and duration of investments as of June 30, 2024, were as follows (expressed in thousands):

Asset Type	Duration	Carrying Value	AAA thru A	BBB thru B	CCC thru C	Not Rated
<i>Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	8.54	\$ 19,604	\$ 19,604	\$ –	\$ –	\$ –
Emerging market bond CIT-Class B	6.63	46,953	7,043	34,745	4,695	470
US Quasi and Foreign government	5.68	56,756	51,061	–	–	5,695
Corporate bonds	6.00	69,050	31,991	23,367	–	13,692
Bank loan fund	0.34	94,179	–	79,987	7,063	7,129
MCM Lehman aggregate bond index	6.07	66,610	58,485	8,125	–	–
Total debt securities		<u>\$ 353,152</u>	<u>\$ 168,184</u>	<u>\$ 146,224</u>	<u>\$ 11,758</u>	<u>\$ 26,986</u>
<i>Elected Officials' Retirement System:</i>						
Aggregate bond index fund	6.07	\$ 2,768	\$ 2,768	\$ –	\$ –	\$ –
US Senior loan fund	0.35	2,264	2,264	–	–	–
Core Plus bond fund	5.90	929	929	–	–	–
Total debt securities		<u>\$ 5,961</u>	<u>\$ 5,961</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>
<i>Fire and Police Employees' Retirement System:</i>						
U.S. Treasury notes and bonds	7.42	\$ 71,307	\$ 71,307	\$ –	\$ –	\$ –
U.S. Government agency bonds	4.92	29,583	29,583	–	–	–
Bloomberg U.S. Aggregate index	6.07	73,764	73,764	–	–	–
NHIT agency mbs trust	6.16	28,374	28,374	–	–	–
Corporate bonds	4.31	99,041	28,868	51,602	–	18,571
Emerging market debt fund	4.40	67,770	–	67,770	–	–
MCM TIPS	6.51	95,328	95,328	–	–	–
Senior floating rate fund	0.09	4,281	–	4,281	–	–
Total debt securities		<u>\$ 469,448</u>	<u>\$ 327,224</u>	<u>\$ 123,653</u>	<u>\$ –</u>	<u>\$ 18,571</u>

The City's Retirement Systems have entered into a Securities Lending Authorization Agreement with BNY Mellon Bank (the Custodian) authorizing them to lend its available securities. All individual securities which are readily marketable and which are not restricted due to an outstanding short option are eligible for loan at the discretion of the custodian bank. The investment manager may lend securities held in custody of commingled funds if authorized in a manager's contract with the Retirement Systems.

Collateral received in exchange for securities loaned is collected in an escrow account for the Retirement Systems' benefit for the duration of the loan. At no time do the Retirement Systems lose custody of either the security or the collateral. Collateral in exchange for the principal lent may be in the form of cash, or securities issued or guaranteed by the U.S. government, or its agencies or instrumentalities. The minimum levels of collateral are set at 102% of the market value of domestic securities loaned, including all accrued income, and 105% of the market value of international securities loaned, including all accrued income. If the market value of the collateral falls below 100% of the loaned securities, additional collateral is deposited to adjust up to the appropriate minimum level of collateral. All collateral amounts are adjusted to market daily. The City's Retirement Systems do not have the right to sell or pledge securities received as collateral without borrower default.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

As of June 30, 2024, the Retirement Systems had no credit risk exposure to borrowers because the amounts they owed borrowers exceeded the amounts the borrowers owed the Retirement Systems. The market value of securities on loan as of June 30, 2024, was \$170,701,000, and the market value of the collateral received for those securities on loan was \$181,418,000 which included collateral received in cash in the amount of \$62,509,000. The Retirement Systems did not impose any restrictions during the fiscal year on the amount of loans the custodian made on their behalf. The terms of the Securities Lending Authorization Agreement require that the custodian indemnify the retirement systems against: (1) the failure to demand adequate and appropriate collateral from a borrower as and when required pursuant hereto; (2) the failure to comply with the investment guidelines in connection with the investment and reinvestment of cash collateral; (3) the failure to obtain and perfect a security interest or rights equivalent thereto in and to the collateral; or (4) the failure to make a reasoned determination of the creditworthiness of any borrower. There were no such failures by any borrowers during the fiscal year. Moreover, there were no losses during the fiscal year resulting from default of the borrowers or the custodian.

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

Other Postemployment Benefits Fund

The City's Other Postemployment Benefits Trust Fund (OPEB Trust Fund) is authorized by the Baltimore City Code to make investments in accordance with the guidelines and limitations set forth in the code. The Baltimore City Director of Finance was made Trustee of the Trust and, under a Memorandum of Understanding between the Director of Finance and the Board of Trustees of the Employees' Retirement System (Board), the Board is charged with administration of the Trust and investment of its assets. As part of its responsibility, the Board has adopted investment policies and guidelines, which formally document its investment objectives and responsibilities.

The investment assets of the OPEB Trust Fund as of June 30, 2024, are as follows (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)	
		Less than 6	Greater than 12
Cash and cash equivalents	\$ 20,728	\$ 20,728	\$ –
U.S. Treasury obligations	16,026	16,026	–
U.S. Government agencies	12,898	–	12,898
Corporate bonds	27,697	–	27,697
Subtotal	77,349	\$ 36,754	\$ 40,595
Real estate	66,927		
Stocks	683,496		
Total investments	827,772		
Less: cash and cash equivalents	20,728		
Total net investments	<u>\$ 807,044</u>		

The OPEB Trust Fund categorized their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and given the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable imputes (Level 3 measurements).

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Instruments that are measured at fair value using the net asset value per share (or its equivalent) as practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The table on the following page shows the fair value leveling on the investments for the OPEB Trust Fund (amounts expressed in thousands).

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt Securities classified in Level 1 and Level 2 are valued using a bid evaluation, mid evaluation, last trade or official close. Mid evaluations are when a bid and ask evaluation are both present. Last trade is the most recent trade price of a security at market close time. Official close is the closing price as defined by the exchange.

Investment by fair value level	Base Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. Treasury notes and bonds	\$ 16,026	\$ 16,026	\$ –	
U.S. Government agency bonds	12,898	–	12,898	
Corporate bonds	27,697	–	27,697	
Total debt securities at fair value level	<u>56,621</u>	<u>16,026</u>	<u>\$ 40,595</u>	
Equity securities				
Domestic equities	158,446	158,446		
International equities	27,048	27,048		
Total equity securities at fair value level	<u>185,494</u>	<u>\$ 185,494</u>		
Total investments by fair value level	<u>242,115</u>			
Investments measured at the net asset value (NAV)				
Commingled fixed income	113,756			
Domestic equities	176,284			
Defensive equities	99,288			
International equities	166,675			
Real estate	66,927			
Private equities	79,100			
Total investments measured at the NAV	<u>702,030</u>			
Total net investments	<u>\$ 944,145</u>			

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The valuation method for investments measured at the Net Asset Value (NAV) per share, or equivalent, is presented in the table below (expressed in thousands):

Investment Measured at the Net Asset Value (NAV)	Base Annual	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Commingled fixed income	\$ 113,756	\$ —	Daily, weekly & monthly	0 - 30 days	(a)
Domestic equities	176,284	—	Daily, weekly & monthly	0 - 30 days	(b)
Defensive equities	99,288	—	Daily, weekly & monthly	0 - 30 days	(c)
International equities	166,675	—	Quarterly	0 - 30 days	(d)
Real estate	66,927	38,300	Quarterly	90-100 days	(e)
Private equities	79,100	—	Not eligible	N/A	(f)
Total investments measured at the NAV	<u>\$ 702,030</u>	<u>\$ 38,300</u>			

(a) Commingled fixed income investment is in two mutual funds. One seeks to provide a high level of current income, consistent with preservation of capital by investing at least 80% of its net assets in adjustable-rate senior loans; while the second one actively tracks the performance of an index.

(b) Domestic Equity investments is in funds that seek long-term capital appreciation by investing at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities of large capitalization companies. Such large cap companies are those with total market capitalizations of \$5 billion or more at the time of purchase.

(c) International equity investments are in both managed funds and direct investments. Investment in managed funds are in securities where rigorous dividend discount analysis is used to identify value in terms of long term flow of income as well as in funds which employs strategies that seeks to outperform the MSCI World index (half-hedged) while maintaining a similar level of market risk over the long term. The direct investment is focused on protection in a down market while performing a rigorous fundamental analysis by assessing competitive framework, scrutinizing financials, analyzing business environment and evaluating management.

(d) Defensive equity investment is in a fund that seek long-term growth of capital. The fund employs a strategy of writing collateralized put options on the S&P 500 Index. The collateral generally consists of short duration, high quality fixed income positions with a focus on U.S. Treasuries.

(e) Real estate investment is in a core real estate fund. The investment style is based on strategies and tactics that are designed to take advantage of barrier and rotational market dynamics.

(f) The System's private equity investments are with 9 managers, invested in Diversified, Venture Capital, Distressed Debt, Buyouts, International and Special Situations strategies. These investments are considered illiquid as redemptions are restricted over the life of the investment.

Interest Rate and Credit Risk—The Board has not adopted a formal policy to limit interest rate and credit risk.

Bonds held by the OPEB Trust Fund have ratings from AA1 to AA2.

Baltimore City Public School System

The BCPSS, through the office of the Chief Financial Officer, pursues a cash management and investment program to achieve the maximum financial return on available funds. Depending on the projected cash needs of the BCPSS, excess funds may be invested on a short, intermediate or long-term basis at the best obtainable rates. Investments are generally in direct or indirect obligations of the U.S. Government and are fully collateralized.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The BCPSS is authorized by State law to invest in direct or indirect obligations of the U.S. Government, repurchase agreements and related mutual funds. The BCPSS's investments as of June 30, 2024, are presented below. All investments are presented by investment type (expressed in thousands):

Investment Type	Fair Value	Investment Maturities (In Months)			Max. allowed per Investment Policy
		Less than 3	3 to 12	Percent	
Money market funds	\$ 180,461	\$ 180,461		23.6 %	100.0 %
Commercial paper	32,796	32,796		4.3 %	5.0 %
Fixed income	626	626		0.1 %	100.0 %
Equity funds	565	565		0.1 %	100.0 %
U.S. Government agencies	214,788	99,796	\$ 114,992	28.0 %	100.0 %
U.S. Treasury obligations	336,951	263,451	73,500	44.0 %	100.0 %
Total invested funds	766,187	\$ 577,695	\$ 188,492	100.1 %	
Less: cash equivalents	577,695				
Total net investments	\$ 188,492 (a)				

(a) Cash equivalents excludes \$30,638,000 which is not invested.

Investments and Valuation - BCPSS categorizes its investments using the fair value measurements identified in the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Transactions are recorded on the trade date, realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Following is a description of the valuation methodologies used for assets measured at fair value.

BCPSS investments are comprised of money market funds, fixed income securities, commercial paper and U.S. government securities and are valued at their Fair Value (FVs) or amortized cost.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are value using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

City Schools had the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Balance June 30, 2024
Investments by fair value level:				
Debt Securities:				
Equity Funds	\$ 565	\$ —	\$ —	\$ 565
US Government Obligations	—	214,788	—	214,788
US Treasury Obligations	—	336,951	—	336,951
Total Debt Securities	565	551,739	—	552,304
Equity Securities:				
Fixed Income	626	—	—	626
Commercial Paper	—	32,796	—	32,796
Total Equity Securities	626	32,796	—	33,422
Total Investment by fair value level	\$ 1,191	\$ 584,535	\$ —	585,726
Investments carried at amortized cost:				
Deposits (reported as cash and cash equivalents)				180,461
Money Market Mutual Funds				180,461
Total Investments at amortized cost				766,187
Total Investments				766,187

Investment Ratings - Ratings apply to all Money Market funds, Checking, Commercial Paper, and U.S. Government Agencies (expressed in thousands):

Moody	Percent	Fair Value	S&P	Percent	Fair Value
AAA	18.3 %	\$ 139,995	AAA	— %	\$ —
Aaa	—	—	AA+	6.5	50,001
P-1	4.3	32,796	A-1+	2.9	21,912
Not rated	77.4	593,396	A-1	1.4	10,884
	100.0 %	\$ 766,187	Not rated	89.2	683,390
				100.0 %	\$ 766,187

Interest Rate Risk—Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investments. The BCPSS limits its interest rate risk in accordance with their policy by maintaining a minimum of 20% of the BCPSS's investment in funds in liquid investments which include U.S. Government Securities and Money Market Mutual Funds.

Credit Risk—Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As stated above, the BCPSS limits investments to highly rated investments in the categories discussed above.

Cash and cash equivalents include Money Market deposits and other types of investments.

Baltimore Hotel Corporation

The Baltimore Hotel Corporation (BHC) pursues a cash management and investment program to achieve the maximum financial return on available funds. Investments consist of private debt obligations and money market funds with varying maturity dates. Certain portions of the investments are used to fund operating activities of the entity and other portions are used for debt repayment. These investments are stated at market value. Additional disclosures required by GASB 74 are available in the separately issued BHC financial statements.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The BHC has no formal policy for limiting risk associated with these investments. The City of Baltimore Department of Finance directs the selection of investment funds. At year-end, BHC held investments in the amount of \$31,234,124 consisting of repurchase agreements with various financial institutions and government money market funds.

4. Receivables, net

Receivable at year-end of the City's major individual governmental funds, enterprise funds, and non-major and other funds (including internal service and fiduciary funds) were as follows (expressed in thousands):

Receivables	General Fund	Grants Revenue Fund	Capital Projects Fund	Enterprise Funds	Non-major Governmental Funds	Total
Property taxes.....	\$ 71,761	\$ —	\$ —	\$ —	\$ —	\$ 71,761
Service billings.....	—	—	—	181,572	—	181,572
Due from other governments.....	43,860	289,708	2,358	654,158	1,012	991,096
Notes and mortgages receivable.....	254,015	—	—	6,862	—	260,877
Other receivable, net.....	59,848	—	20,441	21,349	56,661	158,299
Total.....	<u>\$ 429,484</u>	<u>\$ 289,708</u>	<u>\$ 22,799</u>	<u>\$ 863,941</u>	<u>\$ 57,673</u>	<u>\$ 1,663,605</u>

Unavailable property taxes include prepaid property taxes. Service billings are reported net of an allowance for doubtful accounts of \$232,122,000. Bad debt expense for fiscal year 2024 was \$2,706,000.

Adjustments unrelated to consumption that resulted in reductions to income on Water, Wastewater, and Stormwater Utility Fund customer accounts were recorded in the Water Utility Fund.

5. Capital Assets

Capital assets activities for the year ended June 30, 2024, were as follows (expressed in thousands):

Governmental Activities Capital Assets:

Class	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land.....	\$ 248,215	\$ —	\$ —	\$ 248,215
Other.....	110,227	74	600	109,701
Construction in progress.....	181,307	96,321	17,114	260,514
Total capital assets, not being depreciated.....	<u>539,749</u>	<u>96,395</u>	<u>17,714</u>	<u>618,430</u>
Capital assets, being depreciated:				
Building and improvements.....	2,397,912	657	400	2,398,169
Equipment.....	495,886	61,824	13,037	544,673
Infrastructure.....	3,248,965	15,612	—	3,264,577
Library books.....	13,091	29,538	5,140	37,489
Right-to-use leased building.....	53,186	3,327	7,838	48,675
SBITA.....	9,366	25,796	—	35,162
Total capital assets, being depreciated.....	<u>6,218,406</u>	<u>136,754</u>	<u>26,415</u>	<u>6,328,745</u>
Less: accumulated depreciation for:				
Building and improvements.....	1,482,615	35,490	2,787	1,515,318
Equipment.....	415,116	23,102	12,351	425,867
Infrastructure.....	1,746,125	78,150	—	1,824,275
Library books.....	6,847	26,577	—	33,424
Right-to-use leased building.....	15,971	9,970	7,667	18,274
SBITA.....	1,251	4,242	—	5,493
Total accumulated depreciation.....	<u>3,667,925</u>	<u>177,531</u>	<u>22,805</u>	<u>3,822,651</u>
Total capital assets, being depreciated, net.....	<u>2,550,481</u>	<u>(40,777)</u>	<u>3,610</u>	<u>2,506,094</u>
Governmental activities capital assets, net.....	<u>\$ 3,090,230</u>	<u>\$ 55,618</u>	<u>\$ 21,324</u>	<u>\$ 3,124,524</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Business-type Activities Capital Assets:

Class	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Capital assets, not being depreciated:				
Land	\$ 36,920	\$ —	\$ —	\$ 36,920
Construction in progress	661,909	309,160	6,844	964,225
Total capital assets, not being depreciated	698,829	309,160	6,844	1,001,145
Capital assets, being depreciated				
Building and improvements	4,937,225	—	—	4,937,225
Equipment	310,599	6,633	2,736	314,496
Infrastructure	2,527,987	9	971	2,527,025
Total capital assets, being depreciated	7,775,811	6,642	3,707	7,778,746
Less: accumulated depreciation for:				
Building and improvements	1,580,683	93,601		1,674,284
Equipment	160,842	12,087	2,706	170,223
Infrastructure	415,175	44,132	286	459,021
Total accumulated depreciation	2,156,700	149,820	2,992	2,303,528
Total capital assets, being depreciated, net	5,619,111	(143,178)	715	5,475,218
Business-type activities capital assets, net	\$ 6,317,940	\$ 165,982	\$ 7,559	\$ 6,476,363

Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2024 (expressed in thousands):

<i>Governmental activities</i>	
General government	\$ 27,389
Public safety and regulation	6,586
Conservation of health	641
Education	11,243
Public library	29,550
Recreation and parks	7,854
Highways and streets	73,054
Sanitation and waste removal	1,983
Public service	2,563
Economic development	239
Internal service funds	16,429
Total	<u>\$ 177,531</u>

<i>Business-type activities:</i>	
Water	\$ 51,044
Wastewater	87,664
Stormwater	5,709
Parking	2,275
Conduits	3,128
Total	<u>\$ 149,820</u>

As of June 30, 2024, the outstanding commitments relating to capital projects of the City of Baltimore amounted to approximately \$30,865,000 for governmental activities and \$101,761,000 for business-type activities.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

In July 2018, the City entered into a lease agreement with Maryland Economic Development Corporation (MEDCO) to lease three parking garages terminating at the earlier of the 50th anniversary of closing or the date on which the MEDCO Parking Facilities Revenue Bonds Series 2018 bonds (MEDCO Bonds) are fully repaid. The lease requires MEDCO to operate the three parking garages in a first-class manner and to adopt, operate, and maintain the facilities in accordance with City operating standards and a long-term capital plan. In exchange, MEDCO made an initial rent payment of \$55,955,000 and annually, MEDCO shall pay to the City of Baltimore rent in the amount of a distributable portion of the Surplus Fund, as defined in the trust indenture. In accordance with generally accepted accounting principles (GAAP), the arrangement between MEDCO and the City of Baltimore qualifies as a service concession arrangement. In the Statement of Net Position under governmental activities, \$49,241,000 is reflected as a deferred inflow of resources (initial rent payment of \$55,955,000 less \$5,595,000 recognized as revenue). The parking garages are continuing to be depreciated and are reflected in the above governmental activities capital asset table.

6. Interfund Balances and Activity

A. BALANCE DUE TO/FROM OTHER FUNDS

Balances due to/from other funds as of June 30, 2024, were as follows (expressed in thousands):

Fund	Interfund	
	Receivable	Payable
General	\$ 286,564	\$ 149,214
Grants revenue	115,625	—
Capital projects	32,192	—
Proprietary	—	75,600
Non-major proprietary	—	41,882
Non-major governmental	—	48,582
Internal service	1,396	120,500
Totals	<u>\$ 435,778</u>	<u>\$ 435,778</u>

The Interfund balances are primarily the result of the City's policy not to reflect cash deficits in its individual funds. Also, as of June 30, 2024, certain transactions between funds had not been completed.

B. TRANSFERS TO/FROM OTHER FUNDS

Transfers to/from other funds as of June 30, 2024, were as follows (expressed in thousands):

Fund	General	Capital Projects	Non-major Governmental	Parking	Total Transfer To
General	\$ —	\$ —	\$ —	\$ 41,747	\$ 41,747
Grants revenues	—	4,582	—	5,975	10,557
Capital projects	94,275	—	9,039	—	103,314
Total transfers from	<u>\$ 94,275</u>	<u>\$ 4,582</u>	<u>\$ 9,039</u>	<u>\$ 47,722</u>	<u>\$ 155,618</u>

Transfers were primarily to the General Fund to provide funds for debt service and to transfer excess revenue from the Proprietary Funds to the General Fund.

C. DEFICITS

The following funds had a deficit fund balance/net position as of June 30, 2024, (expressed in thousands):

Internal service funds:	
Municipal Communication	\$ (1,759)
Reproduction and Printing	(3,928)
Municipal Post Office	(351)
Building Maintenance	(13,105)

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Grants Revenue Fund (35,924)

Deficits in the above funds are temporary and are not expected to continue. They should be eliminated in the future periods.

7. Long-term Obligations

A. LONG-TERM OBLIGATION ACTIVITY

The City does not have a debt limit; however, the Constitution of Maryland requires a three-step procedure for the creation of debt:

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

Changes in long-term obligations for the year ended June 30, 2024, are as follows (expressed in thousands):

	June 30, 2023	New Debt Issued	Debt Retired	June 30, 2024	Due Within One Year
GOVERNMENTAL ACTIVITIES(a)					
<i>General Obligation Bonds:</i>					
Highways	\$ 320	\$ —	\$ 65	\$ 255	\$ 67
Health	714	—	120	594	127
Public safety	918	—	140	778	147
Off-street parking	126	—	51	75	54
Recreation and parks	46,709	—	2,600	44,109	2,640
Public buildings and facilities	113,801	—	6,644	107,157	6,968
School	162,477	—	13,992	148,485	14,677
Urban renewal	218,669	—	15,858	202,811	16,601
Unallocated	376	—	103	273	196
Total general obligation bonds	544,110	—	39,573	504,537	41,477
<i>Special Obligation Bonds</i>					
Special Obligation Bonds	368,807	—	5,008	363,799	7,755
<i>Long-term financing with the Federal Government:</i>					
Federal economic development loans	4,584	12,240	1,328	15,496	2,252
Total Governmental Activities	\$ 917,501	\$ 12,240	\$ 45,909	\$ 883,832	\$ 51,484
BUSINESS-TYPE ACTIVITIES					
<i>General Obligation Bonds:</i>					
Stormwater	\$ 2,945	\$ —	\$ 222	\$ 2,723	\$ 234
Total Business-Type Activities	\$ 2,945	\$ —	\$ 222	\$ 2,723	\$ 234
COMPONENT UNIT - BALTIMORE CITY					
PUBLIC					
SCHOOL SYSTEM					
<i>Bonds:</i>					
Schools	\$ 20,344	\$ —	\$ 12,326	\$ 8,018	\$ 5,990

(a) Included in the Statement of Net Position for Governmental Activities is a remaining unamortized premium of \$(101,545,000)

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Compensated Absences

Compensated absences as of June 30, 2024, totaled \$171,916,000 for governmental activities and \$15,859,000 for business-type activities, of which \$29,802,000 and \$5,897,000, respectively, were due within one year. For the Baltimore City Public School System, compensated absences and early retirement incentive plan amounts totaled \$81,333,000.

Changes in compensated absences during fiscal year 2024, are as follows (expressed in thousands):

	Governmental Activities	Business-type Activities	Total
Balance, June 30, 2023	\$ 170,817	\$ 13,446	\$ 184,263
Leave earned	30,901	8,310	39,211
Leave used	(29,802)	(5,897)	(35,699)
Balance, June 30, 2024	<u>\$ 171,916</u>	<u>\$ 15,859</u>	<u>\$ 187,775</u>
Due in one year	<u>\$ 29,802</u>	<u>\$ 5,897</u>	<u>\$ 35,699</u>

Parking Facilities Fund Revenue Sharing Agreement

The Parking Facilities Fund entered into two revenues sharing arrangements with the State of Maryland in 2001 and 2003 for the development of two parking garages. In exchange for a \$9,000,000 investment from the State, the City agreed to share 5% interest annually on the investment, payable to the State when the garages began to generate positive cash flow. In fiscal year 2024, the Parking Facilities Fund reflected \$450,000 of interest expense accrued.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

B. DEBT SERVICE REQUIREMENTS

Debt service requirements on long-term debt as of June 30, 2024, are as follows (expressed in thousands):

Governmental Activities							
Fiscal Year	General Obligation Bonds			Long-Term Financing with Federal Government		Special Obligation Bonds	
	Principal	Interest	Interest Rate Swap Net(a)	Principal	Interest	Principal	Interest
2025	\$ 41,477	\$ 19,951	\$ —	\$ 2,252	\$ 399	\$ 7,755	\$ 16,880
2026	41,166	18,046	—	1,737	676	8,190	16,530
2027	40,872	16,167	—	404	631	8,842	16,145
2028	40,356	14,291	—	424	608	9,849	15,731
2029	38,135	12,484	—	446	583	10,799	15,266
2030-2034	148,475	41,538	—	2,596	2,298	63,959	67,806
2035-2039	112,349	16,346	—	3,328	1,685	90,938	49,142
2040-2044	41,707	2,389	—	4,309	629	73,617	27,552
2045-2049	—	—	—	—	—	62,240	12,726
2050-2053	—	—	—	—	—	27,610	1,354
Totals	\$ 504,537	\$ 141,212	\$ —	\$ 15,496	\$ 7,509	\$ 363,799	\$ 239,132

(a) Interest Rate Swap Net payments represent estimated additional interest payable to counterparties for additional interest resulting from swap agreements. The additional payments were computed using rates as of June 30, 2024, assuming current interest rates remain the same for the remaining term of the swap. As rates vary, variable rate bond interest payments and net swap payments will vary.

Business-type Activities		
Fiscal Year	General Obligation Bonds	
	Principal	Interest
2025	\$ 234	\$ 105
2026	174	96
2027	138	90
2028	144	84
2029	150	79
2030-2034	845	295
2035-2039	896	108
2040-2044	142	5
Totals	\$ 2,723	\$ 862

A summary of general obligation bonds outstanding and bond anticipation notes outstanding, and bonds authorized but unissued (expressed in thousands) as of June 30, 2024, are as follows:

Purpose	Outstanding			Authorized But Unissued
	Due Dates	Interest Rates	Amount	Amount
Fire, police, and public protection	2018 to 2035	1.0% to 5.0%	\$ 778	\$ 6
Off-street parking	2018 to 2026	1.0% to 5.0%	75	345
Recreation and parks	2018 to 2035	1.0% to 6.0%	44,109	5,440
Public buildings and facilities	2018 to 2035	1.0% to 5.0%	107,157	220,534
Schools	2018 to 2035	1.0% to 5.0%	148,485	141,804
Urban renewal and development	2018 to 2035	1.0% to 6.0%	202,811	169,314
Highways	2018 to 2026	1.0% to 5.0%	255	22
Finance			—	20,000
Health	2018 to 2032	1.0% to 5.0%	594	4,071
Stormwater	2018 to 2026	0.0% to 5.0%	2,723	—
Unallocated	2018 to 2026	1.0% to 5.0%	273	—
Totals			\$ 507,260	\$ 561,536

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Baltimore City Public School System (BCPSS) Bonds

BCPSS has issued the City Schools Qualified School Construction Bonds Series 2009 (the Series 2009 Construction Bonds) in the amount of \$50,800,000, maturing through the year ending June 30, 2025. The net proceeds of Series 2009 Construction Bonds were used to fund various capital improvements to existing schools within BCPSS.

As BCPSS enters into capital project contracts with one or more contractors, funds are to be drawn from the Series 2009 Construction Bonds escrow account to fund capital expenditures. The interest rates on the bonds include a Tax Credit rate of 5.90% and an interest rate of 1.25%, and interest is payable quarterly on March 15, June 15, September 15, and December 15 of each year. Principal sinking fund payment started on December 15, 2014. As of June 30, 2024, the outstanding balance of the Series 2009 Construction Bonds is \$8,300,000.

In January 2011, BCPSS issued the City Schools Qualified School Construction Bonds Series 2011 in the amount of \$60,825,000, maturing through the year ending June 30, 2026. The net proceeds of the Series 2011 Bonds were used to fund various capital improvements to existing schools within BCPSS.

As BCPSS enters into capital project contracts with one or more contractors, funds are drawn from the Series 2011 Bonds escrow account to fund capital expenditures. The interest rates on the Bonds is 5.69% and interest is payable semi-annually on June 15 and December 15 of each year. As of June 30, 2024, the outstanding balance on the Series 2011 Bonds is \$12,000,000.

Future minimum bond payments are as follows at fiscal year ending June 30, 2024 (expressed in thousands):

Fiscal Year	Principal	Interest	Total
2025	\$ 5,990	\$ 3,674	\$ 9,664
2026	2,028	1,731	3,759
Totals	<u>\$ 8,018</u>	<u>\$ 5,405</u>	<u>\$ 13,423</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

8. Revenue Bonds

Water, Wastewater and Stormwater Revenue Bonds

The City has issued revenue bonds, the proceeds of which were used to provide funds for capital improvements to Water, Wastewater and Stormwater facilities. Assets with a carrying value of \$315,911,000 as of June 30, 2024, and revenues of the Water, Wastewater, and Stormwater Funds are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2024 consist of (expressed in thousands):

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Serial bonds series, 2003-B maturing in annual installments from \$38,626 to \$73,094 through February 1, 2031, with interest rate at 0.40%, payable semiannually	\$ 473	\$ —	\$ —
Serial bonds series, 2004-A maturing in annual installments from \$187,960 to \$218,042 through February 1, 2032, with interest rate at 0.40%, payable semiannually	1,696	—	—
Serial bonds series, 2006-A maturing in annual installments from \$495,000 to \$1,548,000 through February 1, 2025, with interest rate at 0.40%, payable semiannually	—	\$ 495	—
Serial bonds series, 2006-B maturing in annual installments from \$185,000 to \$361,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually	—	546	—
Serial bonds series, 2007-A maturing in annual installments from \$75,198 to \$78,574 through February 1, 2035, with interest rate at 0.40%, payable semiannually	778	—	—
Serial bonds series, 2007-A maturing in annual installments from \$1,704,000 to \$2,174,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually	—	3,879	—
Serial bonds series, 2007-B maturing in annual installments from \$156,000 to \$161,000 through February 1, 2027, with interest rate at 0.40%, payable semiannually	—	482	—
Serial bonds series, 2009-A maturing in annual installments of \$426,167 through February 1, 2029, with an interest rate at 0.00%	—	2,131	—
Serial bonds series, 2009-B maturing in annual installments of \$91,149 through February 1, 2030, with an interest rate at 0.00%	—	464	—
Serial bonds series, 2009-B maturing in annual installments of \$586,172 from February 1, 2025 through February 1, 2043, with an interest rate at 0.00%	11,137	—	—
Serial bonds series, 2009-E maturing in annual installments of \$157,842 through February 1, 2032, with an interest rate at 0.00%	—	1,263	—
Serial bonds series, 2011-B maturing in annual installments of \$140,980 to \$172,023 through February 1, 2043, with interest rates of 1.00%	2,993	—	—
Serial bonds series, 2011-B maturing in annual installments of \$178,688 to \$203,363 through February 1, 2033, with interest rates of 1.00%	—	1,759	—
Serial bonds series 2012 maturing in annual installments from \$207,900 to \$256,850 through October 1, 2027, with interest rates of 2.00% to 5.00%, payable semiannually	—	—	992
Serial bonds series, 2013-A maturing in annual installments of \$1,634,802 to \$1,798,836 through February 1, 2034, with interest rate at 0.80%, payable semiannually	—	11,591	—
Serial bonds series, 2013-C maturing in annual installments of \$1,570,000 to \$2,540,000 through July 1, 2032, with interest rates from 3.00% to 5.00%, payable semiannually	19,300	—	—
Serial bonds series, 2013-E maturing in annual installments of \$2,225,000 to \$3,030,000 through July 1, 2026, with interest rates from 3.00% to 5.00%, payable semiannually	—	8,530	—
Serial bonds series, 2014-A maturing in annual installments of \$2,144,262 to \$2,464,774 through February 1, 2035, with interest rates at 1.00% payable semiannually	—	22,161	—
Serial bonds series, 2014-A maturing in annual installments of \$2,110,000 to \$3,785,000 through July 1, 2034, with interest rates from 2.00% to 5.00% payable semiannually	33,020	—	—

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2037	12,535	—	—
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2039	9,430	—	—
Term bond series 2014-A with interest at 5.00%, payable semiannually, due July 1, 2044	28,040	—	—
Serial bonds series, 2014-B maturing in annual installments of \$1,160,000 to \$4,825,000 through July 1, 2034 with interest rates of 5.00% payable semiannually	25,085	—	—
Term bond series 2014-B with interest at 5.00%, payable semiannually, due July 1, 2037	7,065	—	—
Serial bonds series, 2014-C maturing in annual installments of \$830,000 to \$3,905,000 through July 1, 2034 with interest rates from 3.00% to 5.00% payable semiannually	23,055	—	—
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2039	6,225	—	—
Serial bonds series, 2014-C maturing in annual installments of \$1,630,000 to \$3,350,000 through July 1, 2034 with interest rates from 2.00% to 5.00%, payable semiannually	—	29,225	—
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2039	—	19,445	—
Term bond series 2014-C with interest at 5.00%, payable semiannually, due July 1, 2044	—	24,815	—
Serial bonds series, 2014-D maturing in annual installments of \$4,060,000 to \$10,835,000 through July 1, 2034 with interest rates from 3.00% to 5.00%, payable semiannually	—	83,525	—
Serial bonds series, 2014-E maturing in annual installments of \$175,000 to \$3,935,000 through July 1, 2032 with interest rates from 2.00% to 5.00%, payable semiannually	—	21,615	—
Serial bonds series, 2015-A maturing in annual installments of \$990,000 to \$1,122,000 from through February 1, 2035, with interest rates of 0.90%, payable semiannually	—	11,754	—
Serial bonds series, 2015-B maturing in annual installments of \$3,396,653 to \$3,920,216 through February 1, 2037, with interest rates of 0.90%, payable semiannually	—	48,323	—
Serial bonds series, 2016-A maturing in annual installments of \$753,999 to \$903,935 through February 1, 2047 through with interest rates of 0.70%, payable semiannually	—	17,746	—
Serial bonds series 2016 maturing in annual installments from \$447,055 to \$662,235 through April 1, 2031, with interest rates of 2.75% to 5.00%, payable semiannually	—	—	4,258
Serial bonds series 2017-A maturing in annual installments from \$3,070,000 to \$6,080,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	59,960	—	—
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2041	35,270	—	—
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2046	45,010	—	—
Serial bonds series, 2017-B maturing in annual installments from \$1,250,000 to \$1,680,000 through July 1, 2028, with interest rates of 5.00%, payable semiannually	7,630	—	—
Serial bonds series 2017-C maturing in annual installments from \$820,000 to \$2,825,000 through July 1, 2038, with interest rates of 5.00%, payable semiannually	22,840	—	—
Serial bonds series 2017-D maturing in annual installments from \$170,000 to \$5,800,000 through July 1, 2035, with interest rates of 5.00%, payable semiannually	34,465	—	—
Serial bonds series 2017-E maturing in annual installments from \$2,474,024 to \$3,092,422 through February 1, 2050, with interest rates of 0.80%, payable semiannually	73,494	—	—
Serial bonds series 2017-A maturing in annual installments from \$1,895,000 to \$6,415,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	—	38,850	—
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2041	—	22,845	—
Term bond series 2017-A with interest at 5.00%, payable semiannually, due July 1, 2046	—	29,165	—
Serial bonds series 2017-B maturing in annual installments from \$750,000 to \$10,500,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	—	65,240	—
Term bond series 2017-B with interest at 5.00%, payable semiannually, due July 1, 2039	—	17,595	—
Serial bonds series 2017-C maturing in annual installments from \$795,000 to \$6,835,000 through July 1, 2036, with interest rates of 5.00%, payable semiannually	—	50,825	—
Serial bonds series 2017-D maturing in annual installments from \$139,520 to \$175,375 through February 1, 2040, with interest rates of 0.80%, payable semiannually	—	3,794	—
Serial bonds series 2018-A maturing in annual installments from \$4,613,248 to \$5,812,490 through February 1, 2051, with interest rates of 0.80%, payable semiannually	—	141,767	—
Serial bonds series 2018 maturing in annual installments from \$280,772 to \$513,317 through April 1, 2034, with interest rates of 3.5% to 5.00%, payable semiannually	—	—	4,278
Serial bonds series 2018-C maturing in annual installments from \$521,314 to \$606,526 through February 1, 2040, with interest rates of 0.80%, payable semiannually	—	9,148	—
Serial bonds series 2018-D maturing in annual installments from \$4,329,075 to \$9,862,630 through July 1, 2053, with interest rates of 2.88%, payable semiannually	—	200,020	—
Serial bonds series 2019-A maturing in annual installments from \$2,470,000 to \$8,310,000 through July 1, 2050, with interest rates of 4.00% to 5.00%, payable semiannually	66,225	—	—

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Water Utility Fund	Wastewater Utility Fund	Stormwater Utility Fund
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044	31,615	—	—
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2049	38,465	—	—
Serial bonds series 2019-A maturing in annual installments from \$1,685,000 to \$3,755,000 through July 1, 2039, with interest rates of 4.00% to 5.00%, payable semiannually	—	44,310	—
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044	—	21,150	—
Term bond series 2019-A with interest at 5.00%, payable semiannually, due July 1, 2049	—	26,255	—
Serial bonds series 2019-A maturing in annual installments from \$760,000 to \$1,710,000 through July 1, 2029, with interest rates of 3.00% to 5.00%, payable semiannually	—	—	20,200
Term bond series 2019-A with interest at 4.00%, payable semiannually, due July 1, 2044	—	—	9,635
Term bond series 2019-A with interest at 5.00%, payable semiannually, due July 1, 2049	—	—	11,965
Serial bonds series 2019-B maturing in annual installments from \$165,000 to \$3,465,000 through July 1, 2038, with interest rates of 3.00% to 4.00%, payable semiannually	14,710	—	—
Term bond series 2019-B with interest at 4.00%, payable semiannually, due July 1, 2033	995	—	—
Serial bonds series 2019-B maturing in annual installments from \$38,013 to \$41,583 through February 1, 2040, with interest rates of 0.50%, payable semiannually	—	641	—
Serial bonds series 2019-B maturing in annual installments from \$298,079 to \$344,466 through February 1, 2050, with interest rates of 0.50%, payable semiannually	—	—	8,421
Serial bonds series 2019-C maturing in annual installments from \$110,000 to \$2,855,000 through July 1, 2038, with interest rates of 3.00% to 4.00%, payable semiannually	9,090	—	—
Term bond series 2019-C with interest at 4.00%, payable semiannually, due July 1, 2034	765	—	—
Serial bonds series 2019-C maturing in annual installments from \$415,000 to \$461,790 through February 1, 2040, with interest rates of 0.50%, payable semiannually	—	7,119	—
Serial bonds series 2020-A maturing in annual installments from \$2,990,000 to \$13,995,000 through July 1, 2034, with interest rates of 0.373% to 2.225%, payable semiannually	—	129,565	—
Term bond series 2020-A with interest at 2.814%, payable semiannually, due July 1, 2040	—	83,275	—
Term bond series 2020-A with interest at 2.864%, payable semiannually, due July 1, 2043	—	32,015	—
Serial bonds series 2020-A maturing in annual installments from \$1,790,000 to \$4,190,000 through July 1, 2040, with interest rates of 4.00% to 5.00%, payable semiannually	50,810	—	—
Term bond series 2020-A with interest at 4.00%, payable semiannually, due July 1, 2045	23,605	—	—
Term bond series 2020-A with interest at 5.00%, payable semiannually, due July 1, 2050	29,290	—	—
Serial bonds series 2020-B maturing in annual installments from \$4,465,000 to \$15,720,000 through July 1, 2034, with interest rates of 0.393% to 2.225%, payable semiannually	160,765	—	—
Term bond series 2020-B with interest at 2.814%, payable semiannually, due July 1, 2040	91,345	—	—
Term bond series 2020-B with interest at 2.864%, payable semiannually, due July 1, 2043	40,420	—	—
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,954,518 through February 1, 2051, with interest rates of 0.40%, payable semiannually	—	75,774	—
Serial bonds series 2021-A maturing in annual installments from \$1,000 to \$2,199,631 through February 1, 2052, with interest rates of 0.40%, payable semiannually	58,389	—	—
Serial bonds series 2021-A maturing in annual installments from \$300,148 to \$336,987 through February 1, 2051, with interest rates of 0.40%, payable semiannually	—	—	8,643
Serial bonds series 2021-B maturing in annual installments from \$865,243 to \$1,640,819 through July 1, 2060, with interest rates of 0.40%, payable semiannually	—	—	42,461
Serial bonds series 2021-C maturing in annual installments from \$917,887 to \$991,294 through February 1, 2041, with interest rates of 0.40%, payable semiannually	—	16,325	—
Serial bonds series 2021-C maturing in annual installments from \$4,815,100 to \$8,334,749 through July 1, 2056, with interest rates of 1.91%, payable semiannually	192,610	—	—
Serial bonds series 2021-E maturing in annual installments from \$1,000 to \$183,148 through February 1, 2042, with interest rates of 0.40%, payable semiannually	—	3,187	—
Serial bonds series 2021-G maturing in annual installments from \$4,019,269 to \$6,957,198 through July 1, 2056, with interest rates of 1.91%, payable semiannually	—	160,775	—
Serial bonds series 2022A maturing in annual installments from \$371,000 to \$478,000 through July 1, 2026, with interest rates of 0.00%, payable semiannually	—	—	1,656
Serial bonds series 2022A maturing in annual installments from \$1,035,000 to \$5,390,000 through July 1, 2052, with interest rates of 5.00%, payable semiannually	—	84,375	—
Serial bonds series 2024A maturing in annual installments from \$274,180 to \$355,533 through February 1, 2054, with interest rates of 0.90%, payable semiannually	9,395	—	—
	1,277,995	1,573,764	112,509
Unamortized bond premiums	102,849	85,438	6,305
	<u>\$ 1,380,844</u>	<u>\$ 1,659,202</u>	<u>\$ 112,515,305</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Fixed Rate Water Utility Revenue Bonds

On May 17, 2024, the City entered into two Water loan agreement with the Maryland Water Infrastructure Finance Administration (WFIA) Revolving Loan Fund totaling \$12,526,000 of which \$3,132,000 is forgivable if the City complies with the terms of the agreement. The rate of interest on the loan is set at 0.90%. Interest is due February 1st and August 1st, and mature February 1, 2054.

Variable Rate Parking Facilities Revenue Bonds

The City has issued revenue bonds, the proceeds of which were used to finance construction of parking facilities and refinance existing debt of the Parking Facilities Fund. Assets with a carrying value of \$16,215,593 as of June 30, 2024, and revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2024, consist of (expressed in thousands):

Variable rate demand bonds series 2008, payable monthly, due July 1, 2032	\$ 52,170
Parking Refunding Series 2018 (refunded 2005, 2010), payable semi-annually, due July 1, 2035	5,735
Total(a)	<u>\$ 57,905</u>

(a) Included in the Parking Fund Statement of Net Position is an unamortized portion of bond discount of \$535,000.

The City had \$52,170,000 of Series 2008 refunding taxable variable rate demand revenue bonds outstanding as of June 30, 2024. The Series 2008 Bonds are subject to redemption prior to maturity at any time, at a redemption price of 100% of the principal amount plus interest accrued to the redemption date. The Series 2008 Bonds annual principal amounts starting on July 1, 2024 through July 1, 2032 range from \$3,740,000 to \$7,965,000.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. Initially, the Remarketing Agent will use a “Dutch Auction” to set the weekly rate that will be used to remarket the bonds. Under the terms of the indenture, the City at its options may change the bond rate to a monthly or long-term rate at any time until maturity upon notification of the bondholders.

In conjunction with the bonds, TD Bank, N.A. issued an irrevocable letter of credit with a current value in the amount of \$53,263,426 in favor of the City and Manufacturers and Traders Trust Company as Tender Agent. The agreement expires November 30, 2027. The existing Agreement permits the fiscal agent to draw certain amounts to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarketed. The interest rate on draws made under this agreement is a defined base rate plus, up to an additional 2.00% depending on the terms of the draw. The City is required to pay the letter of credit fee throughout the effectiveness of the Agreement equal to 0.22% per annum of the average daily amount of the available commitment. During fiscal year 2024, the City made no draws under the letter of credit and there were no amounts drawn against the letter of credit outstanding at June 30, 2024.

County Transportation Revenue Bonds

The City has entered into agreements with the State of Maryland to borrow County Transportation Revenue Bonds with \$64,345,000 outstanding. The proceeds from these bonds will be used to fund certain highway improvements and stormwater projects throughout the City. These bonds are secured by a pledge of the City’s share of the highway user revenues.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Convention Center Hotel Revenue Bonds

The City has pledged a portion of its hotel occupancy tax as security for revenue bonds, the proceeds of which were used to refinance the construction of the City's Convention Center Headquarters Hotel. The City's hotel occupancy tax is one of several pledged revenue sources the City used to issue \$268,755,000 Convention Center Hotel Refunding Bonds. Following the net operating income and the property tax increment for the Hotel, the site specific occupancy tax is pledged to pay principal and interest payments on the bonds. If these sources are insufficient, a portion of the citywide occupancy tax is also pledged up to 25% of maximum annual debt service. The Hotel opened August 22, 2008. Total principal and interest remaining to be paid on these bonds is \$430,927,000. For the current year, principal and interest payments were \$16,762,250.

Bonds outstanding as of June 30, 2024, consist of (expressed in thousands):

Serial bond series 2017, maturing in installments from \$2,500,000 to \$10,775,000 through September 2036, with interest rates ranging from 3.0% to 5.00% payable semiannually	\$	100,830
Term bonds series 2017 with interest at 5.00% due September 1, 2039		35,655
Term bonds series 2017 with interest at 5.00% due September 1, 2042		41,280
Term bonds series 2017 with interest at 5.00% due September 1, 2046		74,455
Totals	\$	252,220

(a) Include in the Baltimore Hotel Corporation Statement of Net Position is an unamortized premium of \$21,852,000

Changes in revenue bond obligations for the year ending June 30, 2024, are as follows (expressed in thousands):

	June 30, 2023	New Debt Issues	Debt Retired	June 30, 2024	Due within One Year
<i>Governmental Activities(a)</i>					
Convention Center Hotel	\$ 256,270	\$ —	\$ 4,050	\$ 252,220	\$ 4,560
Transportation	65,292	—	10,474	54,818	7,695
Total Governmental Activities	\$ 321,562	\$ —	\$ 14,524	\$ 307,038	\$ 12,255
<i>Business - Type Activities(b)</i>					
Water	\$ 1,306,073	\$ 9,395	\$ 37,473	\$ 1,277,995	\$ 39,188
Wastewater	1,633,221	—	59,455	1,573,766	59,476
Stormwater	115,582	—	3,074	112,508	3,032
Parking Facilities	62,485	—	4,580	57,905	4,725
Total Business-Type Activities	\$ 3,117,361	\$ 9,395	\$ 104,582	\$ 3,022,174	\$ 106,421

(a) Included in the Statement of Net Position for Governmental Activities is a remaining unamortized portion of bond change to discount of \$32,207,000.

(b) Included in the Statement of Net Position for Business-Type Activities is a remaining unamortized portion of bond premium of \$194,046,000.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Principal maturities and interest of revenue bonds, shown at gross, are as follows (expressed in thousands):

		Governmental Activities								
		Hotel Revenue Bonds				Transportation Revenue Bonds				
Fiscal Year		Principal		Interest		Principal		Interest		
2025		\$	4,560	\$	12,497	\$	7,695	\$	2,285	
2026			5,040		12,257		8,040		1,947	
2027			5,510		11,993		8,350		1,632	
2028			6,010		11,705		8,650		1,332	
2029			6,600		11,390		6,565		1,050	
2030 - 2034			42,305		51,043		15,518		2,052	
2035 - 2039			53,990		39,063		—		—	
2040 - 2044			68,910		23,774		—		—	
2045 - 2049			59,295		4,985		—		—	
Totals		\$	252,220	\$	178,707	\$	54,818	\$	10,298	
Business-type Activities										
Water Utility				Wastewater Utility		Stormwater Utility		Parking Facilities		
Fiscal Year	Principal	Interest	Swap Interest Rate Net(a)	Principal	Interest	Principal	Interest	Principal	Interest	Swap Interest Rate Net(a)
2025	\$ 39,189	\$ 39,269	\$ 2,605	\$ 59,476	\$ 44,306	\$ 3,032	\$ 2,958	\$ 4,725	\$ 969	\$ 314
2026	40,242	38,911	2,605	66,708	43,328	3,122	3,001	5,280	867	288
2027	41,556	37,948	2,605	61,300	41,902	4,086	2,896	5,420	760	260
2028	47,530	36,680	2,605	66766	40,114	4,136	2,784	5,680	647	231
2029	48,972	35,272	2,605	68,675	38,164	3,616	2,671	6,315	527	192
2030 - 2034	273,692	150,835	12,480	358,248	158,805	17,667	13,742	30,060	951	313
2035 - 2039	272,701	102,896	9,287	315,618	107,473	16,053	9,348	425	18	—
2040 - 2044	258,980	58,257	2,785	260,129	64,357	18,285	7,071	—	—	—
2045 - 2049	160,342	22,815	—	183,635	30,549	21,076	4,189	—	—	—
2050 - 2054	70,252	5,110	—	112,728	8,194	10,575	1,474	—	—	—
2055 - 2059	24,539	709	—	20,483	592	7,612	676	—	—	—
2060 - 2064	—	—	—	—	—	3,251	62	—	—	—
Totals	\$ 1,277,994	\$ 528,702	\$ 37,576	\$ 1,573,766	\$ 577,784	\$ 112,509	\$ 50,872	\$ 57,905	\$ 4,739	\$ 1,599

(a) Interest Rate Swap Net payments represent estimated payments for additional interest resulting from swap agreements to counterparties. The additional payments were computed using rates as of June 30, 2024, assuming current interest rates remain the same for their term. As rates vary, variable rate bond interest payments and net swap payments will vary.

9. Pledged Revenue

The Water, Wastewater and Stormwater Utility Funds

The Water, Wastewater and Stormwater Utility Funds have pledged future customer revenue to repay \$1,277,994,000, \$1,573,766,000, and \$112,509,000 of revenue bond debt, respectively. Proceeds from these revenue bonds were used to build and improve various aspects of the City's Water, Wastewater and Stormwater Utility systems. The bonds are payable solely from the revenues of the Water and Wastewater Utility Funds and are payable through 2054. Payments for the Stormwater Utility Fund's bonds have been made with General Funds and subsequently reimbursed from Stormwater Utility Fund revenues. Annual principal and interest payments on these revenue bonds are expected to require 50.0% of pledged revenues. Total principal and interest remaining to be paid on the revenue bonds for the Water, Wastewater and Stormwater Utility Funds are \$1,844,271,000, \$2,151,550,000, and \$152,396,000, respectively. Principal and interest paid for the current year and pledged revenue for the Water Utility Fund were \$75,326,000 and \$95,794,000, respectively. Principal and interest paid for the current year and pledged revenue for the Wastewater Utility Fund were \$100,738,000 and \$124,272,000 respectively. Principal and interest paid for the current year and pledged revenues for the Stormwater Utility Fund were \$5,464,024 and \$24,121,000, respectively.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The Parking Facility Fund

The Parking Facility Fund has pledged future revenue from parking fees and fines to repay \$57,905,000 of revenue bond debt. Proceeds from these revenue bonds were used to construct various garages throughout the City. The bonds are payable solely from the pledged revenue and are payable through 2040. Annual principal and interest payments are expected to require 14.0% of pledged revenue. Total principal and interest remaining to be paid on these revenue bonds is \$64,243,000. For the current year, principal and interest payments and current pledged revenues were \$7,616,000 and \$54,238,000, respectively.

Tax Increment Revenue Pledges

The City has pledged a portion of future property tax revenues to repay \$57,905,000 in incremental property taxes bonds issued to finance various development projects. The pledged revenue is limited to the incremental taxes on the projects financed by the bond. Should the incremental taxes fail to generate sufficient revenue to pay the required principal and interest, the City has established special taxing districts to generate additional taxes sufficient to pay principal and interest on the bonds. Total principal and interest remaining to be paid on these bonds is \$602,931,000. For the current year, principal and interest payments and current pledged revenues were \$21,735,000 and \$28,826,000, respectively.

Baltimore Hotel Corporation

The City has pledged a portion of its hotel occupancy tax as security for revenue bonds, the proceeds of which were used to refinance the construction of the City's Convention Center Headquarters Hotel. The City's hotel occupancy tax is one of several pledged revenue sources the City used to issue \$268,755,000 Convention Center Hotel Refunding Bonds. Following the net operating income and the property tax increment for the Hotel, the site-specific occupancy tax is pledged to pay principal and interest payments on the bonds. If these sources are insufficient, a portion of the citywide occupancy tax is also pledged up to 25% of maximum annual debt service. The Hotel opened August 22, 2008. Total principal and interest remaining to be paid on these bonds is \$430,927,000. For the current year, principal and interest payments were \$16,762,000.

10. Prior-Year Defeasance of Debt

Primary Government

In prior years, the City defeased certain revenue bonds and other obligations by placing the proceeds of new debt issues in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. As of June 30, 2024, \$14,665,000 of debt outstanding is considered defeased.

11. Interest Rate Swaps

Objectives of the swaps. The City has entered into swaps for three reasons: first, the majority of its swaps have been used to create synthetic fixed rate financing (by issuing floating-rate bonds and swapping them to fixed) as a way to provide lower-cost fixed rate financing to meet the City's capital needs. Second, the City has used swaps from fixed to floating to help the City manage its balance sheet for an appropriate mix of fixed and floating rate exposure. And, third, the City has used basis swaps to amend the floating rate on certain of its existing synthetic fixed rate swaps in order to provide a better hedge on the underlying floating rate bonds.

Terms, fair value and credit risk. The terms, fair values and credit rating of the outstanding swaps as of June 30, 2024, were as follows. The notional amounts of the swaps match the principal amount of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are designed to track the scheduled or anticipated reductions in the associated "bonds payable" category.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Hedged Derivative Instruments

At June 30, 2024, the City had

deferred liabilities for various hedged derivative instruments with the total fair values of these instruments in the amounts \$1,230,360 business-type activities, respectively. The notional amounts for these hedged derivative instruments at June 30, 2024, was \$51,700,000, for business-type activities, respectively. During fiscal year 2024, the fair values of these instruments decreased by \$422,646, for business-type activities. All hedges are cash flow hedges.

The following schedule provides a detailed analysis of derivative instruments held as of June 30, 2024:

MAYOR AND CITY COUNCIL OF BALTIMORE							
SWAP PROFILE as of June 30, 2024							
Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
Hedged Derivative Instruments - Business-type Activities							
Parking Revenue Bonds Series							
<i>Floating to Fixed Swaps</i>							
2008 Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	\$ 50,000,000	\$ 1,214,052	A+/A2
2008 Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	1,700,000	16,308	A+/A2
Total Parking Facilities Fund					51,700,000	1,230,360	
Total Business-type Activities					<u>\$ 51,700,000</u>	<u>\$ 1,230,360</u>	

Credit risk — As of June 30, 2024, the City is not exposed to credit risk on any of the outstanding swaps because the swaps have negative fair value. All fair values were calculated using the mark-to-market or par value method. However, should interest rates change and the fair values of the swaps become positive, the City would be exposed to credit risk in the amount of the derivatives' fair value. The swap agreements contain varying collateral agreements with counterparties. In general, these agreements require full collateralization of the fair value of the swap should the counterparty's credit rating fall below Baa as issued by Moody's or BBB as issued by Standard and Poor's. Collateral on all swaps may be in the form of cash or U.S. government securities held by the City. The City's two swaps are held with a counterparty rated A+/Aa3.

Basis risk — The City's variable rate bonds consisted of only remarketed variable rate demand bonds (VRDBs). The City has adhered to the ISDA 2020 IBOR Fallbacks Protocol. For those swaps associated with the VRDBs, the City receives a floating rate based on the Secured Overnight Financing Rate (SOFR) after LIBOR ceased to be representative after June 30, 2024. For one of the swaps, the City will receive a percent of SOFR or a percent of SOFR plus a basis point spread, each rate was chosen to closely approximate the City's tax-exempt variable rate bond payments. Because these swaps are SOFR-based, there is an additional degree of basis risk. The City receives the SOFR rate, which approximates the City's taxable variable rate bond payments. As of June 30, 2024, LIBOR for the prior 52-weeks ranged from 5.21% to 5.57%, whereas the City's taxable market ranged from 5.08% to 5.35%.

Interest rate risk - For those swaps for which the City pays a floating rate and receives fixed rate payments, the City is exposed to interest rate risk. As floating rates increase, the City's expected savings could decrease. The City would, however, benefit from offsetting increases in its earnings on short-term investments, whose return would be expected to go up in a higher interest rate environment.

Investment Derivative Instruments

The fair value balance and notional amounts of derivative instruments outstanding are classified by type, and the changes in fair value of such derivative instruments for the year ended June 30, 2024, are as follows:

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Investment Derivative Instruments					
	Changes in Fair Value		Fair Value at June 30, 2024		
	Classification	Amount	Classification	Amount	Notional
Business-Type Activities					
Water Utility Fund					
Floating to Floating	Investment Revenue	\$ (549,389)	Debt	\$ (3,503,748)	\$ (71,455,000)

Credit Risk – At June 30, 2024, the government is not exposed to credit risk on the interest rate swaps, because they are in a negative fair value or liability position. However, if interest rates change and the fair values become positive, the City would have exposure to credit risk. The counter party rating for the Water Utility Fund was AA-/Aa2. The change in the fair value of investment swaps in the amount of a loss of \$549,389 is netted and reported within the investment revenue classification.

Interest rate risk - For those swaps for which the City pays a floating rate, the City is exposed to interest rate risk. As floating rates increase, the City's expected savings could decrease. The City would, however, benefit from offsetting increases in its earnings on short-term investments, whose return would be expected to go up in a higher interest rate environment.

Fiduciary Fund Types

Forward Currency Contracts

The City's Retirement Systems entered into forward currency contracts to manage exposure to fluctuations in foreign currency exchange rates on portfolio holdings. They also entered into forward exchange contracts to settle future obligations. A forward exchange contract is a commitment to purchase (payable) or sell (receivable) a foreign currency at a future date at a negotiated forward rate. Risk associated with such contracts includes movement in the value of a foreign currency relative to the U.S. dollar. Unrealized gains or losses on forward currency contracts are the difference between the contract and the closing market value of such contract and is included in the statement of changes in fiduciary net position as net appreciation/depreciation in the fair value of investments.

The table below summarizes the market value of foreign currency contracts as of June 30, 2024.

Currency	Forward Foreign Contracts Cost Receivable (a)	Forward Foreign Contracts Cost Payable (b)	Forward Foreign Contracts Fair Value Receivable (c)	Forward Foreign Contracts Fair Value Payable (d)	Unrealized Net Gain/(Loss) (c-a) + (b-d)
Brazilian Real	\$ 96	\$ 96	\$ 96	\$ 97	(1)
Canadian Dollar	58,936	58,941	58,934	58,939	–
Danish Krone	154,750	154,750	154,750	154,955	(205)
Euro Currency Unit...	6,042,732	5,988,256	6,042,698	5,958,625	29,597
Hong Kong Dollar	4,309	4,309	4,309	4,314	(5)
Japanese Yen	1,515,589	5,668,589	1,514,169	1,513,228	4,153,941
Pound Sterling	1,448,201	1,443,360	1,448,201	1,423,708	19,652
Singapore Dollar	1	1	1	1	–
South African Rand ..	1,645	1,645	1,645	1,645	–
South Korean Won ...	3,278	3,278	3,278	3,308	(30)
Swedish Krona	220,303	220,303	220,222	220,354	(132)
Swiss Franc	107,188	107,188	107,134	107,188	(54)
U.S. Dollar	3,155,261	3,160,750	3,155,261	3,155,261	5,489
Total	\$ 12,712,289	\$ 16,811,466	\$ 12,710,698	\$ 12,601,623	\$ 4,208,252

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

12. Pension Plans

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

The City contributes to two single-employer defined benefit pension plans, the Fire and Police Employees' Retirement System (F&P Plan), established July 1, 1962 and the Elected Officials' Retirement System (EOS Plan), established December 5, 1983. The City also contributes to two cost-sharing multiple employers defined benefit plan, the Employees' Retirement System (ERS Plan), established January 1, 1926 and the Maryland State Retirement and Pension System (the State System). The F&P Plan, the EOS Plan, and the ERS Plan (the City Plans) are each managed by a Board of Trustees in accordance with Article 22 of the Baltimore City Code. Plan benefits provisions may be amended only by the City Council. The City Plans are considered part of the City's reporting entity and their financial statements are included in the City's basic financial statements as pension trust funds. The City Plans and the State System issue separate financial statements which may be obtained from the following websites:

For Employees' Retirement System and Elected Officials' Retirement System: www.bcers.org

For Fire and Police Employees' Retirement System: www.bcfpers.org

For the Maryland State Retirement and Pension System: www.sra.state.md.us

The financial statements for the City Plans and the State System are prepared using the accrual basis of accounting. Employer and member contributions are recognized in the period that the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with terms of the Plan.

A. PLAN DESCRIPTIONS-SINGLE EMPLOYER PLANS

Fire & Police Employees' Retirement System

The F&P Plan covers all uniformed personnel of the Baltimore City Fire and Police Departments. The F&P Plan is included in the City's financial report as a pension trust fund.

As of June 30, 2023, the measurement date, the F&P membership consisted of:

Retirees and beneficiaries currently receiving benefits	6,487
Active plan members	3,482
Total	<u>9,969</u>

The F&P Plan provides normal service retirement benefits, as well as death and disability benefits. Membership in the F&P Plan is mandatory upon employment. The F&P Retirement System does not have a vested benefit plan; however, members have vested rights to their contributions and interest.

F&P members were required to contribute 10% of their regular compensation through payroll deduction. The employer contributions are determined through an actuarial valuation. According to plan provisions, contribution requirements of the plan members and the City are established and may be amended by the Mayor and City Council. The valuation method is stipulated in the plan provisions. An expense load of 1.5% is included in the annual employer contribution requirement to cover administrative costs.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Members are eligible for a normal service retirement if they acquire 25 or more service credit years with at least 15 years of services credit as an F&P contributing member regardless of age, or if the member is age 55 and acquires 15 or more years of service credit as an F&P contributing member. Normal service retirement benefits are calculated at 2.5% of the average final compensation for the first 20 years plus 2% of the average final compensation for each year over 20 years of service. Members are eligible for early service retirement which is a reduced retirement benefit. To be eligible for early retirement, members must acquire 20 years of service credit with at least 10 years of service credit as an F&P contributing member regardless of age or attain age 50 with at least 10 years of service credit as an F&P contributing member.

Members are also eligible for a deferred retirement option program, DROP and DROP 2. Members with more than 20 years of service on or before December 31, 2009 can elect to participate in DROP at any time. A member's DROP participation period can be for one to three years. If a member retires during the DROP participation period, the benefit shall equal:

1. The retirement benefit that would have been paid had the member retired at the time he/she began his/her DROP participation, plus
2. A lump sum equal to the member's DROP account. This equals the accumulation of the annuity payments the member would have received had the member retired, plus the member contributions paid during the members DROP participation period, plus interest at 8.25%.

Members with more than 20 years of service on or after January 1, 2010 can elect to participate in DROP 2. On July 1, 2010, this requirement was changed to members with more than 25 years of service for non-grandfathered members. A member's DROP 2 participation period can be for one to three years. If a member retires during the DROP participation period, the benefit shall equal:

1. The retirement benefit that would have been paid had the member retired at the time the member began his/her DROP 2 participation, plus
2. A lump sum equal to the member's DROP 2 account. This equals the accumulation of the annuity payments the member would have received had the member retired, plus the member contributions paid during the members DROP 2 participation period, plus interest at 5.50% for grandfathered members and 3.0% for non-grandfathered participants.

Post-retirement benefit increases are provided to retirees and beneficiaries based on age, type of retirement and having received benefits for two or more years as of each June 30 eligibility determination date.

Elected Officials' Retirement System

The EOS Plan covers the Mayor, the Comptroller, and the President and all members of the City Council. The EOS Plan is included in the City's financial report as a pension trust fund.

As of June 30, 2023, the measurement date, the EOS Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	31
Active plan members	17
Total	<u>48</u>

The EOS Plan provides retirement benefits as well as death and disability benefits and the reduction of benefits is precluded by the City Code. Membership in the EOS Plan is mandatory upon taking the oath of office, unless the elected official is already a member of the Employees' Retirement System of the City of Baltimore.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

EOS plan members were required to contribute 5% of their regular contribution through payroll deduction. The City's annual employer contribution is determined through an actuarial valuation. Baltimore City Code grants the authority to establish and amend the contributions of the active plan members to the Mayor and City Council of Baltimore. Administrative costs of the EOS Plan are paid from investment earnings.

Members are eligible to retire after the earlier of acquiring at least 16 years of service credit or attaining age 50 with at least 12 years of service credit. A member shall be entitled to receive a maximum service retirement allowance which shall consist of:

1. An annuity which shall be the actuarial equivalent of accumulated contributions at the time of retirement,
2. A pension, in addition to the annuity, which together shall be equal to 2.5% of the current annual earnable compensation applicable to the office multiplied by the number of years of membership credit.

Post-retirement benefit increases are indexed to future increases in the compensation for the position held by the elected official prior to retirement.

B. PLAN DESCRIPTIONS-MULTIPLE EMPLOYER PLANS

Employees Retirement System

ERS is a cost sharing multiple plan that covers City employees and the Baltimore City Public School System employees with the exception of those required to join the Maryland State Retirement System, or the two other Baltimore City retirement systems, the Fire and Police Employees' Retirement System and the Elected Officials' Retirement System. The ERS Plan is included in the City's financial report as a pension trust fund.

As of June 30, 2023, the measurement date, the ERS Plan membership consisted of:

Active plan members	7,534
Retirees and beneficiaries currently receiving benefits	9,185
Inactive plan members eligible to but not yet receiving benefits	1,192
Total	<u>17,911</u>

The ERS Plan provides service retirement benefits as well as death and disability benefits. Only the Mayor and City Council may amend the ERS Plan Provisions. The reduction of benefits is precluded by the City Code.

The ERS Plan is divided into three Classes: A, C and D for amendment of membership and benefit changes of the ERS Plan Provisions.

Class "A" has 4 members. The "A" contributory class consists of all members hired prior to July 1, 1979 who did not elect to transfer to Class C, the non-contributory class. Membership was mandatory on the member's second anniversary of employment. However, the member could voluntarily enroll within the first two years of employment.

Class "C" is composed of 4,369 members of the ERS membership and consists of all employees hired on or after July 1, 1979 who automatically become members on the first anniversary of employment, and all members hired prior to July 1, 1979 who elected to transfer from the Class "A" contributory class.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Effective July 1, 2013, Ordinance 13-144 was enacted by the Mayor and City Council introducing contributions for active ERS Plan non-contributory members and eliminating the post retirement variable benefit increase. The Ordinance provides that effective July 1, 2013, members will contribute 1% of pay, to continue each year at 1% increments provided that 2% compensation is received for each year of contribution until employee contribution reach 5% of compensation.

The ERS defined benefit class "C" was closed to new members on June 30, 2014 to establish the City of Baltimore's Retirement Saving Plan (RSP). The RSP consist of a 401a contributory non-hybrid and a hybrid contributory defined benefit "D" Plan. The RSP is not a separate plan, but is a separate class of the existing ERS plan, if the employee chooses to belong to the hybrid defined benefit "D" plan. The waiting period of entry for the contributory non-hybrid plan is 180 days. The hybrid contributory defined benefit plan waiting period is one year. Employees hired as of July 1, 2014 have 150 days of employment to select between the two plans. Employees who do not select a plan after 150 days of employment will automatically default into the hybrid contributory defined benefit "D" plan. Class "D" has 3,191 members. The mandatory contribution to each of the plan's is 5%. Members have an option in both plans to contribute to the City of Baltimore's 457 Deferred Compensation plan and will receive a 50% match on the first two percent of their contributions.

The contributions required by the ERS Plan provisions for each membership class are as follows:

Membership classes	Percentage of compensation
A	4.0%
C	5.0%
D	5.0%

Members of Classes A and B are eligible to retire at age 60 with 5 years of service or 30 years of membership service, regardless of age. Members of Classes C and D are eligible to retire at age 65 with 5 years of service or 30 years of service, regardless of age. Early retirement is allowed at age 55 with 5 years of service payable at age 65 or reduced for payment before age 65. Benefits for service retirement are paid as follows:

Classes A and B – The sum of:

1. An annuity of the actuarial equivalent of a members accumulated contributions; and,
2. A pension, which together with the annuity shall equal 1.935% (Class A) or 1.785% (Class B) of average final compensation times years of service.

Class C:

A pension of (1) 1.6% of average final compensation times years of service up to 30 years, plus (2) .25% of average final compensation in excess of covered compensation, times years of service up to 30 years, plus (3) 1.85% of average final compensation, times years of service in excess of 30 years.

Class D:

A pension of 1.00% of average final compensation, times years of service. If the member retires at or after age 62 with at least 20 years of service the member receives an enhanced benefit of 1.10% of average final compensation times years of service.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Maryland State Retirement and Pension System

Certain City employees are covered by the Maryland State Retirement and Pension System, primarily employees of the Sheriff's Office. The State system is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension System (ERPS), and Law Enforcement Officers' Pension System (LEOPS). The City employees currently participate in the Employees' Retirement and Pension System, and the Law Enforcement Officers' Pension System, with the majority participating in the LEOPS Plan. The State System was established by the State Personnel and Pension Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The State Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15- member Board of Trustees.

Membership in the LEOPS is a condition of employment of the Baltimore City Sheriff's Department. LEOPS consists of two separate components a retirement plan (closed to new members January 1, 2005) and a pension plan. Members contribute either 5%, 6% or 7% of annual earnable compensation, depending on whether the member elected to receive limited or unlimited COLA's or whether the member is subject to pension or retirement plan provisions. The City's total required contributions during the year ended June 30, 2024 was \$3,652,000.

LEOPS members are eligible for full service retirement allowances upon attaining age 50 or upon accumulating 25 years of eligibility service. For members subject to retirement plan provisions, full service retirement allowances equal 2.3% of average final compensation (AFC) for the first 30 years of creditable service, plus 1.0% of AFC for each additional year. For members subject to the pension system provisions who became members of LEOPS on or before June 30, 2011, full service pension allowances equal 2.0% of AFC for the three highest consecutive years as an employee. For members subject to pension system provisions on or after July 1, 2011, full service pension allowances equal 2.0% of AFC for the five highest consecutive years as an employee. LEOPS members are not eligible for early service retirement allowances, but are eligible for disability and death benefits if certain conditions are met.

LEOPS members are eligible to participate in a Deferred Retirement Option Program (DROP). To participate, the LEOPS members must have at least 25 years of creditable service, but less than 30 years. Depending on the entry date of the member into DROP, the retirement allowance is placed into an account earning either 6% or 4% interest.

As of June 30, 2024, the City reported a liability of \$30,199,000 for its proportionate share of the net pension liability of the State System. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2023. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2024, the City's proportionate share was .1510%.

C. NET PENSION LIABILITY (ASSET)

The measurement date for the City Plans and the State System is June 30, 2023. Measurements are based on the fair value of assets as of June 30, 2023. The following schedules are the net pension liability (NPL) or the net pension asset (NPA) and the sensitivity of the NPL or NPA to the discount rate. Contributions made after the measurement date of the net pension liability but before the end of the reporting period will reduce the net pension liability in the subsequent fiscal year, rather than the current fiscal year. The General Fund contributions have been used in the current and prior years to liquidate pension liabilities.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The component of the net pension liability (asset) of the City Plans is as follows:

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees Retirement System
Total pension liability	\$ 4,420,497	\$ 18,781	\$ 2,669,719
Less: plan fiduciary net position	3,074,858	26,737	2,033,897
Net pension liability (asset)	\$ 1,345,639	\$ (7,956)	\$ 635,822
Plan fiduciary net position as a percentage of total pension liability (asset)	69.6 %	142.4 %	76.2 %

The actuarial assumptions and the current year contributions for the City Plans are:

(Expressed in Thousands)			
	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System
Contributions required	\$ 154,766		\$ 94,788
% of Contribution made	100.0 %	N/A	100.0 %
Covered payroll	318,719		458,638
Actuarial assumptions:			
Investment rate of return:			
Pre-retirement	7.0 %	6.8 %	7.5 %
Post retirement	7.0 %	6.8 %	6.5 %
Projected salary increases	2.8 %	2.5 %	1.5 %
Includes inflation rate at	2.8 %	2.5 %	1.5 %
Cost-of-living adjustment	2.8 %	2.5 %	1.5 - 2.0%
Mortality	RP-2014 Blue Collar Mortality Table using the RPEC_2014 Model	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females	RP 2000 Health Mortality with projections using 50% of Scale AA projected 15 years with a 2 year set forward for males and females
Last Experience Study Covered	July 1, 2015 - June 30, 2018	July 1, 2010 - June 30, 2014	July 1, 2014 - June 30, 2018

The actuarial assumptions and the current year contributions for the State System are:

(Expressed in Thousands)	
	Maryland State Retirement and Pension System
Contributions made	\$ 3,652
Actuarial assumptions:	
Investment rate of return:	6.8 %
Projected salary increases	2.75% to 9.25%, including inflation
Inflation rate	2.25% general, 2.75% wage
Mortality	Public Sector 2010 Mortality Tables with generational mortality projections using scale MP-2018, calibrated to MSRPS experience
Last Experience Study Covered	2014 - 2018

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

D. EXPECTED RETURNS, DISCOUNT RATE AND DEFERRED INFLOWS/OUTFLOWS

The long-term expected rate of return on pension plan investments for the City Plans and the State System was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate or return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rate of return for each major asset class included in the City Plans' target asset allocation are summarized in the following table:

Long-Term Expected Real Rate of Return/Target Allocation			
Asset Class	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System
U.S. equities	5.59%/23.5%	6.9%/34%	6.9%/22%
International equities	7.23%/23.5%	7.5%/21%	7.5%/15%
Private equities	10.23%/11.0%		11.1%/15%
Fixed income	3.07%/12.0%	4.80%/22%	4.8%/18%
Real estate	5.60%/11.0%	6.50%/10%	6.5%/15%
Hedge funds	4.15%/5.0%		
Energy MLP	7.61%/5.0%		
Private energy	7.00%/7.0%		
Cash	0.73%/2.0%		
Defensive Equities		6.30%/13	6.3%/7%
Risk Premia			6.6%/4%

The F&P Plan - The projection of the cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will continue to be made at the rates specified in the City Code and the written contribution policy. Based on these assumptions, the Fire and Police Plan retirement contribution was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2023 measurement date. The discount rate used to determine the total pension liability as of June 30, 2023 is 7.25%.

The EOS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Employer contributions were assumed to be made in accordance with the contributions policy in effect for July 1, 2016 actuarial valuation. As of June 30, 2023, the plan is fully funded and the amortization of the surplus is greater than the normal costs resulting in a required contribution amount of zero. The discount rate as of June 30, 2023, 6.75%, is the assumed long-term expected rate of return on EOS investments.

The ERS Plan - The projection of the cash flows used to determine discount rate assumed that plan member contributions will continue to be made at the rates specified in the City Code. Expected member contributions for FYE 2018 were 5% of pay remaining at 5% of pay for FYE 2020 will continue to remain annually at 5% of compensation thereafter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for the July 1, 2016 actuarial valuation. Based on these assumptions, the ERS Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current members until the last payment for the current covered population is made as of the June 30, 2018 measurement date. The discount rate as of June 30, 2023 is 7.00% for active and terminated vested participants and 6.50% for in-pay participants. The assumed long-term expected rate of return on ERS investments is 7.00%.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The major asset classes included in the State System's target asset allocation and returns are summarized in the following table:

Asset Class	Maryland State Retirement and Pension System
Public equity	6.9%/34%
Private equities	8.6%/16%
Rate sensitive	2.6%/20%
Credit opportunity	5.6%/9%
Real assets	5.4%/15%
Absolute return	<u>4.4%/6.0%</u>

The State System -The projection of cash flows used to determine discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The discount rate as of June 30, 2023, 6.80%, is the expected long-term rate of return on State System investments.

The sensitivity of the net pension liability (asset) presents the net pension liability (asset) of the City Plans and the State System calculated using the current discount rates as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1 - percentage-point lower or 1-percentage-point higher than the current rate.

Sensitivity of the pension liability (asset) to changes in the discount rate:

(Expressed in Thousands)			
Fire and Police Employees' Retirement System	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net pension liability	\$ 1,860,518	\$ 1,345,639	\$ 916
Plan fiduciary net position as a percentage of total pension liability	<u>62.3 %</u>	<u>69.6 %</u>	<u>77.0 %</u>

(Expressed in Thousands)			
Elected Officials' Retirement System	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net pension (asset)	\$ (6,067)	\$ (7,956)	\$ (9,623)
Plan fiduciary net position as a percentage of total pension (asset)	<u>28.6 %</u>	<u>142.4 %</u>	<u>154.5 %</u>

(Expressed in Thousands)			
Employees' Retirement System (City of Baltimore Portion)	1% Decrease 6.00% Active Part. 5.50% Retired Part.	Current Discount Rate 7.00% Active Part. 6.50% Retired Part.	1% Increase 8.00% Active Part. 7.50% Retired Part.
Net pension liability	\$ 750,165	\$ 515,069	\$ 315,509
Plan fiduciary net position as a percentage of total pension liability	<u>68.7 %</u>	<u>76.2 %</u>	<u>83.9 %</u>

(Expressed in Thousands)			
Maryland State Retirement and Pension System	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
LEOPS	\$ 34,305	\$ 23,135	\$ 13,866
ERPS	<u>10,474</u>	<u>7,064</u>	<u>4,234</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

(Expressed in Thousands)

Total City Plans and State (exclude Baltimore City Public School Portion)	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 2,655,463	\$ 1,890,905	\$ 1,249,900

(Expressed in Thousands)

	1% Decrease 6.00% Active Part. 5.50% Retired Part.	Current Discount Rate 7.00% Active Part. 6.50% Retired Part.	1% Increase 8.00% Active Part. 7.50% Retired Part.
Employees' Retirement System (Baltimore City Public Schools Portion)			
Net pension liability	\$ 175,867	\$ 120,753	\$ 73,967
Plan fiduciary net position as a percentage of total pension liability	68.7 %	76.2 %	83.9 %

Deferred Inflows and Deferred Outflows- The reported deferred outflows/inflows of resources associated with the City Plans and the State System is as follows:

(Expressed in Thousands)

Fire and Police Employees' Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 24,391	\$ 11,246
Assumption change	38,323	—
Differences between actual and projected earnings	96,808	—
Total	\$ 323,793	\$ 11,246

(Expressed in Thousands)

Elected Officials' Retirement System	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 949	\$ —
Assumption change	—	1
Differences between actual and projected earnings	878	—
Total	\$ 1,827	\$ 1

(Expressed in Thousands)

Maryland State Retirement and Pension System	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,652	\$ —
Differences between actual and expected experience	1	—
Assumption change	1,527	199
Differences between actual and projected earnings	7	19
Total	\$ 5,187	\$ 218

(Expressed in Thousands)

Employees' Retirement System (City of Baltimore Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 79,347	\$ —
Differences between actual and expected experience	21,688	11,555
Assumption change	4,907	—
Differences between actual and projected earnings	—	—

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Total	\$	106,676	\$	16,446
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(Expressed in Thousands)

Total City Plans and State (exclude Baltimore City Public School Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 247,270	
Differences between actual and expected experience	47,029	22,801
Assumption change	44,757	200
Differences between actual and projected earnings	97,693	19
Total	\$ 437,483	\$ 27,911

(Expressed in Thousands)

Employees' Retirement System (Baltimore City Public Schools Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 19,125	
Differences between actual and expected experience	5,138	2,709
Assumption change	1,147	
Differences between actual and projected earnings	4,895	721
Total	\$ 30,305	\$ 3,430

A summary of the net deferred outflows/(inflows) of resources to be recognized in pension expense in future years for the City Plans and the State System is presented below:

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
2025	\$ 51,978	\$ 494	\$ 6,134	\$ 1,439
2026	2,873	207	(10,329)	(2,422)
2027	97,701	1,088	48,337	11,332
2028	(4,276)	37	2,991	701
Total	\$ 148,276	\$ 1,826	\$ 47,133	\$ 11,050

(Expressed in Thousands)

Pension expense amounts for years ended June 30:	Maryland State Retirement and Pension System
2025	\$ 432
2026	916
2027	(26)
2028	(4)
Total	\$ 1,318

In addition to the amounts disclosed above \$3,652,000 in deferred outflows of resources related to contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

E. PENSION EXPENSE AND CHANGES IN NET PENSION LIABILITY (ASSET)

Pension expense (income) includes charges in the net pension liability (asset), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The components of pension expense for the City Plans are as follow:

(Expressed in Thousands)

	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Total City Plans (City of Baltimore Portion)	Employees' Retirement System (Baltimore City Public Schools Portion)
Pension expense (income)	\$ 200,465	\$ 445	\$ 49,377	\$ 250,287	\$ 11,576

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The schedule of the changes in net pension liability (asset) and related ratios for the City Plans for the year ended June 30, 2024 is as follows:

(Expressed in Thousands)		
	Fire and Police Employees' Retirement System	Elected Officials' Retirement System
Total pension liability		
Interest (included interest on service cost)	\$ 292,790	\$ 1,238
Service cost	71,416	319
Changes in assumptions	23,334	(1)
Differences between expected and actual experience	36,587	485
Benefit payments, including refunds of member contribution	(285,243)	(1,533)
Net change in total pension liability	138,884	508
Total pension liability - beginning	4,281,613	18,781
Total pension liability - ending	<u>\$ 4,420,497</u>	<u>\$ 19,288</u>
Plan fiduciary net position:		
Net investment income	\$ 223,197	\$ 2,055
Contributions - employer	154,766	—
Contributions - member	31,306	80
Benefit payments, including refunds of member contribution	(285,243)	(1,533)
Administrative expense	(5,252)	(60)
Net change in plan fiduciary net position	118,774	542
Plan fiduciary net position - beginning	2,956,084	26,737
Plan fiduciary net position - ending	<u>3,074,858</u>	<u>27,279</u>
Net pension liability (asset) - ending	<u>\$ 1,345,639</u>	<u>\$ (7,991)</u>
Plan fiduciary net position as a percentage of the total pension liability	69.6 %	141.4 %
Covered payroll	\$ 318,719	\$ 1,583
Net pension liability (asset) as a percentage of covered employee payroll	<u>422.2 %</u>	<u>(504.9)%</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

F. ALLOCATION OF PLANS

ERS balances have been allocated between the government activities, business-type activities (Enterprise funds), and discretely presented component units as follows:

(Expressed in Thousands)							
<i>Employee Retirement System</i>	Enterprise Funds					Component Unit	
	Employees' Retirement System	Governmental Activities	Water	Wastewater	Stormwater	Non-major Proprietary Fund	Baltimore City Public Schools
Net pension liability (asset), end of year	\$ 635,820	\$ 425,180	\$ 40,634	\$ 38,697	\$ 7,752	\$ 2,805	\$ 120,752

The total of all retirement plan balances for City (City Plans and State Plans) are shown below:

(Expressed in Thousands)					
<i>City Plans and State of Maryland</i>					
	Fire and Police Employees' Retirement System	Elected Officials' Retirement System	Employees' Retirement System (City of Baltimore Portion)	Maryland State Retirement System (LEOP/ERPS)	Primary Government Total
Net pension liability (asset), end of year	\$ 1,345,639	\$ (7,956)	\$ 515,069	\$ 30,199	\$ 1,882,951

G. THE MARYLAND STATE RETIREMENT AND PENSION SYSTEMS – BCPSS

The BCPSS employees, who are not covered under the City's ERS, are members of the Maryland State Retirement and Pension System.

Under Maryland law, the Baltimore City Public School System (BCPSS) is not required to make any contributions to the State Systems. City Schools and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by City Schools of Trustees for the System. Contributions are deducted from participant's salary and wage payments and are remitted to the State on a regular, periodic basis.

The State of Maryland pays, on behalf of the BCPSS, the employer's share of retirement and pension costs to the State Systems for teachers and related positions. During the fiscal year ended June 30, 2024, the State paid \$61.5 million in such costs. This amount has been recorded by the BCPSS as both revenue and expenditure in the General Fund in the accompanying Statement of Activities. The Special Funding arrangement between BCPSS and the State is disclosed in the BCPSS's financial statements.

The State also makes contributions on behalf of the Enoch Pratt Free Library employees. The State's contribution for the fiscal year ended June 30, 2024, was \$2,343,000. This amount has also been recognized as both revenue and expenditure in the accompanying Statement of Activities.

H. DEFERRED COMPENSATION

The City offers its employees a deferred compensation plan in accordance with the Internal Revenue Code (IRC) Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees or other beneficiaries until termination, retirement, death, or unforeseeable emergency.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The City has no administrative involvement and does not perform the investing function. The City has no fiduciary accountability for the plan and, accordingly, the plan assets and related liabilities to plan participants are not included in the basic financial statements.

13. Other Postemployment Benefits

A. PLAN DESCRIPTION

The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City and BCPSS employees. The Plan is a contributory cost sharing multiple 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 and prescription drug benefits to retirees and their beneficiaries. Retirees may choose from two health plan options and four levels of coverage.

The following schedule outlines the eligibility requirements to participants in the Plan by employee group:

Post Retirement Medical Benefit Eligibility Requirement(a)	
Employee Group	Requirement
Maryland State Retirement and Pension Systems	If hired before January 1, 1980: Age 60 or 30 years of service If hired on or after January 1, 1980: Based on age at retirement and years of service
Fire and Police Employees' Retirement System	If hired before July 1, 2003: Age 50 with at least 10 years of service or 20 years of service If hired after July 1, 2003: Age 55 with at least 15 years of service or 25 years of service
Employees' Retirement System & Elected Officials' Retirement System	If hired before July 1, 1979: Age 60 with at least 5 years of service or any age with 30 years of service If hired after July 1, 1979: Age 55 with at least 5 years of service or any age with 30 years of service

(a) All employees are eligible for disability benefits depending on years of service and reasons for disability.

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 Saving 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 statement as a fiduciary fund.

The number of participants in the Plan as of July 1, 2023 per actuary report was as follows:

	Number of Participants		
	City	Baltimore City Public School	Total
Active employees	16,062	4,962	21,024
Inactive employees or beneficiaries currently receiving benefits	10,115	3,125	13,240
Inactive employees entitled to but not yet receiving benefits	832	257	1,089
Totals	27,009	8,344	35,353

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

B. SIGNIFICANT ACCOUNTING POLICIES OF THE OPEB TRUST FUND

Basis of Accounting - The financial statements for the OPEB Trust Fund are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Method Used to Value Investments - Plan investments are reported at fair value. Securities traded on national and international exchanges are valued at the last reported sale price at the current exchange rates.

C. FINANCIAL RESULTS

The OPEB Trust Fund does not issue a stand-alone financial report and is not separately audited. Instead, the financial results are published as part of the City's annual comprehensive financial report (ACFR). The financial results for the year ended June 30, 2024, are presented below:

OPEB Trust Funds
Statement of Fiduciary Net Position
June 30, 2024
(Expressed In Thousands)

	OPEB Trust Fund
Assets:	
Cash and cash equivalents	\$ 20,728
Investments:	
Stocks	683,496
Bonds	193,722
Real estate	66,927
Other assets	1,619
Total assets	<u>966,492</u>
Liabilities:	
Accounts payable	3,132
Total liabilities	<u>3,132</u>
Net position:	
Net position restricted for OPEB	<u>\$ 963,360</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

OPEB Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024
(Expressed In Thousands)

	OPEB Trust Fund
Additions:	
Contributions:	
Employer	\$ 53,278
Employee	43,440
Total contributions	<u>96,718</u>
Investment income:	
Net appreciation in fair value of investments	69,260
Interest and dividend income	15,336
Total investment income	<u>84,596</u>
Less: investment expense	4,380
Net investment income	<u>80,216</u>
Total additions	<u>176,934</u>
Deductions:	
Health benefits	90,727
Total deductions	<u>90,727</u>
Changes in net position	86,207
Net position restricted for OPEB - beginning of the year	877,153
Net position restricted for OPEB - end of the year	<u>\$ 963,360</u>

D. FUNDING POLICY

The City's policy is to fund benefits on a pay-as-you-go basis plus make additional contributions comprising the federal retiree drug subsidy payments and an additional annual appropriation. Retirees are required to contribute at various rates ranging from approximately \$154 to \$2,920 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. The General Fund contributions have been used in the current and prior years to liquidate pension liabilities.

E. ACTUARIAL METHOD AND ASSUMPTIONS

Data was obtained from an actuarial valuation prepared by an independent actuary made as of June 30, 2022, using census data and recent health care costs information which was provided by the City.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial method used is the Entry-Age Normal (EAN). Under the EAN cost method, the actuary develops a "normal cost" that can be expected to fund projected benefits at retirement for a new entrant into the plan. The normal cost of benefits are calculated as a level percentage of covered payroll. The unfunded actuarial liability is being amortized over 30 years on a level dollar basis.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The discount rate is based on the rate of return expected to be earned by the assets used to pay to benefits if the plan is appropriately funded. The liability discount rate is based on the actuary's review of the current and historical commitment the City has shown to fully fund the plan, and our determination that current assets plus future contributions will be sufficient to cover all future benefit payments. The plan will not incur a "depletion point". The discount rate used is 7.00%.

Assets are valued at fair value. Past service costs are calculated using the level dollar method with a closed amortization period of 30 years. The valuation also assumes a 5.10% healthcare trend for fiscal year 2023, reduced by decrements to a rate of 4.14% in 2076. Salary increases were not considered as OPEB benefits and OPEB benefits are not based on pay.

Inflation	2.7 %
Salary increases, including wage inflation	2.75% - 3.40%
Discount rate	
Prior measurement date	7.0 %
Measurement date	7.0 %
Current measurement date	7.0 %
Long-term expected asset return at prior measurement date...	7.0 %
Long-term expected asset return at current measurement date	7.0 %
Long-term expected asset return at current measurement date	7.0 %
Health care cost trends	Actual premium increases to 2024, decreasing gradually to an ultimate rate of 4.14% by 2076

F. NET OPEB LIABILITY (NOL) AND DISCOUNT RATE

The City accounts for OPEB benefits on a full accrual basis and the net OPEB liability is reflected in the City's financial statements.

The measurement date for OPEB liability is June 30, 2024, and the valuation date is as of June 30, 2023. The Total OPEB Liability (TOL), the Plan Fiduciary Net Position (i.e. fair value of the Plan assets), and the Net OPEB Liability (NOL) as of June 30, 2024, is as follows:

(Expressed in Thousands)			
	City Portion	BCPSS Portion	Total
Total OPEB liability	\$ 472,295	\$ 484,093	\$ 956,388
Less: plan fiduciary net position	475,738	487,622	963,360
Net OPEB liability(asset)	<u>\$ (3,443)</u>	<u>\$ (3,529)</u>	<u>\$ (6,972)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>100.7 %</u>	<u>100.7 %</u>	<u>100.7 %</u>

Changes in the discount and healthcare trend rate affect the measurement of the TOL. Because the trend rates do not affect the measurement of assets, the percentage change in the NOL can be very significant for a relatively small change in the trend rates. The table below show the sensitivity of the NOL to the discount rate and trend.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

(Expressed in Thousands)

Health Care Cost Trend Rates	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease	\$ —	\$ (130,659)	\$ —
Current	(113,598)	(6,972)	122
1% increase	—	147,157	—

(Expressed in Thousands)

Health Care Cost Trend Rates (City Portion)	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease	\$ —	\$ (64,524)	\$ —
Current	(56,098)	(3,443)	60
1% increase	—	72,671	—

(Expressed in Thousands)

Health Care Cost Trend Rates (BCPSS Portion)	1% Increase (8.00%)	Current Discount Rate (7.00%)	1% Decrease (6.00%)
1% decrease	\$ —	\$ (66,135)	\$ —
Current	(57,500)	(3,529)	62
1% increase	—	74,486	—

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

G. DEFERRED INFLOWS AND OUTFLOWS

The reported deferred outflows/inflows of resources associated with the plan are as follows:

(Expressed in Thousands)

OPEB	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 13,194	\$ 180,771
Change in assumptions or other	19,758	93,597
Net difference between projected and actual earnings on OPEB plan investments	16,466	–
Total	<u>\$ 49,418</u>	<u>\$ 274,368</u>

(Expressed in Thousands)

OPEB (City of Baltimore Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 10,080	\$ 139,704
Change in assumptions or other inputs	(1,220)	79,918
Net difference between projected and actual earnings on OPEB plan investments	16,276	–
Change in proportionate share	69,097	614
Total	<u>\$ 94,233</u>	<u>\$ 220,236</u>

(Expressed in Thousands)

OPEB (Baltimore City Public School Portion)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 3,114	\$ 41,067
Change in assumptions or other inputs	20,976	13,677
Net difference between projected and actual earnings on OPEB plan investments	191	–
Change in proportionate share	266	68,750
Total	<u>\$ 24,547</u>	<u>\$ 123,494</u>

The net deferred outflows/inflows of resources to be recognized in OPEB expense in future years is presented below:

(Expressed in Thousands)

Net deferred outflows and inflows for years ended June 30:	City Portion	Baltimore City Public Schools Portion	Total
2025	\$ (61,780)	\$ (48,514)	\$ (110,294)
2026	(39,838)	(31,283)	(71,121)
2027	(17,957)	(14,101)	(32,058)
2028	(7,906)	(6,209)	(14,115)
2029	1,478	1,160	2,638
Total	<u>\$ (126,003)</u>	<u>\$ (98,947)</u>	<u>\$ (224,950)</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

H. OPEB EXPENSE

The OPEB expense includes changes in the total OPEB liability and projected earnings on plan investment and is presented as follows:

(Expressed in Thousands)

	City Portion	Baltimore City Public School Portion	Total
Service Cost	\$ 20,348	\$ 6,286	\$ 26,634
Interest on Total OPEB Liability and Service Cost	48,212	14,893	63,105
Projected Earnings on OPEB Plan Investments	(47,067)	(14,540)	(61,607)
Difference Between Expected and Actual Experience in the Total OPEB Liability	(79,803)	(24,652)	(104,455)
Changes of Assumptions or Other Inputs	6,848	2,116	8,964
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	7,566	2,337	9,903
OPEB expense June 30, 2024	<u>\$ (43,896)</u>	<u>\$ (13,560)</u>	<u>\$ (57,456)</u>

I. COMPONENT ALLOCATION

OPEB balances have been allocated between the governmental activities, the business-type activities (Enterprise Funds), and the discretely presented component unit as follows:

(Expressed in Thousands)

	Enterprise Funds						Component Unit
	Total OPEB	Governmental Activities	Water	Wastewater	Stormwater	Non-major Proprietary Fund	Baltimore City Public Schools
Net OPEB Liability, Beginning of Year	\$ 20,949	\$ 13,659	\$ 1,621	\$ 1,549	\$ 295	\$ 764	\$ 3,061
OPEB Expense	(57,456)	(36,892)	(3,269)	(2,994)	(546)	(195)	(13,560)
Employer Contributions	(53,277)	(34,209)	(3,032)	(2,776)	(506)	(181)	(12,573)
Deferred Outflows/(Inflows)	82,812	53,174	4,712	4,315	787	281	19,543
Net OPEB Liability, End of Year	<u>\$ (6,972)</u>	<u>\$ (4,268)</u>	<u>\$ 32</u>	<u>\$ 94</u>	<u>\$ 30</u>	<u>\$ 669</u>	<u>\$ (3,529)</u>

14. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; civil rights violations; and natural disasters. The City's risk financing techniques include a combination of risk retention through self-insurance and risk transfer through the purchase of commercial insurance. The risk management program services all claims for risk of loss, including general liability, property and casualty, workers' compensation, unemployment compensation, automobile physical damage and bodily injury, and sundry other risks. The City has included the accounting for violations of a person's civil rights. The civil rights liability is recorded within the General Fund. Commercial insurance coverage is provided for each property damage claim in excess of \$500,000 with a cap of \$550,000,000. Settled claims have not exceeded this commercial coverage in any of the past three years. The City also provides medical insurance coverage for all employees and retirees. Employees are required to pay a percentage of the annual cost of the medical plans and the remaining costs are paid by the internal service program.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

All funds of the City and the Baltimore City Public School System participate and make payments to the risk management program based on actuarial estimates and historical cost information of the amounts needed to pay prior and current year claims. As of June 30, 2024, the City has determined that the range of potential claims liability for the program to be between \$358,750,000 and \$510,366,000. Liabilities include an amount for claims that have been incurred but not reported (IBNR). This liability, which has been discounted at 3.0% as of June 30, 2024 does not include the effects of inflation, incremental or other allocated or unallocated claim adjustment expenses, salvage, or subrogation, as such factors are not considered material.

Changes in the Risk Management Program claims liability in fiscal years 2024 and 2023 were (amounts expressed in thousands):

	2024	2023
Unpaid claims, beginning	\$ 417,908	\$ 372,164
Claims incurred	298,237	373,351
Claims paid	(357,395)	(327,607)
Unpaid claims, ending	<u>\$ 358,750</u>	<u>\$ 417,908</u>

The City estimates that \$91,515,000 of the estimated claims liability is due within one year.

15. Leases

Primary Government Lessor-Lease

The City has entered into various lease agreements as lessor to lease buildings and office space. Leases have terms of 1 to 30 years. The City has included all leases except those for which call for nominal lease payments. As the interest rate implicit in these leases are not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

As of June 30, 2024, future minimum lease payments for leases where the City is the lessor are as follows (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2025	\$ 541	\$ 1,209	\$ 1,750
2026	566	1,184	1,750
2027	592	1,158	1,750
2028	619	1,131	1,750
2029	648	1,102	1,750
2030-2034	3,717	5,033	8,750
2035-2039	4,659	4,091	8,750
2040-2044	5,839	2,911	8,750
2045-2049	7,319	1,431	8,750
2050-2053	1,673	77	1,750
Total	<u>\$ 26,173</u>	<u>\$ 19,327</u>	<u>\$ 45,500</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Lessee-Lease

The City has entered into various lease agreement as lessee primarily for office space. Leases have initial term for 1 to 15 years with an average length of 4 years, and contains one or more renewals at the City's option, most commonly for 5-year periods and others at one or three-years. The City has generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

On September 1, 2023, the City entered into a 48 month lease as Lessee for the use of 217 East Redwood Street. An initial lease liability was recorded in the amount of \$413,685. As of 06/30/2024, the value of the lease liability is \$328,188, and the value of the short-term lease liability is \$102,930. The City is required to make monthly fixed payments of \$8,726. The lease has an interest rate of 0.6320%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 of \$413,685 with accumulated amortization of \$86,184 is included with Buildings on the Lease Class activities table found below.

As of June 30, 2024, future minimum lease payments for leases where the City is the lessee are as follows (amounts expressed in thousands):

Asset Class	As of Fiscal Year-end	
	Lease Asset Value	Accumulated Amortization
Building	\$ 48,675	\$ 18,274
Total Leases	\$ 48,675	\$ 18,274

Fiscal Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 6,073	\$ 1,296	\$ 7,369	\$ -	\$ -	\$ -
2026	5,575	1,081	6,656	-	-	-
2027	4,665	880	5,545	-	-	-
2028	3,990	693	4,683	-	-	-
2029	3,663	518	4,181	-	-	-
2030-2034	8,163	1,103	9,266	-	-	-
2035-2039	923	105	1,028	-	-	-
2040-2044	127	5	132	-	-	-
2045-2049	4	1	5	-	-	-
2050-2053	2	(1)	1	-	-	-
Total	\$ 33,185	\$ 5,681	\$ 38,866	\$ -	\$ -	\$ -

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

	Governmental Activities
Balance, June 30, 2023	\$ 39,500
Lease Payments	(6,753)
New Leases	438
Balance, June 30, 2024	<u>\$ 33,185</u>
Due in one year	<u>\$ 6,614</u>

Lessee – Finance purchase

The City entered into two lease agreements with Bank of America Public Capital Corp. to purchase motor vehicles and heavy equipment for the Department of General Services. The City is required to make semi-annual payments. One agreement was with a 5-year term and an interest rate of 4.493%, and the other agreement was a 10-year term and an interest rate of 4.6212%. The semiannual payments for these agreements are \$642,000 and \$1,060,000 respectively. The City also entered into a lease agreement with Bank of America Public Capital Corp. for helicopters. This agreement was a 10-year term and an interest rate of 2.41%, and semi-annual payments of \$1,020,000. As of June 30, 2024, the total finance purchase liability is \$159,146,000.

Future minimum lease payments as of June 30, 2024, are as follows (expressed in thousands):

Fiscal Year	Governmental Fund	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
2025	\$ 7,969	\$ 59	\$ 28,195	\$ 36,223
2026	8,006	–	24,995	33,001
2027	6,688	–	22,183	28,871
2028	9,052	–	13,600	22,652
2029	5,847	–	11,807	17,654
2030-2034	11,714	–	30,099	41,813
Total minimum lease payments	49,276	59	130,879	180,214
Less: computed interest	(4,865)	(1)	(16,202)	(21,068)
Present value minimum lease payments	<u>\$ 44,411</u>	<u>\$ 58</u>	<u>\$ 114,677</u>	<u>\$ 159,146</u>

	Governmental Activities	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
Balance, June 30, 2023	\$ 39,469	\$ 193	\$ 117,791	\$ 157,453
Lease Payments	–	(135)	(38,058)	(38,193)
New Leases	4,942	–	34,944	39,886
Balance, June 30, 2024	<u>44,411</u>	<u>58</u>	<u>114,677</u>	<u>159,146</u>
Due in one year	<u>\$ 6,795</u>	<u>\$ 57</u>	<u>\$ 23,330</u>	<u>\$ 30,182</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The following is a schedule of leased property under leases by major class as of June 30, 2024 (expressed in thousands):

Classes of Right of Use Assets	Governmental Activities	Business-type Activities		Total
		Enterprise Fund	Internal Service Fund	
Buildings	\$ 193,620	\$ —	\$ —	\$ 193,620
Equipment	270,740	3,187	271,536	545,463
Total	<u>\$ 464,360</u>	<u>\$ 3,187</u>	<u>\$ 271,536</u>	<u>\$ 739,083</u>

Amortization of assets recorded under financed purchases is included in depreciation expense.

Baltimore City Public School System (BCPSS)

Lessee

BCPSS has entered into a 30 year lease with the Baltimore Design School for rental space in October of 2011. During the year which ended June 30, 2024, rent and lease expenditures equaled \$782,000 made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 15 year lease with St. Marks Evangelical Lutheran Church of Baltimore City for parking spaces in June of 2012. During the year which ended June 30, 2024, rent and lease expenditures equaled \$78,000 made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 5 year lease with The Shrine of the Sacred Heart Roman Catholic Congregation, Inc for rental space in October of 2010. During the year which ended June 30, 2024, rent and lease expenditures equaled \$196,000 made from the General Fund. An interest rate of 4% was applied. BCPSS has entered into a 3 years lease with Marco Technologies LLC to provide office equipment and a 3 year vehicle lease with Enterprise Fleet Management for Fiscal Year 2021. During the year which ended June 30, 2024, rent and lease expenditures equaled \$319,000. An interest rate of 4% was applied. BCPSS has entered into a 6 years lease with Transformation Center for rental space. During the year which ended June 30, 2024, rent and lease expenditure equaled \$99,000 made from the General Fund. An interest rate of 4% was applied.

Future minimum lease payments under lease agreements as of June 30, 2024, are as follow (expressed in thousands):

Fiscal Year	Total Lease Receivable		Interest	Total
	Principal			
2025	\$ 1,808	\$ 929	\$ 2,737	
2026	1,147	871	2,018	
2027	1,046	827	1,873	
2028	1,047	786	1,833	
2029	965	746	1,711	
2030-2034	5,388	3,112	8,500	
2035-2039	6,579	1,921	8,500	
2040-2044	6,295	505	6,800	
	<u>\$ 24,275</u>	<u>\$ 9,697</u>	<u>\$ 33,972</u>	

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Right-to-use assets through outstanding leased are shown below, by underlying asset class, as of June 30, 2024 (expressed in thousands):

Classes of Property	
Buildings	\$ 26,563
Equipment	3,391
Total	<u>\$ 29,954</u>

Lessor

BCPSS, acting as lessor, leases telecom under long-term, non-cancelable lease agreements, at an interest rate of 4%. The leases expire at various dates through 2043 and provide renewal options ranging from three months to six years. During the year ended June 30, 2024, BCPSS recognized \$486,000 and \$139,000, in lease revenue and interest revenue, respectively, pursuant to these contracts. BCPSS, acting as lessor, lease charter school under long-term, non-cancelable lease agreements, at an interest rate of 4%. The leases expire at various dates through 2026 and provide renewal option from three months to six years. During the year ended June 30, 2024, BCPSS recognized \$1.2 million and \$67,000, in lease revenue and interest revenue, respectively, pursuant to these contracts.

Future minimum lease payments under lease agreements as of June 30, 2024, are as follow (expressed in thousands):

Fiscal Year	Total Lease Receivable		
	Principal	Interest	Total
2025	\$ 1,917	\$ 186	\$ 2,103
2026	887	151	1,038
2027	520	130	650
2028	554	109	663
2029	457	88	545
2030-2034	1,344	241	1,585
2035-2039	869	51	920
2040-2044	—	—	—
	<u>\$ 6,548</u>	<u>\$ 956</u>	<u>\$ 7,504</u>

A leases receivable of \$6.5 million and deferred inflow of \$6.6 million are presented in the BCPSS Statements.

16. Subscription Based Information Technology Arrangements (SBITA)

The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

On July 1, 2023, the City entered into a 30 month subscription for the use of AGS Prime System. An initial subscription liability was recorded in the amount of \$146,812. As of June 30, 2024, the value of the subscription liability is \$84,744, and the value of the short-term subscription liability is \$59,611. The City is required to make annual fixed payments of \$62,069. The subscription has an interest rate of 2.9010%. The value of the right to use asset as of June 3, 2024 of \$146,812 with accumulated amortization of \$58,725 is included with Software on the Subscription Class activities table found below

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

On October 16, 2023, the City entered into a 60 month subscription for the use of FirstWatch - Tiburon CAD. An initial subscription liability was recorded in the amount of \$217,088. As of June 30, 2024, the value of the subscription liability is \$170,623, and the value of the short-term subscription liability is \$40,474. The City is required to make annual fixed payments of \$46,465. The subscription has an interest rate of 3.5113%. The value of the right to use asset as of June 30, 2024 of \$217,088 with accumulated amortization of \$30,754 is included with Software on the Subscription Class activities table found below.

On March 20, 2024, the City entered into a 33 month subscription for the use of REVENUE SOLUTION, INC. An initial subscription liability was recorded in the amount of \$11,789,054. As of June 30, 2024, the value of the subscription liability is \$11,224,184, and the value of the short-term subscription liability is \$222,645. The City is required to make monthly fixed payments of \$564,870. The subscription has an interest rate of 3.0490%. The value of the right to use asset as of June 30, 2024 of \$11,789,054 with accumulated amortization of \$1,239,016 is included with Software on the Subscription Class activities table found below. The City has 1 extension option(s), each for 12 months.

On July 1, 2023, the City entered into a 36 month subscription for the use of Dynamic Workforce Solutions, LLC. An initial subscription liability was recorded in the amount of \$7,493. As of June 30, 2024, the value of the subscription liability is \$3,593, and the value of the short-term subscription liability is \$0. The City is required to make monthly fixed payments of \$3,900. The subscription has an interest rate of 2.8480%. The value of the right to use asset as of June 30, 2024 of \$7,493 with accumulated amortization of \$2,498 is included with Software on the Subscription Class activities table found below.

On September 6, 2023, the City entered into a 48 month subscription for the use of BENCHMARK ANALYTICS (PO-017238). An initial subscription liability was recorded in the amount of \$3,160,125. As of June 30, 2024, the value of the subscription liability is \$2,336,511, and the value of the short-term subscription liability is \$757,071. The City is required to make annual fixed payments of \$823,615. The subscription has an interest rate of 2.8480%. The value of the right to use asset as of June 30, 2024 of \$3,160,125 with accumulated amortization of \$862,384 is included with Software on the Subscription Class activities table found below. The Vendor has 2 extension option(s), each for 12 months.

On July 1, 2023, the City entered into a 36 month subscription for the use of QLESS, INC (PO-022669). An initial subscription liability was recorded in the amount of \$114,630. As of June 30, 2024, the value of the subscription liability is \$56,609, and the value of the short-term subscription liability is \$28,043. The City is required to make annual fixed payments of \$29,100. The subscription has an interest rate of 1.8680%. The value of the right to use asset as of June 30, 2024 of \$114,630 with accumulated amortization of \$54,949 is included with Software on the Subscription Class activities table found below.

On April 10, 2024, the City entered into a 120 month subscription for the use of APPLIED TECHNOLOGY SERVICES, INC (PO-022303). An initial subscription liability was recorded in the amount of \$10,523,140. As of June 30, 2024, the value of the subscription liability is \$9,360,808, and the value of the short-term subscription liability is \$948,718. The City is required to make annual fixed payments of \$1,162,332. The subscription has an interest rate of 2.2820%. The value of the right to use asset as of June 30, 2024 of \$10,523,140 with accumulated amortization of \$262,997 is included with Software on the Subscription Class activities table found below. The Vendor has 1 extension option(s), each for 60 months.

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
SBITA	\$ 35,162	\$ 5,493
Total Subscriptions	\$ 35,162	\$ 5,493

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payment	Total Payment
2025	\$ 4,942	\$ 879	\$ 5,821
2026	9,363	566	9,929
2027	5,594	315	5,909
2028	2,046	215	2,261
2029	2,057	157	2,214
2030-2031	4,396	254	4,650
	<u>\$ 28,398</u>	<u>\$ 2,386</u>	<u>\$ 30,784</u>

	Governmental Activities
Balance, June 30, 2023	\$ 6,300
Lease Payments	(3,860)
New Leases	25,958
Balance, June 30, 2024	<u>\$ 28,398</u>
Due in one year	<u>\$ 4,942</u>

17. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City place a final cover on its landfill site and perform certain maintenance and monitoring functions at the landfill site for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill site, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs is \$32,452,000 as of June 30, 2024, which is based on 86.28% usage (filled capacity) of the landfill. This is a decrease in the liability of \$4,146,000, and a increase in the usage of -0.33%, since June 30, 2023. It is estimated that an additional \$5,161,000 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (the year 2025). The estimated total current cost of the landfill closure and postclosure care, \$37,612,000, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2024. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in the landfill laws and regulations. The City does not expect to pay any closure and postclosure care costs during fiscal year 2024.

	Governmental Activities
Balance June 30, 2023	\$ 36,598
Decrease in Estimate	(4,146)
Balance June 30, 2024	<u>\$ 32,452</u>
Due in one year	<u>\$ —</u>

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

In addition, the City is required by State and Federal laws and regulations to make annual contributions to finance closure and postclosure care. The City is in compliance with these requirements, and as of June 30, 2024, cash and cash equivalents of \$32,538,000 were held in the City's General Fund. In addition, the General Fund's fund balance was appropriately reserved. It is anticipated that future inflation costs will be financed from earnings on investments held by the City. The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in closure and postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

18. Notes and Mortgages Receivable

Notes and mortgages receivable as of June 30, 2024, consist of the following:

- A. The General Fund has notes receivable of \$254,229,833.15 net of a \$1,000,000 allowance for losses. A note receivable from the Baltimore Hotel Corporation for \$252,220,000 bears interest at rates ranging from 3% to 5% and mature over 30 years. A portion of this note receivable totaling \$247,660,000 is scheduled to be collected in 2026 through 2046. The other portion of the notes receivable unrelated to the Baltimore Hotel Corporation is for notes totaling \$602,000 net of a \$1,000,000 allowance for losses. These notes bear interest rates ranging from 1.0% to 12.0% over 30 years.
- B. The Parking Facilities Fund has mortgages receivable of \$6,862,000 collateralized by real property. These notes bear interest at rates ranging from 6.1% to 6.9% and mature over 30 years. A portion of this note receivable totaling \$3,594,132 is scheduled to be collected in 2025 through 2036.

19. Fund Balance

The composition of the fund balances of the governmental funds for fiscal year ended June 30, 2024, are as follows (amounts expressed in thousands):

	General (a)	Grants Revenue	Capital Projects	Other Funds	Governmental Funds
Fund Balances					
Nonspendable:					
Reserved for other assets	\$ 6,292	\$ —	\$ —	\$ —	6,292
Restricted:					
General government	—	—	48,593	46,622	95,215
Education	—	—	—	18,764	18,764
Sanitation and waste removal	88,646	—	—	—	88,646
Debt service	252,220	—	—	—	252,220
Total restricted	340,866	—	48,593	65,386	454,845
Assigned to:					
General government	254,665	—	—	25,571	280,236
Public safety and regulation	26,941	—	—	—	26,941
Education	30,000	—	—	5,465	35,465
Recreation and culture	327	—	—	—	327
Highways and streets	1,142	—	—	—	1,142
Public service	1,759	—	—	—	1,759
Economic development	1,050	—	—	8,494	9,544
Total assigned (b)	315,884	—	—	39,530	355,414
Unassigned	259,021	(35,924)	—	—	223,097
Total fund balances	\$ 922,063	\$ (35,924)	\$ 48,593	\$ 104,916	\$ 1,039,648

(a) General fund unassigned fund balance includes \$359,022 or the budget stabilization reserve.

(b) The assigned fund balance include encumbrances as follows: General Fund \$4,587, Capital Projects \$—, and Other Funds \$29,809.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

20. Commitments and Contingencies

The City is party to legal proceedings which normally occur in governmental operations. The City provides for the estimated losses on certain outstanding claims as discussed in Note 14. The City has determined, in consultation with outside counsel that certain claims are in too early of a stage to make a reasonable assessment of the City's liability. The City vigorously contests such claims as a matter of policy and will fully assert all available remedies, including the \$400,000 ceiling per individual claim. It is the opinion of City management, in consultation with outside legal counsel, that any additional liability for remaining litigation will not be material to the City's financial position or results of operations.

The City has received Federal and State grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal and State regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits in accordance with grantors' requirements. Any disallowance as a result of these audits become a liability of the City. As of June 30, 2024, the City estimates that no material liabilities will result from such audits.

The Northeast Maryland Waste Disposal Authority Act was enacted by the Maryland General Assembly to assist in the provision of waste disposal facilities for the Northeast Maryland area, including the facilities for the disposal of wastewater treatment residue. The City agreed to perform the obligations of the Authority. The current agreement, approved in March 2008, provided that the Authority and Mayor and City Council of Baltimore "the City" entered into a service agreement, through June 30, 2013, with Veolia Water North America-Central, LLC, a Delaware limited liability company, which now owns and operates the facility. The agreement has now been extended through June 30, 2024. The agreement allows the Wastewater Utility to deliver up to approximately 2,167 wet tons of sewerage sludge per month and to pay a tipping fee comparable to alternative methods of sludge disposal currently being used by the Wastewater Utility. The debt service on variable rate bonds has been satisfied and is no longer a component of the tipping fee. The Wastewater Utility's current tipping fee expense per wet ton for delivering sewerage sludge was \$112.55 and \$54.80 up to the guaranteed and excess tonnage amounts, respectively. Payments under the agreement in fiscal year 2024 were \$3.2 million. The maximum commitment by the City is 26,004 wet tons per year.

The Wastewater Utility also has an agreement with Synagro-Baltimore, LLC, a wholly owned subsidiary of Synagro Technologies for processing biosolids at the City's Back River and Patapsco Wastewater Treatment Plants. Under the agreements, the Wastewater Utility delivers approximately 3,000 dry tons of biosolids per year at each facility and pays base and service tipping fees. The debt service on the bonds is a component of the tipping fees. The base tipping fee at the Patapsco Wastewater Treatment Plant terminated in fiscal year 2017 with the completion of debt service payment. The average service tipping fees were \$415.21 and \$487.65 per ton for the Back River and Patapsco Wastewater Treatment Plants, respectively. Payments under the agreements in fiscal year 2024 were \$45.6 million. The agreements extend to 2025 for the Back River and 2027 for the Patapsco Wastewater Treatment Plants.

In 2002, the City entered into a Consent Decree to rehabilitate its sanitary sewer system and address sanitary sewer overflows (SSOs). The 2002 Consent Decree expired on January 1, 2016. On October 6, 2017, the U.S. District Court approved a Modified Consent Decree (MCD). The Modified Consent Decree supersedes the 2002 Consent Decree and provides a revised schedule to address SSOs through a hybrid level of protection. The Modified Consent Decree is one of many that the U.S. Department of Justice has negotiated with major cities with aging sewer infrastructure. These efforts are ambitious, and the costs are estimated at \$2.0 billion (as of October 1, 2021), which is comprised of the following components: \$1.5 billion in costs and encumbrances incurred through October 1, 2021 and \$540 million in projected costs for completion of Phase I and II projects through December 31, 2030 (capital only).

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

The MCD is composed of two (2) phases. Phase I provides environmental benefits and constructs the Headworks Project at the Back River Wastewater Treatment Plant. Phase I is mostly complete. After the completion of the Headworks project in January 2021, the sewer system experienced a 67% reduction in volume of SSOs as compared to the year prior. Phase II projects will build on the Phase I performance results and achieve the MCD mandated Levels of Protection against SSOs through additional system rehabilitation and increases hydraulic capacity. The City will continue to address sewage building backups and sanitary discharges of unknown origin (SDUOs), while performing proactive maintenance throughout the sanitary sewer system. Collectively, the MCD extends the deadline to address SSOs to December 31, 2030. A close-out report is due by July 31, 2033.

During the course of normal business activity there are billing disputes with other governmental entities. The City has recorded adequate reserves for these disputed amounts.

21. Adjustments for Discretely Presented Component Units

As of and for the year ended June 30, 2024, the BCPSS did not record its proportionate share of the pension liability and related amounts related to its participation in the City's cost sharing retirement plan. The BCPSS also did not record its proportionate share of net OPEB liability and related amounts related to its participation in the City's other post-employment benefits (OPEB). For June 30, 2024, the City made adjustments to the BCPSS financials statements to correct the BCPSS's financial statements. As such, the City has included the BCPSS's financials, after adjustments, in the accompanying financials statements. The auditors for the City have audited the adjustments made to the BCPSS financial statements as listed below. The adjustments to the BCPSS financial statements were to include the BCPSS proportionate share of the net pension liability for those employees in the Employees' Retirement System of the City of Baltimore (ERS) and the BCPSS proportionate share of the net OPEB liability for employees eligible for other postemployment benefits as of June 30, 2024 and related deferred outflows, deferred inflows and expense.

The adjustments recorded are listed below:

(Expressed in Thousands)				
	As reported by BCPSS	Adjustments for recording of Net Pension Liability	Adjustments for recording of Net OPEB Liability	Restated per City's Financial Statements
Deferred outflows	\$ —	\$ 30,305	\$ 24,547	\$ 54,852
Net pension liability	—	120,752	—	120,752
Deferred inflows	—	3,430	123,494	126,924
Expenses	(6,590)	65,087	26,133	84,630
Net position, as restated, June 30, 2024	2,138,078	(93,876)	(95,418)	1,948,784

22. Tax Abatement

As of June 30, 2024, the City approves Tax Abatements and Payment In Lieu of Taxes (PILOT) for the purpose of encouraging economic development and to provide better residential housing for the disabled and senior citizens:

- The economic development program provides PILOTs to businesses, landowners and developers to substitute payment for annual real estate taxes with negotiated payment called PILOTs for a specific period of time. PILOTs are granted on qualifying projects which would not otherwise be undertaken without the City's support. The program is administered under the authority of the Property Tax Article of the State Annotated Code Title 7 Property Taxes Subtitle 5 Exemptions. Abatements are obtained by application to the Baltimore Development Corporation (BDC) with final approval by the City's Board of Estimates.

CITY OF BALTIMORE
Notes to Basic Financial Statements
(Continued)

- The disabled and senior residential housing program provides PILOTs to developers and not-for profit organizations who provide housing for disabled and senior citizens to replace their annual real estate taxes with a negotiated payment for a specific period of time. PILOTs are granted on qualifying projects which would not otherwise be undertaken without the City's support. The program is administered under the authority of the Property Tax Article of the State Annotated Code Title 7 Property Taxes Subtitle 5 Exemptions. Abatements are obtain by application directly to the City's Department of Housing. Final approval rests with the City's Board of Estimates.

Additionally, the State of Maryland makes PILOT payments to the City for various port facilities that are operated by the State. The amount below reflects the amount of tax revenues that were reduced in the current fiscal year.

(Expressed in Thousands)	
Tax Abatement Program	Amount of Taxes Abated
Economic development	
Market based housing	\$ 1,414
Business development	12,919
Garages	376
Affordable housing	13,679
State of Maryland Port Authority	2,414
Total	<u>\$ 30,802</u>

Required Supplementary Information



See Report of Independent Public Accountants

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CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances – Budget and Actual – Budgetary Basis(1), (2), (3) - General Fund For the Year Ended June 30, 2024 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes - local	\$ 1,752,683	\$ 1,770,583	\$ 1,754,646	\$ (15,937)
State shared revenue	193,444	193,444	128,289	(65,155)
Licenses and permits	28,849	28,849	36,817	7,968
Fines and forfeitures	33,111	33,111	29,882	(3,229)
Interest and other investment income	45,730	79,091	59,845	(19,246)
Intergovernmental grants	117,680	117,680	137,551	19,871
Other grants	3,001	3,001	3,589	588
Charges for services	44,243	44,243	57,574	13,331
Miscellaneous	5,847	5,847	5,411	(436)
Total revenues	2,224,588	2,275,849	2,213,604	(62,245)
Expenditures and encumbrances:				
Baltimore City Public School System	412,875	412,875	405,375	7,500
Board of Liquor License Commissioners	3,070	3,321	3,238	83
City Council	9,858	9,858	8,155	1,703
Civil Service Commission	12,538	12,538	12,053	485
Comptroller	11,671	11,671	9,883	1,788
Courts	24,133	24,133	20,378	3,755
Department of Finance	39,664	39,664	30,307	9,357
Department of Fire	263,602	296,964	255,705	41,259
Department of General Services	17,221	17,221	11,809	5,412
Department of Health	80,474	85,726	17,856	67,870
Department of Housing and Community Development	88,645	88,645	66,794	21,851
Department of Law	13,600	13,600	12,664	936
Department of Legislative Reference	2,126	2,126	1,693	433
Department of Municipal and Zoning Appeals	619	619	489	130
Department of Planning	10,787	10,787	2,309	8,478
Department of Police	572,388	575,663	524,745	50,918
Department of Public Works	144,827	150,809	124,518	26,291
Department of Recreation and Parks	58,372	65,346	49,561	15,785
Department of Transportation	151,360	151,360	123,267	28,093
Enoch Pratt Free Library	32,359	32,359	27,380	4,979
Mayoralty	283,006	283,006	281,112	1,894
Office of Civil Rights	6,617	6,617	5,957	660
Office of Financial Review	847	847	776	71
Office of Sheriff	25,850	25,850	29,657	(3,807)
Office of State's Attorney	43,684	43,684	35,468	8,216
Supervisor of Elections	8,116	9,533	8,226	1,307
Total expenditures and encumbrances	2,318,309	2,374,822	2,069,375	305,447
Excess of revenues over expenditures and encumbrances	(93,721)	(98,973)	144,229	(367,692)
Other financing sources (uses):				
Transfers in	17,127	17,127	41,747	24,620
Transfers out	(102,837)	(102,837)	(94,275)	8,562
Total other financing sources (uses)	(85,710)	(85,710)	(52,528)	33,182
Net changes in fund balances	(179,431)	(184,683)	91,701	276,384
Fund balances - beginning	1,299,111	1,299,111	1,299,111	-
Fund balances - ending	\$ 1,119,680	\$ 1,114,428	1,390,812	\$ 276,384
Adjustments to reconcile to GAAP basis:				
Residual Equity Transfer In				
Addition of encumbrances outstanding			11,349	
Less: Accounts payable not recorded for budgetary purposes and other GAAP adjustments			(480,095)	
Fund balance - June 30, 2024 (GAAP basis)			\$ 922,066	

(a) Annual budgets are adopted for the General Fund and all Special Revenue Funds, except for Grants Revenue, Community Development Block Grant Funds and the Scholarship Fund, on a basis consistent with Generally Accepted Accounting Principles, except for certain miscellaneous general expenditures which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes.

(b) The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflow) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

(c) This schedule does not include a non-budgetary revenue and expense item in the amount of \$2,343,000 which was paid by the Maryland State Retirement System on behalf of the City of Baltimore for certain employees of the Enoch Pratt Free Library.

CITY OF BALTIMORE

**Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balances – Budget and Actual – Budgetary Basis(1), (2),
Grants Fund**

For the Year Ended June 30, 2024

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental grants	\$ 528,508	\$ 528,508	\$ 408,099	\$ (120,409)
Other grants	210,651	210,651	68,388	(142,263)
Total revenues	<u>739,159</u>	<u>739,159</u>	<u>476,487</u>	<u>(262,672)</u>
Expenditures and encumbrances:				
Comptroller	693	693	(948)	1,641
Courts	11,741	11,741	4,394	7,347
Department of Finance	454	454	257	197
Department of Fire	91,709	91,709	76,351	15,358
Department of General Services	3,033	3,033	422	2,611
Department of Health	252,868	252,868	23,351	229,517
Department of Housing and Community Development	198,451	198,451	61,570	136,881
Department of Law	—	—	(15)	15
Department of Planning	11,239	11,239	590	10,649
Department of Police	103,859	103,859	30,901	72,958
Department of Public Works	9,581	9,581	16,068	(6,487)
Department of Recreation and Parks	20,945	20,945	8,919	12,026
Department of Transportation	49,395	49,395	4,162	45,233
Enoch Pratt Free Library	14,395	14,395	10,819	3,576
Mayoralty	126,759	126,759	126,709	50
Office of Civil Rights	179	179	18	161
Office of Sheriff	3,097	3,097	39	3,058
Office of State's Attorney	16,313	16,313	5,545	10,768
Supervisor of Elections			1,138	(1,138)
Total expenditures and encumbrances	<u>914,711</u>	<u>914,711</u>	<u>370,290</u>	<u>544,421</u>
Excess of revenues over expenditures and encumbrances	<u>(175,552)</u>	<u>(175,552)</u>	<u>106,197</u>	<u>281,749</u>
Other financing sources (uses):				
Transfers in	—	—	10,557	10,557
Transfers out	(15,767)	(15,767)	—	15,767
Total other financing sources (uses)	<u>(15,767)</u>	<u>(15,767)</u>	<u>10,557</u>	<u>26,324</u>
Net changes in fund balances	<u>(191,319)</u>	<u>(191,319)</u>	<u>116,754</u>	<u>308,073</u>
Fund balances - beginning	(71,021)	(71,021)	(71,021)	—
Fund balances - ending	<u>\$ (262,340)</u>	<u>\$ (262,340)</u>	<u>45,733</u>	<u>\$ 308,073</u>
Adjustments to reconcile to GAAP basis:				
Residual Equity Transfer In				
Addition of encumbrances outstanding				
Less: Accounts payable not recorded for budgetary purposes and other GAAP adjustments			(81,657)	
Fund balance - June 30, 2024 (GAAP basis)			<u>\$ (35,924)</u>	

(a) Annual budgets are adopted for the General Fund and Grants Revenue Fund on a basis consistent with Generally Accepted Accounting Principles, except for certain miscellaneous general expenditures which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes.

(b) The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflow) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation.

CITY OF BALTIMORE

Schedule of the City's Proportionate Share of Net Pension Liability - Employees' Retirement System Plan

For the Year Ended June 30, 2024

(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
City's share of the net pension liability	85.19 %	80.03 %	81.56 %	72.51 %	86.99 %	77.81 %	81.75 %	81.84 %	81.01 %
City's proportionate share of the net pension liability	\$ 614,236	\$ 644,079	\$ 597,470	\$ 565,892	\$ 626,594	\$ 705,725	\$ 398,214	\$ 512,491	\$ 515,070
City's covered payroll	347,656	319,693	318,999	304,333	341,037	365,095	340,218	359,541	371,542
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	176.68%	201.47%	187.30 %	185.95 %	183.73 %	193.30 %	117.05 %	142.54 %	138.63 %
Plan fiduciary net position as a percentage of the total pension liability	68.00%	65.17%	65.17 %	71.11 %	69.80 %	66.57 %	66.57 %	75.90 %	76.20 %

The reporting date is June 30, 2024 and the measurement date is June 30, 2023. Covered payroll is as of the measurement date.

CITY OF BALTIMORE

Schedule of Employer Contributions - Employees' Retirement System Plan

For the Year Ended June 30, 2024

(Expressed in Thousands)

Description	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 77,088	\$ 60,712	\$ 68,895	\$ 63,481	\$ 73,025	\$ 78,177	\$ 67,658	\$ 71,084	\$ 80,727	\$ 79,908
Contribution in relation to the actuarially determined contribution	82,780	61,704	68,904	63,481	73,025	78,177	67,658	71,084	80,727	79,908
Contribution deficiency (excess)	\$ (5,692)	\$ (992)	\$ (9)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 347,656	\$ 319,693	\$ 318,999	\$ 304,333	\$ 341,037	\$ 365,095	\$ 340,218	\$ 372,142	\$ 359,546	\$ 371,542
Contribution as a percentage of covered payroll	23.81 %	19.30 %	21.60 %	20.86 %	21.41 %	21.41 %	19.89 %	19.10 %	22.45 %	21.51 %

Covered payroll is an of The Employees' Retirement System Plan fiscal year end.

CITY OF BALTIMORE

Schedule of the City's Proportionate Share of Net Pension Liability - Maryland State Retirement and Pension System-ERPS

For the Year Ended June 30, 2024

(Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023
City's share of the net pension liability	0.02 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %	0.03 %
City's proportionate share of the net pension liability	\$ 5,894	\$ 7,001	\$ 6,935	\$ 6,939	\$ 7,322	\$ 4,906	\$ 6,480	\$ 7,064
City's covered payroll	850	1,400	1,423	1,486	1,394	1,407	1,456	1,643
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	693.41 %	500.07 %	487.35 %	466.96 %	525.25 %	348.69 %	445.05 %	429.95 %
Plan fiduciary net position as a percentage of the total pension liability	62.97 %	66.71 %	68.36 %	67.98 %	66.29 %	76.76 %	71.75 %	71.75 %

Note: The reporting date is June 30, 2024 and the measurement date is June 30, 2023.

CITY OF BALTIMORE

Schedule of Employer Contributions - Maryland State Retirement and Pension System-ERPS

For the Year Ended June 30, 2024

(Expressed in Thousands)

Description	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 486	\$ 659	\$ 659	\$ 691	\$ 695	\$ 721	\$ 739	\$ 748
Contribution in relation to the actuarially determined contribution	486	659	659	691	695	721	739	748
Contribution deficiency (excess)	—	—	—	—	—	—	—	—
Covered payroll	\$ 850	\$ 1,400	\$ 1,423	\$ 1,486	\$ 1,394	\$ 1,407	\$ 1,456	\$ 1,643
Contribution as a percentage of covered payroll	57.18 %	47.07 %	46.31 %	46.50 %	49.86 %	51.24 %	50.76 %	45.53 %

Note: 2024 data is not available.

CITY OF BALTIMORE

Schedule of the City's Proportionate Share of Net Pension Liability - Maryland State Retirement and Pension System-LEOPS

For the Year Ended June 30, 2024

(Expressed in Thousands)

	2016	2017	2018	2019	2020	2021	2022	2023
City's share of the net pension liability	0.13 %	0.13 %	0.14 %	0.13 %	0.12 %	0.13 %	0.12 %	0.10 %
City's proportionate share of the net pension liability	\$ 30,244	\$ 28,519	\$ 28,528	\$ 26,032	\$ 27,837	\$ 20,060	\$ 23,737	\$ 23,135
City's covered payroll	214	220	232	228	234	259	256	242
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	14132.71 %	12963.18 %	12296.55 %	11417.54 %	11896.15 %	7745.17 %	9272.27 %	9559.92 %
Plan fiduciary net position as a percentage of the total pension liability	58.88 %	62.80 %	63.82 %	64.79 %	63.60 %	63.60 %	67.74 %	68.74 %

Note: The reporting date is June 30, 2024 and the measurement date is June 30, 2023.

CITY OF BALTIMORE

Schedule of Employer Contributions - Maryland State Retirement and Pension System-LEOPS

For the Year Ended June 30, 2024

(Expressed in Thousands)

Description	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 2,497	\$ 2,497	\$ 2,711	\$ 2,592	\$ 2,641	\$ 2,946	\$ 2,708	\$ 2,450
Contribution in relation to the actuarially determined contribution	2,497	2,497	2,711	2,592	2,641	2,946	2,708	2,450
Covered payroll	214	220	232	228	234	259	256	242
Contribution as a percentage of covered payroll	1166.82 %	1135.00 %	1168.53 %	1136.84 %	1128.63 %	1137.45 %	1057.81 %	1012.40 %

Note: 2024 data is not available.

CITY OF BALTIMORE
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios - Fire and Police Employees' Retirement System - Single Employer Plan - Pension Trust Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Interest (includes interest on service cost).....	\$ 248,633	\$ 256,066	\$ 260,001	\$ 296,220	\$ 275,197	\$ 277,540	\$ 283,201	\$ 290,606	\$ 288,798	\$ 292,790
Service cost.....	65,548	66,199	70,730	70,987	70,244	69,279	68,969	71,089	73,380	71,416
Change in assumption.....	—	35,494	—	—	86,384	—	—	45,988	22,540	23,334
Differences between expected and actual experience.....	1,396	28,065	11,353	(17,476)	(20,544)	(9,039)	13,551	(18,539)	(13,223)	36,587
Benefit payments, including refunds of member contributions.....	(219,808)	(223,359)	(237,195)	(245,080)	(246,971)	(255,996)	(262,905)	(268,604)	(279,639)	(285,243)
Net change in total pension liability.....	95,769	162,465	104,889	104,651	164,310	81,784	102,816	120,540	91,856	138,884
Total pension liability - beginning.....	3,252,533	3,348,302	3,510,767	3,615,656	3,720,307	3,884,617	3,966,401	4,069,217	4,189,757	4,281,613
Total pension liability - ending.....	<u>\$ 3,348,302</u>	<u>\$ 3,510,767</u>	<u>\$ 3,615,656</u>	<u>\$ 3,720,307</u>	<u>\$ 3,884,617</u>	<u>\$ 3,966,401</u>	<u>\$ 4,069,217</u>	<u>\$ 4,189,757</u>	<u>\$ 4,281,613</u>	<u>\$ 4,420,497</u>
Plan fiduciary net position:										
Net investment income.....	\$ 312,131	\$ 53,526	\$ 2,982	\$ 291,978	\$ 211,668	\$ 148,059	\$ (15,075)	\$ 774,160	\$ (280,107)	\$ 223,197
Contribution - employer.....	113,004	118,190	120,279	129,689	137,738	141,325	146,795	151,088	161,379	154,766
Contribution - member.....	28,058	30,130	30,339	29,902	31,285	30,711	31,353	31,657	30,735	31,306
Benefit payments, including refunds of member contributions.....	(219,808)	(223,359)	(237,195)	(245,080)	(246,970)	(255,996)	(262,905)	(268,604)	(279,639)	(285,243)
Administrative expense.....	(3,786)	(4,281)	(4,377)	(4,328)	(4,984)	(5,144)	(4,967)	(4,928)	(5,115)	(5,252)
Net change in plan fiduciary net position.....	229,599	(25,794)	(87,972)	202,161	128,737	58,955	(104,799)	683,373	(372,747)	118,774
Plan fiduciary net position - beginning.....	2,244,571	2,474,170	2,448,376	2,360,404	2,562,565	2,691,302	2,750,257	2,645,458	3,328,831	2,956,084
Plan fiduciary net position - ending.....	<u>2,474,170</u>	<u>2,448,376</u>	<u>2,360,404</u>	<u>2,562,565</u>	<u>2,691,302</u>	<u>2,750,257</u>	<u>2,645,458</u>	<u>3,328,831</u>	<u>2,956,084</u>	<u>3,074,858</u>
Net position liability (asset) - ending.....	<u>\$ 874,132</u>	<u>\$ 1,062,391</u>	<u>\$ 1,255,252</u>	<u>\$ 1,157,742</u>	<u>\$ 1,193,315</u>	<u>\$ 1,216,144</u>	<u>\$ 1,423,759</u>	<u>\$ 860,926</u>	<u>\$ 1,325,529</u>	<u>\$ 1,345,639</u>
Plan fiduciary net position as a percentage of the total pension liability.....	73.89 %	69.74 %	65.28 %	68.88 %	69.28 %	69.34 %	65.01 %	79.45 %	69.04 %	69.56 %
Covered payroll.....	\$ 290,581	\$ 320,408	\$ 298,779	\$ 296,357	\$ 323,351	\$ 322,382	\$ 326,640	\$ 330,600	\$ 318,060	\$ 318,719
Net pension liability (asset) as a percentage of covered employee payroll.....	<u>300.82 %</u>	<u>331.57 %</u>	<u>420.13 %</u>	<u>390.66 %</u>	<u>369.05 %</u>	<u>377.24 %</u>	<u>435.88 %</u>	<u>260.41 %</u>	<u>416.75 %</u>	<u>422.20 %</u>

The reporting date is June 30, 2024 and the measurement date is June 30, 2023.

CITY OF BALTIMORE
Schedule of Changes in Net Pension Liability (Assets) and Related Ratios - Elected Officials' Retirement System - Single Employer Plan - Pension Trust Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total pension liability										
Interest (includes interest on service cost)	\$ 1,177	\$ 1,219	\$ 983	\$ 965	\$ 1,023	\$ 1,045	\$ 1,130	\$ 1,140	\$ 1,220	\$ 1,238
Service cost	399	410	260	250	221	243	297	290	292	319
Changes of benefit terms	—	—	—	—	(64)	—	—	—	—	—
Change in assumption	—	(3,523)	315	—	—	841	—	—	—	(1)
Differences between expected and actual experience	(256)	(440)	(474)	662	245	776	80	1,015	259	485
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(933)	(1,110)	(1,165)	(1,125)	(1,306)	(1,512)	(1,533)
Net change in total pension liability	595	(3,099)	321	944	315	1,740	382	1,139	259	508
Total pension liability - beginning	16,185	16,780	13,681	14,002	14,946	15,261	17,001	17,383	18,522	18,781
Total pension liability - ending	\$ 16,780	\$ 13,681	\$ 14,002	\$ 14,946	\$ 15,261	\$ 17,001	\$ 17,383	\$ 18,522	\$ 18,781	\$ 19,289
Plan fiduciary net position:										
Net investment income	\$ 3,508	\$ 629	\$ 45	\$ 3,116	\$ 2,309	\$ 1,056	\$ 294	\$ 7,086	\$ (2,944)	\$ 2,055
Contribution - employer	307	85	—	—	—	—	—	—	—	—
Contribution - member	56	61	62	90	69	70	76	77	76	80
Benefit payments, including refunds of member contributions	(725)	(765)	(763)	(934)	(1,110)	(1,165)	(1,125)	(1,306)	(1,512)	(1,533)
Administrative expense	(32)	(33)	(35)	(55)	(37)	(36)	(37)	(34)	(35)	(60)
Net change in plan fiduciary net position	3,114	(23)	(691)	2,217	1,231	(75)	(792)	5,823	(4,415)	542
Plan fiduciary net position - beginning	20,349	23,463	23,440	22,749	24,966	26,197	26,122	25,330	31,153	26,737
Plan fiduciary net position - ending	\$ 23,463	\$ 23,440	\$ 22,749	\$ 24,966	\$ 26,197	\$ 26,122	\$ 25,330	\$ 31,153	\$ 26,738	\$ 27,279
Net position liability (asset) - ending	\$ (6,683)	\$ (9,759)	\$ (8,747)	\$ (10,020)	\$ (10,936)	\$ (9,121)	\$ (7,947)	\$ (12,631)	\$ (7,957)	\$ (7,990)
Plan fiduciary net position as a percentage of the total pension liability	139.83 %	171.33 %	162.47 %	167.04 %	171.66 %	153.65 %	145.72 %	168.19 %	142.37 %	141.42 %
Covered payroll	\$ 1,267	\$ 1,298	\$ 1,334	\$ 1,297	\$ 1,399	\$ 1,363	\$ 1,470	\$ 1,470	\$ 1,544	\$ 1,583
Net pension liability (asset) as a percentage of covered employee payroll	(527.47)%	(751.85)%	(655.70)%	(772.55)%	(781.70)%	(669.19)%	(540.61)%	(859.25)%	(515.35)%	(504.74)%

The reporting date is June 30, 2024 and the measurement date is June 30, 2023.

CITY OF BALTIMORE
Schedule of Employer Contributions-Single Employer Plans - Ten-Year Trend Information
Pension Trust Funds
(Expressed in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire and Police Employees' Retirement System:										
Actuarially determined contribution	\$ 119,020	\$ 121,115	\$ 129,689	\$ 137,738	\$ 141,326	\$ 146,795	\$ 151,088	\$ 161,380	\$ 154,766	\$ 155,861
Contribution in relation to the actuarially determined contribution	119,020	121,115	129,689	137,738	141,326	146,795	151,088	161,380	154,766	155,861
Covered payroll	322,667	300,855	296,357	323,351	322,382	326,640	330,600	318,060	318,719	319,730
Contribution as a percentage of covered payroll	36.89 %	40.26 %	43.76 %	42.60 %	43.84 %	44.94 %	45.70 %	50.74 %	48.56 %	48.75 %
Elected Officials' Retirement System:										
Actuarially determined contribution	\$ 85	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Contribution in relation to the actuarially determined contribution	85	—	—	—	—	—	—	—	—	—
Covered payroll	1,299	1,334	1,297	1,399	1,363	1,470	1,431	1,544	1,583	1,622
Contribution as a percentage of covered payroll	6.54 %	— %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %

Source is individual Retirement Systems' stand-alone audit reports.

CITY OF BALTIMORE
Schedule of Changes in the Net OPEB Liability and Related Ratios - Ten-Year Trend Information - OPEB Fund
(Expressed in Thousands)

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost at end of year	\$ 29,652	\$ 30,838	\$ 29,956	\$ 52,654	\$ 51,945	\$ 32,225	\$ 24,031	\$ 26,634
Interest	93,367	94,514	100,281	149,945	150,398	99,388	65,353	63,105
Changes of benefit term	—	—	563,734	—	(455,349)	(455,348)	—	—
Difference between expected and actual experience	—	—	(210,824)	(103,175)	(112,063)	(108,649)	(107,844)	15,833
Changes of assumption or other inputs	—	30,644	304,959	—	(280,793)	—	29,636	—
Benefits payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)	(46,643)	(44,574)	(47,286)
Net changes in Total OPEB Liability	16,139	49,644	690,285	(5,512)	(724,954)	(479,027)	(33,398)	58,286
Total OPEB Liability - beginning	1,384,925	1,401,064	1,450,708	2,140,993	2,135,481	1,410,527	931,500	898,102
Total OPEB Liability - ending (a)	<u>\$ 1,401,064</u>	<u>\$ 1,450,708</u>	<u>\$ 2,140,993</u>	<u>\$ 2,135,481</u>	<u>\$ 1,410,527</u>	<u>\$ 931,500</u>	<u>\$ 898,102</u>	<u>\$ 956,388</u>
Plan Fiduciary Net Position								
Contribution - Employer	\$ 138,931	\$ 145,466	\$ 124,579	\$ 121,951	\$ 121,020	\$ 62,588	\$ 54,095	\$ 53,278
Net investment income	46,166	32,933	33,133	866	157,969	(70,869)	56,281	80,216
Benefit payments	(106,880)	(106,352)	(97,821)	(104,936)	(79,092)	(46,643)	(44,574)	(47,286)
Net change in Plan Fiduciary Net Position	78,217	72,047	59,891	17,881	199,897	(54,924)	65,802	86,208
Plan Fiduciary Net Position - beginning	438,342	516,559	588,606	648,497	666,378	866,275	811,351	877,153
Plan Fiduciary Net Position - ending (b)	516,559	588,606	648,497	666,378	866,275	811,351	877,153	963,361
Net OPEB liability - ending (a) - (b)	<u>\$ 884,505</u>	<u>\$ 862,102</u>	<u>\$ 1,492,496</u>	<u>\$ 1,469,103</u>	<u>\$ 544,252</u>	<u>\$ 120,149</u>	<u>\$ 20,949</u>	<u>\$ (6,973)</u>

Note: This is the eighth year of presentation per GASB 74. This will build into a 10 year schedule.

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB liability	\$1,401,064	\$1,450,708	\$2,140,993	\$2,135,481	\$1,410,527	\$ 931,500	\$ 898,102	\$ 956,388
Plan fiduciary net position	516,559	588,606	648,497	666,378	866,275	811,351	877,153	963,361
Net OPEB liability	884,505	862,102	1,492,496	1,469,103	544,252	120,149	20,949	(6,973)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	36.87 %	40.57 %	30.29 %	31.21 %	61.41 %	87.10 %	97.67 %	100.73 %
Covered payroll	1,464,035	1,345,680	1,196,671	1,352,753	1,467,615	1,410,294	1,410,294	1,908,639
Net OPEB liability as a percentage of covered payroll	60.42 %	64.06 %	124.72 %	108.60 %	37.08 %	8.52 %	1.49 %	(0.37)%
Average money weighted rate of return	10.50 %	6.40 %	5.80 %	0.60 %	21.40 %	-8.00 %	6.90 %	9.00 %

Note: This is the eighth year of presentation per GASB 74. This will build into a 10 year schedule.

CITY OF BALTIMORE
Schedule of the City's Proportionate Share of Net OPEB Liability - Ten-Year Trend Information - OPEB Fund
(Expressed in Thousands)

	2017	2018	2019	2020	2021	2022	2023	2024
City's share of the net OPEB liability....	71.40 %	71.30 %	84.50 %	84.80 %	98.80 %	85.40 %	85.40 %	49.40 %
City's proportionate share of the net OPEB liability.....	\$ 625,170	\$ 614,351	\$1,260,559	\$1,245,666	\$ 537,868	\$ 102,595	\$ 17,889	\$ (3,443)
City's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	42.70 %	64.10 %	124.70 %	92.10 %	36.60 %	7.30 %	1.30 %	(0.20)%
Plan fiduciary net position as a percentage of the total OPEB liability	36.90 %	40.60 %	30.30 %	31.20 %	61.40 %	87.10 %	97.70 %	100.70 %

Note: This is the eighth year of presentation per GASB 74. This will build into a 10 year schedule.

CITY OF BALTIMORE
Schedule of Employer Contributions - Ten-Year Trend Information - OPEB Fund
(Expressed in Thousands)

	2019	2020	2021	2022	2023	2024
Actuarial determined contribution	\$ 175,567	\$ 182,546	\$ 181,645	\$ 80,595	\$ 36,373	\$ 30,392
Contributions in relations to the actuarial determined contributions	124,579	121,951	121,020	62,588	54,095	53,278
Contribution deficiency (excess)	\$ 50,988	\$ 60,595	\$ 60,625	\$ 18,007	\$ (17,722)	\$ (22,886)
Covered payroll	1,196,671	1,352,753	1,467,615	1,410,294	1,410,294	1,908,639
Contributions as a percentage of covered payroll.....	10.41 %	9.02 %	8.25 %	4.44 %	3.84 %	2.79 %

Note: This is the sixth year of presentation, per GASB 74. This will build into a 10 year schedule.

Prior to 2019 this information was not available.

CITY OF BALTIMORE
Notes to the Required Supplementary Information
(Unaudited)

1. Budgetary Data

Annual budgets are legally adopted for the General Fund and the Grants Fund with corresponding fundings from the General Fund for special revenue funds, on a basis consistent with Generally Accepted Accounting Principles, except for certain miscellaneous general expenditures which are not budgeted and encumbrances which are recognized as expenditures for budgetary purposes.

The budget of the City is a detailed operating plan, which identifies estimated costs and results in relation to estimated revenues. The budget includes: (1) the programs, projects, services, and activities to be provided during the fiscal year, (2) the estimated resources (inflows) and amounts available for appropriation, and (3) the estimated charges to appropriations. The budget represents a process through which policy decisions are made, implemented, and controlled. The City Charter prohibits expending funds for which there is no legal appropriation. The budget is prepared on a cash basis with the exception of certain normal and routine monthly accruals related to payroll.

The following procedures establish the budgetary data reflected in the financial statements:

Original Budget

- (1) City agencies submit their anticipated annual budget needs to the Department of Finance during December.
- (2) From December through March, the Mayor and the Department of Finance analyze, review, and refine the budget submittals.
- (3) In April, the Director of Finance sends its recommended budget plan to the Board of Estimates. The Board then holds hearings and the recommended budget is amended as necessary. Citizens have the opportunity to offer input before the Board votes on the budget.
- (4) In May, a majority vote of the Board of Estimates approves the total budget and sends it to the City Council. The Board of Estimates must submit the proposed budget for the next fiscal year to the City Council at least 45 days before the beginning of said fiscal year. The Board of Estimates prepares a proposed Ordinance of Estimates to be submitted to the City Council. The Ordinance of Estimates is the legal authority for the enactment of the budget.
- (5) The City Council then holds hearings on the proposed Ordinance of Estimates, with additional citizen input before it votes in June. The City Council shall adopt the budget at least five days before the beginning of the fiscal year. The City Council then sends the approved Ordinance of Estimates to the Mayor.
- (6) The Mayor then either approves the total Ordinance of Estimates, or disapproves some items and approves the rest of the Ordinance of Estimates.

Final Budget

The final budgetary data presented in the basic financial statements reflects the following changes to the original budget:

- (1) Appropriations for a particular program, purpose, activity, or project may, upon the recommendation of the head of the municipal agency concerned and the Director of Finance, and with the approval of the Board of Estimates, be carried over to the subsequent fiscal year to carry out the initial appropriation objectives. All appropriations not carried over lapse at the end of the fiscal year in which they were made. In addition, funds encumbered for contracts, purchase orders, approved requisitions or other actual commitments, as well as funds dedicated to grant programs and capital improvements are carried out over the ensuing fiscal year until utilized or cancelled.

(2) The adopted budget is prepared and appropriated on an agency, program, activity, and object of expenditure basis by fund. Purchase orders which result in an operating or capital overrun are not released until additional appropriations are made available. Expenditures for each adopted operating budget may not legally exceed appropriations at the agency level. Administratively, the Department of Finance has the authority to move appropriations between activities of the same program within the same agency. The Board of Estimates has the authority to transfer appropriations between programs within the same agency. Only the City Council can transfer appropriations between agencies.

(3) The City Charter permits further appropriations for programs included in the original Ordinance of Estimates made necessary by material changes in circumstances and additional appropriations for new programs or grant awards which could not reasonably be anticipated when formulating the original Ordinance of Estimates. These changes require supplemental appropriation ordinances. During fiscal year 2024, a supplemental appropriation ordinance was required for the general fund in the amount of \$56,500,000.

Budgetary data, as revised, is presented as required supplementary information for the general fund and the motor vehicle fund.

2. Schedule of the City's Proportionate Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

The City Plans are considered part of the City's reporting entity and their financial statements are included in the City's basic financial statements as pension trust funds. Each plan issues a publicly available financial report that includes financial statements and the required supplementary information for that plan. The State System Plans are included in the City's basic financial statements in governmental activities and these plans also issue a publicly available financial report. Financial statements for the City Plans and the State System may be obtained from the following websites:

For Employees' Retirement System and Elected Officials' Retirement System: www.bcercs.org

For Fire and Police Employees' Retirement System: www.bcfpers.org

For the Maryland State Retirement and Pension System: www.sra.state.md.us

3. Schedule of the City's Proportionate Share of the Net OPEB Liability and Schedule of Changes in Net OPEB Liability

The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City and BCPSS employees. The OPEB Trust Fund does not issue separate financial statements but is included in the City's financial statements as a fiduciary trust fund.

Combining and Individual Fund Statement and Schedules



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Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant, Special Racetrack Funds, School Construction, Baltimore Casino, State Video Lottery Terminal Funds, Table Games Fund, Affordable Housing Trust Fund and Children and Youth Fund - These funds account for revenues derived from certain State shared taxes, governmental grants and other revenue sources that are restricted by law or administrative action to expenditures for specific purposes.

Scholarship Fund - This fund accounts for the contributions received and related interest income. The fund can be used to provide scholarships to City residents.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purposes that fund and support the reporting government's programs.

Enoch Pratt Free Library Fund - This fund accounts for principal trust amounts received and the related interest income. The interest portion of the trust can be used for the operations of the Enoch Pratt Free Library.

Memorial Fund - This fund accounts for the principal trust amounts received and the related interest income. The interest portion of the trust can be used by the City for memorials.

CITY OF BALTIMORE
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2024
(Expressed in Thousands)

	Special Revenue Funds										Permanent Funds			
	Community Development Block Grant Fund	School Construction Fund	Baltimore Casino Fund	State Video Lottery Terminal Fund	Scholarship Fund	Table Game Fund	Affordable Housing Trust Fund	Children and Youth Fund	Total	Enoch Pratt Free Library Fund	Memorial Fund	Total	Total Non-major Governmental Funds	
Assets:														
Cash and cash equivalents.....	\$ —	\$ 575	\$ 4,119	\$ 7,328	\$ 6,379	\$ 3,784	\$ 47,801	\$ 22,724	\$ 92,710	\$ 438	\$ 885	\$ 1,323	\$ 94,033	
Investments.....	—	—	—	—	640	—	—	—	640	2,410	9,849	12,259	12,899	
Other receivables, net.....	55,972	650	—	—	—	—	—	—	56,626	15	20	35	56,661	
Due from other governments.....	—	150	712	—	—	150	—	—	1,012	—	—	—	1,012	
Total assets.....	55,972	1,375	4,831	7,328	7,023	3,934	47,801	22,724	150,988	2,863	10,754	13,617	164,605	
Liabilities, deferred inflows of resources and fund balances:														
Liabilities:														
Accounts payable and accrued liabilities.....	682	—	79	178	—	40	1,179	5,102	7,260	—	—	—	7,260	
Due to other funds ...	48,582	—	—	—	—	—	—	—	48,582	—	—	—	48,582	
Unearned revenue.....	3,847	—	—	—	—	—	—	—	3,847	—	—	—	3,847	
Total liabilities.....	53,111	—	79	178	—	40	1,179	5,102	59,689	—	—	—	59,689	
Total liabilities and deferred inflows of resources.....	53,111	—	79	178	—	40	1,179	5,102	59,689	—	—	—	59,689	
Fund balances:														
Restricted	—	—	—	—	—	—	46,622	18,764	65,386	—	—	—	65,386	
Assigned	2,861	1,375	4,752	7,150	7,023	3,894	—	(1,142)	25,913	2,863	10,754	13,617	39,530	
Total fund balances.....	2,861	1,375	4,752	7,150	7,023	3,894	46,622	17,622	91,299	2,863	10,754	13,617	104,916	
Total liabilities and fund balances.....	\$ 55,972	\$ 1,375	\$ 4,831	\$ 7,328	\$ 7,023	\$ 3,934	\$ 47,801	\$ 22,724	\$150,988	\$ 2,863	\$ 10,754	\$ 13,617	\$ 164,605	

CITY OF BALTIMORE
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Special Revenue Funds									Permanent Funds			
	Community Development Block Grant Fund	School Construction Fund	Baltimore Casino Fund	State Video Lottery Terminal Fund	Scholarship Fund	Table Game Fund	Affordable Housing Trust Fund	Children and Youth Fund	Total	Enoch Pratt Free Library Fund	Memorial Fund	Total	Total Non-major Governmental Funds
Revenues:													
Taxes - local	\$ -	\$ 10,451	\$ -	\$ -	\$ -	\$ -	\$ 8,450	\$ -	\$ 18,901	\$ -	\$ -	\$ -	\$ 18,901
State shared revenue	-	2,994	9,225	4,585	-	1,427	-	-	18,231	-	-	-	18,231
Interest and other investment income	-	-	-	-	262	-	-	-	262	113	366	479	741
Intergovernmental grants	21,383	-	-	-	-	-	-	-	21,383	-	-	-	21,383
Miscellaneous	-	-	-	-	-	-	-	14,225	14,225	-	-	-	14,225
Total revenues	21,383	13,445	9,225	4,585	262	1,427	8,450	14,225	73,002	113	366	479	73,481
Expenditures:													
Current:													
General government	5,501	14,704	940	1,199	7	-	-	-	22,351	-	183	183	22,534
Public safety and regulation	-	-	732	35	-	-	1,630	-	2,397	-	-	-	2,397
Social services	-	-	131	-	-	-	-	-	131	-	-	-	131
Education	-	-	-	-	-	-	-	15,367	15,367	-	-	-	15,367
Recreation and culture	-	-	30	-	-	1,810	-	-	1,840	-	-	-	1,840
Sanitation and waste removal	-	-	535	-	-	-	-	-	535	-	-	-	535
Economic development	13,299	-	928	264	-	-	6,671	-	21,162	-	-	-	21,162
Total expenditures ..	18,800	14,704	3,296	1,498	7	1,810	8,301	15,367	63,783	-	183	183	63,966
Excess (deficiency) of revenues over (under) expenditures ..	2,583	(1,259)	5,929	3,087	255	(383)	149	(1,142)	9,219	113	183	296	9,515
Other financing sources (uses):													
Transfers out	-	-	(5,000)	(4,039)	-	-	-	-	(9,039)	-	-	-	(9,039)
Total other financing sources (uses)	-	-	(5,000)	(4,039)	-	-	-	-	(9,039)	-	-	-	(9,039)
Net change in fund balances	2,583	(1,259)	929	(952)	255	(383)	149	(1,142)	180	113	183	296	476
Fund balances - beginning	278	2,634	3,823	8,102	6,768	4,277	46,473	18,764	91,119	2,750	10,571	13,321	104,440

Fund balances - ending	\$	2,861	\$	1,375	\$	4,752	\$	7,150	\$	7,023	\$	3,894	\$	46,622	\$	17,622	\$	91,299	\$	2,863	\$	10,754	\$	13,617	\$	104,916
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Non-major Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for the operating of various City activities that are provided to the public on a cost reimbursement basis.

Conduit Fund - This fund accounts for the rental, operation, maintenance and development of the City's Conduits.

CITY OF BALTIMORE
Combining Statement of Net Position - Non-major Proprietary Fund
June 30, 2024
(Expressed in Thousands)

	Conduit Fund
Assets:	
Current assets:	
Accounts receivable, net:	
Other	\$ 16,171
Total current assets	16,171
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	7,599
Capital assets, net of accumulated depreciation	207,348
Capital assets not being depreciated	25,867
Total noncurrent assets	240,814
Total assets	256,985
Deferred outflows of resources	
Deferred outflows related to pension	578
Deferred outflows related to OPEB	395
Total deferred outflows of resources	973
Total assets and deferred outflows of resources	257,958
Liabilities and deferred inflows of resources:	
Current liabilities:	
Accounts payable and accrued liabilities	1,467
Due to other funds	41,882
Compensated absences	165
Current liabilities payable from restricted assets:	
Accounts payable from restricted assets	190
Total current liabilities	43,704
Noncurrent liabilities:	
Net pension liability	2,805
Net OPEB liability	669
Compensated absences	325
Total noncurrent liabilities	3,799
Total liabilities	47,503
Deferred inflows of resources:	
Deferred inflows related pension	63
Deferred inflows related OPEB	1,131
Total deferred inflows of resources	1,194
Total liabilities and deferred inflows of resources	48,697
Net position:	
Net investment in capital assets	457,255
Unrestricted (deficit)	(247,993)
Total net position	\$ 209,262

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses, and Changes in Net Position - Non-major Proprietary Fund
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Conduit Fund
Operating revenues:	
Rents, fees, and other income	\$ 17,067
Total operating revenues	<u>17,067</u>
Operating expenses:	
Salaries and wages	3,227
Other personnel costs	1,070
Contractual services	2,584
Materials and supplies	127
Minor equipment	61
Depreciation	3,128
Total operating expenses	<u>10,197</u>
Income before capital contributions and transfers	6,870
Capital contributions (distributions)	<u>—</u>
Changes in net position	6,870
Total net position - beginning	202,392
Total net position - ending	<u><u>\$ 209,262</u></u>

CITY OF BALTIMORE
Combining Statement of Cash Flows - Non-major Proprietary Fund
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Conduit Fund
Cash flows from operating activities:	
Receipts from customers	\$ 15,258
Payments to employees	(5,920)
Payments to suppliers	(2,818)
Net cash provided by operating activities	6,520
Cash flow from capital and related financing activities:	
Acquisition and construction of capital assets	(6,519)
Capital contributions (reduction)	-
Net cash provided by capital and related financing activities	(6,519)
Net increase (decrease) in cash and cash equivalents	1
Cash and cash equivalents, beginning of year	7,599
Cash and cash equivalents, end of year	7,600
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	6,870
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	3,128
Accounts receivable	(1,809)
Other assets	-
Deferred outflows - pension	(236)
Deferred outflows - OPEB	242
Accounts payable and accrued liabilities	(46)
Compensated absences	(66)
Other liabilities	-
Other noncurrent liabilities	-
Pension liability - current period	(876)
OPEB liability - current period	(95)
Deferred inflows - pension	(69)
Deferred inflows - OPEB	(523)
Total adjustments	(350)
Net cash provided by operating activities	\$ 6,520

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government, and to other governmental units, on a cost reimbursement basis.

Municipal Communication Fund - This fund accounts for the repair and maintenance of the City's radios.

Mobile Equipment Fund - This fund accounts for the service, repair, operation, and replacement of the City's equipment fleet.

Reproduction and Printing Fund - This fund accounts for the operation of the City's printing shop.

Municipal Post Office Fund - This fund accounts for the operations of the City's internal post office facility.

Municipal Telephone Exchange Fund - This fund accounts for the administration and operations of the City's telephone exchange.

Building Maintenance Fund - This fund accounts for repairs and maintenance in City-owned buildings.

Hardware and Software Replacement Fund - This fund accounts for the cost of maintaining the City's software licensing agreements and hardware refreshes.

CITY OF BALTIMORE
Combining Statement of Fund Net Position - Internal Service Funds
June 30, 2024
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Assets:								
Current assets:								
Cash and cash equivalents	\$ 2,901	\$ 37,315	\$ —	\$ —	\$ 4,729	\$ —	\$ 4,493	\$ 49,438
Accounts receivables, net:								
Other	67	137	99	—	(10)	530	—	823
Due from other funds	—	—	—	—	1,396	—	—	1,396
Inventories	—	12,028	769	1,465	—	—	—	14,262
Total current assets	2,968	49,480	868	1,465	6,115	530	4,493	65,919
Noncurrent assets:								
Restricted cash	698	138,864	—	—	—	—	—	139,562
Capital assets, net of accumulated depreciation	918	91,435	—	119	57	—	—	92,529
Capital assets not being depreciated	—	794	—	—	—	—	—	794
Total noncurrent assets	1,616	231,093	—	119	57	—	—	232,885
Total assets	4,584	280,573	868	1,584	6,172	530	4,493	298,804
Liabilities:								
Current liabilities:								
Accounts payable and accrued liabilities	402	12,104	318	390	1,013	3,210	245	17,682
Due to other funds	—	104,760	4,373	1,489	—	9,878	—	120,500
Financed purchases	1,923	20,842	—	—	—	—	—	22,765
Compensated absences	7	601	45	24	51	196	—	924
Total current liabilities	2,332	138,307	4,736	1,903	1,064	13,284	245	161,871
Noncurrent liabilities:								
Financed purchases	3,972	98,996	—	—	—	—	—	102,968
Compensated absences	39	980	60	33	315	351	—	1,778
Total noncurrent liabilities	4,011	99,976	60	33	315	351	—	104,746
Total liabilities	6,343	238,283	4,796	1,936	1,379	13,635	245	266,617
Net position:								
Net investment in capital assets	—	(35,690)	—	—	—	—	—	(35,690)
Unrestricted (deficit)	(1,759)	77,979	(3,928)	(351)	4,793	(13,105)	4,248	67,877
Total net position	\$ (1,759)	\$ 42,289	\$ (3,928)	\$ (351)	\$ 4,793	\$ (13,105)	\$ 4,248	\$ 32,187

CITY OF BALTIMORE
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Operating revenues:								
Changes for sales, services and fees	\$ 6,734	\$ 82,047	\$ 4,016	\$ 4,801	\$ 12,005	\$ 68,709	\$ 6,716	\$ 185,028
Operating expenses:								
Salaries and wages	550	13,455	772	419	1,280	5,032	—	21,508
Other personnel costs	154	7,552	310	178	508	2,566	—	11,268
Contractual services	3,551	26,121	3,023	3,261	8,436	62,125	673	107,190
Materials and supplies	16	1,711	201	183	1	773	—	2,885
Minor equipment	21	415	16	6	12	61	6,043	6,574
Depreciation	1,836	14,572	—	19	2	—	—	16,429
Total operating expenses	6,128	63,826	4,322	4,066	10,239	70,557	6,716	165,854
Operating income (loss)	606	18,221	(306)	735	1,766	(1,848)	—	19,174
Nonoperating revenues:								
Interest expense	—	(3,504)	—	—	(88)	—	—	(3,592)
Loss on sale of equipment	—	(411)	—	—	—	—	—	(411)
Total nonoperating revenues, net	—	(3,915)	—	—	(88)	—	—	(4,003)
Change in net position	606	14,306	(306)	735	1,678	(1,848)	—	15,171
Total net position - beginning	(2,364)	27,982	(3,623)	(1,085)	3,115	(11,257)	4,248	17,016
Total net position - ending	\$ (1,758)	\$ 42,288	\$ (3,929)	\$ (350)	\$ 4,793	\$ (13,105)	\$ 4,248	\$ 32,187

CITY OF BALTIMORE
Combining Statement of Cash Flows - Internal Services Funds
For the Year Ended June 30, 2024
(Expressed in Thousands)

	Municipal Communication Fund	Mobile Equipment Fund	Reproduction and Printing Fund	Municipal Post Office Fund	Municipal Telephone Exchange Fund	Building Maintenance Fund	Hardware and Software Replacement Fund	Total
Cash flows from operating activities:								
Receipts from customers	\$ 6,667	\$ 154,919	\$ 4,116	\$ 4,801	\$ 12,032	\$ 68,522	\$ 6,716	\$ 257,773
Payments to employees	(726)	(20,963)	(753)	(455)	(1,770)	(541)	—	(25,208)
Payments to suppliers	(3,562)	(32,662)	(3,363)	(4,225)	(9,231)	(67,981)	(7,407)	(128,431)
Net cash provided (used) by operating activities	2,379	101,294	—	121	1,031	—	(691)	104,134
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets	1	(32,888)	—	(119)	(59)	—	—	(33,065)
Financed purchases payment	(1,882)	9,824	—	—	—	—	—	7,942
Interest paid	—	(3,504)	—	—	(88)	—	—	(3,592)
Net cash (used) by capital and related financing activities	(1,881)	(26,568)	—	(119)	(147)	—	—	(28,715)
Net increase (decrease) in cash and cash equivalents	498	74,726	—	2	884	—	(691)	75,419
Cash and cash equivalents, beginning of year	3,101	101,452	—	—	3,845	—	5,184	113,582
Cash and cash equivalents, end of year	\$ 3,599	\$ 176,178	\$ —	\$ 2	\$ 4,729	\$ —	\$ 4,493	\$ 189,001
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 606	\$ 18,221	\$ (306)	\$ 735	\$ 1,766	\$ (1,848)	\$ —	\$ 19,174
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	1,836	14,572	—	19	2	—	—	16,429
Changes in noncash operating assets and liabilities:								
Accounts receivable	(67)	221	100	—	27	(187)	—	94
Inventories	—	(1,138)	37	(499)	—	—	—	(1,600)
Accounts payable and accrued liabilities	26	(3,277)	(160)	(276)	(782)	(5,022)	(691)	(10,182)
Compensated Absences	(22)	44	(6)	(6)	18	(136)	—	(108)
Due to other funds	—	72,651	335	148	—	7,193	—	80,327
Other liabilities	—	—	—	—	—	—	—	—
Total adjustments	1,773	83,073	306	(614)	(735)	1,848	(691)	84,960
Net cash provided (used) by operating activities	2,379	101,294	—	121	1,031	—	(691)	104,134
Noncash activity from capital and related financing activities:								
New financed purchases	—	—	—	—	—	—	—	—
Total noncash activity from capital and related financing activities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Fiduciary Funds

Fiduciary funds include the following funds, which account for assets held by the City as a trustee or as an agent for individuals.

Pension Trust Funds – These funds account for the receipt, investment, and distribution of retirement contributions made for the benefit of police officers, firefighters, elected officials, and other City employees.

OPEB Trust Fund – This fund accounts for the receipts of City and retiree contributions into the OPEB Trust Fund and payment of all retiree related health and life insurance benefits.

CITY OF BALTIMORE
Combining Statement of Fiduciary Net Position - Pension and OPEB Trust Funds
June 30, 2024

(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
Assets:					
Cash and cash equivalents	\$ 42,487	\$ 364	\$ 31,985	\$ 20,728	\$ 95,564
Investments:					
Stocks	959,205	18,831	1,479,641	683,496	3,141,173
Bonds	353,152	5,961	469,448	193,722	1,022,283
Real estate	242,684	3,012	305,159	66,927	617,782
Private equity and hedge fund	505,957	—	958,585	—	1,464,542
Securities lending collateral	48,324	—	14,185	—	62,509
Forward foreign contracts	9,801	—	2,911	—	12,712
Other assets	39,263	—	14,297	1,619	55,179
Total assets	2,200,873	28,168	3,276,211	966,492	6,471,744
Liabilities:					
Obligations under securities lending program	48,324	—	14,185	—	62,509
Forward foreign contracts	9,801	—	2,911	—	12,712
Accounts payable	31,286	—	17,591	3,132	52,009
Pension benefits payable		15		—	15
Total liabilities	89,411	15	34,687	3,132	127,245
Net position:					
Net position restricted for pensions	2,111,462	28,153	3,241,524	—	5,381,139
Net position restricted for OPEB	\$ —	\$ —	\$ —	\$ 963,360	\$ 963,360

CITY OF BALTIMORE
Combining Statement of Changes in Fiduciary Net Position - Pension and OPEB Trust Funds
For the Year Ended June 30, 2024

(Expressed In Thousands)

	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	OPEB Trust Fund	Total
Additions:					
Contributions:					
Employer	\$ 89,288	\$ —	\$ 155,055	\$ 53,278	\$ 297,621
Employee	22,006	89	31,189	43,440	96,724
Total contributions	111,294	89	186,244	96,718	394,345
Investment income:					
Net appreciation fair value of investments	117,207	1,834	234,008	69,260	422,309
Securities lending income, net	193		216		409
Interest and dividend income	31,849	568	71,995	15,336	119,748
Total investment income	149,249	2,402	306,219	84,596	542,466
Less: investment expense	82	57	23,879	4,380	28,398
Net investment income	149,167	2,345	282,340	80,216	514,068
Total additions	260,461	2,434	468,584	176,934	908,413
Deductions:					
Retirement benefits	174,652	1,523	273,872	—	450,047
Health benefits	—	—	—	90,727	90,727
Death benefits	1,177	—	1,011	—	2,188
Administrative expenses	5,316	37	6,047	—	11,400
Other	1,751	—	20,988	—	22,739
Total deductions	182,896	1,560	301,918	90,727	577,101
Changes in net position	77,565	874	166,666	86,207	331,312
Net position restricted for pensions and OPEB - beginning of the year	2,033,897	27,279	3,074,858	877,153	6,013,187
Net position restricted for pensions and OPEB - end of the year	\$ 2,111,462	\$ 28,153	\$ 3,241,524	\$ 963,360	\$ 6,344,499

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STATISTICAL SECTION



See Report of Independent Public Accountants

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CITY OF BALTIMORE
Statistical Section
(Unaudited)
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Source: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year.

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Financial Trends

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CITY OF BALTIMORE

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Net investment in capital assets	\$ 2,520,873	\$ 2,464,962	\$ 2,528,116	\$ 2,574,640	\$ 2,520,881	\$ 2,628,359	\$ 2,561,824	\$ 2,619,065	\$ 2,212,781	\$ 2,292,020
Restricted	15,946	24,669	400,063	483,623	527,293	533,780	548,492	548,272	607,148	602,363
Unrestricted	(1,759,089)	(1,662,259)	(1,951,655)	(2,771,072)	(3,416,173)	(3,838,247)	(3,756,368)	(3,301,360)	(3,265,506)	(3,065,209)
Total governmental activities net position	<u>\$ 777,730</u>	<u>\$ 827,372</u>	<u>\$ 976,524</u>	<u>\$ 287,191</u>	<u>\$ (367,999)</u>	<u>\$ (676,108)</u>	<u>\$ (646,052)</u>	<u>\$ (134,023)</u>	<u>\$ (445,577)</u>	<u>\$ (170,826)</u>
Business-type activities										
Net investment in capital assets	\$ 2,379,232	\$ 2,386,644	\$ 2,981,404	\$ 3,383,394	\$ 3,345,821	\$ 3,475,643	\$ 3,554,754	\$ 3,393,693	\$ 3,510,817	\$ 4,030,213
Restricted	157,613	165,076	162,084	161,308	181,109	184,072	257,759	292,386	363,595	332,127
Unrestricted	136,251	413,302	85,565	(92,013)	176,933	237,107	369,574	613,755	557,993	284,603
Total business-type activities net position	<u>\$ 2,673,096</u>	<u>\$ 2,965,022</u>	<u>\$ 3,229,053</u>	<u>\$ 3,452,689</u>	<u>\$ 3,703,863</u>	<u>\$ 3,896,822</u>	<u>\$ 4,182,087</u>	<u>\$ 4,299,834</u>	<u>\$ 4,432,405</u>	<u>\$ 4,646,943</u>
Primary government										
Net investment in capital assets	\$ 4,900,105	\$ 4,851,606	\$ 5,509,520	\$ 5,958,034	\$ 5,866,702	\$ 6,104,002	\$ 6,116,578	\$ 6,012,758	\$ 5,723,598	\$ 6,322,233
Restricted	173,559	189,745	562,147	644,931	708,402	717,852	806,251	840,658	970,743	934,490
Unrestricted	(1,622,838)	(1,248,957)	(1,866,090)	(2,863,085)	(3,239,240)	(3,601,140)	(3,386,794)	(2,687,605)	(2,707,513)	(2,780,606)
Total primary government net position	<u>\$ 3,450,826</u>	<u>\$ 3,792,394</u>	<u>\$ 4,205,577</u>	<u>\$ 3,739,880</u>	<u>\$ 3,335,864</u>	<u>\$ 3,220,714</u>	<u>\$ 3,536,035</u>	<u>\$ 4,165,811</u>	<u>\$ 3,986,828</u>	<u>\$ 4,476,117</u>

CITY OF BALTIMORE
Changes in Net Position - Governmental Funds
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Expressed in Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Government activities:										
General government	\$ 294,987	\$ 303,696	\$ 249,415	\$ 404,025	\$ 524,515	\$ 400,893	\$ 469,895	\$ 680,482	\$ 643,986	\$ 388,170
Public safety and regulation	692,155	744,940	764,040	781,830	1,228,602	929,667	540,675	495,295	884,812	857,908
Conservation of health	112,575	116,592	119,811	134,743	169,216	153,361	238,343	102,496	222,744	239,038
Social services	102,809	109,591	120,630	95,107	103,384	96,066	109,391	46,078	72,263	91,676
Education	302,568	299,699	278,881	383,934	494,735	556,361	445,278	415,151	663,354	401,899
Public library	35,063	34,150	34,531	35,189	46,150	43,288	44,795	47,844	48,600	38,415
Recreation and culture	51,367	53,657	58,124	59,049	68,491	70,023	50,955	57,420	81,437	81,458
Highways and streets	185,601	192,487	169,147	165,800	181,100	171,571	171,578	109,502	227,609	171,834
Sanitation and waste removal	67,445	70,823	76,638	81,877	98,499	88,140	93,298	96,363	120,261	91,093
Public service	51,041	49,475	53,188	50,052	103,340	59,833	64,306	749	32,060	42,811
Economic development	141,772	126,430	133,594	131,347	188,852	148,659	200,302	133,416	166,988	208,208
Interest	41,078	30,518	28,857	77,530	52,787	57,496	43,994	25,705	34,999	37,108
Total governmental activities expenses	<u>2,078,461</u>	<u>2,132,058</u>	<u>2,086,856</u>	<u>2,400,483</u>	<u>3,259,671</u>	<u>2,775,358</u>	<u>2,472,810</u>	<u>2,210,501</u>	<u>3,199,113</u>	<u>2,649,618</u>
Business-type Activities:										
Water	160,208	170,637	167,667	147,289	158,089	202,211	193,828	197,622	226,707	204,147
Waste water	182,769	193,563	193,055	207,730	237,396	276,754	272,330	275,487	331,684	341,573
Stormwater	15,747	19,365	21,521	26,175	25,299	27,206	24,515	39,556	20,309	22,930
Parking	19,183	18,125	27,939	17,797	24,038	15,145	20,808	7,693	13,092	11,479
Non-major proprietary	11,607	12,148	13,703	10,087	11,142	11,577	14,377	22,717	12,518	10,196
Total business-type activities expenses	<u>389,514</u>	<u>413,838</u>	<u>423,885</u>	<u>409,078</u>	<u>455,964</u>	<u>532,893</u>	<u>525,858</u>	<u>543,075</u>	<u>604,310</u>	<u>590,325</u>
Total governmental activities expenses	<u>\$ 2,467,975</u>	<u>\$ 2,545,896</u>	<u>\$ 2,510,741</u>	<u>\$ 2,809,561</u>	<u>\$ 3,715,635</u>	<u>\$ 3,308,251</u>	<u>\$ 2,998,668</u>	<u>\$ 2,753,576</u>	<u>\$ 3,803,423</u>	<u>\$ 3,239,943</u>
Program Revenues										
Governmental activities:										
Charges for services (a)	\$ 107,482	\$ 103,190	\$ 103,151	\$ 111,154	\$ 122,790	\$ 119,799	\$ 106,621	\$ 103,576	\$ 104,068	\$ 124,437
Operating grants and contributions	318,266	347,636	344,684	324,457	365,771	378,546	471,637	453,220	603,774	641,352
Capital grants and contributions	54,788	25,284	83,501	41,095	67,257	151,510	69,483	43,478	39,217	46,153
Total governmental activities revenue	<u>480,536</u>	<u>476,110</u>	<u>531,336</u>	<u>476,706</u>	<u>555,818</u>	<u>649,855</u>	<u>647,741</u>	<u>600,274</u>	<u>747,059</u>	<u>811,942</u>
Business-type activities:										
Charges for services:										
Water	176,439	160,865	163,563	178,367	175,492	216,396	243,563	278,280	232,752	241,101
Waste water	216,428	229,300	235,133	258,386	276,844	270,764	289,812	278,131	304,453	351,670
Stormwater	25,971	27,807	29,309	28,552	28,540	30,943	31,462	37,882	37,163	49,001
Parking	85,634	87,145	88,454	85,257	76,801	69,697	38,693	56,537	60,104	60,201
Non-major proprietary	13,916	37,505	11,744	28,639	34,627	35,986	36,712	36,807	41,134	17,067
Capital Grants and Contributions	201,880	259,288	217,959	169,154	161,469	162,602	195,057	16,230	103,471	133,545
Total Business-type Activities Revenue	<u>720,268</u>	<u>801,910</u>	<u>746,162</u>	<u>748,355</u>	<u>753,773</u>	<u>786,388</u>	<u>835,299</u>	<u>703,867</u>	<u>779,077</u>	<u>852,585</u>
Total Primary Government Revenues	<u>1,200,804</u>	<u>1,278,020</u>	<u>1,277,498</u>	<u>1,225,061</u>	<u>1,309,591</u>	<u>1,436,243</u>	<u>1,483,040</u>	<u>1,304,141</u>	<u>1,526,136</u>	<u>1,664,527</u>
Net (Expense)/Revenue										
Government Activities	(1,597,925)	(1,655,948)	(1,555,520)	(1,923,777)	(2,703,853)	(2,125,503)	(1,825,069)	(1,610,227)	(2,452,054)	(1,837,676)
Business-type Activities	330,754	388,072	322,277	339,277	297,809	253,495	309,441	160,792	174,767	262,260
Total Primary Government Net Expenses	<u>\$(1,267,171)</u>	<u>\$(1,267,876)</u>	<u>\$(1,233,243)</u>	<u>\$(1,584,500)</u>	<u>\$(2,406,044)</u>	<u>\$(1,872,008)</u>	<u>\$(1,515,628)</u>	<u>\$(1,449,435)</u>	<u>\$(2,277,287)</u>	<u>\$(1,575,416)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 816,199	\$ 852,114	\$ 853,197	\$ 886,417	\$ 909,254	\$ 882,332	\$ 977,299	\$ 1,034,569	\$ 1,056,930	\$ 1,095,085
Income taxes	300,014	346,727	335,923	346,797	440,144	396,540	410,712	449,876	455,975	476,256
Other local taxes	193,595	242,426	240,278	187,754	263,381	175,770	209,918	353,372	281,966	228,425
State shared revenues	147,608	153,195	159,022	170,240	166,082	163,417	155,527	190,226	205,090	146,520
Unrestricted investment Income	19,431	34,782	21,634	28,296	48,730	34,734	16,598	24,739	66,839	66,089
Miscellaneous	88,734	33,073	32,523	124,395	161,944	94,212	60,895	26,429	31,504	52,330
Transfers	61,495	100,737	62,095	59,295	59,128	56,482	24,176	43,045	42,196	47,722
Total Governmental Activities	<u>1,627,076</u>	<u>1,763,054</u>	<u>1,704,672</u>	<u>1,803,194</u>	<u>2,048,663</u>	<u>1,803,487</u>	<u>1,855,125</u>	<u>2,122,256</u>	<u>2,140,500</u>	<u>2,112,427</u>
Business-type Activities:										
Unrestricted investment Income	5,809	4,591	3,849	5,535	12,493	9,853	—	—	—	—
Transfers	(61,495)	(100,737)	(62,095)	(59,295)	(59,128)	(56,482)	(24,176)	(43,045)	(42,196)	(47,722)
Total Business-type activities	<u>(55,686)</u>	<u>(96,146)</u>	<u>(58,246)</u>	<u>(53,760)</u>	<u>(46,635)</u>	<u>(46,629)</u>	<u>(24,176)</u>	<u>(43,045)</u>	<u>(42,196)</u>	<u>(47,722)</u>
Total primary government	<u>1,571,390</u>	<u>1,666,908</u>	<u>1,646,426</u>	<u>1,749,434</u>	<u>2,002,028</u>	<u>1,756,858</u>	<u>1,830,949</u>	<u>2,079,211</u>	<u>2,098,304</u>	<u>2,064,705</u>
Change in Net Position										
Governmental activities	29,151	107,106	149,152	(120,583)	(655,190)	(322,016)	30,056	512,029	(311,554)	274,751
Business-type activities	275,068	291,926	264,031	285,517	251,174	206,866	285,265	117,747	132,571	214,538
Total primary government	<u>\$ 304,219</u>	<u>\$ 399,032</u>	<u>\$ 413,183</u>	<u>\$ 164,934</u>	<u>\$(404,016)</u>	<u>\$(115,150)</u>	<u>\$ 315,321</u>	<u>\$ 629,776</u>	<u>\$ (178,983)</u>	<u>\$ 489,289</u>

(a) Changes for services include charges for various City services such as rental of recreational facilities, solid waste disposal fees, port and stadium security services, impound lot fees and library video rental.

CITY OF BALTIMORE
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrued Basis of Accounting)
(Expressed in Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 5,519	\$ 297,255	\$ 2,260	\$ 2,210	\$ 3,028	\$ 3,179	\$ 2,051	\$ 1,726	\$ 6,007	\$ 6,292
Restricted	—	—	380,996	423,673	431,094	428,824	433,047	378,302	333,536	340,866
Assigned	174,647	244,257	197,220	221,658	257,252	237,026	180,620	329,917	282,695	315,884
Unassigned	112,642	134,300	134,327	163,604	145,945	139,661	152,864	157,271	320,912	259,021
Total General Fund	\$ 292,808	\$ 675,812	\$ 714,803	\$ 811,145	\$ 837,319	\$ 808,690	\$ 768,582	\$ 867,216	\$ 943,150	\$ 922,063
All Other Governmental Funds										
Restricted										
Grants revenue fund	\$ —	\$ —	\$ —	\$ 2,449	\$ 21,606	\$ —	\$ —	\$ —	\$ —	\$ —
Capital projects fund	2,190	10,743	5,081	8,448	31,000	10,689	7,558	27,847	78,287	48,593
Other non-major funds	13,756	13,926	13,986	14,688	18,057	42,537	40,316	68,819	85,219	65,386
Assigned										
Capital projects fund	—	—	—	5,064	56,946	98,777	86,406	—	—	—
Other non-major funds	58,095	10,068	11,234	8,794	16,929	16,644	19,038	17,721	19,113	39,530
Unassigned										
Grants revenue fund	(77,836)	(36,799)	(13,584)	—	—	—	—	—	(84)	(35,924)
Capital projects fund	(7,576)	(14,628)	(8,966)	—	—	—	—	—	(863)	—
Other non-major funds	(12,399)	—	—	(1,819)	—	(1,432)	—	—	—	—
Total all other Governmental Funds	\$ (23,770)	\$ (16,690)	\$ 7,751	\$ 37,624	\$ 144,538	\$ 167,215	\$ 153,318	\$ 114,387	\$ 181,672	\$ 117,585

CITY OF BALTIMORE

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(Expressed in Thousands)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue:										
General fund:										
Taxes - local	\$ 1,284,515	\$ 1,426,286	\$ 1,410,593	\$ 1,406,403	\$ 1,535,001	\$ 1,490,708	\$ 1,568,679	\$ 1,820,590	\$ 1,742,360	\$ 1,754,646
State shared revenue	137,714	142,213	140,451	146,174	146,085	148,910	141,732	175,035	187,042	128,289
Licenses and permits	41,584	48,829	44,450	41,043	38,880	34,042	31,702	27,391	25,610	36,817
Fines and forfeitures	15,325	8,365	7,192	27,085	34,939	36,093	35,484	33,314	35,336	29,882
Interest rentals and other investment income	17,181	33,991	21,082	27,071	46,140	32,027	13,834	21,808	64,164	59,845
Intergovernmental grants	-	-	-	-	-	-	-	-	132,434	139,894
Federal grants	275	217	480	79	-	16,719	85,039	57,888	-	-
State grants	105,059	104,585	105,705	104,644	98,528	107,973	107,204	101,891	-	-
Other grants	26	26	26	27	26	-	-	-	-	3,589
Charges for services	50,573	45,996	51,509	43,026	48,971	49,664	39,435	42,871	43,122	57,574
Miscellaneous	5,730	459	7,300	-	8,560	4,492	6,693	6,636	3,354	5,411
Total revenues - general fund	1,657,982	1,810,967	1,788,788	1,795,552	1,957,130	1,920,628	2,029,802	2,287,424	2,233,422	2,215,947
Other governmental funds:										
Grants revenue fund	223,148	222,291	226,145	233,957	242,604	236,726	268,121	281,944	447,021	487,689
Capital projects fund	66,983	45,370	105,487	62,019	149,195	167,792	81,726	57,369	53,613	57,337
Other funds	41,327	40,792	47,068	56,090	64,161	66,619	56,737	74,300	80,691	73,481
Total revenues - other governmental funds	331,458	308,453	378,700	352,066	455,960	471,137	406,584	413,613	581,325	618,507
Total revenues all government funds	1,989,440	2,119,420	2,167,488	2,147,618	2,413,090	2,391,765	2,436,386	2,701,037	2,814,747	2,834,454
Expenditures:										
General fund:										
General government	258,028	281,616	249,579	155,606	267,831	259,968	415,463	433,325	435,450	369,115
Public safety and regulation	679,202	702,632	730,093	766,230	831,453	799,401	810,793	867,723	745,296	844,838
Conservation of health	20,887	19,663	21,882	38,648	36,077	37,785	132,450	63,706	58,239	47,681
Social services	64,249	73,851	86,353	59,899	68,539	56,519	65,812	5,778	19,944	17,452
Education	265,939	269,937	276,324	293,355	289,410	288,912	304,669	282,743	336,714	417,423
Public library	24,942	24,856	24,812	24,505	26,784	27,886	24,794	27,282	30,946	30,386
Recreation and culture	39,349	41,884	44,392	43,845	45,574	51,897	51,558	50,672	63,368	67,201
Highways and streets	113,452	125,440	96,537	99,848	102,468	99,702	107,305	147,151	146,889	105,085
Sanitation and waste removal	64,422	72,642	72,380	75,384	78,238	81,719	94,402	95,638	109,558	101,297
Public service	43,895	42,947	44,769	42,579	44,863	49,689	51,149	29,676	16,025	30,067
Economic development	49,069	39,499	34,276	41,634	52,998	63,843	50,473	73,146	53,447	95,708
Debt service-Principal	-	42,956	60,646	51,466	60,922	66,913	55,403	61,575	67,878	58,149
Debt service-Interest	-	24,786	37,042	43,247	44,425	56,683	47,399	32,419	40,437	38,714
Other bonds cost	-	2,033	6,318	-	-	-	-	-	-	-
Total expenditures - general fund	1,623,434	1,764,742	1,785,403	1,736,246	1,949,582	1,940,917	2,211,670	2,170,834	2,124,191	2,223,116
Other government funds:										
Grants revenue fund	223,964	238,344	218,716	221,811	242,441	273,949	293,820	329,217	475,112	534,051
Capital projects fund	172,688	173,201	154,671	186,541	241,506	258,800	153,872	161,181	177,426	184,926
Debt service fund:										
Principal	38,912	-	-	-	-	-	-	-	-	-
Interest	31,005	-	-	-	-	-	-	-	-	-
Other bond costs	6,135	-	-	-	-	-	-	-	-	-
Other funds	31,107	29,565	34,101	41,857	37,119	41,958	56,757	41,074	57,374	63,966
Total expenditures - other government funds	503,811	441,110	407,488	450,209	521,066	574,707	504,449	531,472	709,912	782,943
Total expenditures all governmental funds	2,127,245	2,205,852	2,192,891	2,186,455	2,470,648	2,515,624	2,716,119	2,702,306	2,834,103	3,006,059
Excess (deficiency) of revenues over expenditures	(137,805)	(86,432)	(25,403)	(38,837)	(57,558)	(123,859)	(279,733)	(1,269)	(19,356)	(171,605)
Other financing sources (uses):										
Transfers net	61,495	100,038	60,289	57,703	64,777	57,882	24,176	43,045	42,196	47,722
Leases	-	8,978	-	29,618	-	-	-	-	-	-
Issuance of debt	-	-	-	-	-	-	-	17,927	-	-
Proceeds from leases	-	-	-	-	-	-	-	-	3,524	438
Proceeds from subscriptions issued (SBITA)	-	-	-	-	-	-	-	-	7,348	25,958
Refunding leases	-	-	-	(4,563)	-	-	-	-	-	-
Face value of bonds and loans	64,249	92,317	1,907	225,155	121,406	43,560	55,843	-	-	-
Refunding of bonds	-	-	(377,111)	(133,560)	3,675	(36,720)	-	-	7,797	-
Transportation revenue bonds	9,609	(13,833)	-	14,924	(8,004)	47,209	137,485	-	-	-
Swap termination	-	-	-	-	-	-	-	-	-	-
Premium (discount) on sale of bonds	1,606	3,220	-	35,923	-	5,976	8,224	-	101,710	-
Proceeds from bond issuances	-	-	403,750	-	8,792	-	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	-
Payoff of bond anticipation note	-	-	-	(60,148)	-	-	-	-	-	-
Total other financing sources	136,959	190,720	88,835	165,052	190,646	117,907	225,728	60,972	162,575	74,118
Net changes in fund balances	\$ (846)	\$ 104,288	\$ 63,432	\$ 126,215	\$ 133,088	\$ (5,952)	\$ (54,005)	\$ 59,703	\$ 143,219	\$ (97,487)
Debt service as a percentage of noncapital expenditures	3.5 %	3.3 %	4.7 %	4.6 %	4.5 %	5.4 %	4.0 %	3.6 %	3.9 %	

Revenue Capacity

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CITY OF BALTIMORE
Property Tax Levies and Collections
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Total Tax Levy	Collected within due Fiscal Year of the Levy	Percent of Levy Collected	Collections in Subsequent Years	Total Tax Collection	Percent of Total Tax Collections to Tax Levy
2015	\$ 778,380	\$ 762,772	98.0 %	\$ 12,061	\$ 772,040	96.0 %
2016	804,391	760,686	94.6 %	3,278	808,328	95.0 %
2017	851,099	808,328	95.0 %	33,196	841,524	98.9 %
2018	892,079	865,223	97.0 %	11,095	876,318	98.2 %
2019	901,885	870,822	96.6 %	2,388	873,210	96.8 %
2020	924,357	887,452	96.0 %	19,491	906,943	98.1 %
2021	934,187	906,201	97.0 %	13,273	919,474	97.0 %
2022	957,351	933,828	97.5 %	—	933,828	97.5 %
2023	979,383	946,088	96.6 %	—	946,088	96.6 %
2024	1,037,637	1,003,731	96.7 %	—	1,003,731	96.7 %

CITY OF BALTIMORE
Assessed and Estimate Actual Value of Taxable Property
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Value to Total Estimate Actual Value %	Total Direct Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Estimate Actual Value		
2015	\$ 29,063,381	\$ 33,749,836	\$ 1,895,006	\$ 1,895,006	\$ 30,958,387	\$ 35,644,842	86.9 %	2.360
2016	31,577,756	35,782,497	2,011,722	2,011,722	33,589,478	37,794,219	88.9 %	2.360
2017	32,550,695	37,113,758	2,123,826	2,123,826	34,674,521	39,237,584	88.4 %	2.360
2018	33,909,100	38,844,708	2,241,053	2,309,659	36,150,153	41,154,367	87.8 %	2.360
2019	34,346,269	39,649,866	2,261,405	2,381,099	36,607,674	42,030,965	87.1 %	2.360
2020	35,108,831	40,412,995	2,255,234	2,374,928	37,364,065	42,787,923	87.3 %	2.360
2021	35,937,626	41,359,937	2,235,339	2,287,050	38,172,965	43,646,987	87.5 %	2.360
2022	37,198,306	42,126,603	2,155,394	2,202,000	39,353,700	44,328,603	88.8 %	2.360
2023	38,039,602	42,848,675	2,210,906	2,243,263	40,250,508	45,091,938	89.3 %	2.360
2024	40,329,326	45,338,027	2,331,553	2,353,782	42,660,879	47,691,809	89.5 %	2.360

Note:

Assessed values are established by the Maryland State Department of Assessments and Taxation on July 1 of each year. Each real property's assessment is reevaluated every three years. Tax rates are for each \$100 of assessed value. The Baltimore City real property tax rate is \$2.248 and the Maryland State real property tax rate is \$0.112, for a total of \$2.360.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years (a)

Fiscal Year	City Tax Rate	State Rate (b)	Tax Total (c)
2015	\$ 2.248	\$ 0.112	\$ 2.360
2016	2.248	0.112	2.360
2017	2.248	0.112	2.360
2018	2.248	0.112	2.360
2019	2.248	0.112	2.360
2020	2.248	0.112	2.360
2021	2.248	0.112	2.360
2022	2.248	0.112	2.360
2023	2.248	0.112	2.360
2024	2.248	0.112	2.360

Notes:

(a) Tax rates are for each \$100 of assessed valuation

(b) The State tax rate is shown for information purpose only, since the City acts in the role of collector and does not report this portion of the property tax as revenue.

(c) The City has no special assessments.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE
Principal Property Taxpayer
Current Year and Nine Years Ago
(Expressed in Thousands)

	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Assessed Value
BGE (Baltimore Gas & Electric Company)	\$ 1,241,377	1	2.9 %	\$ 728,868	1	2.3 %
SSA Baltimore Holdings LLC	269,068	2	0.6 %	128,897	9	0.4 %
CSX Transportation	254,846	3	0.6 %	191,246	4	0.6 %
Harbor Point Parcel 2 Holdings	177,109	4	0.4 %			
Baltimore Hotel Corporation	173,508	5	0.4 %	163,991	6	0.5 %
Harbor East Limited - Parcel D	141,013	6	0.3 %	259,624	3	0.8 %
Under Armour, Inc	136,999	7	0.3 %			
MCB Rotunda Owner, LLC	128,352	8	0.3 %			
414 Light Street LLC	123,650	9	0.3 %			
Verizon MD	120,518	10	0.3 %	155,200	8	0.5 %
CBAC Borrower, LLC				276,552	2	0.9 %
100 Pratt St Ventures LLC				179,955	5	0.6 %
Baltimore Center Associates				159,016	7	0.5 %
Harbor East Limited-Parcel B				120,928	10	0.4 %
Total	<u>\$ 2,766,440</u>		<u>6.4 %</u>	<u>\$ 2,364,277</u>		<u>7.5 %</u>

Debt Capacity

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CITY OF BALTIMORE
Ratios of Outstanding Debt by Type, Primary Government
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	Governmental Activities							Business-type Activities					
	General Obligation Bonds	Special Obligation Bonds	Long-term Financing with Federal Government	Long-term Financing with Federal of Maryland	Revenue Bonds	Lease	Financed Purchased	General Obligation Bonds	Revenue Bonds	Financed Purchased	Total Primary Government	Percentage of Personal Income (b) %	Per Capita (a)
2015	\$ 553,761	\$ 147,218	\$ 30,357	\$ 662	\$ 391,894	\$ —	\$ 161,477	\$ 3,018	\$ 1,920,369	\$ 1,840	\$ 3,210,596	11.5 %	\$ 4.87
2016	575,793	145,990	27,132	230	394,224	—	160,368	3,602	1,864,330	1,427	3,173,096	11.5 %	5.16
2017	527,049	199,876	23,792	—	358,666	—	144,969	3,291	2,127,319	1,087	3,386,049	10.8 %	5.16
2018	526,557	198,176	20,320	—	359,235	—	160,006	3,589	2,204,360	826	3,473,069	11.3 %	5.54
2019	572,887	196,203	16,707	—	378,975	—	150,608	4,656	2,626,638	644	3,947,318	11.2 %	5.76
2020	589,054	204,193	13,919	—	358,518	—	157,210	4,275	2,578,004	543	3,905,716	12.5 %	6.65
2021	596,189	338,246	11,018	—	344,306	—	149,781	3,795	2,825,454	437	4,269,226	12.3 %	6.67
2022	541,478	334,405	7,995	—	329,053	42,844	163,671	3,283	3,137,861	320	4,560,910	N/A	N/A
2023	544,110	368,807	4,584	—	321,562	45,800	157,260	2,945	3,117,361	193	4,562,622	N/A	N/A
2024	507,027	363,799	15,496	—	307,038	33,185	159,088	2,723	3,022,174	58	4,410,588	N/A	N/A

(a) Per capita calculation utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau, in thousands.

(b) Personal Income data from the Bureau of Economic Analysis, U.S. Department of Commerce.

N/A Information not available

CITY OF BALTIMORE
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Expressed in Thousands)

Fiscal Year	General Obligation Bonds	Cash Available for Debt Service Activities (b)	Net General Bonded Debt	Percentage of Actual Taxable Value of Property %	Per Capita (a)
2015	\$ 556,779	\$ 51,130	\$ 505,649	1.4 %	\$ 0.81
2016	579,395	62,486	516,909	1.2 %	0.84
2017	469,340	53,552	415,788	1.1 %	0.68
2018	530,146	111,525	418,621	1.0 %	0.69
2019	577,543	116,468	461,075	1.1 %	0.76
2020	593,329	109,142	484,187	1.1 %	0.83
2021	599,984	—	599,984	1.4 %	N/A
2022	544,760	—	544,760	1.2 %	N/A
2023	547,055	—	547,055	1.2 %	N/A
2024	509,750	—	509,750	1.1 %	N/A

(a) Per capita calculation utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau, in thousands

(b) Externally restricted for repayment of principal on debt; through fiscal year 2015, debt service was accounted for in a separate Debt Service Fund; as of fiscal year 2016, debt service is included in the General Fund. Effective with the fiscal year 2021, the Debt Service Fund is not accounted for separately and is now part of the General Fund.

N/A Information not available

CITY OF BALTIMORE
Direct and Overlapping Governmental Activities Debt
June 30, 2024

The City of Baltimore has no Overlapping Debt.

CITY OF BALTIMORE
Legal Debt Margin Information
June 30, 2024

The City has no Legal Debt Margin.

CITY OF BALTIMORE
Pledged Revenue Coverage
June 30, 2024
(Expressed in Thousands)

Fiscal Year	Water Revenue Bonds						Wastewater Revenue Bonds					
	Water Utility Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Wastewater Utility Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2015	\$ 176,439	\$ 114,341	\$ 62,098	\$ 12,250	\$ 27,894	154.7	\$ 216,428	\$ 122,937	\$ 93,491	\$ 24,951	\$ 33,151	160.9
2016	160,865	112,771	48,094	15,880	33,432	97.5	229,300	126,379	102,921	31,485	39,359	145.3
2017	163,563	117,547	46,016	17,298	33,627	90.4	235,133	130,532	104,601	33,886	37,475	146.6
2018	178,367	93,837	84,530	18,441	38,044	149.7	258,386	141,648	116,738	40,251	38,934	147.4
2019	185,132	99,376	85,756	21,058	39,047	142.7	267,204	157,518	109,686	40,805	41,063	134.0
2020	216,396	137,014	79,382	21,058	39,047	132.1	270,764	163,142	107,622	40,805	41,063	131.5
2021	243,563	107,329	136,234	28,018	40,915	197.6	289,812	151,068	138,744	45,196	38,240	166.3
2022	278,280	99,503	178,777	28,181	40,418	260.6	278,131	162,374	115,757	51,722	38,178	128.8
2023	232,752	136,899	95,853	35,434	39,233	128.4	304,453	222,804	81,649	55,083	38,804	87.0
2024	259,084	144,966	114,118	37,473	37,854	151.5	383,427	227,315	156,112	59,455	41,282	155.0

Fiscal Year	Stormwater Revenue Bonds						Parking Revenue Bonds					
	Stormwater Utility Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service			Parking Utility Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2015	\$ 25,971	\$ 10,632	\$ 15,339	\$ 441	\$ 441	1739.1	\$ 85,634	\$ 7,133	\$ 78,501	\$ 9,800	\$ 8,753	423.1
2016	27,807	14,641	13,166	616	140	1741.5	87,145	6,662	80,483	10,350	8,217	433.5
2017	29,309	16,799	12,510	1,771	1,037	445.5	88,454	10,159	78,295	10,960	7,669	420.3
2018	28,552	19,733	8,819	1,312	533	478.0	85,257	9,015	76,242	11,490	6,992	412.5
2019	28,540	17,454	11,086	1,059	500	711.1	76,801	8,117	68,684	12,270	5,716	381.9
2020	30,943	17,825	13,118	1,059	500	841.4	69,697	6,821	62,876	12,270	5,716	349.6
2021	31,462	19,396	12,066	2,471	2,571	239.3	38,693	6,416	32,277	4,775	4,202	359.6
2022	37,882	17,744	20,138	2,821	2,530	376.3	56,537	4,096	52,441	4,325	3,926	635.6
2023	37,163	19,802	17,361	2,985	2,453	319.3	60,104	6,003	54,101	5,055	3,827	609.1
2024	41,757	25,428	16,329	3,074	2,390	298.8	58,101	5,963	52,138	4,580	3,036	684.6

Fiscal Year	Convention Center Revenue Bonds					
	Convention Center Revenues	Net Available Revenue	Debt Service			Coverage
			Principal	Interest		
2015	\$ 5,968	\$ 5,968	\$ 3,435	\$ 1,118		1.3
2016	4,517	4,517	3,625	924		1.0
2017	4,120	4,120	3,825	729		0.9
2018	4,580	4,580	4,015	533		1.0
2019	4,220	4,220	4,220	327		0.9
2020	4,425	4,425	4,225	110		1.0
2021	—	—	—	—		—
2022 (a)	—	—	—	—		—
2023 (a)	—	—	—	—		—
2024 (a)	—	—	—	—		—

Note: Details regarding the City's outstanding debt can be found in note number 8 in the notes to the financial statements

Operating expenses do not include interest, depreciation or amortization expenses

(a) Convention Center Revenue Bond Series 1998 was paid off in 2020. The Bond Series 2017A for the Convention Center is presented in the ACFR but the revenue is reported in Baltimore Hotel Corporation financial statements.

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Demographic and Economic Information

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CITY OF BALTIMORE
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income (b)	Total Employment (c)	Unemployment Rate (c)
2015	621,849	\$ 28,753,031	\$ 46,238	271,363	7.4
2016	614,664	29,338,098	47,730	270,515	6.4
2017	611,648	30,073,681	49,168	271,837	5.9
2018	602,495	30,942,036	51,357	273,304	5.5
2019	593,490	31,679,263	53,378	275,911	4.9
2020	585,708	31,707,954	54,136	256,482	8.5
2021	576,498	33,757,152	58,556	256,302	7.0
2022	569,107	34,085,639	59,893	262,081	4.3
2023	565,239	36,377,022	64,357	271,413	2.3
2024	N/A	N/A	N/A	267,870	3.8

Source:

(a) U.S. Census Bureau.

(b) U.S. Bureau of Economic Analysis. Per capita personal income is calculated based on the personal income divided by the estimated population.

(c) US Bureau of Labor Statistics, annualized average. For current year, the most recent month (September 2024) is represented.

N/A Information not available.

CITY OF BALTIMORE
Principal Employers
Current Year and Nine Years Ago

Employer	2024 (a)			2015 (d)		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Government (b)						
State	35,986	1	10.6 %	35,157	1	10.6 %
Other Government authority (City School etc)	25,299	2	7.4 %	24,294	2	7.3 %
Federal	12,260	3	3.6 %	9,885	3	3.0 %
Subtotal Government	73,545		21.6 %	69,336		20.8 %
Ten Largest Private Sector Employers (c)						
Johns Hopkins Hospital and Health System ..	20,845	1	6.1 %	19,340	2	5.8 %
Johns Hopkins University	18,600	2	5.5 %	25,000	1	7.5 %
University of Maryland Medical System	11,450	3	3.4 %	9,830	3	3.0 %
Mercy Health Services	9,530	4	2.8 %	4,028	7	1.2 %
University System of Maryland	8,965	5	2.6 %	9,111	4	2.7 %
MedStar Health	6,175	6	1.8 %	6,176	5	1.9 %
LifeBridge Health - Sinai	5,315	7	1.6 %	5,316	6	1.6 %
Amazon.com	4,500	8	1.3 %	—		— %
Exelon / Constellation Energy / BGE	3,000	9	0.9 %	2,952	9	0.9 %
Kennedy Krieger Institute	2,600	10	0.8 %	2,417	10	0.7 %
St Agnes HealthCare	—	0	— %	3,267	8	1.0 %
Subtotal Ten Largest Private Sector Employer	90,980		26.8 %	87,437		26.3 %
Total Government and Ten Largest Private Sector Employers	164,525		48.4 %	156,773		47.1 %

Source:

- (a) For the government and private sectors: Maryland Dept of Commerce.
- (b) Data only available for the first quarter of 2024, Baltimore City Employment Table.
- (c) Data from table, Brief Economic Facts reports latest available 2023-2024 (Baltimore City)
- (d) For 2015, City of Baltimore Comprehensive Annual Financial Report for Fiscal Year 2015.
- (e) Quarterly Average Employment; Total Employment Table

Operating Information

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CITY OF BALTIMORE
Full Time Equivalent Employees by Function
Last Ten Fiscal Years

Function/program	Full-time equivalent Employees at June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government	1,700	1,577	1,785	1,858	1,934	1,949	1,940	1,862	1,812	3,122
Public safety and regulation										4,920
Police	3,444	3,259	3,125	3,243	3,235	3,241	3,193	3,197	3,211	—
Fire	1,699	1,639	1,731	1,733	1,733	1,733	1,734	1,732	1,745	—
Other	700	813	735	751	757	758	767	766	761	—
Conservation of health	890	842	800	784	820	814	913	909	905	3,066
Public library	391	389	389	437	450	450	455	454	451	463
Recreation and parks	310	327	310	311	312	314	372	380	424	440
Highways and streets	1,428	1,024	1,079	1,074	1,070	1,070	1,020	1,127	1,147	605
Sanitation and waste removal										801
Water	717	899	810	846	847	847	850	844	894	—
Wastewater	797	694	761	750	751	751	751	743	743	—
Solid waste	802	995	880	866	864	864	838	859	858	—
Other	504	487	423	438	440	441	437	431	433	—
Public service	65	73	65	65	68	68	69	65	64	152
Social services	—	—	—	—	—	—	—	—	—	70
Economic development	559	426	382	383	389	394	378	378	414	541
	14,006	13,444	13,275	13,539	13,670	13,694	13,717	13,747	13,862	14,180

Source: Baltimore City Bureau of Budget and Management Research.

Note: Fiscal year 2024 shows a revised representation of Full Time equivalent employees by governmental function.

CITY OF BALTIMORE
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Police</i>										
Arrests(a)	33,462	25,339	24,453	25,841	49,163	16,690	12,620	11,925	13,159	8,129
<i>Fire</i>										
Fire Suppression Units Dispatched	143,889	147,249	163,872	163,959	166,977	154,107	165,320	178,580	175,763	173,469
Structural Fires	2,541	2,377	2,760	2,841	2,898	2,746	3,371	2,151	2,437	2,291
EMS Transports	92,094	97,502	100,894	100,009	100,043	88,910	87,612	82,203	86,352	88,870
Inspections	N/A	24,339	16,505	29,296	18,126	19,818	18,507	16,083	14,030	14,467
<i>Solid Waste</i>										
Refuse Collected (tons)	155,624	149,582	153,793	159,204	125,383	144,402	158,547	154,876	143,316	143,242
Recyclables Collected (tons)	28,979	28,253	29,512	29,632	22,003	26,000	15,800	22,159	21,941	25,078
<i>Water/Wastewater</i>										
Number of Accounts	426,642	407,000	420,681	427,040	427,773	427,422	427,674	425,965	427,512	219,454
Average Daily Water Production (MGD)	223	193	190	183	194	194	191	184	209	200
Average Daily Sewage Treatment (MGD)	199	205	180	176	232	186	184	176	183	192
<i>Transportation (DOT)</i>										
Miles Streets Resurfaced/Reconstructed	122	122	61	109	109	96	76	17	21	26
Potholes Repaired	126,771	122,985	12,466	93,270	118,513	14,040	62,616	90,121	91,271	106,303
Traffic Citations Issued(b)	88	140	83	6	12	12	12	—	—	816,967
Parking Citations Issued	380,239	405,721	256,551	310,655	326,361	223,611	186,811	337,264	311,446	233,720
Traffic Signals Repaired	4,450	4,328	4,771	5,582	4,918	3,383	4,150	1,858	4,678	5,148
Street Lights Repaired	24,254	21,311	20,139	22,558	2,758	1,163	1,076	1,238	1,357	2,486
<i>Housing</i>										
Number of inspections (housing and code enforcement)	254,646	196,698	224,727	261,588	271,385	211,192	220,481	190,280	149,662	148,711
Number of permits issued	27,060	30,183	40,718	39,964	35,389	39,529	39,042	42,803	40,615	41,923
Property Management Service Requests Completed(c)	78,824	44,452	39,645	82,546	79,093	68,865	55,013	65,001	73,906	70,011
<i>Recreation and Parks</i>										
Enrollment at Recreation Centers	144,077	158,483	148,300	162,230	14,893	23,954	10,990	20,413	21,728	25,001
Permits Issued for Park Facilities	1,894	1,935	1,711	1,929	1,681	988	608	1,555	843	17,630
<i>Library</i>										
Volumes in Collection (millions)	2.3	2.2	2.2	2.2	2.3	2.4	2.4	2.4	2.5	2.5
Volumes Borrowed (millions)	1.3	1.2	1.1	1.3	1.7	1.8	1.0	1.7	1.9	2.4

N/A Data not available.

(a) Yearly arrests are based on calendar year data, not fiscal year.

(b) In prior years, traffic citations issued were DOT Officers - written citations. From 2021, and subsequent years, traffic citations issued are DOT automatic camera citations (Red Light and Speed Cameras Citations).

(c) Property Management represents primarily cleaning and boarding of vacant properties.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Police/Sheriff</i>										
Buildings	16	16	16	16	16	16	16	16	16	16
Marked Patrol Units	576	480	620	680	680	591	560	555	517	594
Other vehicles	309	510	538	594	575	555	608	541	331	618
<i>Fire Stations</i>										
Buildings	62	62	62	62	62	61	54	53	53	53
Fire/EMS Apparatus (Tankers/Ladders/ Medics) (Fleet)	138	155	146	115	117	149	157	170	147	155
Other vehicles	228	224	218	241	240	220	219	222	215	245
<i>Recreation and Parks</i>										
Buildings	210	210	210	210	210	211	211	211	212	206
Acreage	5,827	4,874	4,874	4,874	4,874	5,617	5,027	5,018	5,022	5,026
Vehicles	120	121	142	129	128	137	139	141	138	147
Equipment	151	145	137	104	156	131	126	129	125	131
<i>Public Works (Transportation Solid Waste and General Services)</i>										
Buildings	119	119	119	121	121	126	128	127	128	123
Vehicles	987	981	1,055	943	965	1,109	1,143	1,132	1,018	1,103
Equipment	537	534	570	372	499	448	438	439	437	444
Streets (miles)	2,000	2,000	2,000	4,800	4,800	4,800	4,800	4,800	4,800	4,800
<i>Water/Wastewater/Stormwater</i>										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Other Buildings	221	221	221	221	221	225	195	194	103	105
Vehicles	636	594	481	688	667	716	714	752	635	619
Equipment	481	466	605	259	331	283	276	276	257	268
Water Mains (Miles)	3,669	3,692	3,748	3,748	3,884	3,718	3,723	3,957	4,002	4,003
Water Treatment capacity (MGD)	360	360	360	360	360	360	360	360	360	360
Sanitary sewers (miles)	1,361	1,380	1,398	1,398	1,416	1,370	1,417	1,471	1,472	1,453
Storm sewers (miles)	1,108	1,108	1,180	1,180	1,213	1,112	1,197	1,203	1,204	1,204
Wastewater Treatment capacity (MGD)	253	253	253	253	253	253	253	253	253	253
<i>Libraries</i>										
Buildings	24	24	24	24	24	24	24	24	24	24
Vehicles	17	16	14	17	17	17	17	17	18	18
<i>Other-General Government</i>										
Buildings	132(a)	132	132	132(a)	132	133	133	133	133	127
Vehicles	175	532	1,643	316	221	223	221	231	215	245
Equipment	14	76	191	49	13	12	10	10	10	10

(a) The total number of buildings excludes residential properties under the ownership of the Mayor and City Council.

N/A Data not available.

Source: Baltimore City Department of Finance.

BACK OUTSIDE COVER – DOES NOT PRINT

HEARING NOTES

Bill: LO25-0016

Title: Annual Comprehensive Financial Report (ACFR) and Single Audit for the Year
Ending June 30, 2024

Committee: Committee of the Whole
Chaired by: Zeke Cohen

Hearing Date: 9/17/2025

Time (Beginning): 5:31 PM

Time (Ending): 7:35: PM

Location: Du Burns Council Chamber / Webex

Total Attendance: Approximately 25

Committee Members in Attendance:

Zeke Cohen, Mark Conway, Paris Gray, Jermaine Jones, Danielle N. McCray, Mark Parker, Sharon Green Middleton, Odette Ramos, Phylicia Porter, Isaac "Yitzy" Schleifer, Antonio "Tony" Glover, and Zac Blanchard

Bill Synopsis in the file?	☒ YES	☐ NO	☐ N/A
Attendance sheet in the file?	☒ YES	☐ NO	☐ N/A
Agency reports read?	☒ YES	☐ NO	☐ N/A
Hearing televised or audio-digitally recorded?.....	☒ YES	☐ NO	☐ N/A
Certification of advertising/posting notices in the file?	☐ YES	☐ NO	☒ N/A
Evidence of notification to property owners?.....	☐ YES	☐ NO	☒ N/A
Final vote taken at this hearing?	☐ YES	☐ NO	☒ N/A
Motioned by:			
Final Vote:			

Major Speakers

(This is not an attendance record.)

- Josh Pasch, City Auditor, DOA
- Michael Mocksten, Director, DOF
- Yoanna Moises, DOF
- Ashley Meyer, DOF
- Danielle Tillman, DOF
- Laura Larsen, Budget Director, DOF
- Robert Cenname, Deputy Finance Director, DOF
- Shamiah Kerney, Deputy City Administrator
- William Seymour, SB & Company
- Tiana Wynn, SB & Company

Major Issues Discussed

Council President & Chair of the Committee of the Whole, Zeke Cohen welcomed the committee and agency teams to the legislative oversight hearing. The purpose of the hearing was to address the late submission of the Annual Comprehensive Financial Report (ACFR) and the Single Audit.

Presentation from the City Auditor, External Audit Firm (SB & Company), and representatives from the Department of Finance discussed recurring material weaknesses in internal controls related to areas such as grant management and wastewater and water billing. The finance team outlined corrective action plans and expressed confidence that new staffing, policies, and the stabilization of the Workday financial system would ensure timely submission of the audit for FY 2025. The discussion also included details about the city's fund balance and the importance of financial accountability and transparency. [See PowerPoint presentations in the Hearing Packet].

Concluding the presentations, Chair Cohen opened the hearing to questions from the committee as summarized in the chart below:

Question	Response
CP – When was each audit completed for FY 2024? If these were completed earlier, would the Council have finalized actuals in in the FY 2026 Budget Books to review while we were considering the Budget? Are you confident in completing the audit on time this year? Emphasized the importance of completing the audits on time and accurately.	CA Pasch – Both audits were completed for the opinion dated May 9, 2025. Dir. Mocksten – There are work arounds and ways to getting actuals for the Budget review process. The delays in audits are not ideal. DOF is on track to complete the audit on time based on the internal tracker – although there are no official guarantees, but the City is in a stronger place with reporting and ability to complete the audit on time.
CW McCray - Discuss the steps that the City has implemented or plans to implement to try to resolve the material weaknesses that have recurred in the City's audit. Why do we think the current efforts will resolve the longstanding material weaknesses?	Mr. Seymour (SB & Company) – Review the corrective action plan by management. Going through the history the items were not addressed in the satisfaction to remove – the facts and circumstances are not all the same year to year. Dir Mocksten – Notes that several findings were removed and anticipates the removal of additional findings in upcoming years. However, it takes time – building systems, training, and staffing. Confirms that the City is meeting the set benchmarks on the corrective action plans, there is a full understanding of the issues, and new policies that have been recently approved. DCA Kerney – There is a concerted effort by the City Administrator's Office is involved in the process.
CM Glover – Focuses questions on the material weaknesses on Water & Wastewater Billing (see official committee request)	Dir. Mocksten – Notes progress has been made, but a response will be submitted through a committee request.

CM Schleifer – What's left over the Fund Balance for assigned and unassigned items (referring to the FY24 year-end Fund Balance)? Clarify the material weakness related to improper preparation of the schedule of federal awards and subrecipient monitoring – which awards is this referring to? Does this include ARPA? Is the DOF grant tracking duplicating efforts from MORP?	DD Cennane – Overview of the Fund Balance and describes the legal liabilities and notes that whatever was leftover gets appropriated in FY 25 and FY26. This money is accounted for in the ACFR and in the revenue section in the budget publication. This does not get automatically added to the Rainy Day Fund – there is a budgeted amount that it is annually contributed to that fund (8% target). Mr. Seymour (SB & Company) – This goes across all of the City's federal grant programs. Mostly related to the Department of Health for certain pass through grants. ARPA funds were audited and audit issues qualified opinions related to certain subrecipient monitoring and cash management requirements based on the Uniform Guidance. Dir. Mocksten – No, we are building on this. This system is still being built out.
CM Conway - Can individual agencies overspend the amounts appropriated to them—and such overspending is then typically covered by supplemental appropriations the Council is asked to pass at the end of the fiscal year? How does the need to approve year-end supplementals impact the timing for completing the Annual Comprehensive Financial Report?	Dir Larsen – The Charter governs what is required on how we approach the budget and year-end supplementals. Healthy discussion in FY 26 Budget Hearings. If we increase the budget earlier in the year, then we lose accountability to hold agencies to their budgets. The most recent budget controls showed a reduction in spending from Q3 to the end of the year. We will need some form of year-end supplementals, but moving forward with additional controls and reviews we should see a reduction. In addition, can flag these issues for the Council earlier. Coordinating with the City Council to ensure action is being taken prior to 10/31.

VP Middleton – Emphasizes the importance of having a manual and policies in place. Question to the auditors – do you look at the items that the Council has advocated for – specifically relating to Water Billing – And how does the Council help?	Mr. Seymour (SB & Company) – it might not be in the scope of the audit, but the auditors may take some of this into consideration as it reviews management’s response. The fact that there is a hearing about the audit is a huge step forward. CA Pasch – A specific objective or goal may be reviewed during the biennial audit review completed by the DOA.
CM Parker – Asks about the timeline of correcting a material weakness. Do we have a sense of what the Fund Balance details look like for FY 25? Can you talk about the assignment process for the Fund Balance? There is about \$90 million in the Balance – where does it go?	Dir. Mocksten – The weaknesses are less deep and structural. The new FY24 material weakness related to cash, was easily fixed through a training – a multi-year fix doesn’t apply. Not all are easy fixes, but we are seeing fewer weaknesses. Too early to share numbers on this, but with the audits on time, there will be more time for this information to be reviewed and available. There is amount for the rainy day but also reviews the known risks and projected risks – this exercise is complex process on determining the unassigned balance. Additionally, technical discussion on the rating agencies that look for healthy fund balances. Dir. Larsen – That \$90 million includes the carry forward incumbrances, \$54 million in appropriations to FY26 budget – that includes \$40 million in Capital, \$8.7 for one-time real estate items in the operating budget, and \$5.3 million to offset the projected loss of income tax revenue.

CM Jones – Are we able to pull Workday Data to complete the Audit – and does that mean we won't need adjust our accounts after the fiscal year due to challenges with Workday? Emphasizes that the ACFR will be on time with the training that is current. Are there formal, written procedures for monthly and year-end financial reporting functions that reflect the changes made to draw data from Workday and do those meet the Auditor's expectations?	Dir Mocksten – Yes, Workday is being used to pull the reports – there haven't been any issues to date – and we don't anticipate this. However, if we are talking about Journal entries – it is sometimes necessary, but in a health ecosystem there will be a reduction of the use of Journal entries. This year is the focus is being on time – we will anticipate that we will have more time for training for agencies that would mean less year-end adjustments. DD Moises – Notes changes in staffing and making the necessary adjustments – but this is work in progress. There are detailed timelines and task lists, but do not have complete SOPs at this time
CW Porter – How does the City fares in relation to other City's as it relates to Audits. How can we better prepare for this with risks to Federal grants. Emphasizes the importance for the City has a plan of action with the current risks.	Dir. Mocksten – There has been a shortage of accountants nationally – so there are wide range of jurisdictions with late reports. Baltimore has been very aggressive with the investments made for remediation.

Chair Cohen emphasizes the importance of completing the audits on time and addressing the material weaknesses – recesses the hearing.

Further Study

Was further study requested?

☒ Yes ☐ No

If yes, describe.

Committee Member	Official Request	Requested Agency	Timeline
Councilmember Glover	Provide a 1–2-page report responding to the following questions on the material weaknesses described in the Single Audit on water and wastewater billing. 1) Is the City now making full use of the new software to manage water and wastewater billing?	DOF/DPW	9/26/2025

	2) Can the City fully account for its water and wastewater billings? If not, when will the City be able to fix this issue? 3) What is the estimated cost of water and wastewater billing errors to the City over the past 2 years?		
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Committee Vote: N/A

Paroma Nandi,

Date: 9/17/2025

Cc: Bill File