

City of Aberdeen, Maryland

Comprehensive Annual Financial Report
June 30, 2015

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December 29, 2015

To the Honorable Mayor, City Council
and Citizens of the City of Aberdeen:

The City of Aberdeen's comprehensive annual financial report for the year ended June 30, 2015, is hereby submitted. City ordinances and State statutes require that the City of Aberdeen issue annually a report on its financial position and its activities. An independent firm of certified public accountants is selected by the City Council. Responsibility of both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the City government. All information necessary to enable the reader to gain an understanding of the City's government activities has been included.

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled with to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management.

City of Aberdeen's financial statements have been audited by RSM US LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Aberdeen for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and

significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for City of Aberdeen for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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.

PROFILE OF THE GOVERNMENT

The City of Aberdeen was incorporated in 1892. The City is a full service municipality providing water and wastewater utilities, public safety, planning, public works, and environmental and administrative services to a populous of just over 15,000 citizens. The Aberdeen City government operates with the Mayor serving as the Chief Executive Officer and the Council as the legislative body. The City Manager serves as the Chief Operating Officer.

Located in northeastern Maryland, Aberdeen is a community traversed by two interstate highways, Interstate 95 and Route 40, and two rail lines, Amtrak and CSX.

Pursuant to City Charter, the Mayor presents the capital and operating budgets to the City Council during April of each year. The City Council holds public hearings regarding the budgets and, prior to July 1, passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the fund level for the operations of the City Government with unexpended or unencumbered appropriation authority expiring the following June 30. The appropriated budgets are prepared by fund and department. Expenditures of the funds may not legally exceed appropriations at the fund level. During the fiscal year, the City Council may adopt supplemental appropriations. A Statement of Revenues, Expenditures, and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the two major governmental funds which adopted an annual budget, and can be found on pages 76 through 79 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy - Aberdeen has a rich history as a military community and is home to the United States Army's Aberdeen Proving Ground. Aberdeen Proving Ground (APG) was established on October 20, 1917 and is the U.S. Army's oldest active testing and evaluation facility. As a center for Army material

testing, laboratory research and military training, the post is a key element in the nation's defense. APG is one of the Army's finest test, evaluation, research, development, engineering and training installations in the world.

In 2005, Congress completed its BRAC (Base Realignment and Closure) process. APG had had its mission changed from ordinance development, testing and training to high tech electronic research and development. As a result, the number of jobs on APG grew to over 25,000, including contractors. These new personnel have higher skill levels and incomes than those that they replaced. These increases in wages and salaries have had a positive impact on the local economy.

The City has a diversified employment base with a good blend of commercial, industrial, financial, governmental and non-profit institutional employers. Major employers include Frito-Lay Inc., Saks Fifth Avenue, Pier I Imports, Harford County Board of Education and Aberdeen Proving Ground. Ripken Stadium offers residents a quality of life amenity through minor league baseball and also serves as a high profile neighbor to the Ripken youth baseball academy which attracts thousands of young aspiring baseball players each year.

Long-term financial planning – In October 2011, Fitch Ratings, and Standard and Poor's Rating Services assigned their AA rating to the City. In September 2014, Standard and Poor's upgraded the rating to AA+. In September 2015, Fitch Ratings affirmed the AA rating.

The water and sewer systems will continue to be the primary focus for the City in years to come. The City has recently completed an upgrade to its wastewater treatment plant to state of the art ENR (Enhanced Nutrient Removal) technology. This new technology allows the plant to remove more nitrogen and phosphorus from its wastewater. Also, tending to aging infrastructure will be an ongoing priority. Much of the underground infrastructure in the older sections of the city are either undersized or in need of replacement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Aberdeen for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program

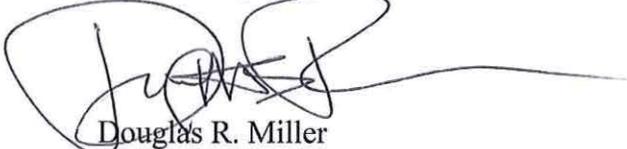
requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department. We extend our sincere appreciation to each member of this department.

Also, special thanks go to the Mayor and City Council for their leadership and support in planning and overseeing the governmental operations in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Douglas R. Miller', with a long horizontal flourish extending to the right.

Douglas R. Miller
City Manager

A handwritten signature in blue ink, appearing to read 'Opiribo Jack', with a long horizontal flourish extending to the right.

Opiribo Jack, CPA
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

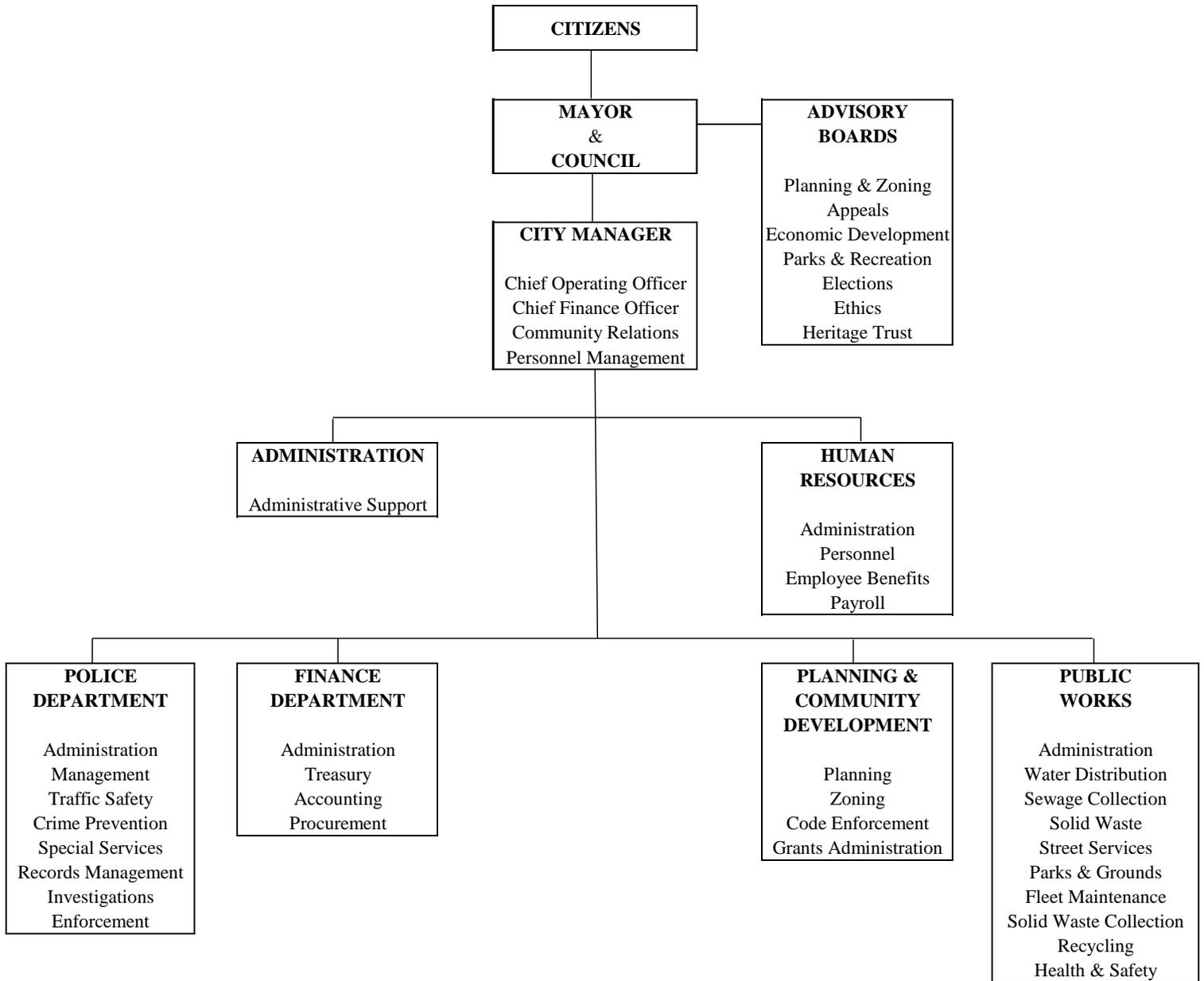
**City of Aberdeen
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN
HARFORD COUNTY, MARYLAND
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2015

ELECTED OFFICIALS

City Mayor	Mr. Michael E. Bennett
City Council Members	Mrs. Ruth Ann Young Mrs. Sandra Landbeck Mr. Stephen Smith Mrs. Ruth Elliott

APPOINTED OFFICIALS

City Manager	Mr. Douglas Miller
City Clerk	Mrs. Monica A. Correll
Director of Finance	Mr. Opiribo Jack
Police Chief	Mr. Henry Trabert
Director of Public Works	Mr. Kyle Torster
Director of Planning & Community Development	Mrs. Phyllis Grover
City Attorney	Council, Baradel, Kosmerl & Nolan, PA
Bond Counsel	Royston, Mueller, McLean & Reid, LLP



Independent Auditor's Report

RSM US LLP

To the Honorable Mayor and Members of the City Council
City of Aberdeen, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aberdeen, Maryland, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Aberdeen, Maryland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aberdeen, Maryland, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7, effective July 1, 2014, the City adopted the new accounting guidance of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 20, the Schedule of Changes in the City's Net Pension Liability and Related Ratios – Pension on page 71, and the Schedule of City Contributions – Pension on page 72, and Schedule of Investment Returns – Pension on page 73 and Other Post-Employment Benefits – Schedules of Employer Contributions and Funding Progress on page 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Aberdeen, Maryland's basic financial statements. The supplementary information, listed in the table of contents as other supplementary information and the other information, listed in the table of contents as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information, listed in the table of contents as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2015, on our consideration of the City of Aberdeen, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Aberdeen, Maryland's internal control over financial reporting and compliance.

RSM US LLP

Frederick, Maryland
December 29, 2015

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2015

Introduction

As management of the City of Aberdeen, Maryland (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. The Management's Discussion and Analysis (MD&A) is best understood if read in conjunction with the City's basic financial statements.

Financial Highlights

1. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$72.7 million (*net position*). Of this amount, \$9.1 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
2. The City's total net position increased \$4.7 million. Most of this increase is attributable to better than expected tax revenues, capital connection charges, management fees, and savings in expenses.
3. The City's total long-term liabilities decreased by \$2.9 million during the current fiscal year from \$29.5 million to \$26.6 million.
4. As of the close of the current fiscal year, the City's governmental funds, on a current financial resource basis, reported a combined ending fund balance of \$10.6 million. This represents a decrease of \$1.3 million over the prior year. About 88% (\$9.3 million) is unassigned and is available for spending at the City's discretion.
5. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9.3 million or 68.3% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components:

- 1) Government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

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.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position and condition of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2015

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, public works, parks and recreation, municipal buildings, and economic and community development. The business-type activities of the City include water, sewer, and stadium operations.

The government-wide financial statements include only the City of Aberdeen because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 21 and 22 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aberdeen, 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 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. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 government 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 government's near-term financing decisions. Both the governmental fund balance sheet and 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 three individual governmental funds – the General, Capital Projects, and Special Revenue funds. 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 all three governmental funds.

The City adopts an annual appropriated budget for its individual governmental funds, except for the Special Revenue fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The governmental funds financial statements can be found on pages 23 to 27 of this report.

Proprietary funds. The City maintains only Enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Stadium funds. The basic proprietary fund financial statements can be found on pages 28 to 30 of this report.

Fiduciary funds. The City maintains three separate fiduciary funds, which are used to report assets held in a trust or agency capacity for others and which therefore cannot be used to support the City's own programs. The City uses fiduciary funds to account for its three pension funds, the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Defined Benefit Plan, and the City of Aberdeen Police Department Pension Plan. The basic fiduciary fund financial statements can be found on page 31 of this report.

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2015

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements and can be found on pages 32 to 70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71 to 74 of this report. Other supplementary information as noted in the table of contents can be found on pages 75 to 79.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$72.7 million at the close of the most recent fiscal year. City of Aberdeen net position are divided into three categories – net investment in capital assets, restricted net position and unrestricted net position.

The largest portion of the City's net position (82%) reflects its investment in capital assets net of depreciation (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements); less any un-matured debt used to acquire these assets. The debt used to acquire these assets must be repaid using other financial resources because the assets themselves cannot be used for repayment.

Restricted net position represents 5.6% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used.

Unrestricted net position of the government-wide financial statements has a balance of \$9.0 million (12.5% of total net position) that may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, all three categories of net position are positive for both the government as a whole as well as for the governmental and business-type activities.

The City's net position experienced a 7% increase. This reflects the increase in tax revenues, and charges for services in the water and sewer funds.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2015

The following table summarizes the net position for governmental and business-type activities as of June 30, 2015 and 2014:

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	\$ 13,004	\$ 14,168	\$ 6,832	\$ 5,745	\$ 19,836	\$ 19,913
Capital assets, net	24,564	21,033	57,769	58,777	82,333	79,810
Total assets	37,568	35,201	64,601	64,522	102,169	99,723
Deferred Outflows of Resources	496	572	-	-	496	572
Liabilities						
Long-term liabilities	7,650	9,123	18,974	20,352	26,624	29,475
Other liabilities	2,017	2,044	789	893	2,806	2,937
Total liabilities	9,667	11,167	19,763	21,245	29,430	32,412
Deferred Inflows of Resources	598	-	-	-	598	-
Net Position						
Net investment in capital assets	20,242	16,364	39,292	38,919	59,534	55,283
Restricted	442	485	3,601	3,610	4,043	4,095
Unrestricted	7,115	7,757	1,945	748	9,060	8,505
Total Net Position	\$ 27,799	\$ 24,606	\$ 44,838	\$ 43,277	\$ 72,637	\$ 67,883

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2015

The following table indicates the changes in net position for governmental and business-type activities for the years ended June 30, 2015 and 2014:

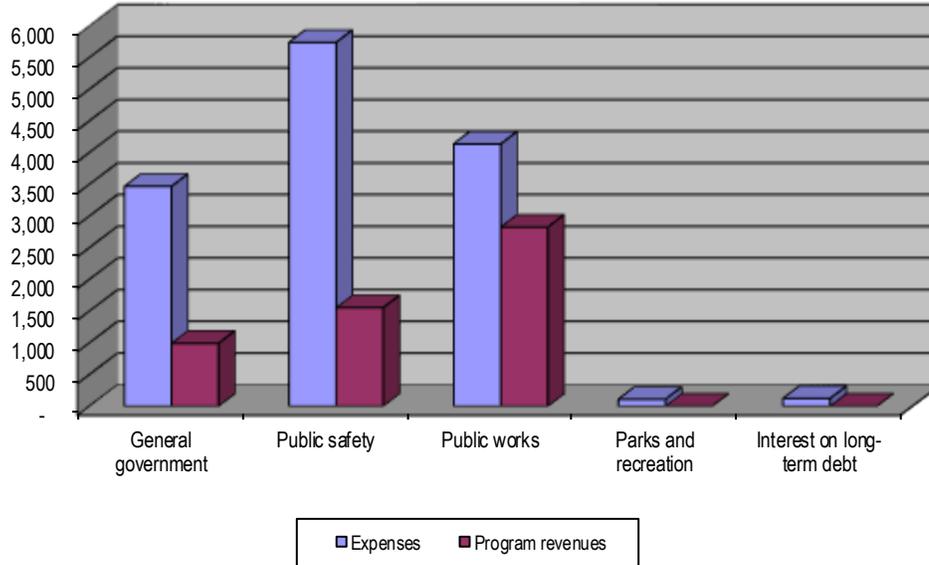
	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for service	\$ 2,756	\$ 2,615	\$ 7,690	\$ 6,973	\$ 10,446	\$ 9,588
Operating grants/contributions	1,982	2,107	-	-	1,982	2,107
Capital grants/contributions	633	479	566	1,665	1,199	2,144
General revenues:						
Property taxes	10,043	9,936	-	-	10,043	9,936
State shared/other local taxes	1,593	1,330	-	-	1,593	1,330
Miscellaneous	301	351	173	178	474	529
Total revenues	17,308	16,818	8,429	8,816	25,737	25,634
Program Expenses						
General government	3,468	4,911	-	-	3,468	4,911
Public safety	5,739	5,356	-	-	5,739	5,356
Public works	4,136	4,337	-	-	4,136	4,337
Parks and recreation	109	371	-	-	109	371
Interest on long-term debt	124	132	-	-	124	132
Utilities and other enterprise funds	-	-	7,407	7,290	7,407	7,290
Total expenses	13,576	15,107	7,407	7,290	20,983	22,397
Increase in net position before transfers	3,732	1,711	1,022	1,526	4,754	3,237
Transfers	(539)	(355)	539	355	-	-
Increase in net position	3,193	1,356	1,561	1,881	4,754	3,237
Net Position, July 1	24,606	23,250	43,277	41,396	67,883	64,646
Net Position, June 30	\$ 27,799	\$ 24,606	\$ 44,838	\$ 43,277	\$ 72,637	\$ 67,883

Governmental activities: The increase in net position for governmental activities was \$3.2 million, which is \$1.8 million higher when compared to the 2014 increase of \$1.3 million. This increase largely resulted from the recording of the cumulative effect of the adoption of GASB Statement No. 68 to 2014 general government program expenses, in the amount of \$1.2 million. There were no other significant line item fluctuations compared to 2014.

City of Aberdeen, Maryland Management's Discussion and Analysis June 30, 2015

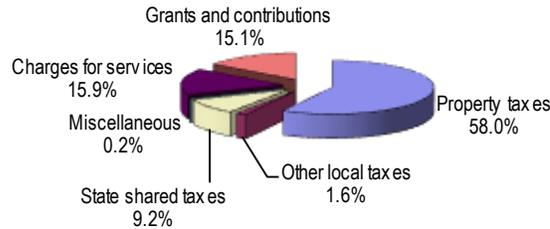
The following chart compares the Expenses and Program Revenues of the City's Governmental Activities:

Expenses and Program Revenues Governmental Activities (000)



The following chart shows Revenues by Source of the City's Governmental Activities:

Revenues by Source Governmental Activities



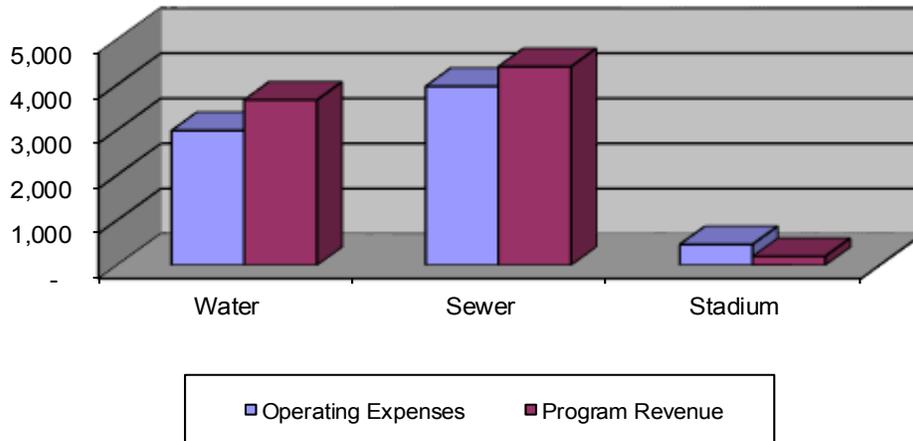
Business-type Activities: Business-type activities increased the City's net position by \$1.6 million, which is \$300 thousand less than the increase from 2013 to 2014. Key elements of this decrease are as follows:

- Capital grants and contributions decreased \$1.1 million due to decreased state funding for capitalized upgrades to the wastewater treatment plant.
- Business-type expenses increased by \$116 thousand primarily due to an increase of \$238 thousand of depreciation expense reported in the sewer utility fund.

City of Aberdeen, Maryland Management's Discussion and Analysis June 30, 2015

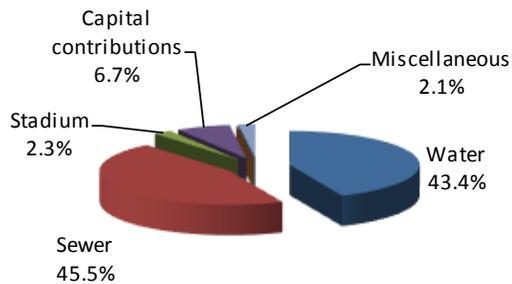
The following chart compares the Expenses and Program Revenues of the City's Business-Type Activities.

**Expenses and Program Revenues Business-Type
Activities (000)**



The following chart shows Revenues by Source of the City's Business-Type Activities:

**Revenues by Source Business-Type
Activities**



City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2015

Financial Analysis of the Government's Funds

As noted earlier, the City of Aberdeen uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Aberdeen's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net current financial resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Aberdeen's governmental funds reported combined ending balances of \$10.6 million, a decrease of \$1.3 million in comparison with the prior year. Approximately 88% of this total amount (\$9.3 million) constitutes unassigned fund balance, which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is classified to reflect constraints on the City's remaining fund balance, including: 1) non-spendable fund balance for other assets, including prepaid items, and inventory (\$32 thousand), 2) restricted for community development (\$442 thousand), and 3) assigned balances for public safety, public works, storm water management and capital projects (\$794 thousand).

The General Fund is the chief operating fund of the City of Aberdeen. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$9.3 million, which represents 98% of total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.3% of total General Fund expenditures, while total fund balance represents 69.7% of that same amount. The General Fund balance decreased by \$52 thousand during the current fiscal year. The key elements are:

- Total revenues were \$301 thousand higher than the prior year.
- Taxes were \$106 thousand more than anticipated due to new growth in construction and higher highway user revenue allocation.
- Total expenditures were \$185 thousand higher than the prior year mainly due to funding of an Other Post Employment Benefit (OPEB) Trust.
- Transfers out were \$3.1 million which were made largely for the funding of capital projects in other funds.

Financial resources of the Capital Project Fund are used in the acquisition or construction of major capital projects not financed by the proprietary funds. At the end of the current fiscal year, fund balance of \$160 thousand was assigned to storm water management, and the remaining fund balance of \$477 thousand was assigned to capital projects for a total fund balance of \$637 thousand. The fund balance decreased by \$1.2 million during the current fiscal year. The key elements are:

- Revenue was \$56 thousand higher than 2014 due to increased grant revenue.
- Expenditures were \$1 million more than 2014 due to increased public works projects.
- Total transfers in were \$2.6 million from the general fund for capital projects funding.
- Expenditures were \$691 thousand less than anticipated.

Proprietary funds. The City of Aberdeen's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the three funds at the end of the year amounted to a surplus of \$1.6 million for the Water Fund, a surplus of \$343 thousand for the Sewer Fund, and a surplus of \$20 thousand for the Stadium Fund. The total net position increased by \$1.6 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Aberdeen's business-type activities.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2015

General Fund Budgetary Highlights

The final budget for the General Fund expenditures was increased \$559 thousand (4.2%) over the original budget to adjust for situations arising during the year. The most significant increases relate to a \$135 thousand increase for retrofitting the command vehicles, a \$178 thousand increase for replacement of IT hardware and software and the outsourcing of the IT function, and a \$84 thousand increase for repairs to aging buildings around the City, and \$90 thousand for security upgrade of City Hall.

Property taxes were \$443 thousand higher than budgeted due to higher growth and property values than initially assessed. Income tax was \$215 thousand higher than budgeted because more people were employed than anticipated.

Capital Asset and Debt Administration

Capital assets. The City of Aberdeen's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$82.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment (including vehicles), infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total net increase in City of Aberdeen's investment in capital assets for the current fiscal year was \$2.5 million or 3.2% (a 16.8% increase for governmental activities and a 1.7% decrease for business-type activities). The major capital asset activities in the current year included street resurfacing totaling approximately \$2.8 million and the acquisition of various properties within the City limits for \$1 million.

**City of Aberdeen's Capital Assets
(Net of Depreciation)**

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,513	\$ 4,471	\$ 1,963	\$ 1,963	\$ 7,476	\$ 6,434
Buildings	4,934	4,877	14,107	14,561	19,041	19,438
Improvements other than buildings	156	157	619	586	775	743
Machinery and equipment	1,098	1,011	1,812	1,995	2,910	3,006
Vehicles	946	618	-	-	946	618
Recreational facilities	260	214	-	-	260	214
Infrastructure	11,657	9,206	-	-	11,657	9,206
Water and sewer systems	-	-	38,790	39,650	38,790	39,650
Construction in progress	-	479	478	22	478	501
Total	\$ 24,564	\$ 21,033	\$ 57,769	\$ 58,777	\$ 82,333	\$ 79,810

Additional information on the City of Aberdeen's capital assets can be found in Note 6 of this report.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2015

Long-term debt. At the end of the current fiscal year, the City of Aberdeen had total long-term liabilities outstanding of \$26.6 million. The full faith and credit and unlimited taxing power of the City are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonds.

City of Aberdeen's Outstanding Long-term Liabilities

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 3,815	\$ 4,110	\$ 9,585	\$ 10,440	\$ 13,400	\$ 14,550
Notes payable	507	558	8,849	9,369	9,356	9,927
Compensated absences	544	552	110	112	654	664
Net pension liability	845	1,841	-	-	845	1,841
OPEB obligation	1,939	2,061	387	383	2,326	2,444
Premiums (discounts), net	-	1	43	48	43	49
Total	\$ 7,650	\$ 9,123	\$ 18,974	\$ 20,352	\$ 26,624	\$ 29,475

During the current fiscal year, the City of Aberdeen's total long-term liabilities decreased by \$2.9 million or 9.7%. The City has strictly adhered to its debt repayment amortization schedules.

The amount of general obligation debt the City of Aberdeen may issue is not limited by State statute or local ordinance. However, the City adheres to a fiscal policy adopted by its elected officials that prohibits general obligation debt from exceeding 15% of the assessed value of taxable property. The City was in full compliance at June 30, 2015. Additional information on the City of Aberdeen's long-term liabilities can be found in Note 8 of this report.

Economic Factors and Next Year's Budgets and Rates

- Regional employment that also impacts the City has been stable and is expected to remain stable. Harford County unemployment rates are lower than many other Maryland counties and Maryland unemployment rates are lower than most states in the country.
- The U.S. Army has been adding jobs (mostly civilian) to the Aberdeen Proving Grounds (APG) as a result of BRAC (Base Realignment and Closure). Employment on APG is remaining stable and may possibly increase once "sequestration" and other Federal budget issues are resolved.
- New construction, both residential and commercial, is expected to continue at a moderate rate, which will impact the real estate tax base.
- The real estate tax rate remains unchanged at \$0.66 per \$100 of assessed value for the fiscal year 2016 budget.
- The water and sewer base rates remain unchanged at \$15.23 and \$19.57 respectively for the fiscal year 2015 budget.

All of these factors were considered in preparing the City of Aberdeen's budget for fiscal year 2016.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2015

Requests for Information:

This financial report is designed to provide a general overview of the City of Aberdeen's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Department of Finance, City of Aberdeen, 60 North Parke Street, Aberdeen, MD 21001 or by telephone at (410) 272-1600.

City of Aberdeen, Maryland

Statement of Net Position

June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 11,468,394	\$ 4,947,855	\$ 16,416,249
Receivables, current	1,300,318	1,578,669	2,878,987
Prepays	9,237	-	9,237
Inventory	23,220	96,066	119,286
Receivables, noncurrent	202,337	208,691	411,028
Capital assets			
Nondepreciable assets	5,513,058	2,441,716	7,954,774
Net of accumulated depreciation	19,051,263	55,327,365	74,378,628
Total assets	37,567,827	64,600,362	102,168,189
Deferred Outflows of Resources			
Deferred outflows for pension	496,146	-	496,146
Liabilities			
Accounts payable	1,072,159	587,279	1,659,438
Accrued liabilities	323,912	197,939	521,851
Unearned revenue	302,655	3,475	306,130
Other liabilities	318,068	-	318,068
Noncurrent liabilities			
Due within one year	621,873	1,406,263	2,028,136
Due in more than one year	7,028,531	17,567,616	24,596,147
Total liabilities	9,667,198	19,762,572	29,429,770
Deferred Inflows of Resources			
Deferred inflows for pension	597,514	-	597,514
Net Position			
Net investment in capital assets	20,241,970	39,292,242	59,534,212
Restricted for			
Community development	441,896	-	441,896
Debt service	-	1,023,067	1,023,067
Capital revolving loans	-	2,577,140	2,577,140
Unrestricted	7,115,395	1,945,341	9,060,736
Total net position	\$ 27,799,261	\$ 44,837,790	\$ 72,637,051

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Activities

Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 3,468,452	\$ 328,930	\$ 60,807	\$ 603,069	\$ (2,475,646)	\$ -	\$ (2,475,646)
Public safety	5,739,007	27,659	1,495,553	30,324	(4,185,471)	-	(4,185,471)
Public works	4,135,899	2,399,067	426,001	-	(1,310,831)	-	(1,310,831)
Parks and recreation	109,297	-	-	-	(109,297)	-	(109,297)
Interest on long-term debt	123,875	-	-	-	(123,875)	-	(123,875)
Total governmental activities	13,576,530	2,755,656	1,982,361	633,393	(8,205,120)	-	(8,205,120)
Business-Type Activities							
Water	2,982,943	3,660,863	-	-	-	677,920	677,920
Sewer	3,962,657	3,831,922	-	566,225	-	435,490	435,490
Stadium	460,981	196,740	-	-	-	(264,241)	(264,241)
Total business-type activities	7,406,581	7,689,525	-	566,225	-	849,169	849,169
Total primary government	\$ 20,983,111	\$ 10,445,181	\$ 1,982,361	\$ 1,199,618	(8,205,120)	849,169	(7,355,951)
General revenues							
Property tax					10,043,124	-	10,043,124
Other local taxes					273,859	-	273,859
State shared taxes, unrestricted					1,593,992	-	1,593,992
Interest earnings					16,290	68,648	84,938
Gain on disposal of capital assets					10,189	6,036	16,225
Gain on sale of property					-	97,948	97,948
Transfers					(538,806)	538,806	-
Total general revenues and transfers					11,398,648	711,438	12,110,086
Change in net position					3,193,528	1,560,607	4,754,135
Net position							
Beginning, as restated (Note 7)					24,605,733	43,277,183	67,882,916
Ending					\$ 27,799,261	\$ 44,837,790	\$ 72,637,051

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 9,969,412	\$ 213,423	\$ 1,285,559	\$ 11,468,394
Receivables (net of allowance for uncollectibles)	1,129,748	243,109	129,798	1,502,655
Prepays	9,237	-	-	9,237
Inventory	23,220	-	-	23,220
Total assets	\$ 11,131,617	\$ 456,532	\$ 1,415,357	\$ 13,003,506
Liabilities				
Accounts payable	\$ 327,626	\$ 14,388	\$ 730,145	\$ 1,072,159
Accrued liabilities	323,912	-	-	323,912
Unearned revenue	302,407	248	-	302,655
Other liabilities	318,068	-	-	318,068
Total liabilities	1,272,013	14,636	730,145	2,016,794
Deferred Inflows of Resources				
Unavailable revenue – property taxes and grants	379,400	-	48,309	427,709
Fund Balances				
Non-spendable				
Prepays	9,237	-	-	9,237
Inventory	23,220	-	-	23,220
Restricted				
Community development	-	441,896	-	441,896
Assigned				
Public safety	134,986	-	-	134,986
Public works	22,510	-	-	22,510
Stormwater management	-	-	160,243	160,243
Capital projects	-	-	476,660	476,660
Unassigned	9,290,251	-	-	9,290,251
Total fund balances	9,480,204	441,896	636,903	10,559,003
Total liabilities, deferred inflows of resources and fund balances	\$ 11,131,617	\$ 456,532	\$ 1,415,357	\$ 13,003,506

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Fund Balances – Total Governmental Funds \$ 10,559,003

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	44,500,371	
Accumulated depreciation	(19,936,050)	
	<u>24,564,321</u>	24,564,321

Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 427,709

Deferred outflows for pensions are not included in the governmental funds.

Current year contributions to the pension plans	486,767	
Net difference between projected and actual investment earnings on pension plan assets	<u>9,379</u>	
		496,146

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds payable	(3,815,000)	
Notes payable	(507,062)	
Net pension liability	(845,063)	
Net OPEB obligation	(1,938,568)	
Accumulated unused compensated absences	(544,422)	
Bond premiums	(19,974)	
Bond discounts	<u>19,685</u>	
		(7,650,404)

Deferred inflows for pensions are not included in the governmental funds.

Differences between expected and actual experience	(99,260)	
Net difference between projected and actual investment earnings on pension plan assets	<u>(498,254)</u>	
		(597,514)

Net position of governmental activities \$ 27,799,261

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Taxes	\$ 12,065,927	\$ -	\$ -	\$ 12,065,927
Licenses and permits	141,486	-	-	141,486
Intergovernmental	1,785,505	51,000	508,909	2,345,414
APG management fees	2,297,286	-	-	2,297,286
Miscellaneous	322,677	10,497	-	333,174
Total revenues	16,612,881	61,497	508,909	17,183,287
Expenditures				
Current:				
General government	2,143,074	95,759	1,065,080	3,303,913
Public safety	4,084,954	-	217,757	4,302,711
Public works	3,551,855	-	2,949,564	6,501,419
Parks and recreation	160,314	-	-	160,314
Miscellaneous	3,184,067	9,080	-	3,193,147
Debt service:				
Principal	346,054	-	-	346,054
Interest	124,376	-	-	124,376
Total expenditures	13,594,694	104,839	4,232,401	17,931,934
Excess (deficiency) of revenue over (under) expenditures	3,018,187	(43,342)	(3,723,492)	(748,647)
Other Financing Sources (Uses)				
Transfers in (out)	(3,105,540)	-	2,566,734	(538,806)
Proceeds from sale of capital assets	34,879	-	-	34,879
Total other financing sources (uses)	(3,070,661)	-	2,566,734	(503,927)
Net change in fund balances	(52,474)	(43,342)	(1,156,758)	(1,252,574)
Fund Balances				
Beginning	9,532,678	485,238	1,793,661	11,811,577
Ending	\$ 9,480,204	\$ 441,896	\$ 636,903	\$ 10,559,003

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2015**

Net Change in Fund Balances – Total Governmental Funds	\$	(1,252,574)
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays		4,532,506
Depreciation expense		(976,750)

In the statement of activities, only the gain/loss on the disposition of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balances by costs of the capital assets of \$176,439 disposed, less accumulated depreciation of \$151,749.

(24,690)

Some expenses reported in the statement of activities, do not require the use of current resources and, therefore are not reported as expenditures in the governmental funds. The details are as follows:

Compensated absences		7,341
Pension expense, including pension related deferrals		323,612
Other post-employment benefits expense		122,140

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments		346,054
Amortization of premiums and discounts		501

Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance current expenditures. Accrual basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net increase in unavailable revenue at the end of the year over the amount at the beginning of the year.

115,388

Change in net position of governmental activities

\$ 3,193,528

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 11,405,652	\$ 11,405,652	\$ 12,071,083	\$ 665,431
Licenses and permits	82,300	82,300	141,486	59,186
Intergovernmental	1,627,282	1,652,456	1,785,505	133,049
APG management fees	650,000	650,000	899,922	249,922
Miscellaneous	323,350	323,350	322,677	(673)
Total revenues	14,088,584	14,113,758	15,220,673	1,106,915
Expenditures				
General government	1,939,531	2,311,531	2,145,414	166,117
Public safety	4,194,009	4,354,183	4,219,940	134,243
Public works	2,375,286	2,391,286	2,177,001	214,285
Parks and recreation	97,500	176,500	160,314	16,186
Miscellaneous	3,627,040	3,559,040	3,237,088	321,952
Debt service				
Principal	345,000	345,000	345,000	-
Interest	125,128	125,128	125,117	11
Total expenditures	12,703,494	13,262,668	12,409,874	852,794
Other Financing Sources (Uses)				
Transfers out	(1,385,090)	(3,105,540)	(3,105,540)	-
Appropriation of fund balance	-	2,254,450	2,254,450	-
Total other financing sources (uses)	(1,385,090)	(851,090)	(851,090)	-
Net change in fund balance – budgetary basis	\$ -	\$ -	1,959,709	\$ 1,959,709
Adjustments to Conform with Generally Accepted Accounting Principles (GAAP)			(2,012,183)	
Net Change in Fund Balance – GAAP Basis			(52,474)	
Fund Balance				
Beginning			9,532,678	
Ending			<u>\$ 9,480,204</u>	

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Net Position – Proprietary Funds
June 30, 2015

	Business-Type Activities – Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 4,092,302	\$ 813,529	\$ 42,024	\$ 4,947,855
Receivables, current	486,901	1,085,727	6,041	1,578,669
Inventory	55,350	40,716	-	96,066
Total current assets	4,634,553	1,939,972	48,065	6,622,590
Noncurrent assets				
Receivables, noncurrent	-	208,691	-	208,691
Capital assets, net	10,637,318	34,540,627	12,591,136	57,769,081
Total noncurrent assets	10,637,318	34,749,318	12,591,136	57,977,772
Total assets	15,271,871	36,689,290	12,639,201	64,600,362
Liabilities				
Current liabilities				
Accounts payable	343,702	228,590	14,987	587,279
Accrued liabilities	64,958	119,911	13,070	197,939
Unearned revenue	3,475	-	-	3,475
Notes payable	-	466,782	-	466,782
Bonds payable	355,316	-	523,813	879,129
Compensated absences	6,244	54,108	-	60,352
Total current liabilities	773,695	869,391	551,870	2,194,956
Noncurrent liabilities				
Notes payable	-	8,382,491	-	8,382,491
Bonds payable	5,873,920	-	2,874,517	8,748,437
Compensated absences	2,901	46,872	-	49,773
OPEB liabilities	53,417	333,498	-	386,915
Total noncurrent liabilities	5,930,238	8,762,861	2,874,517	17,567,616
Total liabilities	6,703,933	9,632,252	3,426,387	19,762,572
Net Position				
Net investment in capital assets	4,408,082	25,691,354	9,192,806	39,292,242
Restricted for debt service	-	1,023,067	-	1,023,067
Restricted for capital revolving loans	2,577,140	-	-	2,577,140
Unrestricted	1,582,716	342,617	20,008	1,945,341
Total net position	\$ 8,567,938	\$ 27,057,038	\$ 9,212,814	\$ 44,837,790

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Revenues, Expenses, and Changes in
Fund Net Position – Proprietary Funds
Year Ended June 30, 2015

	Business-Type Activities – Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Operating Revenues				
Charges for services	\$ 3,424,306	\$ 3,529,935	\$ 134,916	\$ 7,089,157
Other operating revenues	217,494	289,485	60,000	566,979
Miscellaneous	19,063	12,502	1,824	33,389
	<u>3,660,863</u>	<u>3,831,922</u>	<u>196,740</u>	<u>7,689,525</u>
Operating Expenses				
Cost of service	1,892,993	2,413,931	56,019	4,362,943
Other operating expenses	264,234	337,039	-	601,273
Depreciation	579,358	1,112,601	321,852	2,013,811
	<u>2,736,585</u>	<u>3,863,571</u>	<u>377,871</u>	<u>6,978,027</u>
Operating income (loss)	<u>924,278</u>	<u>(31,649)</u>	<u>(181,131)</u>	<u>711,498</u>
Non-Operating Revenues (Expenses)				
Investment interest	372	460	-	832
Interest income on notes receivable	-	-	67,816	67,816
Gain on sale of property	-	-	97,948	97,948
Gain on disposal of capital assets	6,036	-	-	6,036
Interest expense	(246,358)	(99,086)	(83,110)	(428,554)
	<u>(239,950)</u>	<u>(98,626)</u>	<u>82,654</u>	<u>(255,922)</u>
Income (loss) before transfers and capital grants and contributions	<u>684,328</u>	<u>(130,275)</u>	<u>(98,477)</u>	<u>455,576</u>
Transfers in	-	250,000	288,806	538,806
Capital grants and contributions	-	566,225	-	566,225
	<u>-</u>	<u>566,225</u>	<u>-</u>	<u>566,225</u>
Change in net position	<u>684,328</u>	<u>685,950</u>	<u>190,329</u>	<u>1,560,607</u>
Net Position				
Beginning	7,883,610	26,371,088	9,022,485	43,277,183
Ending	<u>\$ 8,567,938</u>	<u>\$ 27,057,038</u>	<u>\$ 9,212,814</u>	<u>\$ 44,837,790</u>

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2015

	Business-Type Activities – Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,616,849	\$ 3,788,348	\$ 648,455	\$ 8,053,652
Payments to employees	(503,653)	(1,046,340)	-	(1,549,993)
Payments to suppliers	(1,530,496)	(1,798,548)	(142,813)	(3,471,857)
Net cash provided by operating activities	1,582,700	943,460	505,642	3,031,802
Cash Flows from Non-Capital Financing Activities				
Internal activity payments to other funds	50,954	(61,270)	(197,946)	(208,262)
Net transfers in	-	250,000	288,806	538,806
Net cash provided by non-capital financing activities	50,954	188,730	90,860	330,544
Cash Flows from Capital and Related Financing Activities				
Principal payments on notes payable	(49,998)	(469,998)	-	(519,996)
Principal payments on bonds payable	(345,800)	-	(510,000)	(855,800)
Interest paid	(249,877)	(108,255)	(88,623)	(446,755)
Proceeds from disposal of capital assets	6,036	-	-	6,036
Capital grants and contributions	-	471,327	-	471,327
Purchase of capital assets	(458,652)	(424,440)	(122,748)	(1,005,840)
Net cash used in capital and related financing activities	(1,098,291)	(531,366)	(721,371)	(2,351,028)
Cash Flows from Investing Activities				
Investment earnings	372	460	-	832
Principal collections on notes receivable	-	-	97,948	97,948
Interest received on note receivable	-	-	67,816	67,816
Net cash provided by investing activities	372	460	165,764	166,596
Net increase in cash and cash equivalents	535,735	601,284	40,895	1,177,914
Cash and Cash Equivalents				
Beginning of year	3,556,567	212,245	1,129	3,769,941
End of year	\$ 4,092,302	\$ 813,529	\$ 42,024	\$ 4,947,855
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 924,278	\$ (31,649)	\$ (181,131)	\$ 711,498
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	579,358	1,112,601	321,852	2,013,811
Changes in assets and liabilities:				
Receivables	(47,489)	(43,574)	451,715	360,652
Inventory	18,244	16,160	-	34,404
Accounts payable	105,307	(122,080)	(86,794)	(103,567)
Accrued liabilities	2,393	7,267	-	9,660
Deferred revenue	3,475	-	-	3,475
Compensated absences	(4,003)	1,907	-	(2,096)
OPEB liabilities	1,137	2,828	-	3,965
Net cash provided by operating activities	\$ 1,582,700	\$ 943,460	\$ 505,642	\$ 3,031,802

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position
June 30, 2015

	Pension Trust Funds			OPEB
	Defined Contribution Plan	Police Department Plan	Defined Benefit Plan	Trust Fund
Assets				
Cash and short-term investments	\$ 237,871	\$ -	\$ -	\$ -
Participant loans	374,568	-	-	-
	<u>612,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments at fair-value	6,395,164	9,231,544	-	377,437
Insurance contract, at cost	-	-	1,399,552	-
	<u>6,395,164</u>	<u>9,231,544</u>	<u>1,399,552</u>	<u>377,437</u>
Total assets	\$ 7,007,603	\$ 9,231,544	\$ 1,399,552	\$ 377,437
Net Position				
Restricted for pension/other benefits	\$ 7,007,603	\$ 9,231,544	\$ 1,399,552	\$ 377,437
Additions				
Contributions				
Employer contributions	\$ 355,449	\$ 424,102	\$ 62,665	\$ 380,000
Employee contributions	101,550	161,734	-	-
Total contributions	<u>456,999</u>	<u>585,836</u>	<u>62,665</u>	<u>380,000</u>
Investment earnings				
Investment income (loss)	174,836	242,504	59,592	(2,563)
Total additions	<u>631,835</u>	<u>828,340</u>	<u>122,257</u>	<u>377,437</u>
Deductions				
Benefit payments	401,839	297,963	158,285	-
Administrative expenses and other	4,160	32,896	14,365	-
Total deductions	<u>405,999</u>	<u>330,859</u>	<u>172,650</u>	<u>-</u>
Change in net position	225,836	497,481	(50,393)	377,437
Net Position – Beginning	6,781,767	8,734,063	1,449,945	-
Net Position – Ending	<u>\$ 7,007,603</u>	<u>\$ 9,231,544</u>	<u>\$ 1,399,552</u>	<u>\$ 377,437</u>

See Notes to Basic Financial Statements.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Aberdeen, Maryland, (City), located in Harford County, was incorporated in 1892 under the provisions of Maryland State Law. The City operates under a form of government which comprises an elected City Council (four members) and an elected Mayor and provides such services as authorized by its Charter.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies followed in the preparation of the basic financial statements:

A. Reporting Entity

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all other potential organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of the organization's governing body, and (1) the ability of the City to impose its will on that organization, or (2) the potential for that organization to provide specific benefits to or impose specific financial burdens on the City. Based on these criteria, there are no other organizations or agencies which should be included in these basic financial statements.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements: The government-wide financial statements report information on all of the non-fiduciary activities of the City. The effect of inter-fund financial transactions has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Statement of net position: This statement is designed to display the financial position of the City as of year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. The City's net position is reported in three categories – (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Statement of activities: This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues. The City does not allocate indirect expenses.

Fund financial statements: Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

General fund budget-to-actual comparison statement: Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, the City has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. The City and many other governments revise their original budgets over the course of the year for a variety of reasons; as a result, both the original adopted budget and the final amended budget have been reflected in this statement.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; deferred inflows of resources assigned to funds in which resources to be earned and the difference between governmental fund assets, liabilities, and deferred inflows of resources, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in current financial position, rather than upon net income determination.

The City has three major governmental funds: the General Fund, the Special Revenue Fund, and the Capital Projects Fund. The General Fund is used to account for all activities of the government not accounted for in some other fund. It accounts for the normal recurring activities of the City such as public safety, public works, parks and recreation, and general government, etc. These activities are financed primarily by property taxes, other taxes, service charges, and grants from other governmental units. The Special Revenue Fund accounts for various projects funded by various block grants. The City utilizes a Capital Projects Fund to account for all financial resources used for acquisition or construction of major capital facilities not financed by proprietary funds.

While the Special Revenue Fund does not meet the criteria set forth by the Codification, the City has elected to present the Special Revenue Fund as a major fund, due to public interest.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

The City has three major proprietary funds. The Water Fund operates the water treatment plants and distribution system. The Sewer Fund operates the sewage treatment plant, pumping stations and collection system. The Stadium Fund accounts for the activities of Ripken Stadium.

Fiduciary fund types: The City has three pension funds: the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Defined Contribution Plan, and the City of Aberdeen Police Department Pension Plan. Additionally, the City established an OPEB Trust fund during the year ended June 30, 2015. The fiduciary funds are used to report assets held in a trust or agency capacity for others and which therefore cannot be used to support the City's own programs.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements and the fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers enterprise zone tax credit revenues to be available if they are collected within 90 days of the end of the current fiscal period, while all other revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services, and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

The City is responsible for billing and collecting property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of the levy year, which is July 1 to June 30. Tax payments are due in one installment by September 30, or two semiannual installments, by September 30 and December 31, at the taxpayer's option, after which interest is accrued. Unpaid taxes are collected through the annual tax sale held on the third Monday of June after taxes become delinquent.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements requires the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. Budgetary Data

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor submits to the City Council a proposed operating budget at least 40 days before the beginning of the fiscal year. The operating budget includes proposed expenditures, the means of financing them, and the use of the federal and/or state grants.
2. Prior to June 30th, the budget is passed by vote of the Mayor and City Council. Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted according to procedures set by the Mayor and City Council of Aberdeen.
3. Monthly statements are provided by the Director of Finance and budget review is executed by the Mayor and City Council periodically. The City Council legally adopts an annual budget for the General Fund and the Capital Projects Fund. The City has no legally adopted annual budget for the Water, Sewer, and Stadium Enterprise Funds. However, a budget is used as a management tool for these funds.

Expenditures may not exceed appropriations at the general classification level without approval from the Council. The City Manager may approve transfers between departments throughout the year. As a practical matter, the City Manager notifies the City Council periodically of any such transfers. Unexpended and unencumbered appropriations lapse at year-end. No annual budget and actual comparisons are presented in the financial statements for governmental funds utilizing project ordinances.

The policy established by the Mayor and City Council with respect to the City Budget (budgetary basis) does not conform to accounting principles generally accepted in the United States of America (GAAP basis) in certain respects. The primary differences between budgetary and GAAP basis is that under the budgetary basis encumbrances are recorded as the equivalent of expenditures. Budgeted amounts are originally adopted, and as amended by the Mayor and the City Council. Unencumbered appropriations of the operating budget lapse at the end of each fiscal year. Appropriations in the capital budget continue as authority for subsequent period expenditures, and lapse in the year of completion of the capital project.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Adjustments necessary to convert the excess of revenues and other sources over expenditures and other uses from the budgetary basis to the modified accrual basis, are as follows:

General Fund	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Current Year Effect on Fund Balance
Budgetary basis	\$ 15,220,673	\$ 12,409,874	\$ (851,090)	\$ 1,959,709
Reimbursable salaries under APG contract	1,397,364	1,397,364	-	-
Increase in encumbrances		(157,496)	-	157,496
Proceeds from sale of capital assets	-	-	34,879	34,879
Principal received on special assessments receivable	(5,156)	-	-	(5,156)
Decrease in allowance for uncollectible receivables	-	(56,213)	-	56,213
Appropriation of fund balance	-	-	(2,254,450)	(2,254,450)
Decrease in prepaid expenditures	-	2,381	-	(2,381)
Decrease in accrued interest payable	-	(1,216)	-	1,216
Modified accrual basis	\$ 16,612,881	\$ 13,594,694	\$ (3,070,661)	\$ (52,474)

G. Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, MLGIP accounts and short-term investments with original maturities of three months or less. Short-term investments are stated at fair value, and consist of certificates of deposit. Fair value generally approximates cost. Cash deposits of the City are made in accordance with the Annotated Code of Maryland (the Code), which requires depositories to give security in the form of collateral as provided for in the Code, for the safekeeping and forthcoming, when required, of these deposits.

Excess funds are also permitted to be invested in either bonds or other obligations for the payment of principal and interest of which the faith and credit of the United States of America are pledged, or in obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland. The Pension Trust and OPEB Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks, common stocks, real estate and call option contracts. Investments are reported at fair value, except for the unallocated investment contract, an investment of the Defined Benefit Plan, which is recorded at contract value (a cost-based measure).

For purposes of the statement of cash flows, the City considers all highly-liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash resources of each of the individual funds, except the pension and OPEB funds and cash held by fiscal agents or required to be segregated by law or policy, are combined to form a pool of cash and investments to maximize interest earnings. Income from pooled investments is allocated to participating funds on the basis of their equity in pooled cash.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

H. Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. As of June 30, 2015, management has provided an allowance for uncollectible delinquent personnel property taxes in the amount of \$18,605. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on receivables that are outstanding for more than 30 days and are recognized as charged.

I. Notes Receivable

Notes receivable recorded in the Stadium Fund represent a land contract and ground lease for two land lots. Since the City's receivables are subject to future subordination, the profit on Lots 3 and 6 are being recognized under the cost recovery method. Under the cost recovery method, no profit is recognized until cash payments by Ripken Baseball and affiliated entities, including principal and interest, exceed the City's cost of the property. Gross profit not yet recognized is offset against the related receivable on the balance sheet. Considering cash payments have now exceeded the City's cost of the property, principal collections reduce the related receivable and result in a corresponding amount of profit recognition. The profit earned has been recorded as gain on sale of property in the Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

K. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that meet this criterion at June 30, 2015, contributions made to a pension plan in the current fiscal year and the net difference between projected and actual investment experience in a pension plan.

L. Inventory

Inventory is valued at the lower of cost, on the first-in, first-out basis, or market. Inventory consists of chemicals and repair parts used in the operation of the municipal water system and sewer system. Inventory in the General Fund is recorded under the consumption method, an expenditure when used, and is equally offset by a fund balance reserve in the fund financial statements which indicates that inventory does not constitute "available spendable resources" even though it is a component of net current assets.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

M. Capital Assets

Capital assets, including land, buildings, improvements, equipment, and infrastructure (roads, storm drains, and pipe systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary funds financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 for land, buildings, improvements, and equipment, and \$5,000 for infrastructure and an initial useful life in excess of three years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB Statement No. 34 requires the City to prospectively report all governmental activities' infrastructure assets acquired after June 30, 2003, and encourages, but does not require, the City to retroactively report infrastructure assets acquired after June 30, 1980. The City has elected not to retroactively report infrastructure assets and the accompanying basic financial statements only include infrastructure assets acquired after June 30, 2003.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Interest on debt during the construction period is capitalized. The amount of interest to be capitalized is offset by interest income earned on invested proceeds over the same period.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment, equipment and vehicles	3 – 10 years
Recreational facilities	5 – 10 years
Improvements other than buildings	5 – 15 years
Buildings	40 – 50 years
Infrastructure	40 – 50 years
Water and sewer systems	40 – 50 years

In the governmental fund financial statements, capital outlays are accounted for as expenditures in the current period.

N. Unearned Revenue

Governmental funds, along with proprietary funds, also defer revenue recognition in connection with resources that have been received, but not yet earned.

O. Inter-Fund Transactions

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are non-interest-bearing and are normally settled in the subsequent period.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements as either transfers in or out.

Note 1. Summary of Significant Accounting Policies (Continued)

P. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the bond-outstanding method which approximates the effective interest method. Bonds payable are reported net of the applicable unamortized bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid bond insurance costs are reported as prepaid items and amortized over the term of the related debt using the straight-line method. In the governmental fund financial statements, bond premiums and discounts, as well as all bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Compensated Absences

It is the City's policy to permit employees to be paid for accumulated earned but unused vacation leave up to 480 hours upon separation of service. Vacation leave is accrued when earned in the government-wide statements, as well as the proprietary fund statements.

For governmental fund types, the amount of accumulated unpaid vested leave which is payable from available resources is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations.

R. Deferred Inflows of Resources

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. One item which qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is only reported in the governmental funds balance sheet. The City reports unavailable revenues from property taxes, grants and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, net difference between projected and actual investment earnings and the difference between expected and actual investment experience on pension plan assets are reported as deferred inflows of resources.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

S. Fund Balance

In the fund financial statements, governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provision or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action such as City charter, ordinance, and resolution, of the City's highest level of decision-making authority, the Mayor and City Council, are to be reported as committed fund balance. The same type of action would be required to modify or rescind the commitments. Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, are to be reported as assigned fund balance. The authority for assigning fund balance rests with the City Manager or his or her designee as specified in the City's Fund Balance Policy. Unassigned fund balance is the residual classification for the General Fund.

The City first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. When unrestricted amounts are considered to have been spent, the City considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

T. Net Position

Net position equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets, excluding unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred, for purposes for which both restricted and unrestricted net position is available.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 2. Cash and Investments

The City may invest in U.S. Treasury obligations, U.S. Government Agency Securities, repurchase agreements secured by U.S. Treasury obligations or U.S. Government Agency Securities, the Maryland Local Government Investment Pool, interest bearing accounts in any bank as provided by Article 95, Section 22 of the Annotated Code of Maryland or shares in an investment company or investment trust as provided by Article 95, Section 22N of the Annotated Code of Maryland.

The City invests primarily in deposits in the Maryland Local Government Investment Pool (MLGIP). The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administrative control of the State Treasurer. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure an amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940.

Investment types within the pension trust fund investment portfolio are not limited by statute.

Credit risk – The City does not have a formal policy that specifically addresses credit risk. As of June 30, 2015, the Maryland Local Government Investment Pool was rated “AAAm” by Standards and Poor’s (their highest rating). Regulatory oversight for the local government investment pool rests with the Maryland State Treasurer’s Office and the fair value of the pool is the same as the value of the pool shares.

Interest rate and concentration of credit risk – Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below the original cost. To limit the City’s exposure to fair value losses arising from increasing interest rates, the City’s investment policy limits the term of investment maturities. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original costs for that purpose. The investments at June 30, 2015, met the City’s investment policy.

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. At June 30, 2015, all of the City’s deposits were either covered by federal depository insurance or were covered by collateral held by the bank’s agent in the City’s name. In the case of repurchase agreements, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s underlying securities are held by the investment’s counterparty, but not in the name of the City. U.S. Treasury obligations or U.S. Government Agency Securities, which carry the explicit guarantee of the U.S. Government, underlie the repurchase agreements.

The pension trust funds and the OPEB trust funds investments include separate and guaranteed accounts held by Principal Financial Group and ICMA-RA Services, both agents of the plans. Plan investments include various types of mutual funds and investment contracts which are not rated. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. Dividends earned and realized and unrealized gains and losses attributable to the mutual funds are included in investment income. Plan investments are reported at fair value, except for the unallocated investment contract, which is recorded at contract value (a cost-based measure).

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 3. Notes Receivable

In September 2006, the City entered into a land contract with Ripken Baseball Academy, LLC (Ripken Baseball) whereby the City will sell to Ripken Baseball Lot 3 within the stadium complex. This contract supersedes two ground leases previously entered into by the City and Ripken Baseball, but leaves the repayment terms of the original leases unchanged. Under the contract, Ripken Baseball received credit for all payments made under the respective ground leases and made the effective date of the contract that of which the ground leases were entered into. Ripken Baseball exercised an option to reduce payments on Lot 3 by real estate taxes paid on the property annually. The City estimates total future real estate taxes to reduce future principal payment of approximately \$276,000.

Additionally, the City previously entered into a ground lease with Cal Ripken Sr. Foundation for the lease of Lot 6.

A summary of notes receivable and corresponding deferred profit at June 30, 2015, is as follows:

	Notes Receivable	Less Deferred Profit and Unearned Interest	Notes Receivable, Net
Lot 3; original receivable amount \$1,507,118 and an original deferred profit of \$(522,020) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$10,977; due May 2023	\$ 828,312	\$ (828,312)	\$ -
Lot 6; original receivable amount \$393,996 and an original deferred profit of \$(136,104) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$2,870; due March 2023	214,763	(214,763)	-
	<u>\$ 1,043,075</u>	<u>\$ (1,043,075)</u>	<u>\$ -</u>

Notes receivable principal payments to be received in future years, are as follows:

Years Ending June 30,

2016	\$ 111,298
2017	111,288
2018	118,396
2019	125,966
2020	134,029
2021-2023	442,098
	<u>\$ 1,043,075</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 4. Receivables and Payables

Receivables at June 30, 2015, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Receivables							
Taxes	\$ 96,611	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,611
Intergovernmental	735,677	15,000	129,798	-	321,812	1,746	1,204,033
Charges for services	-	-	-	286,013	402,067	-	688,080
Assessments/improvements	-	228,109	-	-	218,208	-	446,317
Other	316,065	-	-	200,888	352,331	4,295	873,579
Gross receivables	1,148,353	243,109	129,798	486,901	1,294,418	6,041	3,308,620
Allowance for uncollectibles	(18,605)	-	-	-	-	-	(18,605)
Net receivables	\$ 1,129,748	\$ 243,109	\$ 129,798	\$ 486,901	\$ 1,294,418	\$ 6,041	\$ 3,290,015

Accrued and other liabilities at June 30, 2015, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Accrued liabilities							
Interest	\$ 18,071	\$ -	\$ -	\$ 39,946	\$ 49,341	\$ 13,070	\$ 120,428
Payroll	305,841	-	-	25,012	56,541	-	387,394
Intergovernmental	-	-	-	-	14,029	-	14,029
	\$ 323,912	\$ -	\$ -	\$ 64,958	\$ 119,911	\$ 13,070	\$ 521,851
Other liabilities							
Payroll withholdings	\$ 14,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,228
Performance bonds	128,794	-	-	-	-	-	128,794
Seized property	161,988	-	-	-	-	-	161,988
Other	13,058	-	-	-	-	-	13,058
	\$ 318,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 318,068

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2015, there were no interfund receivable and payable balances. At times, interfund receivables and payables result from the time difference between when a reimbursable expenditure occurs and when the payment is made.

Transfers from the General Fund to: the Capital Projects Fund were made for capital projects, the Sewer Fund were made for rehabilitation of sewer lines, and the Stadium Fund for debt service and stadium improvements. Interfund transfers for the year ended June 30, 2015 consisted of the following:

	Transfers In			Total
	Capital Projects Fund	Sewer Fund	Stadium Fund	
Transfers out				
General fund	\$ 2,566,734	\$ 250,000	\$ 288,806	\$ 3,105,540

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2015, is as follows:

	Balance, July 1, 2014	Additions	Deletions	Transfers	Balance, June 30, 2015
Governmental activities					
Capital assets not being depreciated					
Land	\$ 4,471,113	\$ 579,538	\$ -	\$ 462,407	\$ 5,513,058
Construction in process	479,111	-	-	(479,111)	-
	<u>4,950,224</u>	<u>579,538</u>	<u>-</u>	<u>(16,704)</u>	<u>5,513,058</u>
Capital assets being depreciated					
Buildings	10,992,728	230,351	-	-	11,223,079
Improvements other than buildings	191,449	6,545	-	-	197,994
Machinery and equipment, including equipment under financing agreement	4,813,449	358,915	(114,928)	16,704	5,074,140
Vehicles	2,396,102	499,312	(61,511)	-	2,833,903
Recreational facilities	615,127	78,870	-	-	693,997
Infrastructure	16,185,225	2,778,975	-	-	18,964,200
	<u>35,194,080</u>	<u>3,952,968</u>	<u>(176,439)</u>	<u>16,704</u>	<u>38,987,313</u>
Accumulated depreciation for					
Buildings	(6,117,254)	(171,398)	-	-	(6,288,652)
Improvements other than buildings	(34,320)	(8,173)	-	-	(42,493)
Machinery and equipment, including equipment under financing agreement	(3,801,815)	(264,118)	90,279	-	(3,975,654)
Vehicles	(1,777,778)	(171,750)	61,470	-	(1,888,058)
Recreational facilities	(401,181)	(32,945)	-	-	(434,126)
Infrastructure	(6,978,701)	(328,366)	-	-	(7,307,067)
	<u>(19,111,049)</u>	<u>(976,750)</u>	<u>151,749</u>	<u>-</u>	<u>(19,936,050)</u>
Total depreciable assets, net	<u>16,083,031</u>	<u>2,976,218</u>	<u>(24,690)</u>	<u>16,704</u>	<u>19,051,263</u>
Governmental activities capital assets, net	<u>\$ 21,033,255</u>	<u>\$ 3,555,756</u>	<u>\$ (24,690)</u>	<u>\$ -</u>	<u>\$ 24,564,321</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 6. Capital Assets (Continued)

	Balance, July 1, 2014	Additions	Deletions	Transfers	Balance, June 30, 2015
Business-type activities					
Capital assets not being depreciated					
Land	\$ 1,963,416	\$ -	\$ -	\$ -	\$ 1,963,416
Construction in process	22,163	456,137	-	-	478,300
	<u>1,985,579</u>	<u>456,137</u>	<u>-</u>	<u>-</u>	<u>2,441,716</u>
Capital assets being depreciated					
Buildings	24,364,092	55,319	-	-	24,419,411
Improvements other than buildings	605,042	68,825	-	-	673,867
Machinery and equipment	11,273,926	129,242	(14,577)	-	11,388,591
Water systems	15,586,399	21,682	-	-	15,608,081
Sewer system	32,294,844	274,635	-	-	32,569,479
	<u>84,124,303</u>	<u>549,703</u>	<u>(14,577)</u>	<u>-</u>	<u>84,659,429</u>
Accumulated depreciation for					
Buildings	(9,804,134)	(508,604)	-	-	(10,312,738)
Improvements other than buildings	(18,613)	(36,418)	-	-	(55,031)
Machinery and equipment	(9,278,649)	(312,104)	14,577	-	(9,576,176)
Water systems	(5,536,202)	(466,556)	-	-	(6,002,758)
Sewer system	(2,695,232)	(690,129)	-	-	(3,385,361)
	<u>(27,332,830)</u>	<u>(2,013,811)</u>	<u>14,577</u>	<u>-</u>	<u>(29,332,064)</u>
Total depreciable assets, net	<u>56,791,473</u>	<u>(1,464,108)</u>	<u>-</u>	<u>-</u>	<u>55,327,365</u>
Business-type activities capital assets, net	<u>\$ 58,777,052</u>	<u>\$ (1,007,971)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,769,081</u>

Depreciation expense was charged in the statement of activities for the year ended June 30, 2015, as follows:

Governmental activities	
General government	\$ 542,844
Public safety	190,135
Public works	202,753
Recreation	41,018
	<u>\$ 976,750</u>
Business-type activities	
Water utility	\$ 579,358
Sewer utility	1,112,601
Stadium	321,852
	<u>\$ 2,013,811</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 7. Restatement of Beginning Net Position

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*) and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, during fiscal year ending June 30, 2015. The implementation of this Statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period. The effects on beginning net position of Governmental Activities are as follows:

	Governmental Activities
Net position as of June 30, 2014, as previously reported	\$ 25,842,335
Increase to net pension liability to be recorded on June 30, 2014 Statement of Net Position	(1,807,916)
Prior year City pension contributions to be recorded as deferred outflows on the June 30, 2014, Statement of Net Position	571,314
Net position as of June 30, 2014, as restated	<u>\$ 24,605,733</u>

Note 8. Long-Term Liabilities

Long-term liabilities activity as of and for the year ended June 30, 2015, is as follows:

	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015	Amounts Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 4,110,000	\$ -	\$ (295,000)	\$ 3,815,000	\$ 295,000
Notes payable	558,116	-	(51,054)	507,062	51,128
Other obligations					
Compensated absences	551,763	201,785	(209,126)	544,422	275,244
Net pension liability	1,841,357	-	(996,294)	845,063	-
Net OPEB obligation	2,060,708	361,739	(483,879)	1,938,568	-
Add bond premiums	22,203	-	(2,229)	19,974	2,229
Less bond discounts	(21,413)	-	1,728	(19,685)	(1,728)
	<u>\$ 9,122,734</u>	<u>\$ 563,524</u>	<u>\$ (2,035,854)</u>	<u>\$ 7,650,404</u>	<u>\$ 621,873</u>
Business-type activities					
General obligation bonds payable	\$ 10,440,300	\$ -	\$ (855,800)	\$ 9,584,500	\$ 874,000
Notes payable	9,369,267	-	(519,996)	8,849,271	466,782
Other obligations					
Compensated absences	112,221	102,638	(104,734)	110,125	60,352
Net OPEB obligation	382,950	50,589	(46,623)	386,916	-
Add bond premiums	81,978	-	(9,899)	72,079	9,899
Less bond discounts	(33,782)	-	4,770	(29,012)	(4,770)
	<u>\$ 20,352,934</u>	<u>\$ 153,227</u>	<u>\$ (1,532,282)</u>	<u>\$ 18,973,879</u>	<u>\$ 1,406,263</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 8. Long-Term Liabilities (Continued)

General obligation bonds payable relating to governmental activities at June 30, 2015, consist of the following:

Refunding Bonds of 2011; authorized amount \$4,515,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$145,000 to \$355,000 and semiannual payments of interest through May 2030	\$ 3,445,000
Series B Infrastructure Bonds of 2004; authorized amount \$679,800; interest at rates ranging from 3.0% to 4.8%; payable in annual payments of principal ranging from \$10,500 to \$50,000 and semiannual payments of interest through May 2024	370,000
	<u>\$ 3,815,000</u>

A schedule of maturities of the general obligation bonds payable relating to governmental activities as of June 30, 2015, is as follows:

Years Ending June 30,	Principal	Interest	Total
2016	\$ 295,000	\$ 98,677	\$ 393,677
2017	300,000	92,287	392,287
2018	320,000	85,762	405,762
2019	320,000	78,722	398,722
2020	330,000	71,642	401,642
2021-2025	1,290,000	240,470	1,530,470
2026-2030	960,000	91,911	1,051,911
	<u>\$ 3,815,000</u>	<u>\$ 759,471</u>	<u>\$ 4,574,471</u>

Notes payable relating to governmental activities at June 30, 2015, consists of the following:

Bank term loan, issued in the amount of \$1,000,000; unsecured, currently being liquidated in quarterly installments of principal and interest payments of approximately \$76,378, accruing interest at a rate of 3.67%; maturing June 2025	\$ 500,000
Liquidation liability, Harford County Liquor Control Board; unsecured original amount \$20,920; annual principal and interest payments of \$1,529, interest at 7.0%, maturing June 2020	7,062
	<u>\$ 507,062</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 8. Long-Term Liabilities (Continued)

A schedule of maturities of the notes payable relating to governmental activities as of June 30, 2015, is as follows:

Years Ending June 30,	Principal	Interest	Total
2016	\$ 51,128	\$ 17,604	\$ 68,732
2017	51,206	15,690	66,896
2018	51,291	13,771	65,062
2019	51,381	11,846	63,227
2020	51,478	9,914	61,392
2021-2025	250,578	21,788	272,366
	<u>\$ 507,062</u>	<u>\$ 90,613</u>	<u>\$ 597,675</u>

The entire accumulated unused compensated absences liability and the pension and OPEB obligations for governmental activities will be liquidated by the General Fund, as in prior years.

General obligation bonds payable relating to business-type activities at June 30, 2015, consist of the following:

Series A Infrastructure Bond of 2010; authorized amount \$5,093,428; interest at rates ranging from 0.75% to 4.31%; payable in annual payments of principal ranging from \$198,000 to \$350,500 and semiannual payments of interest through May 2030	\$ 4,078,400
Series B Infrastructure Bonds of 2007; authorized amount \$3,084,500; interest at rates ranging from 3.5% to 4.25%; payable in annual payments of principal ranging from \$105,000 to \$221,000 and semiannual payments of interest through May 2027	2,131,100
Refunding Bonds of 2011; authorized amount \$4,010,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$365,000 to \$425,000 and semiannual payments of interest through June 2022	2,500,000
Refunding Bonds of 2011; authorized amount \$1,415,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$125,000 to \$155,000 and semiannual payments of interest through June 2021	875,000
	<u>\$ 9,584,500</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 8. Long-Term Liabilities (Continued)

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2015, is as follows:

Years Ending June 30,	Principal	Interest	Total
2016	\$ 874,000	\$ 316,788	\$ 1,190,788
2017	900,700	295,156	1,195,856
2018	913,000	270,750	1,183,750
2019	951,500	245,402	1,196,902
2020	976,000	219,442	1,195,442
2021-2025	2,922,300	727,568	3,649,868
2026-2030	2,047,000	243,989	2,290,989
	<u>\$ 9,584,500</u>	<u>\$ 2,319,095</u>	<u>\$ 11,903,595</u>

Notes payable relating to business-type activities at June 30, 2015, consists of the following:

Loan payable, Maryland Water Quality Financing Administration, unsecured, accruing interest at a rate of 0.90%; payable in annual principal payments at varying amounts and semiannual payments of interest; due 2032	\$ 6,770,194
Loan payable, Maryland Water Quality Financing Administration, non-interest bearing, unsecured, no payments due through 2020 at which time loan is subject to forgiveness	1,500,000
Loan payable, Maryland Water Quality Financing Administration, unsecured, accruing interest at a rate of 1.00%; payable in annual principal payments at varying amounts and semiannual payments of interest; due dates through 2030	414,636
Loan payable, Maryland Water Quality Financing Administration, unsecured, accruing interest at 3.38%; payable in annual principal payment at varying amounts and semiannual payment of interest; due 2018	152,220
Bank term loans, issued for a combined amount of \$1,742,000, unsecured, accruing interest at rates ranging from 1.12% to 4.75%; payable monthly, quarterly or semiannually at varying amounts; due dates through 2016	12,221
	<u>\$ 8,849,271</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 8. Long-Term Liabilities (Continued)

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2015, is as follows:

Years Ending June 30,	Principal	Interest	Total
2016	\$ 466,782	\$ 70,269	\$ 537,051
2017	459,979	64,804	524,783
2018	455,630	59,293	514,923
2019	413,378	54,020	467,398
2020	417,132	50,266	467,398
2021-2025	3,643,164	193,828	3,836,992
2026-2030	2,142,164	95,645	2,237,809
2031-2032	851,042	11,506	862,548
	<u>\$ 8,849,271</u>	<u>\$ 599,631</u>	<u>\$ 9,448,902</u>

Note 9. Line of Credit

The City had a revolving line of credit agreement with a commercial bank for \$2,000,000 with interest adjusted daily to 70% of the bank prime rate published in *The Wall Street Journal*, subject to a 2.8% floor. The line of credit was used for operating expenditures and capital purchases. The line of credit was repaid in full in the prior year and closed during the year ended June 30, 2015.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting

Under authority granted by the charter of the City, the City provides pension and retirement benefits for substantially all full-time City employees through three single-employer plans: Defined Benefit Pension Plan, Police Department (defined benefit) Pension Plan and Defined Contribution Plan.

Separate, audited GAAP-basis pension plan reports are not available for the plans.

As detailed in Note 7, GASB Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, became effective for the City's fiscal year 2015. The net pension liability for the City's year ended June 30, 2015 was measured as of June 30, 2014, using the total pension liabilities that were determined by actuarial valuation as of June 30, 2014.

Defined Benefit Pension Plan

Plan Description and Provisions:

The City's Defined Benefit Pension Plan (DB Plan) is a single-employer, noncontributory defined benefit pension plan controlled by City ordinance. The DB Plan is governed by the City which is responsible for the management of plan assets. The City has delegated the authority to manage plan assets to Principal Financial Group. This plan was closed to new entrants after June 30, 1997.

The City's DB Plan provides retirement, termination, and death benefits. Normal retirement benefits for all plan members are calculated as 1% of average compensation multiplied by accrual service (accrued benefit) and in the form of a monthly annuity payable for life. General plan members age 65 and older and public safety plan members age 60 and older are eligible for normal retirement. Early retirement benefits for all plan members are calculated as the accrued benefit, as defined above, reduced by 6 $\frac{2}{3}$ % for each year up to five, 3 $\frac{1}{3}$ % for each of the next five years, and 2.5% for each additional year that the Early Retirement Date precedes Normal Retirement Date and in the form of a monthly annuity payable for life. General plan members age 55 and older and public safety plan members age 50 and older are eligible for normal retirement. Termination benefits for all plan members are vested at 100% after 8 years of vesting service. Death benefits for all plan members require that the participant completed 25 years of service payable in a monthly annuity to spouse. The amount of the benefit equates to the amount that would have been received had the participant elected a joint and 50% survivorship benefits option and early retired the day before death.

Benefit terms provide for annual cost-of-living adjustments to each retired plan members at the discretion of the plan sponsor.

The DB Plan's membership consisted of the following as of June 30, 2014, the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	<u>2</u>
Total	<u>21</u>

Contribution Information and Funding Policy:

The DB Plan covers all employees of the City with 1,000 hours of annual eligible service who are not participants in the defined contribution plan or the police defined benefit plan. Provisions of the DB Plan include retirement and death benefits to plan members and their beneficiaries. Cost of living adjustments are provided at the discretion of the City legislature. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate. The actuarially required contribution rate and the amount paid into the DB Plan during the year ended June 30, 2015, was \$62,665. The DB Plan does not provide for a maximum employer contribution. No contributions are required of employees. Administrative costs are financed through investment earnings.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

Assumptions:

The total pension liability at June 30, 2015, was determined by an actuarial valuation using the following assumptions:

Inflation	2.25%
Salary increases	Ranging from 4.08% to 7.3% based on age, plus 2.2%
Investment rate of return	5.25%, net of investment expense and including inflation

Mortality rates were based on the 2014 IRS Prescribed Mortality-Options Combined Table for Small Plans, for Males and Female. Disability rates were based on the 1987 Commissioner's Group Disability Table, six month elimination period, for Males and Females. A withdrawal assumption was not utilized due to the size of the plan and limited experience.

The total pension liability as of June 30, 2015, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis. Best estimates of real rates of return (geometric means) for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	100%	4.40%

A formal actuarial experience study has not been performed for the plan.

The mortality table has been updated to reflect the annual changes to the IRS Prescribed Mortality Tables in the actuarial valuation as of June 30, 2014. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2014 to 2059. The long-term rate of return of 5.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.68% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2014, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to measure the total pension liability was 5.25%.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

Investments:

The DB Plan does not have a formal investment policy.

Investments are valued as of the measurement date. The plan's unallocated investment contract is valued at contract value (a cost-based measure). Contract value represents contributions made under the contract, plus interest and contract rate, less funds used to purchase annuities or pay administrative expenses charged by Principal Financial Group. As of the measurement date, all of the Plan's investments were held in one organization, Principal Financial Group.

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expense. The annual money-weighted rate of return on plan investments for the measurement period of July 1, 2013 to June 30, 2014, was 4.44%.

Net Pension Liability of the City:

The components of the net pension liability of the City at June 30, 2015, using a measurement date of June 30, 2014, were as follows:

Total pension liability	\$ 1,573,653
Plan fiduciary net position	1,449,945
City's net pension liability	<u>\$ 123,708</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.14%</u>

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 5.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (4.25%)	Discount Rate (5.25%)	1% Increase (6.25%)
City's net pension liability	\$ 248,048	\$ 123,708	\$ 15,081

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

Changes in the net pension liability, were as follows:

Total pension liability, July 1, 2014	\$ 1,661,697
Interest	82,568
Difference between expected and actual experience	(9,240)
Changes in assumptions	3,713
Benefit payments	(165,085)
Total pension liability, June 30, 2015	<u>\$ 1,573,653</u>
Plan fiduciary net position, beginning measurement period	\$ 1,501,553
Contributions – City	65,314
Net investment income	64,166
Benefit payments	(165,085)
Administrative expenses	(16,003)
Plan fiduciary net position, ending measurement period	<u>\$ 1,449,945</u>
Net pension liability, July 1, 2014	<u>\$ 160,144</u>
Net pension liability, June 30, 2015	<u>\$ 123,708</u>

The information presented in the required supplementary schedules immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Police Department Pension Plan

Plan Description and Provision:

The Police Department Pension Plan (PD Pension Plan) is a single-employer, contributory defined benefit pension plan established by the City ordinance. The PD Pension Plan is governed by the City and the retirement plan committee which is responsible for the management of plan assets. The retirement plan committee has delegated the authority to manage plan assets to Principal Financial Group.

The City's Police Department Pension Plan provides retirement, termination, disability, and death benefits. Normal retirement benefits for all plan members are calculated as 2% of average compensation times service (maximum 25 years), plus any additional years of service credited for unused sick leave and military service. General plan members age 62 with five years of eligibility or the date on which the participant has completed 25 years of eligibility services. Termination benefits are equal to the sum of the amount of retirement annuity which could be provided on normal retirement date by the participant's contribution account and vesting percentage times the excess of the accrued benefit as of the termination date over the preceding amount. Termination benefits for all plan members are vested at 100% after five years of vesting service. Disability benefits for all plan members are payable as monthly income until normal retirement, death, or recovery and a deferred annuity payable at the normal retirement date. Ordinary disability (with five years of service) amounts to the accrued benefit on the date of disability. Line of duty disability (catastrophic disability) provides 66 ⅔% of compensation, but not less than the employee contribution benefit or the ordinary disability benefit. Line of duty disability (non-catastrophic disability) provides 33 ⅓% of compensation, but not less than the employee contribution benefit or the ordinary disability benefit. Lump sum death benefits are calculated as the sum of the employee contribution benefit and the annual compensation as of the date of death.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

Benefit terms provide for annual cost-of-living adjustments to each retired plan members at the discretion of the plan sponsor.

The PD Pension Plan's membership consisted of the following as of June 30, 2014, the measurement date:

Active plan members	35
Inactive plan members entitled to but not yet receiving benefits	8
Disabled plan members entitled to and receiving benefits	1
Retired plan members or beneficiaries currently receiving benefits	<u>6</u>
Total	<u>50</u>

Contribution Information and Funding Policy:

The PD Pension Plan covers sworn police officers who are employed on a regular full-time basis who are not participants in either the defined contribution plan or the defined benefit plan. Provisions of the PD Pension Plan include retirement and death benefits to members and their beneficiaries. Cost of living adjustments are provided at the discretion of the City legislature. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate; the current rate is 17.56% of annual covered payroll. The PD Pension Plan does not provide for a maximum employer contribution. The actuarially required contribution rate and the amount paid into the PD Pension Plan for the year ended June 30, 2015, was \$424,102. Administrative costs are financed through investment earnings. The police officers contribute to the PD Pension Plan based on 7% of salaries. Participants' actual contributions were \$161,734 for the year ended June 30, 2015.

Assumptions:

The total pension liability at June 30, 2015, was determined by an actuarial valuation using the following assumptions:

Inflation	2.25%
Salary increases	Ranging from 5.38% to 8.6% based on age, plus 3.5%
Investment rate of return	7.25%, net of investment expense and including inflation

Mortality rates were based on the 2014 IRS Prescribed Mortality-Generational Annuitant, for Males and Female. Disability rates were based on the 1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females. A withdrawal assumption was based on the 2003 Society of Actuaries Small Plan Age Table, ranging from 1.05% to 6.08%, based on age, multiplied by 0.25.

The total pension liability as of June 30, 2015, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis. Best estimates of real rates of return (geometric means) for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	41.07%	7.6%
International equity	12.67%	7.6%
Fixed income	40.14%	4.4%
Real estate	6.12%	6.5%
Cash	0.00%	2.6%
Total	<u>100.00%</u>	

A formal actuarial experience study has not been performed for the plan.

There were no other changes to assumptions when compared to the prior actuarial valuation.

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2014 to 2105. The long-term rate of return of 7.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.68% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2014, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to measure the total pension liability was 7.25%.

Investments:

The PD Pension Plan does not have a formal investment policy.

Investments are valued as of the measurement date at fair value. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was ten years, which is re-established each year. As of the measurement date, all of the Plan's investments were held in one organization, Principal Financial Group.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expense. The annual money-weighted rate of return on plan investments for the measurement period of July 1, 2013, to June 30, 2014, was 15.73%.

Net Pension Liability of the City:

The components of the net pension liability of the City at June 30, 2015, using a measurement date of June 30, 2014, were as follows:

Total pension liability	\$ 9,455,418
Plan fiduciary net position	8,734,063
City's net pension liability	<u>\$ 721,355</u>
Plan fiduciary net position as a percentage of total pension liability	92.37%

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability	\$ 1,899,499	\$ 721,355	\$ (261,675)

Changes in the net pension liability, were as follows:

Total pension liability, July 1, 2014	\$ 8,947,650
Service costs	298,295
Interest	656,293
Difference between expected and actual experience	(117,048)
Changes in assumptions	-
Benefit payments	(329,772)
Total pension liability, June 30, 2015	<u>\$ 9,455,418</u>
Plan fiduciary net position, beginning measurement period	\$ 7,266,437
Contributions – City	506,000
Contributions – employees	162,876
Net investment income	1,162,779
Benefit payments	(329,772)
Administrative expenses	(34,257)
Plan fiduciary net position, ending measurement period	<u>\$ 8,734,063</u>
Net pension liability, July 1, 2014	<u>\$ 1,681,213</u>
Net pension liability, June 30, 2015	<u>\$ 721,355</u>

The information presented in the required supplementary schedules immediately 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 liability for benefits.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

Defined Contribution Plan

Description of Plan:

The City of Aberdeen Defined Contribution Plan (DC Plan) is a defined contribution pension plan established by the City to provide benefits at retirement to employees of the City who are not participants in the defined benefit plan or the police pension plan. The DC Plan is governed by the City and the retirement plan committee which is responsible for the management of plan assets. The retirement plan committee has delegated the authority to manage plan assets to ICMA. At June 30, 2014, there were 110 plan members. DC Plan participants are required to contribute 2% of annual base pay. The City is required to contribute 7% of annual base pay. DC Plan provisions and contribution requirements are established and may be amended by the Aberdeen City Council. Participants' and the City's actual contributions were \$101,999 and \$357,099, respectively.

Valuation of Investments:

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

Deferred Outflows of Resources, Deferred Inflows of Resources and Expense Related to Pensions

The City recognized deferred outflows of resources, deferred inflows of resources, and expense related to pensions as of and for the year ended June 30, 2015, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Prior year plan contributions reversed out of deferred outflows	\$ -	\$ -	\$ 571,314
Current year plan contributions (fiscal year 2015)	486,767	-	-
Differences between expected and actual experience	-	99,260	99,260
Net difference between expected and net investment income	9,379	498,254	488,875
Net decrease in net pension liability from prior year to current year	-	-	(996,294)
	<u>\$ 496,146</u>	<u>\$ 597,514</u>	<u>\$ 163,155</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 10. Pension Plans – City Reporting (Continued)

\$486,767 reported as deferred outflows of resources related to pensions resulting from City contributions to the pension plans subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Years Ending June 30,

2016	\$	140,007
2017		140,007
2018		140,007
2019		140,006
2020		17,788
Thereafter		10,320
	\$	<u>588,135</u>

Note 11. Pension Plans – Plan Reporting

GASB Statement No. 67, *Financial Reporting for Pension Plans*, became effective for the City's fiscal year 2014. The objective of this Statement is to improve financial reporting by state and local government pension plans. As a result, additional pension plan disclosures are required and are included in this note. However, plan information included in Note 10 is not repeated within this disclosure.

A measurement date of June 30, 2015, is being used for the Plans' June 30, 2015, financial reporting and will be used for the City's future June 30, 2016 financial reporting.

Defined Benefit Pension Plan

Plan Description and Provision:

There were no changes in the Defined Benefit Pension Plan (DP Plan) descriptions and provisions between the June 30, 2014 and June 30, 2015, measurement dates.

The DB Plan's membership consisted of the following as of June 30, 2015, the plan's measurement date:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	<u>2</u>
Total	<u>21</u>

Contribution Information and Funding Policy:

There were no changes in the plan contribution information and funding policy between the June 30, 2014 and June 30, 2015, measurement dates.

Assumptions:

The total pension liability, as measured at June 30, 2015, was determined by an actuarial valuation using the following assumptions:

Inflation	2.25%
Salary increases	Ranging from 5.77% to 7.30% based on age, plus 2.2%
Investment rate of return	4.50%, net of investment expense and including inflation

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 11. Pension Plans – Plan Reporting (Continued)

Mortality rates were based on the 2015 IRS Prescribed Mortality-Options Combined Table for Small Plans, for Males and Female. Disability rates were based on the 1987 Commissioner's Group Disability Table, six month elimination period, for Males and Females. A withdrawal assumption was not utilized due to the size of the plan and limited experience.

The total pension liability, as measured at June 30, 2015, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis. Best estimates of real rates of return (geometric means) for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	100%	4.40%

A formal actuarial experience study has not been performed for the plan.

The mortality table has been updated to reflect the annual changes to the IRS Prescribed Mortality Tables in the actuarial valuation as of June 30, 2015. Salary increases were updated utilizing Table S-5 from the annual Actuary's Pension Handbook. The interest rates before and during benefit payment period have decreased from 5.25% to 4.50%. This rate is used in the calculation of the plan's benefit liability. The inflation assumption has decreased from 3.00% to 2.25%. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2015 to 2072. The long-term rate of return of 4.50% is used to calculate the actuarial present value of the projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.18% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2015, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate which will be used to measure the total pension liability, as measured at June 30, 2015, is 4.50%.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 11. Pension Plans – Plan Reporting (Continued)

Investments:

There were no changes in the investment policy or the investment contract utilized between the June 30, 2014, and June 30, 2015, measurement dates. Additionally, all of the Plan's investments continue to be held in one organization, Principal Financial Group.

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2015, is 4.26%.

Net Pension Liability of the City:

The components of the net pension liability of the City, using a measurement date of June 30, 2015, were as follows:

Total pension liability	\$ 1,586,831
Plan fiduciary net position	1,399,552
City's net pension liability	<u>\$ 187,279</u>
Plan fiduciary net position as a percentage of the total pension liability	88.20%

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 5.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (3.50%)	Current Discount Rate (4.50%)	1% Increase (5.50%)
City's net pension liability	\$ 314,542	\$ 187,279	\$ 76,238

Police Department Pension Plan

Plan Description and Provision:

There were no changes in the Defined Benefit Pension Plan (DP Plan) descriptions and provisions between the June 30, 2014 and June 30, 2015, measurement dates.

The DB Plan's membership consisted of the following as of June 30, 2015, the plan's measurement date:

Active plan members	36
Inactive plan members entitled to but not yet receiving benefits	8
Disabled plan members entitled to and receiving benefits	1
Retired plan members or beneficiaries currently receiving benefits	<u>8</u>
Total	<u>53</u>

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 11. Pension Plans – Plan Reporting (Continued)

Contribution Information and Funding Policy:

There were no changes in the plan contribution information and funding policy between the June 30, 2014 and June 30, 2015, measurement dates.

Assumptions:

The total pension liability, as measured at June 30, 2015, will be determined by an actuarial valuation using the following assumptions:

Inflation	2.25%
Salary increases	Ranging from 4.88% to 7.18% based on age, plus 3.0%
Investment rate of return	7.00%, net of investment expense and including inflation

Mortality rates were based on the 2015 IRS Prescribed Mortality-Generational Annuitant, for Males and Female. Disability rates were based on the 1987 Commissioner's Group Disability Table, six month elimination period, for Males and Females. A withdrawal assumption was based on the 2003 Society of Actuaries Small Plan Age Table, ranging from 1.47% to 8.51%, based on age, multiplied by 0.35.

The total pension liability, as measured at June 30, 2015, will be calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis. Best estimates of real rates of return (geometric means) for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	41.07%	7.45%
International equity	12.45%	7.45%
Fixed income	40.27%	4.65%
Real estate	6.21%	6.25%
Cash	0.00%	1.80%
Total	100.00%	

A formal actuarial experience study has not been performed for the plan.

The following assumption changes were made: The interest rates before and during benefit payment period have decreased from 7.25% to 7.00%. The assumed asset return for the current year has decreased from 7.25% to 7.00%. Turnover has been updated from the 2003 Society of Actuaries Small Plan Age Table, multiplied by 0.25 to 0.35. Salary projection has been updated from the S-5 Table increased by 3.50% to an increase of 3.00%. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 11. Pension Plans – Plan Reporting (Continued)

Based on those assumptions, the pension plan’s fiduciary net position and benefit payments were projected to determine if the plan’s fiduciary net position was greater than or equal to the expected benefit payments for each period from 2015 to 2072. The long-term rate of return of 7.00% is used to calculate the actuarial present value of the projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.18% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2015, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to measure the total pension liability, as measured at June 30, 2015, was 7.00%.

Investments:

There were no changes in the investment policy between the June 30, 2014 and June 30, 2015, measurement dates. Additionally, all of the Plan’s investments continue to be held in one organization, Principal Financial Group.

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2015, is 2.63%.

Net Pension Liability of the City:

The components of the net pension liability of the City, using a measurement date of June 30, 2015, were as follows:

Total pension liability	\$ 10,257,086
Plan fiduciary net position	9,231,544
City’s net pension liability	<u>\$ 1,025,542</u>
Plan fiduciary net position as a percentage of the total pension liability	90.00%

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City’s net pension liability	\$ 2,345,280	\$ 1,025,542	\$ (70,217)

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 12. Post-Employment Health Care Benefits

The City provides other post-employment benefits (OPEB) to employees who qualify as a retiree and meet specific service requirements. At June 30, 2015, 27 retirees and dependents are eligible for health benefits and 15 of those are also eligible for life insurance coverage. The cost of retiree health care and life insurance benefits is recognized as expenditure when claims are accrued.

General Plan Description and Provisions:

Healthcare and prescription drug insurance benefits are provided to eligible retirees and their eligible dependents until Medicare eligibility. Effective July 1, 2011, the City reimburses retirees over age 65 in full for a Medicare Supplement plan that retirees obtain. Retirees over age 65 are no longer members of the City's vision and dental plans. Only police retirees over age 65 can have a spouse's Medicare Supplement plan reimbursed by the City.

The City pays 80% to 90% of the monthly premium, depending upon election, including spousal and dependent coverage for participants in both Defined Benefit Plans and the Defined Contribution Plan. All full-time, active employees who retire or are disabled from the City directly (if they would otherwise meet retirement criteria) and meet eligible criteria may participate.

The City employees are eligible to continue group insurance coverage after retirement provided that:

1. Retiring employees have coverage in effect when they stop working.
2. Retire with an immediate benefit and:
 - a. Defined contribution plan members must have at least 20 years of service and be at least age 50 for law enforcement or at least 55 for all others.
 - b. Defined benefit plan members (police plan) must have 25 years of service.
 - c. Defined benefit plan members (original plan) have a normal retirement age of 60 for police officers; age of 65 for all other members (healthcare benefits eligibility is limited to current recipients only).
3. An employee must have been a full-time active employee.

Underlying Plan Description:

Pre-Medicare retirees may choose between several medical plans, a PPO, HMO or Hybrid HMO/POS plan. The PPO plan has out of network options.

Pre-Medicare retirees may choose between Preferred, Traditional, or Dental HMO dental plans and vision coverage. The City will continue the same sharing amounts as for active employees, which is currently 10% for dental and 50% for vision. Once retirees are eligible for Medicare, dental and vision coverage is available only through COBRA.

Retirees are eligible for \$13,500 life insurance coverage at retirement. The same service requirements for health care coverage are applicable for life insurance coverage. The City pays the entire cost of the coverage.

Funding Policy:

The City is required to contribute the annual required contribution of the employer (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 costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The current ARC rate is 5.6% of annual covered payroll. The ARC consisted of the normal cost of \$154,673 and the amortization of unfunded accrued liability of \$272,610. The City's implicit subsidy contributed to the plan for the year ended June 30, 2015, amounted to \$38,385. During the year ended June 30, 2015, the City contributed \$112,117 for current health care and life insurance premiums and \$380,000 for the establishment of an OPEB trust to pre-fund future benefits.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 12. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation:

The City had an actuarial valuation performed as of June 30, 2015, to determine the funded status of the plan as of that date as well as the City's ARC for the fiscal year ended June 30, 2015. The City's annual OPEB cost and net OPEB obligation for the current year, were as follows:

Annual required contribution	\$ 427,283
Interest on net OPEB obligation	171,056
Adjustment to annual required contribution	<u>(186,012)</u>
Annual OPEB cost	412,327
Contributions made	<u>530,502</u>
Change in net OPEB obligation	(118,175)
Net OPEB obligation beginning of year	<u>2,443,658</u>
Net OPEB obligation end of year	<u><u>\$ 2,325,483</u></u>

Three year trend information:

Fiscal Years Ended June 30,	Annual OPEB Cost (AOC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 412,327	128.7%	\$ 2,325,483
2014	284,836	37.8%	2,443,658
2013	351,581	38.6%	2,266,417

Funding Status and Progress:

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 City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial accrued liability for benefits was \$3,958,749 and the unfunded actuarial accrual liability (UAAL) was \$3,581,312. The covered payroll (annual payroll of active employees covered by the plan) was \$7,679,576, and the ratio of the UAAL to the covered payroll was 46.63%.

On October 27, 2014, the City Council authorized the establishment of a Non-Pension Post-Employment Benefits Trust Fund.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood to be the employer and 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 12. Post-Employment Health Care Benefits (Continued)

The projected unit credit method with linear pro-ration to assumed benefit commencement was used in this valuation.

The unfunded liability was amortized over a period of 30 years as a level percentage of pay, on an open basis.

Life insurance costs are nominal and excluded from the calculation.

Normal cost is determined for each active employee as the Actuarial Present Value of benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each individual's service between date of hire and date of full benefit eligibility.

For current retirees and actives, actual family status and ages were used if available. Males are assumed to be three years older than females. All employees and retirees are assumed to keep their current coverage level into the future.

100% of police officers are assumed to retire at the earlier of age 62 with five years of service or with 25 years of service.

Actuarial assumptions –

- Discount rate 7.0% per year
- Vision trend 3.5% for all years
- Dental trend 4.5% for all years

Healthcare cost trend assumptions –

Year	Annual Rate of Increase-HRA	Annual Rate of Increase-OAP
2015	6.50%	7.00%
2016	6.00%	6.50%
2017	5.25%	5.75%
2018	5.00%	5.50%
2019	4.75%	5.25%
2020 and Later	4.50%	4.75%

Mortality – RP 2000 Combined Healthy Table and RP 2000 Disability Table

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 12. Post-Employment Health Care Benefits (Continued)

Retirement rate assumptions –
General:

	Age					
	45	50	55	60	65	70
First year eligibility:						
Male	.150	.150	.250	.250	.250	1.000
Female	.150	.150	.250	.300	.300	1.000
Subsequent years:						
Male	.050	.050	.070	.120	.250	1.000
Female	.050	.050	.070	.100	.250	1.000

Police: 100% are assumed to retire at the earlier of age 62 with 5 years of service or with 25 years of service.

Turnover assumptions –
General:

Years of Service	Prior to Ten Years of Service	
	Male	Female
1	.161	.150
2	.111	.106
3	.099	.100
4	.092	.078
5	.076	.078
6	.076	.064
7	.060	.060
8	.060	.051
9	.053	.045

Age	After Ten Years of Service	
	Male	Female
30	.052	.044
35	.046	.034
40	.034	.025
45	.027	.022
50	.028	.021
55	.033	.028

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 12. Post-Employment Health Care Benefits (Continued)

Police:

Age	Rate of Termination
20	.0608
25	.0488
30	.0388
35	.0303
40	.0235
45	.0183
50	.0140
55	.0105

Disability:

Age	Police		General	
	Male	Female	Male	Female
25	.00085	.00109	.0015	.0011
30	.00099	.00140	.0015	.0011
35	.00124	.00201	.0025	.0018
40	.00176	.00276	.0046	.0031
45	.00294	.00400	.0056	.0045
50	.00540	.00622	.0065	.0062
55	.00977	.00932	.0086	.0085

Note 13. Other Information

Risk Management:

The City is exposed to various risks of loss related to torts; damages to, and destruction of assets; errors and omissions; employee's health and accident; and natural disasters. The City purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded these coverage amounts for the past three fiscal years.

Commitments and Contingencies:

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contracts funds may be used. The expenditures made by the City under some of these grants and contracts are subject to audit. To date, the City has not been notified of any significant unallowable costs relating to its grants or contracts. In the opinion of management, adjustments for unallowable costs, if any, resulting from such audits will not have a material effect on the accompanying financial statements.

The City entered into a contract for the rehabilitation of an elevated water tank. The project is being funded by current revenue and accumulated net position. The value of the City's remaining commitment under these contracts at June 30, 2015, is \$243,950.

City of Aberdeen, Maryland

Notes to Basic Financial Statements

Note 14. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2015, that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the City:

GASB Statement No. 72, *Fair Value Measurement and Application*, will be effective for the City beginning with its year ending June 30, 2016. This Statement defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective for the City beginning with its year ending June 30, 2016. This Statement completes the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and will be effective for the City beginning with its year ending June 30, 2017. This Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and will be effective for the City beginning with its year ending June 30, 2018. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities.

Note 14. New Governmental Accounting Standards Board (GASB) Standards (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective for the City beginning with its year ending June 30, 2016. The Statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. The Statement also addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 77, *Tax Abatement Disclosures*, is effective for the City beginning with its year ending June 30, 2017, and requires state and local governments, for the first time, to disclose information about tax abatement agreements. The Statement requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues.

Required Supplementary Information

City of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Schedule of Changes in the Net Pension Liability and Related Ratios – Pension

Defined Benefit Plan

	City's Measurement Date	
	June 30, 2015	June 30, 2014
Total pension liability, beginning	\$ 1,573,653	\$ 1,661,697
Interest	78,181	82,568
Difference between expected and actual experience	5,043	(9,240)
Changes in assumptions	88,239	3,713
Benefit payments	(158,285)	(165,085)
Total pension liability, ending	<u>\$ 1,586,831</u>	<u>\$ 1,573,653</u>
Plan fiduciary net position, beginning	\$ 1,449,945	\$ 1,501,553
Contributions – City	62,665	65,314
Net investment income	59,641	64,166
Benefit payments	(158,285)	(165,085)
Administrative expenses	(14,414)	(16,003)
Plan fiduciary net position, ending	<u>\$ 1,399,552</u>	<u>\$ 1,449,945</u>
Net pension liability, beginning	<u>\$ 123,708</u>	<u>\$ 160,144</u>
Net pension liability, ending	<u>\$ 187,279</u>	<u>\$ 123,708</u>
Plan fiduciary net position as a percentage of total pension liability	88.2%	92.1%
Covered payroll	0	0
City's net pension liability as a percentage of covered payroll	N/A	N/A

Police Department Pension Plan

	City's Measurement Date	
	June 30, 2015	June 30, 2014
Total pension liability, beginning	\$ 9,455,418	\$ 8,947,650
Service costs	323,625	298,295
Interest	697,737	656,293
Difference between expected and actual experience	(87,169)	(117,048)
Changes in assumptions	160,404	-
Benefit payments	(292,929)	(329,772)
Total pension liability, ending	<u>\$ 10,257,086</u>	<u>\$ 9,455,418</u>
Plan fiduciary net position, beginning	\$ 8,734,063	\$ 7,266,437
Contributions– City	424,102	506,000
Contributions – employees	161,734	162,876
Net investment income	234,745	1,162,779
Benefit payments	(292,929)	(329,772)
Administrative expenses	(30,171)	(34,257)
Plan fiduciary net position, ending	<u>\$ 9,231,544</u>	<u>\$ 8,734,063</u>
Net pension liability, beginning	<u>\$ 721,355</u>	<u>\$ 1,681,213</u>
Net pension liability, ending	<u>\$ 1,025,542</u>	<u>\$ 721,355</u>
Plan fiduciary net position as a percentage of total pension liability	90.0%	92.4%
Covered payroll	\$ 2,175,531	\$ 2,269,920
City's net pension liability as a percentage of covered payroll	47.1%	31.8%

Information prior to the June 30, 2014, measurement date is not readily available.

City of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Schedule of City Contributions – Pension

Last 10 Fiscal Years – City Reporting

Defined Benefit Plan

Years Ended June 30,	Actuarially determined contribution	Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	\$ 62,665	\$ 62,665	\$ -	\$ -	100%
2014	65,314	65,314	-	-	100%
2013	70,452	70,452	-	-	100%
2012	40,133	40,133	-	-	100%
2011	64,215	64,215	-	-	100%
2010	114,001	114,001	-	-	100%
2009	117,321	117,321	-	-	100%
2008	115,053	115,053	-	-	100%
2007	103,598	103,598	-	-	100%
2006	81,951	81,951	-	-	100%

Police Department Pension Plan

Years Ended June 30,	Actuarially determined contribution	Contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2015	\$ 424,102	\$ 424,102	\$ -	\$ 2,269,928	19%
2014	462,805	506,000	(43,195)	1,905,358	27%
2013	505,772	517,000	(11,228)	1,765,006	29%
2012	516,888	516,888	-	1,742,242	30%
2011	506,099	506,099	-	1,672,736	30%
2010	434,789	434,789	-	1,882,921	23%
2009	304,632	304,632	-	1,782,548	17%
2008	289,102	289,102	-	1,546,417	19%
2007	228,903	228,903	-	1,547,471	15%
2006	199,541	199,541	-	1,353,452	15%

City of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Schedule of Investment Returns – Pension

	Measurement Date	
	June 30, 2015	June 30, 2014
Defined Benefit Pension Plan		
Annual money weighted rate of return, net of investment expense	4.26%	4.44%
Police Department Plan		
Annual money weighted rate of return, net of investment expense	2.63%	15.73%

Information prior to the June 30, 2014, measurement date is not readily available.

City of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Other Post-Employment Benefits (OPEB)

Schedule of Employer Contributions

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 427,283	\$ 517,002	121.00%
2014	364,871	107,595	29.49%
2013	342,794	135,840	39.63%
2012	527,551	84,624	16.04%
2011	904,253	140,801	15.57%
2010	925,000	80,702	8.72%

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)/(c)]
June 30, 2015	\$ 377,437	\$ 3,958,749	3,581,312	9.53%	\$ 7,679,576	46.63%
July 1, 2014	-	3,007,175	3,007,175	0.00%	7,903,392	38.05%
July 1, 2013	-	3,847,398	3,847,398	0.00%	7,451,184	51.63%
July 1, 2011	-	6,377,779	6,377,779	0.00%	6,467,790	98.61%

Supplementary Information

City of Aberdeen, Maryland

Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund
Year Ended June 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
Property taxes				
Real estate taxes	\$ 8,724,586	\$ 8,724,586	\$ 9,334,135	\$ 609,549
Corporation personal property taxes	719,100	719,100	650,797	(68,303)
Utilities personal property tax	348,534	348,534	430,310	81,776
Penalties and interest	43,000	43,000	60,654	17,654
Semi-annual service charge	-	-	79	79
Additions and abatements	(17,000)	(17,000)	(224,723)	(207,723)
Discount on taxes	(61,072)	(61,072)	(67,806)	(6,734)
Tax credit – firemen exemptions	(14,688)	(14,688)	(14,688)	-
Tax credit – no water or sewer	(6,295)	(6,295)	(6,295)	-
Enterprise Zone tax credits	(116,326)	(116,326)	(99,253)	17,073
	<u>9,619,839</u>	<u>9,619,839</u>	<u>10,063,210</u>	<u>443,371</u>
Local taxes				
Franchise tax	170,876	170,876	182,964	12,088
Mobile home excise tax	28,200	28,200	31,520	3,320
Utilities pole tax	58,863	58,863	59,313	450
Hospitality Way special assessment	1,090	1,090	5,218	4,128
	<u>259,029</u>	<u>259,029</u>	<u>279,015</u>	<u>19,986</u>
State shared taxes				
Income tax	1,100,000	1,100,000	1,314,582	214,582
Highway tax	426,784	426,784	414,276	(12,508)
	<u>1,526,784</u>	<u>1,526,784</u>	<u>1,728,858</u>	<u>202,074</u>
Total taxes	<u>11,405,652</u>	<u>11,405,652</u>	<u>12,071,083</u>	<u>665,431</u>
Licenses and Permits				
Traders' licenses	30,000	30,000	35,278	5,278
Liquor licenses	2,300	2,300	3,287	987
Mobile home park licenses	-	-	600	600
Peddlers permits	-	-	540	540
Grading permits	15,000	15,000	28,135	13,135
Building permits	22,000	22,000	54,967	32,967
Site plan review	12,000	12,000	13,607	1,607
Public works agreement revenue	1,000	1,000	-	(1,000)
Other	-	-	5,072	5,072
Total licenses and permits	<u>82,300</u>	<u>82,300</u>	<u>141,486</u>	<u>59,186</u>

(Continued)

City of Aberdeen, Maryland

Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund

(Continued)

Year Ended June 30, 2015

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Intergovernmental				
Grants from state government				
Police state aid	\$ 270,000	\$ 270,000	\$ 270,863	\$ 863
Law enforcement grant	-	25,174	25,174	-
Other	-	-	5,150	5,150
	<u>270,000</u>	<u>295,174</u>	<u>301,187</u>	<u>6,013</u>
Grants from county government				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	1,182,481	1,182,481	1,128,512	(53,969)
Hotel occupancy tax	-	-	198,188	198,188
Senior Center reimbursement	53,659	53,659	53,665	6
	<u>1,243,282</u>	<u>1,243,282</u>	<u>1,387,507</u>	<u>144,225</u>
Grants from local government				
Residential special patrol	114,000	114,000	96,811	(17,189)
Total intergovernmental	<u>1,627,282</u>	<u>1,652,456</u>	<u>1,785,505</u>	<u>133,049</u>
APG Management Fees	<u>650,000</u>	<u>650,000</u>	<u>899,922</u>	<u>249,922</u>
Miscellaneous Revenues				
Trash collection stickers fees	190,491	190,491	172,917	(17,574)
Police miscellaneous income	18,050	18,050	10,240	(7,810)
Antenna leases	47,809	47,809	51,631	3,822
Fines and forfeitures	20,000	20,000	32,157	12,157
DPW miscellaneous income	20,000	20,000	17,419	(2,581)
Interest on savings	6,000	6,000	5,793	(207)
Other	21,000	21,000	32,520	11,520
Total miscellaneous revenues	<u>323,350</u>	<u>323,350</u>	<u>322,677</u>	<u>(673)</u>
Total revenues	<u>14,088,584</u>	<u>14,113,758</u>	<u>15,220,673</u>	<u>1,106,915</u>
Other Financing Sources				
Appropriation of fund balance	-	2,254,450	2,254,450	-
Total revenues and other financing sources	<u>\$ 14,088,584</u>	<u>\$ 16,368,208</u>	<u>\$ 17,475,123</u>	<u>\$ 1,106,915</u>

City of Aberdeen, Maryland

**Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund
Year Ended June 30, 2015**

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General Government				
Legislative				
Elected officials	\$ 40,000	\$ 40,000	\$ 40,008	\$ (8)
Operating expenditures	61,125	61,125	43,921	17,204
Maryland Municipal League	16,079	16,079	16,288	(209)
National League of Cities	2,000	2,000	1,489	511
Capital expenditures	1,000	1,000	-	1,000
	<u>120,204</u>	<u>120,204</u>	<u>101,706</u>	<u>18,498</u>
Executive				
Salaries	407,621	407,621	393,092	14,529
Operating expenditures	50,537	50,537	61,152	(10,615)
	<u>458,158</u>	<u>458,158</u>	<u>454,244</u>	<u>3,914</u>
Finance				
Salaries	316,543	316,543	303,527	13,016
Operating expenditures	15,250	15,250	10,538	4,712
Audit expenditures	40,000	40,000	26,572	13,428
Capital expenditures	1,000	1,000	675	325
	<u>372,793</u>	<u>372,793</u>	<u>341,312</u>	<u>31,481</u>
Legal				
Codification	5,800	5,800	4,597	1,203
Counsel	110,000	110,000	99,234	10,766
	<u>115,800</u>	<u>115,800</u>	<u>103,831</u>	<u>11,969</u>
Planning and community development				
Salaries	187,013	187,013	186,634	379
Operating expenditures	20,000	20,000	21,485	(1,485)
Capital expenditures	1,000	1,000	630	370
	<u>208,013</u>	<u>208,013</u>	<u>208,749</u>	<u>(736)</u>
Government buildings				
Salaries	18,063	18,063	17,953	110
Operating expenditures	521,000	893,000	789,719	103,281
Capital expenditures	1,000	1,000	6,900	(5,900)
	<u>540,063</u>	<u>912,063</u>	<u>814,572</u>	<u>97,491</u>
General government				
Operating expenditures	103,500	103,500	108,825	(5,325)
	<u>103,500</u>	<u>103,500</u>	<u>108,825</u>	<u>(5,325)</u>
Health and safety				
Operating expenditures	20,000	20,000	12,175	7,825
Capital expenditures	1,000	1,000	-	1,000
	<u>21,000</u>	<u>21,000</u>	<u>12,175</u>	<u>8,825</u>
Total general government	<u>1,939,531</u>	<u>2,311,531</u>	<u>2,145,414</u>	<u>166,117</u>

(Continued)

City of Aberdeen, Maryland

Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund
(Continued)

Year Ended June 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety				
Police Department				
Salaries	\$ 3,369,623	\$ 3,369,623	\$ 3,305,659	\$ 63,964
Operating expenditures	692,161	717,335	647,395	69,940
Capital expenditures	1,000	136,000	135,661	339
	<u>4,062,784</u>	<u>4,222,958</u>	<u>4,088,715</u>	<u>134,243</u>
Volunteer fire department				
Contribution	131,225	131,225	131,225	-
Total public safety	<u>4,194,009</u>	<u>4,354,183</u>	<u>4,219,940</u>	<u>134,243</u>
Public Works				
Public works administration				
Salaries	301,790	301,790	278,989	22,801
Operating expenditures	30,950	30,950	33,158	(2,208)
Capital expenditures	1,000	1,000	687	313
	<u>333,740</u>	<u>333,740</u>	<u>312,834</u>	<u>20,906</u>
Streets				
Salaries	682,164	682,164	565,973	116,191
Operating expenditures	371,712	387,712	340,033	47,679
Capital expenditures	1,000	1,000	22,510	(21,510)
	<u>1,054,876</u>	<u>1,070,876</u>	<u>928,516</u>	<u>142,360</u>
Street lighting				
Operating expenditures	300,000	300,000	312,822	(12,822)
Winter operation				
Operating expenditures	30,000	30,000	31,052	(1,052)
Solid waste				
Salaries	267,393	267,393	273,348	(5,955)
Operating expenditures	388,277	388,277	318,429	69,848
Capital expenditures	1,000	1,000	-	1,000
	<u>656,670</u>	<u>656,670</u>	<u>591,777</u>	<u>64,893</u>
Total public works	<u>2,375,286</u>	<u>2,391,286</u>	<u>2,177,001</u>	<u>214,285</u>
Parks and Recreation				
Operating expenditures	97,500	176,500	160,314	16,186
Miscellaneous				
Retirement plans	1,151,862	1,151,862	989,518	162,344
Payroll expenditures	2,161,857	2,161,857	2,004,672	157,185
Miscellaneous	313,321	245,321	242,898	2,423
	<u>3,627,040</u>	<u>3,559,040</u>	<u>3,237,088</u>	<u>321,952</u>
Debt Service				
Debt service principal	345,000	345,000	345,000	-
Debt service interest	125,128	125,128	125,117	11
	<u>470,128</u>	<u>470,128</u>	<u>470,117</u>	<u>11</u>
Total expenditures	<u>12,703,494</u>	<u>13,262,668</u>	<u>12,409,874</u>	<u>852,794</u>
Other Financing Uses				
Transfers out	1,385,090	3,105,540	3,105,540	-
Total expenditures and other financing uses	<u>\$ 14,088,584</u>	<u>\$ 16,368,208</u>	<u>\$ 15,515,414</u>	<u>\$ 852,794</u>

City of Aberdeen, Maryland

Schedule of Revenues, Expenditures and Other Financing Sources
 Budget and Actual – Capital Projects Fund
 Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
Revenues				
Revenues from other agencies	\$ 83,499	\$ 1,250,021	\$ 508,909	\$ (741,112)
Total revenues	<u>83,499</u>	<u>1,250,021</u>	<u>508,909</u>	<u>(741,112)</u>
Expenditures				
General government	108,699	1,654,221	1,062,541	591,680
Public safety	217,750	217,750	217,757	(7)
Public works	881,784	3,026,173	3,027,038	(865)
Parks and recreation	-	100,000	-	100,000
Total expenditures	<u>1,208,233</u>	<u>4,998,144</u>	<u>4,307,336</u>	<u>690,808</u>
Other Financing Sources				
Transfers from general fund	1,124,734	2,566,734	2,566,734	-
Appropriation of fund balance	-	1,181,389	1,181,389	-
Total other financing sources	<u>1,124,734</u>	<u>3,748,123</u>	<u>3,748,123</u>	<u>-</u>
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	(50,304)	<u>\$ (50,304)</u>
Adjustments to Conform with Generally Accepted Accounting Principles (GAAP)			<u>(1,106,454)</u>	
Net Change in Fund Balance (GAAP Basis)			(1,156,758)	
Fund Balance				
Beginning			<u>1,793,661</u>	
Ending			<u>\$ 636,903</u>	

STATISTICAL SECTION

The Statistical Section of the City's Comprehensive Annual Financial Report presents detailed information to help with understanding the financial statements, note disclosures, and supplementary information.

Financial Trends

Tables 1 through 6 show financial trend data that may help the reader in assessing the City's current performance against historical performances.

Revenue Capacity

Tables 7 through 10 show information that may help the reader in assessing the viability of the City's most significant local revenue source -- Property Taxes.

Debt Capacity

Tables 11 through 14 contain information that may help the reader in assessing the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Economic and Demographic Information

Tables 15 and 16 contain economic and demographic indicators that may assist the reader in understanding the environment in which the City's financial activities take place.

Operating Information

Tables 17 through 19 present service and infrastructure indicators that may assist the reader in understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.

**Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)**

Table 1

	Fiscal Year									
	2015	2014 (1)	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net Investment in Capital Assets	\$ 20,241,970	\$ 16,364,349	\$ 13,508,406	\$ 13,404,341	\$ 13,080,163	\$ 13,244,196	\$ 12,421,169	\$ 10,795,988	\$ 9,595,925	\$ 10,431,798
Restricted	441,896	485,238	492,955	508,400	521,296	451,668	426,970	392,998	932,988	702,871
Unrestricted	7,115,395	7,756,146	9,248,917	6,989,228	4,854,395	2,550,077	2,586,480	2,660,726	1,643,724	481,501
Total Governmental Activities Net Position	27,799,261	24,605,733	23,250,278	20,901,969	18,455,854	16,245,941	15,434,619	13,849,712	12,172,637	11,616,170
Business-Type Activities										
Net Investment in Capital Assets	39,292,242	38,919,289	36,701,093	34,440,815	29,692,671	24,016,623	22,250,352	20,368,984	19,771,744	19,513,200
Restricted	3,600,207	3,609,705	3,644,074	763,330	331,641	-	-	-	-	-
Unrestricted	1,945,341	748,189	1,051,125	2,833,689	(1,094,387)	(1,166,635)	477,966	1,914,926	1,898,230	870,825
Total Business-Type Activities Net Position	44,837,790	43,277,183	41,396,292	38,037,834	28,929,925	22,849,988	22,728,318	22,283,910	21,669,974	20,384,025
Primary Government										
Net Investment in Capital Assets	59,534,212	55,283,638	50,209,499	47,845,156	42,772,834	37,260,819	34,671,521	31,164,972	29,367,669	29,944,998
Restricted	4,042,103	4,094,943	4,137,029	1,271,730	852,937	451,668	426,970	392,998	932,988	702,871
Unrestricted	9,060,736	8,504,335	10,300,042	9,822,917	3,760,008	1,383,442	3,064,446	4,575,652	3,541,954	1,352,326
Total Primary Government Net Position	\$ 72,637,051	\$ 67,882,916	\$ 64,646,570	\$ 58,939,803	\$ 47,385,779	\$ 39,095,929	\$ 38,162,937	\$ 36,133,622	\$ 33,842,611	\$ 32,000,195

(1) As restated

Source:
City financial records.

**Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)**

Table 2

	Fiscal Year									
	2015	2014 (1)	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
General Government	\$ 3,468,452	\$ 4,911,835	\$ 3,014,256	\$ 3,466,644	\$ 3,058,171	\$ 2,777,534	\$ 2,685,612	\$ 2,799,968	\$ 2,594,746	\$ 2,030,600
Public Safety	5,739,007	5,356,062	5,193,500	5,305,825	5,408,853	5,889,590	5,460,448	5,202,358	4,827,596	4,590,880
Public Works	4,135,899	4,336,712	4,587,658	3,974,061	3,877,699	4,270,376	3,797,298	3,725,529	3,645,846	2,449,570
Parks and Recreation	109,297	371,255	81,358	71,590	70,806	148,666	64,827	81,574	77,148	77,432
Interest on Long-Term Debt	123,875	132,416	139,764	255,227	301,412	323,712	340,908	358,733	377,165	361,623
Total Governmental Activities Expenses	<u>13,576,530</u>	<u>15,108,280</u>	<u>13,016,536</u>	<u>13,073,347</u>	<u>12,716,941</u>	<u>13,409,878</u>	<u>12,349,093</u>	<u>12,168,162</u>	<u>11,522,501</u>	<u>9,510,105</u>
Business-Type Activities:										
Water	2,982,943	2,814,456	2,784,946	2,578,348	2,191,486	1,780,578	1,817,802	1,976,315	1,579,997	1,637,339
Sewer	3,962,657	4,052,338	3,183,672	2,982,631	3,059,799	3,157,487	2,917,769	3,009,494	2,321,829	2,462,258
Stadium	460,981	423,981	415,268	594,530	598,721	621,708	840,062	676,822	688,757	717,743
Total Business-Type Activities Expenses	<u>7,406,581</u>	<u>7,290,775</u>	<u>6,383,886</u>	<u>6,155,509</u>	<u>5,850,006</u>	<u>5,559,773</u>	<u>5,575,633</u>	<u>5,662,631</u>	<u>4,590,583</u>	<u>4,817,340</u>
Total Primary Government Expenses	<u>\$ 20,983,111</u>	<u>\$ 22,399,055</u>	<u>\$ 19,400,422</u>	<u>\$ 19,228,856</u>	<u>\$ 18,566,947</u>	<u>\$ 18,969,651</u>	<u>\$ 17,924,726</u>	<u>\$ 17,830,793</u>	<u>\$ 16,113,084</u>	<u>\$ 14,327,445</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 328,930	\$ 358,560	\$ 340,520	\$ 348,916	\$ 356,149	\$ 453,230	\$ 422,716	\$ 1,086,951	\$ 327,737	\$ 548,402
Public Safety	27,659	26,945	118,427	69,048	14,468	7,516	29,797	14,468	59,177	135,411
Public Works	2,399,067	2,229,890	2,097,915	2,074,107	2,334,406	1,788,128	1,409,014	1,424,643	1,590,460	297,736
Operating Grants and Contributions	1,982,361	2,107,137	1,510,237	1,393,877	1,237,436	1,176,308	1,928,185	1,877,862	1,750,903	1,538,318
Capital Grants and Contributions	633,393	478,932	108,359	419,823	20,474	942,226	513,477	156,294	37,000	50,959
Total Governmental Activities Program Revenues	<u>5,371,410</u>	<u>5,201,464</u>	<u>4,175,458</u>	<u>4,305,771</u>	<u>3,962,933</u>	<u>4,367,408</u>	<u>4,303,189</u>	<u>4,560,218</u>	<u>3,765,277</u>	<u>2,570,826</u>
Business-Type Activities:										
Charges for Services:										
Water	3,660,863	3,207,157	2,961,294	2,501,549	2,779,442	2,073,874	2,140,638	2,317,759	2,224,057	1,768,070
Sewer	3,831,922	3,553,453	3,158,243	2,861,174	3,250,654	2,639,041	2,528,610	2,294,824	2,196,583	2,061,576
Stadium	196,740	212,162	243,514	214,556	222,869	36,476	50,310	58,279	72,766	34,702
Operating Grants and Contributions	-	-	-	2,577,140	-	-	-	-	-	-
Capital Grants and Contributions	566,225	1,665,187	3,169,174	6,551,525	5,334,555	601,188	804,182	996,608	1,013,386	-
Total Business-Type Activities Program Revenues	<u>8,255,750</u>	<u>8,637,959</u>	<u>9,532,225</u>	<u>14,705,944</u>	<u>11,587,520</u>	<u>5,350,579</u>	<u>5,523,740</u>	<u>5,667,470</u>	<u>5,506,792</u>	<u>3,864,348</u>
Total Primary Government Program Revenues	<u>\$ 13,627,160</u>	<u>\$ 13,839,423</u>	<u>\$ 13,707,683</u>	<u>\$ 19,011,715</u>	<u>\$ 15,550,453</u>	<u>\$ 9,717,987</u>	<u>\$ 9,826,929</u>	<u>\$ 10,227,688</u>	<u>\$ 9,272,069</u>	<u>\$ 6,435,174</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (8,205,120)	\$ (9,906,816)	\$ (8,841,078)	\$ (8,767,576)	\$ (8,754,008)	\$ (9,042,470)	\$ (8,045,904)	\$ (7,607,944)	\$ (7,757,224)	\$ (6,939,279)
Business-Type Activities	849,169	1,347,184	3,148,339	8,550,435	5,737,514	(209,194)	(51,893)	4,839	916,209	(952,992)
Total Primary Government Net Expense	<u>\$ (7,355,951)</u>	<u>\$ (8,559,632)</u>	<u>\$ (5,692,739)</u>	<u>\$ (217,141)</u>	<u>\$ (3,016,494)</u>	<u>\$ (9,251,664)</u>	<u>\$ (8,097,797)</u>	<u>\$ (7,603,105)</u>	<u>\$ (6,841,015)</u>	<u>\$ (7,892,271)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 10,043,124	\$ 9,936,228	\$ 10,041,666	\$ 10,145,968	\$ 9,652,855	\$ 9,090,293	\$ 8,719,008	\$ 8,195,655	\$ 7,419,615	\$ 5,122,663
Other Local Taxes	273,859	263,525	259,512	258,102	274,763	171,859	219,082	212,141	216,578	210,113
State Shared Taxes, Unrestricted	1,593,992	1,330,186	1,252,941	1,183,456	1,320,327	1,120,426	954,638	1,151,137	1,032,544	952,016
Investment Earnings	16,290	18,125	16,381	13,672	8,154	6,316	31,157	37,111	18,292	41,136
Gain on Sale of Capital Assets	10,189	69,598	-	-	-	-	-	-	-	725,960
Transfers	(538,806)	(355,391)	(279,841)	(387,507)	(292,178)	(535,102)	(293,074)	(311,025)	(373,338)	-
Total Governmental Activities	<u>11,398,648</u>	<u>11,262,271</u>	<u>11,290,659</u>	<u>11,213,691</u>	<u>10,963,921</u>	<u>9,853,792</u>	<u>9,630,811</u>	<u>9,285,019</u>	<u>8,313,691</u>	<u>7,051,888</u>
Business-Type Activities:										
Taxes										
Other Local Taxes	-	-	-	-	-	-	-	-	-	-
State Shared Taxes, Unrestricted	-	-	-	-	-	228,370	192,582	230,917	14,598	245,274
Investment Earnings	68,648	74,504	149,162	169,967	50,245	4,953	10,645	42,155	6,284	25,781
Gain (loss) on Sale of Capital Assets	103,984	103,812	-	-	-	11,852	-	25,000	(24,480)	-
Transfers	538,806	355,391	279,841	387,507	292,178	535,102	293,074	311,025	373,338	-
Total Business-Type Activities	<u>711,438</u>	<u>533,707</u>	<u>429,003</u>	<u>557,474</u>	<u>342,423</u>	<u>780,277</u>	<u>496,301</u>	<u>609,097</u>	<u>369,740</u>	<u>271,055</u>
Total Primary Government	<u>\$ 12,110,086</u>	<u>\$ 11,795,978</u>	<u>\$ 11,719,662</u>	<u>\$ 11,771,165</u>	<u>\$ 11,306,344</u>	<u>\$ 10,634,069</u>	<u>\$ 10,127,112</u>	<u>\$ 9,894,116</u>	<u>\$ 8,683,431</u>	<u>\$ 7,322,943</u>
Change in Net Position										
Governmental Activities	\$ 3,193,528	\$ 1,355,455	\$ 2,449,581	\$ 2,446,115	\$ 2,209,913	\$ 811,322	\$ 1,584,907	\$ 1,677,075	\$ 556,467	\$ 112,609
Business-Type Activities	1,560,607	1,880,891	3,577,342	9,107,909	6,079,937	571,083	444,408	613,936	1,285,949	(681,937)
Total Primary Government Change in Net Position	<u>\$ 4,754,135</u>	<u>\$ 3,236,346</u>	<u>\$ 6,026,923</u>	<u>\$ 11,554,024</u>	<u>\$ 8,289,850</u>	<u>\$ 1,382,405</u>	<u>\$ 2,029,315</u>	<u>\$ 2,291,011</u>	<u>\$ 1,842,416</u>	<u>\$ (569,328)</u>

(1) As restated

Source:
City financial records.

**Governmental Activities Tax Revenues by Source
Last Ten Years
(Accrual Basis of Accounting)**

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Income Tax</u>	<u>Admissions Tax</u>	<u>Other Local Taxes</u>	<u>Total</u>
2015	\$ 10,043,124	\$ 1,593,992	\$ -	\$ 273,859	\$ 11,910,975
2014	9,936,228	1,330,186	-	263,525	11,529,939
2013	10,041,666	1,252,941	-	259,512	11,554,119
2012	10,145,968	1,183,456	-	258,102	11,587,526
2011	9,652,855	1,320,327	-	274,763	11,247,945
2010	9,090,293	1,120,426	-	171,859	10,382,578
2009	8,719,008	954,638	-	219,082	9,892,728
2008	8,195,655	1,151,137	-	212,141	9,558,933
2007	7,419,615	1,007,088	25,456	216,578	8,668,737
2006	5,122,663	883,318	46,692	232,119	6,284,792

Source:
City financial records.

**Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

Table 4

	Fiscal Year									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Non-spendable	\$ 32,457	\$ 31,683	\$ 30,913	\$ 24,613	\$ 30,949	\$ 78,952	\$ 70,413	\$ 77,590	\$ 75,471	\$ 313,906
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	157,496	-	-	9,003	-	-	-	-	-	-
Unassigned	<u>9,290,251</u>	<u>9,500,995</u>	<u>10,876,480</u>	<u>8,525,257</u>	<u>5,873,609</u>	<u>3,585,829</u>	<u>2,737,304</u>	<u>1,998,778</u>	<u>1,091,376</u>	<u>841,538</u>
Total General Fund	<u><u>\$ 9,480,204</u></u>	<u><u>\$ 9,532,678</u></u>	<u><u>\$ 10,907,393</u></u>	<u><u>\$ 8,558,873</u></u>	<u><u>\$ 5,904,558</u></u>	<u><u>\$ 3,664,781</u></u>	<u><u>\$ 2,807,717</u></u>	<u><u>\$ 2,076,368</u></u>	<u><u>\$ 1,166,847</u></u>	<u><u>\$ 1,155,444</u></u>
Special Revenue Fund										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	441,896	485,238	492,955	508,400	521,296	553,403	611,667	645,010	625,324	623,297
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund	<u><u>\$ 441,896</u></u>	<u><u>\$ 485,238</u></u>	<u><u>\$ 492,955</u></u>	<u><u>\$ 508,400</u></u>	<u><u>\$ 521,296</u></u>	<u><u>\$ 553,403</u></u>	<u><u>\$ 611,667</u></u>	<u><u>\$ 645,010</u></u>	<u><u>\$ 625,324</u></u>	<u><u>\$ 623,297</u></u>
Capital Projects Fund										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	636,903	1,793,661	534,726	407,948	340,645	305,671	286,424	140,113	404,302	155,036
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Projects Fund	<u><u>\$ 636,903</u></u>	<u><u>\$ 1,793,661</u></u>	<u><u>\$ 534,726</u></u>	<u><u>\$ 407,948</u></u>	<u><u>\$ 340,645</u></u>	<u><u>\$ 305,671</u></u>	<u><u>\$ 286,424</u></u>	<u><u>\$ 140,113</u></u>	<u><u>\$ 404,302</u></u>	<u><u>\$ 155,036</u></u>

Source: City financial records.

**Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

Table 5

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 12,065,927	\$ 11,959,551	\$ 11,648,825	\$ 11,834,498	\$ 11,252,818	\$ 10,443,370	\$ 10,761,701	\$ 10,288,820	\$ 9,514,458	\$ 6,978,414
Licenses and permits	141,486	106,969	75,289	101,713	125,997	170,944	106,314	100,404	107,599	166,226
Revenues from other agencies	2,345,414	2,152,774	1,433,591	1,587,713	1,296,914	1,972,543	1,582,144	1,191,511	943,894	926,400
APG management fees	2,297,286	2,162,376	2,058,083	2,011,145	2,251,434	1,669,750	1,342,864	1,362,843	1,511,396	289,193
Miscellaneous	333,174	432,271	451,977	431,152	350,767	433,533	570,917	1,163,612	408,206	1,179,693
Total Revenues	<u>17,183,287</u>	<u>16,813,941</u>	<u>15,667,765</u>	<u>15,966,221</u>	<u>15,277,930</u>	<u>14,690,140</u>	<u>14,363,940</u>	<u>14,107,190</u>	<u>12,485,553</u>	<u>9,539,926</u>
Expenditures										
General government	3,303,913	2,558,873	1,841,877	1,695,505	1,714,059	1,997,247	1,982,372	1,750,112	1,609,401	1,347,777
Public safety	4,302,711	4,269,346	3,956,424	3,949,922	3,926,465	4,030,589	4,264,153	4,046,493	3,945,451	3,261,424
Public works	6,501,419	6,135,578	3,998,299	4,074,871	3,627,232	4,004,543	3,937,387	4,269,247	3,347,816	1,985,844
Parks and recreation	160,314	408,207	64,993	100,063	84,907	125,369	72,092	64,574	54,308	39,576
Miscellaneous	3,193,147	2,827,280	2,594,414	2,533,562	2,684,113	2,552,305	2,400,513	2,287,315	2,197,424	2,143,563
Debt service										
Principal	346,054	335,985	325,921	432,251	404,920	389,622	405,899	364,413	327,694	324,621
Interest	124,376	132,917	146,143	89,300	301,412	314,607	331,335	348,993	367,425	351,883
Total Expenditures	<u>17,931,934</u>	<u>16,668,186</u>	<u>12,928,071</u>	<u>12,875,474</u>	<u>12,743,108</u>	<u>13,414,282</u>	<u>13,393,751</u>	<u>13,131,147</u>	<u>11,849,519</u>	<u>9,454,688</u>
Excess of revenues over (under) expenditures	(748,647)	145,755	2,739,694	3,090,747	2,534,822	1,275,858	970,189	976,043	636,034	85,238
Other financing sources										
Loan proceeds	-	-	-	5,482	-	77,291	167,202	-	-	-
Transfer in (out)	(538,806)	(355,391)	(279,841)	(387,507)	(292,178)	(535,102)	(293,074)	(311,025)	(373,338)	-
Proceeds from sale of capital assets	34,879	86,139	-	-	-	-	-	-	-	-
Total other financing sources	<u>(503,927)</u>	<u>(269,252)</u>	<u>(279,841)</u>	<u>(382,025)</u>	<u>(292,178)</u>	<u>(457,811)</u>	<u>(125,872)</u>	<u>(311,025)</u>	<u>(373,338)</u>	<u>-</u>
Net change in fund balances	<u>\$ (1,252,574)</u>	<u>\$ (123,497)</u>	<u>\$ 2,459,853</u>	<u>\$ 2,708,722</u>	<u>\$ 2,242,644</u>	<u>\$ 818,047</u>	<u>\$ 844,317</u>	<u>\$ 665,018</u>	<u>\$ 262,696</u>	<u>\$ 85,238</u>
Debt Service (P & I) as a percentage of non-capital expenditures	<u>3.51%</u>	<u>3.56%</u>	<u>3.86%</u>	<u>4.42%</u>	<u>5.78%</u>	<u>5.77%</u>	<u>6.19%</u>	<u>6.06%</u>	<u>6.21%</u>	<u>7.48%</u>

Source: City financial records.

**General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

Table 6

Fiscal Year	Property Tax	Income Tax	Highway User Tax	Admissions Tax	Other Local Taxes	Total
2015	\$ 10,063,210	\$ 1,314,582	\$ 414,276	\$ -	\$ 273,859	\$ 12,065,927
2014	9,990,337	1,309,945	390,765	-	268,504	11,959,551
2013	9,924,915	1,346,694	118,724	-	258,492	11,648,825
2012	10,146,919	1,240,865	193,082	-	253,632	11,834,498
2011	9,680,141	1,250,670	47,244	-	274,763	11,252,818
2010	9,074,414	1,107,207	89,890	-	171,859	10,443,370
2009	8,760,795	1,112,667	669,154	-	219,085	10,761,701
2008	8,172,879	1,124,841	778,959	-	212,141	10,288,820
2007	7,419,615	1,040,335	812,474	25,426	216,608	9,514,458
2006	5,122,663	873,499	725,447	46,692	210,113	6,978,414

These revenues are for all general governmental functions accounted for through governmental funds.

Source: City financial records.

**Assessed Value and Estimated Actual Value of Taxable property
Last Ten Fiscal Years**

Table 7

Fiscal Year Ending June 30	Real Property			Personal Property			Total Assessed Property		Market Value Change	
	Taxable Assessed Value	Estimated Actual Value	Total Direct Rate	Assessed Value	Estimated Actual Value	Total Direct Rate	Assessed Value	Estimated Actual Value	Amount	Percentage
2015	1,383,252,570	1,383,252,570	0.6800	65,161,873	65,161,873	1.7000	1,448,414,443	1,448,414,443	44,423,110	3.16%
2014	1,340,367,403	1,340,367,403	0.6800	63,623,930	63,623,930	1.7000	1,403,991,333	1,403,991,333	(3,326,224)	-0.24%
2013	1,333,912,757	1,333,912,757	0.6800	73,404,800	73,404,800	1.7000	1,407,317,557	1,407,317,557	(45,534,772)	-3.13%
2012	1,390,102,249	1,390,102,249	0.6800	62,750,080	62,750,080	1.7000	1,452,852,329	1,452,852,329	82,607,333	6.03%
2011	1,313,724,366	1,313,724,366	0.6875	56,520,630	56,520,630	1.7000	1,370,244,996	1,370,244,996	80,562,276	6.25%
2010	1,234,699,160	1,234,699,160	0.6875	54,983,560	54,983,560	1.7000	1,289,682,720	1,289,682,720	64,707,581	5.28%
2009	1,168,908,946	1,168,908,946	0.7000	56,066,193	56,066,193	1.7000	1,224,975,139	1,224,975,139	115,464,478	10.41%
2008	1,051,857,687	1,051,857,687	0.7150	57,652,974	57,652,974	1.7000	1,109,510,661	1,109,510,661	116,418,992	11.72%
2007	934,874,053	934,874,053	0.7350	58,217,616	58,217,616	1.7000	993,091,669	993,091,669	150,609,144	17.88%
2006	804,175,635	804,175,635	0.5500	38,306,890	38,306,890	1.4000	842,482,525	842,482,525	79,862,385	10.47%

Note: Real property tax rate is per \$100 of assessed value
Personal property tax rate is per \$100 of assessed value

Source: City financial records.

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years

Table 8

Real Property Tax Rate

Fiscal Year Ending June 30	City of Aberdeen		Harford County	State of Maryland	Total Tax Rate
	General Fund	Total			
		Direct Rate			
2015	\$ 0.6800	\$ 0.6800	1.042	0.112	\$ 1.834
2014	0.6800	0.6800	1.042	0.112	1.834
2013	0.6800	0.6800	1.042	0.112	1.834
2012	0.6800	0.6800	1.042	0.112	1.834
2011	0.6875	0.6875	1.042	0.112	1.842
2010	0.6875	0.6875	1.064	0.112	1.864
2009	0.7000	0.7000	1.082	0.112	1.894
2008	0.7150	0.7150	1.082	0.112	1.909
2007	0.7350	0.7350	1.082	0.112	1.929
2006	0.5500	0.5500	1.092	0.112	1.754

Personal Property Tax Rate

Fiscal Year Ending June 30	City of Aberdeen		Harford County	State of Maryland	Total Tax Rate
	General Fund	Total			
		Direct Rate			
2015	\$ 1.700	\$ 1.700	2.605	\$ -	\$ 4.305
2014	1.700	1.700	2.605	-	4.305
2013	1.700	1.700	2.605	-	4.305
2012	1.700	1.700	2.605	-	4.305
2011	1.700	1.700	2.605	-	4.305
2010	1.700	1.700	2.660	-	4.360
2009	1.700	1.700	2.705	-	4.405
2008	1.700	1.700	2.705	-	4.405
2007	1.700	1.700	2.705	-	4.405
2006	1.400	1.400	2.705	-	4.105

Source: City financial records.

**Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago**

Table 9

Taxpayer	Type of Business	2015		Percentage of Total Assessment
		Assessed Valuation	City Tax	
KRK Title Holder LP	Warehouse	25,328,900	172,237	1.75%
913 Old Philadelphia Road LLC	Distribution Warehouse	25,149,000	171,013	1.74%
Inland American Aberdeen	Real Property Management	22,778,300	154,892	1.57%
Frito-Lay	Manufacturing	17,147,000	116,600	1.18%
Wal-Mart Real Estate	Retail	17,034,000	115,831	1.18%
COPT Northgate A LLC	Real Estate Investment	16,137,300	109,734	1.11%
Medline Industries, Inc.	Manufacturing	12,767,600	86,820	0.88%
Merritt - AD LLC	Real Estate Investment	12,649,300	86,015	0.87%
COPT Northgate D LLC	Real Estate Investment	12,418,800	84,448	0.86%
COPT Northgate C LLC	Real Estate Investment	10,959,500	74,525	0.76%
TOTAL		\$ 172,369,700	\$ 1,172,114	11.90%
Total Assessed Valuation		\$ 1,448,414,443		

Taxpayer	Type of Business	2006		Percentage of Total Assessment
		Assessed Valuation	City Tax	
Metropolitan Life Insurance	Warehouse	\$ 23,685,400	\$ 130,270	2.81%
Wagner/Kinsley Llc	Warehouse	21,907,100	120,489	2.60%
Medline Industries, Inc.	Manufacturing	16,826,200	92,544	2.00%
Frito-Lay Inc	Manufacturing	15,568,000	85,624	1.85%
State of Wisconsin Investment Board	Warehouse	13,693,200	75,313	1.63%
WalMart Stores, Inc.	Retail	10,856,600	59,711	1.29%
Prologis-Exchange MD (2) LLC	Real Estate Investment	8,451,700	46,484	1.00%
One Thousand & One Ptn	Office/manufacturing	8,308,300	45,696	0.99%
Aberdeen Marketplace Inc	Shopping Center	7,462,000	41,041	0.89%
Colgate Investments	Shopping Center	7,261,500	39,938	0.86%
TOTAL		\$ 134,020,000	\$ 737,110	15.91%
Total Assessed Valuation		\$ 842,482,525		

Source: City financial records.

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 10

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2015	\$ 10,424,604	\$ 10,354,710	99.33%	\$ -	\$ 10,354,710	99.33%
2014	10,186,068	10,108,621	99.24%	52,216	10,160,837	99.75%
2013	10,238,167	10,181,487	99.45%	55,070	10,236,557	99.98%
2012	10,456,757	10,384,584	99.31%	60,285	10,444,868	99.89%
2011	9,957,031	9,870,388	99.13%	74,290	9,944,678	99.88%
2010	9,396,201	9,298,812	98.96%	81,483	9,380,295	99.83%
2009	9,116,713	9,021,982	98.96%	20,366	9,042,348	99.18%
2008	8,470,443	8,351,509	98.60%	99,023	8,450,532	99.76%
2007	7,419,615	7,338,288	98.90%	36,475	7,374,763	99.40%
2006	5,133,979	5,079,671	98.94%	46,074	5,125,745	99.84%

Source: City financial records.

**Ratios of Outstanding Debt By Type
Last Ten Fiscal Years**

Table 11

Fiscal Year Ending June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loans Payable	Total Governmental Activities	General Obligation Bonds	Loans Payable	Total Business-Type Activities			
2015	\$ 3,815,000	\$ 507,062	\$ 4,322,062	\$ 9,627,567	\$ 8,849,271	\$ 18,476,838	\$ 22,798,900	N/A	\$ 1,477
2014	4,110,790	558,116	4,668,906	10,488,496	9,369,267	19,857,763	24,526,669	N/A	1,622
2013	4,396,291	609,101	5,005,392	11,328,524	9,799,208	21,127,732	26,133,124	N/A	1,747
2012	4,672,293	660,022	5,332,315	12,130,782	7,522,290	19,653,072	24,985,387	N/A	1,670
2011	4,757,600	710,882	5,468,482	12,669,316	2,758,934	15,428,250	20,896,732	N/A	1,397
2010	4,969,200	796,970	5,766,170	8,271,100	1,332,924	9,604,024	15,370,194	N/A	1,090
2009	5,175,700	911,010	6,086,710	8,745,300	1,643,797	10,389,097	16,475,807	N/A	1,168
2008	5,372,000	1,088,819	6,460,819	9,201,800	1,942,855	11,144,655	17,605,474	N/A	1,258
2007	5,561,500	1,263,732	6,825,232	6,560,900	2,229,186	8,790,086	15,615,318	N/A	1,092
2006	5,738,600	1,271,042	7,009,642	6,878,400	2,495,371	9,373,771	16,383,413	N/A	1,179

Source: City financial records.

N/A - Currently not available

**Ratio of Net General Obligation Bonded Debt To Asset Assessed
Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years**

Table 12

Fiscal Year Ending June 30	Population	Estimated Actual Assessed Value (2)	Gross Bonded Debt (1)	Debt Payable From Enterprise Revenue	Net Bonded Debt (3)	Ratio of Net Bonded Debt To Actual Assessed Value	Net Bonded Debt Per Capita
2015	15,434	\$ 1,448,414,443	\$ 22,798,900	\$ 18,476,838	\$ 4,322,062	0.30%	\$ 280
2014	15,120	1,403,991,333	24,526,669	19,857,763	4,668,906	0.33%	309
2013	14,959	1,407,317,557	26,133,124	21,127,732	5,005,392	0.36%	335
2012	14,959	1,452,852,329	24,985,387	19,653,072	5,332,315	0.37%	356
2011	14,959	1,370,244,996	20,896,732	15,428,250	5,468,482	0.40%	366
2010	14,099	1,289,682,720	15,370,194	9,604,024	5,766,170	0.45%	409
2009	14,100	1,224,975,139	16,475,807	10,389,097	6,086,710	0.50%	432
2008	14,000	1,109,510,661	17,605,474	11,144,655	6,460,819	0.58%	461
2007	14,300	993,091,669	15,615,318	8,790,086	6,825,232	0.69%	477
2006	13,900	842,482,525	16,383,413	9,373,771	7,009,642	0.83%	504

(1) All bonded debt and loans payable are backed by the full faith and credit and unlimited taxing authority of the City. Business-type bonds are included on the schedule because they are backed by the full faith and credit and unlimited taxing authority of the City; however, business-type bonds are payable from connection charges, usage charges, and surcharges.

(2) Table 7

(3) Includes all debt payable from general tax revenues.

Note: Detail on the City's debt can be found in the notes to the financial statements.

Source: City financial records.

**Debt Computations
June 30, 2015**

Table 13

COMPUTATION OF LEGAL DEBT MARGIN

TOTAL ASSESSED VALUE OF PROPERTY	\$ 1,448,414,443
Debt limit 15%	217,262,166
Amount of debt applicable to debt limit	4,322,062
LEGAL DEBT MARGIN	\$ 212,940,104

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

	Net Debt Outstanding	Percentage Applicable to the Town	Share of Debt Outstanding
DIRECT DEBT OF THE CITY	\$ 4,322,062	100.00%	\$ 4,322,062
Indirect debt:			
Harford County	556,589,182 ²	5.38% ¹	29,944,498
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 560,911,244		\$ 34,266,560

¹ Rate of assessed value in the City
to total assessed value of the County

\$ 1,448,414,443
\$26,914,764,125

² This debt is not direct debt of the City. The overlapping debt represents the debt obligation of the residents through direct taxes assessed by the County.

Source: City financial records.

**Legal Debt Margin Information
Last Ten Years**

Table 14

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	Fiscal Year <u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Debt Limit	\$ 217,262,166	\$ 210,598,700	\$ 211,097,634	\$ 217,927,849	\$ 205,536,749	\$ 193,452,408	\$ 183,746,271	\$ 166,426,599	\$ 148,963,750	\$ 126,372,379
Total net debt applicable to limit	<u>4,322,062</u>	<u>4,668,906</u>	<u>5,005,392</u>	<u>5,332,315</u>	<u>5,468,482</u>	<u>5,766,170</u>	<u>6,086,710</u>	<u>6,460,819</u>	<u>6,825,232</u>	<u>7,009,642</u>
Legal debt margin	<u>\$ 212,940,104</u>	<u>\$ 205,929,794</u>	<u>\$ 206,092,242</u>	<u>\$ 212,595,534</u>	<u>\$ 200,068,267</u>	<u>\$ 187,686,238</u>	<u>\$ 177,659,561</u>	<u>\$ 159,965,780</u>	<u>\$ 142,138,518</u>	<u>\$ 119,362,737</u>
Total net debt applicable to the limit as a percentage of debt limit	1.99%	2.22%	2.37%	2.45%	2.66%	2.98%	3.31%	3.88%	4.58%	5.55%

Source: City financial records.

**Demographics and Economic Statistics
Last Ten Fiscal Years**

Table 15

Fiscal Year Ending June 30	(1) Estimated Population	(2) Per Capita Income	(2) Personal Income (000s)	(2) Median Age	(2) School Enrollment	(2) Unemployment Rate
2015	15,434	N/A	N/A	N/A	37,537	5.5%
2014	15,120	N/A	N/A	39.8	37,842	6.0%
2013	14,959	52,615	13,112,379	39.5	37,868	7.4%
2012	14,959	52,351	13,015,507	39.2	38,224	7.4%
2011	14,959	49,329	12,159,148	38.3	38,394	7.3%
2010	14,099	46,871	11,492,284	38.1	38,637	7.3%
2009	14,100	45,893	11,129,722	38.1	38,610	7.7%
2008	14,000	45,091	10,884,557	37.8	39,175	4.1%
2007	14,300	43,106	10,319,796	37.7	39,582	3.8%
2006	13,900	40,609	9,728,548	37.5	40,212	3.7%

(1) U.S. Census Bureau, Population Estimates

(2) This information is not available for the City of Aberdeen on a separate basis. The best information is provided by the Department of Treasury of Harford County. The City of Aberdeen is located within Harford County. The information given is taken from the Comprehensive Annual Financial Report for Harford County for fiscal year ended June 30, 2015. Income and Median Age information were not available.

**Principal Employers
Current Year and Nine Years Ago**

Table 16

2015			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	16,797	19.22%	Government
Harford County Public Schools	5,369	6.14%	Government
Upper Chesapeake Health	3,129	3.58%	Healthcare
Harford County Government	1,938	2.22%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,300	1.49%	Retailer
Kohl's Distribution Center	1,255	1.44%	Warehouse
Harford Community College	1,029	1.18%	Education
Kleins Shoprite	1,000	1.14%	Groceries
Walmart	900	1.03%	Retailer
Jacobs Technology	865	0.99%	Technology
TOTAL	33,582	38.42%	
Total Employees in Harford County (Data available for county only)	<u>87,401</u>		

2006			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	12,486	15.16%	Government
Harford County Public Schools	4,764	5.78%	Government
Upper Chesapeake Health	2,200	2.67%	Healthcare
Harford County Government	1,309	1.59%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	969	1.18%	Retailer
SAIC	800	0.97%	Technology
Walmart	568	0.69%	Retailer
Sverdrup Technology, Inc.	500	0.61%	Technology
Saks Fifth Avenue	472	0.57%	Retailer
Home Depot	451	0.55%	Home Improvement
TOTAL	24,519	29.76%	
Total Employees in Harford County (Data available for county only)	<u>82,385</u>		

Source:
Harford County CAFR

**Full-Time Equivalent City Government Employees By Function
Last Ten Years**

Table 17

Function	Full-time Equivalent City Government Employees by Function									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	8	7	4	4	5	5	5	4	4	5
Finance	6	6	6	6	6	6	6	7	7	6
Planning	3	3	3	3	4	4	4	4	4	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Building Custodian	1	1	1	1	1	1	1	1	1	-
Public Safety										
Police										
Officers	40	40	40	40	40	45	46	46	45	41
Civilians	14	14	14	14	14	14	14	14	14	14
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	79	81	81	81	78	78	78	74	73	69
Sanitation	7	7	7	7	8	8	8	8	7	7
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Total	165	166	163	163	163	168	169	165	161	152

Source: City Fiscal Year Budgets

**Operating Indicators By Function
Last Ten Fiscal Years**

Table 18

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government										
Construction Permits Issued	94	42	157	301	305	305	306	460	588	626
Estimated Value of Construction	\$ 86,276,604	\$ 21,979,857	\$ 29,577,709	\$ 32,911,735	\$ 26,720,274	\$ 72,730,957	\$ 32,886,480	\$ 17,348,304	\$ 45,420,588	\$ 29,979,342
Public Safety										
Traffic Contacts	3,885	7,072	8,123	7,193	2,465	3,998	5,741	4,180	3,504	3,478
Calls for Service	33,683	27,095	30,065	35,580	36,505	38,341	49,969	52,550	46,729	46,029
Public Works										
Street Resurfacing (miles)	0.48	5.07	0.65	0.89	0.34	0.98	2.05	2.22	1.22	1.40
Sidewalk Replacement/Repair (miles)	0.50	1.00	0.01	0.14	0.14	0.04	0.08	0.03	0.03	0.02
Stormwater Ponds Managed	15	14	14	2	2	10	10	10	2	3
Recreation										
Number of Activity Sessions Offered										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Number of Activity Sessions Offered	-	-	-	-	-	-	-	-	-	-
Program Participants										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Program Participants	-	-	-	-	-	-	-	-	-	-
Water										
New Connections	166	87	22	152	13	11	19	25	134	38
Water Main/Lateral Breaks	38.0	36.0	39.0	38.0	66.0	44.0	54.0	26.0	145.0	-
Average Daily Consumption (millions of gallons)	1.364	1.351	1.325	1.442	1.404	1.333	1.410	1.502	1.531	1.540
Sewer										
Sewer Main/Lateral Breaks	15.0	37.0	80.0	6.0	9.0	14.0	10.0	6.0	5.0	-
Average Daily Sewage Treatment (millions of gallons)	1.97	2.17	1.62	1.73	1.52	1.97	1.69	1.76	1.90	2.02

Source: Various City departments

**Capital Asset Statistics By Function
Last Ten years**

Table 19

<u>Function</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	50	52	54	56	56	54	53	52	48	47
Highways and Streets										
Streets (miles)	72.92	72.92	72.92	72.92	72.92	72.92	72.67	72.67	72.55	71.47
Storm Sewers (miles)	39.01	20.10	15.00	15.00	15.00	15.00	15.00	15.00	14.25	13.24
Catch Basins	1,913	1,913	1,013	1,013	1,013	1,013	1,013	1,013	1,009	942
Street Lights	110	1,753	1,753	1,753	1,753	1,753	1,753	1,748	1,717	-
Culture and Recreation										
Number of Parks/Playgrounds	11	8	8	8	8	8	8	8	8	8
Park Acreage	93.01	36.67	36.67	36.67	36.98	36.98	36.98	34.06	34.06	34.06
Tennis Courts	1	1	1	1	1	1	1	2	2	2
Water										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	14	14	14	16	16	16	16	16	17	13
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	4	4	5	5	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.40	2.40	2.40	2.40	2.10	2.00	2.50	2.50	2.50	2.37
Number of Customer Accounts	4,999	4,986	4,974	4,923	4,765	4,759	4,963	4,773	4,758	4,720
Water Mains (miles)	82.92	82.92	66.93	66.93	66.93	66.73	66.23	66.23	65.30	64.32
Fire Hydrants	552	552	517	517	517	517	502	502	483	470
Wastewater										
Treatment Plants	1	1	1	1	12	1	1	1	1	1
Maximum Daily Treatment Capacity (million gallons)	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.21
Pumping Stations	11	11	10	10	10	10	10	10	10	10
Sanitary Sewers (miles)	75.12	75.06	68.79	68.79	68.79	68.79	68.54	68.54	68.10	67.54

Source: Various city departments