CITY OF BALTIMORE

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

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CITY OF BALTIMORE
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010

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PART I

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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City of Baltimore
Maryland

Comprehensive Annual Financial Report
Year Ended June 30, 2010

City of Baltimore, Maryland

Comprehensive Annual Financial Report

Year Ended June 30, 2010

Prepared by the Department of Finance
Edward J. Gallagher
Director of Finance

Bureau of Accounting and Payroll Services
Michael E. Broache
Bureau Chief

469 City Hall, 100 N. Holliday Street, Baltimore, Maryland 21202

ELECTED OFFICIALS

MAYOR
Stephanie Rawlings-Blake

PRESIDENT OF THE CITY COUNCIL
Bernard C. Young

COMPTROLLER
Joan M. Pratt

BOARD OF ESTIMATES

PRESIDENT
Bernard C. Young

MAYOR
Stephanie Rawlings-Blake

COMPTROLLER
Joan M. Pratt

DIRECTOR OF PUBLIC WORKS
Alfred H. Foxx

CITY SOLICITOR
George A. Nilson

CITY COUNCIL

Bernard C. Young, *President*
Edward Reisinger, *Vice-President*

FIRST DISTRICT
James B. Kraft

SECOND DISTRICT
Nicholas D'Adamo, Jr.

THIRD DISTRICT
Robert Curran

FOURTH DISTRICT
Bill Henry

FIFTH DISTRICT
Rochelle "Rikki" Spector

SIXTH DISTRICT
Sharon Green Middleton

SEVENTH DISTRICT
Belinda Conaway

EIGHTH DISTRICT
Helen Holton

NINTH DISTRICT
Agnes Welch

TENTH DISTRICT
Edward Reisinger

ELEVENTH DISTRICT
William H. Cole IV

TWELFTH DISTRICT
Carl Stokes

THIRTEENTH DISTRICT
Warren Branch

FOURTEENTH DISTRICT
Mary Pat Clarke

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CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor

DEPARTMENT OF FINANCE

EDWARD GALLAGHER, Director
469 City Hall
Baltimore, Maryland 21202

December 23, 2010

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

In compliance with Article VII, Section 8, of the revised City Charter (November, 1964), submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Baltimore, Maryland, (City) for the year ended June 30, 2010. The CAFR 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.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organization chart and the certificate of achievement for excellence in financial reporting. The financial section includes the auditor's opinion, Management's Discussion and Analysis (MD&A), basic financial statements with related notes, and required supplementary information with related notes. The financial section also includes the combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

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. 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 CAFR.

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." The Comptroller has elected to have the City Auditor render an opinion as to the fairness of the Director of Finance's presentation of the City's basic financial statements. Additionally, the Board of Estimates awarded a contract to the nationally recognized independent certified public accounting firm, Ernst & Young LLP, to perform a joint audit with the City Auditor of the basic financial statements of the City for the year ended June 30, 2010. Their joint audit report is contained herein. Their audit was conducted in accordance with auditing standards generally accepted in the United States and, for the basic financial statements of the City, the standards for financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. On the basis of this examination, the independent auditors have issued an unqualified 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 "Single Audit" designed to meet the special needs of federal grantor agencies. This audit was conducted by the City Auditor, and the Single Audit Report is available as a separate document.

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 CAFR. 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 (City) is a body corporate and politic of the State of Maryland (State) in which all local governmental functions are performed by the City. 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 an estimated 2008 population of 636,919. The City is a major deep-water seaport located on the Patapsco River, a tributary of the Chesapeake Bay. It is served by Baltimore/Washington International Thurgood Marshall Airport in adjacent Anne Arundel County. The City is almost completely surrounded by Baltimore County, a separate entity, which borders the City on the east, north, west and part of the south. Anne Arundel County adjoins the City on its southern border.

The City provides the full range of municipal services contemplated by statute or charter, which are provided or paid for by the City from local, State or Federal sources. These services include public safety (police and fire protection), water and waste water 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 adoption and maintenance of building codes, and regulation of licenses and permits, collection of certain taxes and revenues, maintenance of public records and the conduct of 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 City 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 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 authority to veto ordinances, has power of appointment of 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 are to be made up by adjusting the property tax rate or enactment of new revenue measures.

Public Hearings: The City Charter mandates that both the Board of Estimates and the City Council conduct public hearings on the proposed budget.

Timely Adoption: The City 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 City 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 on a monthly basis. 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 of the fiscal year.

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. During the summer of 2007, the City worked with a team of consultants from Public Resources Advisory Group and Evergreen Capital to perform a comprehensive debt study and review of the 1990 debt policy. The study did not result in any changes to the debt policy.

Budget Stabilization Reserve Policy: In November 2008, the City's Board of Estimates approved a Budget Stabilization Reserve Policy that establishes 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 stipulates that the reserve shall be maintained on any June 30th at a minimum level of 8% of the combined value of the General Fund and Motor Vehicle Fund operating budgets of the subsequent fiscal year.

OTHER FINANCIAL INFORMATION

Retirement Plans

Professional employees of both 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 established for all other City employees and elected officials.

City laws require that contributions to its three funded pension systems be based on actuarial valuations. City contributions to the Unfunded Fire and Police Plan (for eligible employees hired prior to January 1, 1947, all of whom are now retired, or their beneficiaries) are not actuarially determined, and these benefits are paid from annual appropriations.

Temporary Investment of Cash Balances

The City, through the Office of the Director of Finance, pursues an aggressive cash management and investment program to achieve maximum financial return on available funds. Depending on cash needs, excess funds are invested on a short, intermediate or long-term basis at best obtainable rates. Investments are limited generally 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 in which 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 effective internal control over financial reporting. There are no material weaknesses in internal control over financial reporting and there have been no significant changes in internal control since June 30, 2010.

ECONOMIC PROFILE AND OUTLOOK

Baltimore is the historic, business, education and cultural center of Maryland. The City benefits from being in one of the wealthiest states in the nation and is the northern anchor of the Washington-Baltimore-Northern Virginia Combined Statistical Area—one of the largest, wealthiest and best educated population centers in the country. The City's economy has traditionally benefited from its location as it is accessible to a large and diversified workforce. Also, with an excellent highway and rail transportation system the City is able to access both mid-western and north-eastern markets thus supporting its international port activity. About 326,654 or 27.0% of the 1.21 million jobs in the metropolitan area are located in the City.

For several decades, the City has become less reliant on traditional manufacturing industries. Manufacturing jobs comprise only 4.7% of the City's total jobs, which represents a lower percentage than the region and the State. However, health and education related services continue to be the leading employment industry, representing 28.9% of the 2009 jobs located in the City. This proportion is considerably higher than the State and region's total of 15.4% and 18.2%, respectively. The prominent health and knowledge-related industries is reflected in the City's major employers. Among the ten largest non-governmental employers, eight are health and education-related entities, one is a utility service provider, and one provides administrative services. The City derives economic strength from the number of jobs in the fast growing health sector, and in knowledge and information-based education and information services sectors. An increasing number of workers in the Washington, D.C. and Northern Virginia area commute to jobs from homes in Baltimore.

The City supports and builds on the strengths of its internationally renowned higher education and health care institutions, most notably the Johns Hopkins Hospital and Health System—the world's premier medical facility, and the University of Maryland School of Medicine—the nation's first public medical school and one of the nation's largest public medical school research dollar recipients. A total of $1.6 billion of major development in the City related to higher education and health care institutions was under construction during Fiscal 2010, including the expansion of the Maryland General Hospital, the Johns Hopkins Hospital—New Clinical Building, the Pharmacy Hall addition to the University of Maryland and the Mercy Medical Center—Mary Catherine Bunting Center, expected to open to the public in Fiscal 2011.

The population trend is often considered the single most important economic factor in the City due to the fact that Baltimore's population peaked at 949,708 in 1950 and has declined to 651,154 in 2000. This 50 year trend reflects an average monthly drop of 498 persons with some decades experiencing faster drops than others. The 1970's saw the greatest declines. During this period, population loss approached 12,000 per year, or 1,000 per month; however, this rate of loss has declined in recent years and we currently experience an average monthly drop of 82 people since 2001. The Census Bureau recently released the preliminary July 1, 2009 population estimate of 637,418 for Baltimore City. This estimate shows a loss of 673 City residents from the 2008 estimate of 638,091. In recent years, the City has been successful in challenging the annual bureau's estimates for upward revisions; however, unlike prior years, the City has not pursued challenging the last two estimates in order to gather efforts for a more accurate estimate in the 2010 Census. The leveling of population losses during this decade confirms the City's efforts to address the challenges associated with being the State's oldest urban center with a disproportionate share of the State's poor and areas of disinvestment and abandonment.

Economic Outlook

The economic outlook for the Fiscal 2012 budget planning cycle is, perhaps, the most challenging the City has experienced in several years. A reduction in housing market activity has affected the major City revenue sources. Home sales are down approximately 14.8% from last year to date levels as of August and 65.7% below their peak in June 2005. This has impacted property tax collections, the City's main source of revenue. The lower activity level has also caused a decline in transfer and recordation tax collection, resulting in a $70.6 million decline since their peak in Fiscal 2006. This represents the lowest level of collections since Fiscal 2003.

The unemployment rate in the City reached 11.5% as in January 2010, contributing to a reduction of income tax collections. Lower employment and reduced capital gains resulted in a 5.0% decline in income taxes for Fiscal 2010. Although, employment is expected to grow, the growth will be limited by high unemployment. Fiscal 2011 income tax is expected to grow at around 2.5%.

Additionally, the State faces one of the most difficult budget crises, which in turn diminishes the level of State aid to the City. The Administration expects these conditions to continue through Fiscal 2011 and Fiscal 2012. In order to weather these financial challenges, the City has implemented plans to reduce expenditures in Fiscal 2011 and is taking an especially conservative approach to budget planning for Fiscal 2012.

Jobs and Employment

The most recent data from the State Department of Labor, Licensing and Regulation (DLLR) indicates that the City has continued to experience a decline in the number of jobs during calendar 2009. The DLLR reported an average of 326,654 jobs located in the City during 2009, which represents a 3.8% decline compared to the average of 339,640 jobs in calendar 2008. Total jobs in the City peaked in 2000 with 387,557 jobs; since then, the City has experienced an average decline of about 564 per month through calendar 2009. In 2009, the City's job market reflected the impact of the national recession.

In January of 2010 there were an estimated 243,712 City residents employed. The difference between employed residents and jobs in the City reflects a net contribution of approximately 83,000 jobs to surrounding communities. The annual average unemployment rate for residents in the City increased from 6.7% in 2008 to 10.4% in 2009, with an 11.5% unemployment rate as of January 2010, the highest since 1992.

Retail Sales

Retail sales reported by the State of Maryland for the City showed a decline of 1.6% in Fiscal 2010, the second and consecutive decline in the last eight years. The total value of sales generated in the City decreased $87.5 million to reach the annual total of $5.35 billion. Additionally, sales generated in the City have declined as a percentage of the total retail sales in the State from 9.4% in Fiscal 2000 to an average 8.4% during the last four years. The City has experienced a gross increase of 113 new businesses, mostly restaurants and bars that started operations in 2010. Retail sales activity continues to be a leading indicator of economic activity as the City continues experiencing the impacts of the national economic recession.

Housing

The Fiscal 2010 housing market continued showing downward adjustments; however, Fiscal 2010 results have been potentially biased by the availability of the federal funded program for first-time homebuyers. This program granted $8,000 for buyers whose settlement occurred before June 30, 2010. Single-family home sales in the City as reported through the Metropolitan Regional Information System (MRIS) reflected an increase of 5.9% in total dollar sales value compared to fiscal year 2009; additionally, the total number of units sold increased by 13.2% in Fiscal 2010. On the other hand, prices showed more dramatic adjustments while the housing market continued stabilizing from the boom years' speculative prices. The average sale price of properties sold in the City declined to $158,114 or 6.8% from the $169,652 experienced in Fiscal 2009 and a total 15.3% drop from its peak in 2008, representing the second consecutive year of downward market adjustment in prices since 1998.

The housing market conditions are not promising. It is estimated that prices will continue adjusting through 2010 and into 2011. The housing market collapse also extended to the development of new apartments. Only 184 apartments were completed in the downtown for both rental and sale between 2009 and 2010, bringing the total number of new apartments built in downtown to 4,663 since calendar 1999. Another 364 apartment units are currently under construction in the downtown area with expected delivery time between Fiscal 2011 and Fiscal 2012, and another 154 units are on the planning phase. The City maintains a strategic position as a market for affordable housing for buyers in the region. This is particularly important as the regional market has grown to include more Washington and Northern Virginia commuters.

Port

Port activity is sensitive to factors affecting the world trade: the state of the economies abroad and currency markets, among other factors. Calendar 2009 was marked by one of the worse recessionary periods in the national economy and the Port of Baltimore could not be exempt from its impact. For the first time in five years, the total foreign cargo volume handled by the port did not exceed the 30 million ton mark, and decreased 32.3% to 22.4 million tons from the 33.0 million tons handled in 2008, while cargo value experienced a decline of 33.4% to $30.2 billion. The national port industry experienced in 2009 a decrease of 12% in the total volume of foreign cargo and 28.4% decrease in the dollar value of transactions; however, the Port of Baltimore maintained its standing as the 12th largest nationwide port in dollar value, and 15th largest nationwide in tonnage. In addition, the Port of Baltimore declined 18% in the volume of import and export on roll-on roll-off cargo, but continued to be ranked as the first port in this category out of about 360 U.S. ports, with a total 0.78 million tons in 2009. The level of activity at the Port will depend on the status of international foreign policies and the challenges of foreign trade in a depressed economy. In 2009, the Maryland Port Administration signed a long term renovation contract including construction of a 50-foot berth and four cranes which are scheduled to be completed in 2014. This contract, which includes a 50-year leasing agreement with Port of America, and about $500 million in capital investment, will prepare the port for the upcoming challenges resulting from the widening of the Panama Canal which is expected to be completed in 2014. This new agreement is expected to not only benefit the Port, but also to spur the areas' economic activity with about 2,700 new permanent direct, indirect and induced new jobs, and 3,000 one-time construction jobs over the next three years.

Tourism and Travel Industry

The tourism and travel industries experienced mixed effect in 2009 and during the first semester of 2010. For a second year in a row, the number of events held in the Baltimore Convention Center declined. During Fiscal 2010, the Baltimore Convention Center hosted 131 events, eight events less than the 139 in Fiscal 2009 and 46 less compared to the 177 held in Fiscal 2008. The

average attendance per event dropped 10.2% in Fiscal 2010 from 3,137 to 2,816. The City experienced an increase of 8.9% in total rooms due to five new hotels that started operation in Fiscal 2010; however, the average occupancy rate decreased to 55.0%, 2.3% lower than the average 57.3% experienced in Fiscal 2009. Due to lower demand, the average rate per room decreased 9.5% to $135 per room, representing the lowest daily average room rate charged since Fiscal 2003. On the other hand, the travel industry improved in calendar year 2009. There were about 21.0 million commercial passengers that used the Baltimore Washington International Thurgood Marshall Airport (BWI), representing an increase of 2.7% compared to Calendar 2008. Two new carriers, JetBlue and Cape Air, added Baltimore to their destinations and other carriers increased the volume of passengers landing and departing from BWI. Cruise activity through the Port of Baltimore experienced a record year in 2009. A total of 81 cruises departed from the port, representing 54 cruises more than in 2008. The Carnival Cruise Lines launched the year-round cruising from Baltimore to the Caribbean while other major companies such as Celebrity, Norwegian, Peter Deilmann and Royal Caribbean continued to choose the Port of Baltimore as an option in the industry.

Office Development

In Fiscal 2010, the City's office market experienced an increase on its total market size and number of office buildings; however, the increase in supply was not fully absorbed by demand, generating an increase in City's vacancy rate and a decrease in the average price. The City increased its office market size by 4.6% to 22.7 million square foot compared to 21.7 million square foot in June, 2009. There were 12 new buildings contributing to the additional 995,000 square feet available in office space, with a net absorption of 43,700 square feet; therefore, vacancy rate increased 3.7% to 24.2%, and the average retail price was slightly reduced by $0.50 to $22.10 per square feet. The change in the vacancy rate was mostly experienced in the Downtown area, which increased to 19.6% from 15.2% as of June 30, 2009. This change was explained by the high number of new leasing contracts of companies relocating within City facilities, with no material net absorption. Some of the most relevant relocations include the 156,000 square feet on 1300 Thames Street leased by Morgan Stanley to consolidate its previous two office locations, Weber Shandwick which relocated their offices from Tide Point to Boston Street and Barton Malow Company which relocated from West Pratt Street to Aliceanna Street. The new Legg Mason building located on 100 International Drive, with more than 540,000 square feet office space, was fully leased before completion. Among its new tenants are the Johns Hopkins University Carey Business School and RSM McGladery, Inc, comprising 118,930 square feet. Other major leases that occurred in Fiscal 2010 are the law firm Ober/Kaler with 92,778 square feet on 100 Charles Street and Stifel, Nicolaus & Co with 75,724 square feet on 1 South Street. The Lieber Institute for Brain Development, the American Cancer Institute, Brick Mill Marketing, Moodlerooms, CyberPoint International and First Health Systems also leased a combined total of 90,283 square feet.

FINANCIAL ACCOMPLISHMENTS

Providing a broad range of urban services with a limited tax base requires maximizing use of scarce resources and constant improvement to all aspects of financial management—treasury, collections, budgeting, payroll, risk management, accounting and procurement. Selected highlights of financial management accomplishments in Fiscal 2010 follow:

- The City maintained a General Obligation (G.O.) bond rating of 'Aa2' from Moody's Investors Service and 'AA-' from Standard & Poor's in May 2010. As Moody's noted in its 2009 report when discussing the City's stable rating outlook given the current economic climate, "the rating reflects the City's sound financial position, characterized by recently-enhanced fiscal policies, healthy fund balance levels, and sustained operating stability through several economic cycles".
- The City has completed its transition to Outcome Budgeting, which is a new way of budgeting for Baltimore. Whereas traditional budgeting starts with last year's spending and adjusts agency allocations based on projected revenue, Outcome Budgeting starts with the results that matter to citizens and funds programs based on their value in achieving those results. Through Outcome Budgeting, agencies were required to demonstrate in their budget proposals for Fiscal 2011 the relationship between the dollars they plan to spend and achieving measurable results, such as cleaner waterways, smoother roads, and healthier babies. This new budget process gives City leaders more information to make strategic funding decisions. Furthermore, to find out what results matter most to citizens, the City will continue to conduct the annual Baltimore Citizen Survey, which was started in Fiscal Year 2009.
- In calendar 2009, the City completed the final piece of the Department of Finance's Strategic Plan for Information Technology and Financial Systems. The City transitioned from its 38-year-old legacy system to a new general ledger system that incorporates many best practices. The new system, CityDynamics, provides timely financial reporting and streamlines the City's accounts payable and billing systems. This is the latest in a series of upgrades over the past few fiscal years that include new human resources, payroll, and procurement systems.

- The City has taken important steps to comply with Governmental Accounting Standards Board Statement No. 45 on Other Post-employment Benefits (OPEB), including the creation of a Retiree Benefit Trust, a Memorandum of Understanding with the Employees' Retirement System to manage the Trust, and regular contributions to the Trust including a dedicated revenue stream from the Medicare Part D employer subsidy. The long-term investment balance in the City's OPEB Trust as of June 30, 2010 was $118,720,000. Despite significant budget challenges, the City was still able to budget a new contribution of $6.4 million to the OPEB Trust in Fiscal Year 2010 for future benefit costs.
- The Bureau of Revenue Collections has implemented various reforms aimed at reducing operational expenses, boosting collections and improving customer service. The Bureau now offers 10 bill types that can be paid online via electronic debit from the customer's checking account or by credit card, thus reducing processing costs. The percent of payments made online has grown from 10.5% in Fiscal 2008 to 19.2% in Fiscal 2010. The Customer Service section has been reorganized to include the refunds and adjustments section which was previously a part of the Bureau of Accounting and Payroll Services. This re-organization makes the refund process more seamless and efficient for customers and reduces the administrative processing time associated with refunds. In addition, the Bureau implemented a service request tracking mechanism for all walk-in, mail, or telephone requests and has improved overall accountability related to citizen and customer requests.
- The City continues to focus on Workers' Compensation reform by holding managers throughout City government accountable for the timely reporting of claims and for the prevention of on-the-job injuries. The percentage of Workers Compensation claims that were reported to the claims administrator within five days from the date of incident increased from 50 percent in Fiscal 2004 to 85 percent in Fiscal 2010. The City has also reduced the number of Workers' Compensation claims filed by 26 percent in Fiscal 2010 compared to Fiscal 2002 (4,905 claims in Fiscal 2002 versus 3,630 in Fiscal 2010). In addition, claim payments made for all claims have decreased by 12% since Fiscal 2004 ($48 million in Fiscal 2004 versus $42 million in Fiscal 2010).

The positive outcome of effective financial management is evident in the City's General Fund balance sheet position. Despite a global recession and two record snowstorms, the City still maintained a balance of $79,875,000 in its budget stabilization fund as of June 30, 2010. When combined with an undesignated unreserved fund balance of $2,695,000, the total of $82,570,000 comprises 6.2% of General Fund revenues, a positive reflection on the strength of the City's balance sheet.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

The Administration focuses on the critical long-term concerns facing the City. Baltimore, like many older cities, is faced with many challenges: population loss, an unemployment rate which remains above the state and national average, wealth levels that are well below the state and national average, and a population which includes a disproportionate number of citizens facing issues ranging from mental illness, homelessness, addiction, affordable housing and crime.

The following sections will highlight key recent actions and accomplishments towards meeting the Administration's five major objectives.

Objective 1: Safer Streets

Crime Reduction

Making Baltimore safer is one key component to increasing Baltimore's population, promoting economic growth, and creating and retaining jobs. In 2008, Baltimore achieved a 25.0% reduction in homicides and shootings. In 2009, Baltimore continued to reduce violent crime. Strategies developed by Mayor Rawlings-Blake and implemented by the Baltimore Police Department have led to an additional 4.0% reduction of homicides and shootings.

Gun Tracing Task Force

Established on June 1, 2007, the Gun Tracing Task Force (GTTF), made up of members of the Baltimore Police Department, Baltimore County Police Department, Maryland State Police, and Bureau of Alcohol, Tobacco and Firearms (ATF), suppresses gun trafficking and unlawful firearms possession by targeting straw purchasers and gun dealers who fail to comply with State and Federal laws.

Violent Crime Impact Division (VCID)

In 2007, the Police Department's Organized Crime Division was reorganized, renamed and restructured into the Violent Crime Impact Division (VCID). VCID detectives target the most violent offenders in specific violent zones within the city. This focus has resulted in significant violent crime reductions within the targeted zones.

Citizens on Patrol (COP)

Experience has proven that a small group of concerned, dedicated citizens with the proper training, and the support of their community and law enforcement, can make a difference. In communities with an active COP program, there has been a significant decrease in criminal activity. Additionally, members of COP groups have helped improve the relationships between the Police Department and communities. Not only is a COP group a crime deterrent, it is also an opportunity for community members to identify infrastructure issues in their neighborhoods.

Safe Streets

Safe Streets is a community based violence prevention initiative modeled on CeaseFire Chicago. This program relies on credible outreach workers, community members, faith leaders and other community organizations to intervene in conflicts, or potential conflicts, and promote alternatives to violence. Along with cooperation from the Health and Police Departments, Safe Streets includes a strong public education campaign to provide the message that shootings and violence are unacceptable in our communities. In August 2008 the City expanded this program, and since that time, the program has successfully: increased the work of the Living Classrooms Foundation to include approximately 24 city blocks in East Baltimore and three teams of outreach workers; developed a hospital response component with Johns Hopkins Hospital and added a new site in the Cherry Hill area to be overseen by Family Health Centers of Baltimore.

Objective 2: Cleaner and Healthier City

Energy Office

The Energy Office within the Department of General Services has been instrumental in reducing energy costs throughout the City. Beginning in Fiscal 2010, the Energy Office produced enough savings and revenue to become a self-sufficient organization, and is no longer dependent on General Fund support.

Single Stream Recycling

In Fiscal 2009, the Department of Public Works (DPW), Bureau of Solid Waste, instituted a city-wide single stream recycling program whereby paper, plastic, glass, bottles and jars are now placed in one container and collected in one pick-up. The results have been immediate: a 30% increase in residential recycling tonnage; reduced route time and operating costs, including a 90% reduction in overtime; and, increased recycling participation in areas of the City that previously had very low participation. In Fiscal 2010, DPW Bureau of Solid Waste instituted once a week mixed refuse and single stream recyclables collection (a shift from twice weekly trash and bi-weekly recycling pick-up). The new collection methodology again boosted recycling, saved the City approximately $7 million a year in operating costs, and reduced the amount of household mixed refuse collected.

Baltimore City's Sustainability Plan

The Baltimore Sustainability Plan (BSP) was developed over a nine-month period and engaged over 1,000 citizens. The BSP was adopted by City Council in March 2009. The Sustainability Plan lays out 29 priority goals within seven theme chapters: Cleanliness, Pollution Prevention, Resource Conservation, Greening, Transportation, Education & Awareness, and Green Economy. Each of the 29 goals is accompanied by a set of recommended strategies, with timelines, lead partners, and funding sources identified. The Plan can be viewed and downloaded from the City's website at www.baltimorecity.gov/sustainability.

Buprenorphine Initiative

The City is supporting expansion of effective substance abuse treatment using buprenorphine as an alternative for drug treatment. To date, more than 1,000 patients have been treated and more than 200 have transferred from substance abuse treatment to long-term support in the medical system. The Health Department has a leadership role in coordinating this effort.

Objective 3: Growing Economy

East Baltimore Development Initiative

The nonprofit East Baltimore Development Inc., in partnership with the City, is working to transform an 88-acre site into a market-oriented, mixed-income community with housing opportunities for all income ranges and a continuum of social and economic programs that enable residents to benefit from the area's rebirth. Currently the single largest redevelopment effort in the City, this revitalization initiative is expected to generate over 8,000 new jobs, produce over 2,000 units of mixed-income housing and represent $1.8 billion of investment.

Westside Initiative

The Westside Initiative is a public/private partnership to renew the west side of downtown Baltimore into a vibrant mixed-use neighborhood. Nearly $800 million in capital funds have been invested in the Westside creating more than 1,000,000 square feet (sq. ft.) of additional institutional and cultural space, 250,000 sq. ft. of retail space, 137,000 sq. ft. of office space and 900 hotel rooms. More than 2,700 new market rate apartments and condominiums have been developed with approximately 1,900 units in the planning phase and an additional 300 units in the conceptual phase.

Job Development

The Baltimore Development Corporation's (BDC) mission is to stabilize and expand the City's job base by retaining existing City-based employers, helping them grow and recruiting new employers to the City. Since 2000, BDC has provided financial assistance to 973 businesses and development projects, resulting in the retention and creation of 41,144 jobs.

Objective 4: Stronger Neighborhoods

Affordable Housing Program (AHP)

Initiated in 2006, the Baltimore City Affordable Housing Program's mission is to improve and expand housing opportunities for working families and other persons of low and moderate income and to promote economic diversity in City neighborhoods. The AHP is intended to facilitate large-scale site assembly and blight elimination, thereby creating new development opportunities in neighborhoods throughout the City. Examples of projects funded through the Affordable Housing Program include: the construction of Preston Place, the first new housing built in the Oliver community in more than 50 years; and the demolition of the former Freedom Village Apartments and Claremont Homes, now Orchard Ridge, the former Uplands Apartments and former Byrd properties.

Operation Orange Cone

In 2007, the Department of Transportation was challenged to find new ways of coordinating its resources to make road construction more efficient. The result, known as Operation Orange Cone, has led to a record amount of road resurfacing throughout the City. In 2008, the City paved 220 lane miles and through July 2009, 87.2 miles had been completed, which exceeds the goal of 200 lane miles repaved.

Objective 5: Innovative Government

CitiStat

The Mayor's Office of CitiStat is a performance based management group tasked with improving service delivery in Baltimore City through the effective use of data-driven decision making. In addition to assessing individual agency performance, the Mayor has encouraged inter-agency cooperation to tackle some of the City's largest problems. An example of agencies working together towards a common goal is CleanStat, an inter-agency meeting focused on cleaning Baltimore through coordination among the Mayor's Office, the Bureau of Solid Waste, Housing's Code Enforcement section and the Department of Transportation Maintenance Division.

AWARDS AND ACKNOWLEDGEMENTS

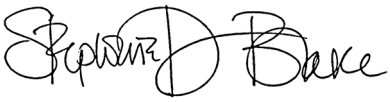
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baltimore, Maryland, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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 auditors, Ernst & Young LLP, 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.

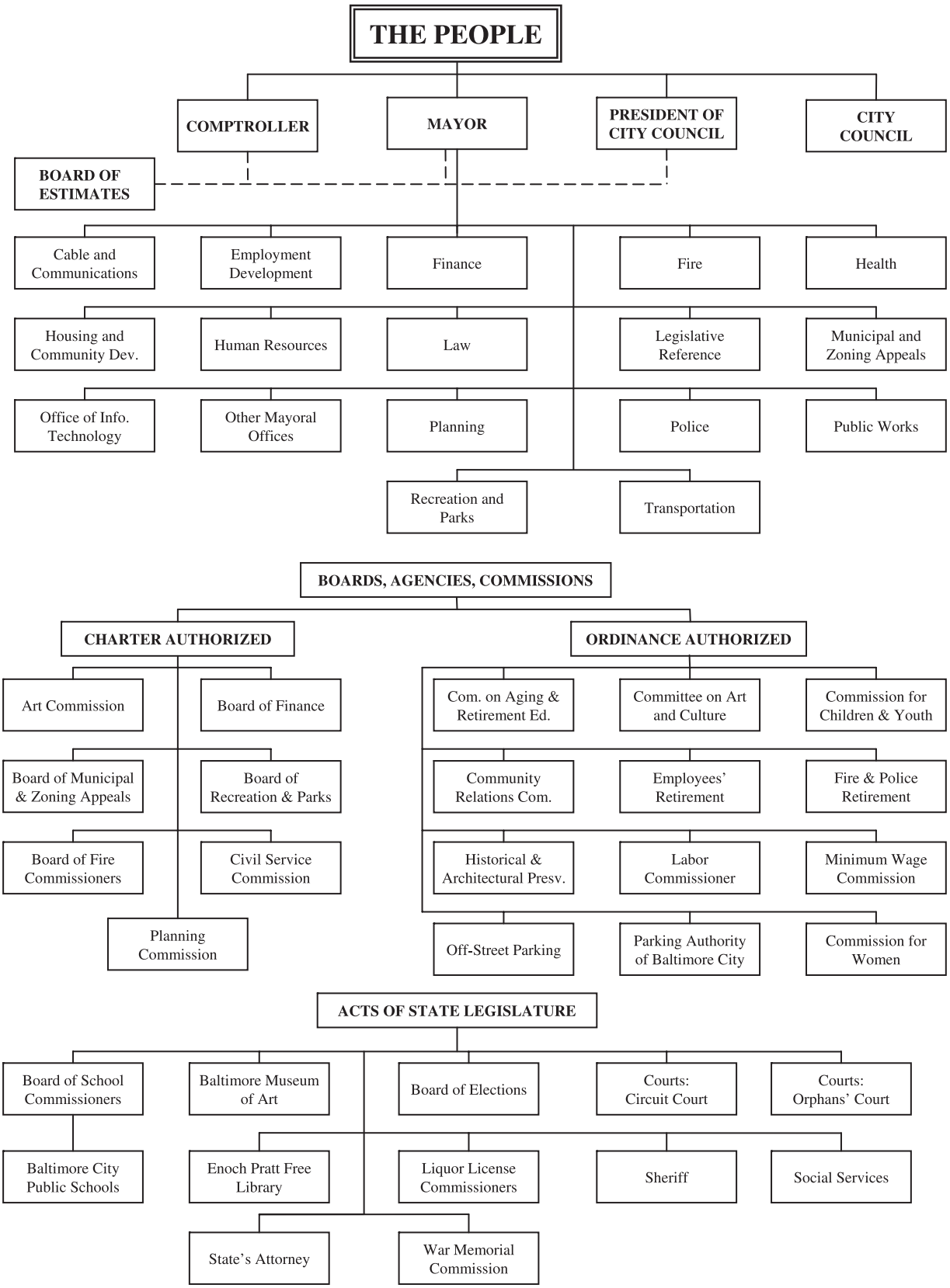
Respectfully submitted,



Stephanie Rawlings-Blake
Mayor

Edward J. Gallagher
Director of Finance

MUNICIPAL ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Baltimore Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

- **Report of Independent Auditors**
- **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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CITY OF BALTIMORE
STEPHANIE RAWLINGS-BLAKE
Mayor

DEPARTMENT OF AUDITS
Room 321, City Hall
Baltimore, Maryland 21202

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December 23, 2010

Report of Independent Auditors

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

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baltimore, Maryland, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Baltimore, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of the Pension Trust Funds, the Baltimore City Public School System and the Baltimore Hotel Corporation discretely presented component units. The financial statements of the Pension Trust Funds were audited by the City Auditor acting separately, and the Baltimore City Public School System and the Baltimore Hotel Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Pension Trust Funds, the Baltimore City Public School System and the Baltimore Hotel Corporation, are based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The most recent peer review for the Department of Audits was performed on July 26, 2006 and a peer review for the current cycle is being arranged. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Baltimore Hotel Corporation were not audited in accordance with *Governmental Auditing Standards*. We were not engaged to perform an audit of the City of Baltimore, Maryland's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Baltimore, Maryland's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baltimore, Maryland, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

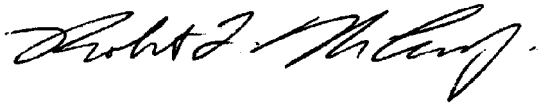
As discussed in Note 20, the City adopted Governmental Accounting Standards Board Statement No. 51 "Accounting and Financial Reporting for Intangible Assets" and Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments".

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, on our consideration of the City of Baltimore, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

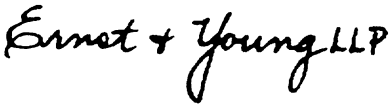
A member firm of Ernst & Young Global Limited

The management's discussion and analysis on pages 3 through 15, and the additional required supplementary information on pages 71 through 74, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baltimore, Maryland's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Robert L. McCarty Jr., CPA
City Auditor
Department of Audits



Ernst & Young LLP
Independent Auditors

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Baltimore's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. 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 of the City exceeded its liabilities at the close of the most recent fiscal year by $4.3 billion (net assets). This amount includes $213.6 million (restricted net assets) and is net of an unrestricted deficit of $155.8 million. During the fiscal year, the City's total net assets decreased by $24.8 million.

As of June 30, 2010, the City's governmental funds reported combined ending fund balances of $214.4 million. At the close of the current fiscal year, unreserved fund balance for the general fund was $27.7 million or 2.1% of total general fund expenditures of $1.2 billion.

The City's total long-term debt decreased by $3.2 million, during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental Accounting Standards Board Statement No. 34 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. Until the advent of GASB 34, this focus was utilized by the public sector only to report on its business (self-supporting) activities.

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 Comprehensive Annual Financial Report

C A F R					
	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 Assets	Balance Sheet	Statement of Fund Net Assets	Statement of Fiduciary Net Assets
			Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Fund Net Assets	
				Statement of Cash Flows	Statement of Changes in Fiduciary Net Assets
		Statement of Activities			
		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. 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 Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, highways and streets, sanitation and waste removal, public service, economic development, and interest expense. The business-type activities of the City include water and sewer utilities, parking facilities and several other fee 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 and the Baltimore Hotel Corporation prepared their own financial statements, which are also prepared in conformity with GASB 34 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 balances 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, motor vehicle, 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 funds are charges for customer services including: water, sewer, parking fees, commercial and industrial rents, printing services, vehicle maintenance fees, telecommunication, central post office fees and risk management. 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 operations of the City's business-type activities and include water and sewer 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 services 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, and risk management program. 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 propriety 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 assets 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 agency 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 and Combining and Individual Fund Statements and Schedules

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The combining financial statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are also presented. Budgetary comparison schedules have been provided for the general fund and motor vehicle fund to demonstrate compliance with their budgets.

Statistical Section

The statistical section provides supplemental financial and statistical information intended to provide a broader understanding of the City's financial and economic environment. Much of the data presented is multi-year and some of it is derived from records external to the City's accounting records, therefore the statistical section is unaudited.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Primary Government)

The City's financial statements are prepared in conformity with the reporting model required by Governmental Accounting Standards Board Statement No. 34 (GASB 34), 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

Net Assets
For the fiscal years 2010 and 2009

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	$1,096,368	$1,170,115	$ 642,964	$ 599,222	$1,739,332	$1,769,337
Capital assets, net	3,641,105	3,562,800	2,620,435	2,495,249	6,261,540	6,058,049
Total assets	4,737,473	4,732,915	3,263,399	3,094,471	8,000,872	7,827,386
Long-term liabilities outstanding	1,606,070	1,496,825	1,258,255	1,279,838	2,864,325	2,776,663
Other liabilities	581,972	581,506	212,015	101,826	793,987	683,332
Total liabilities	2,188,042	2,078,331	1,470,270	1,381,664	3,658,312	3,459,995
Net assets:						
Invested in capital assets, net of related debt	2,886,381	3,117,296	1,398,453	1,264,259	4,284,834	4,381,555
Restricted	14,787	13,191	198,714	260,575	213,501	273,766
Unrestricted	(351,737)	(475,903)	195,962	187,973	(155,775)	(287,930)
Total net assets	$2,549,431	$2,654,584	$1,793,129	$1,712,807	$4,342,560	$4,367,391

Analysis of Net Assets

As noted earlier, net assets may serve as a useful indicator of the City's financial position. For the City, assets exceeded liabilities by $4.3 billion at the close of the current fiscal year. The City's net assets include its investment of $4.3 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 assets, $213.6 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance is a deficit in unrestricted net assets of $155.8 million.

CITY OF BALTIMORE

Changes in Net Assets
For the fiscal years 2010 and 2009

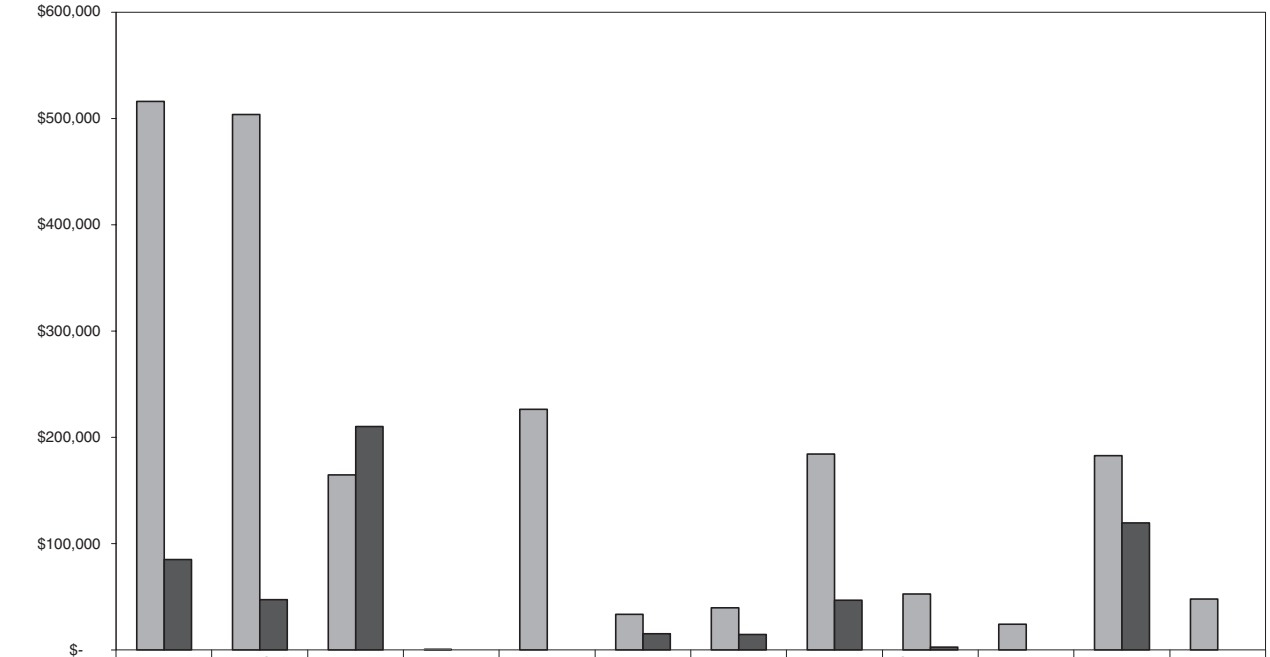
(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$ 92,483	$ 94,297	$ 379,093	$ 354,965	$ 471,576	$ 449,262
Operating grants and contributions	384,961	371,520			384,961	371,520
Capital grants and contributions	63,437	23,181	44,287	22,818	107,724	45,999
General revenues:						
Property taxes	755,708	693,767			755,708	693,767
Income taxes	251,731	262,901			251,731	262,901
State shared revenue	135,226	187,986			135,226	187,986
Transfer and recordation tax	26,023	46,095			26,023	46,095
Electric and gas tax	30,163	28,816			30,163	28,816
Telecommunications tax	26,292	29,200			26,292	29,200
Admission	7,475	9,432		747	7,475	10,179
Other	68,633	85,150			68,633	85,150
Total revenues	1,842,132	1,832,345	423,380	378,530	2,265,512	2,210,875
Expenses:						
General government	518,030	521,242			518,030	521,242
Public safety and regulation	503,753	541,778			503,753	541,778
Conservation of health	164,734	147,054			164,734	147,054
Social services	435	6,096			435	6,096
Education	226,429	221,829			226,429	221,829
Public library	33,475	33,728			33,475	33,728
Recreation and culture	38,098	42,565			38,098	42,565
Highways and streets	183,255	135,992			183,255	135,992
Sanitation and waste removal	52,558	51,167			52,558	51,167
Public service	24,161	24,637			24,161	24,637
Economic development	182,808	204,557			182,808	204,557
Interest	50,105	37,885			50,105	37,885
Water			107,423	116,407	107,423	116,407
Waste water			151,073	152,595	151,073	152,595
Parking			20,487	23,422	20,487	23,422
Conduits			5,947	7,312	5,947	7,312
Development loans			3,258	3,212	3,258	3,212
Industrial development			2,333	1,829	2,333	1,829
Total expenses	1,977,841	1,968,530	290,521	304,777	2,268,362	2,273,307
Increase (decrease) in net assets before transfers	(135,709)	(136,185)	132,859	73,753	(2,850)	(62,432)
Transfers:						
Transfers in (out)	40,707	34,339	(40,707)	(34,339)		
Change in net assets	(95,002)	(101,846)	92,152	39,414	(2,850)	(62,432)
Net assets — beginning (as restated)	2,644,433	2,756,430	1,700,977	1,673,393	4,345,410	4,429,823
Net assets — ending	$2,549,431	$2,654,584	$1,793,129	$1,712,807	$4,342,560	$4,367,391

Analysis of Changes in Net Assets

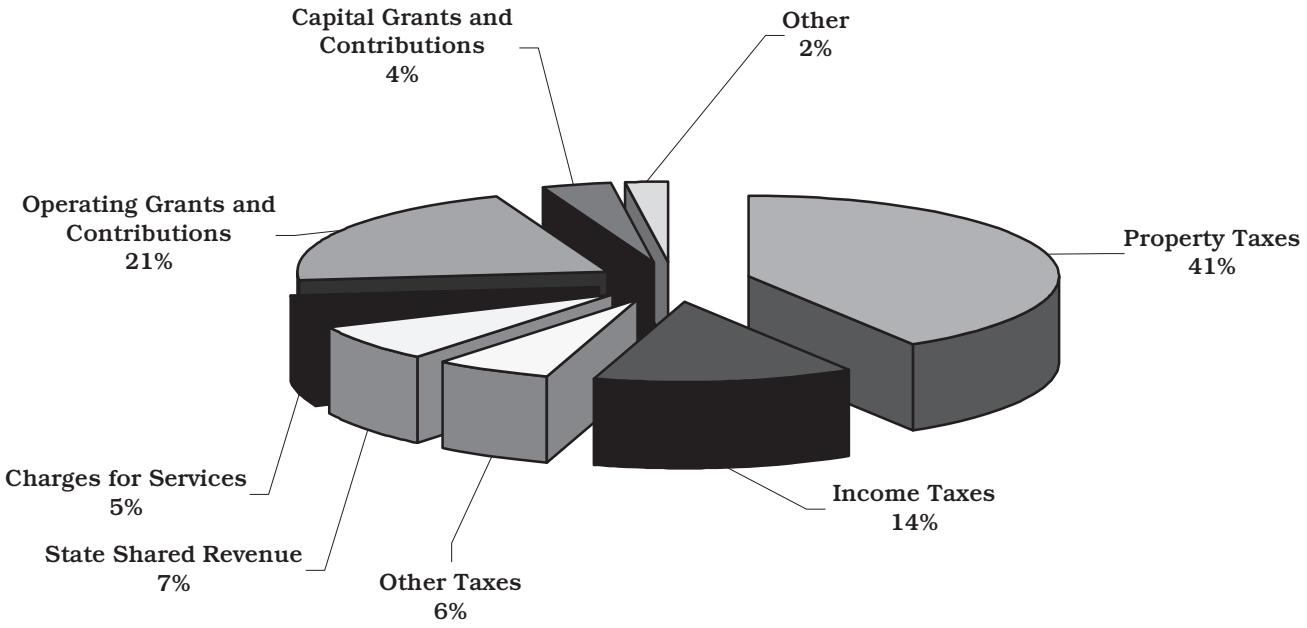
The overall decrease in the City's net assets amounted to $24.8 million during the current fiscal year. These changes are explained in the government and business-type activities discussion below.

Expenses and Program Revenues — Governmental Activities (expressed in thousands)



	General Government	Public Safety and Regulation	Conservation of Health	Social Services	Education	Public Library	Recreation and Culture	Highways and Streets	Sanitation and Waste Removal	Public Service	Economic Development	Interest
Expenses	$518,030	$503,753	$164,734	$435	$226,429	$33,475	$38,098	$183,255	$52,558	$24,161	$182,808	$50,105
Program Rev	$84,915	$47,295	$210,180			$15,245	$14,413	$46,718	$2,615		$119,500	

Revenues By Source — Governmental Activities



Governmental Activities

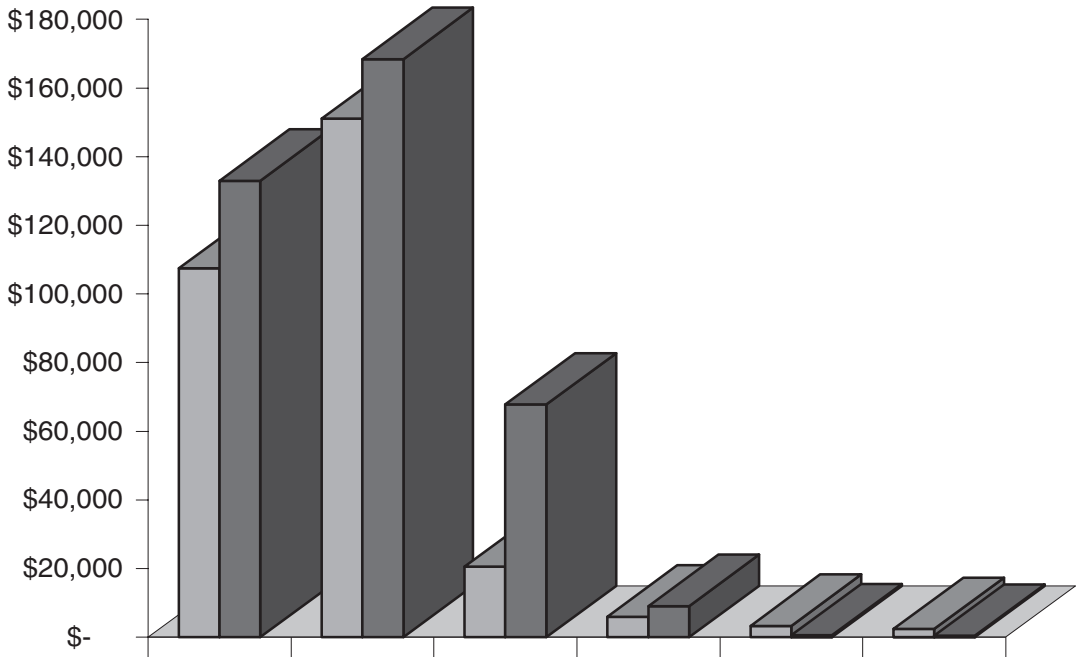
During the current fiscal year, expenses related to governmental activities amounted to $2.0 billion, this is more than revenues by $135.7 million. Total revenue of $1.8 billion is comprised of program revenues totaling $540.9 million, or

30.0%, and general revenues of $1.3 billion, or 70.0%. 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 2010, governmental revenues increased by $9.8 million. This increase in revenue is primarily attributable to an increase in property taxes of $61.9 million in fiscal year 2010, offset by a decline in State shared revenue of $52.8 million.

Governmental expenses increased by $9.3 million during fiscal year 2010. This increase is primarily attributable to increases in conservation of health, and highways and streets in the amounts $17.7 million and $47.3 million, respectively. The increase in conservation of health is attributable to an increase in Federal and State aid. The increase in highways and streets is due to the increased cost of snow removal. These increases were offset by decreases in public safety and economic development in the amounts of $38.0 million and $21.7 million, respectively. The decrease in public safety is attributable to reductions in overtime. The decrease in economic development is attributable to reduced funding available to be used for economic projects.

Expenses and Program Revenues—Business-type Activities (expressed in thousands)



	Water	Waste Water	Parking	Conduits	Development Loans	Industrial Development
Expenses	$107,423	$151,073	$20,487	$5,947	$3,258	$2,333
Charges for Services	$132,956	$168,389	$67,760	$9,044	$554	$390

Business-type Activities

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 $423.4 million. Expenses and transfers for these activities totaled $331.2 million and resulted in an increase in net assets of $92.2 million.

Operating revenues increased by $23.2 million in fiscal year 2010 in the Water and Waste Water Utility Funds. The increase in revenues is attributable to rate increases effective for 2010. Capital assets increased by $125.2 million as a result of the two utilities funds' efforts to build environmentally sound facilities.

Increases in capital assets in the Parking Facilities Fund of $0.4 million are part of the fund's effort to upgrade existing facilities and the City's effort to replace existing parking meters with more advanced electronic meters.

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 a 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, Motor Vehicle Fund, Grants Revenue Fund, and Capital Projects Fund. Data from the remaining governmental funds are combined into a single, aggregated presentation as Other Funds.

CITY OF BALTIMORE
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Fiscal Years 2010 and 2009

(Expressed in Thousands)

	2010	2009	Variance Amount
Revenues:			
General fund:			
Property taxes	$ 755,708	$ 693,767	$ 61,941
Income taxes	251,731	262,901	(11,170)
Other local — taxes	115,471	148,369	(32,898)
Total local taxes	1,122,910	1,105,037	17,873
Licenses and permits	34,438	29,390	5,048
Interest, rentals, and other investment income	24,148	23,616	532
State grants	97,320	99,423	(2,103)
Other	41,154	49,068	(7,914)
Total revenues — general fund	1,319,970	1,306,534	13,436
Other governmental funds:			
Motor vehicle fund	156,590	206,015	(49,425)
Grants revenue fund	284,800	248,662	36,138
Capital projects fund	75,296	46,028	29,268
Other funds	28,641	33,030	(4,389)
Total revenues other governmental funds	545,327	533,735	11,592
Total revenues all governmental funds	1,865,297	1,840,269	25,028
Expenditures:			
General fund:			
General government	388,860	368,279	20,581
Public safety and regulation	437,031	474,031	(37,000)
Conservation of health	44,950	33,066	11,884
Social services	396	6,057	(5,661)
Education	207,657	205,909	1,748
Public library	24,246	25,720	(1,474)
Recreation and culture	30,212	35,163	(4,951)
Highways and streets	16,376	244	16,132
Sanitation and waste removal	37,862	40,593	(2,731)
Public service	21,455	17,510	3,945
Economic development	36,186	36,573	(387)
Total expenditures — general fund	1,245,231	1,243,145	2,086
Other governmental funds:			
Motor vehicle fund	191,558	173,570	17,988
Grants revenue fund	280,603	238,399	42,204
Capital projects fund	275,701	267,641	8,060
Other funds	120,778	110,792	9,986
Total expenditures other governmental funds	868,640	790,402	78,238
Total expenditures all governmental funds	2,113,871	2,033,547	80,324
Excess of expenditures over revenue	(248,574)	(193,278)	(55,296)
Other financing sources:			
Transfers, net	40,707	27,839	12,868
Capital Projects Fund:			
Capital leases	75,099	3,956	71,143
Face value of federal loans		1,499	(1,499)
Face value of funding and refunding general obligation bonds	54,688	30,070	24,618
Face value of transportation revenue bonds		45,000	(45,000)
Proceeds from sale of TIFS		23,595	(23,595)
Total other financing sources	170,494	131,959	38,535
Net changes in fund balances	(78,080)	(61,319)	(16,761)
Fund balances beginning	292,459	353,778	(61,319)
Fund balances ending	$ 214,379	$ 292,459	$(78,080)

Revenues for governmental functions overall totaled approximately $1.9 billion in the fiscal year ended June 30, 2010, which represents an increase of 1.4% from the fiscal year ended June 30, 2009. Expenditures for governmental functions, totaling $2.1 billion, increased by approximately 3.9% from the fiscal year ended June 30, 2009. In the fiscal year ended June 30, 2010, expenditures for governmental functions exceeded revenues by $248.6 million, or 13.3%.

The General Fund is the chief operating fund of the City. Revenue in the General Fund increased $13.4 million as compared to last year. During fiscal year 2010, the City continued to experience growth in property taxes attributable to increased assessments in fiscal year 2010. Actual property tax revenue grew by $61.9 million during fiscal year 2010. However, this increase was offset by a decline in transfer and recordation tax of $20.1 million caused by a decrease in sales of housing and other properties. Other tax revenue including income tax, admissions tax, and telecommunications tax also experienced declines because of the effect of the recent down-turn in the economy. During fiscal year 2010, General Fund expenditures increased by $2.1 million.

The primary areas of change in General Fund expenditures were in General Government and Public Service.

- General Government expenditures increased by $20.6 million as a result of the City's increased fixed costs and lease payments.
- Public Service expenditures decreased $37.0 million primarily as a result of decreased fire and police overtime.

At the end of the current fiscal year, the unreserved undesignated fund balance of the General Fund was $2.7 million, while total fund balance was $184.8 million. The fund balance in the City's General Fund decreased by $32.1 million during the fiscal year.

The Motor Vehicle Fund was established to account for operating and capital transportation programs supported primarily by State-shared revenues. Every effort is made to spend available proceeds from these funding sources in the year received. For the current year, receipts of $156.6 million were less than outlays of $191.6 million by $35.0 million. The fund balance increased from $10.6 million to $16.7 million during the fiscal year, of which $6.3 million was unreserved and undesignated.

The Grants Revenue Fund is used to account for the spending of various Federal, State and special purpose grant funds. Most of these grants are funded on an expenditure reimbursement basis and the application of Governmental Accounting Standards Board Statement No. 33 rules on revenue recognition results in year-to-year fluctuations in the fund balance.

The Capital Projects Fund is used to account for the overall financing and expenditures of uncompleted projects. The fund balance of $82.7 million represents authorized projects which are still in progress.

Proprietary Funds

The City's business-type activities are comprised of the funds listed below. The nonmajor funds include the Loan and Guarantee Program, Industrial Development Authority, and Conduit Fund.

	(Expressed in Thousands)					
	Water and Waste Water Utility Funds		Parking Facility Fund		Nonmajor Other Funds	
	2010	2009	2010	2009	2010	2009
Operating revenue	$301,607	$278,145	$ 67,760	$ 64,380	$ 9,989	$12,440
Operating expenses	244,664	252,703	11,835	13,240	11,560	12,382
Operating income	56,943	25,442	55,925	51,140	(1,571)	58
Non operating revenues (expenses), capital contributions, and transfers	28,230	6,073	(50,724)	(45,886)	2,261	1,624
Change in net assets	$ 85,173	$ 31,515	$ 5,201	$ 5,254	$ 690	$ 1,682

As discussed in the Business-type activities section, both the Water and Waste Water Utilities Funds experienced operating revenue increases in fiscal year 2010. These increases are attributable to rate increases effective for fiscal year 2010.

The Parking Facilities Fund revenues have remained level during the current year as a result of competition from private garages.

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, 2010

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance With Original Budget Positive (Negative)	Variance With Final Budget Positive (Negative)
Total revenues	$1,323,294	$1,323,294	$1,318,238	$ (5,056)	$ (5,056)
Expenditures and encumbrances:					
General government	401,036	461,036	385,225	15,811	75,811
Public safety and regulation	470,512	470,512	457,956	12,556	12,556
Conservation of health	33,583	33,583	32,852	731	731
Social services	7,138	7,138	6,427	711	711
Education	207,693	207,693	207,611	82	82
Public library	23,901	23,901	22,160	1,741	1,741
Recreation and culture	32,678	32,678	30,627	2,051	2,051
Highways and streets	403	403	403		
Sanitation and waste removal	42,337	42,337	35,625	6,712	6,712
Public service	20,646	20,646	18,674	1,972	1,972
Economic development	39,086	39,086	36,891	2,195	2,195
Total expenditures	1,279,013	1,339,013	1,234,451	$44,562	$104,562
Excess of revenues over expenditures and encumbrances	44,281	(15,719)	83,787		
Other financing uses:					
Transfers in	40,513	40,513	37,312		
Transfers out	(145,653)	(145,653)	(144,135)		
Total other financing uses	(105,140)	(105,140)	(106,823)		
Net changes in fund balances	(60,859)	(120,859)	(23,036)		
Fund balances beginning	166,463	166,463	166,463		
Fund balances ending	$ 105,604	$ 45,604	143,427		
Adjustments to reconcile to GAAP basis:					
Addition of encumbrances outstanding			54,255		
Less: Accounts payable not recorded for budgetary purposes			(12,837)		
Fund balance June 30, 2010 - GAAP Basis			$ 184,845		

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. Supplemental appropriations totaling $60.0 million were approved, all of which were approved from prior year surplus or from unexpected increases in revenue sources. Actual expenditures for the year were less than the original budget by $44.6 million, but were $104.6 million less than adjusted appropriations. Of this amount, $99.4 million was related to five governmental activities: lower than budgeted cost for general government operations amounted to $75.8 million; lower than budgeted cost for public safety operations amounted to $12.6 million; lower than budgeted cost for economic development operations amounted to $2.2 million, lower than budgeted cost for recreation and culture amounted to $2.1 million, and lower than budgeted cost for sanitation and waste removal amounted to $6.7 million.

On a budgetary basis, revenue for fiscal year 2010 totaled $1,318.2 million and expenditures and transfers totaled $1,341.3 million. The excess of expenditures and transfers over revenues resulted in a budget basis fund balance at June 30, 2010 of $143.4 million, a decrease of $23.0 million.

Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2010, amount to $6.3 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 3.3% (a 2.0% increase for governmental activities and a 5.0% increase for business-type activities) as shown in the table which follows.

Capital Assets, Net of Depreciation
For the Fiscal Years 2010 and 2009

(Expressed in Thousands)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 142,202	$ 142,202	$ 23,846	$ 23,846	$ 166,048	$ 166,048
Buildings and Improvements	629,281	642,139	1,114,493	1,145,973	1,743,774	1,788,112
Machinery and Equipment	92,374	95,879	31,312	35,348	123,686	131,227
Infrastructure	1,126,349	1,171,598	39,883	40,627	1,166,232	1,212,225
Library Books	27,217	29,298			27,217	29,298
Construction in Progress	1,623,682	1,481,684	1,410,901	1,249,455	3,034,583	2,731,139
Total	$3,641,105	$3,562,800	$2,620,435	$2,495,249	$6,261,540	$6,058,049

See note number 5 on capital assets.

Debt Administration

At the end of the current fiscal year, the City had total long-term obligations outstanding of $2.6 billion. Of this amount, $632.6 million was general obligation bonds backed by the full faith and credit of the City, $431.1 million was revenue bonds for governmental activity at the Convention Center, the Convention Center Hotel, for various storm water projects and transportation bonds, and $1.4 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 2010, the City sold $55.0 million in general obligation bonds and $20.8 million in revenue bonds.

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 2010	FY 2009
Net general bonded debt (expressed in thousands)	$590,674	$587,738
Net general bonded debt per capita	N/A	922.12
Ratio of net general bonded debt to net assessed value	1.6%	1.7%

See note number 7 on long-term obligations.
N/A Information not available

As of June 30, 2010, the City had $632.6 million in authorized, outstanding property tax-supported general obligation bonds. This amount is reduced by net assets in the Debt Service Fund of $41.3 million for net tax-supported bonded debt of $591.3 million, which is equal to approximately 2.0% of the assessed value of property (net of exemptions). There are an additional $202.4 million in bonds that are authorized, but unissued.

Economic Factors and Next Year's Budget and Rates

The Fiscal 2011 budget submitted by the Board of Estimates to the Baltimore City Council proposed total appropriations of $2,935,977,000 of which $1,382,820,000 were for General Fund operations and Pay-As-You-Go (PAYGO) capital; $152,788,000 was for Motor Vehicle Fund operations and PAYGO capital; and $60,769,000 was for Special Fund operations. The City Council, after deliberations pursuant to Charter requirement and power, made no reductions to the total General Fund appropriations or other fund appropriations. The property tax rates on real property and personal property were maintained at $2.268 and $5.67 per $100 of assessed valuation, respectively. The locally imposed and State mandated income tax rate was increased to 3.20% from 3.05%. The Ordinance of Estimates was adopted by the City Council and signed by the Mayor on June 24, 2010.

Fiscal 2011 Budget—Economic Factors

The economic outlook for the current fiscal year 2011 and the fiscal year 2012 budget planning cycle requires, like no other in recent years, an exhaustive analysis and revision of all alternatives for a healthy budget. The gap between operating expenses and revenues continue to increase. The City has experienced a shrinking of the major revenue sources such as income, recordation and transfer taxes.

There are three key factors to consider while looking forward to the next budget cycles: employment, housing market activity, and the state of the State's economy. The employment levels have fallen to levels not experienced since fiscal year 2005, which has weakened the generation of income tax, the second most important source of revenue for the City.

In fiscal year 2010, activity in the housing market reached its lowest price levels since 1998, and the level of speculative prices generated during the housing boom have been subject to a continued downward adjustment. This has resulted in a contraction of recordation and transfer taxes. The adjustment in prices will have a negative effect in the assessment growth for properties in the City and will impact revenue growth in property taxes through fiscal year 2015.

Finally, an important portion of the City's budget relies on resources provided by the State. These resources have been reduced while the State has taken actions in fiscal year 2010 to lessen its budget deficit. These reductions are expected to become permanent with additional reductions in fiscal year 2011.

The City acted swiftly to address these challenges. The fiscal year 2011 adopted budget included $65 million in pension reforms, $73 million in expenditure reductions and $48 million in new revenues. The reduction plan consists of position reductions, employee furloughs, and reductions in pay-as-you-go capital funding, and other measures. The City, in addition to making large cuts in expenditures, also passed ten new revenue measures including a beverage container tax and increased rates for income, telecommunications, energy, hotel and parking taxes. The City continues to update its projections and is planning additional corrective actions for both fiscal years 2011 and 2012.

Requests 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, 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 Assets

June 30, 2010

(Expressed in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Baltimore City Public School System	Baltimore Hotel Corporation
Assets:					
Cash and cash equivalents	$ 275,722	$ 185,745	$ 461,467	$150,152	$ 3,145
Investments	119,701		119,701	14,992	34,174
Property taxes receivable, net	30,459		30,459		
Other receivables, net	33,181	67,812	100,993	4,200	1,294
Due from other governments	272,899	34,318	307,217	68,931	
Internal balances	1,315	(1,315)			
Due from primary government				3,887	
Inventories	6,315	4,714	11,029	2,181	123
Restricted:					
Cash and cash equivalents		192,976	192,976		
Accounts receivable		13,525	13,525		
Notes and mortgages receivable, net	310,974	48,045	359,019		
Other assets	24,406	32	24,438	468	4,070
Issuance costs		5,233	5,233	145	11,444
Capital assets, net of accumulated depreciation	1,875,221	1,185,688	3,060,909	580,617	241,850
Capital assets, not depreciated	1,765,884	1,434,747	3,200,631		
Deferred outflow SWAPS	21,396	91,879	113,275		
Total assets	4,737,473	3,263,399	8,000,872	825,573	296,100
Liabilities:					
Accounts payable and accrued liabilities	193,716	14,384	208,100	128,184	4,419
Accrued interest payable	14,624	20,619	35,243		5,296
Estimated claims in progress:					
Due within one year	56,053		56,053		
Due in more than one year	127,716		127,716		
Unamortized premiums on bonds	13,894	4,263	18,157		
Matured bonds payable	2		2		
Unearned revenue	129,537		129,537	2,242	2,244
Notes Payable					300,940
Due to other governments		3,124	3,124		
Deposits subject to refund	14,900	15	14,915		
Restricted accounts payable		14,250	14,250		
Revenue bonds payable:					
Due within one year	9,145	35,391	44,536		
Due in more than one year	422,011	1,258,192	1,680,203		
Long term debt payable:					
Due within one year	61,537	658	62,195	5,350	
Due in more than one year	724,597	63	724,660	90,750	
Derivative instrument liability	21,396	105,027	126,423		
Capital leases payable:					
Due within one year	19,177		19,177	6,611	
Due in more than one year	149,923		149,923	56,685	
Compensated absences:					
Due within one year	43,901	5,054	48,955	5,422	
Due in more than one year	76,897	7,832	84,729	48,801	
Landfill closure due in more than one year	18,226		18,226		
Other postemployment benefits obligation	86,700		86,700		
Other liabilities	4,090	1,398	5.488	3,339	14,603
Total liabilities	2,188,042	1,470,270	3,658,312	347,384	327,502
Net assets (deficits):					
Invested in capital assets, net of related debt	2,886,381	1,398,453	4,284,834	417,123	
Restricted for:					
Construction		73,958	73,958		
Debt service		124,756	124,756		
Perpetual care:					
Expendable	8,211		8,211		
Nonexpendable	6,576		6,576		
Unrestricted (deficits)	(351,737)	195,962	(155,775)	61,066	(31,402)
Total net assets	$2,549,431	$1,793,129	$4,342,560	$478,189	$ (31,402)

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

CITY OF BALTIMORE

Statement of Activities

For the Year Ended June 30, 2010

(Expressed in Thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Baltimore City Public School System	Baltimore Hotel Corporation
Primary Government:									
Governmental activities:									
General government	$ 518,030	$ 46,594	$ 38,321		$ (433,115)		$ (433,115)		
Public safety and regulation	503,753	13,244	34,051		(456,458)		(456,458)		
Conservation of health	164,734	2,110	208,070		45,446		45,446		
Social services	435				(435)		(435)		
Education	226,429				(226,429)		(226,429)		
Public library	33,475	254	14,991		(18,230)		(18,230)		
Recreation and culture	38,098	769	1,484	$ 12,160	(23,685)		(23,685)		
Highways and streets	183,255	26,897	262	19,559	(136,537)		(136,537)		
Sanitation and waste removal	52,558	2,615			(49,943)		(49,943)		
Public service	24,161				(24,161)		(24,161)		
Economic development	182,808		87,782	31,718	(63,308)		(63,308)		
Interest	50,105				(50,105)		(50,105)		
Total governmental activities	1,977,841	92,483	384,961	63,437	(1,436,960)		(1,436,960)		
Business-type activities:									
Water	107,423	132,956		18,403		$ 43,936	43,936		
Waste water	151,073	168,389		24,988		42,304	42,304		
Parking	20,487	67,760				47,273	47,273		
Conduits	5,947	9,044		145		3,242	3,242		
Development loans	3,258	554		751		(1,953)	(1,953)		
Industrial development	2,333	390				(1,943)	(1,943)		
Total business-type activities	290,521	379,093		44,287		132,859	132,859		
Total primary government	$ 2,268,362	$471,576	$ 384,961	$107,724	(1,436,960)	132,859	(1,304,101)		
Component units:									
Baltimore City Public School System	$ 1,372,984	$ 1,261	$1,345,725	$ 36,074				$ 10,076	
Baltimore Hotel Corporation	$ 63,108	$ 48,058							$(15,050)
General revenues:									
Property taxes					755,708		755,708		
Income taxes					251,731		251,731		
Transfer and recordation tax					26,023		26,023		
Electric and gas tax					30,163		30,163		
Telecommunications tax					26,292		26,292		
Admission tax					7,475		7,475		
Other local taxes					25,519		25,519		
State shared revenues					135,226		135,226		
Unrestricted investment income					27,308		27,308	515	799
Miscellaneous					15,806		15,806	7,045	
Transfers					40,707	(40,707)			
Total general revenues and transfers					1,341,958	(40,707)	1,301,251	7,560	799
Change in net assets					(95,002)	92,152	(2,850)	17,636	(14,251)
Net assets — beginning (as restated)					2,644,433	1,700,977	4,345,410	460,553	(17,151)
Net assets — ending					$ 2,549,431	$1,793,129	$4,342,560	$478,189	$(31,402)

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

CITY OF BALTIMORE

Balance Sheet

Governmental Funds

June 30, 2010

(Expressed in Thousands)

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Capital Projects Fund	Other Funds	Total
Assets:						
Cash and cash equivalents	$125,601			$ 26,104	$ 30,822	$ 182,527
Investments	78,159			10,969	25,579	114,707
Property taxes receivable, net	30,459					30,459
Other receivables, net	9,240	$ 526		5,786	270	15,822
Due from other governments	43,228	25,253	$ 37,159	56,663	212	162,515
Due from other funds	62,021			1,519	1,358	64,898
Notes, mortgages receivable, net	6,070				2,704	8,774
Inventories, at cost		2,021				2,021
Other assets	21,917					21,917
Total assets	376,695	27,800	37,159	101,041	60,945	603,640
Liabilities and fund balances:						
Liabilities:						
Accounts payable and accrued liabilities	137,615	9,015	19,006	7,551	547	173,734
Retainages payable				9,446		9,446
Due to other funds		1,557	41,292	1,358	11,555	55,762
Deposits subject to refund	14,900					14,900
Deferred revenue	39,335	526	91,225		4,331	135,417
Matured bonds payable					2	2
Total liabilities	191,850	11,098	151,523	18,355	16,435	389,261
Fund balances:						
Reserved for:						
Budget stabilization	79,875					79,875
Landfill closure	17,356					17,356
Landfill development	13,471					13,471
Encumbrances	40,275	8,387		126,660		175,322
Inventories		2,021				2,021
Other assets	1,433					1,433
Long term receivable	4,721					4,721
Non-major special revenue funds					8,211	8,211
Non-major permanent funds					6,576	6,576
Unreserved (deficit):						
Designated for subsequent years' expenditures	25,019	4,298				29,317
Undesignated (deficit)	2,695	1,996	(114,364)	(43,974)		(153,647)
Unreserved reported in:						
Debt service fund					41,319	41,319
Special revenue funds					(11,596)	(11,596)
Total fund balances	184,845	16,702	(114,364)	82,686	44,510	214,379
Total liabilities and fund balances	$376,695	$27,800	$ 37,159	$101,041	$ 60,945	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,578,329
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	411,342
Internal service funds are used by management to charge the cost of fleet management, mailing, communications, printing, and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	4,382
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(1,659,001)
Net assets of governmental activities	$ 2,549,431

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

CITY OF BALTIMORE

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Capital Projects Fund	Other Funds	Total
Revenues:						
Taxes — local	$1,122,910					$1,122,910
State shared revenue		$ 134,756			$ 470	135,226
Licenses and permits	34,438	630				35,068
Fines and forfeitures	7,116	12,203				19,319
Interest, rentals and other investment income	24,148	156		$ 581	2,423	27,308
Federal grants	213		$ 191,863	41,951	25,748	259,775
State grants	97,320		64,137	21,486		182,943
Other grants	46		28,800			28,846
Charges for services	29,251	8,845				38,096
Miscellaneous	4,528			11,278		15,806
Total revenues	1,319,970	156,590	284,800	75,296	28,641	1,865,297
Expenditures:						
Current:						
General government	388,860	31,647	45,748		2,198	468,453
Public safety and regulation	437,031	31,766	33,794		49	502,640
Conservation of health	44,950	268	119,031			164,249
Social services	396					396
Education	207,657	3,654			154	211,465
Public library	24,246		6,710		47	31,003
Recreation and culture	30,212	255	1,484		35	31,986
Highways and streets	16,376	117,203	262			133,841
Sanitation and waste removal	37,862	6,456				44,318
Public service	21,455					21,455
Economic development	36,186	309	73,574	61,734	9,380	181,183
Debt service:						
Principal					60,054	60,054
Interest					39,014	39,014
Other bond costs					9,847	9,847
Capital outlay				138,868		138,868
Capital leases				75,099		75,099
Total expenditures	1,245,231	191,558	280,603	275,701	120,778	2,113,871
Excess (deficiency) of revenues over (under) expenditures	74,739	(34,968)	4,197	(200,405)	(92,137)	(248.574)
Other financing sources (uses):						
Transfers in	37,312	55,267	4,760	16,233	108,403	221,975
Transfers out	(144,135)	(14,169)		(9,340)	(13,624)	(181,268)
Capital leases				75,099		75,099
Face value of funding and general obligation bonds				54,688		54,688
Total other financing sources (uses)	(106,823)	41,098	4,760	136,680	94,779	170,494
Net change in fund balance	(32,084)	6,130	8,957	(63,725)	2,642	(78,080)
Fund balances — beginning	216,929	10,572	(123,321)	146,411	41,868	292,459
Fund balances — ending	$ 184,845	$ 16,702	$ (114,364)	$ 82,686	$ 44,510	$ 214,379

The notes to the 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 of Governmental Funds

to the Statement of Activities

For the Year Ended June 30, 2010

(Expressed in Thousands)

Amounts reported for governmental activities in the statement of activities (page 17) are different because:	
Net change in fund balance — total governmental funds (page 19)	$ (78,080)
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 capital outlays exceeded depreciation in the current year	251,312
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	23,166
The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items	(129,787)
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	(149,903)
The net expense of certain activities of internal service funds is reported with governmental activities	(11,710)
Change in net assets of governmental activities (page 17)	$ (95,002)

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

CITY OF BALTIMORE

Statement of Fund Net Assets

Proprietary Funds

June 30, 2010

(Expressed in Thousands)

	Enterprise Funds					
	Water Utility Fund	Waste Water Utility Fund	Parking Facilities Fund	Other Funds	Total	Governmental Activities Internal Service Funds
Assets:						
Current assets:						
Cash and cash equivalents	$ 47,862	$ 68,339	$ 23,412	$ 46,132	$ 185,745	$ 93,195
Investments						4,994
Accounts receivable, net:						
Service billings	42,893	21,700		2,146	66,739	
Other	364	282	391	36	1,073	17,359
Due from other governments	17,286	17,032			34,318	
Inventories	4,483	231			4,714	4,295
Current restricted assets:						
Cash and cash equivalents	79,688	84,542	24,943	3,803	192,976	
Accounts receivable	7,062	6,463			13,525	
Total current assets	199,638	198,589	48,746	52,117	499,090	119,843
Noncurrent assets:						
Restricted assets:						
Notes and mortgages receivable			48,045		48,045	
Capital assets, net	865,332	1,575,072	134,551	45,480	2,620,435	62,776
Other assets				32	32	2,489
Issuance costs	3,559		1,467	207	5,233	
Deferred outflow SWAPS	32,566	24,877	24,949	9,487	91,879	
Total noncurrent assets	901,457	1,599,949	209,012	55,206	2,765,624	65,265
Total assets	1,101,095	1,798,538	257,758	107,323	3,264,714	185,108
Liabilities:						
Current liabilities:						
Accounts payable and accrued liabilities	3,606	9,579	1,020	179	14,384	10,536
Accrued interest payable.	8,359	9,905	2,326	29	20,619	
Deposits subject to refund	15				15	
Due to other funds				1,519	1,519	7,617
Due to other governments	3,124				3,124	
Estimated liability for claims in progress						56,053
Other liabilities	2,094	2,809		151	5,054	4,089
Accounts payable from restricted assets	6,017	7,881	106	246	14,250	
Revenue bonds payable	8,036	20,105	7,250		35,391	
General long-term debt payable	118	540			658	
Total current liabilities	31,369	50,819	10,702	2,124	95,014	78,295
Noncurrent liabilities:						
Revenue bonds payable, net.	463,814	624,135	146,729	23,514	1,258,192	
Other liabilities.	3,311	3,992		1,925	9,228	
Unamortized bond premiums		4,263			4,263	
General long-term debt payable		63			63	
Estimated liability for claims in progress						102,225
Derivative instrument liability	44,038	25,022	24,949	11,018	105,027	
Total noncurrent liabilities	511,163	657,475	171,678	36,457	1,376,773	102,225
Total liabilities	542,532	708,294	182,380	38,581	1,471,787	180,520
Net assets:						
Invested in capital assets, net of related debt	396,923	925,966	30,084	45,480	1,398,453	62,776
Restricted for:						
Debt service	40,520	67,560	16,676		124,756	
Future capital construction	46,230	23,444	8,267		77,941	
Unrestricted (deficit)	74,890	73,274	20,351	23,262	191,777	(58,188)
Total net assets	$ 558,563	$1,090,244	$ 75,378	$ 68,742	1,792,927	$ 4,588
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					202	
Net assets of business-type activities					$1,793,129	

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

CITY OF BALTIMORE

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Enterprise Funds					
	Water Utility Fund	Waste Water Utility Fund	Parking Facilities Fund	Other Funds	Total	Governmental Activities Internal Service Funds
Operating revenues:						
Charges for sales and services:						
Water and sewer service	$132,951	$ 168,446			$301,397	
Rents, fees and other income			$ 67,760	$ 9,899	77,659	$223,701
Interest income	154	56		90	300	
Total operating revenues	133,105	168,502	67,760	9,989	379,356	223,701
Operating expenses:						
Salaries and wages	35,548	37,984		2,472	76,004	18,535
Other personnel costs	11,813	13,957		1,050	26,820	6,874
Contractual services	30,879	59,373	10,757	1,691	102,700	31,677
Materials and supplies	10,288	7,556		157	18,001	15,575
Minor equipment	268	110	9	25	412	32
Claims paid and incurred						142,394
Postage and delivery services						1,632
Depreciation	11,593	25,295	1,069	744	38,701	7,910
Program expenses				3,487	3,487	
Interest				1,934	1,934	
Total operating expenses	100,389	144,275	11,835	11,560	268,059	224,629
Operating income (loss)	32,716	24,227	55,925	(1,571)	111,297	(928)
Nonoperating revenues (expenses):						
Loss on sale of investments	(151)	(112)			(263)	
Interest income (expense), net	(7,534)	(7,364)	(8,652)		(23,550)	136
Total nonoperating revenues (expenses), net	(7,685)	(7,476)	(8,652)		(23,813)	136
Income (loss) before capital contributions and transfers	25,031	16,751	47,273	(1,571)	87,484	(792)
Capital contributions	18,403	24,988		896	44,287	13,593
Transfers in				1,365	1,365	
Transfers out			(42,072)		(42,072)	
Change in net assets	43,434	41,739	5,201	690	91,064	12,801
Total net assets — beginning (as restated)	515,129	1,048,505	70,177	68,052		(8,213)
Total net assets — ending	$558,563	$1,090,244	$ 75,378	$68,742		$ 4,588
Adjustment to reflect the consolidation of internal service activities related to enterprise funds					1,088	
Change in net assets of business-type activities					$ 92,152	

The notes to the 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, 2010

(Expressed in Thousands)

	Enterprise Funds					
	Water Utility Fund	Waste Water Utility Fund	Parking Facilities Fund	Other Funds	Total	Governmental Activities-Internal Service Funds
Cash flow from operating activities:						
Receipts from customers	$109,842	$182,208	$ 67,760	$ 9,658	$ 369,468	$ 224,505
Payments to employees	(47,192)	(51,774)		(3,522)	(102,488)	(25,032)
Payments to suppliers	(33,954)	(73,550)	(11,400)	(7,379)	(126,283)	(202,839)
Net cash provided (used) by operating activities	28,696	56,884	56,360	(1,243)	140,697	(3,366)
Cash flows from noncapital financing activities:						
Transfers in (out)			(42,072)	1,365	(40,707)	
Net cash provided (used) by noncapital financing activities			(42,072)	1,365	(40,707)	
Cash flows from capital and related financing activities:						
Mortgages receivable principal payments			3,258		3,258	
Proceeds from revenue bonds	17,000	3,750			20,750	
Principal paid on revenue bonds	(6,264)	(18,978)	(6,750)	(4,825)	(36,817)	
Principal paid on general long-term debt	(823)	(56)			(879)	
Interest income (expense)	(7,373)	(7,759)	(8,581)	1,565	(22,148)	
Acquisition and construction of capital assets	(69,965)	(88,844)	(1,420)	(3,659)	(163,888)	(6,770)
Capital contributions	18,403	24,988		896	44,287	13,593
Net cash provided (used) by capital and related financing activities	(49,022)	(86,899)	(13,493)	(6,023)	(155,437)	6,823
Cash flows from investing activities:						
Proceeds (loss) from the sale and maturities of investments						21
Interest on investments						136
Net cash provided (used) by investing activities						157
Net increase (decrease) in cash and cash equivalents	(20,326)	(30,015)	795	(5,901)	(55,447)	3,614
Cash and cash equivalents, beginning of year	147,876	182,896	47,560	55,836	434,168	89,581
Cash and cash equivalents, end of year	$127,550	$152,881	$ 48,355	$49,935	$ 378,721	$ 93,195
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	$ 32,716	$ 24,227	$ 55,925	$ (1,571)	$ 111,297	$ (928)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	11,593	25,295	1,069	744	38,701	7,910
Changes in assets and liabilities:						
Accounts receivables	(7,880)	5,341	158	(331)	(2,712)	9,066
Due from other governments	(13,833)	3,921			(9,912)	
Inventories	12	(25)			(13)	(3,211)
Restricted accounts receivable	(1,550)	4,444			2,894	
Other assets						(240)
Accounts payable and accrued liabilities	24	1,988	(381)	(473)	1,158	(9,487)
Other liabilities	94	(6,578)		576	(5,908)	205
Estimated liability for claims in progress						(1,870)
Accrued interest payable	2,694	472	(187)	(5)	2,974	
Restricted accounts payable	1,702	(2,201)	(224)	(133)	(856)	
Due to other funds				(50)	(50)	(4,811)
Due to other governments	3,124				3,124	
Total adjustments	(4,020)	32,657	435	328	29,400	(2,438)
Net cash provided (used) by operating activities	$ 28,696	$ 56,884	$ 56,360	$ (1,243)	$ 140,697	$ (3,366)

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

CITY OF BALTIMORE

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

(Expressed in Thousands)

	Pension and OPEB Trust Funds	Agency Funds
Assets:		
Cash and cash equivalents	$ 150,156	$1,407
Investments:		
Stocks	1,748,170	
Bonds	995,537	51
Real estate	256,685	
Securities lending collateral	367,169	
Accounts receivable, net:		
Other	6,408	
Forward foreign contracts	44,607	
Other assets	46,213	
Total assets	3,614,945	1,458
Liabilities:		
Obligations under securities lending program	367,169	
Forward foreign contracts	44,305	
Accounts payable	87,510	
Other	8,757	1,458
Total liabilities	507,741	1,458
Net assets:		
Held in trust for benefits	$3,107,204	

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

CITY OF BALTIMORE

Statement of Changes in Fiduciary Net Assets
Pension and OPEB Trust Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Pension and OPEB Trust Funds
Additions:	
Contributions:	
Employer	$ 285,461
Employee	57,627
Total contributions	343,088
Investment income:	
Net appreciation in fair value of investments	319,000
Securities lending income	703
Interest and dividend income	66,452
Total investment income	386,155
Less: investment expense	11,716
Net investment income	374,439
Total additions	717,527
Deductions:	
Retirement allowances	303,701
Health benefits	151,863
Death benefits	946
Administrative expenses	6,402
Other	1,528
Total deductions	464,440
Changes in net assets	253,087
Net assets — beginning of the year	2,854,117
Net assets — end of the year	$3,107,204

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

CITY OF BALTIMORE

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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.

Blended Component Unit

The Baltimore Industrial Development Authority (IDA), an entity legally separate from the City, finances capital construction projects, which solely benefit the City. The IDA is administered by a Board appointed by the Mayor and is financially accountable to the City. This component unit is so intertwined with the City that it is, in substance, the same as the City and, therefore, is blended and reported as if it is part of the City. The IDA is reported as an enterprise fund.

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. 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.

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. 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 may be obtained from the Director of Finance, 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
Lexington Market
Baltimore Area Convention and Visitors Association
City of Baltimore Development Corporation
Baltimore Community Development Finance Corporation
Empower Baltimore Management Corporation
Special Benefits Taxing Districts
Community Media of Baltimore City, Incorporated
Baltimore Healthcare Access, Incorporated
Family League of Baltimore City
Live Baltimore Home Center

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 assets 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. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange 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 reversed 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.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* — are presented. 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 nonmajor funds.

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. Nonoperating 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 and Motor Vehicle Special Revenue Funds. 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.

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.

The City reports the following major enterprise funds:

Water Utility Fund. This fund accounts for the operation, maintenance, and development of the City's water supply system.

Waste Water Utility Fund. This fund accounts for the operation, maintenance, and development of the City's sewerage system.

Parking Facilities Fund. This fund accounts for the operation, maintenance, and development of the City-owned off-street parking facilities.

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, electronic equipment maintenance, municipal communications and risk management, 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:

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.

- Agency Funds account for assets held by the City as custodians. Agency funds include:
    - Unpresented Stock and Coupon Bonds account for principal payments held by the City for matured bonds not yet presented for payment.
    - Property Sold for Taxes accounts for the proceeds of tax sales in excess of the City liens that remain unclaimed by the taxpayer.
    - Bid Deposit Refunds account for bid deposits held by the City to secure vendors bids not yet awarded.
    - Recreation Accessory accounts for assets held by the City for the benefit of recreation centers throughout the City.
    - Waterloo Summit accounts for assets held by the City as a surety deposit from a developer.
    - Insurance Deposits accounts for assets held by the City as deposits from insurance companies.

Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements with the exception of agency funds, which have no measurement focus, 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. Operating revenue in the proprietary funds are those that result from the services provided by the funds, all other revenue is considered to be non-operating.

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 revenue 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 capital leases 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.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The City has elected not to follow subsequent FASB Statements and Interpretations.

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 at June 30, 2010, based on market prices. The individual funds' portions of the pool's fair value are presented as "Pooled Cash and Investments." 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.

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.

Unbilled water and waste water 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. Donated capital assets are recorded at their estimated fair value at the date of receipt. 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: $250,000 for buildings, improvements and infrastructure; and $5,000 for equipment. Library books are capitalized as a collection based on total purchases. 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	5-80
Buildings	50
Building improvements	20-50
Equipment	2-25
Library books	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 at June 30, 2010. 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 4.5%, for all claims except medical, for which claims are not discounted.

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 ½% 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 home owners 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 2010 was $28,511,521,000 which was approximately 80.1% of the estimated market value.

The tax rate in Baltimore City for real property taxes for fiscal year 2010 was $2.268 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 $5.67 per $100 of assessed value. Current collections were 98.6% of the total tax levy.

At June 30, 2010, the City had property taxes receivable of $30,459,000, net of an allowance for uncollectible accounts of $20,897,000.

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.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, approved requisitions and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the General, Motor Vehicle, Special Race Track and Capital Projects Funds. Encumbrances are treated as reservations of fund balance in these funds because they do not constitute expenditures or liabilities. Encumbrances are reported with expenditures in all budgetary basis schedules.

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 and personal leave for each completed month of service and can accumulate a maximum of 224 vacation and personal leave days depending upon length of service, which either may be taken through time off or carried until paid at termination or retirement.

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.

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, Waste Water Utility Fund, and Parking Facilities Fund revenue bonds and Federal and State grants, and restricted accounts receivables are restricted for the purpose of the construction of water, sewer, and parking facilities.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for accounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The following is a description of the reservations in the governmental fund financial statements:

Reserved for budget stabilization — Maryland State law authorizes its political subdivisions to establish reserve accounts for the purpose of maintaining fiscal stability in the event of economic downturns affecting local revenues. As of June 30, 2010, the City had reserved $79,875,000 of its General Fund fund balance for that purpose. The reserve can be used in case of emergency at the discretion of the Board of Estimates.

Reserved for landfill closure — This represents the portion of the fund balance reserved for landfill closure and is to provide for amounts to be required when the landfill closes.

Reserve for landfill development — This represents the portion of the fund balance reserved for landfill development and is to provide for amounts to be used to develop new landfills in the City.

Reserved for encumbrances — Encumbrances outstanding at year-end represent the estimated amount the City intends to honor as a commitment regardless of the lapse in appropriation.

Reserved for inventories — This represents the portion of the fund balance that is not available as spendable resources even though the inventories are a component of net assets.

Reserved for other assets — This represents the portion of the fund balance that is not available as spendable resources even though the other assets are a component of net assets.

Reserved for long term receivable — This represents the portion of the fund balance that is not available as spendable resources even though the long term receivable is a component of net assets.

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.

D. New Government Accounting Standard Board Pronouncements

The City will be required to adopt the following Government Accounting Standards Board (GASB) Pronouncement:

GASB Statement No. 54

In March 2009, the GASB issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City is required to adopt GASB Statement No. 54 for its fiscal year 2011 financial statements.

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 assets for governmental activities as shown on the government-wide statement of net assets 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 change in net assets 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 assets as reflected on the proprietary funds statement of net assets and the net assets for business activities as shown on the government-wide statement of net assets is presented on the face of the proprietary funds statement of net assets. The asset element which comprises the reconciliation difference stems from the allocation of internal service fund balance to the business activities on the government-wide statement of net assets.

A summary reconciliation of the difference between net changes in net assets as reflected on the proprietary funds statement of revenues, expense and changes in net assets and changes in net assets for business activities as shown on the government-wide statement of activities is presented on the face of the proprietary funds statement of net assets. 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 changes in net assets.

Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets (amounts expressed in thousands):

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	$ 5,623,549
Less: Accumulated depreciation	(2,045,220)
Total	$ 3,578,329
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Due from other governments	$ 110,384
Notes receivable	302,200
Deferred outflows derivative investments	21,396
Deferred revenue	5,880
Accrued interest payable	(14,624)
Unamortized bond premiums	(13,894)
Total	$ 411,342
Internal service funds are used by management to charge the cost of fleet management, mailing, communications, printing and risk management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	$ 4,382
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term bonds	$ (786,134)
Revenue bonds	(431,156)
Capital leases	(169,100)
Compensated absences	(120,798)
OPEB liability	(86,700)
Estimated claims in progress	(25,491)
Landfill closure liability	(18,226)
Derivative instrument liability	(21,396)
Total	$(1,659,001)

Explanation of difference between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities (amounts 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	$ 176,213
Capital leases	75,099
Total	$ 251,312
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Grant reimbursements not received for several months after the fiscal year end are not considered as available revenues in the governmental funds	$ 23,166
The issuance of long-term debt (e. g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Proceeds from general obligation bonds	$ (54,688)
Proceeds from capital leases	(75,099)
Total	$ (129,787)
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	$ 60,054
Debt service interest (capital leases, GO bonds, and accrued interest)	(10,827)
Claims liability	(25,491)
Capital related expenditures	(103,308)
Compensated absences	(8,831)
OPEB liability	(61,500)
Total	$ (149,903)
The net expense of certain activities of internal service funds is reported with governmental activities:	
Internal service funds net expenses attributed to governmental activities	$ (11,710)

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, 2010 (amounts expressed in thousands):

	Pooled Cash and Investments	Other	Total
Carrying value of bank deposits	$ 6,966	$ 150,156	$ 157,122
Investments	768,636	3,367,561	4,136,197
Total	$775,602	$3,517,717	$4,293,319

	Government-wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Cash and cash equivalents	$461,467	$ 151,563	$ 613,030
Investments	119,701	3,367,612	3,487,313
Restricted cash and cash equivalents	192,976		192,976
Total	$774,144	$3,519,175	$4,293,319

B. Cash Deposits

As of June 30, 2010, the carrying amount of the City's bank deposits was $6,966,000 and the respective bank balances totaled $16,281,000. 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.

At June 30, 2010, BCPSS and BHC had demand deposits with carrying values of $9,100,000 and $3,145,000, 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, certificates of deposits, 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 security 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.

The primary government's investments at June 30, 2010, are presented below. All investments are presented by investment type, and debt securities are presented by maturity (amounts expressed in thousands):

Investment Type	Fair Market Value	Investment Maturities (In Months)		
		Less Than 6	6 to 12	Greater Than 12
Debt Securities:				
U.S. Treasury	$177,103	$ 65,208		$111,895
U.S. Agencies	187,805	183,811	$3,994	
Repurchase agreements	45,252	45,252		
Money market mutual funds	176,575	176,575		
Maryland Local Government Investment Pool	127,500	127,500		
Commercial paper	46,963	46,963		
Guaranteed investment contracts	5,205	5,205		
	766,403	$650,514	$3,994	$111,895
Other investment:				
Equity mutual funds	1,940			
	768,343			
Less: cash equivalents	648,591			
Total investments	$119,752			

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.

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 investment 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 operated in accordance with 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.

As discussed above 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, 2010 were rated by a nationally recognized statistical rating agency and are presented below using the Standard and Poor's rating scale (amounts expressed in thousands):

Investment Type	Fair Value	Quality Ratings	
		AAA	A1-P1
Debt securities:			
U.S. Agencies	$187,805	$187,805	
Money market mutual funds	176,575	176,575	
Maryland Local Government Investment Pool	127,500	127,500	
Commercial paper	46,963		$46,963
Total rated debt investments	$538,843	$491,880	$46,963

The guaranteed investment contracts are collateralized by U.S. Treasury and AAA rated U.S. Agency securities.

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.

The City had the following debt security investments at June 30, 2010, that were more than five percent of total investments (dollar amounts expressed in thousands):

Investment	Fair Value	Percentage of Portfolio
M&T Bank Repurchase Agreement	$45,252	5.69%
Federal Agricultural Mortgage Corp.	77,996	9.81
Federal Home Loan Bank Discount Notes	79,297	9.98

Retirement Systems

The City's three Retirement Systems 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 Systems' 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.

The invested assets of the retirement systems at June 30, 2010, are as follows (amounts expressed in thousands):

	Carrying Value			
Investment Type	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
Debt Securities:				
U.S. Treasury notes and bonds	$ 83,499		$ 139,449	$ 222,948
U.S. Government agency bonds	62,993		117,392	180,385
Corporate bonds	108,917	$ 6,186	372,413	487,516
Barclay aggregate index			7,493	7,493
Mutual funds	78,697	13	43,383	122,093
Absolute return strategic funds			66,755	66,755
Total debt securities	334,106	6,199	746,885	1,087,190
Other:				
Domestic equities	503,458	5,152	496,945	1,005,555
International equities	143,750	2,845	320,970	467,565
Hedge funds	57,308		81,874	139,182
Private equity funds			81,662	81,662
Real estate	79,244		143,367	222,611
Total other	783,760	7,997	1,124,818	1,916,575
Total investments	1,117,866	14,196	1,871,703	3,003,765
Less: Cash and cash equivalents	78,697	13	43,383	122,093
Total net investments	$1,039,169	$14,183	$1,828,320	$2,881,672

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 Employees' Retirement System Board of Trustees has adopted a policy that the external managers demonstrate sensitivity to currency risk. The foreign currency exposure of the 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 currency other than the U.S. dollar may reach 25% of the total portfolio. Currency speculation is not permitted.

The Employees' Retirement System Board of Trustees has not adopted a formal policy to limit foreign currency risk.

The foreign currency risk for each system at June 30, 2010, is presented on the following table (amounts expressed in thousands):

Currency	Employees' Retirement System	Fire and Police Employees' Retirement System	Total
Euro Currency Unit	$16,749	$ 63,741	$ 80,490
British Pound Sterling	14,933	34,048	48,981
Japanese Yen	10,564	31,693	42,257
South Korean Won	673	6,472	7,145
Hong Kong Dollar	7,739	9,781	17,520
Swiss Franc	6,199	21,859	28,058
Mexican New Peso	(554)	920	366
South African Comm Rand		1,805	1,805
Malaysian Ringgit		153	153
Taiwan Dollar		3,427	3,427
Brazil Real	1,209	4,912	6,121
Canadian Dollar	3,039	5,719	8,758
New Turkish Lira	465	1,028	1,493
Israeli Shekel		1,047	1,047
Australian Dollar	2,822	965	3,787
Swedish Krona	1,216	2,090	3,306
Norwegian Krone	957	3,516	4,473
Singapore Dollar	1,205	5,145	6,350
Chinese Yuan Renminbi	3,576		3,576
Indonesian Rupian		2,707	2,707
Danish Krone	1,774	1,887	3,661
Egyptian Pound		354	354
Thailand Baht		236	236
Chilean Peso		422	422
Polish Zloty		5	5
Total Foreign Currency	$72,566	$203,932	$276,498
U.S. Dollars (Held in international equity)	$80,846	$117,039	$197,885

Interest rate risk — The Fire and Police Employees' 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 20% of the effective duration of the underlying benchmark of 100%.

Both the Employees' Retirement System and the Elected Officials' Retirement System have selected the duration method as a measure of interest rate sensitivity for bonds. 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.

The credit ratings and durations of investments at June 30, 2010 are as follows (amounts expressed in thousands):

Asset Type	Duration	Carrying Value	AAA thru A	BBB thru B	CCC Thru C	DDD thru D	Not Rated
Employees' Retirement System:							
U.S. Treasury notes and bonds	8.32	$ 83,499	$ 83,499				
U.S. Government agency bonds	3.64	62,993	62,993				
Corporate bonds	4.44	108,917	56,391	$ 21,187	$5,076		$ 26,263
Mutual funds	0.09	78,697					78,697
Total debt securities		334,106	202,883	21,187	5,076		104,960
Elected Officials' Retirement System:							
Corporate bonds	0.00	6,186					6,186
Mutual funds	0.00	13					13
Total debt securities		6,199					6,199
Fire and Police Employees' Retirement System:							
U.S. Treasury notes and bonds	14.23	139,449	139,449				
U.S. Government agency bonds	4.95	117,392	117,392				
Barclay aggregate index	4.30	7,493	7,493				
Corporate bonds	4.96	372,413	196,462	141,901	8,359	$13	25,678
Mutual funds	0.08	43,383					43,383
Absolute return strategic funds	2.57	66,755	66,755				
Total debt securities		$746,885	$527,551	$141,901	$8,359	$13	$ 69,061

The City's Retirement Systems has entered into a Securities Lending Authorization Agreement with 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 fund manager may loan securities held in custody of commingled funds if authorized in a fund's contract with the retirement systems.

Collateral received in exchange for securities lent is deposited into 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 lent, including all accrued income, and 105% of the market value of international securities lent, including all accrued income. If the market value of the collateral falls below 100% of the lent 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.

At June 30, 2010, 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 at June 30, 2010, was $356,675,000, and the market value of the collateral received for those securities on loan was $367,169,000. The Retirement Systems did not impose any restrictions during the fiscal year on the amount of loans the custodian made on its 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 holdings must not exceed 90 days.

Other Postemployment Benefits Fund

The City's Other Postemployment Benefits Trust Fund (Trust) 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 invested assets of the OPEB Trust Fund at June 30, 2010 are as follows (expressed in thousands):

		Investment Maturities (In Months)		
Investment Type	Fair Value	Less than 6	6 to 12	Greater than 12
Cash and cash equivalents	$ 28,063	$28,063		
Bonds	30,441			$30,441
Mutual funds	34,074	34,074		
Total	92,578	$62,137		$30,441
Stock	54,205			
Total investments	146,783			
Less: Cash and cash equivalents	28,063			
Total net investments	$118,720			

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.

The BCPSS is authorized by State law to invest in direct or indirect obligations of the U.S. Government, certificates of deposit, repurchase agreements and related mutual funds. The BCPSS's investments at June 30, 2010 are presented below. All investments are presented by investment type (expressed in thousands).

		Investments Maturities (In Months)			
Investment Type	Fair Market Value	Less Than 6	6 to 12	Percent	Max. allowed per Investment Policy
Money Market Funds	$109,437	$109,437		65%	100%
Commercial Paper	2,297	2,297		1	5
U.S. Government Agencies	51,181	36,189	$14,992	31	100
MLGIP (Other)	3,058	3,058		2	100
MLGIP (Bonds)	2,230	2,230		1	100
Total Invested Funds	168,203	$153,211	$14,992	100%	
Less: Cash and cash equivalents	153,211				
Total net investments	$ 14,992				

Investment Ratings

Ratings apply to all Money Market funds, Checking, Commercial Paper, U.S. Government Agencies, Certificates of Deposit and MLGIP (dollar amounts expressed in thousands).

Investment Ratings	Percent	Fair Value
AAA/AAA	42.50%	$ 71,457
A-1+/P-1	25.40	42,792
A-1/P-1	1.40	2,297
Not rated	30.70	51,657
	100.00%	$168,203

Risk Classifications

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, Maryland Local Government Investment Pool (MLGIP) Investments, Overnight Repurchase Agreements 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 includes Money Market deposits and MLGIP 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.

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 $34,174,000; consisting of repurchase agreements with various financial institutions and government money market funds.

4. Receivables

Receivables at year-end of the City's major individual governmental funds, enterprise funds, and nonmajor and other funds (including internal service and fiduciary funds) are as follows (expressed in thousands):

Receivables	General Fund	Motor Vehicle Fund	Grants Revenue Fund	Capital Projects Fund	Enterprise Funds	Nonmajor and Other Funds	Total
Property taxes	$30,459						$ 30,459
Service billings					$ 64,593	$ 2,146	66,739
Due from other governments	43,228	$25,253	$37,159	$56,663	34,318	212	196,833
Notes and mortgages receivable	6,070				48,045	2,704	56,819
Other	9,240	526		5,786	1,037	24,073	40,662
Restricted accounts receivable					13,525		13,525
Total	$88,997	$25,779	$37,159	$62,449	$161,518	$29,135	$405,037

Service billings are reported net of an allowance for doubtful accounts of $13,578,000. Bad debt expense for fiscal year 2010 was $1,645,000.

5. Capital Assets

Capital assets activity for the year ended June 30, 2010, are as follows (expressed in thousands):

Governmental Activities Capital Assets:

Class	Balance June 30, 2009(1)	Additions	Deductions	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	$ 142,202			$ 142,202
Construction in progress	808,528	$ 87,673	$23,329	872,872
Construction in progress—infrastructure	663,005	89,339	1,534	750,810
Total capital assets, not being depreciated	1,613,735	177,012	24,863	1,765,884
Capital assets, being depreciated:				
Buildings and improvements	1,445,868	23,240		1,469,108
Equipment	386,111	18,708		404,819
Infrastructure	2,069,242	1,534		2,070,776
Library books	51,435	2,727	3,354	50,808
Total capital assets, being depreciated	3,952,656	46,209	3,354	3,995,511
Less: accumulated depreciation for:				
Buildings and improvements	803,729	36,098		839,827
Equipment	290,232	22,685	472	312,445
Infrastructure	897,644	46,783		944,427
Library books	22,137	4,808	3,354	23,591
Total accumulated depreciation	2,013,742	110,374	3,826	2,120,290
Total capital assets, being depreciated, net	1,938,914	(64,165)	(472)	1,875,221
Governmental activities capital assets, net	$3,552,649	$112,847	$24,391	$3,641,105

(1) Amounts for the fiscal year ended June 30, 2009 have been restated as discussed in Note 20.

Business-type Activities Capital Assets:

Class	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Capital assets, not being depreciated:				
Land	$ 23,846			$ 23,846
Construction in progress	1,249,455	$166,262	$4,816	1,410,901
Total capital assets, not being depreciated	1,273,301	166,262	4,816	1,434,747
Capital assets, being depreciated:				
Buildings and improvements	1,837,883	1,039		1,838,922
Equipment	158,993	1,402		160,395
Infrastructure	59,482			59,482
Total capital assets, being depreciated	2,056,358	2,441		2,058,799
Less: accumulated depreciation for:				
Buildings and improvements	691,910	32,519		724,429
Equipment	123,645	5,438		129,083
Infrastructure	18,855	744		19,599
Total accumulated depreciation	834,410	38,701		873,111
Total capital assets, being depreciated, net	1,221,948	(36,260)		1,185,688
Business-type activities capital assets, net	$2,495,249	$130,002	$4,816	$2,620,435

Depreciation expense was charged to functions/programs of the City for the fiscal year ended June 30, 2010 (amounts expressed in thousands):

Governmental activities:

General government	$ 5,277
Public safety and regulation	10,616
Conservation of health	360
Social services	39
Education	14,964
Public library	5,092
Recreation and parks	5,939
Highways and streets	50,300
Sanitation and waste removal	6,562
Public service	2,799
Economic development	761
Internal service funds	7,665
Total	$110,374

Business-type activities:

Water	$ 11,593
Waste water	25,295
Parking	1,069
Conduits	744
Total	$ 38,701

At June 30, 2010, the outstanding commitments relating to projects of the City of Baltimore amount to approximately $131,147,000 for governmental activities and $263,084,000 for business-type activities. Interest is capitalized on business-type capital assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest cost incurred from the date of borrowing until completion of the project, with interest earned on invested proceeds over the period. Interest is also capitalized on proprietary fund capital assets acquired with tax-exempt debt. During fiscal year 2010, net interest cost of $34,354,000 (net of interest income of $2,751,000) was capitalized.

6. Interfund Balances and Activity

A. Balance Due to/from Other Funds

Balances due to/from other funds at June 30, 2010, were as follows (amounts expressed in thousands):

Fund	Interfund Receivable	Interfund Payable
General	$62,021	
Motor vehicle		$ 1,557
Grants revenue		41,292
Capital projects	1,519	1,358
Nonmajor governmental funds	1,358	11,555
Nonmajor proprietary funds		1,519
Internal service funds		7,617
Totals	$64,898	$64,898

The interfund balances are primarily the result of the City's policy not to reflect cash deficits in its individual funds. Also, at June 30, 2010, certain transactions between funds had not been completed.

B. Transfers to/from Other Funds

Transfers to/from other funds at June 30, 2010, consist of the following (amounts expressed in thousands):

Fund	General	Capital Projects	Nonmajor Special Revenue	Motor Vehicle	Parking	Total Transfers To
General					$37,312	$ 37,312
Debt service	$ 86,361	$7,873		$14,169		108,403
Loan and guarantee	1,365					1,365
Capital projects	2,609		$13,624			16,233
Motor vehicle	53,800	1,467				55,267
Grants revenue					4,760	4,760
Totals transfers from	$144,135	$9,340	$13,624	$14,169	$42,072	$223,340

Transfers were primarily to the Debt Service and General funds 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 in unrestricted net assets/fund balances at June 30, 2010, (amounts expressed in thousands):

Special Revenue Funds:	
Grants Revenue	$114,364
CDBG	12,268
Internal Services Funds:	
Risk management	97,874
Energy conservation	265
Municipal Post Office	635
Reproduction and printing	5,333

The deficit in the Grants Revenue Fund is the result of timing differences. Revenues to cover this deficit are expected to be received in fiscal year 2011.

The City plans to continue to charge City agencies premiums in excess of that needed to cover expected operating expenses, including claims paid and incurred, and thereby eliminate the accumulated Risk Management Fund deficit over the next ten years.

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, 2010, are as follows (amounts expressed in thousands):

	June 30, 2009	Appreciation(a)	New Debt Issued	Debt Retired	June 30, 2010	Due Within One Year
GOVERNMENTAL ACTIVITIES						
General Obligation Bonds:						
Highways	$ 13,755	$ 97		$ 2,784	$ 11,068	$ 2,290
Health	3,342		$ 132	134	3,340	171
Public safety	10,730	80	773	1,585	9,998	2,150
Off-street parking	18,847	86		3.127	15,806	2,818
Parks and recreation	21,372	53	3,706	1,665	23,466	2,568
Public buildings and facilities	54,880	57	4,248	2,981	56,204	6,157
Schools	193,356	468	22,476	13,562	202,738	13,411
Storm water	4,093	158		1,067	3,184	1,589
Urban renewal	286,051	524	23,665	25,775	284,465	24,510
Waste disposal	325	8		123	210	168
Unallocated	22,267	462		1,215	21,514	1,338
Total general obligation bonds	629,018	1,993	55,000	54,018	631,993	57,170
Special Obligation Bonds:						
Special Obligation Bonds	116,508			303	116,205	605
Long-term financing with the Federal Government:						
Federal economic development loans	50,803			5,367	45,436	3,285
Long-term financing with the State of Maryland:						
State economic development loans	1,553			367	1,186	256
Total Governmental Activities	$797,882	$1,993	$55,000	$60,055	$794,820	$61,316
BUSINESS-TYPE ACTIVITIES						
General Obligation Bonds:						
Water	$ 941	$ 17		$ 840	$ 118	$ 81
Waste Water	438	20			458	495
Total general obligation bonds	1,379	37		840	576	576
Long-term financing with the State of Maryland:						
Sewer construction loans	221			76	145	82
Total Business-type Activities	$ 1,600	$ 37		$ 916	$ 721	$ 658
COMPONENT UNIT — BALTIMORE CITY PUBLIC SCHOOL SYSTEM						
Bonds:						
Schools	$ 50,880		$83,135	$37,915	$ 96,100	$ 5,350

(a) The Mayor and City Council of Baltimore issued, as fully registered bonds, $67,602,000 in Series A General Obligation Bonds dated March 1, 1995 and $44,284,000 in Series C General Obligation Bonds dated May 1, 1998. The Series A and C Bonds consist of current interest bonds and capital appreciation bonds issued to advance refund certain non-callable maturities of the City's general obligation bonds.

No current interest is payable on the Series A or C Capital Appreciation Bonds, which are scheduled to mature on October 15 in each of the years 2010 to 2011, inclusive. Interest on the Series A and C Capital Appreciation Bonds accrues from the date of delivery, is compounded semiannually on each April 15 and October 15 and will be paid at the maturity or redemption date thereon. The accreted amount due at maturity is $18,204,000 as of June 30, 2010. The Series A Capital Appreciation Bonds are subject to redemption prior to maturity beginning on October 15, 2005, as a whole at any time or in part thereafter on October 15 or April 15.

Variable Rate Demand General Obligation Bonds

The City has issued $34,600,000 in taxable variable rate demand Consolidated Public Improvement Bonds Series C and D to construct various capital projects throughout the City. The bonds mature on October 15, 2020 and 2022, respectively.

The bonds bear interest at a variable rate that is reset by the Remarking Agent on a weekly basis. Under 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 bondholders.

In conjunction with the issuance of the bonds, Bank of America N/A (Bank) issued a standby purchase agreement (Agreement) in the amount of $44,793,000 in favor of the City and Manufactures and Traders Trust Company as Tender Agent. The agreement expires May 14, 2011, but can be extended for additional years. The existing Agreement permits the fiscal agent to draw amounts necessary to pay the principal portion and related accrued interest on the bonds tendered for purchase and not remarked.

Pursuant to the Agreement between the City and the Bank, the issuer is required to reimburse the Bank the amount drawn upon remarketing or in a lump sum payment as of May 14, 2011. If the takeout agreement were to be exercised because issue of bonds was put but not sold, the City would be required to pay approximately $1,722,000 in interest annually with a lump sum payment of principal at the end of the agreement. The interest rate on draws made under this agreement is the LIBOR one month rate plus 1% for draws of less than 90 days, the LIBOR rate plus 2% for draws greater than 90 days, and after 180 days the Bank of America Prime plus 0.5%.

The City is required to pay the Bank fees throughout the effective dates of the Agreement of 0.2% per annum of the average daily amount of available commitment.

During fiscal year 2010, the City made no draws under the Agreement, and no amounts drawn against the Agreement were outstanding at June 30, 2010.

The liabilities for governmental activities are principally liquidated by the general, capital projects and motor vehicle funds, while liabilities for business-type activities are liquidated by the Water and Waste Water Funds. Long-term debt payable on the Statement of Net Assets is presented net of $8,686,000 of unamortized losses on early extinguishment of debt.

The following is a summary of debt activity other than general obligation bonds:

- *Special Obligation Bonds:* The City has borrowed funds to provide funds for capital projects in the development district. At June 30, 2010, principal owed for these bonds was $116,205,000, and interest of $164,994,000 at the interest rates ranging from 5.5% to 7.0% per annum will be due in future years.
- *Federal Economic Development Loan:* The City has borrowed funds from the Federal government to provide for various development projects. At June 30, 2010, the principal owed to the Federal government was $45,436,000, and interest of $18,088,000 will be due thereon in future years. The loan bears interest at rates ranging from 6.0% to 10.9% and matures serially through 2024.
- *State Economic Development Loans:* The City has borrowed $24,685,000 from the State of Maryland to provide for various economic development projects under the Maryland Industrial Land Act and the Industrial Commercial Redevelopments Act. At June 30, 2010, the principal owed to the State was $1,186,000, and interest of $96,000 will be due thereon in future years. These loans bear interest at rates ranging from 2.0% to 11.2% and the final payment is due in 2016.
- *Sewer Construction Loans:* Under the provisions of Chapter 445, laws of Maryland 1968, and Chapter 286, laws of Maryland 1974, loans were made available to counties and municipalities charged with providing sewerage facilities to assist in the construction of such facilities. Since December 1980, the City has borrowed a total of $1,184,000 for sewer projects. At June 30, 2010, the principal owed to the State was $145,000, and interest of $15,000 will be due thereon in future years.

Compensated Absences

Compensated absences at June 30, 2010 totaled $120,798,000 for governmental activities and $12,856,00 for business-type activities, of which $43,901,000 and $5,054,000 respectively, were due within one year. For the Baltimore City Public School System, compensated absences totaled $54,223,000, of which $5,422,000 were due within one year.

Changes in compensated absences during fiscal year 2010 (amounts expressed in thousands):

	Governmental Activities	Business-type Activities	Total
Balance, July 1, 2009	$111,967	$12,500	$124,467
Leave earned	52,732	5,410	58,142
Leave used	(43,901)	(5,054)	(48,955)
Balance, June 30, 2010	$120,798	$12,856	$133,654

B. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2010, are as follows (amounts expressed in thousands):

	Governmental Activities								
	General Obligation Bonds			Long-Term Financing with State of Maryland		Long-Term Financing with Federal Government		Special Obligation Bonds	
Fiscal Year	Principal	Interest	Interest Rate Swap Net(a)	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 57,170	$ 25,751	$ 6,147	$ 256	$33	$ 3,285	$ 2,339	$ 605	$ 6,207
2012	59,670	25,377	5,870	220	23	2,796	2,201	655	6,279
2013	49,065	22,036	5,496	195	17	2,894	2,059	610	6,690
2014	37,844	20,277	4,990	184	12	3,000	1,906	667	6,650
2015	31,892	18,759	4,482	182	7	3,104	1,744	730	6,607
2016-2020	155,636	73,531	16,806	149	4	13,650	5,142	4,896	30,923
2021-2025	165,930	35,796	3,613			13,451	2,558	9,517	37,043
2026-2030	71,095	8,460				3,256	139	21,763	31,969
2031-2035	3,691	111						33,320	22,493
2036-2040								39,662	9,842
2041-2045								3,780	291
Totals	$631,993	$230,098	$47,404	$1,186	$96	$45,436	$18,088	$116,205	$164,994

(a) Interest Rate Swap Net payments represent estimated payments for additional interest resulting from swap agreements to counterparties for additional interest resulting from swap agreements. The additional payments were computed using rates as of June 30, 2010, assuming current interest rates remain the same for their term. As rates vary, variable rate bond interest payments and net swap payments will vary.

	Business-type Activities			
	General Obligation Bonds		Long-Term Financing with State of Maryland	
Fiscal Year	Principal	Interest	Principal	Interest
2011	$576	$8	$ 82	$ 9
2012			42	4
2013			21	2
Totals	$576	$8	$145	$15

A summary of general obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 2010, are as follows:

Purpose	Outstanding Due Dates	Outstanding Interest Rates	Outstanding Amount	Authorized But Unissued Amount
Fire, police and public protection	2011 to 2016	4.7% to 9.0%	$ 9,998	$ 169
Off-street parking	2011 to 2017	1.5% to 9.0%	15,806	345
Parks and recreation	2011 to 2017	2.7% to 9.0%	23,466	25,007
Public building and facilities	2011 to 2017	2.7% to 9.5%	56,204	36,886
Schools	2011 to 2021	2.7% to 9.0%	202,738	36,964
Waste water and storm sewer	2011 to 2012	2.5% to 9.0%	3,642	
Urban renewal and development	2011 to 2021	2.7% to 9.5%	284,465	78,693
Water	2011 to 2012	4.0% to 9.0%	118	
Highways	2011 to 2021	4.7% to 9.0%	11,068	220
Waste disposal	2011 to 2012	4.75% to 8.9%	210	
Finance				20,000
Health	2011 to 2018	5.125% to 5.3%	3,340	4,140
Unallocated	2011 to 2012	4.7% to 5.5%	21,514	
Totals			$632,569	$202,424

Baltimore City Public School System (BCPSS) Bonds

BCPSS has issued $25,000,000 of Series 2000 revenue bonds (the Series 2000 Bonds), maturing through the year ended June 30, 2015. The net proceeds of the Series 2000 Bonds will be used to fund various capital improvements to existing schools within the BCPSS, including technical writing projects to accommodate Internet connectivity, and various renovations and repairs to school buildings. As the BCPSS enters into capital project contracts with one or more contractors, funds are to be drawn from the Series 2000 Bonds escrow account to fund capital expenditures. Interest rates range from 4.25% to 5.125% and interest is payable semiannually on November and May 1 of each year. The Series 2000 Bonds are the debt and obligation of the BCPSS and are not a debt and obligation of, or pledge of, the faith and credit of the City of Baltimore. As of June 30, 2010, the outstanding balance on the Series 2000 Bonds is $1,780,000.

BCPSS has also issued $52,460,000 of Series 2003A revenue bonds (the Series 2003A Bonds), maturing through the year ending June 30, 2018. The net proceeds of the Series 2003A Bonds will be used to finance and refinance the costs of acquisition, construction, renovation and certain capital improvements of the BCPSS. These include various capital improvements of the existing schools within the BCPSS, renovations to facilitate the conversion of Pre K to 8 schools, and the conversion of existing large neighborhood high schools to smaller community based high schools, other capital improvements associated with alleviating overcrowding at certain facilities, water filtration equipment for installation at certain facilities with drinking water determined to have higher than normal lead content and certain other capital projects included in the fiscal year 2005 Strategic Facilities Plan approved by the School Board.

The bonds payable balance maturing on or after May 1, 2014 is subject to redemption at the option of the Board of School Commissioners on or after May 1, 2013 as a whole or in part at any time, at par plus accrued interest thereon to the date fixed for redemption.

As the BCPSS enters into the capital project contracts with one or more contractors, funds are to be drawn from the Series 2003A Bonds escrow account to fund capital expenditures. Interest rates range from 2.0% to 5.0% and interest is payable semiannually on November and May 1 of each year.

The Series 2003A Bonds are the debt and obligation of the BCPSS and are not a debt and obligation of, or pledge of, the faith and credit of the City of Baltimore. On December 17, 2009, BCPSS refunded $25,295,000 of the Series 2003A Bonds. As of June 30, 2010, the outstanding balance on the 2003A bonds is $11,185,000.

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 the 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.

BCPSS has issued the City School Refunding Bonds Series 2009 (the Series 2009 Refunding Bonds) in the amount of $32,335,000, maturing through the year ending June 30, 2018. The proceeds of the Series 2009 Refunding Bonds were used to refund a portion of the Series 2000 and Series 2003A Bonds. The interest rate ranges from 4.00% to 5.00% and interest is payable semiannually on May 1 and November 1 of each year. As of June 30, 2010 the outstanding balance on the Series 2009 Refunding Bonds is $32,335,000.

The net proceeds of the sale, $39,700,000 ($32,335,000 from the sale of the bonds, plus the premium of $5,115,000, and unspent funds transferred from the refunded bonds of $2,283,000, minus issuance cost of $33,000), were used to purchase US government securities and deposited in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments of $40,700,000 of the portion of the Series 2000 and 2003A refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The refunding resulted in a net present value savings of $1,700,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,600,000. This difference, reported in the BCPSS financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using a straight-line method which approximates the effective-interest method. BCPSS completed the advance refunding to reduce its total debt service payments over the next 8 years by $1,600,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,700,000.

Future minimum bond payments are as follows at year ending June 30, 2010 (amounts expressed in thousands):

Fiscal Year	Principal	Interest	Total
2011	$ 5,350	$ 2,752	$ 8,102
2012	5,235	2,545	7,780
2013	5,825	2,338	8,163
2014	6,095	2,067	8,162
2015	6,859	1,762	8,621
2016-2020	34,227	4,688	38,915
2021-2025	32,509	2,857	35,366
Total	$96,100	$19,009	$115,109

C. Capital Leases

Primary Government

The City has entered into various conditional purchase agreements to construct and purchase certain facilities and equipment to be used by municipal agencies. These conditional purchase agreements do not constitute a pledge of the full faith and credit or taxing power of the City and are subject to termination if sufficient funds are not appropriated by the City Council. Since termination of these agreements is not foreseen, the agreements have been capitalized. During fiscal year 2010, the City's capital lease obligations increased by $9,985,000 (which is net of new leases in the amount of $28,089,000 and lease principal payments of $18,104,000) over the fiscal year 2009 total of $159,115,000. Future minimum lease payments at June 30, 2010, are as follows (amounts expressed in thousands):

Fiscal Year	
2011	$ 27,884
2012	29,280
2013	28,558
2014	24,252
2015	22,130
2016-2020	71,164
2021-2023	4,759
Total minimum lease payments	208,027
Less: deferred interest	(38,927)
Present value minimum lease payments	$169,100

The following is a schedule of leased property under capital leases by major class at June 30, 2010 (amounts expressed in thousands):

Classes of Property	
Buildings	$173,756
Equipment	217,342
Total	$391,098

Amortization of assets recorded under capital leases is included in depreciation expense.

Baltimore City Public School System (BCPSS)

BCPSS has entered into a $12,370,000 fifteen year capital lease (the 1999 Lease Agreement) with First Municipal Credit Corporation (FMCC) for the purchase and repair of certain boilers at various school locations. Under the terms of the 1999 Lease Agreement, funds were to be deposited into an "Acquisition Account." As the BCPSS entered into purchase agreements with one or more vendors related to the purchase and repair of certain boilers, monies were to be drawn from an "Acquisition Account" to fund actual purchases. As of June 30, 2010, the outstanding balance on the 1999 lease is $6,367,000.

Additionally, BCPSS has entered into a $25,000,000 capital lease agreement (the Master Equipment Lease) with US Bank, National Association, for the lease of "Equipment," which includes General Equipment ($1,500,000 at an interest rate of 3.06% for 7 years), Oracle Equipment ($13,000,000 at an interest rate of 3.56% for 10 years), Vehicles ($4,500,000 at an interest rate of 2.68% for 5 years) and Computers ($6,000,000 at an interest rate of 2.68% for 5 years). Under the terms of the lease, funds were to be deposited into four separate Escrow Fund Accounts at the US Bank. As the Board entered into purchase agreements with one or more vendors, monies were to be drawn from the Escrow Accounts to fund actual purchases. Interest earned on the escrow balance remains in the escrow account and is to be used for the same purposes as the principal. As of June 30, 2010 the outstanding balance on the 2003 Master Lease is $5,145,000 .

On June 13, 2006, BCPSS contracted with six (6) financial institutions for the ability to issue capital leases to help finance its Energy System Conservation Program (ESCO) on a competitive basis. Funds available on the master leases after all addendums have been issued will not be used and the contracts could be terminated at that time. During fiscal

year 2010, the System issued $60,300,000 in various ESCO projects. As of June 30, 2010 the outstanding balance on the 2006 Master Lease Addendums is $51,784,000.

Future minimum lease payments as of June 30, 2010, are as follows (expressed in thousands):

Fiscal Year	Capital Leases Principal
2011	$ 9,248
2012	8,680
2013	8,879
2014	9,067
2015	8,053
2016-2020	25,832
2021-2025	7,622
Total minimum lease payments	77,381
Less: deferred interest	(14,085)
Present value minimum lease payments	$ 63,296

8. Revenue Bonds

Water and Waste Water Revenue Bonds

The City has issued revenue bonds, the proceeds of which were used to provide funds for capital improvements to water and waste water facilities. Assets with a carrying value of $108,080,000 at June 30, 2010, and revenues of the Water and Waste Water Funds are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2010, consist of (amounts expressed in thousands):

	Water Utility Fund	Waste Water Utility Fund
Term bonds series 1993-A with interest at 5.60%, payable semiannually, due July 1, 2013	$10,000	$ 5,800
Term bonds series 1993-A with interest at 5.65%, payable semiannually, due July 1, 2020	23,900	14,000
Term bonds series 1994-A with interest at 6.00%, payable semiannually, due July 1, 2015	6,250	4,330
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2022		7,115
Term bonds series 1994-A with interest at 5.00%, payable semiannually, due July 1, 2024	10,280	
Serial bonds series 1994-B maturing in annual installments from $332,000 to $406,000 through February 1, 2015, with interest rate at 2.25%, payable semiannually		1,940
Serial bonds series 1994-C maturing in annual installments from $310,000 to $387,000 through February 1, 2015, with interest rate at 2.50%, payable semiannually		1,843
Serial bonds series 1994-D maturing in annual installments from $215,000 to $296,000 through February 1, 2015, with interest rate at 3.60%, payable semiannually		1,379
Serial bonds series 1996-B maturing in annual installments from $148,000 to $208,000 through February 1, 2017, with interest at 3.17%, payable semiannually		1,330
Serial bonds series 1998-A maturing in annual installments from $287,000 to $414,000 through February 1, 2019, with interest at 2.87%, payable semiannually		3,340
Serial bonds series 1999-A maturing in annual installments from $122,000 to $167,000 through February 1, 2019, with interest rate at 2.52%, payable semiannually		1,370
Serial bonds series 1999-B maturing in annual installments from $433,000 to $652,000 through February 1, 2021, with interest rate at 2.61%, payable semiannually		5,767
Serial bonds series 2001-A maturing in annual installments from $569,000 to $819,000 through February 1, 2022, with interest rate at 2.30%, payable semiannually		8,509
Serial bonds series 2002-A maturing in annual installments from $1,145,000 to $1,660,000 from July 1, 2010 through July 1, 2021, with variable interest through July 1, 2016 and a fixed rate of 4.85% to 5.00% thereafter payable semiannually		17,265
Serial bonds series 2002-A maturing in annual installments from $1,855,000 to $1,975,000 from July 1, 2010 through July 1, 2021, with variable interest through July 1, 2016 and a fixed rate of 4.85% to 5.00% thereafter payable semiannually	22,745	
Term bonds series 2002-A with interest at 5.00%, payable semiannually, due July 1, 2023	4,250	2,470
Term bonds series 2002-A with interest at 5.00%, payable semiannually, due July 1, 2027	9,845	6,070
Term bonds series 2002-A with interest at 5.20%, payable semiannually, due July 1, 2032		9,480
Term bonds series 2002-A with interest at 5.125%, payable semiannually, due July 1, 2032	15,385	
Term bonds series 2002-A with interest at 5.125%, payable semiannually, due July 1, 2042	64,840	31,630
Auction rate notes series 2002-B, payable monthly, due July 1, 2032		25,300
Auction rate notes series 2002-B, payable monthly, due July 1, 2037	18,300	
Auction rate notes series 2002-C, payable monthly, due July 1, 2032		46,900
Auction rate notes series 2002-C, payable monthly, due July 1, 2037	40,800	
Serial bonds series 2003-A maturing in annual installments from $1,930,000 to $2,095,000 from July 1, 2023 through July 1, 2025, with interest rate at 4.125% to 4.20%, payable semiannually		6,035
Term bonds series 2003-A with interest at 4.20%, payable semiannually, due July 1, 2028	12,835	
Serial bonds series 2003-B maturing in annual installments from $308,000 to $984,000 through February 1, 2024, with interest rate at 0.40%, payable semiannually		4,140
Serial bonds series 2003-B maturing in annual installments from $66,000 to $984,000 through February 1, 2024, with interest rate at 0.40%, payable semiannually	1,446	
Auction rate notes series 2004-A, payable monthly, due July 1, 2034		17,500
Serial bonds series 2004-A maturing in annual installments from $197,000 to $984,000 through February 1, 2024, with interest rate at 0.45%, payable semiannually	4,589	
Serial bonds series 2004-B maturing in annual installments from $917,000 to $984,000 through February 1, 2024, with interest rate at 0.45%, payable semiannually		13,421
Auction rate notes series 2004-B, payable monthly, due July 1, 2034	47,500	
Serial bonds series 2004-C maturing in annual installments from $846,000 to $984,000 through February 1, 2024, with interest rate at 0.25%, payable semiannually		12,381

	Water Utility Fund	Waste Water Utility Fund
Serial bonds series 2005-A maturing in annual installments from $984,000 to $1,030,000 through February 1, 2024, with interest rate at 0.25%, payable semiannually		14,093
Serial bonds series 2005-A maturing in annual installments from $580,000 to $3,500,000 from July 1, 2021 through July 1, 2025, with interest rate of 4.00% to 5.00%, payable semiannually	1,670	
Serial bonds series 2005-B maturing in annual installments from $750,000 to $1,010,000 from July 1, 2010 through July 1, 2016, with interest rate of 3.25% to 5.00%, payable semiannually		15,090
Serial bonds series 2005-C maturing in annual installments from $599,000 to $735,000 through July 1, 2012, with interest at 0.70%, payable semiannually		1,432
Serial bonds series 2006-A maturing in annual installments from $515,000 to $1,035,000 from July 1, 2010 through July 1, 2026, with interest rates of 4.00% to 4.50%, payable semiannually	12,795	
Term bond series 2006-A with interest at 4.625%, payable semiannually, due July 1, 2031	5,930	
Term bond series 2006-A with interest at 4.625%, payable semiannually, due July 1, 2036	7,435	
Serial bonds series 2006-A maturing in annual installments from $1,380,000 to $1,561,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually		24,240
Serial bonds series 2006-B maturing in annual installments from $338,000 to $362,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually		5,447
Serial bonds series 2006-C maturing in annual installments from $990,000 to $2,090,000 from July 1, 2010 through July 1, 2026, with interest rates of 4.00% to 5.00%, payable semiannually		25,115
Term bond series 2006-C with interest at 5.00%, payable semiannually, due July 1, 2029		6,920
Serial bonds series 2007-A maturing in annual installments from $64,000 to $80,000 through February 1, 2037, with interest rate at 0.40%, payable semiannually	2,040	
Serial bonds series 2007-A maturing in annual installments from $1,833,000 to $2,184,000 through February 1, 2026, with interest rate at 0.40%, payable semiannually		33,913
Serial bonds series 2007-B maturing in annual installments from $134,000 to $161,000 through February 1, 2027, with interest rate at 0.40%, payable semiannually		2,655
Serial bonds series 2007-B maturing in annual installments from $30,000 to $3,860,000 from July 1, 2010 through July 1, 2027, with interest rates of 3.60% to 4.50%, payable semiannually	19,805	
Term bond series 2007-B with interest at 4.50%, payable semiannually, due July 1, 2032	22,995	
Term bond series 2007-B with interest at 4.50%, payable semiannually, due July 1, 2035	7,910	
Serial bonds series 2007-C maturing in annual installments from $35,000 to $3,935,000 from July 1, 2010 through July 1, 2027, with interest rates of 3.60% to 4.50%, payable semiannually		11,045
Term bond series 2007-C with interest at 4.50%, payable semiannually, due July 1, 2032		29,795
Term bond series 2007-C with interest at 4.50%, payable semiannually, due July 1, 2036		19,255
Serial bonds series 2007-C maturing in annual installments from $740,000 to $1,570,000 from July 1, 2010 through July 1, 2027, with interest rates of 3.75% to 5.00%, payable semiannually	19,530	
Term bond series 2007-C with interest at 5.00%, payable semiannually, due July 1, 2032	9,115	
Term bond series 2007-C with interest at 5.00%, payable semiannually, due July 1, 2037	11,630	
Serial bonds series 2007-D maturing in annual installments from $1,890,000 to $4,330,000 from July 1, 2010 through July 1, 2027, with interest rates of 5.00%, payable semiannually		53,140
Term bond series 2007-D with interest at 5.00%, payable semiannually, due July 1, 2032		25,120
Term bond series 2007-D with interest at 5.00%, payable semiannually, due July 1, 2037		32,050
Serial bonds series 2008-A maturing in annual installments from $475,000 to $1,005,000 from July 1, 2010 through July 1, 2028, with interest rates of 2.00% to 4.50%, payable semiannually	13,695	
Term bond series 2008-A with interest at 4.625%, payable semiannually, due July 1, 2033	5,740	
Term bond series 2008-A with interest at 4.73%, payable semiannually, due July 1, 2038	1,115	
Term bond series 2008-A with interest at 5.00%, payable semiannually, due July 1, 2038	6,150	
Serial bonds series 2008-A maturing in annual installments from $475,000 to $1,005,000 from July 1, 2010 through July 1, 2028, with interest rates of 2.00% to 5.00%, payable semiannually		27,915
Term bond series 2008-A with interest at 5.00%, payable semiannually, due July 1, 2033		12,205
Term bond series 2008-A with interest at 5.00%, payable semiannually, due July 1, 2038		15,575
Serial bonds series 2009-A maturing in annual installments from $475,000 to $1,005,000 from July 1, 2010 through July 1, 2021, with interest rates of 2.00% to 4.50%, payable semiannually	5,985	
Term bond series 2009-A with interest at 5.00%, payable semiannually, due July 1, 2024	1,220	
Term bond series 2009-A with interest at 5.125%, payable semiannually, due July 1, 2029	3,630	
Term bond series 2009-A with interest at 5.375%, payable semiannually, due July 1, 2034	4,680	
Term bond series 2009-A with interest at 5.75%, payable semiannually, due July 1, 2039	6,120	
Serial bonds series 2009-A maturing in annual installments of $426,000 from February 1, 2011 through February 1, 2029, with an interest rate at 0.00%		8,098
Serial bonds series 2009-B maturing in annual installments of $95,000 from February 1, 2012 through February 1, 2030, with an interest rate at 0.00%		1,814
Serial bonds series 2009-B maturing in annual installments of $586,000 from February 1, 2015 through February 1, 2042, with an interest rate of 0.00%	17,000	
Serial bonds series 2009-C maturing in annual installments from $370,000 to $570,000 from July 1, 2010 through July 1, 2022, with interest rates of 2.00% to 4.50%, payable semiannually		7,430
Term bond series 2009-C with interest at 5.00%, payable semiannually, due July 1, 2024		1,720
Term bond series 2009-C with interest at 5.00%, payable semiannually, due July 1, 2029		5,115
Term bond series 2009-C with interest at 5.125%, payable semiannually, due July 1, 2034		6,545
Term bond series 2009-C with interest at 5.625%, payable semiannually, due July 1, 2039		8,490
Serial bonds series 2009-E maturing in annual installments of $158,000 from February 1, 2014 through February 1, 2032, with an interest rate of 0.00%		3,000
Serial bonds series 2010-A maturing in annual installments of $16,000 to $37,000 from February 1, 2011 through February 1, 2040, with an interest rate of 0.00%		750
	479,155	647,282
Less: unamortized charges	7,305	3,042
	$471,850	$644,240

At June 30, 2010, the Water Utility fund had $106,600,000 of auction rate notes outstanding. Interest rates for these notes are determined every 7 to 35 days depending on the date of issue. In the event of a failed auction, the auction agent assesses the failed auction rate to the issuers of the notes. Interest paid under these conditions is currently limited to 150% to 175% of the non-financial commercial paper rate depending on the rating of the insurance provider on each note issue. The failed auction rate on these notes was in the 1% range or less.

At June 30, 2010, the Waste Water Utility fund had $89,700,000 of auction rate notes outstanding. Interest rates for these notes are determined every 7 to 35 days depending on the date of issue. In the event of a failed auction, the auction agent assesses the failed auction rate to the issuers of the notes. Interest paid under these conditions is

currently limited to 150% to 175% of the non-financial commercial paper rate depending on the rating of the insurance provider on each note issue. The interest rate in the event of a failed auction on these notes was in the range of 1% or less.

Parking Facilities Revenue Bonds

The City has issued various funding and refunding 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 $16,676,000 at June 30, 2010, and revenues of the Parking Facilities Fund are pledged as collateral for the bonds. Bonds outstanding as of June 30, 2010, consist of (amounts expressed in thousands):

Serial bonds series 2005 maturing in annual installments from $400,000 to $1,590,000 through July 1, 2015 with interest rates ranging from 4.69% to 5.07%, payable semiannually	$ 10,475
Term bonds series 1997-A with interest at 5.90%, payable semiannually, due July 1, 2013	17,900
Term bonds series 1997-A with interest at 6.00%, payable semiannually, due July 1, 2018	29,040
Term bonds series 1998-A with interest at 4.90%, payable semiannually, due July 1, 2011	45
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2014	1,770
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2017	2,060
Term bonds series 1998-A with interest at 5.25%, payable semiannually, due July 1, 2021	3,300
Term bonds series 2005 with interest at 5.27%, payable semiannually, due July 1, 2018	5,315
Term bonds series 2005 with interest at 5.30%, payable semiannually, due July 1, 2027	10,470
Term bonds series 2005 with interest at 5.62%, payable semiannually, due July 1, 2035	1,000
Variable rate demand bonds series 2008, payable weekly, due July 1, 2032	76,585
	157,960
Less: unamortized charges	3,981
	$153,979

The City has $76,585,000 of Series 2008 refunding taxable variable rate demand revenue bonds outstanding as of June 30, 2010. The bonds mature serially starting on July 1, 2010 through July 1, 2032. The Series 2008 Bonds are subject to redemption prior to maturity at anytime, at a redemption price of 100% of the principal amount plus interest accrued to the redemption date. The Series 2008 Bonds annual principal amounts range from $915,000 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 issuance of the bonds, Bank of America, NA (Bank) issued a direct pay letter of credit in the amount of the Series 2008 Bonds available principal and interest commitment in favor of the City and Manufacturer and Traders Trust Company (formerly Allfirst Trust Company National Association) as trustee. The Agreement expires November 19, 2011, but can be extended for additional years. The existing Agreement permits the fiscal agent to draw amounts necessary 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 Bank’s fee throughout the effectiveness of the Agreement equal to 0.58% per annum of the average daily amount of the available commitment.

Since issuance of the bonds, no draws have been made under the Agreement, and no draws were outstanding at June 30, 2010.

Industrial Development Revenue Bonds

The City has $86,100,000 variable rate demand revenue bonds Series 1986 outstanding as of June 30, 2010. These bonds were issued through the Baltimore Industrial Development Authority of the Mayor and City Council (IDA). The purpose of these bonds is to finance various municipal capital projects. The bonds mature on August 1, 2016, but are subject to optional or mandatory redemptions in whole or in part prior to maturity.

The bonds bear interest at a variable rate that is reset by the Remarketing Agent on a weekly basis. During fiscal year 2010, the variable interest rate paid by the City on these bonds ranged from 0.25% to 0.52%. It is the objective of the

Remarketing Agent to set interest rates high enough to assure that the bonds are readily marketable, yet maintain the lowest possible interest cost for the IDA.

After the expiration of the letter of credit issued in conjunction with the issuance of the bonds, Bayerische Landesbank (BL) issued an irrevocable letter of credit in the amount of $88,223,014 in favor of the City and M&T Bank as trustee and The Chase Manhattan Bank as fiscal agent for the bondholders. The letter of credit will expire on November 30, 2015. The City may request an extension beyond November 30, 2015. The existing letter of credit permits the fiscal agent to draw amounts necessary to pay the principal portion and related accrued interest on bonds when tendered for purchase and not remarketed. Pursuant to the letter of credit agreement between the City, BL and the fiscal agent, the issuer is required to reimburse BL the amount drawn upon remarketing. If the takeout agreement were to be exercised because the outstanding bonds in the amount of $86,100,000 of demand bonds was put and not resold, the City would be required to pay approximately $6,888,000 per year through the expiration of the agreement. The interest rate draws made from the letter of credit is at BL's prime interest rate.

The City is required to pay BL a fee throughout the period of effectiveness of the letter of credit equal to 0.35% per annum of the daily average unutilized amount and 0.2% per annum of the daily average utilized amount.

During fiscal year 2010, the City made no draws under the letter of credit and no amounts drawn against the letter of credit were outstanding at June 30, 2010.

Convention Center Refunding Revenue Bonds

The Convention Center Refunding Revenue Bonds, Series 1998 were issued May 1, 1998 and are special, limited obligations of the City to refund the $56,385,000 Mayor and City Council Convention Center Revenue Bonds Series 1994. The bonds are payable solely from the revenues which consist of certain hotel taxes and certain receipts derived from the ownership and operation of the Baltimore Convention Center. These bonds include $22,915,000 in serial bonds, which are due to mature on September 1, in each of the years 2009 to 2012, inclusive; $6,695,000 in 5.5% term bonds due to mature on September 1, 2014; $3,625,000 in 5.5% term bonds due to mature on September 1, 2015 and $16,485,000 in 5.0% term bonds due to mature on September 1, 2019. Interest on the bonds is payable on March 1 and September 1 in each year. The bonds maturing on or after September 1, 2009 are subject to redemption prior to maturity beginning on or after September 1, 2008 at redemption prices ranging from 102% to 100% of the principal amount. The term bonds due September 1, 2014 are subject to redemption at par prior to maturity by operation of a sinking fund on or after September 1, 2013, at annual principal amounts ranging from $3,260,000 to $3,345,000. The term bonds due September 1, 2019 are subject to redemption at par prior to maturity by operation of a sinking fund on or after September 1, 2016, at annual principal amounts ranging from $3,825,000 to $4,425,000. These revenue bonds have been recorded in governmental activities because they are expected to be paid by general revenues.

Stormwater Special Revenue Bond

The City has issued a Stormwater Special Revenue Bond, Series 2004 in the amount of $6,881,000. This bond will fund various City stormwater capital projects associated with road construction. The bond is secured by a pledge of the City's share of state highway user revenues.

County Transportation Revenue Bonds

The City has entered into agreements with the State of Maryland to borrow $105,000,000 in County Transportation Revenue Bonds. The proceeds from these bonds will be used to fund certain highway improvements throughout the City. These bonds are secured by a pledge of the City's share of the highway user revenues.

Convention Center Hotel Revenue Bonds

The City issued Convention Center Hotel Revenue Bonds in the amount of $300,940,000. The proceeds of these bonds were used to finance the acquisition, demolition, construction and equipping of a convention center hotel in the City. The bonds are secured by pledges of revenues from the operation of the hotel, certain City hotel taxes and limited guarantees from the hotel operator. Bonds outstanding at June 30, 2010, consist of (amounts expressed in thousands):

Serial bond series 2006 A maturing in installments from $1,680,000 to $9,345,000 through September 2028, with interest rates ranging from 3.61% to 4.38% payable semiannually	$ 84,170
Term bonds series 2006 A with interest at 4.60% due September 1, 2030	20,935
Term bonds series 2006 A with interest at 5.00% due September 1, 2032	24,080
Term bonds series 2006 A with interest at 5.25% due September 1, 2039	118,315
Term bonds series 2006 B with interest at 5.00% due September 1, 2016	2,555
Term bonds series 2006 B with interest at 5.875% due September 1, 2039	50,885
Totals	$300,940

Changes in revenue bond obligations for the year end June 30, 2010, are as follows (amounts expressed in thousands):

	June 30, 2009	New Debt Issues	Debt Retired	June 30, 2010	Due within One Year
Governmental Activities					
Convention Center and Hotel	$ 339,190		$ 2,645	$ 336,545	$ 2,770
Storm Water	5,829		354	5,475	355
Transportation	95,060		5,925	89,135	6,020
Total Governmental Activities	$ 440,079		$ 8,924	431,155	$ 9,145
Business-Type Activities					
Water	$ 468,419	$17,000	$ 6,264	$ 479,155	$ 8,036
Waste Water	662,643	3,750	19,111	647,282	20,105
Parking Facilities	164,875		6,915	157,960	7,250
Industrial Development	100,000		13,900	86,100	
Total Business-Type Activities	$1,395,937	$20,750	$46,190	$1,370,497	$35,391

Principal maturities and interest of revenue bonds, shown at gross, are as follows (amounts expressed in thousands):

	Governmental Activities							
	Baltimore Hotel Corporation		Convention Center		Storm Water		Transportation Revenue Bonds	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011		$ 15,886	$ 2,770	$1,796	$ 355	$ 22	$ 6,020	$ 3,566
2012	$ 2,065	15,886	2,935	1,637	356	20	6,285	3,375
2013	2,420	15,783	3,095	1,475	358	19	6,565	3,177
2014	2,795	15,651	3,260	1,302	359	18	6,860	2,981
2015	3,190	15,522	3,435	1,118	361	16	7,185	2,750
2016-2020	17,250	60,531	15,685	2,512	1,457	50	30,070	7,696
2021-2025	34,155	68,932	4,425	111	1,854	30	26,150	3,148
2026-2030	52,590	57,918			375	2		
2031-2035	76,290	42,169						
2036-2040	110,185	18,712						
Totals	$300,940	$326,990	$35,605	$9,951	$5,475	$177	$89,135	$26,693

	Business-type Activities											
	Water Utility			Waste Water Utility			Parking Facilities			Industrial Development Authority		
Fiscal Year	Principal	Interest	Swap Interest Rate Net(a)	Principal	Interest	Swap Interest Rate Net(a)	Principal	Interest	Swap Interest Rate Net(a)	Principal	Interest	Swap Interest Rate Net(a)
2011	$ 8,036	$ 16,857	$ 4,920	$ 20,105	$ 20,625	$ 4,091	$ 7,250	$ 4,679	$ 4,316		$ 319	$ 2,758
2012	8,937	16,533	4,865	20,704	20,150	4,052	7,690	4,316	4,262		319	2,758
2013	9,428	16,188	4,794	21,188	19,644	4,008	7,650	3,942	4,202		319	2,758
2014	9,835	15,823	4,717	22,258	19,112	3,950	8,035	3,558	4,140		318	2,758
2015	11,023	15,437	4,633	22,830	18,555	3,880	8,515	3,150	4,074		318	2,757
2016-2020	63,323	70,807	21,379	120,038	83,979	17,522	43,055	8,904	19,201	$86,100	478	4,136
2021-2025	72,933	58,410	18,021	119,790	68,108	13,527	22,275	3,196	16,180			
2026-2030	84,754	45,503	13,738	110,632	51,278	8,142	30,215	1,202	10,483			
2031-2035	107,297	29,443	7,768	113,952	30,417	1,852	23,125	246	1,975			
2036-2040	73,400	14,032	785	63,055	9,550		150	4				
2041-2045	30,189	2,239	(75)	12,730	1,118							
Totals	$479,155	$301,272	$85,545	$647,282	$342,536	$61,024	$157,960	$33,197	$68,833	$86,100	$2,071	$17,925

(a) Interest Rate Swap Net payments represent estimated payments for additional interest resulting from swap agreements to counterparties for additional interest resulting from swap agreements. The additional payments were computed using rates as of June 30, 2010, 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 and Waste Water Utility Funds

The Water and Waste Water Utility Funds have pledged future customer revenues to repay $479,155,000 and $647,282,000 of revenue bond debt, respectively. Proceeds from these revenue bonds were used to build and improve various aspects of the City's Water and Waste Water Utility systems. The bonds are payable solely from the revenues of the two Utility Funds and are payable through 2043. Annual principal and interest payments on these revenue bonds are expected to require 23% of pledged revenues. Total principal and interest remaining to be paid on the revenue bonds for the Water and Waste Water Utility Funds are $865,972,000 and $1,050,842,000 respectively. Principal and interest paid for the current year and current pledged revenue for the Water Utility Fund were $26,466,000 and $131,397,000, respectively. Principal and interest paid for the current year and current pledged revenue for the Waste Water Utility Fund were $44,740,000 and $170,329,000, respectively.

The Parking Facility Fund

The Parking Facility fund has pledged future revenue from parking fees and fines to repay $157,960,000 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 2038. Annual principal and interest payments are expected to require less than 24% of pledged revenue. Total principal and interest remaining to be paid on these revenue bonds is $259,990,000. For the current year, principal and interest payments and current pledged revenue were $16,267,000 and $67,760,000, respectively.

Tax Increment Revenue Pledges

The City has pledged a portion of future property tax revenues to repay $116,205,000 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 the sufficient incremental taxes to pay principal and interest requirements, 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 $281,199,000. For the current year, principal and interest payments and current pledged revenue were $2,035,000 and $6,668,000, 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 build 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 $300,940,000 Convention Center Headquarter Hotel 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, 15% (of the maximum annual debt service) of the citywide occupancy tax is also pledged. If a shortfall still remains, and following a Hilton Hotel guarantee of 10% of the Maximum Annual Debt Service, 10% (maximum annual debt service) is pledged. The Hotel opened August 22, 2008. Total principal and interest remaining to be paid on these bonds is $627,930,000. For the current year, there were no principal payments due, and interest payments were $15,886,000.

10. Prior-Year Defeasance of Debt

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. At June 30, 2010, $259,100,000 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, 2010, 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.

Hedged Derivative Instruments

At June 30, 2010, the City had deferred liabilities for various hedged derivative instruments with the total fair values of these instruments in the amounts of $21,396,000 and $91,878,000, for governmental and business-type activities, respectively. The notional amounts for these hedged derivative instruments at June 30, 2010, were $297,945,000 and $384,015,000, for governmental and business-type activities, respectively. During fiscal year 2010, the fair values of these instruments decreased $5,798,000 and $16,080,340, for governmental and business-type activities, respectively. All hedges are cash flow hedges. The following schedule provides a detailed analysis of derivative instruments held at June 30, 2010:

Outstanding Bonds	Effective Date	Termination Date	Interest Rate Paid by City	Interest Rate Received	Notional Amount	Fair Value	Counterparty Credit Rating
Hedged Derivative Instruments — Governmental Activities							
General Obligation Bonds							
Floating to Fixed Swaps							
2001 Bonds	6/27/2001	10/1/2020	4.595%	Bond Rate/BMA	$ 20,400,000	$ (2,616,700)	A/A2
2001 Bonds	6/27/2001	10/1/2022	5.060%	Bond Rate/BMA	22,500,000	(4,629,869)	A/A2
2003 Bonds	12/23/2009	10/15/2020	2.950%	BMA/67% LIBOR	63,750,000	(3,957,879)	AA-/Aa1
2003 Bonds	12/23/2009	10/15/2022	3.450%	BMA/67% LIBOR	47,350,000	(6,372,603)	AA-/Aa1
2003 Bonds	1/15/2010	10/15/2020	4.215%	1M LIBOR	15,690,000	(1,327,620)	A+/Aa3
2003 Bonds	1/15/2010	10/15/2022	4.970%	1M LIBOR	17,155,000	(3,258,096)	A+/Aa3
Basis Swaps:							
2003 Bonds	6/29/2004	10/15/2020	67% LIBOR	60% LIBOR + 29.5 bps	63,750,000	382,225	A+/Aa3
2003 Bonds	6/29/2004	10/15/2020	67% LIBOR	60% LIBOR + 29.5 bps	47,350,000	384,737	A+/Aa3
Total Governmental Activities					$297,945,000	$(21,395,805)	
Hedged Derivative Instruments — Business-type Activities							
Industrial Development Authority Revenue Bonds Series							
Floating to Fixed Swaps							
1986 Revenue Bonds	11/1/2001	8/1/2016	3.4975%	BMA Index	$ 86,100,000	$ (9,486,718)	A/A2
Water Utility Fund Revenue Bonds Series							
Floating to Fixed Swaps							
2002 Revenue Bonds	5/7/2002	7/1/2037	4.555%	BMA/67% LIBOR	$ 59,100,000	$(18,832,444)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2010	4.00%	Bond Rate/CPI	1,900,000	(9,461)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2011	4.10%	Bond Rate/CPI	1,955,000	(45,167)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2012	4.20%	Bond Rate/CPI	2,110,000	(75,564)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2013	4.30%	Bond Rate/CPI	2,170,000	(94,996)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2014	4.39%	Bond Rate/CPI	2,325,000	(117,330)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2015	4.50%	Bond Rate/CPI	1,615,000	(89,140)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2016	4.61%	Bond Rate/CPI	1,685,000	(98,806)	A/A2
2004 Revenue Bonds	6/1/2004	7/1/2034	5.21%	BMA Index	47,500,000	(13,202,463)	A/A2
Total Water Utility Fund					$120,360,000	$(32,565,371)	
Wastewater Utility Fund Revenue Bonds Series							
Floating to Fixed Swaps:							
2002 Revenue Bonds	5/7/2002	7/1/2032	4.555%	BMA/67% LIBOR	$ 72,200,000	$(19,363,599)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2010	4.00%	Bond Rate/CPI	1,785,000	(8,888)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2011	4.10%	Bond Rate/CPI	1,820,000	(42,048)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2012	4.20%	Bond Rate/CPI	1,930,000	(69,118)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2013	4.30%	Bond Rate/CPI	1,960,000	(85,803)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2014	4.39%	Bond Rate/CPI	2,040,000	(102,948)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2015	4.50%	Bond Rate/CPI	1,240,000	(68,441)	A/A2
2002 Revenue Bonds	5/7/2002	7/1/2016	4.61%	Bond Rate/CPI	1,280,000	(75,057)	A/A2
2004 Revenue Bonds	6/1/2004	7/1/2034	5.21%	BMA Index	17,500,000	(5,060,919)	A/A2
Total Wastewater Utility Fund					$101,755,000	$(24,876,821)	
Parking Revenue Bonds Series							
Floating to Fixed Swaps:							
2002 Bonds	6/19/2002	7/1/2032	6.098%	1M LIBOR	$ 66,700,000	$(22,803,645)	A+/Aa3
2002 Bonds	6/19/2002	7/1/2025	5.915%	1M LIBOR	9,100,000	(2,145,425)	A+/Aa3
Total Parking Facilities Fund					$ 75,800,000	$(24,949,070)	
Total Business-type Activities					$384,015,000	$(91,877,980)	

Credit risk — As of June 30, 2010, the City is not exposed to credit risk on all but two 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. For the two swap agreements that have positive fair value, the City has credit exposure to the counterparty as of June 30, 2010. Should the counterparty to these transactions fail to perform according to the terms of the swap contracts, the City faces a maximum loss equivalent to the swaps' $766,962 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.

Although the City executes transactions with various counterparties, twenty-one swaps or approximating 46% of the notional amount of swaps outstanding, are held with one counterparty that is currently rated A/A2. Of the remaining swaps, the City holds one swap with one counterparty, rated AAA/Aa1, approximating 9% of the outstanding notional value, two swaps are with one counterparty rated AA-/Aa1, approximately 14% of the outstanding notional value, ten swaps are with one counterparty rated AA/A2, approximating 12% of the outstanding notional value, and fourteen swaps are with two counterparties rated A+/Aa3, approximately 31% of the outstanding notional value.

Basis risk — The City's variable rate bonds are of three types: remarketed variable rate demand bonds (VRDBs), auction rate bonds (ARBs), and CPI index bonds. For those swaps associated with the VRDBs and ARBs, the City receives a floating rate based on either the SIFMA Index or one-month LIBOR. For the SIFMA based swaps, the City is exposed to basis risk should the spread between the SIFMA and the VRDBs or ARBs rate change. If a change occurs that results in the spread widening, the expected cost savings may not be realized. As of June 30, 2010, the SIFMA rate for the prior 52-week period ranged from 0.15% to 0.43%, whereas the City tax-exempt market ranged from 0.07% to 0.75%. For seven of the swaps, the City will receive a percent of LIBOR or a percent of LIBOR 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 LIBOR-based, there is an additional degree of basis risk.

For four of the swaps, the City receives the one month LIBOR, chosen to approximate the City's taxable variable rate bond payments. As of June 30, 2010, LIBOR for the prior 52-weeks ranged from 0.23% to 0.35%, whereas the City's taxable market ranged from 0.20% to 1.00%. For those swaps associated with CPI index bonds, there is no basis risk, because the floating rate on the swaps is identical to the floating rate on the bonds.

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.

Termination risk — The City or the counterparty may terminate a swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap contract has a negative fair value, the City would be liable to the counterparty for that payment.

Investment derivative instruments

The fair value balance and notional amounts of derivative instruments outstanding at June 30, 2010, classified by type and the changes in fair value of such derivative instruments for the year ended June 30, 2010 are as follows:

	Changes in Fair Value		Fair Value at June 30, 2010		
	Classification	Amount	Classification	Amount	Notional
Business-type activities					
Water Utility Fund					
Fixed to Floating	Investment Revenue	$ 99,620	Debt	$ (223,125)	$ (13,220,453)
Floating to Floating	Investment Revenue	54,188	Debt	(11,249,188)	(71,455,000)
Total Water Utility Fund		153,808		(11,472,313)	(84,675,453)
Waste Water Utility Fund					
Fixed to Floating	Investment Revenue	$ 56,198	Debt	$ (144,852)	$ (7,469,047)
Industrial Development Authority					
Fixed to Floating	Investment Revenue	$(1,531,537)	Debt	$ (1,531,537)	$ (13,900,000)
Total business-type activities		$(1,321,531)		$(13,148,702)	$(106,044,500)

Credit Risk: At June 30, 2010, 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 counterparty's credit rating at June 30, 2010, was AA/Aa2 for derivative instruments held by the Water and Waste Water Utility Funds and a/A2 for derivative instruments held by the Industrial Development Authority. The change in the fair value of investment swaps in the amount of a loss of $1,322,000 is netted and reported within the investment revenue classification.

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.

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 plan net assets 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, 2010:

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)
Australian Dollar	$ 303,844	$ 289,899	$ 303,717	$ 285,276	$ 4,496
Brazil Real	242,888	235,772	241,318	235,772	(1,570)
British Pound Sterling	2,234,503	4,711,744	2,234,207	4,819,439	(107,991)
Canadian Dollar	402,227	402,227	396,798	402,227	(5,429)
Chinese Yaun Renminbi	6,734,971	3,060,234	6,607,853	3,037,024	(103,908)
Danish Krone	67,150	67,150	67,150	67,285	(135)
Euro Currency Unit	7,498,123	12,536,235	7,479,743	11,887,948	629,907
Hong Kong Dollar	1,664,829	1,664,829	1,664,739	1,664,775	(36)
Israel Shekel	26,806	26,806	26,806	26,902	(96)
Japanese Yen	4,255,280	4,044,037	4,257,135	4,049,459	(3,567)
Malaysian Ringgit	124,000	120,623	124,025	124,025	(3,377)
Mexican New Paso	367,994	1,719,933	369,925	1,732,747	(10,883)
New Taiwan Dollar	140,133	136,880	136,839	136,839	(3,253)
Norwegian Krone	44,308	43,910	44,028	44,329	(699)
Philippines Peso	356,000	338,976	343,259	343,259	(17,024)
South African Rand	92,125	92,125	91,624	92,152	(528)
Singapore Dollar	1,492,431	1,492,431	1,490,827	1,492,431	(1,604)
South Korean Won	1,571,981	1,515,231	1,500,295	1,501,559	(58,014)
Swiss Franc	14,093	14,093	14,113	14,093	20
U.S. Dollar	17,212,868	12,347,114	17,212,868	12,347,114	
Total	$44,846,554	$44,860,249	$44,607,269	$44,304,655	$ 316,309

12. Pension Plans

Plan Descriptions

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).

The City contributes to two single-employer defined benefit pension plans, the Fire and Police Employees' Retirement System, established July 1, 1962, and the Elected Officials' Retirement System, established December 5, 1983, and a cost sharing multiple employer plan, the Employees' Retirement System, established January 1, 1926. Each plan provides retirement benefits as well as disability benefits to plan members and their beneficiaries. The 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. Certain provisions related to retirement benefits for the Fire and Police Retirement System have been amended during fiscal year 2010. Details can be found in the separately issued System's annual financial statements. The 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. Those reports may be obtained by writing to the Retirement Systems at the following addresses:

For Employees' Retirement System and Elected Officials' Retirement System, mail request to:

Baltimore City Retirement Systems
7 East Redwood Street, 12th Floor
Baltimore, Maryland 21202-3470

For Fire and Police Employees' Retirement System, mail request to:

Baltimore City Retirement Systems
7 East Redwood Street, 18th Floor
Baltimore, Maryland 21202-3470

Significant Accounting Policies

Basis of Accounting. The financial statements for the City's three Plans 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.

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. Real estate holdings are valued based on current appraisals.

Funding Policy and Annual Pension Cost

The Baltimore City Code establishes the contribution requirements for plan members and the City for each of the three plans. The City's annual pension cost for the current year and related information for each plan is as follows:

(Dollars Expressed in Thousands)

	Fire and Police Employees' Retirement System	Employees' Retirement System	Elected Officials' Retirement System
Contribution ratios as a percentage of covered payroll:			
Employer	34.1%	12.4%	28.2%
Employee	6.3%	0.1%	4.9%
Annual pension cost	$94,098	$48,748	$340
Contributions made	$94,098	$48,748	$340
Actuarial cost method	Projected Unit Credit Cost	Projected Unit Credit Cost	Projected Unit Credit Cost
Amortization method	Level Dollar Open	Level Dollar Open	Level Dollar Open
Remaining amortization period	20 years	20 years	10 years
Assets valuation method	5 year smoothed market	5 year smoothed market	5 year smoothed market
Actuarial assumptions:			
Investment rate of return:			
Pre-retirement	8.0%	8.0%	7.5%
Post-retirement	8.0%	6.8%	6.0%
Projected salary increases	4.0%-8.0%	4.25%-6.95%	6.0%
Includes inflation rate at	3.0%	3.0%	6.0%
Cost-of-living adjustment	1%-2%	1.5%	6.0%

The information presented in the following schedules for the Fire and Police Employees' Retirement System, the Employees' Retirement System, and the Elected Officials' Retirement System is from the financial report dated June 30, 2010 and the actuarial valuation dated June 30, 2010.

Three-Year Trend Information

(Dollars Expressed in Thousands)

	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
Fire and Police Employees' Retirement System:			
June 30, 2010	$94,098	100%	$0
June 30, 2009	69,513	100	0
June 30, 2008	72,688	100	0
Employees' Retirement System:			
June 30, 2010	$48,748	100%	$0
June 30, 2009	43,673	100	0
June 30, 2008	43,918	100	0
Elected Officials' Retirement System:			
June 30, 2010	$ 340	100%	$0
June 30, 2009	0	N/A	0
June 30, 2008	144	100	0

Schedule of Funding Progress for Fiscal Year Ended June 30, 2010
Pension Trust Funds

(Dollars Expressed in Thousands)

Actual Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess of) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of) as a Percentage of Covered Payroll ((b-a)/c)
Fire and Police Employees' Retirement System:						
June 30, 2010	$2,524,754	$3,033,724	$508,970	83.2%	$276,577	184.0%
June 30, 2009	2,587,235	3,050,887	463,652	84.8	281,424	164.8
Employees' Retirement System:						
June 30, 2010	$1,390,055	$1,819,340	$428,285	76.4%	$393,178	95.5%
June 30, 2009	1,424,203	1,724,931	300,728	82.6	398,009	75.6
Elected Officials' Retirement System:						
June 30, 2010	$15,616	$18,636	$3,020	83.8%	$1,206	250.4%
June 30, 2009	14,161	16,957	2,796	83.5	1,182	236.5

The Unfunded Fire and Police Pension Plan

Additionally, the City's Fire and Police Departments are the administrators of the City's unfunded single-employer defined benefit local retirement plan. The plan is managed by the City's Fire and Police Departments under the Code of Local Laws of Baltimore. All employees eligible for this plan were hired prior to January 1, 1947. All members of this plan are currently retired and the City plans to pay benefits on a pay-as-you-go basis until all obligations have been fulfilled. The unfunded accrued liability represents the actuarial present value of future benefits based on assumed annual salary increases of 3.0%. There is no covered payroll for the plan. The City's annual contributions equal the employee benefits paid under the terms of the plan. The City's employer contributions for the last three years are as follows:

Three -Year Trend Information

(Expressed in Thousands)

	Employer Contribution	Unfunded Accrued Liability
June 30, 2010	$1,250	$5,182
June 30, 2009	1,521	6,529
June 30, 2008	1,902	7,920

The Maryland State Retirement and Pension Systems

Under Maryland law, the Baltimore City Public School System (BCPSS) is not required to make any contributions to the State Systems. The covered employees are required by State statute to contribute to the State Systems. The contribution from employees is 5% for participants in the State Systems retirements plans (with a 5% limit on the annual living allowance and 7% for those who elect a limit on the cost of living allowance commensurate with the Consumer Price Index) and 5% for participants in the State System's pension plans to the extent their regular earnings exceed the Social Security wage base. 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, 2010, the State paid $73,800,000 in such costs. This amount has been recorded by the BCPSS as both a revenue and an expenditure in the General Fund in the accompanying Statement of Activities.

The State also makes contributions on behalf of the Enoch Pratt Free Library employees. The State's contributions for the fiscal year ended June 30, 2010 was $1,734,000. This amount has also been recognized as both a revenue and an expenditure in the accompanying Statement of Activities.

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.

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

Plan Description

The City of Baltimore provides other postemployment benefits (OPEB) to all qualified City and BCPSS employees. All costs of the Plan for employees of the BCPSS are the responsibility of the City and reflected as such in this Note and the City's financial statements. The Plan is a contributory, single employer defined benefit plan. The benefit and contribution provisions of the Plan are established and may be amended by the City. The Plan provides postemployment healthcare and prescription drug benefits to retirees and their beneficiaries. Retirees may choose from five 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*

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 or 20 years of service
	If hired on or after July 1, 2003: Age 50 and 10 years of service or 20 years of service
Employees' Retirement System & Elected Officials' Retirement System	If hired after July 1, 1979, age 55 with at least 5 years of service or any age with 30 years of service

*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 stand alone financial statements; however, the OPEB Trust Fund is included in the City's financial statements as an other postemployment benefits trust fund.

The number of participants in the Plan as of July 1, 2010 is as follows:

Number of Participants

	City	School	Total
Active	15,147	9,194	24,341
Retired	14,332	7,302	21,634
Total	29,479	16,496	45,975

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.

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 $166 to $2,933 on a monthly basis, depending on the health plan and level of coverage elected and whether Medicare supplemental coverage is present. Administrative costs of the Plan are covered by the City.

For fiscal year 2010, City contributions to the Plan were $142.2 million which was less than the annual OPEB cost of $203.7 million resulting in a net increase to the OPEB liability of $61.5 million for the current year. Interest on the OPEB liability amounted to $1.6 million in fiscal year 2010. The OPEB liability at June 30, 2010 was $86.7 million. An additional adjustment in the amount of ($1.3) million was made to the annual required contribution (ARC) based on claims' experience.

Annual OPEB Cost and Net OPEB Assets (Obligations):

The City's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City's annual OPEB cost (expense) for fiscal 2010 was $203.7 million. The following table shows the components of the City's annual OPEB cost for the years ended June 30, 2010, June 30, 2009 and June 30, 2008, respectively, and the amount actually contributed to the plan (dollars expressed in millions):

	Fiscal Year Ended		
	June 30, 2008	June 30, 2009	June 30, 2010
Normal Cost	$ 59.2	$ 73.2	$ 81.5
Amortization of Unfunded Actuarial Liability	105.4	106.3	121.9
Annual Required Contribution (ARC)	164.6	179.5	203.4
Interest on Unfunded ARC		(0.7)	1.6
Adjustment of ARC		0.5	(1.3)
Annual OPEB Cost	164.6	179.3	203.7
Actual Contributions	176.5	142.2	142.2
Increase/(Decrease) in OPEB Obligation	(11.9)	37.1	61.5
Net OPEB (Asset) Liability	(11.9)	25.2	86.7
Percentage Contributed	107.2%	79.3%	69.8%

Funded Status and Funding Progress:

(Dollars Expressed in Millions)

Fiscal Year Ended	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	$149.1	$2,564.3	$2,415.2	5.8%	$1,337.8	180.5%
June 30, 2009	110.5	2,497.6	2,387.1	4.4	1,346.4	177.3
June 30, 2008	76.0	2,149.8	2,073.8	3.5	1,307.6	158.6

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Method and Assumptions:

Data in the above tables were obtained from an actuarial valuation prepared by an independent actuary made as of June 30, 2010, using census data as of that date and health care claims costs for the year ended June 30, 2010.

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 City has selected the Projected Unit Credit Cost (PUCC) method. Under the projected unit credit cost method, the actuary develops the discounted present value of all future benefit payments. For a retiree, this amount is the actuarial accrued liability. For an employee that has not retired, the actuarial accrued liability is determined as the ratio of the employee's service as of the valuation date to the expected service at retirement. As the valuation uses rates of retirement, the PUCC method determines the Actuarial Accrued Liability as the weighted sum of the pro-rata calculations for expected retirement at each expected retirement age. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar basis.

In performing their valuation, the actuary used a discount rate of 6.25%, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the Plan at valuation date. 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 an 8.0% healthcare trend for fiscal year 2010, reduced by decrements to a rate of 5.0% in 2016 and continuing through fiscal year 2017. Pharmacy benefits are assumed to decrease to 7.0% in 2010, reduced by decrements to a rate of 5.0% by fiscal year 2014 and continuing through fiscal year 2017. Salary increases were not considered as OPEB benefits and OPEB benefits are not based on pay.

There were no significant changes in the number of participants and types of coverage since the date of the actuarial valuation.

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; and natural disasters. During fiscal year 1987, the City established the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks. 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 Fund 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. Commercial insurance coverage is provided for each property damage claim in excess of $500,000 with a cap of $500,000,000. 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 fund.

All funds of the City and the Baltimore City Public School System participate and make payments to the Risk Management Fund based on actuarial estimates and historical cost information of the amounts needed to pay prior and current year claims. As of June 30, 2010, the City has determined that the range of potential claims liability for the fund to be between $167,329,000 and $246,249,000. The claims liability of $183,769,000 reported in the fund is based on the requirement that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). This liability, which has been discounted at 4.5% at June 30, 2010, 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. Any claims in excess of $183,769,000 will be charged to expense in the periods in which they are made.

Changes in the Risk Management Fund's claims liability in fiscal years 2009 and 2010 were (amounts expressed in thousands):

	2010	2009
Unpaid claims, beginning	$ 160,148	$ 165,699
Claims incurred	166,015	130,230
Claims paid	(142,394)	(135,781)
Unpaid claims, ending	$ 183,769	$ 160,148

The City estimates that $56,053,000 of the estimated claims liability is due within one year.

15. Operating Leases

The City has entered into a number of operating leases for rental of office facilities and equipment, some of which provide for increased rentals based upon increases in real estate taxes and common area maintenance fees. As of June 30, 2010, future minimum lease payments are as follows (amounts expressed in thousands):

2011	$ 6,986
2012	5,525
2013	4,969
2014	3,976
2015	2,265
2016-2020	3,201
2021-2025	786
2026-2030	489
Total	$28,197

All leases contain cancellation provisions and are subject to annual appropriations by the City Council. During fiscal year 2010, rent expenditures approximated $31,296,000 for all types of leases. These expenditures were made primarily from the General Fund.

The BCPSS has entered into several leases for rental of office equipment. During the year ended June 30, 2010, rent and lease expenditures approximated $2,200,000. These expenditures were made primarily from the General Fund. As of June 30, 2010, future minimum lease payments approximate $1,600,000, which relates to July 1, 2010 through March 31, 2011 when the leases expire.

16. 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 $18,226,000 as of June 30, 2010, which is based on 64.94% usage (filled) of the landfill. This is an increase in the liability of $654,000 since June 30, 2009. This increase is primarily caused by an increase in the estimated usage (filled) of the landfill of 63.23% for the fiscal year 2009 to 64.94% in fiscal year 2010. It is estimated that an additional $9,840,000 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 2028). The estimated total current cost of the landfill closure and postclosure care, $28,066,000, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill was acquired as of June 30, 2010. 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 2011.

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 at June 30, 2010, investments of $17,356,000 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 in part 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.

17. Notes and Mortgages Receivable

Notes and mortgages receivable as of June 30, 2010, consist of the following:

A. The General Fund has notes receivable of $6,070,000, net of a $1,000,000 allowance for losses. These notes bear interest rates ranging from 1.0% to 12.0% and mature over 30 years.

B. The Debt Service Fund has mortgages receivable of $2,704,000 collateralized by real property. These mortgages bear interest at rates ranging from 5.46% to 11.16% and mature over 30 years.

C. The Parking Facilities Fund has mortgages receivable of $48,045,000 collateralized by real property. These notes bear interest at rates ranging from 6.1% to 6.9% and mature over 30 years.

D. Governmental activities have notes receivable of $310,974,000 due from the Baltimore Hotel Corporation. These notes bear interest at rates ranging from 3.6% to 5.6% and mature over 30 years.

18. Deferred Revenue

Deferred revenue in the General Fund is associated with property taxes, mortgages receivable and other miscellaneous items.

Deferred revenue in the Grants Revenue Fund is associated with grant funds received as of June 30, 2010, for which related expenditures have not been incurred or the expenditures have been incurred and the reimbursement funding is not available as of June 30, 2010.

19. 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 $200,000 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.

As of June 30, 2010, the City is contingently liable for loans guaranteed by the Loan and Guarantee Program in an aggregate amount of approximately $1,500,000.

The City receives significant financial assistance from the U.S. Government and the State of Maryland in the form of 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 disallowances as a result of these audits become a liability of the City. As of June 30, 2010, the City estimates that no material liabilities will result from such audits.

Under the terms of a Waste Disposal Agreement, the City has committed to deliver 900 tons of solid waste per day to the Northeast Maryland Waste Disposal Authority. The City's current tipping fee expense for delivering the solid waste is $37.00 per ton. Such tipping fee is subject to adjustment for inflation and certain other factors as provided for in the Waste Disposal Agreement.

The City has entered into a 20-year Sewerage Sludge Disposal Agreement with the Northeast Maryland Waste Disposal Authority in connection with the financing of a sludge composting facility in Baltimore City. The agreement obligates the City to deliver approximately 55,000 tons of sewerage sludge per year and to pay a tipping fee comparable to alternative methods currently being used by the City. The debt service on variable rate bonds is a component of the tipping fee. These fees are recorded in the Waste Water Utility Enterprise Fund. The City's current tipping fee expense for delivering sewerage sludge is $119.98 per wet ton.

The City has also entered into 20-year Service Agreements with Wheelabrator Water Technologies Baltimore L.L.C. in connection with the financing of heat drying facilities for processing biosolids at the City's Back River and Patapsco Waste Water Treatment Plants. The agreements obligate the City to deliver approximately 20,000 dry tons of biosolids per year at each facility and to pay a tipping fee. The debt service on the bonds is a component of the tipping fee. These fees are recorded in the Waste Water Utility Enterprise Fund. The City's current tipping fee expense for delivering biosolids is $573.55 per dry ton.

The City has voluntarily entered into a Consent Decree to rehabilitate its aging sewer infrastructure and correct historical overflow mechanisms. The Consent Decree is one of many the U.S. Department of Justice is and has currently negotiated with major east coast cities with aged sewer and storm water infrastructures. The City is proactively negotiating to ramp up its remedial efforts to address discharge and overflow concerns of the State and Federal regulatory agencies. These efforts are ambitious and the cost of the construction and maintenance are estimated to be greater than $1 billion dollars over the next decade and beyond. The City has committed to financing these remedial efforts through a combination of water and waste water revenue bonds in conjunction with all available State and Federal assistance.

In March of 2003, the Office of the Inspector General (OIG) of the U.S. Department of Health and Human Services (DHHS) issued an audit alleging that school systems in Maryland had over-billed Medicaid more than $23,000,000 based on the OIG's interpretation of payment procedures for school-based health services. Approximately $13,000,000 of that figure is attributable to billings from the BCPSS. DHHS accepted the OIG's findings and the State filed an appeal to the Departmental Appeal Board in Washington, D.C. Briefs were filed by related parties and the DHHS Departmental Appeal Board issued its ruling on June 11, 2007, in which the Board reduced the amount due from the State by approximately $4.3 million, most of which related to claims submitted by City Schools. Based upon this decision by DHHS, the State Superintendent of Schools and the Secretary of State Department of Health and Mental Hygiene (DHMH) notified the Chief Executive Officer of City Schools of its intent to recoup approximately $8.1 million from City Schools as its alleged share of the funds disallowed by DHHS (the "recoupment decision"). Starting on July 1, 2008, DHMH began to recoup $2.7 million. As of June 30, 2009, BCPSS has $5,385,000 due to DHMH that is reported as an accounts payable. The State's recoupment decision has been appealed to the Office of Administrative Hearings of the State. On September 3, 2009, the Administrative Law Judge issued her Proposed Decision, agreeing with the City Schools and ruling that the State acted "in an arbitrary and capricious manner" when it apportioned the recoupment among the local school boards. The decision is subject to revision and approval by the agency. No final amount has been determined and much of the recoupment has already been made.

An audit performed by the Maryland State Department of Education (MSDE), dated July 9, 2004, covering fiscal years 2001-2004, resulted in MSDE requesting repayment of Title I and IDEA funds totaling $18.0 million. The BCPSS filed a timely appeal. However, rather than proceeding with the appeal, the BCPSS and MSDE agreed to take part in the federally created Cooperative Audit Resolution and Oversight Initiative (CAROI) process. Teams from MSDE and the BCPSS have been meeting since November 1, 2004, in an attempt to resolve the audit findings and to determine the underlying causes for the findings. An agreement was reached, which requires the BCPSS to use state and local funds for specific purposes over 4 school years (beginning with 2005-2006 school year) in lieu of repayment. The unspent, unencumbered balance of the settlement amount at June 30, 2010 was $1.3 million.

20. Beginning Balance Restatement

Primary Government

During fiscal year 2010, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 51 "Accounting and Financial Reporting for Intangible Assets". Under the provisions of this statement, the City had previously capitalized costs related to implementation of a new accounting and payroll system that should not have been capitalized. Accordingly, the City decreased both capital assets and net assets in the Governmental Activities Entity-wide Statement of Net Assets as of July 1, 2009, which amounted to $3,562,800 and $2,654,584,000, respectively, in the amount of $10,151,000.

Additionally, during fiscal year 2010, the City implemented the provisions of Governmental Accounting Standards Board Statement No. 53 "Accounting and Financial Reporting for Derivative Instruments". As of June 30, 2010, the City determined that certain interest rate swaps of the proprietary funds did not meet the criteria for hedging effectiveness. Accordingly, the fair value of the swaps as of June 30, 2009, which were previously not recorded, were recorded as decreases to beginning net assets in both the Entity-wide Business-type Activities Statement of Net Assets and the Major Proprietary Funds' Statement of Fund Net Assets for the Water Utility Fund and Waste Water Utility Fund in the amounts of $11,627,000 and $201,000, respectively. During fiscal year 2010, the fair values of these derivatives, which were recorded as investment income, increased by $154,000 and $56,000, for the Water Utility Fund and Waste Water Utility Fund, respectively.

21. Subsequent Events

On November 30, 2010, the City issued the Baltimore City Parking System Facilities Taxable Revenue Bonds, Series 2010, in the amount of $29,505,000 to be used to finance the construction and acquisition of two parking garages. The interest rate on these bonds range from 1.988% to 7.000% with a term of 25 years.

In the fall of 2010, BCPSS plans to issue up to $60,800,000 in revenue bonds that were authorized by the American Recovery and Reinvestment Act of 2009.

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Required Supplementary Information

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CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances,

and Changes in Fund Balance — Budget and Actual — Budgetary Basis(1), (2)

General Fund

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes — local	$1,121,039	$1,121,039	$1,122,910	$ 1,871
Licenses and permits	29,949	29,949	34,438	4,489
Fines and forfeitures	6,896	6,896	7,116	220
Interest, rentals, and other investment income	22,268	22,268	24,148	1,880
Federal grants	179	179	213	34
State grants	98,707	98,707	95,588	(3,119)
Other grants	126	126	46	(80)
Charges for current services	42,247	42,247	29,251	(12,996)
Miscellaneous	1,883	1,883	4,528	2,645
Total revenues	1,323,294	1,323,294	1,318,238	(5,056)
Expenditures and encumbrances:				
Civil Service Commission	4,403	4,403	4,403	
Community Relations Commission	921	921	894	27
Comptroller	4,602	4,602	3,735	867
City Council	4,957	4,957	4,696	261
Office of Financial Review	516	516	515	1
Courts	9,013	9,013	8,415	598
Supervisors of Elections	4,219	4,219	1,652	2,567
Department of Finance	14,071	14,071	11,583	2,488
Department of Fire	139,158	139,158	137,572	1,586
Department of Health	25,335	25,335	24,605	730
Department of Housing and Community Development	36,110	36,110	29,448	6,662
Department of Law	3,785	3,785	3,728	57
Department of Legislative Reference	788	788	813	(25)
Enoch Pratt Library	23,901	23,901	22,160	1,741
Board of Liquor License Commissioners	2,305	2,305	2,009	296
Mayoralty	327,252	387,252	325,951	61,301
Department of Planning	1,749	1,749	1,472	277
Department of Police	312,619	312,619	303,826	8,793
Department of Public Works	86,788	86,788	76,482	10,306
Department of Recreation and Parks	25,868	25,868	23,825	2,043
Office of Sheriff	16,558	16,558	13,564	2,994
Office of State's Attorney	26,859	26,859	26,160	699
Wage Commission	428	428	292	136
Department of Municipal and Zoning Appeals	444	444	287	157
Baltimore City Public School System	206,364	206,364	206,364	
Total expenditures and encumbrances	1,279,013	1,339,013	1,234,451	104,562
Excess of revenues over expenditures and encumbrances	44,281	(15,719)	83,787	99,506
Other financing sources (uses):				
Transfers in	40,513	40,513	37,312	(3,201)
Transfers out	(145,653)	(145,653)	(144,135)	1,518
Total other financing sources (uses)	(105,140)	(105,140)	(106,823)	(1,683)
Net change in fund balances	(60,859)	(120,859)	(23,036)	97,823
Fund balances — beginning	166,463	166,463	166,463	
Fund balances — ending	$ 105,604	$ 45,604	143,427	$ 97,823
Adjustments to reconcile to GAAP basis:				
Addition of encumbrances outstanding			54,255	
Less: accounts payable not recorded for budgetary purposes			(12,837)	
Fund balance — June 30, 2010 (GAAP basis)			$ 184,845	

(1) 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.

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.

(2) This schedule does not include a non-budgetary revenue and expense item in the amount of $1,734,000 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 Balance — Budget and Actual — Budgetary Basis(1)

Motor Vehicle Fund

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State shared revenue	$165,381	$165,381	$134,756	$(30,625)
Licenses and permits	737	737	630	(107)
Fines and forfeitures	15,435	15,435	12,203	(3,232)
Interest, rentals, and other investment income	975	975	156	(819)
Charges for current services	8,336	8,336	8,845	509
Total revenues	190,864	190,864	156,590	(34,274)
Expenditures and encumbrances:				
Department of Recreation and Parks	4,104	4,104	3,040	1,064
Department of Transportation	100,784	124,984	124,105	879
Department of Planning	794	794	586	208
Department of Police	12,882	12,882	12,795	87
Department of Public Works	35,133	35,133	31,893	3,240
Mayoralty	19,344	19,344	19,253	91
Baltimore City Public School System	3,654	3,654	3,654	
Total expenditures and encumbrances	176,695	200,895	195,326	5,569
Excess of revenues over expenditures and encumbrances	14,169	(10,031)	(38,736)	(28,705)
Other financing sources (uses):				
Transfers in			55,267	55,267
Transfers out	(14,169)	(14,169)	(14,169)	
Total other financing sources (uses)	(14,169)	(14,169)	41,098	55,267
Net change in fund balances		(24,200)	2,362	26,562
Fund balances — beginning	6,859	6,859	6,859	
Fund balances — ending	$ 6,859	$ (17,341)	9,221	$ 26,562
Adjustments to reconcile to GAAP Basis:				
Addition of encumbrances outstanding			11,649	
Less: accounts payable not recorded for budgetary purposes			(4,168)	
Fund balance — June 30, 2010 (GAAP basis)			$ 16,702	

(1) 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.

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CITY OF BALTIMORE

Schedule of Funding Progress(1)
Pension Trust Funds

(Dollars Expressed in Thousands)

Actuarial Valuation Dates	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (Excess of) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of) as a Percentage of Covered Payroll ((b-a)/c)
Fire and Police Employees' Retirement System						
June 30, 2010	$2,524,754	$3,033,724	$508,970	83.2%	$276,577	184.0%
June 30, 2009	2,587,235	3,050,887	463,652	84.8	281,424	164.8
June 30, 2008	2,676,355	2,994,394	318,039	89.4	269,690	117.9
Employees' Retirement System						
June 30, 2010	$1,390,019	$1,765,328	$375,309	78.7%	$393,178	95.4%
June 30, 2009	1,424,203	1,724,931	300,728	82.6	398,009	75.6
June 30, 2008	1,475,533	1,664,078	188,545	88.7	367,517	51.3
Elected Officials' Retirement System						
June 30, 2010	$ 15,616	$ 18,636	$ 3,020	83.7%	$ 1,206	250.4%
June 30, 2009	14,161	16,957	2,796	83.5	1,182	236.6
June 30, 2008	18,273	16,953	(1,320)	107.8	1,142	(115.6)

(1) Analysis of dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of the plans over time indicates whether the plans are becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

CITY OF BALTIMORE

Schedule of Funding Progress(1)
OPEB Trust Fund

(Dollars Expressed in Millions)

Fiscal Year Ended	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2010	$149.1	$2,564.3	$2,415.2	5.8%	$1,337.8	180.5%
June 30, 2009	110.5	2,497.6	2,387.1	4.4	1,346.4	177.3
June 30, 2008	76.0	2,149.8	2,073.8	3.5	1,307.6	158.6

(1) Analysis of dollar amounts of actuarial value of assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of funding status on a going concern basis. Analysis of the plans over time indicates whether the plans are becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. Trends in unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plans' progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller the percentage, the stronger the plan.

CITY OF BALTIMORE

Schedule of Employer Contributions
OPEB Trust Fund

(Dollars Expressed in Millions)

Fiscal Year Ended	Annual OPEB Cost (a)	Employer Contributions (b)	Percentage Contributed (c) = (b)/(a)
June 30, 2010	$203.7	$142.2	69.8%
June 30, 2009	179.3	142.2	79.3
June 30, 2008	164.6	176.5	107.2

1. Budgetary Data

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.

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 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 2010, supplemental appropriation ordinances were required for the General Fund in the amount of $60,000,000. During fiscal year 2010, supplemental appropriation ordinances were required for the Motor Vehicle Fund in the amount of $24,200,000.

Budgetary data, as revised, is presented as required supplementary information for the General Fund and the Motor Vehicle Fund.

Combining and Individual Fund Statements and Schedules

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Nonmajor 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 and Special Racetrack Funds — 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.

Debt Service Fund

Debt Service Fund — This fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the City, other than debt service payments made by the Enterprise Funds.

CITY OF BALTIMORE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

(Expressed in Thousands)

	Special Revenue Funds				Permanent Funds				
	Community Development Block Grant Fund	Special Racetrack Fund	Scholarship Fund	Total	Enoch Pratt Free Library Fund	Memorial Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:									
Cash and cash equivalents		$463	$7,556	$ 8,019	$ 10	$ 376	$ 386	$22,417	$30,822
Investments			630	630	2,079	3,994	6,073	18,876	25,579
Other receivables, net			25	25	60	57	117	128	270
Due from other governments		212		212					212
Due from other funds	$ 1,358			1,358					1,358
Notes and mortgages receivable, net								2,704	2,704
Total assets	1,358	675	8,211	10,244	2,149	4,427	6,576	44,125	60,945
Liabilities and fund balances:									
Liabilities:									
Accounts payable and accrued liabilities	444	3		447				100	547
Due to other funds	11,555			11,555					11,555
Deferred revenue	1,627			1,627				2,704	4,331
Matured bonds payable								2	2
Total liabilities	13,626	3		13,629				2,806	16,435
Fund balances:									
Reserved for Scholarship, Library and Memorial			8,211	8,211	2,149	4,427	6,576		14,787
Unreserved (deficit)	(12,268)	672		(11,596)				41,319	29,723
Total fund balances (deficits)	(12,268)	672	8,211	(3,385)	2,149	4,427	6,576	41,319	44,510
Total liabilities and fund balances	$ 1,358	$675	$8,211	$ 10,244	$2,149	$4,427	$6,576	$44,125	$60,945

CITY OF BALTIMORE

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Special Revenue Funds				Permanent Funds				
	Community Development Block Grant Fund	Special Racetrack Fund	Scholarship Fund	Total	Enoch Pratt Free Library Fund	Memorial Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:									
State shared revenue		$ 470		$ 470					$ 470
Interest, rentals and other investment income			$1,558	1,558	$ 74	$ 200	$ 274	$ 591	2,423
Federal grants	$ 25,748			25,748					25,748
Total revenues	25,748	470	1,558	27,776	74	200	274	591	28,641
Expenditures:									
Current:									
General government	2,179	19		2,198					2,198
Public safety and regulation	44	5		49					49
Education			154	154					154
Public library					47		47		47
Recreation and culture						35	35		35
Economic development	9,316	64		9,380					9,380
Debt service:									
Principal								60,054	60,054
Interest								39,014	39,014
Other bond costs								9,847	9,847
Total expenditures	11,539	88	154	11,781	47	35	82	108,915	120,778
Excess (deficiency) of revenues over (under) expenditures	14,209	382	1,404	15,995	27	165	192	(108,324)	(92,137)
Other financing sources (uses):									
Transfers in								108,403	108,403
Transfers out	(13,180)	(444)		(13,624)					(13,624)
Total other financing sources (uses)	(13,180)	(444)		(13,624)				108,403	94,779
Net change in fund balances	1,029	(62)	1,404	2,371	27	165	192	79	2,642
Fund balances—beginning	(13,297)	734	6,807	(5,756)	2,122	4,262	6,384	41,240	41,868
Fund balances—ending	$(12,268)	$ 672	$8,211	$ (3,385)	$2,149	$4,427	$6,576	$41,319	$44,510

CITY OF BALTIMORE

Schedule of Revenues, Expenditures and Encumbrances

and Changes in Fund Balance — Budget and Actual — Budgetary Basis(1)

Special Racetrack Fund

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State shared revenues	$ 275	$ 275	$ 470	$195
Expenditures and encumbrances:				
Department of Police	15	15		15
Department of Transportation	27	27	27	
Department of Recreation and Parks	21	21		21
Department of Housing and Community Development	55	55	61	(6)
Total expenditures and encumbrances	118	118	88	30
Excess of revenues over expenditures and encumbrances	157	157	382	225
Other financing (uses):				
Transfers out	(444)	(444)	(444)	
Total other financing (uses)	(444)	(444)	(444)	
Net change in fund balances	(287)	(287)	(62)	225
Fund balances — beginning	734	734	734	
Fund balances — June 30, 2010 (GAAP basis)	$ 447	$ 447	$ 672	$225

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Nonmajor Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for the operating of various City activities that are provided to the public on a cost reimbursement basis.

Loan and Guarantee Program — This fund accounts for the City's economic development financial activities.

Industrial Development Authority — This fund accounts for the activities of the City's Industrial Development Authority.

Conduit Fund — This fund accounts for the rental and maintenance of the City's Conduits.

CITY OF BALTIMORE

Combining Statement of Fund Net Assets

Nonmajor Proprietary Funds

June 30, 2010

(Expressed in Thousands)

	Loan and Guarantee Program	Industrial Development Authority	Conduit Fund	Total
Assets:				
Current assets:				
Cash and cash equivalents	$3,702	$39,705	$ 2,725	$ 46,132
Accounts receivable, net:				
Service billings			2,146	2,146
Other	1	35		36
Current restricted assets:				
Cash and cash equivalents			3,803	3,803
Total current assets	3,703	39,740	8,674	52,117
Noncurrent assets:				
Capital assets, net			45,480	45,480
Issuance costs		207		207
Other assets	32			32
Deferred outflow SWAPS		9,487		9,487
Total noncurrent assets	32	9,694	45,480	55,206
Total assets	3,735	49,434	54,154	107,323
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	19		160	179
Accrued interest payable		29		29
Due to other funds		1,519		1,519
Other liabilities			151	151
Current liabilities payable from restricted assets:				
Accounts payable from restricted assets			246	246
Total current liabilities	19	1,548	557	2,124
Noncurrent liabilities:				
Revenue bonds payable, net		23,514		23,514
Other liabilities	1,528		397	1,925
Derivative instrument liability		11,018		11,018
Total noncurrent liabilities	1,528	34,532	397	36,457
Total liabilities	1,547	36,080	954	38,581
Net assets:				
Invested in capital assets, net of related debt			45,480	45,480
Unrestricted	2,188	13,354	7,720	23,262
Total net assets	$2,188	$13,354	$53,200	$ 68,742

CITY OF BALTIMORE

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Nonmajor Proprietary Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Loan and Guarantee Program	Industrial Development Authority	Conduit Fund	Total
Operating revenues:				
Rents, fees, and other income	$ 479	$ 376	$ 9,044	$ 9,899
Interest income on loans	76	14		90
Total operating revenues	555	390	9,044	9,989
Operating expenses:				
Salaries and wages	125		2,347	2,472
Other personnel costs	44		1,006	1,050
Contractual services			1,691	1,691
Program expenses	3,089	398		3,487
Materials and supplies			157	157
Minor equipment			25	25
Depreciation			744	744
Interest		1,934		1,934
Total operating expenses	3,258	2,332	5,970	11,560
Operating income (loss)	(2,703)	(1,942)	3,074	(1,571)
Capital contributions	145		751	896
Transfers in	1,365			1,365
Changes in net assets	(1,193)	(1,942)	3,825	690
Total net assets — beginning	3,381	15,296	49,375	68,052
Total net assets — ending	$ 2,188	$13,354	$53,200	$68,742

CITY OF BALTIMORE

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Loan and Guarantee Program	Industrial Development Authority	Conduit Fund	Total
Cash flows from operating activities:				
Receipts from customers	$ 554	$ 389	$ 8,715	$ 9,658
Payments to employees	(169)		(3,353)	(3,522)
Payments to suppliers	(3,076)	(2,387)	(1,916)	(7,379)
Net cash provided (used) by operating activities	(2,691)	(1,998)	3,446	(1,243)
Cash flows from non-capital financing activities:				
Transfers in	1,365			1,365
Net cash provided by non-capital financing activities	1,365			1,365
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets			(3,659)	(3,659)
Capital contributions	145		751	896
Principal paid on revenue bonds		(4,825)		(4,825)
Interest income		1,565		1,565
Net cash provided (used) by capital and related financing activities	145	(3,260)	(2,908)	(6,023)
Net increase (decrease) in cash and cash equivalents	(1,181)	(5,258)	538	(5,901)
Cash and cash equivalents, beginning of year	4,883	44,963	5,990	55,836
Cash and cash equivalents, end of year	$ 3,702	$39,705	$ 6,528	$49,935
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$(2,703)	$ (1,942)	$ 3,074	$ (1,571)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense			744	744
Accounts receivable	(1)	(1)	(329)	(331)
Accounts payable and accrued liabilities	(15)		(458)	(473)
Accrued interest payable		(5)		(5)
Accounts payable from restricted assets			(133)	(133)
Other liabilities	28		548	576
Due to other funds		(50)		(50)
Total adjustments	12	(56)	372	328
Net cash provided (used) by operating activities	$(2,691)	$ (1,998)	$ 3,446	$ (1,243)

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.

Risk Management Fund — This fund accounts for the administration and payment of claims resulting from the City's self-insurance programs, including the Baltimore City Public School System, for general claims, workers' compensation claims, real property liability, motor vehicle liability, fleet driver liability and property damage claims, as well as medical and unemployment insurance for City employees.

Energy Conservation Fund — This fund accounts for the operation of the City's energy conservation office.

CITY OF BALTIMORE

Combining Statement of Fund Net Assets

Internal Service Funds

June 30, 2010

(Expressed in Thousands)

	Energy Conservation	Municipal Communication	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Risk Management	Total
Assets:								
Current assets:								
Cash and cash equivalents		$932	$ 48,560			$1,271	$ 42,432	$93,195
Investments							4,994	4,994
Accounts receivable, net:								
Other			197	$ 888		12	16,262	17,359
Inventories			3,541	731	$ 23			4,295
Total current assets		932	52,298	1,619	23	1,283	63,688	119,843
Noncurrent assets:								
Capital assets, net			62,774				2	62,776
Other assets							2,489	2,489
Total noncurrent assets			62,774				2,491	65,265
Total assets		932	115,072	1,619	23	1,283	66,179	185,108
Liabilities:								
Current liabilities:								
Accounts payable and accrued liabilities	$ 56	47	4,350	190	24	618	5,251	10,536
Due to other funds	101		300	6,638	578			7,617
Estimated liability for claims in progress							56,053	56,053
Other liabilities	108		3,111	124	56	166	524	4,089
Total current liabilities	265	47	7,761	6,952	658	784	61,828	78,295
Noncurrent liabilities:								
Estimated liability for claims in progress							102,225	102,225
Total liabilities	265	47	7,761	6,952	658	784	164,053	180,520
Net assets:								
Invested in capital assets			62,774				2	62,776
Unrestricted (deficit)	(265)	885	44,537	(5,333)	(635)	499	(97,876)	(58,188)
Total net assets (deficits)	$(265)	$885	$107,311	$(5,333)	$(635)	$ 499	$ (97,874)	$ 4,588

CITY OF BALTIMORE

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Energy Conservation	Municipal Communication	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Risk Management	Total
Operating revenues:								
Charges for services	$ 657	$3,102	$ 47,383	$ 3,215	$1,862	$ 9,718	$ 157,764	$223,701
Operating expenses:								
Salaries and wages	641		13,008	1,082	351	838	2,615	18,535
Other personnel costs	128		4,761	561	110	380	934	6,874
Contractual services	106	2,867	9,140	1,322	50	8,892	9,300	31,677
Materials and supplies	47		14,438	1,049	18	3	20	15,575
Minor equipment				23	1	2	6	32
Claims paid and incurred							142,394	142,394
Postage and delivery service					1,632			1,632
Depreciation			7,905				5	7,910
Total operating expenses	922	2,867	49,252	4,037	2,162	10,115	155,274	224,629
Operating income (loss)	(265)	235	(1,869)	(822)	(300)	(397)	2,490	(928)
Nonoperating revenues:								
Investment income							136	136
Total nonoperating revenues							136	136
Income (loss) before contributions and transfers	(265)	235	(1,869)	(822)	(300)	(397)	2,626	(792)
Capital contributions			13,593					13,593
Total net assets — beginning		650	95,587	(4,511)	(335)	896	(100,500)	(8,213)
Total net assets — ending	$(265)	$ 885	$107,311	$(5,333)	$ (635)	$ 499	$ (97,874)	$ 4,588

CITY OF BALTIMORE

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Energy Conservation	Municipal Communication	Mobile Equipment	Reproduction and Printing	Municipal Post Office	Municipal Telephone Exchange	Risk Management	Total
Cash flow from operating activities:								
Receipts from customers	$ 758	$ 3,102	$ 37,358	$ 4,108	$ 2,148	$ 9,708	$ 167,323	$224,505
Payments to employees	(621)		(17,408)	(1,634)	(450)	(1,205)	(3,714)	(25,032)
Payments to suppliers	(137)	(2,861)	(23,810)	(2,474)	(1,698)	(9,053)	(162,806)	(202,839)
Net cash provided (used) by operating activities		241	(3,860)			(550)	803	(3,366)
Cash flows from capital and related financing activities:								
Acquisition and construction of capital assets			(6,770)					(6,770)
Capital contributions			13,593					13,593
Net cash provided by capital and related financing activities			6,823					6,823
Cash flows from investing activities:								
Proceeds from the sale and maturities of investments							21	21
Interest on investments							136	136
Net cash provided by investing activities							157	157
Net increase (decrease) in cash and cash equivalents		241	2,963			(550)	960	3,614
Cash and cash equivalents, beginning of year		691	45,597			1,821	41,472	89,581
Cash and cash equivalents, end of year		$ 932	$ 48,560			$ 1,271	$ 42,432	$ 93,195
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	$(265)	$ 235	$ (1,869)	$ (822)	$ (300)	$ (397)	$ 2,490	$ (928)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation			7,905				5	7,910
Changes in assets and liabilities:								
Accounts receivable			(91)	(632)		(10)	9,799	9,066
Inventories			(3,028)	(180)	(3)			(3,211)
Other assets							(240)	(240)
Accounts payable and accrued liabilities	56	6	(149)	(77)	6	(156)	(9,173)	(9,487)
Other liabilities	108		278	6	8	13	(208)	205
Due to other funds	101		(6,906)	1,705	289			(4,811)
Estimated liability for claims in progress							(1,870)	(1,870)
Total adjustments	265	6	(1,991)	822	300	(153)	(1,687)	(2,438)
Net cash provided (used) by operating activities		$ 241	$ (3,860)			$ (550)	$ 803	$ (3,366)

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 receipt, investment and distribution of retiree health and life insurance benefits.

Agency Funds - These funds account for assets held by the City as a custodian.

CITY OF BALTIMORE

Combining Statement of Fiduciary Net Assets

Pension and OPEB Trust Funds

June 30, 2010

(Expressed in Thousands)

	OPEB Trust Fund	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
Assets:					
Cash and cash equivalents	$ 28,063	$ 78,697	$ 13	$ 43,383	$ 150,156
Investments:					
Stocks	54,205	704,516	7,997	981,452	1,748,170
Bonds	30,441	255,409	6,186	703,501	995,537
Real estate	34,074	79,244		143,367	256,685
Securities lending collateral		122,199		244,970	367,169
Accounts receivable, net:					
Other	6,408				6,408
Forward foreign contracts		29,330		15,277	44,607
Other assets	193	32,869	2	13,149	46,213
Total assets	153,384	1,302,264	14,198	2,145,099	3,614,945
Liabilities:					
Obligations under securities lending program		122,199		244,970	367,169
Forward foreign contracts		28,968		15,337	44,305
Accounts payable	4,307	65,906	3	17,294	87,510
Pension benefits payable				8,757	8,757
Total liabilities	4,307	217,073	3	286,358	507,741
Net assets held in trust for pension and OPEB benefits	$149,077	$1,085,191	$14,195	$1,858,741	$3,107,204

CITY OF BALTIMORE

Combining Statement of Changes in Fiduciary Net Assets

Pension and OPEB Trust Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	OPEB Trust Fund	Employees' Retirement System	Elected Officials' Retirement System	Fire and Police Employees' Retirement System	Total
Additions:					
Contributions:					
Employer	$142,275	$ 48,748	$ 340	$ 94,098	$ 285,461
Employee	40,098	216	59	17,254	57,627
Total contributions	182,373	48,964	399	111,352	343,088
Investment income (loss):					
Net appreciation in fair value of investments	5,685	91,458	1,691	220,166	319,000
Securities lending income		203		500	703
Interest and dividend income	2,456	26,028	1	37,967	66,452
Total investment income	8,141	117,689	1,692	258,633	386,155
Less: investment expense	83	5,641	5	5,987	11,716
Net investment income	8,058	112,048	1,687	252,646	374,439
Total additions	190,431	161,012	2,086	363,998	717,527
Deductions:					
Retirement allowances		108,226	736	194,739	303,701
Health benefits	151,863				151,863
Death benefits		791		155	946
Administrative expenses		3,062	28	3,312	6,402
Other		156		1,372	1,528
Total deductions	151,863	112,235	764	199,578	464,440
Changes in net assets	38,568	48,777	1,322	164,420	253,087
Net assets — beginning of the year	110,509	1,036,414	12,873	1,694,321	2,854,117
Net assets — end of the year	149,077	$1,085,191	$14,195	$1,858,741	$3,107,204

CITY OF BALTIMORE

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2010

(Expressed in Thousands)

	Unpresented Stock and Coupon Bonds	Property Sold for Taxes	Bid Deposit Refunds	Waterloo Summit	Recreation Accessory	Total
Assets:						
Cash and cash equivalents	$55	$86	$79		$1,187	$1,407
Investments				$51		51
Total assets	55	86	79	51	1,187	1,458
Liabilities:						
Other	55	86	79	51	1,187	1,458
Total liabilities	$55	$86	$79	$51	$1,187	$1,458

CITY OF BALTIMORE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2010

(Expressed in Thousands)

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
Unpresented Stock and Coupon Bonds				
Assets:				
Cash	$ 55			$ 55
Total assets	55			55
Liabilities:				
Other	55			55
Total liabilities	55			55
Property Sold for Taxes				
Assets:				
Cash	86			86
Total assets	86			86
Liabilities:				
Other	86			86
Total liabilities	86			86
Bid Deposit Refunds				
Assets:				
Cash	88		$ 9	79
Total assets	88		9	79
Liabilities:				
Other	88		9	79
Total liabilities	88		9	79
Waterloo Summit				
Assets:				
Investments	51			51
Total assets	51			51
Liabilities:				
Other	51			51
Total liabilities	51			51
Recreation Accessory				
Assets:				
Cash	1,871	$3,553	4,237	1,187
Total assets	1,871	3,553	4,237	1,187
Liabilities:				
Other	1,871	3,553	4,237	1,187
Total liabilities	1,871	3,553	4,237	1,187
Insurance Deposits				
Assets:				
Cash	5,369		5,369	
Investments				
Total assets	5,369		5,369	
Liabilities:				
Other	5,369		5,369	
Total liabilities	5,369		5,369	
Total All Agency Funds				
Assets:				
Cash	7,469	3,553	9,615	1,407
Investments	51			51
Total assets	7,520	3,553	9,615	1,458
Liabilities:				
Other	7,520	3,553	9,615	1,458
Total liabilities	$7,520	$3,553	$9,615	$1,458

Statistical Section

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CITY OF BALTIMORE

Statistical Section

(Unaudited)

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Debt Capacity

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Demographic and Economic Information

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Operating Information

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Source: Unless otherwise noted, the information in these tables is derived from the annual financial reports for the relevant year. The City implemented Governmental Accounting Standards Board Statement No. 34 in fiscal year 2002; therefore, tables presenting government-wide information include only eight years.

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Financial Trends

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CITY OF BALTIMORE

Net Assets by Component

Last Nine Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	$2,643,306	$2,812,963	$2,810,155	$2,898,611	$2,684,600	$2,622,303	$3,138,558	$3,117,296	$2,886,381
Restricted	15,650	15,444	15,084	13,774	13,773	26,516	13,250	13,191	14,787
Unrestricted	(178,915)	(369,729)	(439,890)	(428,921)	(367,551)	112,270	(395,378)	(475,903)	(351,737)
Total governmental activities net assets	$2,480,041	$2,458,678	$2,385,349	$2,483,464	$2,330,822	$2,761,089	$2,756,430	$2,654,584	$2,549,431
Business-type activities									
Invested in capital assets, net of related debt	$ 953,214	$ 840,900	$ 854,007	$1,001,112	$1,127,216	$1,088,511	$1,196,193	$1,264,259	$1,398,453
Restricted	215,671	224,150	256,964	252,812	282,924	369,069	231,382	260,575	198,714
Unrestricted	59,185	182,449	207,744	125,132	60,639	138,070	245,818	187,973	195,962
Total Business-type activities	$1,228,070	$1,247,499	$1,318,715	$1,379,056	$1,470,779	$1,595,650	$1,673,393	$1,712,807	$1,793,129
Primary government									
Invested in capital assets, net of related debt	$3,596,520	$3,653,863	$3,664,162	$3,899,723	$3,811,816	$3,710,814	$4,334,751	$4,381,555	$4,284,834
Restricted	231,321	239,594	272,048	266,586	296,697	395,585	244,632	273,766	213,501
Unrestricted	(119,730)	(187,280)	(232,146)	(303,789)	(306,912)	250,340	(149,560)	(287,930)	(155,775)
Total primary government net assets	$3,708,111	$3,706,177	$3,704,064	$3,862,520	$3,801,601	$4,356,739	$4,429,823	$4,367,391	$4,342,560

CITY OF BALTIMORE

Changes in Net Assets

Last Nine Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	$ 280,380	$ 311,906	$ 406,520	$ 406,849	$ 339,059	$452,353	$468,113	$521,242	$518,030
Public safety and regulation	434,567	459,806	462,910	476,157	514,299	536,508	575,859	541,778	503,753
Conservation of health	176,159	189,881	195,024	142,219	162,319	104,879	157,549	147,054	164,734
Social services	26,966	31,382	36,822	29,451	30,584	2,252	36,202	6,096	435
Education	224,218	219,904	219,932	226,913	225,890	227,377	224,830	221,829	226,429
Public library	27,159	26,877	27,251	23,303	30,400	24,006	31,736	33,728	33,475
Recreation and culture	53,199	35,119	36,326	36,304	33,060	42,420	44,295	42,565	38,098
Highways and streets	159,481	195,148	186,393	132,909	123,930	122,212	143,340	135,992	183,255
Sanitation and waste removal	36,569	38,882	34,151	36,836	40,155	44,169	45,366	51,167	52,558
Public service	12,646	14,945	15,150	15,695	15,218	15,141	16,769	24,637	24,161
Economic development	134,031	100,343	96,964	80,045	449,746	145,160	184,286	204,557	182,808
Interest	46,037	41,271	43,588	40,944	50,070	58,327	63,070	37,885	50,105
Total governmental activities expenses	1,611,412	1,665,464	1,761,031	1,647,625	2,014,730	1,774,804	1,991,415	1,968,530	1,977,841
Business-type activities:									
Water	84,454	97,883	95,745	96,893	95,010	95,576	105,882	116,407	107,423
Waste water	125,859	132,785	127,009	133,463	134,290	131,610	145,611	152,595	151,073
Parking	13,733	13,060	15,272	17,478	19,441	16,520	20,317	23,422	20.487
Conduits	2,754	3,075	3,481	3,917	8,065	5,937	11,207	7,312	5,947
Development loans	3,227	3,202	3,430	3,193	2,999	3,033	4,900	3,212	3,258
Industrial development	2,241	1,660	1,444	2,173	3,226	3,687	3,339	1,829	2,333
Total business-type activities expenses	232,268	251,665	246,381	257,117	263,031	256,363	291,256	304,777	290,521
Total primary government expenses	1,843,680	1,917,129	2,007,412	1,904,742	2,277,761	2,031,167	2,282,671	2,273,307	2,268,362
Program revenues									
Governmental activities:									
Charges for services (a)	66,089	73,636	88,587	83,950	90,545	93,046	99,185	94,297	92,483
Operating grants and contributions	429,036	472,628	477,870	401,958	393,328	382,316	386,972	371,520	384,961
Capital grants and contributions	41,863	35,873	51,910	49,013	57,313	48,085	51,559	23,181	63,437
Total governmental activities revenue	536,988	582,137	618,367	534,921	541,186	523,447	537,716	488,998	540,881
Business-type activities:									
Charges for services:									
Water	84,083	92,214	104,436	99,282	109,471	111,052	131,233	119,840	132,956
Waste water	128,681	121,131	126,869	134,805	136,405	151,462	157,974	158,305	168,389
Parking	46,043	49,883	54,196	56,613	61,896	62,706	69,868	64,380	67,760
Conduits	4,858	4,137	3,783	5,890	7,387	7,247	7,603	10,511	9,044
Development loans	1,092	3,219	359	49	109	860	363	299	554
Industrial development	2,179	1,500	1,190	1,524	2,475	4,491	3,711	1,630	390
Capital grants and contributions	37,840	30,580	55,165	51,057	69,370	78,032	40,928	22,818	44,287
Total business-type activities revenues	304,776	302,664	345,998	349,220	387,113	415,850	411,680	377,783	423,380
Total primary government revenues	841,764	884,801	964,365	884,141	928,299	939,297	949,396	866,781	964,261
Net (Expense)/Revenue									
Governmental activities	(1,074,424)	(1,083,327)	(1,142,664)	(1,112,704)	(1,473,544)	(1,251,357)	(1,453,699)	(1,479,532)	(1,436,960)
Business-type activities	72,508	50,999	99,617	92,103	124,082	159,487	120,424	73,006	132,859
Total primary government net expenses	(1,001,916)	(1,032,328)	(1,043,047)	(1,020,601)	(1,349,462)	(1,091,870)	(1,333,275)	(1,406,526)	(1,304,101)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property Taxes	487,776	517,452	527,215	539,195	558,089	592,065	626,420	693,767	755,708
Income Taxes	181,574	173,466	182,506	199,635	225,517	243,611	267,625	262,901	251,731
Other local taxes	97,239	102,899	111,980	171,871	208,858	204,685	180,189	148,369	115,472
State shared revenues	173,604	173,412	169,703	200,199	222,911	226,692	213,899	187,986	135,226
Franchise fees	3,956								
Unrestrictive investment income	40,290	31,841	25,032	30,170	41,776	47,560	53,503	35,756	27,308
Miscellaneous	22,621	31,324	24,498	36,884	29,727	41,557	34,398	14,568	15,806
Transfers	27,661	31,570	28,401	32,865	34,024	33,870	42,681	34,339	40,707
Total governmental activities	1,034,721	1,061,964	1,069,335	1,210,819	1,320,902	1,390,040	1,418,715	1,377,686	1,341,958
Business-type activities:									
Unrestrictive investment income	2,416			1,103	1,665			747	
Transfers	(27,661)	(31,570)	(28,401)	(32,865)	(34,024)	(33,870)	(42,681)	(34,339)	(40,707)
Total business-type activities	(25,245)	(31,570)	(28,401)	(31,762)	(32,359)	(33,870)	(42,681)	(33,592)	(40,707)
Total primary government	1,009,476	1,030,394	1,040,934	1,179,057	1,288,543	1,356,170	1,376,034	1,344,094	1,301,251
Change in Net Assets									
Governmental activities	(39,703)	(21,363)	(73,329)	98,115	(152,642)	138,683	(34,984)	(101,846)	(95,002)
Business-type activities	47,263	19,429	71,216	60,341	91,723	125,617	77,743	39,414	92,152
Total primary government	$ 7,560	$ (1,934)	$ (2,113)	$ 158,456	$ (60,919)	$264,300	$ 42,759	$ (62,432)	$ (2,850)

(a) Charges 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 Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 76,741	$ 89,278	$ 88,422	$101,777	$119,793	$146,107	$168,912	$180,794	$181,585	$157,131
Unreserved	30,437	33,459	40,902	37,878	72,762	65,417	56,043	33,629	35,344	27,714
Total General Fund	$107,178	$122,737	$129,324	$139,655	$192,555	$211,524	$224,955	$214,423	$216,929	$184,845
All Other Governmental Funds										
Reserved	$ 42,481	$ 91,079	$134,313	$123,991	$121,639	$138,734	$149,684	$166,551	$119,928	$151,855
Unreserved reported in:										
Special revenue funds	(25,805)	(48,831)	(64,148)	(88,188)	(108,326)	(99,577)	(100,707)	(140,026)	(133,766)	(119,666)
Capital projects fund	77,743	37,025	(87,579)	(44,106)	(83,622)	28,370	56,661	30,251	48,128	(43,974)
Debt service fund	20,647	22,990	17,715	18,099	27,503	26,082	30,296	82,579	41,240	41,319
Permanent funds	16,264	6,659	6,602	6,237	13,774					
Total all other governmental funds	$131,330	$108,922	$ 6,903	$ 16,033	$ (29,032)	$ 93,609	$135,934	$139,355	$ 75,530	$ 29,534

CITY OF BALTIMORE

Changes in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
General fund:										
Taxes — Local	$ 758,351	$ 767,384	$ 793,817	$ 821,701	$ 910,701	$ 992,464	$1,040,361	$1,074,234	$1,105,037	$1,122,910
Licenses and permits	21,347	22,051	21,429	26,805	28,570	31,143	32,784	34,717	29,390	34,438
Fines and forfeitures	1,298	2,162	2,401	4,408	3,575	3,372	2,900	7,321	6,896	7,116
Interest, rentals, and other investment income	36,637	27,468	24,968	20,729	25,364	31,206	34,047	38,602	23,616	24,148
Federal grants	68	45	77	111	150	90	93	99	224	213
State grants	79,985	87,580	98,778	96,412	92,240	91,331	98,120	101,235	99,423	97,320
Other grants	159	4,139	6,112	6,064	4,174	75	173	153	154	46
Charges for services	34,581	35,718	36,315	39,692	39,770	42,243	43,697	42,646	41,560	29,251
Miscellaneous	3,233	8,945	6,694	9,889	2,643	8,817	6,420	12,429	234	4,528
Total revenues — general fund	935,659	955,492	990,591	1,025,811	1,107,187	1,200,741	1,258,595	1,311,436	1,306,534	1,319,970
Other governmental funds:										
Motor vehicle fund	188,115	185,538	187,891	187,119	212,477	238,002	244,316	232,716	206,015	156,590
Grants revenue fund	334,831	287,578	340,989	324,317	263,542	280,232	258,288	231,047	248,662	284,800
Capital projects fund	21,640	40,913	60,345	68,647	64,031	84,247	66,341	65,129	46,028	75,296
Other funds	12,773	48,986	25,555	29,820	37,334	32,251	55,941	36,696	33,030	28,641
Total revenues — other governmental funds	557,359	563,015	614,780	609,903	577,384	634,732	624,886	565,588	533,735	545,327
Total revenues all governmental funds	1,493,018	1,518,507	1,605,371	1,635,714	1,684,571	1,835,473	1,883,481	1,877,024	1,840,269	1,865,297
Expenditures:										
General fund:										
General government	204,564	214,288	253,812	267,527	273,606	290,727	337,700	368,022	368,279	388,860
Public safety and regulation	332,315	350,941	377,494	376,052	383,318	416,781	446,072	475,629	474,031	437,031
Conservation of health	24,355	24,102	24,760	23,528	24,442	30,507	28,948	29,371	33,066	44,950
Social services	754	1,743	1,952	2,032	2,146	2,138	3,007	4,498	6,057	396
Education	1,308	202,117	202,046	202,192	205,067	205,552	206,016	205,858	205,909	207,657
Public library	19,521	19,680	19,493	20,124	18,093	20,853	23,135	24,253	25,720	24,246
Recreation and culture	24,685	26,255	25,998	27,143	26,464	29,151	34,568	37,707	35,163	30,212
Highways and streets	3,348	175	153	244	407	312	484	720	244	16,376
Sanitation and waste removal	33,751	29,435	30,617	29,209	28,109	37,474	39,754	40,032	40,593	37,862
Public service	12,039	12,170	11,889	12,234	12,715	12,448	12,210	13,259	17,510	21,455
Economic development	23,672	14,631	19,077	19,262	18,854	21,420	30,440	39,616	36,573	36,186
Total expenditures — general fund	680,312	895,537	967,291	979,547	993,221	1,067,363	1,162,334	1,238,965	1,243,145	1,245,231
Other governmental funds:										
Motor vehicle fund	125,781	132,117	144,495	148,268	148,974	157,248	164,419	175,354	173,570	191,558
Grants revenue fund	298,551	316,563	344,830	342,586	282,888	272,814	257,756	259,387	238,399	280,603
Capital projects fund	125,214	171,910	206,246	217,621	208,219	568,951	246,775	317,031	267,641	275,701
Debt service fund:										
Principal	39,121	34,080	36,065	36,209	42,048	48,073	53,351	56,694	52,651	60,054
Interest	32,528	34,900	31,760	29,674	30,197	30,555	47,302	51,198	26,144	39,014
Other bond costs	462				1,357	1,861	6,829		13,945	9,847
Other funds	241	23,180	21,524	22,752	25,052	22,038	17,015	14,161	18,052	11,863
Total expenditures other governmental funds	621,898	712,750	784,920	797,110	738,735	1,101,540	793,447	873,825	790,402	868,640
Total expenditures all governmental funds	1,302,210	1,608,287	1,752,211	1,776,657	1,731,956	2,168,903	1,955,781	2,112,790	2,033,547	2,113,871
Excess (deficiency) of revenues over expenditures	190,808	(89,780)	(146,840)	(140,943)	(47,385)	(333,430)	(72,300)	(235,766)	(193,278)	(248,574)
Other financing sources (uses):										
Transfers, net	(174,133)	27,661	31,570	28,401	33,873	16,568	20,694	36,044	27,839	40,707
Capital leases	21,082	12,400	433	25,136	10,189	10,265	25,447	7,372	3,956	75,099
Face value of bonds and loans	34,454	42,869	201,399	65,996	49,689	379,676	81,915	154,914	100,164	54,688
Premium (discount) on sale of bonds			(2,064)	731						
Payments to escrow agents			(128,030)	(11,760)						
Demand obligation transferred from fund liability			(51,900)	51,900	(38,531)	38,531				
Total other financing sources (uses)	(118,597)	82,930	51,408	160,404	55,220	445,040	128,056	198,330	131,959	170,494
Net changes in fund balances	$ 72,211	$ (6,850)	$ (95,432)	$ 19,461	$ 7,835	$ 111,610	$ 55,756	$ (37,436)	$ (61,319)	$ (78,080)
Debt service as a percentage of noncapital expenditures	6.77%	4.54%	4.25%	3.83%	4.58%	3.84%	5.48%	5.41%	3.50%	4.93%

Revenue Capacity

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CITY OF BALTIMORE

Property Tax Levies and Collections

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2001	$505,064	$486,170	96.3%	$17,167	$503,337	99.7%
2002	515,463	494,379	95.9	8,613	502,992	97.6
2003	517,977	500,522	96.6	12,836	513,358	99.1
2004	523,226	510,710	97.6	14,235	524,945	100.3
2005	548,552	529,074	96.4	6,144	535,218	97.6
2006	565,648	544,463	96.3	8,161	552,624	97.7
2007	599,534	577,759	96.4	6,776	584,535	97.5
2008	655,080	605,961	92.5	10,601	616,562	94.1
2009	728,359	671,869	92.2	16,238	688,107	94.5
2010	751,510	723,533	96.3	17,224	740,757	98.6

CITY OF BALTIMORE

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Real Property		Personal Property		Total			
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate(2)
2001	$ 6,828,402	$16,963,236	$1,893,784	$1,893,784	$ 8,722,186	$18,857,020	46.3%	6.030
2002	16,893,662(1)	17,257,859	1,955,068	1,955,068	18,848,730(1)	19,212,927	98.1(1)	2.412
2003	17,316,114(1)	17,846,735	1,820,389	1,820,389	19,136,503(1)	19,667,124	97.3(1)	2.412
2004	17,844,363(1)	18,594,723	1,764,282	1,764,282	19,608,645(1)	20,359,005	96.3(1)	2.460
2005	18,781,171(1)	19,783,195	1,847,190	1,847,190	20,628,361(1)	21,630,385	95.4(1)	2.460
2006	19,918,443(1)	21,334,553	1,783,249	1,783,249	21,701,692(1)	23,117,802	93.9(1)	2.440
2007	21,254,392(1)	23,236,872	1,893,973	1,893,973	23,148,365(1)	25,130,845	92.1(1)	2.400
2008	23,943,402(1)	27,398,671	1,965,726	1,965,726	25,909,128(1)	29,364,397	88.2(1)	2.380
2009	26,601,299(1)	32,038,540	2,145,251	2,145,251	28,746,550(1)	34,183,791	84.1(1)	2.380
2010	28,511,521(1)	35,600,999	1,805,889	1,805,889	30,317,410(1)	37,406,888	81.0(1)	2.380

Note: Assessed values are established by the Maryland State Department of Assessments on July 1 of each year. Each real property's assessment is reevaluated every three years.

(1) The Maryland General Assembly passed legislation at the 2000 session to change the system of real property assessment from 40% to 100% of market value. This change was implemented on July 1, 2001. Accordingly, the ratio of total assessed value to total estimated actual value reflects this change.

(2) Tax rates are for each $100 of assessed valuation.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years(1)

Fiscal Year	City Tax Rate	State Tax Rate (2)	Total (3)
2001	5.820	.210	6.030
2002(4)	2.328	.084	2.412
2003(4)	2.328	.084	2.412
2004(4)	2.328	.132	2.460
2005(4)	2.328	.132	2.460
2006(4)	2.308	.132	2.440
2007(4)	2.288	.112	2.400
2008(4)	2.268	.112	2.380
2009(4)	2.268	.112	2.380
2010(4)	2.268	.112	2.380

Notes:

(1) Tax rates are for each $100 of assessed valuation.

(2) The State tax rate is shown for informational purposes only, since the City acts in the role of collector and does not report this portion of the property tax as revenue.

(3) The City has no special assessments.

(4) As of fiscal year 2002, real property taxes are assessed at the property's full estimated actual value; previously, real property taxes were assessed at 40% of the property's estimated actual value. Accordingly, the tax rates were adjusted to maintain the same effective tax rate.

Source: Baltimore City Department of Finance

CITY OF BALTIMORE

Principal Property Taxpayers

Current Year and Nine Years Ago

(Dollars Expressed in Thousands)

	2010			2001		
	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)	$ 603,525	1	2.0%	$ 577,947	1	6.6%
Verizon - Maryland	247,975	2	0.8	344,854	2	4.0
100 East Pratt Street Business	185,399	3	0.6			
Baltimore Center Associate	185,311	4	0.6	51,961	4	0.6
Baltimore Hotel Corporation	162,321	5	0.5			
Harbor East Limited	140,066	6	0.5			
CSX Corporation	132,401	7	0.4			
ABB South Street Associates, LLC	81,400	8	0.3			
Canton Crossing Tower, LLC	77,073	9	0.3			
Harbor East Limited - Parcel B	70,796	10	0.2			
AT & T Communications of Maryland				82,531	3	0.9
Boston Properties, Inc.				49,319	5	0.6
MCI Worldcom				38,345	6	0.4
Baltimore Refuse Energy System Corp. (BRESCO)				34,264	7	0.4
United Cable Television of Baltimore, LTD				25,241	8	0.3
Pratt Street Hotel				24,400	9	0.3
Xerox Corporation				24,001	10	0.3
Total	$1,886,267		6.2%	$1,252,863		14.4%

DEBT CAPACITY

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CITY OF BALTIMORE

Ratios of Outstanding Debt by Type, Primary Government

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Governmental Activities						Business-Type Activities					
Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Special Obligation Bonds	Long-term Financing with Federal Government	Long-term Financing with State of Maryland	Private	Water	Waste Water	Sewer Construction Loans	Total Primary Government	Percentage of Personal Income(b)	Per Capita(a)
2001	$483,300	$7,295		$35,115	$7,820	$3,519	$1,693	$2,227	$694	$541,663	3.09%	$847
2002	506,079	3,180		39,057	6,467	1,897	1,417	2,152	647	560,896	3.09	883
2003	564,380		$ 7,479	33,632	5,295	724	1,113	2,107	596	615,326	2.89	964
2004	579,382		23,324	30,681	4,872		1,037	1,963	542	641,801	2.92	999
2005	579,960		23,324	42,141	4,519		908	1,719	485	653,056	2.72	1,028
2006	588,604		26,301	51,311	3,697		746	1,413	425	672,497	3.48	1,051
2007	609,950		26,211	46,926	2,266		855	1,616	360	688,184	3.47	1,073
2008	646,533		93,018	51,429	1,945		897	1,330	292	795,444	3.43	1,248
2009	629,018		116,508	50,803	1,553		941	438	221	799,482	N/A	1,254
2010	631,993		116,205	45,436	1,186		118	458	143	795,539	N/A	N/A

(a) Per capita calculations 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. Dept. of Commerce.

N/A Information not available.

CITY OF BALTIMORE

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

Fiscal Year	General Obligation Bonds	Bond Anticipation Notes	Total	Funds Available in Debt Service Funds(b)	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita(a)
2001	$483,300	$7,295	$490,595	$20,647	$469,948	2.49%	$734.98
2002	506,079	3,180	509,259	22,990	486,269	2.53	765.54
2003	564,380		564,380	17,715	546,665	2.78	856.04
2004	579,382		579,382	18,099	561,283	2.76	873.32
2005	579,960		579,960	27,503	552,457	2.55	868.23
2006	588,604		588,604	26,082	562,522	2.43	884.73
2007	609,950		609,950	30,296	579,654	2.31	909.33
2008	646,533		646,533	82,579	563,954	1.92	885.44
2009	629,018		629,018	41,240	587,778	1.72	922.12
2010	631,993		631,993	41,319	590,674	1.58	N/A

(a) Per capita calculations utilize calendar year figures provided by U.S. Department of Commerce, Census Bureau in thousands.

(b) Externally restricted for repayment of principal on debt.

N/A Information not available.

CITY OF BALTIMORE

Direct and Overlapping Governmental Activities Debt

June 30, 2010

The City of Baltimore has no Overlapping Debt.

CITY OF BALTIMORE

Legal Debt Margin Information

June 30, 2010

The City has no Legal Debt Margin.

CITY OF BALTIMORE

Pledged Revenue Coverage

Last Ten Fiscal Years

(Dollars Expressed in Thousands)

	Water Revenue Bonds						Waste Water Revenue Bonds					
				Debt Service						Debt Service		
Fiscal Year	Water Utility Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Waste Water Utility Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2001	$ 83,961	$ 64,353	$19,608	$3,190	$ 9,936	1.49	$114,945	$ 99,112	$15,833	$ 3,877	$ 7,201	1.43
2002	84,083	65,938	18,145	3,860	10,737	1.24	128,681	104,324	24,357	4,789	7,834	1.93
2003	92,214	74,974	17,240	2,185	6,972	1.88	121,131	105,974	15,157	2,234	8,344	1.43
2004	102,612	76,616	25,996	2,295	10,529	2.03	125,942	104,859	21,083	4,660	9,595	1.48
2005	99,282	76,772	22,510	2,655	16,091	1.20	134,805	105,030	29,775	4,794	12,559	1.72
2006	109,471	77,776	31,695	2,779	17,137	1.59	136,405	113,542	22,863	7,658	12,630	1.13
2007	111,052	81,722	29,330	2,920	15,818	1.57	151,462	110,877	40,585	9,405	16,631	1.56
2008	131,233	95,909	35,324	3,574	16,279	1.78	157,974	143,856	14,118	13,027	13,517	.53
2009	120,292	106,435	13,857	3,273	20,692	.58	161,061	146,268	14,793	13,480	22,133	.42
2010	133,105	100,389	32,716	6,264	20,202	1.24	168,502	144,275	24,227	16,822	25,627	.57

	Parking Facilities Revenue Bonds						Convention Center Revenue Bonds				
				Debt Service					Debt Service		
Fiscal Year	Parking Facilities Revenues	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage	Convention Center Revenues	Net Available Revenue	Principal	Interest	Coverage
2001	$46,176	$ 4,963	$41,213	$3,360	$ 6,977	3.99	$4,631	$4,631	$1,780	$2,832	1.00
2002	46,043	5,790	40,253	3,515	6,813	3.90	4,636	4,636	1,850	2,578	1.05
2003	49,883	6,845	43,038	3,690	7,803	3.74	4,637	4,637	1,930	2,679	1.01
2004	53,539	7,447	46,092	4,355	11,999	2.82	4,579	4,579	2,010	2,596	.99
2005	56,613	6,986	49,627	4,680	11,812	3.01	4,566	4,566	2,095	2,508	.99
2006	61,896	9,697	52,199	4,900	9,828	3.54	3,904	3,904	2,185	2,415	.85
2007	62,706	8,509	54,197	5,080	6,967	4.50	4,523	4,523	2,280	2,310	.99
2008	69,868	11,692	58,176	5,815	8,956	3.94	4,516	4,516	2,193	2,395	.98
2009	64,380	13,240	51,140	6,060	14,224	2.52	4,463	4,463	2,515	2,070	.97
2010	67,760	11,835	55,925	6,915	9,352	3.44	4,344	4,344	2,645	1,794	.98

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

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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(b) *(thousands of dollars)*	Per Capita Personal Income(c)	Total Employment(d)	Unemployment Rate(d)
2001	645,253	$16,852,237	26,117	261,808	6.1%
2002	642,246	17,395,319	27,085	254,830	7.1
2003	642,324	17,941,556	27,932	255,083	7.4
2004	641,004	19,027,949	29,685	253,695	7.3
2005	640,064	20,061,001	31,342	255,081	6.9
2006	640,961	20,925,150	32,647	257,382	6.2
2007	640,150	21,978,718	34,334	261,355	5.6
2008	638,091	23,188,241	36,340	259,710	6.7
2009	637,418	N/A	N/A	247,600	10.4
2010	N/A	N/A	N/A	N/A	N/A

Source:
(a) Maryland State Department of Planning

(b) U.S. Bureau of Economic Analysis

(c) Per capita personal income is calculated based on the personal income divided by the estimated population

(d) Maryland Department of Labor, Licensing and Regulation

N/A Information not available

CITY OF BALTIMORE

Principal Employers

Current Year and Nine Years Ago

	2010			2001		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Government[1]						
State	41,093	1	12.58%	38,347	1	10.07%
Other Government authority (City, Schools, etc)	28,579	2	8.75	31,808	2	8.35
Federal	8,204	3	2.51	10,648	3	2.80
Subtotal Government	77,876		23.84	80,803		21.22
Ten Largest Private Sector Employers[2]						
Johns Hopkins University	22,700	1	6.95	23,374	1	6.14
Johns Hopkins Hospital and Health System	15,753	2	4.82	14,120	2	3.71
University of Maryland Medical System	8,900	3	2.72	8,871	4	2.33
University System of Maryland	9,790	4	3.00			
MedStar Health	6,202	5	1.90	9,000	3	2.36
LifeBridge Health	4,940	6	1.51	5,281	6	1.39
Constellation Energy / BGE	3,150	7	0.96	7,500	5	1.97
St. Agnes HealthCare	2,730	8	0.84	3,000	8	0.79
Abacus	2,482	9	0.76			
Mercy Health Services	2,305	10	0.71	2,800	9	0.73
M&T Bank				3,051	7	0.80
Bank of America Corporation				2,604	10	0.68
Subtotal Ten Largest Private Sector Employers	78,952		24.17	79,601		20.90
Total Government and Ten Largest Private Sector Employers	156,828		48.01%	160,404		42.12%

Source:

[1] For the government sector: Maryland Dept of Labor Licensing and Regulations, Employment data files for the period ending 12/31/2009.

[2] For the private sector: For 2010, Baltimore Development Corporation; For 2001, Baltimore Business Journal, Book of Lists 2003.

OPERATING INFORMATION

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CITY OF BALTIMORE

Full Time Equivalent Employees By Function

Last Ten Years

	Full-time equivalent Employees at June 30									
Function/program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	1,816	1,766	1,725	1,695	1,722	1,710	1,690	1,720	1,733	1,725
Public safety										
Police	3,961	4,131	4,102	4,030	3,983	3,935	3,937	3,930	3,909	3,897
Fire	1,754	1,750	1,748	1,737	1,741	1,743	1,743	1,796	1,800	1,795
Other	692	714	738	725	727	735	752	766	793	795
Conservation of health	760	773	770	742	719	680	671	761	883	878
Public library	402	411	416	432	421	417	418	437	430	432
Recreation and parks	326	433	372	368	362	364	364	369	404	400
Highways and streets	1,636	1,511	1,511	1,511	1,515	1,510	1,518	1,523	1,514	1,499
Public Works										
Water	957	942	952	957	936	926	900	901	893	878
Waste Water	1,103	1,093	1,088	1,091	1,086	1,069	1,059	1,031	1,014	1,011
Solid Waste	972	974	954	891	872	868	863	899	876	875
Other	856	826	626	609	570	598	606	607	627	621
Public service	58	55	63	64	64	64	68	68	68	68
Economic development	578	522	528	533	528	518	541	518	598	564
	15,871	15,901	15,593	15,385	15,246	15,137	15,130	15,326	15,542	15,438

Source: Baltimore City Bureau of Budget and Management Research

CITY OF BALTIMORE

Operating Indicators By Function/Program

Last Ten Fiscal Years

	Fiscal Year									
Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Arrests*	93,780	102,397	110,167	100,388	99,981	92,904	76,587	86,027	81,895	82,369
Fire										
Fire Suppression Units Dispatched	N/A	N/A	N/A	106,822	120,906	126,942	132,560	137,272	136,003	135,421
Structural Fires	2,884	2,758	2,223	2,132	2,370	2,372	2,275	2,177	2,100	2,154
EMS Transports	81,029	83,026	82,453	83,348	83,828	86,881	89,331	88,831	86,128	86,985
Inspections	24,795	21,805	12,560	14,707	20,250	20,543	23,630	26,594	25,654	24,156
Solid Waste										
Refuse Collected (tons)	206,851	208,970	212,711	218,324	220,063	218,194	206,333	195,601	180,693	178,121
Recyclables Collected (tons)	N/A	N/A	N/A	N/A	N/A	166,656	167,236	217,026	229,654	256,422
Water/Wastewater										
Number of Accounts	N/A	N/A	N/A	N/A	N/A	409,208	439,327	439,676	440,215	441,209
Average Daily Water Production (MGD)	N/A	N/A	N/A	N/A	N/A	251	251	226	226	226
Average Daily Sewage Treatment (MGD)	N/A	N/A	N/A	N/A	N/A	210	210	192	192	192
Transportation										
Miles Streets Resurfaced/Reconstructed	73.7	103.2	144.1	38.7	113.5	13.5	94.8	69.5	75.5	82.3
Potholes Repaired	N/A	N/A	7,769	11,592	19,000	16,054	15,345	15,478	14,879	15,121
Traffic Citations Issued	N/A	2,660	3,233	9,760	12,422	7,744	4,488	4,909	5,009	6,231
Parking Citations Issued	N/A	328,038	331,422	340,448	340,444	364,041	400,263	368,099	389,642	379,633
Traffic Signals Repaired	N/A	N/A	N/A	8,274	10,973	11,482	9,737	5,513	5,124	6,901
Street Lights Repaired	N/A	N/A	12,248	13,345	12,982	21,527	27,459	24,847	22,008	25,415
Housing										
Number of inspections (housing and code enforcement)	N/A	N/A	N/A	179,385	199,830	169,727	180,073	175,922	172,555	169,987
Number of permits issued	20,133	20,803	23,138	26,692	32,780	38,787	38,455	34,565	33,068	36,630
Property Management Service Requests Completed**	N/A	N/A	N/A	13,109	15,635	30,537	24,951	26,630	22,964	21,421
Recreation and Parks										
Enrollment at Recreation Centers	N/A	N/A	170,440	152,660	155,193	138,583	141,232	142,009	139,632	135,547
Permits Issued for Park Facilities	N/A	N/A	526	572	808	661	723	698	789	653
Library										
Volumes in Circulation (millions)	3.1	3.1	3.2	2.7	2.2	2.3	2.6	2.5	2.5	2.6
Volumes Borrowed (millions)	1.4	1.2	1.4	1.4	1.4	1.4	1.4	1.3	1.5	1.5

N/A Data not available.

* Yearly arrests are based on calendar year data, not fiscal year. The 2010 numbers are through 10/31/2010.

** 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

	Fiscal Year									
Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police/Sheriff										
Buildings	N/A	N/A	N/A	N/A	10	10	10	10	10	10
Marked Patrol Units	N/A	N/A	N/A	N/A	N/A	525	466	473	471	487
Other vehicles	N/A	N/A	N/A	N/A	N/A	616	654	639	645	633
Fire Stations										
Buildings	N/A	N/A	N/A	N/A	39	39	39	39	39	39
Fire/EMS Apparatus (Tankers/Ladders/Medics) (Fleet)	N/A	N/A	N/A	N/A	N/A	160	160	160	160	160
Other vehicles	N/A	N/A	N/A	N/A	N/A	152	168	164	164	164
Recreation and Parks										
Buildings	N/A	N/A	N/A	N/A	147	148	148	148	148	148
Acreage	6,500	6,500	5,827	5,827	5,827	5,827	5,827	5,827	5,827	5,827
Vehicles	N/A	N/A	N/A	N/A	N/A	127	129	125	119	123
Equipment	N/A	N/A	N/A	N/A	N/A	304	309	295	286	296
Public Works (Transportation, Solid Waste, and General Services)										
Buildings	N/A	N/A	N/A	N/A	30	30	30	30	30	30
Vehicles	N/A	N/A	N/A	N/A	N/A	990	971	980	968	952
Equipment	N/A	N/A	N/A	N/A	N/A	496	509	515	503	515
Streets (miles)	N/A	N/A	N/A	N/A	2,000	2,000	2,000	2,000	2,000	2,000
Water/Wastewater										
Treatment plants	N/A	N/A	N/A	N/A	4	4	4	4	4	4
Other Buildings	N/A	N/A	N/A	N/A	31	31	31	31	31	31
Vehicles	N/A	N/A	N/A	N/A	N/A	611	625	615	608	599
Equipment	N/A	N/A	N/A	N/A	N/A	411	412	420	418	429
Water Mains (Miles)	N/A	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400	3,400
Water Treatment capacity (MGD)	360	360	360	360	360	360	360	360	360	360
Sanitary sewers (miles)	N/A	1,340	1,340	1,340	1,340	1,340	1,340	1,335	1,335	1,335
Storm sewers (miles)	N/A	1,080	1,080	1,080	1,080	1,080	1,080	1,100	1,100	1,100
Wastewater Treatment capacity (MGD)	250	250	250	250	250	253	253	253	253	253
Libraries										
Buildings	N/A	N/A	N/A	N/A	32	32	33	34	34	34
Vehicles	N/A	N/A	N/A	N/A	N/A	17	17	17	16	16
Other-General Government										
Buildings	N/A	N/A	N/A	N/A	1,353*	1,353*	1,353*	1,353*	1,353*	1,353*
Vehicles	N/A	N/A	N/A	N/A	N/A	197	211	201	197	201
Equipment	N/A	N/A	N/A	N/A	N/A	59	62	66	64	61

* The total number of buildings for this category, in addition to those used for General Government purposes, includes residential properties under the ownership of the Mayor and City Council.

N/A Data not available

Source: Baltimore City Department of Finance

City of Baltimore

Stephanie Rawlings-Blake, Mayor

The Greatest City in America

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PART II

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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CITY OF BALTIMORE
STEPHANIE RAWLINGS-BLAKE
Mayor

DEPARTMENT OF AUDITS
Room 321, City Hall
Baltimore, Maryland 21202

ERNST & YOUNG

Ernst & Young LLP
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Baltimore, Maryland 21202
Tel: + 1 410 539 7940
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Auditors' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With *Government Auditing Standards*

December 23, 2010

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

We have jointly audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baltimore, Maryland, as of and for the year ended June 30, 2010, which collectively comprise the City of Baltimore, Maryland's basic financial statements, and have issued our report thereon dated December 23, 2010. We did not audit the financial statements of the Pension Trust Funds, the Baltimore City Public School System and the Baltimore Hotel Corporation component units. The financial statements of the Pension Trust Funds were audited by the City Auditor acting separately, and the Baltimore City Public School System and the Baltimore Hotel Corporation were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Pension Trust Funds, the Baltimore City Public School System and the Baltimore Hotel Corporation, are based solely on the reports of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of the Baltimore Hotel Corporation were not audited in accordance with Government Auditing Standards. The most recent peer review for the Department of Audits was performed on July 26, 2006, and a peer review for the current cycle is being arranged.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Baltimore, Maryland's internal control over financial reporting as a basis for designing our auditing procedures 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 of Baltimore, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Baltimore, Maryland's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described below (2010-1) to be a material weakness.

During fiscal year 2010, the Department of Finance resolved Finding 2009-1 by performing the required reconciliations in a timely and accurate manner.

During fiscal year 2010, the Department of Finance resolved Finding 2009-2 by performing appropriate adjustments to the Waste Water Utility fund and Grants Revenue fund.

Finding 2010-1: The financial statement close process is the process in which the the City summarizes data from the general ledger and other supporting systems into the draft format of the financial statements.

During the course of our audit, we identified various accounts for which management could not provide an adequate analysis or listing of items that were included, or should have been included, in the accounts. Various audit differences were noted as a result. Of particular note were the construction-work-in-progress and workers compensation claims accounts.

We recommend that management should continuously analyze all accounts during the year or at the latest, during the year-end financial statement close process to properly adjust accounts and document that all significant account balances are appropriate and accurate.

City of Baltimore's Response:

While the Department of Finance does not agree that the finding, as stated above, constitutes a material weakness as defined by the Generally Accepted Auditing Standards, we do believe that this finding identifies issues that need attention to improve overall internal control. We are currently taking the following steps to address the issues identified in the finding:

As for the issue regarding construction-work-in-progress (CWIP), the City was able to provide the auditors a listing of the various projects included in CWIP, however, we were not able to provide an updated status for each project. To correct this issue the Department of Finance is working with the various agencies to update the status of each project and will make the appropriate accounting entries to move the completed projects to fixed assets as completed projects are indentified. The Department of Finance plans to complete this project by June 30, 2011.

In regards to the workers compensation claims liability, the City uses an actuary to estimate its liability for workers compensation claims at year end. The liability is based on the actuarial discounted projected cash outflow over ten years. The City pays all workers compensation claims and records the related liability in their internal services funds with the exception of the portion of claims and liabilities that relate to missed time. In the past the City's actuary has not identified the City fund that is expected to pay the missed time liability. For fiscal year 2011 the City will have the actuary breakout the claims liability for loss time by City fund.

The Department of Finance is planning to implement a quarterly GAAP financial reporting process allowing for more analysis of financial results prior to the end of each fiscal year. This process should enhance overall control over the financial closing and financial statement preparation processes.

Compliance and Other Matters

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

The City of Baltimore, Maryland's response to the finding identified in our audit is described above. We did not audit the City of Baltimore, Maryland's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the City of Baltimore, Maryland, Federal and State awarding agencies, pass-through entities, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Robert L. McCarty, Jr., CPA
City Auditor
Department of Audits

Ernst & Young LLP
Independent Auditors

PART III

REPORT ON SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor

DEPARTMENT OF AUDITS

ROBERT L. McCARTY, JR., CPA
City Auditor
100 N. Holliday Street
Room 321, City Hall
Baltimore, Maryland 21202
Telephone: 410-396-4783
Telefax: 410-545-3961

Auditor's Report on Supplementary Schedule of Expenditures of Federal Awards

December 23, 2010

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

We have jointly audited with Ernst & Young LLP, the basic financial statements of the City of Baltimore, Maryland, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 23, 2010. These basic financial statements are the responsibility of the City of Baltimore, Maryland's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The most recent peer review for the Department of Audits was performed on July 26, 2006, and a peer review for the current cycle is being arranged. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. We were not engaged to perform an audit of the City of Baltimore, Maryland's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Baltimore, Maryland's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not perform tests of compliance with requirements of federal financial assistance programs received by the Baltimore City Public School System (BCPSS) and the Enoch Pratt Free Library (EPFL). Consequently, although these entities' financial statements are included in the City's Comprehensive Annual Financial Report, these entities have not been included in this report. Both the BCPSS and the EPFL are subject to separate audits in accordance with Federal

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and State requirements. Federal financial assistance program expenditures covered in these separate reports totaled $212,196,651 for the BCPSS and $32,795 for the EPFL.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Baltimore, Maryland's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Robert L. McCarty, Jr., CPA
City Auditor

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

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CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
OFFICE OF NATIONAL DRUG CONTROL POLICY					
DIRECT GRANTS					
High Intensity Drug Trafficking Areas (HIDTA EXILE)	07	(3-a)	HIDTA GY 2004		$73,404
High Intensity Drug Trafficking Areas (HIDTA)	07	(3-a)			107,836
High Intensity Drug Trafficking Areas (HIDTA)	07	(3-a)	I3PWB529		143,789
TOTAL DIRECT GRANTS					$325,029
TOTAL OFFICE OF NATIONAL DRUG CONTROL POLICY					$325,029
DEPARTMENT OF AGRICULTURE					
MARYLAND STATE DEPARTMENT OF EDUCATION					
Child and Adult Care Food Program FY2005	10.558			014-220	4,608
Child and Adult Care Food Program FY2008	10.558			014-220	457
Child and Adult Care Food Program FY2009	10.558			014-220	5,405,215
Child and Adult Care Food Program FY2010	10.558			014-220	889,291
Summer 2008 Food Service Program for Children	10.559		2008IN109941	347041	3,345,190
TOTAL MARYLAND STATE DEPARTMENT OF EDUCATION					$9,644,761
MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE					
Women, Infants, and Children Food Program (WIC) FY2006	10.557			WI 213 WIC	(769)
Women, Infants, and Children Food Program (WIC) FY2007	10.557			WI 213 WIC	(118)
Women, Infants, and Children Food Program (WIC) FY2008	10.557			WI 213 WIC	(229)
Women, Infants, and Children Food Program (WIC) FY2009	10.557			WI 213 WIC	393,071
Women, Infants, and Children Food Program (WIC) FY2009	10.557			WI 213 WIC	1,677,001
TOTAL MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE					$2,068,956

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					
DHR/BCDSS Food Stamp Employment	10.561			BCDSS/FIA-08-065	27,932
DHR/BCDSS Food Stamp Employment	10.561			BCDSS/FIA-08-065	310
Supplemental Nutrition Assistance Prg - DHR/BCDSS Food Stamp Employment	10.561			BCDSS/FIA-08-065	203,059
Emergency Food Assistance Program FY2009	10.569	(7)		CSA/FNS-09-003	265,804
TOTAL MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					$497,105
TOTAL DEPARTMENT OF AGRICULTURE					$12,210,822
DEPARTMENT OF COMMERCE					
MARYLAND STATE DEPARTMENT OF NATURAL RESOURCES					
Coastal Zone Management Administration	11.419		NA08NOS4190469		21,800
TOTAL MARYLAND STATE DEPARTMENT OF NATURAL RESOURCES					$21,800
BALTIMORE METROPOLITAN COUNCIL					
Economic Development Assistance (EDA)	11.302		01-87-08408-01		(6,048)
TOTAL BALTIMORE METROPOLITAN COUNCIL					($6,048)
TOTAL DEPARTMENT OF COMMERCE					$15,752
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
DIRECT GRANTS					
AHP - Uplands Demolition	14.218		UPG04MD01306		743,699
CDBG-14	14.218		B08-MC-24-0010		5
CDBG-25	14.218		B99-MC-24-0010		51,878
CDBG-26	14.218		B00-MC-24-0010		734,810
CDBG-27	14.218		B01-MC-24-0010		240,970

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
CDBG-28	14.218		B02-MC-24-0010		293,286
CDBG-29	14.218		B03-MC-24-0010		16,983
CDBG-30	14.218		B04-MC-24-0010		(3,148)
CDBG-30	14.218		B04-MC-24-0010		651,942
CDBG-31	14.218		B05-MC-24-0010		458,418
CDBG-32	14.218		B06-MC-24-0010		216,632
CDBG-33	14.218		B07-MC-24-0010		670,339
CDBG-34	14.218		B08-MC-24-0010		14,522,011
CDBG-35	14.218		B09-MC-24-0010		5,422,166
Federal Neighborhood Stabilization Program	14.218				2,359,048
UDAG Repayments	14.221				1,845,718
Emergency Shelter Grant FY2008	14.231		S-06-MC-24-0001		10,036
Emergency Shelter Grant FY2009	14.231		MD08-MC-24-0001		533,630
2002 Supportive Housing Program	14.235		MD 06 B 101		(56,996)
2003 Supportive Housing Program	14.235		MD 06 B301		(61,164)
2004 Supportive Housing Program SuperNOFA	14.235		MD06B401-XXX		(33,817)
2005 Supportive Housing Program SuperNOFA	14.235		MD06B501-XXX		155,282
2006 Supportive Housing Program	14.235		MD06B601		260,788
2007 Supportive Housing Program	14.235		MD06B701		4,914,244
2008 Supportive Housing Program	14.235		MD 06 B 1001		3,758,547
2007 Shelter Plus Care	14.238		MD06C701		4,411,939
2008 Shelter Plus Care	14.238		MD 06 C 1001-XXX		2,555,392
Shelter Plus Care FY2008	14.238		MD06C601		23,792
Shelter Plus Care Program	14.238		MD06C301-XXX		(34,176)
HOME Program FY2001	14.239		M-01-MC-24-0200		(219,158)

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
HOME Program FY2003	14.239		M-03-MC-24-0200		45,444
HOME Program FY2004	14.239		M-04-MC-24-0200		66
HOME Program FY2006	14.239		M-06-MC-24-0200		80,003
HOME Program FY2006	14.239		M-06-MC-24-0200		1,509
HOME Program FY2007	14.239		M-08-MC-24-0200		19,046
HOME Program FY2007	14.239		M-07-MC-24-0200		226,828
HOME Program FY2008	14.239		M-08-MC-24-0200		2,016,565
HOME Program FY2008	14.239		M-08-MC-24-0200		751,504
HOME Program FY2008	14.239		M-08-MC-24-0200		1,591,826
HOME Program FY2009	14.239		M-09-MC-24-0200		5,066,157
HOPWA Homeless Shelter 2004	14.241				4,572
HOPWA Homeless Shelter 2006 Entitlement Grant	14.241		MD06-F001		(19,117)
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD-H10-0024		3,484
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD-H07-F001		100,271
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD-H07-F001		(669,255)
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD-H07-F001		1,804,621
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD05-F001		592
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		MD06-F001		(42,102)
Housing Opportunity for Persons with AIDS (HOPWA) 2003	14.241		MD-H03-0024		(55,967)
Housing Opportunity for Persons with AIDS (HOPWA) 2005	14.241		MD-H06-0024		(38,688)
Housing Opportunity for Persons with AIDS (HOPWA) 2008	14.241		MD-H09-0024		572,684
Housing Opportunity for Persons with AIDS (HOPWA) 2009	14.241		MD-H08-F001		4,343,007
Housing Opportunity for Persons with AIDS (HOPWA) 2010	14.241		MD-H07-F001		264,816
Restoration Gardens	14.241				67,753
Baltimore Help Program	14.246				30,886

CITY OF BALTIMORE - SINGLE AUDIT
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FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Healthy Neighborhood Initiative Program - Federal	14.246		B-01-NI-MD-BA-0002		313,548
East Baltimore Development Initiative (EBDI) - HUD 108	14.248		B02-MC-24-0010-A		(1,562)
East Baltimore Development Initiative (EBDI) - HUD 108 - Administration	14.248		B02-MC-24-0010-A		21
Gateway South/Warner Street - Russell Street - HUD 108	14.248		B03-MC-24-0010		55,590
Section 108 Community Empowerment	14.248				3,697
HUD Neighborhood Grant Initiative	14.251				1,625
Community Development Block Grant Entitlement Grants - ARRA	14.253	Y			2,683,778
Homelessness Prevention & Rapid Re-Housing Program (HRRP) - ARRA	14.257	Y	S 09-MY-24-0001		2,259,623
Lead Abatement Action	14.900		MDLHB0140-99		5,995
Maternal and Child Health - Lead Abatement	14.900				(14,915)
Maternal and Child Health - Lead Abatement	14.900				77,473
Lead Hazard Reduction Demonstration II	14.905		HDLHD 0021-04		63,750
Lead Hazard Reduction Demonstration III	14.905		MDLHD 0137-05		328,086
TOTAL DIRECT GRANTS					$66,386,310
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					$66,386,310
DEPARTMENT OF JUSTICE					
DIRECT GRANTS					
U.S. Dept. of Justice - Asset Forfeitures	16 (3-b)				45,634
U.S. Dept. of Justice - Asset Sharing (Police)	16 (3-b)				5,000
U.S. Dept. of Justice - Asset Sharing (Police)	16 (3-b)				312,559
U.S. Dept. of Justice - Asset Sharing (Police)	16 (3-b)				41,566
U.S. Dept. of Justice - Asset Sharing (Police)	16 (3-b)				291,667
U.S. Dept. of Justice - Asset Sharing (Police)	16 (3-b)				507,318
Juvenile Justice & Delinquency Prevention	16.540		2009-JL-FX-0168		26,522

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Multi-Systemic Therapy	16.541		2006-JL-FX-0049		265,381
Part E-Developing, Testing & Demonstrating Promising New Programs Alternative	16.541				147,136
No Suspect Casework DNA Backlog Reduction Program FY2003	16.564		2003-DN-BX-K118		21
Anti-Gang Strategy Program Byrnes Memorial State and Local Law Enforcement A	16.580		I-37-1239		126,962
Baltimore City Gun & Gang Violence Impact Edward Byrne Memorial Discretionar	16.580		2007-DD-BX-0638		62,822
Baltimore's Anti-Gang Strategy Preparedness-Byrnes Memorial State and Local La	16.580		I 37 1363		5,995
Drug Interdiction & Violence Reduction Initiative	16.580		2004-DD-BX-1304		688
Edward Byrne Memorial Discretionary Grants- Gun & Gang Violence Impact Progr	16.580		2009-D1-BX-0328		360,234
Edward Byrne Memorial State & Local Law Enforcement Assistance	16.580		2008-LB-BV-2532		629,640
Local Law Enforcement Block Grant Round VII	16.580		2002-LB-BX-2410		144
Operation Safe Streets	16.580		2005-DD-BX-1233		350,893
Weed and Seed - Community Capacity Development Office	16.595		1999-WS-2X-0104		7,854
Weed and Seed - Washington Village	16.595		2008-WS-OX-0025		35,508
WPNPC-Weed & Seed FY2007	16.595		2007-WS-07-0157		(22,000)
COPS Secure Our Schools	16.710		2006-CK-WX-0712		4
COPS Tech Grant FY2009 - DNA Efficiency Project	16.710		2008-CK-WX-0441		446,309
Public Safety Partnership & Community Policing Grant (COPS) - ARRA	16.710	Y	2008-RJ-WX-0051		786,096
Gang Resistance Education & Training (GREAT) Program	16.737		2008-JV-FX-0041		9,306
Edward Byrne Memorial Justice Assistance Grant (JAG) V	16.738		2009-DJ-BX-1436		7,256
Justice Assistance Grant (JAG 4)	16.738		2008-DJ-BX-0366		149,577
Justice Assistance Grant (JAG II Program Income)	16.738		2006-DJ-BX-0398		364,005
Justice Assistance Grant (JAG III) Edward Byrne Memorial Justice Assistance Gran	16.738		2007-DJ-BX-0470		251,563
DNA Backlog Reduction FY2004	16.741		2004-DN-BX-K059		4,806
DNA Backlog Reduction Program FY2007	16.741		2007-DN-BX-K118		286,690
DNA Backlog Reduction Program FY2008	16.741		2008-DN-BX-K064		193,979

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Forensic DNA Backlog Reduction Program FY2009	16.741		2009-DN-BX-K096		50,397
Forensic DNA Capacity Enhancement Program FY2006	16.741		2006-DN-BX-K166		95,766
Edward Byrne Memorial Justice Assistance Grant (JAG) to States - ARRA	16.803	Y		BJRA-2009-1074	1,351,556
Edward Byrne Memorial Justice Assistance Grant (JAG) to Local Gov'ts - ARRA	16.804	Y	2009-SB-B9-0020		1,705,457
Edward Byrne Memorial Grant - Crime Analysis Expansion Program - ARRA	16.808	Y	2009-SC-B9-0130		134,200
TOTAL DIRECT GRANTS					$9,038,511
BALTIMORE CITY PUBLIC SCHOOL SYSTEM					
Youth Opportunity Westside Center (YO)	16.541				51,995
TOTAL BALTIMORE CITY PUBLIC SCHOOL SYSTEM					$51,995
MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					
Family Bereavement Center-Crime Victim Assistance Program	16.575			CSA/CVA/01-006	4,965
Family Bereavement Center-Crime Victim Assistance Program	16.575			CSA/CVA 07-15	222,627
Juvenile Courts - Victim's Specialist-Crime Victims Assistance	16.575			CSA/CVA-07-0-009	80,691
TOTAL MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					$308,283
MARYLAND GOVERNOR'S OFFICE OF CRIME CONTROL AND PREVENTION					
Drug Court Juvenile (GOCCP) Edward Byrne Memorial Formula Grant	16.579				97,947
Enhancing Service to Victims - Edward Byrne Memorial Formula Grant	16.579		BYRN-2000-1090		2,088
Domestic Violence - Victim/Witness	16.588		VAWA-2008-1526		16,496
Violence Against Women - DV Victim/Witness Liaison Program	16.588		VAWA-2009-1626		67,265
Baltimore's Anti-Violence/Anti-Gun Enforcement Initiative-Project Safe Neighborh	16.609		PSNM-2007-1017		589
Project Exile Baltimore - Anti-Gang Initiative (Project Safe Neighborhood)	16.609		PSNI-2007-1008		25,747
Access Data Bootcamp Training Program (LETS)	16.738		BJAG-2006-1094		(703)
Baltimore's Cellphone Tracking Enhancement Project-Byrnes Memorial Justice Ass	16.738		BJAG-2006-1115		102,018

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FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Byrne Justice Assistance Grants - Disaster Recovery LETC	16.738		BJNT-2007-1009		35,337
Domestic Violence Unit Centralization Project Leonard Byrne Memorial Justice As	16.738		BJAG-2005-1072		3,613
Domestic Violence-Protective Order	16.738		BYRN-2000-1046		15
Felony Diversion	16.738		2008-DD-BX-0255		308,784
Felony Diversion	16.738		2008-DD-BX-0660		111,660
GOCCP - Byrne JAG Felony Diversion Initiative	16.738		BJAG-2005-1045		1,443
Inter-Agency War Room Coordination Project	16.738				44,988
Inter-Agency War Room Coordination Project	16.738		WRBC-2009-1604		624,085
Inter-Agency War Room Coordination Project (War Room II)	16.738		BJNT-2007-1604		187,245
Prostitution Court Pilot Program-Edward Byrne Memorial Justice Assistance	16.738		BJAG-2006-1107		56,124
War Room Project B	16.738				29,617
Coverdell Formulary FY2008	16.742		CFSI-2008-1706		39,656
Coverdell Formulary FY2009 (BPD Crime Lab Training)	16.742		CFSI-2009-1806		54,082
TOTAL MARYLAND GOVERNOR'S OFFICE OF CRIME CONTROL AND PREVENTION					$1,808,096
TOTAL DEPARTMENT OF JUSTICE					$11,206,885
DEPARTMENT OF LABOR					
BALTIMORE CITY PUBLIC SCHOOL SYSTEM					
BCPSS - FUTURES W.E.B. Dubois High School	17.261				291,955
BCPSS - Youth Opportunity (YO) - Violence Reduction	17.261				53,124
FUTURES - Drop-out Prevention	17.261				26,388
WIA Pilots, Demonstrations and Research Projects - BCPS - WEB DuBois Progra	17.261				315,176
TOTAL BALTIMORE CITY PUBLIC SCHOOL SYSTEM					$686,643

CITY OF BALTIMORE - SINGLE AUDIT
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FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
MARYLAND STATE DEPARTMENT OF LABOR, LICENSING AND REGULATION					
Maryland Business Works - ARRA	17.258	Y		P00B0400009	16,691
WIA - Administration	17.258			P00B8200031-A	296,176
WIA - Adult	17.258			P00B8200031-B	200,476
WIA - Adult	17.258			P00B9200071	(42,935)
WIA - Adult	17.258			P00B0400105-A	2,795,168
WIA - Adult - ARRA	17.258	Y		P00B9200150-A	481,970
WIA - Incentive Grant	17.258			P00B9200145	15,331
WIA - Maryland Business Works (Mod #003)	17.258			P00B8200018	17,617
WIA - Maryland Business Works (Mod #003)	17.258			P00B9200041	12,391
WIA - Administrative Cost Pool (Youth)	17.259			P00B9200038-B	(72,944)
WIA - FY2008 Youth Activities - ARRA	17.259	Y		P00B9200150-B	2,753,428
WIA - Youth	17.259			P00B0400007-B	3,066,730
WIA - Youth	17.259			P00B8200031-C	(4,231)
WIA - Youth (Mod #003)	17.259			P00B4200159-C	9,380
WIA - Youth (Mod #1)	17.259			P00B7200004-C	(836)
Early Intervention Facilitator - ARRA	17.260	Y		P00B0400021	128,906
Job Training Partnership - Early Intervention Facilitator	17.260			P00B9200016	10,616
Regional BRAC Project	17.260			P00B8200076	7,638
WIA - Dislocated Worker	17.260			P00B8200031-D	197,637
WIA - Dislocated Worker	17.260			P00B0400105-C	1,245,169
WIA - Dislocated Worker	17.260			P00B9200038-C	(22,106)
WIA - Dislocated Worker - ARRA	17.260	Y		P00B9200150-C	163,324
WIA - S.E.A. Project	17.260			P00B9200056	178,951
WIA - S.E.A. Project	17.260			P00B6200056	10,014

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
WIA - S.E.A. Project	17.260			P00B8200056	8,278
WIA Pilots, Demonstrations and Research Projects - Youth Violence Reduction	17.261				929,685
TOTAL MARYLAND STATE DEPARTMENT OF LABOR, LICENSING AND REGULATION					$12,402,524
MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					
Youth Works FY2009	17.263				1,000,383
TOTAL MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					$1,000,383
MARYLAND STATE DEPARTMENT OF JUVENILE SERVICES					
Operation Safe Kids	17.263				280
TOTAL MARYLAND STATE DEPARTMENT OF JUVENILE SERVICES					$280
SENIOR SERVICE AMERICA, INC.					
Senior Community Service Employment Program	17.235				81,419
Senior Community Service Employment Program	17.235				(46,160)
Senior Community Service Employment Program	17.235				548,156
Senior Community Service Employment Program	17.235				93
TOTAL SENIOR SERVICE AMERICA, INC.					$583,508
TOTAL DEPARTMENT OF LABOR					$14,673,338
DEPARTMENT OF TRANSPORTATION					
BALTIMORE METROPOLITAN COUNCIL					
Unified Planning Work Program (UPWP) (Fannie Mae - Uplands) Metropolitan Tr	20.505				(498)
Unified Planning Work Program-Metropolitan Transportation Planning	20.505				2,290
TOTAL BALTIMORE METROPOLITAN COUNCIL					$1,792

CITY OF BALTIMORE - SINGLE AUDIT
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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
MARYLAND STATE DEPARTMENT OF TRANSPORTATION					
1992 Highway Bridge Inspection	20.205			269-036-815	20,861
Annapolis Road Bridge	20.205			269-077-815	496,250
Annapolis Road Bridge	20.205		BRF-IX-000S(76)	269-060-815	6,189
Argonne Drive Bridge (Construction Portion) - ARRA	20.205	Y	BHF-3206(001)E	269-065-815/321-006-815	970,564
Argonne Drive Streetscape - Hillen Rd. to McCallum Drive	20.205		STP-3206(3)	315-065-815	17,840
Baltimore City's Traffic Management Center	20.205		HP-1226(005)	BC318-010-815	24,181
Baltimore City-Wide Traffic Signal System Integration	20.205		HP-1263(002), HP-0459(002)	BC318-002-815	62,283
Belair Rd. and Erdman Ave. Resurfacing	20.205		STP-000S(907)E	315-043-815	97,503
Boston Street: Fleet to Ponca	20.205		IX-3045(3)	311-043-815	(10,000)
Bowley's Lane and Mannasota Avenue	20.205		3240 001	315-052-815	9,279
Bridge Inspection for Baltimore City	20.205		NBIS(106)	269-076-815	(8,043)
Bridge Inspection Program FY 09/10	20.205		NBIS 107	269-080	165,579
Bridge Inspection Program FY2007	20.205			269-076-815	(1,320)
Calvert Street Reconstruction from Lombard St. to Baltimore St.	20.205		STP-1191(028)	BC315-061-815	294,526
Capital Project (Hwy) Northern Parkway	20.205		3341 (002)	321-001-815	4,450,621
Caton Ave. Resurfacing - Frederick to Benson Ave.	20.205		3009(011)	315-077-815	21,235
Central Avenue Reconstruction (Lancaster)	20.205			320-001-815	733,926
Charles St. - 25th St. to University Pkwy.	20.205		STP-3071(003)	315-055-815	438,871
Charles Street Resurfacing & Streetscape	20.205		3071 (004)	315-066-815	3,141,225
Cleaning and Painting Minor Repairs	20.205			311-214-815	5,352
Construction on CCTV Cameras & Signals Rewiring - JOC	20.205		000 A (519)	319-010-815	20,094
Downtown Infrastructure Improvements	20.205		000 A 638	315-096-815	(237)
Druid Hill Park	20.205				69,537
Eastern Avenue Streetscape	20.205		STP 3035 (023)	315-069-815	942,854

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EDBI Life Science	20.205		1571 001	318-013	247,710
Edmondson Ave. Bridge over CSX	20.205		BR-2441(017)	269-066-815	11,545
Edmondson Avenue - Franklin to Bentalou Resurfacing	20.205		3372 002	315-047-815	31,973
Edmondson Avenue Lighting	20.205		000A 539	321-010-815	14,277
Empowerment Zone	20.205		HP-0459-(002)	308-003-815	542
Erdman Ave. - Sinclair to Macon St.	20.205		3034(012)	315-076-815	142,912
Exeter Hall - Greenmount Avenue	20.205			315-050-815	15,280
Fayette St. - President to Broadway	20.205		STP-3060(1)(E)	315-054-815	786
Federal Resurfacing - Citywide	20.205		000A 537	321-008-815	4,000
Federal Resurfacing - NE Hartford Road - North Avenue to Chesterfield	20.205		3033 007	315-088-815	966
Federal Resurfacing - NW SEC 1	20.205		000A 623	315-092-815	13,895
Federal Resurfacing - NW SEC 2	20.205		000 A 627	315-094-815	163
Federal Resurfacing - NW SEC 3	20.205		000 A 624	315-093-815	5,281
Federal Resurfacing - NW SEC 4	20.205		000 A 628	315-095-815	463
Federal Resurfacing Southwest	20.205		3034 010	315-071-815	1,378,505
Frederick Avenue Bridge over Gwynns Falls	20.205		BRF-3012(13)E	269-061-815	32,311
FY2003 Bridge Inspection Program	20.205			269-069-815	179,728
FY2009 Single Audit	20.205				54,848
Garrison Blvd. - Park Heights to Belle Avenue	20.205		STP-3153(2)E	315-045-815	9,988
Gay Street - North Avenue to Preston TRO 237	20.205			315-040-815	185,570
Gwynns Falls Greenway - Phase III	20.205		STP-1(732)E	AT-284-5125	916
Gwynns Falls Greenway Enhancement	20.205				43,802
Gwynns Falls Pkwy. - Garrison Blvd. to Longwood	20.205		STP-3158(1)	315-053-815	466
Gwynns Falls Trail Extension in Leakin Park	20.205		HP-0928(001)	BC318-008-815	102,828
Hanover St. Bridge over Middle Branch	20.205		STP-1191(026)	269-073-815	82,367

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Harford Road Bridge over Herring Run	20.205		BRP-3033(005)	269-067-815	154,563
Harford Road Streetscape from Argonne Dr. to Bayonne Ave.	20.205		STP-3033(006)	BC315-057-815	2,291
Hawkins Point Road Bridge	20.205		BRF-3001(34)E	269-059-815	250,657
Highway Planning & Construction Baltimore City Traffic Mgmt Center	20.205			BC319-009-815	3,576,147
Hillen Road - 33rd Street to Coldspring	20.205		1231 033	315-033	27,452
I-395 Lombard/Ponca Street Intersection	20.205			243-085	71,719
I-83 Rehab (Charles Street Bridge)	20.205		3071002	269-057-815	432,087
I-83 Widening from Eager Street	20.205		0831 173	243-087-815	581,317
I-95 1200 W. Key Hwy. - Andre St. #2499	20.205				(1,429)
ITS - Installation of Fiber and Copper Communiction Systems	20.205		0001 888	319-008-815	61,184
JFX Rehab (Biddle Street Bridge)	20.205			311-184-815	893
Jones Falls Penn Station ACC	20.205			318-004-815	405
Lafayette Ave. Bridge over Amtrak	20.205		BHF-337 (001) E	269-064-815	8,199
North Avenue over Amtrak	20.205			315-060-815	60,990
North Avenue-Greenmount	20.205			315-032-815	47,961
O'Donnell Street Bridge	20.205		3047005	269-040-815 269-055-815	461,496
Orlean Street Improvements - Aisquith	20.205		1251 034	321-003-815	2,768,112
Pennington Ave. Drawbridge over Curtis Creek	20.205		STP-3001(039)	269-072-815	3,278,505
Reconstruct Traffic Signals & REW	20.205		000 A 502	321-007-815	911
Reconstruction Key Hwy #33	20.205		3068002	311-200-815	540,745
Replace Potee Street Bridge	20.205			314-012-815	585,029
RES Edison Hwy TR 0306	20.205		3042 - 001	315-083-815	215,542
Resurfacing Frederick Ave - Hilton Street Bridge	20.205			315-036-815	56,908
Resurfacing Kane St. - Pratt Street to North Point Blvd.	20.205		3230 012	315-085-815	2,521
Resurfacing North Ave from Hilton Street to Fulton Avenue	20.205		STP-3022 1 E	315-046-815	57,168

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Resurfacing Sector III - Curtis Avenue	20.205		000 A 493	315-084	526,630
Resurfacing Various Locations	20.205			315-014	72,763
Resurfacing Washington Blvd. From I-95 to City Line	20.205		STP 3011 7 E		62,344
Russell St. Viaduct over Monroe St.	20.205		BRF-111-1(22)N	BC314-013-815	36,235
Signal Timing Optimization-Central Bus. District and Principal Gateway Arterials	20.205		BRF-3149(004)	BC315-070-815	442,301
TR 02380 Hanover St. to Frankfurt Ave. Resurfacing	20.205			315-058-815	892,632
TR 02394 Park Heights Ave. Rehab: Northern Pkwy. to Garrison Ave. - ARRA	20.205	Y		321-005-815	1,045,925
TR 03309 Chesapeake Ave. Phase II - West of Sun St. to Patapsco River	20.205		3314(002)	315-074-532	5,112,883
TR 05302 Park Heights Resurfacing - Druid Hill Dr. to Garrison Blvd.	20.205		3019(004)	315-073-815	453,774
TR 05303 SW Resurfacing: Hilton St. from Frederick Ave. to Mulberry St. - ARR	20.205	Y		321-002-815	1,014,902
TR 06301 Rehab of B & O Railroad Museum	20.205			AW-188-5325	798,433
TR 07303 Resurfacing Sector 1 - Parkside Dr.: Mannasota Ave. to Sinclair Lane	20.205			315-080-815	238,539
TR 07304 Resurfacing Sector 2 - Gwynns Falls Pkwy.: Longwood to Reisterstown	20.205			315-081-815	917,222
TR 08301 Frankford Ave. from Moravia Park Dr. to Sinclair Lane - ARRA	20.205	Y		321-004-815	1,018,549
TR08312 Replacement of Water Taxi Dock @ Fells Point	20.205			318-015-815	207,553
Traffic Detector Upgrade	20.205		000 A 453	319-005-815	56,106
Traffic Detectors & Signal Engineering	20.205		000A(009)	315-064-815	19,218
Variable Message Signs	20.205		000A 454	319-007-815	102,502
Washington Blvd./I-95	20.205			315-062-815	335,992
Washington Street - North Ave. to Monument	20.205		STP-3061(2)	315-038-815	10,249
Wilkens Ave. Bridge over Gwynns Falls	20.205		BHF-2511(055)	269-071-815	1,343
Wilkens Avenue (Fulton-Dukeland)	20.205		2511 064	321-003	85,981
Ridesharing - Metropolitan Transportation Planning	20.507			MD-95-0005	57,303
Ridesharing - Metropolitan Transportation Planning	20.507			MD95-0004	9,891
Ridesharing/Commuter Assistance Grant - Metropolitan Transportation Planning	20.507		MD90-X081	MD90-9081	901

CITY OF BALTIMORE - SINGLE AUDIT
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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Traffic Safety Grant - State and Community Highway Safety	20.600		52-6002034	08-1740	11,022
Traffic Safety Grant - State and Community Highway Safety	20.600		52-6002034	08-1740	(53,373)
Traffic Safety Grant - State and Community Highway Safety	20.600		52-6002034	09-1740	281,009
Traffic Safety Grant - State and Community Highway Safety	20.600		52-6002034	07-1740	(5,681)
Traffic Safety Grant - State and Community Highway Safety	20.600				3,974
Safe Route to School - Safety Belt Performance Grants	20.609		52-600-169	S08-008	30,288
Safe Route to School - Safety Belt Performance Grants	20.609		52-600-169	S08-08	63,089
Safe Route to School - Safety Belt Performance Grants	20.609		52-600169	508-008	115,448
TOTAL MARYLAND STATE DEPARTMENT OF TRANSPORTATION					$41,737,612
TOTAL DEPARTMENT OF TRANSPORTATION					$41,739,404
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
DIRECT GRANTS					
Equal Employment Opportunity	30.002		9/5010/0004	MD920401-000	(32,750)
TOTAL DIRECT GRANTS					($32,750)
TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					($32,750)
ENVIRONMENTAL PROTECTION AGENCY					
DIRECT GRANTS					
Brownfield Incentive Fund	66.811		BP993393013		26,540
TOTAL DIRECT GRANTS					$26,540
MARYLAND STATE DEPARTMENT OF THE ENVIRONMENT					
Back River Secondary Clarifiers	66.418		XP-24062146-0		822,663
PB 09826 Upgrades Various Bldgs - ARRA	66.468	Y	2 F09364809	DWS 660844203L	79,971

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
PB 09827 Upgrades Library - ARRA	66.468	Y	2 F09364809	DWS 660844203L	48,908
TOTAL MARYLAND STATE DEPARTMENT OF THE ENVIRONMENT					$951,542
TOTAL ENVIRONMENTAL PROTECTION AGENCY					$978,082
DEPARTMENT OF ENERGY					
DIRECT GRANTS					
EUAP - (Electric Universal Assistance Prg) Weatherization Assistance Prg (WAP)	81.042				(10,411)
EUAP - Weatherization Assistance Program FY2008	81.042				20,156
EUAP - Weatherization Assistance Program FY2009	81.042				9,065
MEAP - (Maryland Energy Assistance Prg) FY2008 Weatherization Assistance Pro	81.042				273,965
MEAP - WAP Furnace Replacement FY2006	81.042				7,735
MEAP - WAP Furnace Replacement FY2007	81.042				(107,817)
MEAP - Weatherization Assistance Program (WAP) FY2009	81.042				22,013
Weatherization Assistance Program FY2010 MEAP	81.042				5,157
Energy Efficiency and Conservation Block Grant - ARRA	81.128	Y	DE-EE0000738		5,650
TOTAL DIRECT GRANTS					$225,513
MARYLAND STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT					
Weatherization	81.042				3,416
Weatherization Assistance - ARRA	81.042	Y	DE-EE000040		1,984,362
Weatherization Assistance for Low Income Persons	81.042				61,336
Weatherization Assistance for Low Income Persons	81.042			S00P7200113	1,084
Weatherization Assistance for Low Income Persons	81.042		DE-EE000289		251,951
Weatherization Assistance for Low Income Persons	81.042				47,735
Weatherization Assistance for Low Income Persons	81.042			S00P7200113	13,227

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Weatherization Assistance for Low Income Persons	81.042			S00P7200113	(162,336)
TOTAL MARYLAND STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT					$2,200,775
TOTAL DEPARTMENT OF ENERGY					$2,426,288
DEPARTMENT OF EDUCATION					
MARYLAND STATE DEPARTMENT OF EDUCATION					
Infants and Toddlers	84.027			900559-02	97,585
Infants and Toddlers - Consolidated Local Implementation	84.027			SG 030744-02	49,454
Infants and Toddlers	84.173			900559-03	6,616
Infants and Toddlers	84.173			800650	134
Infants and Toddlers	84.173			500995	3,353
Infants and Toddlers	84.181			800650	13,362
Infants and Toddlers	84.181			900559-01	659,938
Infants and Toddlers - Consolidated Local Implementation	84.181			SG 030744-01	334,441
Infant & Toddlers - Part C - ARRA	84.393	Y		104572	207,729
TOTAL MARYLAND STATE DEPARTMENT OF EDUCATION					$1,372,612
MARYLAND GOVERNOR'S OFFICE FOR CHILDREN AND YOUTH					
Reaching Families Early	84.181			9624 D	203
TOTAL MARYLAND GOVERNOR'S OFFICE FOR CHILDREN AND YOUTH					$203
TOTAL DEPARTMENT OF EDUCATION					$1,372,815
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
DIRECT GRANTS					
Healthy Homes - Asthma Disability FY2009	93.061				247,619

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Healthy Homes - Asthma Disability FY2010	93.061				128,424
Tuberculosis Elimination and Laboratory	93.116		U52/CCU300466-27		493,096
Tuberculosis Elimination and Laboratory	93.116		U52/CCU300466-25		(18)
Tuberculosis Elimination and Laboratory	93.116		U52/CCU300466-26		74
Tuberculosis Elimination and Laboratory	93.116		U52/CCU300466-28		135,060
Tuberculosis Elimination and Laboratory	93.116		U52/CCU300466-29		54,682
Healthy Schools/Healthy Communities	93.224		6 H80 CS00366-04-01		5,729
Healthy Schools/Healthy Communities	93.224		6-H80 CS00366-03-02		1,192
Healthy Schools/Healthy Communities	93.224		6-H80 CS00366-03-2		558,297
Healthy Schools/Healthy Communities	93.224		6 H80 CS00366-03-02		(219,504)
Baltimore School Base Recovery Services	93.243		5 H79 TI 16418-03		(765)
Baltimore School Base Recovery Services	93.243		5 H79 TI 16418-03		26,314
Baltimore School Base Recovery Services	93.243		5 H79 TI 16418-03		26,727
Enhanced Linkages for Adolescent Abusers	93.243		5 H79 TI 12786-03		87
CAA Children's Services - Head Start FY2000	93.600		03CH0207/35		376,771
CAA Children's Services - Head Start FY2007	93.600		03CH0207/42		(91,925)
CAA Children's Services - Head Start FY2008	93.600		03CH0207/43		4,981
CAA Children's Services - Head Start FY2009	93.600		03CH0207/44		1,249,458
CAA Children's Services - Head Start FY2010	93.600		03 Ch 02 07/45		27,389,013
DHHS Oral Health Grant	93.600		03CH027/44		(48,898)
Early Head Start	93.600		03 CH 02 07/45		9,777
Early Head Start - Training (PA-26)	93.600		03CH0207/44		5,981
Mentoring Children of Prisoners	93.616		90CV0215		254,545
Headstart - Cola Adjustment - ARRA	93.708	Y			871,186
HIV Emergency	93.914		5 H89 HA00017		1,958,468

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
HIV Emergency	93.914		5 H89 HA00017-16		(2,051)
HIV Emergency	93.914		5 H89 HA00017-14		2,666
HIV Emergency	93.914		5 H89 HA 000 17		3,197,721
HIV Emergency	93.914		5 H89 HA00017		118,886
HIV Emergency	93.914		5 H89 HA00017		18,273,876
HIV Emergency	93.914		5 H89 HA00017		23,961
HIV Emergency - Minority AIDS Initiative (MAI)	93.914		H3M HA 08436		1,533,446
HIV Emergency - Minority AIDS Initiative (MAI)	93.914		H3M HA08436		434,879
Healthy Start FY2003	93.926		5 H49 MC00085-2		2,120
Healthy Start FY2005	93.926		5 H49 MC00085		22,371
Special Projects - Chronic Disease Prevention	93.928		H97-HA10570		139,930
Federal Grant - MSM	93.941		5UR60S000329-03		206,622
Federal Grant - MSM	93.941		5UR60S000329-03		21,022
Federal Grant - MSM	93.941		5UR60S000329-02		32,267
Contact U	93.974		FPRPA 006024		64,352
Contact U	93.974		FPRPA 006024		24,680
Male Reproductive Health	93.974		1FPRPA 006804		168
Male Reproductive Health	93.974		1FPRPA 006804		1,201
Male Reproductive Health	93.974		1FPRPA 006804		20,267
Sexually Transmitted Disease Accelerated Prevention Campaign FY2005	93.977		H25/CCH304322-14		11,116
Sexually Transmitted Disease Accelerated Prevention Campaign FY2006	93.977		H25/CCH304322-14		26,756
Sexually Transmitted Disease Accelerated Prevention Campaign FY2007	93.977		H25/CCH304322-15		102,727
Sexually Transmitted Disease Accelerated Prevention Campaign FY2009	93.977		H25/PS001395-01		743,000
Sexually Transmitted Disease Accelerated Prevention Campaign FY2010	93.977		5H 25/PS001395-2		392,060
Sexually Transmitted Disease Control Program	93.977		H25/CCH304322-17		1,062,907

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Sexually Transmitted Disease Surveillance Network	93.978		H25/PS001278-01		25,734
Sexually Transmitted Disease Surveillance Network	93.978		5H25PS001278-02		5,390
TOTAL DIRECT GRANTS					$59,924,445
MARYLAND STATE DEPARTMENT OF EDUCATION					
Head Start & Early Head Start Continuation Grant	93.575			900710	588,706
Head Start & Early Head Start Continuation Grant	93.575			SG 104893	597,877
Head Start	93.600				17,069
TOTAL MARYLAND STATE DEPARTMENT OF EDUCATION					$1,203,652
MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE					
PHER Phase I	93.069			PRO 24 PHP	301,364
PHER Phase III	93.069			PRO 24 PHP	686,410
PHER Phase IV	93.069			PRO 24 PHP	5,912
Pediatric AIDS Service Demo	93.153			AD 431 WIC	172,895
Pediatric AIDS Service Demo	93.153			AD 431 WIC	426,578
RWD - Youth Health Support	93.153			AD 655 YHS	182,760
RWD - Youth Health Support	93.153			ADD 655 YHS	139,007
HIV Integration into Family Planning	93.217			FH 771 HIV	38,954
HIV Integration into Family Planning	93.217			FH 771 HIV	91,756
HIV Integration into Family Planning	93.217			FH 771 HIV	26,487
Reproductive Health/Family Planning	93.217			FH 201 FFP	514,003
Reproductive Health/Family Planning	93.217			FH 201 FFP	577
Reproductive Health/Family Planning	93.217			FH 201 FFP	3,962
Reproductive Health/Family Planning	93.217			FH 201 FFP	239,325
Reproductive Health/Family Planning	93.217			FH 201 FFP	(274)

CITY OF BALTIMORE - SINGLE AUDIT
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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Reproductive Health/Family Planning	93.217			FH 201 FFP	(55,000)
Abstinence Education Grant	93.235			FH 807 ABS	20,018
Baltimore City Immunization Program FY2008	93.268			CH 054 IMM	25,794
Baltimore City Immunization Program FY2009	93.268			CH 054 IMM	72,747
Baltimore City Immunization Program FY2010	93.268			CH 054 IMM	618,260
Baltimore City Immunization Program FY2010 - Vaccine	93.268 (6)			CH 054 IMM	486,824
Immunization - Hepatitis B	93.268			CH 350 IMM	64,666
Immunization - Hepatitis B	93.268			CH 350 IMM	(537)
Immunization - Hepatitis B	93.268			CH 350 IMM	26,696
Greater Baltimore Asthma Alliance	93.283			FHA 68 AST	13,845
Greater Baltimore Asthma Alliance	93.283			FHA 68 AST	25,107
Prevention and Cessation of Tobacco Use	93.283			FH 513 PCT	(4,812)
Public Health Preparedness and Response	93.283			CH 831 PHP	3,759
Public Health Preparedness and Response	93.283			CH 831 PHP	288,578
Public Health Preparedness and Response	93.283			CH 831 PHP	412,815
Public Health Preparedness and Response to Bio-Terrorism	93.283			CH 831 PHP	14,357
Immunization - ARRA	93.712	Y		CHB 11 ARR	26,183
Administrative Care Coordination	93.778			MA 005 EPS	(2,546)
Administrative Care Coordination	93.778			MA 005 EPS	(2,044)
Administrative Care Coordination	93.778			MA 005 EPS	427,141
Administrative Care Coordination	93.778			MA 005 EPS	(486)
Administrative Care Coordination	93.778			MA 005 EPS	(1,276)
Administrative Care Coordination	93.778			MA 005 EPS	(7,517)
Administrative Care Coordination	93.778			MA 005 EPS	1,976,618
Administrative Care Coordination	93.778			MA 005 EPS	25,726

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
General Transportation Services	93.778			MA 365 GTS	(154,581)
General Transportation Services	93.778			MA 365 GTS	3,497,512
General Transportation Services FY2001	93.778			MA 365 GTS	(116,737)
General Transportation Services FY2007	93.778			MA 365 GTS	59
General Transportation Services FY2008	93.778			MA 365 GTS	(73,181)
General Transportation Services FY2009	93.778			MA 365 GTS	936,483
PWC Eligibility	93.778			MA 157 ACM	849,663
Ryan White II - Consortia Services FY2006	93.917			AD 419 RWS	1,557
Ryan White II - Consortia Services FY2007	93.917			AD 419 RWS	13
Ryan White II - Consortia Services FY2009	93.917			AD 419 RWS	1,004,901
Ryan White II - Consortia Services FY2010	93.917			AD 419 RWS	2,111,384
Behavioral Intervention with Sexual Minorities	93.940			AD 639 MSM	40,849
Behavioral Intervention with Sexual Minorities	93.940			AD 639 MSM	153,589
Behavioral Surveillance Research	93.940			AD 626 BSR	75,867
Counseling, Testing and Referral	93.940			AD 243 CTR	288,670
Counseling, Testing and Referral	93.940			AD 243 CTR	554,812
Expanded HIV Testing	93.940			AD 656 EHT	68,043
Expanded HIV Testing	93.940			AD 656 EHT	700,073
Expanded HIV Testing	93.940			AD 656 EHT	721,897
Health Education and Risk Reduction	93.940			AD 364 HER	54,476
Health Education and Risk Reduction	93.940			AD 364 HER	196,996
Health Education and Risk Reduction (UGA)	93.940			AD 364 HER	(2,508)
Intravenous Drug Users	93.940			AD 637 IDU	144,595
Ryan White II - Consortia Services FY2006	93.940			AD 419 RWS	82
Transgender Comm. Education and Outreach-HIV Prevention Activities	93.940		52-1212473	AD 639 MSM	2,098

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Behavioral Surveillance Research	93.941			AD 626 BSR	21,074
AIDS Surveillance FY2007	93.944			AD 407 SUR	3,315
Behavioral Surveillance Research	93.944			AD 626 BSR	71,222
Behavioral Surveillance Research	93.944			AD 626 BSR	113,800
Surveillance (AIDS)	93.944			AD 407 SUR	723
Surveillance (AIDS)	93.944			AD 407 SUR	55,306
Alcoholism and Drug Block Grant FY2008	93.959			AS 019 ABG	479
Alcoholism and Drug Block Grant FY2009	93.959			AS 019 ABG	1,404
Intravenous Drug Users	93.959			AD 637 IDU	144,594
STD/HIV PCRS	93.977			CH 051 STD	9,289
STD/HIV PCRS	93.977			CH 051 STD	138,092
STD/HIV PCRS	93.977			CH 051 STD	(1,774)
Tuberculosis Consortium	93.977			CH 864 TBF	328,752
Rat Control Program 2009	93.991			LH 001 RAT	61,759
Rat Control Program 2010	93.991			LH 001 RAT	89,884
State's Community Based Injury Control	93.991			FHA 56 IPP	2,125
Children Adolescent Health Advocacy Program FY2010	93.994			FH 219 PYD	94,450
CORE Public Health Services FY2010	93.994			CH 560 CFT	904,225
Improved Pregnancy Outcome FY2007	93.994			FH 892 IPO	(173)
Improved Pregnancy Outcome FY2008	93.994			FH 892 IPO	(3,872)
Improved Pregnancy Outcome FY2008	93.994			FH 892 IPO	(6,532)
Improved Pregnancy Outcome FY2009	93.994			FH 892 IPO	4,272
Improved Pregnancy Outcome FY2009	93.994			FH 182 IPO	(8,831)
Improved Pregnancy Outcome FY2009	93.994			FH 182 IPO	51,949
Improved Pregnancy Outcome FY2010	93.994			FH 892 IPO	1,196,835

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FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Lead Paint Poisoning Prevention FY2004	93.994			FH 181 MCH	(1,489)
Lead Paint Poisoning Prevention FY2005	93.994			FH 181 MCH	1,488
Lead Paint Poisoning Prevention FY2006	93.994			FH 181 MCH	426
Lead Paint Poisoning Prevention FY2008	93.994			FH 181 MCH	21,684
Lead Paint Poisoning Prevention FY2009	93.994			FH 181 MCH	130,041
Lead Paint Poisoning Prevention FY2009	93.994			FH 181 MCH	368,909
Lead Paint Poisoning Prevention FY2010	93.994			FH 181 MCH	122
Lead Paint Poisoning Prevention FY2010	93.994			FH 181 MCH	381
Medical Home Project	93.994			CH 929 MHP	23,217
Medical Home Project	93.994			CH 929 MHP	6,489
Surveillance (AIDS)	93.994			AD 407 SUR	14,800
TOTAL MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE					$22,179,679
MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					
Child Support Enforcement Administration (CSEA)	93.563			CSEA-CRA-09-029	1,068
Child Support Enforcement-Cooperative Reimbursement	93.563			CSEA/CRA/10	(90,040)
Cooperative Reimbursement - Sheriff	93.563		52-6000-769W		531,332
Cooperative Reimbursement-Child Support Enforcement	93.563			CSEA/CR-01-027	1,431
Cooperative Reimbursement-Child Support Enforcement	93.563			CSEA/CRA/09	(101,154)
Cooperative Reimbursement-Child Support Enforcement	93.563			CSEA/CRA-09-032	303,017
Cooperative Reimbursement-Child Support Enforcement	93.563			CSEA/CRA/08-027	1,161,539
Cooperative Reimbursement-Child Support Enforcement	93.563			CSEA/CR-04-027	10
Low Income Home Energy Assistance - Maryland Energy Assistance Prg FY2007	93.568			CSA/EA-07/04-30	1,954
Low Income Home Energy Assistance - Maryland Energy Assistance Prg FY2008	93.568			CSA/EA-07/04-30	27,455
Low Income Home Energy Assistance - Maryland Energy Assistance Prg FY2009	93.568			CSA/EA-07/04-30	105,005

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Low Income Home Energy Assistance - Maryland Energy Assistance Prg FY2010	93.568			CSA/EA-07/04-30	1,321,573
National Bioterrorism Hospital Preparedness Program	93.889		U3RMC000-12-02-00	6U3RHS007575-01-01	39,426
National Bioterrorism Hospital Preparedness Program	93.889		V3RMC000-12-02-00	6U3RHS007575-01-01	39,836
TOTAL MARYLAND STATE DEPARTMENT OF HUMAN RESOURCES					$3,342,452
MARYLAND STATE DEPARTMENT OF AGING					
Title VII Older Americans Act Ombudsman/Elder Abuse FY2004	93.042			3-24-AAA-002	508
Title VII Older Americans Act Ombudsman/Elder Abuse FY2008	93.042			AAA-3-24-003	142,087
Title VII Older Americans Act Ombudsman/Elder Abuse FY2009	93.042			AAA-3-24-003	258,125
Title VII Older Americans Act Ombudsman/Elder Abuse FY2010	93.042			AAA-3-24-003	65,872
Supportive Services Title IIIB FY2000	93.044			3-24-AAA-002	(17,983)
Supportive Services Title IIIB FY2004	93.044			3-24-AAA-002	21,353
Supportive Services Title IIIB FY2004 (Administration)	93.044			3-24-AAA-002	783
Supportive Services Title IIIB FY2008	93.044			AAA-3-24-003	11,704
Supportive Services Title IIIB FY2009	93.044			AAA-3-24-003	932,175
Supportive Services Title IIIB FY2010	93.044			3-24-AAA-003	(166,600)
Elderly Nutrition Title IIIC-1 FY2001	93.045			3-24-AAA-002	(204)
Elderly Nutrition Title IIIC-1 FY2002	93.045			3-24-AAA-002	(17,984)
Elderly Nutrition Title IIIC-1 FY2005	93.045			AAA-3-24-003	4,493
Elderly Nutrition Title IIIC-1 FY2006	93.045			AAA-3-24-003	6,294
Elderly Nutrition Title IIIC-1 FY2007	93.045		07AAMDT3SP	AAA-3-24-003	(311,697)
Elderly Nutrition Title IIIC-1 FY2008	93.045			AAA-3-24-003	410,288
Elderly Nutrition Title IIIC-1 FY2009	93.045			AAA-3-24-003	799,900
Elderly Nutrition Title IIIC-1 FY2010	93.045			3-24-AAA-002	1,180,189
Home Delivered Meals Title IIIC-2 FY2008	93.045			AAA-3-24-003	(119,164)

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Home Delivered Meals Title IIIC-2 FY2009	93.045			AAA-3-24-003	370,279
Home Delivered Meals Title IIIC-2 FY2010	93.045			AAA-3-24-003	160,120
Title IIID Medication Management	93.046			AAA-3-24-003	40
Older Americans Act Title IIIE FY2003	93.052			3-24-AAA-002	(6,380)
Older Americans Act Title IIIE FY2005	93.052			AAA-3-24-003	500
Older Americans Act Title IIIE FY2007	93.052		07AAMDT3SP	AAA-3-24-003	(5,311)
Older Americans Act Title IIIE FY2008	93.052			AAA-3-24-003	(69,307)
Older Americans Act Title IIIE FY2009	93.052			AAA-3-24-003	331,480
Older Americans Act Title IIIE FY2010	93.052			AAA-3-24-003	243,949
Senior Nutrition Services Incentive Program (NSIP)	93.053			ST-2505-002	(216,124)
Senior Nutrition Services Incentive Program (NSIP)	93.053			ST-2505-002	25,761
Senior Health Insurance Program (SHIP) FY2009	93.779			ST-2513-003	2,264
Senior Health Insurance Program (SHIP) FY2010	93.779			ST-2531-003	(54,176)
Senior Medicare Patrol (SMP)	93.779			St-2516-003	(12,250)
Senior Medicare Patrol (SMP)	93.779			ST-2516-003	(16,325)
TOTAL MARYLAND STATE DEPARTMENT OF AGING					$3,954,659
MARYLAND STATE DEPARTMENT OF THE ENVIRONMENT					
Community Based Childhood Lead Poisoning	93.197		5 H64EH000137-04	606071	6,692
Community Based Childhood Lead Poisoning	93.197		5 H64EH 000 137 04		118,960
Community Based Childhood Lead Poisoning	93.197		5 H64EH000137-04	610071	235,962
TOTAL MARYLAND STATE DEPARTMENT OF THE ENVIRONMENT					$361,614
MARYLAND STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT					
Community Services Block Grant	93.569				9,414
Community Services Block Grant FY2004	93.569			S00P4200562	96

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Community Services Block Grant FY2007	93.569		G07B1-MDCOSR	S00P7200478	16,492
Community Services Block Grant FY2008	93.569		G08B1-MDCOSR	S00P820552	53,831
Community Services Block Grant FY2009	93.569		GO9B1-MDCOSR		885,139
Community Services Block Grant FY2010	93.569				1,898,871
Community Service Block Grant - ARRA	93.710	Y	B08-MC-24-0010		1,520,933
TOTAL MARYLAND STATE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT					$4,384,776
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES					$95,351,277
CORPORATION FOR NATIONAL & COMMUNITY SERVICE					
DIRECT GRANTS					
Retired Senior Volunteer Program FY2006	94.002		03-SRA-MD-005-03SR		(84)
Retired Senior Volunteer Program FY2008	94.002		03-SRA-MD-005-03SR		(30,584)
Retired Senior Volunteer Program FY2009	94.002		03-SRA-MD-005-03SR		146,678
Retired Senior Volunteer Program FY2010	94.002		09 SRA MD 005		47,182
Senior Companion Program FY2009	94.016		03-SCA-MD-001		12,901
Senior Companion Program FY2010	94.016		09-SCA-MD-001		352,094
TOTAL DIRECT GRANTS					$528,187
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE					$528,187
DEPARTMENT OF HOMELAND SECURITY					
DIRECT GRANTS					
FEMA Assistance to Fire Fighters	97.044		EMW-2007-FO-09446		26,176
Cooperating Technical Partners (CTP) for NFIP	97.045		2004-GR-3646 & EMP-2005-GR		4,198
FY2008 Interoperable Emergency Communication Grant (IECGP)	97.055		2008-I0-T8-0051		26,269
Port Security V - Homeland Security	97.056		2005-GB-T5-0093		10,243

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
Homeland Security Grant Program FY2006	97.067		2006-GE-T6-0006		37,708
TOTAL DIRECT GRANTS					$104,594
MARYLAND EMERGENCY MANAGEMENT AGENCY					
FY2001 UASI - Regional Emergency Health Preparedness	97.008		2007-GE-T7-0040		49,995
FY2004 UASI - DPW Generator Installation - MEMA	97.008				4,826
FY2006 UASI (Incident Management & Related Training) Non-Profit Security Pro	97.008		2006-GE-T6-0006		1,500
FY2006 UASI (Tamiflu, Command Vehicles and Operation) Non-Profit Security Pr	97.008		2006-GE-T6-0006		37,478
FY2006 UASI (Urban Area Security Initiative)-Non Profit Security Program	97.008		2006-GE-T6-0006		94
FY2007 UASI - Citizen Notification Tech - Non-Profit Security Program	97.008		2007-GE-T7-0040		63,753
FY2007 UASI - CMARC Motobridge Services - Non Profit Security Program	97.008		2007-GE-T7-0040		340,724
FY2007 UASI - Hazmat & Subway - Non Profit Security Program	97.008		2007-GE-T7-0040		177,556
FY2007 UASI (Command Vehicle Maintenance)Non-Profit Security Program	97.008		2007-GE-T7-0040		4,743
FY2007 UASI (IMT, CCTV, US&R, Radio)-Non-Profit Security Program	97.008		2007-GE-T7-0040		1,071,072
FY2008 UASI - Non-Profit Security Program	97.008		2008-GE-T8-0011		805,684
FY2008 UASI (Urban Area Security Initiative)- Non Profit Security Program	97.008		2008-GE-T8-0011		91,542
Waterway Improvement - Fort Armistead Park	97.036		FEMA-1492-DR-MD		9,597
FY2007 Homeland Security Grant Program	97.067		2007-GE-T7-0040		526,214
FY2007 MMRS (Metropolitan Medical Response System) - MEMA	97.071		2007-GE-T7-0040		122,462
FY2008 MMRS (Metropolitan Medical Response System) - MEMA	97.071		2008-GE-T8-0011		122,802
FY2008 Homeland Security Program (SHSP)	97.073		2008-GE-T8-0011		558,148
FY2007 Buffer Zone Protection Program - MEMA	97.078		2007-BZ-T7-0026		341,903
FY2008 Buffer Zone Protection Program - MEMA	97.078		2008-B2-T8-0004		237,865
FY2009 Hazardous Materials Emergency Preparedness	97.093				9,692
TOTAL MARYLAND EMERGENCY MANAGEMENT AGENCY					$4,577,650

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANT/PASS-THROUGH GRANTOR/ GRANT TITLE	FEDERAL CFDA NUMBER (5)	ARRA (8)	FEDERAL IDENTIFICATION NUMBER (4)	STATE GRANT IDENTIFICATION NUMBER	DISBURSEMENTS/ EXPENDITURES
TOTAL DEPARTMENT OF HOMELAND SECURITY					$4,682,244
TOTAL EXPENDITURE OF FEDERAL AWARDS					$251,863,683

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY BY FEDERAL PROGRAM)
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR	FEDERAL PROGRAM TITLE	FEDERAL CFDA NUMBER (5)		DISBURSE-MENTS/ EXPENDI-TURES	PAYMENTS MADE TO SUBRE-CIPIENTS
OFFICE OF NATIONAL DRUG CONTROL POLICY	High Intensity Drug Trafficking Area	07	(3-a)	$325,029	
DEPARTMENT OF AGRICULTURE	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		2,068,956	
DEPARTMENT OF AGRICULTURE	Child and Adult Care Food Program	10.558		6,299,571	
DEPARTMENT OF AGRICULTURE	Summer Food Service Program for Children	10.559		3,345,190	$1,662,314
DEPARTMENT OF AGRICULTURE	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		231,301	
DEPARTMENT OF AGRICULTURE	Emergency Food Assistance Program (Food Commodities)	10.569	(7)	265,804	265,804
DEPARTMENT OF COMMERCE	Economic Development - Support for Planning Organizations	11.302		(6,048)	
DEPARTMENT OF COMMERCE	Coastal Zone Management Administration Awards	11.419		21,800	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Community Development Block Grants/Entitlement Grants	14.218		26,379,039	4,996,775
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Urban Development Action Grants/Repayments	14.221		1,845,718	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Emergency Shelter Grants Program	14.231		543,666	543,666
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Supportive Housing Program	14.235		8,936,884	8,791,538
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Shelter Plus Care	14.238		6,956,947	6,807,877
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	HOME Investment Partnerships Program	14.239		9,579,790	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Housing Opportunities for Persons with AIDS	14.241		6,336,671	3,737,530
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Community Development Block Grants/Brownfields Economic Development Initiative	14.246		344,434	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Community Development Block Grants - Section 108 Loan Guarantees	14.248		57,746	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grant	14.251		1,625	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Community Development Block Grant ARRA Entitlement Grants (CDBG-R)(Recovery Act Funded	14.253		2,683,778	1,476,173
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Homeless Prevention and Rapid Re-Housing Prog (HPRP)	14.257		2,259,623	2,259,623
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		68,553	
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	Lead Hazard Reduction Demonstration Grant Program	14.905		391,836	63,614
DEPARTMENT OF JUSTICE	U.S. Department of Justice - Asset Forfeitures	16	(3-b)	1,203,744	
DEPARTMENT OF JUSTICE	Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		26,522	
DEPARTMENT OF JUSTICE	Developing, Testing and Demonstrating Promising New Programs	16.541		464,512	265,381
DEPARTMENT OF JUSTICE	Crime Laboratory Improvement - Combined Offender DNA Index System Backlog Reduction	16.564		21	
DEPARTMENT OF JUSTICE	Crime Victim Assistance	16.575		308,283	
DEPARTMENT OF JUSTICE	Byrne Formula Grant Program	16.579		100,035	
DEPARTMENT OF JUSTICE	Edward Byrne Memorial State & Local Law Enforcement Assistance Discretionary Grants Program	16.580		1,537,378	248,575
DEPARTMENT OF JUSTICE	Violence Against Women Formula Grants	16.588		83,761	
DEPARTMENT OF JUSTICE	Community Capacity Development Office	16.595		21,362	

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY BY FEDERAL PROGRAM)
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR	FEDERAL PROGRAM TITLE	FEDERAL CFDA NUMBER (5)	DISBURSE-MENTS/ EXPENDI-TURES	PAYMENTS MADE TO SUBRE-CIPIENTS
DEPARTMENT OF JUSTICE	Project Safe Neighborhoods	16.609	26,336	
DEPARTMENT OF JUSTICE	Public Safety Partnership and Community Policing Grants	16.710	1,232,409	
DEPARTMENT OF JUSTICE	Gang Resistance Education and Training	16.737	9,306	
DEPARTMENT OF JUSTICE	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2,276,627	100,000
DEPARTMENT OF JUSTICE	Forensic DNA Capacity Enhancement Program	16.741	631,638	
DEPARTMENT OF JUSTICE	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	93,738	
DEPARTMENT OF JUSTICE	ARRA - (JAG) Program/Grants to States and Territories	16.803	1,351,556	694,162
DEPARTMENT OF JUSTICE	ARRA - (JAG) Program/Grants to Units of Local Government	16.804	1,705,457	
DEPARTMENT OF JUSTICE	ARRA - Edward Byrne Memorial Competitive Grant Program	16.808	134,200	
DEPARTMENT OF LABOR	Senior Community Service Employment Program	17.235	583,508	
DEPARTMENT OF LABOR	Workforce Investment Act Adult Program	17.258	3,792,885	858,230
DEPARTMENT OF LABOR	Workforce Investment Act Youth Activities	17.259	5,751,527	454,168
DEPARTMENT OF LABOR	Workforce Investment Act Dislocated Workers	17.260	1,928,427	468,425
DEPARTMENT OF LABOR	WIA Pilots, Demonstrations, and Research Projects	17.261	1,616,328	85,516
DEPARTMENT OF LABOR	Youth Opportunity Grants	17.263	1,000,663	
DEPARTMENT OF TRANSPORTATION	Highway Planning and Construction	20.205	41,223,741	
DEPARTMENT OF TRANSPORTATION	Federal Transit - Metropolitan Planning Grants	20.505	1,792	
DEPARTMENT OF TRANSPORTATION	Federal Transit - Formula Grants	20.507	68,095	
DEPARTMENT OF TRANSPORTATION	State and Community Highway Safety	20.600	236,951	
DEPARTMENT OF TRANSPORTATION	Safety Belt Performance Grants	20.609	208,825	
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	(32,750)	
ENVIRONMENTAL PROTECTION AGENCY	Construction Grants for Wastewater Treatment Works	66.418	822,663	
ENVIRONMENTAL PROTECTION AGENCY	Capitalization Grants for Drinking Water State Revolving Funds	66.468	128,879	
ENVIRONMENTAL PROTECTION AGENCY	Brownfield Pilots Cooperative Agreements	66.811	26,540	
DEPARTMENT OF ENERGY	Weatherization Assistance for Low-Income Persons	81.042	2,420,638	42,875
DEPARTMENT OF ENERGY	Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	5,650	
DEPARTMENT OF EDUCATION	Special Education - Grants to States	84.027	147,039	98,260
DEPARTMENT OF EDUCATION	Special Education - Preschool Grants	84.173	10,103	
DEPARTMENT OF EDUCATION	Special Education - Grants for Infants and Families with Disabilities	84.181	1,007,944	1,007,944
DEPARTMENT OF EDUCATION	Grants for Infants and Families, Recovery Act	84.393	207,729	202,502
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Special Programs for the Aging-Title VII, Chapter 2 - Long Term Care	93.042	466,592	

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY BY FEDERAL PROGRAM)
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR	FEDERAL PROGRAM TITLE	FEDERAL CFDA NUMBER (5)	DISBURSE-MENTS/ EXPENDI-TURES	PAYMENTS MADE TO SUBRE-CIPIENTS
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Special Programs for the Aging-Title III, Part B - Grants for Supportive Services & Senior Centers	93.044	781,432	606,324
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Special Programs for the Aging-Title III, Part C - Nutrition Services	93.045	2,482,514	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Special Programs for the Aging-Title III, Part D - In-Home Services for Frail Older Individuals	93.046	40	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	National Family Caregiver Support	93.052	494,931	134,374
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Nutrition Services Incentive Program	93.053	(190,363)	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Innovations in Applied Public Health Research	93.061	376,043	40,734
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Public Health Emergency Preparedness	93.069	993,686	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	682,894	257,473
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	921,240	908,359
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Childhood Lead Poisoning Prevention Projects	93.197	361,614	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Family Planning Services	93.217	859,790	89,215
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Consolidated Health Centers	93.224	345,714	86,284
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Abstinence Education Program	93.235	20,018	4,195
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	52,363	52,363
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Immunization Grants	93.268 (6)	1,294,450	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	753,649	222,462
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Child Support Enforcement	93.563	1,807,203	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Low-Income Home Energy Assistance Program	93.568	1,455,987	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Community Services Block Grant	93.569	2,863,843	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Child Care Development Block Grant	93.575	1,186,583	1,186,583
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Head Start	93.600	28,912,227	27,039,366
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Mentoring Children of Prisoners	93.616	254,545	254,545
DEPARTMENT OF HEALTH AND HUMAN SERVICES	ARRA - Head Start	93.708	871,186	871,186
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Community Services Block Grant - ARRA	93.710	1,520,933	1,338,374
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Immunization- ARRA	93.712	26,183	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Medical Assistance Program	93.778	7,354,834	4,871,446
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	(80,487)	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	National Bioterrorism Hospital Preparedness Program	93.889	79,262	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	HIV Emergency Relief Project/Formula Grants	93.914	25,541,852	23,680,926
DEPARTMENT OF HEALTH AND HUMAN SERVICES	HIV Care Formula Grants	93.917	3,117,855	2,911,199
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Healthy Start Initiative	93.926	24,491	

CITY OF BALTIMORE - SINGLE AUDIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SUMMARY BY FEDERAL PROGRAM)
FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR	FEDERAL PROGRAM TITLE	FEDERAL CFDA NUMBER (5)	DISBURSE-MENTS/ EXPENDI-TURES	PAYMENTS MADE TO SUBRE-CIPIENTS
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Special Projects of National Significance	93.928	139,930	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	HIV Prevention Activities - Health Department Based	93.940	2,999,539	2,122,013
DEPARTMENT OF HEALTH AND HUMAN SERVICES	HIV Demonstration, Research, Public and Professional Education Projects	93.941	280,985	206,622
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Human Immunodeficiency Virus (HIV)/Acquired Immunodefcncy Virus Syndrome (AIDS) Surveill	93.944	244,366	244,366
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Block Grants for Prevention and Treatment of Substance Abuse	93.959	146,477	18,775
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Family Planning - Service Delivery Improvement Research Grants	93.974	110,668	20,267
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	2,812,925	1,139,843
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Preventive Health Services - Sexually Transmitted Diseases Research and Demonstrations	93.978	31,124	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Preventive Health and Health Services Block Grant	93.991	153,768	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Maternal and Child Health Services Block Grant to the States	93.994	2,798,391	291,179
CORPORATION FOR NATIONAL & COMMUNITY SERVICE	Retired and Senior Volunteer Program	94.002	163,192	
CORPORATION FOR NATIONAL & COMMUNITY SERVICE	Senior Companion Program	94.016	364,995	
DEPARTMENT OF HOMELAND SECURITY	Urban Areas Security Initiative	97.008	2,648,967	
DEPARTMENT OF HOMELAND SECURITY	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	9,597	
DEPARTMENT OF HOMELAND SECURITY	Assistance to Firefighters Grant	97.044	26,176	
DEPARTMENT OF HOMELAND SECURITY	Cooperating Technical Partners	97.045	4,198	
DEPARTMENT OF HOMELAND SECURITY	Interoperable Emergency Communications	97.055	26,269	
DEPARTMENT OF HOMELAND SECURITY	Port Security Grant Program	97.056	10,243	
DEPARTMENT OF HOMELAND SECURITY	Homeland Security Grant Program	97.067	563,922	
DEPARTMENT OF HOMELAND SECURITY	Metropolitan Medical Response System	97.071	245,264	35,000
DEPARTMENT OF HOMELAND SECURITY	State Homeland Security Program (SHSP)	97.073	558,148	
DEPARTMENT OF HOMELAND SECURITY	Buffer Zone Protection Plan (BZPP)	97.078	579,768	
DEPARTMENT OF HOMELAND SECURITY	Fire Service Hazardous Material Preparedness and Response	97.093	9,692	
TOTAL ALL PROGRAMS			$251,863,683	$103,764,425

CITY OF BALTIMORE - SINGLE AUDIT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2010

1. We have defined Active Federal Financial Assistance as follows:

   Active Operating Grant - Any operating grant having current fiscal year 2010 expenditures.

   Active Project Grant - Any project grant having current fiscal year 2010 expenditures.

   Other Financial Assistance - Any contract, loan, loan guarantee, property, cooperative agreement, interest subsidy, insurance or direct appropriation having current fiscal year 2010 disbursements.

2. Our Federal Financial Assistance sample plan is as follows (dollar threshold to distinguish between Type A and Type B programs is $3,000,000) :

	Federal CFDA Number	Federal Program Title	Number of Awards	Current Expenditures Per Accounting Records
Total Schedule			572	$251,863,683
Major Federal Programs	10.558	Child and Adult Care Food Program	4	$6,299,571
	10.559	Summer Food Service Program for Children	1	3,345,190
	14.218/253/254	Community Development Block Grants/Entitlement Grants	16	29,062,817
	14.235	Supportive Housing Program	7	8,936,884
	14.238	Shelter Plus Care	4	6,956,947
	14.239	HOME Investment Partnerships Program	11	9,579,790
	14.241	Housing Opportunities for Persons with AIDS	14	6,336,671
	17.258/259/260	Workforce Investment Act Adult Program, Youth Activities, and Dislocated Workers	25	11,472,839
	20.205	Highway Planning and Construction	96	41,223,741
	93.044/045/053	Special Programs for the Aging - Title III, Parts B & C, and Nutrition Services Incentive Prg	19	3,073,583
	93.569/93.710	Community Services Block Grant	7	4,384,776
	93.600/708/709	Head Start	10	29,783,413
	93.778	Medical Assistance Program	15	7,354,834
	93.914	HIV Emergency Relief Project/Formula Grants	9	25,541,852
	93.917	HIV Care Formula Grants	4	3,117,855
Total Audit Coverage			242	$196,470,763
Percent of Total Schedule			42.3%	78.0%

3. These programs do not have complete 5-digit CFDA Numbers. The fund sources are as follows:
   (a) Federal assistance (CFDA Number 07) to the City was funded by the Office of National Drug Control Policy.
   (b) Federal assistance (CFDA Number 16) to the City was funded by the Asset Forfeiture Program of the United States Department of Justice.

4. In those instances where federal grant identification is not shown, it is because this information could not be determined.

5. Federal CFDA numbers were updated to reflect revisions as of the 2010 Edition of the Catalog of Federal Domestic Assistance.

6. The Baltimore City Immunization Program (CFDA Number 93.268) includes the value of vaccines distributed to the City from the Maryland State Department of Health and Mental Hygiene.

7. The Emergency Food Assistance Program (CFDA Number 10.569) includes the value of commodities distributed to the City from the Maryland State Department of Human Resources.

8. The items marked with a "Y" in this column were funded with American Recovery and Reinvestment Act (ARRA) funds.

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PART IV

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor

DEPARTMENT OF AUDITS

ROBERT L. McCARTY, JR., CPA
City Auditor
100 N. Holliday Street
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Baltimore, Maryland 21202
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Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133

March 31, 2011

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

Compliance

We have audited the compliance of the City of Baltimore, Maryland, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City of Baltimore, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Baltimore, Maryland's management. Our responsibility is to express an opinion on the City of Baltimore, Maryland's compliance based on our audit.

The City of Baltimore, Maryland's basic financial statements include the operations of the Baltimore City Public School System (BCPSS) and the Enoch Pratt Free Library (EPFL), which incurred a total of $212,196,651 and $32,795, respectively, in federal expenditures during the year ended June 30, 2010. Our audit, described below, did not include the operations of the BCPSS and the EPFL because they are subject to separate audits in accordance with Federal and State requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* The most recent peer review for the Department of Audits was performed on July 26, 2006, and a peer review for the current cycle is being arranged. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect

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on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Baltimore, Maryland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Baltimore, Maryland's compliance with those requirements.

In our opinion, the City of Baltimore, Maryland complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-1 through 10-10.

Internal Control Over Compliance

The management of the City of Baltimore, Maryland is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Baltimore, Maryland's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance**,** but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Baltimore, Maryland's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-11 through 10-12 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal

control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness.

The City of Baltimore, Maryland's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Baltimore, Maryland's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the City of Baltimore, Maryland, Federal and State awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Robert L. McCarty, Jr., CPA
City Auditor

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PART V

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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CITY OF BALTIMORE, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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CITY OF BALTIMORE, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditors' Results

Part I – Comprehensive Annual Financial Report

Type of auditors' report issued: Unqualified opinion

Part II –Auditors' Report on Compliance and Internal Control Over Financial Reporting

Internal control over financial reporting:

Material weaknesses identified?	**X**	Yes	____	No
Significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	**X**	None reported
Noncompliance material to financial statements noted?	____	Yes	**X**	No

Part III - Supplementary Schedule of Expenditures of Federal Awards

Type of auditor's report issued: Unqualified opinion

Part IV – Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance

Internal control over major programs:

Material weaknesses identified?	____	Yes	**X**	No
Significant deficiencies identified that are not considered to be material weaknesses?	**X**	Yes	____	None reported

Type of auditor's report issued on compliance for major programs? Unqualified opinion

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **X** Yes ____ No

Part IV – Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance (continued)

Identification of major programs:

CFDA Number	Title
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
14.218/253	Community Development Block Grants/Entitlement Grants
14.235	Supportive Housing Program
14.238	Shelter Plus Care
14.239	HOME Investment Partnerships Program
14.241	Housing Opportunities for Persons with AIDS
17.258/259/260	Workforce Investment Act Adult Programs, Youth Activities, and Dislocated Workers
20.205	Highway Planning and Construction
93.044/045/053	Special Programs for the Aging -Title III, Parts B & C, and Nutrition Services Incentive Program (NSIP)
93.569/710	Community Services Block Grant
93.600/708	Head Start
93.778	Medical Assistance Program
93.914	HIV Emergency Relief Project/Formula Grants
93.917	HIV Care Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee? ___ Yes **X** No

Section II – Financial Statement Findings

The Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, included in Part II of this Single Audit, identifies one material weakness and no instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

Compliance With Requirements Applicable to Each Major Program

Finding #:	**10-1**
CFDA #:	**10.558, 93.569**
Program Titles:	**Child and Adult Care Food Program**
	Community Services Block Grant
Federal Agency:	**Various**
Federal Award #:	**Various**
Pass-Through:	**None**

Documentation of Participant Eligibility Was Not on File and a Database of Program Participants Was Not Maintained

The Office of Management and Budget Circular A-133 requires the auditor to determine whether program participants are eligible for program services by examining applicable documentation and verifying such eligibility.

The Baltimore City Health Department administered federal program number 10.558 – Child and Adult Care Food Program. We selected 26 participants for testing of certain eligibility requirements. Of the 26 participants selected, four enrollment applications were missing.

The Mayor's Office of Human Services administers federal program number 93.569 – Community Services Block Grant. Although we tested 25 participants for certain eligibility requirements without exception, we could not verify the accuracy of the participant population, as the database of eligible clients had not been properly maintained.

We recommend that the City ensure that each participant's eligibility is properly documented and maintained on site.

Responses:

The Baltimore City Health Department and the Mayor's Office of Human Services' responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #:	**10-2**
CFDA #:	**14.235, 14.238, 14.241, 17.258/259/260, 93.600**
Program Titles:	**Supportive Housing Program** **Shelter Plus Care** **Housing Opportunities for Persons with AIDS** **Workforce Investment Act Adult Program, Youth Activities, And Dislocated Workers** **Head Start**
Federal Agency:	**Various**
Federal Award #:	**Various**
Pass-Through:	**None**

City Agencies Were Not Adhering to Federal Requirements Regarding Internal Monitoring of Subrecipients

The Federal Common Rule, Subpart C, Section .40, and OMB Circular A-133 require the grantee to monitor its subrecipients and evaluate program performance. The City has the responsibility to monitor its subrecipients, and to evaluate the impact of subrecipient activities on the City's ability to comply with Federal regulations.

The Mayor's Office of Human Services (MOHS) administered federal program number 14.235 – Supportive Housing Program, 14.238 – Shelter Plus Care, and 14.241 – Housing Opportunities for Persons with AIDS. During fiscal year 2010, MOHS did not have a plan to monitor its subrecipients in accordance with federal regulations.

The Mayor's Office of Employment Development (MOED) administers federal program cluster 17.258/259/260 – Workforce Investment Act Adult Program, Youth Activities, and Dislocated Workers. During fiscal year 2010, for 1 of 2 subrecipients selected, MOED was unable to provide documentation that internal monitoring was performed.

The Department of Housing and Community Development (DHCD) administered federal program number 93.600 – Head Start. We selected four subrecipients for testing of internal monitoring documentation. For all four subrecipients selected, the documentation of the internal monitoring was incomplete. While it appears subrecipient monitoring was performed, adequate reporting of the results of that monitoring was not provided to the subrecipients' and the City's management.

We recommend that the MOHS, MOED and DCHD strictly adhere to federal guidelines regarding monitoring of subrecipients as required by the Federal Common Rule, Subpart C, Section .40, and OMB Circular A-133.

Responses:

The Mayor's Office of Human Services, the Mayor's Office of Employment Development, and the Department of Housing and Community Development's responses

and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #:	**10-3**
CFDA #:	**14.235, 14.238, 93.044/045/053, 93.914**
Program Title:	**Supportive Housing Program** **Shelter Plus Care** **Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program** **HIV Emergency Relief Project/Formula Grants**
Federal Agency:	**Various**
Federal Award #:	**Various**
Pass-Through:	**Various**

Documentation Was Not Provided to Support Earmarking, Program Income, and Internal Monitoring

Office of Management and Budget (OMB) Circular A-133 requires that adequate documentation be maintained to support earmarking, program income, and internal monitoring.

The Mayor's Office of Human Services (MOHS) administered federal program number 14.235 – Supportive Housing Program. For fiscal year 2010, MOHS was unable to provide three of five Annual Progress Reports selected to test for compliance with the earmarking requirement of administrative costs.

The Mayor's Office of Human Services administered federal program number 14.238 – Shelter Plus Care. For fiscal year 2010, MOHS was unable to provide the four Annual Progress Reports selected to test for compliance with the earmarking requirement administering housing assistance.

The Baltimore City Health Department (BCHD) administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program. For fiscal year 2010, BCHD was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements; and internal monitoring requirements.

The Baltimore City Health Department administered federal program number 93.914 - HIV Emergency Relief Project/Formula Grants. For fiscal year 2010, BCHD was unable to provide documentation to support administrative costs, clinical quality management program costs, and funds for core medical services earmarking requirements.

We recommend that the City implement procedures to ensure that such documentation is provided in the future.

Responses:

The Mayor's Office of Human Services and the Baltimore City Health Department's responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-4**
CFDA #: **14.235, 93.044/045/053, 93.778, 93.914**
Program Titles: **Supportive Housing Program**
Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program
Medical Assistance Program
HIV Emergency Relief Project/Formula Grants
Federal Agency: **Various**
Federal Award #: **Various**
Pass-Through: **Various**

Financial Reports Were Not Supported by the Underlying Accounting Records

Office of Management and Budget Circular A-133 requires the auditor to determine whether financial reports, submitted to account for federal financial assistance, contain information that is supported by the accounting records from which the basic financial statements have been prepared.

As part of our fiscal year 2010 audit, we selected 33 final financial reports for active awards within all major federal programs, and reviewed and compared these to the City's underlying accounting records. Of those reviewed, the following six final financial reports could not be reconciled to the City's accounting records:

PROGRAM TITLE	FEDERAL/ STATE ID NUMBER	REPORT PERIOD	(REV) / EXP REFLECTED ON REPORT	(REV) / EXP PER CITY'S ACCOUNTING RECORDS	(OVER) / UNDER REPORTED
CFDA #93.044/045/053 Special Programs for the Aging – Title III, Parts B & C and NSIP	AAA-3-24-003	10/1/07-9/30/08	$5,192,896	$5,943,852	$750,956
			(4,442,185)	(4,569,154)	126,969
CFDA #93.778 Maryland Children's Health Program	MA 365 GTS	7/1/08-6/30/09	1,544,842	550,530	(994,312)
Administrative Care Coordination	MA 005 EPS	7/1/08-6/30/09	4,099,654	4,173,728	74,074
General Transportation Services	MA 365 GTS	7/1/08-6/30/09	8,145,767	9,305,127	1,159,360
			(6,265,037)	(8,968,830)	2,703,793
CFDA #93.914 HIV Emergency Relief Project/Formula Grants	5 H89 HA00017-16	3/1/09-2/28/10	19,636,857	20,377,185	740,328
Minority Aids Initiative		8/1/08-7/31/09	2,149,202	2,006,436	(142,766)

Additionally, the Mayor's Office of Human Resources (MOHS) administered federal program number 14.235 - Supportive Housing Program. Out of five Annual Progress Reports selected for review, MOHS was unable to provide us with three of them. A determination whether these reports were supported by the accounting records could therefore not be ascertained.

We recommend that future federal financial reports be prepared directly from the City's accounting records. We also recommend that program income, if applicable, be shown in the financial reports. Detailed reconciliations should be prepared for each submitted report showing how the reported amounts are supported by the City's accounting records.

Responses:

The Mayor's Office of Human Services and the Baltimore City Health Department's responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-5**
CFDA #: **14.235, 14.238, 14.241, 93.044/045/053, 93.778, 93.917**
Program Titles: **Supportive Housing Program**
Shelter Plus Care
Housing Opportunities for Persons with AIDS
Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program (NSIP)
Medical Assistance Program
HIV Care Formula Grants
Federal Agency: **Various**
Federal Award #: **Various**
Pass-Through: **Various**

Financial Reports Were Not Submitted in a Timely Manner

The Federal Common Rule, Subpart C, Section .41, sets forth uniform reporting requirements including the timing, frequency and format of financial reports prepared and submitted by grant recipients. Of the 33 final financial reports selected for review, we found that five of these reports had significant deviations with regard to the timing requirement as follows:

PROGRAM TITLE	FEDERAL GRANT NUMBER	STATE GRANT NUMBER	DATE OF REQUIRED REPORT SUBMISSION	DATE REPORT WAS SUBMITTED
CFDA #14.241 Housing Opportunities for Persons with AIDS	MD-H05-0028		5/31/09	9/18/09
CFDA #93.044/045/053 Special Programs for the Aging – Title III, Parts B & C and NSIP	AAA-3-24-003		1/31/09	8/28/09
	AAA-3-24-003		1/31/10	12/15/10
CFDA #93.778 Admin. Care Coordination		MA 005 EPS	8/31/09	11/9/09
General Transportation Services		MA 005 EPS	8/31/09	11/2/09
CFDA #93.917 HIV Care Formula Grants		AD 419 RWS	10/31/09	12/28/09

Additionally, The Mayor's Office of Human Services (MOHS) administered federal program number 14.235 – Supportive Housing Program. MOHS provided the auditors with a schedule of 50 Annual Progress Reports due to the U.S. Department of Housing and Urban Development during fiscal year 2010. According to our review of MOHS' schedule, 14 of the 50 reports had significant deviations with regard to the timing requirement.

MOHS also administered federal program number 14.238 – Shelter Plus Care. MOHS provided the auditors with a schedule of 10 Annual Progress Reports due to the U.S. Department of Housing and Urban Development during fiscal year 2010. According to our review of MOHS' schedule, four of the 10 reports had significant deviations with regard to the timing requirement.

We recommend that the City make every effort to meet future timing deadlines through appropriate staffing and workload scheduling, and by establishing and enforcing strict timing requirements.

Responses:

The Mayor's Office of Human Services and the Baltimore City Health Department's responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #:	**10-6**
CFDA #:	**93.044/045/053, 93.914, 93.917**
Program Titles:	**Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program (NSIP)** **HIV Emergency Relief Project/Formula Grants** **HIV Care Formula Grants**
Federal Agency:	**Various**
Federal Award #:	**Various**
Pass-Through:	**Various**

Obligations Incurred Were Not Liquidated Within 90 Days of the End of the Funding Period

The Federal Common Rule, Subpart C, Section .23, requires that when a funding period is specified, a grantee must liquidate all obligations incurred under the award not later than 90 days after the end of the funding period.

During the fiscal year 2010 audit, we determined that three major federal programs did not meet the 90-day liquidation requirement; however, the amounts identified for these programs after the liquidation period were otherwise allowable costs.

The Baltimore City Health Department administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program, federal program number 93.914 – HIV Emergency Relief Project/Formula Grants, and federal program number 93.917 – HIV Care Formula Grants. For fiscal year 2010, costs in the amount of $39,655, $1,620,526, and $170,121, respectively, were not in compliance with the 90-day liquidation requirement.

Response:
The Baltimore City Health Department's response and corrective action plan are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-7**
CFDA #: **14.235**
Program Titles: **Supportive Housing Program**
Federal Agency: **Department of Housing and Urban Development**
Federal Award #: **Various**
Pass-Through: **None**

Drawdowns of Funds Exceeded Program Expenditures

The Office of Management and Budget (OMB) Circular A-102 Common Rule Section .37(a)(4) requires that subrecipients minimize the time elapsing between the transfer of Federal funds to the subrecipient for reimbursement of program costs, and the subrecipient's expenditure of those program costs.

The Mayor's Office of Human Services (MOHS) administered federal program number 14.235 – Supportive Housing Program. For three of four months tested, the cumulative amount of revenues at month's end exceeded the cumulative amount of expenditures, thus demonstrating that revenues are being drawn down prior to the expenditure of equivalent amounts.

We recommend that the MOHS establish procedures to review drawdown requests to ensure future compliance with this requirement.

Response:
The Mayor's Office of Human Services' response and corrective action plan are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-8**
CFDA #: **14.235, 14.241**
Program Titles: **Supportive Housing Program**
Housing Opportunities for Persons with AIDS
Federal Agency: **Various**
Federal Award #: **Various**
Pass-Through: **None**

MOHS Was Not Adhering to Federal Requirements Regarding External Monitoring of Subrecipients

The Federal Common Rule, Subpart C, Section .26, requires grant recipients to: (i) determine whether their subrecipients that expend $500,000 or more in federal awards have been audited in accordance with the Office of Management and Budget (OMB) Circular A-133; (ii) issue timely management decisions on audit findings; (iii) ensure that appropriate corrective action is taken by the subrecipient within six months after receipt of an audit report; and (iv) consider whether the subrecipient audits necessitate adjustment of the City's records.

The Mayor's Office of Human Services (MOHS) administers federal program number 14.235 – Supportive Housing Program. During fiscal year 2010, MOHS did not provide us with the population of required subrecipient financial and compliance audits. Therefore we were unable to test for compliance with this requirement for this program.

The Mayor's Office of Human Services administers federal program number 14.241 – Housing Opportunities for Persons with AIDS. During fiscal year 2010, MOHS did not obtain the required financial and compliance audits for the two subrecipients selected for testing.

We recommend that MOHS obtain audit reports from their subrecipients that are required to have an audit in accordance with OMB Circular A-133, issue timely management decisions on audit findings, and require subrecipients to take timely corrective action on deficiencies identified in audits. We also recommend that the effects of subrecipient noncompliance be properly reflected in the City's records, if appropriate.

Response:
The Mayor's Office of Human Services' response and corrective action plan are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #:	**10-9**
CFDA #:	**14.238, 14.241**
Program Title:	**Shelter Plus Care**
	Housing Opportunities for Persons with AIDS
Federal Agency:	**Department of Housing and Urban Development**
Federal Award #:	**Various**
Pass-Through:	**None**

Housing Quality Inspections Were Not Performed

The Code of Federal Regulations, Title 24, Sections 574.310(b)(1)-(2) require that 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.

The Mayor's Office of Human Services (MOHS) administered federal program number 14.238 – Shelter Plus Care. For three of the 22 housing units selected for testing, documentation for an inspection for compliance with various housing quality standards was requested and not provided by MOHS.

The Mayor's Office of Human Services administered federal program number 14.241 – Housing Opportunities for Persons with AIDS. For three of the 15 housing units selected for testing, documentation for an inspection for compliance with various housing quality standards was requested and not provided by MOHS.

We recommend that MOHS ensure that mandated housing inspections are performed as required by the U. S. Department of Housing and Urban Development.

Response:
The Mayor's Office of Human Services' response and corrective action plan is included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-10**
CFDA #: **93.600**
Program Titles: **Head Start**
Federal Agency: **Department of Health and Human Services**
Federal Award #: **Various**
Pass-Through: **None**

DHCD Was Not Adhering to Federal Requirements Regarding the Procurement of Monitoring of Subrecipients

The Office of Management and Budget's Circular A-133 Compliance Supplement, Part 3-I, states that federal grant recipients shall use the same procurement procedures that are used for non-federal procurements.

The Department of Housing and Community Development (DHCD) administered federal program number 93.600 – Head Start. During fiscal year 2010, DHCD obtained contractual services for monitoring subrecipients of its Head Start program without following the City's procurement procedures. The contractual agreement was not submitted to the City's Board of Estimates for approval. The City's Board of Estimates is responsible for approving all City contracts and procurements.

We recommend that all contracts for federal expenditures follow the City's procurement process, including the approval by the City's Board of Estimates.

Response:
The Department of Housing and Community Development's response and corrective action plan is included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Internal Control Over Compliance

Finding #:	**10-11**
CFDA #:	**14.235, 14.238, 93.044/045/053, 93.914**
Program Title:	**Supportive Housing Program**
	Shelter Plus Care
	Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program
	HIV Emergency Relief Project/Formula Grants
Federal Agency:	**Department of Health and Human Services**
Federal Award #:	**Various**
Pass-Through:	**Maryland Department of Aging**

Documentation Was Not Provided to Support Earmarking, Program Income, and Internal Monitoring

Office of Management and Budget (OMB) Circular A-133 requires that adequate documentation be maintained to support earmarking, program income, and internal monitoring.

The Mayor's Office of Human Services (MOHS) administered federal program number 14.235 – Supportive Housing Program. For fiscal year 2010, MOHS was unable to provide three of five Annual Progress Reports selected to test for compliance with the earmarking requirement of administrative costs.

The Mayor's Office of Human Services administered federal program number 14.238 – Shelter Plus Care. For fiscal year 2010, MOHS was unable to provide the four Annual Progress Reports selected to test for compliance with the earmarking requirement administering housing assistance.

The Baltimore City Health Department (BCHD) administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program. For fiscal year 2010, BCHD was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements; and internal monitoring requirements.

The Baltimore City Health Department administered federal program number 93.914 - HIV Emergency Relief Project/Formula Grants. For fiscal year 2010, BCHD was unable to provide documentation to support grantee administrative costs, sub-grantee administrative costs, and funds for the quality management program earmarking requirements.

We recommend that the City implement procedures to ensure that such documentation is provided in the future.

Responses:

The Mayor's Office of Human Services and the Baltimore City Health Department's responses and corrective action plans for this finding is included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding #: **10-12**
CFDA #: **93.044/045/053**
Program Title: **Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program**
Federal Agency: **Department of Health and Human Services**
Federal Award #: **None**
Pass-Through: **Maryland Department of Aging**

Procedures Were Not Adequate to Ensure Compliance with Financial Reporting and Grant Accounting Requirements

The U.S. Department of Health and Human Services – Uniform Administrative Requirements for Grants, 45 CFR 92.41, requires financial reports to be timely submitted, be prepared from the grantee's accounting records, and that transactions be properly documented and supported.

The Baltimore City Health Department (BCHD) administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program. For fiscal year 2010, BCHD did not have adequate procedures in place to ensure compliance with federal financial reporting standards. BCHD did not submit its final report to the Maryland Department of Aging for fiscal year 2009 that was due by January 31, 2010, and has been unable to resolve financial reporting findings included in prior Single Audit reports.

We recommend that BCHD implement procedures to ensure that financial reports are timely submitted and supported by the City's accounting records, and that steps be taken to resolve the prior years' audit findings in conjunction with the Maryland Department of Aging.

Response:
The Baltimore City Health Department's response and corrective action plan is included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

PART VI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding Number/Finding	Status	Planned Corrective Action

Findings in this schedule are presented in the same order in which they appeared in the Fiscal Year 2009 Single Audit Report. Each finding number contains a number 09, 08, 07, 06, 05, 04, 01 or 00 to the left of the dash, which designates the Fiscal Year 2009, 2008, 2007, 2006, 2005, 2004, 2001 or 2000 audit report. The number to the right of the dash reflects the finding number. The following abbreviations have been used for City agencies: Baltimore City Health Department (BCHD); Department of Housing and Community Development (DHCD); Mayor's Office of Criminal Justice (MOCJ); Baltimore City Fire Department (BCFD); Commission on Aging and Retirement Education (CARE); Baltimore City Police Department (BPD); Bureau of Accounting and Payroll Services (BAPS); and Mayor's Office of Human Services (MOHS).

Fiscal Year 2009 Single Audit
Schedule of Findings and Questioned Costs
Section III - Federal Award Findings and Questioned Costs
Compliance With Requirements Applicable to Each Major Program

Finding # 09-01

For federal program number 10.558 - Child and Adult Care Food Program, BCHD did not provide complete enrollment applications for 3 of 38 participants and for 1 of 15 providers. The auditors recommended that each participant's eligibility be properly documented, maintained, and made available for review.	Not Corrected	See current period finding 10-1 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
For federal program number 93.569 - Community Services Block Grant, DHCD (now administered by MOHS) could not verify eligibility for 6 of 25 participants selected. The auditors recommended that each participant's certification be properly documented and maintained on site.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 09-03		
For federal program cluster 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements, and internal monitoring requirements. The auditors recommended that CARE implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-3 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
For federal program number 93.914 - HIV Emergency Relief Project/Formula Grants, BCHD was unable to provide documentation to support grantee administrative costs, sub-grantee administrative costs, and funds for the quality management program. The auditors recommended that CARE implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-3 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
Finding # 09-04		
For federal program number 10.558 - Child and Adult Care Food Program, reported expenditures were understated by $28,900. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
For federal program number 14.218 - Community Development Block Grants/Entitlement Grants, DHCD understated total unliquidated obligations in the Grantee Performance Report by $561,326. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Corrected	
For federal program number 14.241 - Housing Opportunities for Persons With AIDS, reported expenditures were overstated by $1,152,153. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Not Corrected	The fiscal agent for BHS (now administered by MOHS) at the time, the Baltimore City Health Department, understated the award amount per the City's accounting records. BHS is no longer under BCHD's finance department and we do not anticipate that, going forward, this will be a recurring problem. Implementation date: June 2011 Thomasina Hiers, Director, MOHS
For federal program 93.978 - Medical Assistance Program, reported expenditures were overstated by $814,154. For federal program number 93.914 - HIV Emergency Relief Project/Formula Grants, reported expenditures were understated by $852,536. BCHD also did not report any program income on the report for the HIV Program. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that program income, if applicable, be shown in the financial reports.	Not Corrected	BCHD will reconcile the records and reports in the future. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 09-07		
For federal program number 20.205, DOT was unable to provide documentation of Final Review procedures for 12 projects closed during fiscal year 2009. The auditors recommended that DOT implement procedures to document that Final Reviews are performed, and that project files are retained for audit review.	Corrected	
Finding # 09-08		
For federal program number 14.241 - Housing Opportunities for Persons With AIDS, BHS (now administered by MOHS) was unable to provide 1 out of 15 contracts selected for testing compliance with the City's procurement procedures. The auditors recommended that contract records remain accessible for at least three years after completion.	Corrected	
For federal program number 93.778 - Medical Assistance Program, BCHD was unable to provide 1 out of 15 purchase orders selected for testing compliance with the City's procurement procedures. The auditors recommended that purchase orders remain accessible for at least three years after completion.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 09-09		
For federal program number 10.558 - Child and Adult Care Food Program, five providers' meal claims did not agree with the number of meals reimbursed. The auditors recommended that meals claimed reconcile to supporting documentation.	Corrected	
Finding # 09-10		
For federal program numbers 14.235 - Supportive Housing Program, 14.238 - Shelter Plus Care, and 14.241 - Housing Opportunities for Persons With AIDS, BHS (now administered by MOHS) did not obtain the required financial and compliance reports for any of the five subrecipients selected for testing. The auditors recommended that audit reports be obtained timely, and that timely corrective action be taken on identified deficiencies.	Not Corrected	See current period finding 10-8 for planned corrective action.
		Thomasina Hiers, Director, MOHS

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 09-11		
For federal program cluster 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements, and internal monitoring requirements. The auditors recommended that CARE implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-11 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
For federal program number 93.914 - HIV Emergency Relief Project/Formula Grants, BCHD was unable to provide documentation to support grantee administrative costs, sub-grantee administrative costs, and funds for the quality management program. The auditors recommended that BCHD implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-11 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 09-12		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) did not have adequate procedures in place to ensure compliance with federal financial reporting standards and grant accounting requirements. The auditors recommended that CARE implement procedures to ensure that financial reports are supported by the City's accounting records.	Not Corrected	See current period finding 10-12 for planned corrective action.
		Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2008 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 08-01		
For federal program number 10.558 - Child and Adult Care Food Program, BCHD did not provide enrollment applications for 4 of 33 participants selected, and one enrollment application did not contain the participant's age. The auditors recommended that each participant's eligibility be properly documented and maintained.	Not Corrected	See current period finding 10-1 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
For federal program number 93.569 - Community Services Block Grant, DHCD (now administered by MOHS) did not provide eligibility documentation for 2 of 18 participants selected. The auditors recommended that each participant's eligibility be properly documented and maintained.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 08-03		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements, and internal monitoring requirements. The auditors recommended that CARE implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-3 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
Finding # 08-04		
For federal program number 14.235 - Supportive Housing Program, reported expenditures for five selected reports were overstated by a total of $28,686. For federal program number 14.241 - Housing Opportunities for Persons With AIDS (HOPWA), reported expenditures were understated by a total of $2,704,086. For federal program number 93.569 - Community Services Block Grant, reported expenditures were overstated by a total of $53,818. (These programs are now administered by MOHS) The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that copies of all federal financial reports be maintained for review.	Not Corrected	The Fiscal Operations Division will notify all relevant staff in order to reinforce the procedure requiring all financial reports, prepared by the other Divisions within the Department, to be reviewed for accuracy by Fiscal Operations Division staff, prior to distribution to any outside entity. Implementation date: June 2011 Thomasina Hiers, Director, MOHS

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, reported expenditures were understated by $758,852, and reported revenues were overstated by $633,601. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that copies of all federal financial reports be maintained for review.	Not Corrected	CARE (now administered by BCHD) will revise the fiscal year 2007 Closeout Report to adjust the discrepancies between the submitted reports and the City's accounting records. BCHD will prepare future reports based on the underlying City accounting records. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD
For federal program number 93.778 - Medical Assistance Program, reported expenditures were overstated by $300,836. For federal program number 93.914 - HIV Emergency Relief Project/Formula Grants, reported expenditures were understated by $514,763. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that copies of all federal financial reports be maintained for review.	Not Corrected	BCHD has completed its year end adjustments to reconcile its accounting records and financial report. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 08-08		
For federal program 14.239 - HOME Investment Partnerships Program, DHCD reported $899,018 in program income, of which $66,803 was not reconciled timely in the City's accounting records, and $5,585 could not be reconciled to the City's accounting records. The auditors recommended that DHCD annually reconcile reported program income to the underlying accounting records.	Corrected	
Finding # 08-09		
For federal program numbers 16.007/97.004/067 - Homeland Security Grant Program, five grant projects incurred $5,000,248 in costs recorded in the City's accounting records that were not reported for reimbursement. The auditors recommended that BPD submit timely quarterly financial reports for reimbursement of eligible costs.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 08-10		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) was unable to provide documentation to support legal services, in-home services, and access services earmarking requirements; subrecipient and contractual program income requirements, and internal monitoring requirements. The auditors recommended that CARE implement procedures to ensure that such documentation is provided in the future.	Not Corrected	See current period finding 10-11 for planned corrective action.
		Jerome Chester, Chief Financial Officer, BCHD
Finding # 08-11		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) did not have adequate procedures in place to ensure compliance with federal financial reporting standards and grant accounting requirements. The auditors recommended that CARE implement procedures to ensure that financial reports are supported by the City's accounting records.	Not Corrected	See current period finding 10-12 for planned corrective action.
		Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Finding # 08-13 For federal program number 93.616 - Mentoring Children of Incarcerated Parents, a separate audit was performed for the project period dated from July 30, 2004 through December 31, 2007. Our audit determined that reported amounts were not supported by the City's accounting records; cash management procedures were deficient; required in-kind contributions were not supported; and grant approval by the City's Board of Estimates for the second and third years of the project period was not obtained. The auditors questioned the entire award amount of $900,000, and recommended that reported expenditure and in-kind contribution amounts be supported by the City's accounting records, that cash management procedures be improved, and that approval of its grant awards be obtained.	Partially Corrected	Baltimore Rising, Inc. is no longer affiliated with the City of Baltimore. The U. S. Department of Health and Human Services has asked the City for reimbursement of the $900,000. That request is under appeal. Sophie Dagenais, Chief of Staff, Mayor's Office, Lorrie Davis, Executive Director, Baltimore Rising, Inc.

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2007 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 07-03		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) expended $78,655 in legal services costs, representing an earmarking shortfall of $2,305. CARE also spent $712,526 in administrative costs, exceeding the allowable limit by $426,288. The auditors recommended that controls and reporting procedures be developed to ensure that future legal assistance and administration earmarking requirements are met.	Not Corrected	See current period finding 10-3 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
Finding # 07-04		
For federal program number 14.218 - Community Development Block Grant, reported expenditures were understated by $101,950. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Corrected	

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
For federal program number 14.241 - Housing Opportunities for Persons with AIDS, reported expenditures were overstated by $49,414. Additionally, for federal program number 14.235 - Supportive Housing Program, BCHD was unable to provide us with all three Annual Progress Reports selected for review. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that copies of all federal financial reports be maintained for review.	Not Corrected	Federal program 14.241 and 14.235 (now administered by MOHS) transitioned from BCHD to DHCD on July 1, 2008. The City will ensure that reports are prepared directly from the City's accounting records and that copies of federal financial reports are maintained for review. Implementation date: June 2011 Thomasina Hiers, Director, MOHS
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, reported expenditures were understated by $270,853, and reported revenues were understated by $363,705 The auditors recommended that future federal financial reports be prepared directly from the City's accounting records. The auditors also recommended that copies of all federal financial reports be maintained for review.	Not Corrected	CARE (now administered by BCHD) will revise the fiscal year 2006 Closeout Report to adjust the discrepancies between the submitted reports and the City's accounting records. BCHD will prepare future reports based on the underlying accounting records. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
For federal program number 93.569 - Community Services Block Grant, reported expenditures were overstated by $277,437. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Not Corrected	For federal program number 93.569, the Fiscal Operations Division (now administered by MOHS) will notify all relevant staff in order to reinforce the procedure requiring all financial reports, prepared by the other Divisions within the Department, to be reviewed for accuracy by Fiscal Operations Division staff. Implementation date: June 2011 Thomasina Hiers, Director, MOHS
For federal program number 93.778 - Medical Assistance Program, reported expenditures were overstated by $37,432. The auditors recommended that future federal financial reports be prepared directly from the City's accounting records.	Not Corrected	For federal program 93.778, BCHD has completed its year end adjustments to reconcile its accounting records and financial report. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD
Finding # 07-08		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) did not have adequate procedures in place to ensure compliance with federal financial reporting standards and grant accounting requirements. The auditors recommended that CARE implement procedures to ensure that financial reports are supported by the City's accounting records.	Not Corrected	See current period finding 10-12 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2006 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 06-03		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) expended $77,600 in legal services costs, representing an earmarking shortfall of $13,201. CARE also spent $1,009,256 in administrative costs, exceeding the allowable limit by $616,126. The auditors recommended that controls and reporting procedures be developed to ensure that future legal assistance and administration earmarking requirements are met.	Not Corrected	See current period finding 10-3 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD
Finding # 06-04		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, reported expenditures were understated by $890,041. Reported revenues for this report were in excess of the City's accounting records in the amount of $104,126. The auditors recommended that future financial reports be prepared directly from the City's accounting records.	Not Corrected	CARE (now administered by BCHD) has submitted a revised report to the Maryland Department of Aging and is in the process of adjusting the City's accounting records accordingly. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
For federal program number 93.778 - Medical Assistance Program, the City's accounting records were in excess of the reported expenditures in the amount of $106,640. The auditors recommended that future financial reports be prepared directly from the City's accounting records.	Not Corrected	BCHD will process its year end adjustments to reconcile its accounting records and financial report . Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD
Finding # 06-12 For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B & C, CARE (now administered by BCHD) was unable to provide documentation to demonstrate that amounts included in its fiscal year 2005 financial report were reliable and supported by the City's accounting records. The auditors recommended that CARE implement procedures to ensure that financial reports are supported by the City's accounting records. Additionally, CARE did not report program income in its 2005 report.	Not Corrected	See current period finding 10-12 for planned corrective action. Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2006 Audit Follow-up **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 3 DHCD did not provide supporting documentation of income eligibility for four of six ADDI assisted housing units, and one file selected did not have the homebuyer's promissory note signature page.		This audit finding does not warrant further action. Two years have passed since the audit report in which the finding that occurred was submitted to the Federal Single Audit Clearinghouse. The grantor has not followed up with the auditee on the audit finding and a management decision was not issued. Therefore, this finding will no longer appear on the Auditee's Summary Schedule of Prior Audit Findings.

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2005 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 05-03		
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B and C, CARE (now administered by BCHD) reported expenditures were in excess of the City's accounting records in the amount of $179,074. Reported revenues for this report were overstated by $795,509. The auditors recommended that future financial reports be prepared directly from the City's accounting records.	Partially Corrected	CARE (now administered by BCHD) has submitted a revised report to the Maryland Department of Aging and is in the process of adjusting the City's accounting records accordingly. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2004 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 04-03		
For federal program number 14.235 - Supportive Housing Program, reported expenditures for four reports were in excess of the City's accounting records in the amount of $30,162. The auditors recommended that future financial reports be prepared directly from the City's accounting records.	Not Corrected	BCHD (now administered by MOHS) is implementing procedures to ensure that future financial reports are prepared directly from the City's accounting records. Implementation date: June 2011 Thomasina Hiers, Director, MOHS
For federal program numbers 93.044/045/053 - Special Programs for the Aging - Title III, Parts B and C, CARE (now administered by BCHD) reported expenditures for two reports were in excess of the City's accounting records in the amount of $720,576. Reported revenues for these reports were understated by $520,857. The auditors recommended that future financial reports be prepared directly from the City's accounting records.	Partially Corrected	CARE (now administered by BCHD) has submitted a revised report to the Maryland Department of Aging and is in the process of adjusting the City's accounting records accordingly. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2001 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 01-03		
Reported expenditures for federal program number 93.044/045 - Special Programs for the Aging, Title III, Parts B and C were in excess of the City's accounting records in the amount of $1,872,217. Reported revenues were also overstated by $1,915,034. The auditors recommended that the reported overstated revenues and expenditures be reduced and that future federal financial reports be prepared directly from the City's accounting records.	Partially Corrected	CARE (now administered by BCHD) has submitted a revised report to the Maryland Department of Aging and is in the process of adjusting the City's accounting records accordingly. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

CITY OF BALTIMORE
AUDITEE'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Status	Planned Corrective Action
Fiscal Year 2000 Single Audit **Schedule of Findings and Questioned Costs** **Section III - Federal Award Findings and Questioned Costs** **Compliance With Requirements Applicable to Each Major Program**		
Finding # 00-02		
Reported expenditures for federal program number 93.044/93.045 - Special Programs for the Aging, Title III, Parts B and C were in excess of the City's accounting records in the amount of $1,805,646. Reported revenues were also overstated by $1,671,011. The auditors recommended that the reported overstated revenues and expenditures be reduced and that future federal financial reports be prepared directly from the City's accounting records.	Partially Corrected	CARE (now administered by BCHD) has submitted a revised report to the Maryland Department of Aging and is in the process of adjusting the City's accounting records accordingly. Implementation date: June 2011 Jerome Chester, Chief Financial Officer, BCHD

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PART VII

CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS

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CITY OF BALTIMORE
AUDITEE'S CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

Finding Number/Finding	Contact Person	Planned Corrective Action	Anticipated Completion Date

Findings in this schedule are presented in the same order in which they appear in the Auditor's Schedule of Findings and Questioned Costs - Section III, Federal Award Findings and Questioned Costs. The following abbreviations have been used for City agencies: Baltimore City Health Department (BCHD); Department of Housing and Community Development (DHCD); Department of Transportation (DOT); Commission on Aging and Retirement Education (CARE); Baltimore Homeless Services (BHS); and Bureau of Accounting and Payroll Services (BAPS).

Finding # 10-01 Documentation of Participant Eligibility Was Not on File and a Database of Program Participants Was Not Maintained	Jerome Chester, Chief Financial Officer, BCHD	BCHD will complete the files with the missing documentation.	June 2011
	Mark Graves, Chief Financial Officer, MOHS	The Baltimore Community Action Partnership is currently in the process of implementing a new data system to track service delivery and client progress. The data system will also improve the agency's ability to report on outcomes and maintain a database of clients served	June 2011

CITY OF BALTIMORE
AUDITEE'S CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Contact Person	Planned Corrective Action	Anticipated Completion Date
Finding # 10-02 City Agencies Were Not Adhering to Federal Requirements Regarding Internal Monitoring of Subrecipients	Mark Graves, Chief Financial Officer, MOHS	The MOHS will incorporate an annual plan to monitor all subproviders and adhere to OMB Circular A-133.	June 2011
	William Colbert, Chief of Fiscal Services, DHCD	DHCD obtained the services of a contractor to provide the monitoring function for the Head Start program during FY 2010. Only phase I of the 2 phase process was completed. Phase 2 was to be performed by the Head Start internal auditors, but due to a staff shortage, the only internal auditor was not available to perform the second phase. The internal audit function is now supervised by the Head Start Chief of Fiscal Service I. The Head Start Chief Operating Officer oversees the entire Head Start program, including the fiscal and program functions.	June 2011
Finding # 10-03 Documentation Was Not Provided to Support Earmarking, Program Income, and Internal Monitoring	Mark Graves, Chief Financial Officer, BCHD	The MOHS will update and maintain Annual Progress Report files for all Supportive Housing Program and Shelter Plus Care grants.	June 2011
	Jerome Chester, Chief Financial Officer, BCHD	BCHD intends to implement procedures in the future to adequately provide documentation to support legal services, in-home services and access services; sub-recipient and contractual program requirements and internal monitoring as required by OMB circular A-133.	June 2011

CITY OF BALTIMORE
AUDITEE'S CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Contact Person	Planned Corrective Action	Anticipated Completion Date
Finding # 10-04 Financial Reports Were Not Supported by the Underlying Accounting Records	Mark Graves, Chief Financial Officer, MOHS	The MOHS will update and maintain Annual Progress Report files based upon financial data from the City's accounting records.	June 2011
	Jerome Chester, Chief Financial Officer, BCHD	BCHD will reconcile the records and reports in the future.	June 2011
Finding # 10-05 Financial Reports Were Not Submitted in a Timely Manner	Mark Graves, Chief Financial Officer, MOHS	The MOHS will comply with the reporting requirements for all Supportive Housing Program and Shelter Plus Care Annual Progress Reports' submission dates.	June 2011
	Jerome Chester, Chief Financial Officer, BCHD	BCHD will endeavor to submit the reports timely in the future.	June 2011
Finding # 10-06 Obligations Incurred Were Not Liquidated Within 90 Days of the End of the Funding Period	Jerome Chester, Chief Financial Officer, BCHD	BCHD will liquidate the encumbrances timely in the future.	June 2011
Finding # 10-07 Drawdown of Funds Exceeded Program Expenditures	Mark Graves, Chief Financial Officer, MOHS	The MOHS will comply with OMB Circular A-102 and request reimbursement based on actual expenditures recorded on the City's financial records.	June 2011

CITY OF BALTIMORE
AUDITEE'S CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Contact Person	Planned Corrective Action	Anticipated Completion Date
Finding # 10-08 MOHS Was Not Adhering to Federal Requirements Regarding External Monitoring of Subrecipients	Mark Graves, Chief Financial Officer, MOHS	The MOHS will comply with OMB Circular A-133 and require all subrecipients to provide financial and compliance audits.	June 2011
Finding # 10-09 Housing Quality Inspections Were Not Performed	Mark Graves, Chief Financial Officer, MOHS	The MOHS will comply with the HUD requirements and maintain inspection documentation for Shelter Plus Care and Housing Opportunities for Persons with AIDS' housing units.	June 2011
Finding # 10-10 DHCD Did Not Adhere to Requirements Regarding the Procurement of Monitoring of Subrecipients	William Colbert, Chief of Fiscal Services, DHCD	For over two decades, DHCD and other City agencies have interpreted the 1985 Agreement for Services between the Housing Authority of Baltimore City (HABC) and the Mayor and City Council to allow the use of HABC contractors/consultants for DHCD programs, or vice versa, without requiring the City's Board of Estimates' approval. HABC follows strict federal guidelines in all such procurement activities. The Agreement provides broad basis under which both DHCD and HABC will provide services to each other for the benefits of the housing programs and related functions. The 1985 Agreement has been carried out in good faith by DHCD and HABC in performing their day-to-day operations. DHCD has now requested the City's Law Department to thoroughly review the 1985 Agreement to determine its intent in this area and to make recommendations regarding amending the Agreement and clarifying the scope for future uses.	June 2011

CITY OF BALTIMORE
AUDITEE'S CORRECTIVE ACTION PLAN ON CURRENT AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010
(continued)

Finding Number/Finding	Contact Person	Planned Corrective Action	Anticipated Completion Date
Finding # 10-11 Documentation Was Not Provided to Support Earmarking, Program Income, and Internal Monitoring	Mark Graves, Chief Financial Officer, MOHS	The MOHS will comply with OMB Circular A-133 and maintain Annual Progress Report files for all Supportive Housing Program and Shelter Plus Care grants.	June 2011
	Jerome Chester, Chief Financial Officer, BCHD	BCHD maintains that it submittted the requested information regarding administrative costs.	June 2011
Finding # 10-12 Procedures Were Not Adequate to Ensure Compliance with Financial Reporting and Grant Accounting Requirements	Mark Graves, Chief Financial Officer, MOHS	MOHS is implementing procedures to provide timely financial reporting to the Maryland Department of Aging. Our reports will be prepared from the City's accounting records and supported by any journal entries requiried to reconcile the accounts.	June 2011

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