

# **Annual Comprehensive Financial Report**

**City of Aberdeen, Maryland**



**For the Fiscal Year Ended June 30, 2023**

# **City of Aberdeen, Maryland**

## **Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023**



Prepared by:

Finance Department  
City of Aberdeen

Opiribo Jack, CPA  
Director of Finance

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# Introductory Section





November 14, 2023

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

The City of Aberdeen's Annual Comprehensive Financial Report for the year ended June 30, 2023, 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 complied 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 SB and Company, LLC, 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, 2023 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 unmodified opinion that the financial statements for City of Aberdeen for the fiscal year ended June 30, 2023 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 population in excess of 16,000 citizens. The governmental structure of Aberdeen reflects that the City government operates with the Mayor and the Council serving as the legislative body, and the City Manager serves as the Chief Operating Officer.

Located in northeastern Maryland, Aberdeen is a community situated at the headwaters of the Chesapeake Bay, traversed by two interstate highways, Interstate 95, and Route 40, and two rail lines, Amtrak and CSX. At the epicenter of the New York/Baltimore Washington metropolitan corridor, Aberdeen is surrounded by several regional and national airports, lying approximately 30 miles from Baltimore and Wilmington, Delaware, and 70 miles from D.C. and Philadelphia.

Pursuant to City Charter, the City Manager, Mayor and Finance Director develop and present the capital and operating budgets to 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 88 through 93 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 in 1917 and is the U.S. Army's oldest active testing and evaluation facility, and home to one of the nation's largest defense technology platforms. APG is a center for Army material and electronic testing, laboratory research and military training; the post is a key element in the nation's defense. Home to thousands of military, civilian and contract team members, APG has a long and illustrious reputation as one of the Department of Defense's finest installations. With the completion of the 2005 Base Realignment and Closure process, APG's mission changed from ordinance development, testing and training to high tech electronic and intelligence research and development. As a result, the number of jobs on APG grew significantly to include contractors in "high tech" defense related industries. These new personnel have higher educational attainment, skill levels and incomes than those replaced. This has led to increased wages and salaries having a positive impact on the local economy.

The City has a diversified employment base with a robust and growing blend of commercial, industrial, financial, governmental, educational, and non-profit institutional employers. Notable employers include Frito-Lay with eight thousand employees, Amazon, and a UPS hub site. Aberdeen is the home of a free-standing medical center owned and operated by the University of Maryland Upper Chesapeake Health Care System, including the construction of a state-of-the-art hospital facility. The center in Aberdeen will be fully opened in February 2024. The City is also home to the Aberdeen Ironbirds, a minor league team under the ownership of baseball's renowned Mr. Cal Ripken. The City is positioned for growth in both residential and commercial construction, with 1,200 residential units in planning or under construction, which has impacted the real estate tax base.

***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 February 2018, Fitch Ratings upgraded the rating to AA+.

While overall the City has a robust and well-maintained infrastructure, we continue to support new development and focus on replacing and improving the existing underground infrastructure, especially in the older sections of the city.

## ***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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive 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 professional dedication and competency of the City's Finance Department, and we extend our sincere appreciation to each member for his or her contribution and support. Thanks go to the City's elected leaders for their vision and encouragement to provide a prudent and practical legislative agenda that has enabled the City to make significant progress.

Respectfully submitted,

Patrick L. McGrady  
Mayor

Opiribo Jack, CPA  
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Aberdeen  
Maryland**

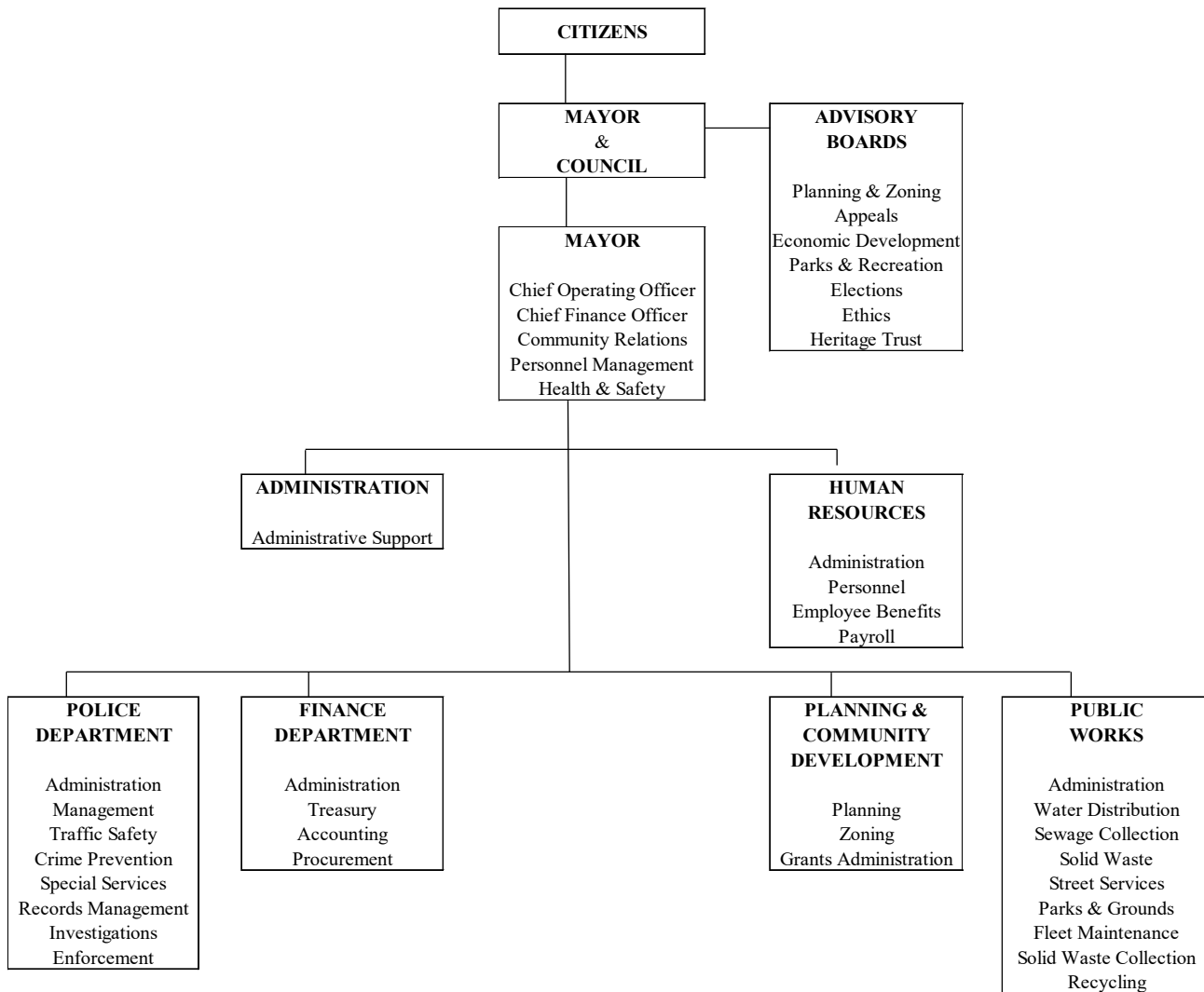
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN  
HARFORD COUNTY, MARYLAND  
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2023

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ELECTED OFFICIALS

City Mayor	Mr. Patrick L. McGrady
City Council Members	Mrs. Sandra J. Landbeck Mr. Timothy W. Lindecamp Mr. Adam Hiob Ms. Tandra A. Ridgley

APPOINTED OFFICIALS

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	Funk & Bolton P.A.

# Financial Section





## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

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

### ***Opinions***

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 (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, as of June 30, 2023, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budget and actual for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

The City's management is responsible for the preparation and fair presentation of 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of changes in the City's Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan and Police Department Pension Plan, schedule of City Contributions – Pension, schedule of changes in Net OPEB Liability and Related Ratios, schedule of City Contributions – OPEB, and schedules of Investment Returns – Pension and OPEB. 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.

#### Supplementary Information

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

The 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.

#### *Other Information Included in the ACFR*

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





**SB & COMPANY, LLC**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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's internal control over financial reporting and compliance.

Owings Mills, Maryland  
October 31, 2023

*SB & Company, LLC*

## **CITY OF ABERDEEN, MARYLAND**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2023**

#### **Introduction**

As management of the City of Aberdeen, Maryland (the 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, 2023. 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 plus deferred outflows exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$118.8 million (net position). Of this amount, \$35.9 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 \$7.8 million. Most of this increase is attributable to increased charges for services, state and federal grants, and income tax revenues, along with savings in expenses.
3. The City's total long-term liabilities decreased by \$330 thousand during the current fiscal year from \$11.1 million to \$10.8 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 \$20 million. This represents an increase of \$1.8 million over the prior year. Approximately 91% (\$18.3 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 \$18.3 million or 101% 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) Governmentwide 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, 2023

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 because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 22 and 23 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, 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 two individual governmental funds - the General and Capital Projects 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 the various governmental funds.

The City adopts an annual appropriated budget for its individual governmental funds. 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 24 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 29 to 31 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 the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Police Department Pension Plan, and the City of Aberdeen OPEB Trust Fund. The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

## CITY OF ABERDEEN, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

**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 34 to 79 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 and other post-employment (OPEB) benefits to its employees. Required supplementary information can be found on pages 80 to 87 of this report.

#### 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$119 million at the close of the most recent fiscal year. The City of Aberdeen net position is divided into three categories - net investment in capital assets, restricted, and unrestricted net position.

The largest portion of the City's net position (69%) reflects its investment in capital assets net of depreciation (e.g., land and improvements, buildings, machinery, equipment, vehicles, 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 of \$527 thousand (0.4% of total net position) represents the City's net pension asset.

Unrestricted net position of the government-wide financial statements has a balance of \$35.9 million (30.2% 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 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 7.6% increase. Most of this increase is attributable to increased charges for services, state shared revenues, and state and federal grants, along with savings in expenses.

**CITY OF ABERDEEN, MARYLAND**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2023**

The following table summarizes the net position for governmental and business-type activities as of June 30, 2023:

	<b>Governmental Activities</b>		<b>Business-type</b>		<b>Total (000's)</b>	
	<b>(000's)</b>		<b>Activities (000's)</b>			
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>						
Current and other assets	\$ 24,140	\$ 23,204	\$ 29,036	\$ 23,226	\$ 53,176	\$ 46,430
Capital assets	32,722	30,721	58,287	57,123	91,009	87,844
Total assets	56,862	53,925	87,323	80,349	144,185	134,274
<b>Deferred outflows of resources</b>	3,220	2,019	128	155	3,348	2,174
<b>Liabilities</b>						
Other liabilities	1,117	1,229	11,763	6,666	12,880	7,895
Long-term liabilities	3,590	2,942	7,229	8,200	10,819	11,142
Total liabilities	4,707	4,171	18,992	14,866	23,699	19,037
<b>Deferred inflows of resources</b>	3,655	5,018	1,330	1,398	4,985	6,416
<b>Net Position</b>						
Net investment in capital assets	31,146	28,868	51,307	49,227	82,453	78,095
Restricted	450	875	77	37	527	912
Unrestricted	20,124	17,011	15,745	14,976	35,869	31,987
<b>Total net position</b>	\$ 51,720	\$ 46,754	\$ 67,129	\$ 64,240	\$ 118,849	\$ 110,994

# CITY OF ABERDEEN, MARYLAND

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

The following table indicates the changes in net position for governmental and business-type activities for the years ended June 30, 2023:

	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 3,850	\$ 3,510	\$ 8,092	\$ 12,871	\$ 11,942	\$ 16,381
Operating grants/ contributions	3,282	3,257	225	142	3,507	3,399
Capital grants/ contributions	1,918	1,320	2,990	2,842	4,908	4,162
General revenues:						
Property taxes	11,427	11,381	-	-	11,427	11,381
Shared taxes	1,936	2,218	239	220	2,175	2,438
Miscellaneous	725	315	207	116	932	431
<b>Total revenues</b>	<b>23,138</b>	<b>22,001</b>	<b>11,753</b>	<b>16,191</b>	<b>34,891</b>	<b>38,192</b>
<b>Expenses</b>						
General government	3,612	4,089	-	-	3,612	4,089
Public safety	7,797	7,110	-	-	7,797	7,110
Public works	6,170	5,675	-	-	6,170	5,675
Recreation and culture	173	164	-	-	173	164
Interest on long-term debt	53	72	-	-	53	72
Utilities and other enterprise funds	-	-	9,231	8,504	9,231	8,504
<b>Total expenses</b>	<b>17,805</b>	<b>17,110</b>	<b>9,231</b>	<b>8,504</b>	<b>27,036</b>	<b>25,614</b>
<b>Change in net position</b>	<b>5,333</b>	<b>4,891</b>	<b>2,522</b>	<b>7,687</b>	<b>7,855</b>	<b>12,578</b>
Transfers	(367)	(627)	367	627	-	-
<b>Increase in net position</b>	<b>4,966</b>	<b>4,264</b>	<b>2,889</b>	<b>8,314</b>	<b>7,855</b>	<b>12,578</b>
<b>Net Position, Beginning</b>	<b>46,754</b>	<b>42,490</b>	<b>64,240</b>	<b>55,926</b>	<b>110,994</b>	<b>98,416</b>
<b>Net Position, Ending</b>	<b>\$ 51,720</b>	<b>\$ 46,754</b>	<b>\$ 67,129</b>	<b>\$ 64,240</b>	<b>\$ 118,849</b>	<b>\$ 110,994</b>

**Governmental activities:** The increase in net position for governmental activities was \$5.0 million, which is \$692 thousand higher when compared to the 2022 increase of \$4.3 million. When compared to 2022, property taxes increased by \$103 thousand, state grants increased by \$245 thousand, interest on savings increased by \$399 thousand and Public Works fees increased by \$275 thousand. Salaries expense increased by \$676 thousand. There were no other significant fluctuations compared to 2022.

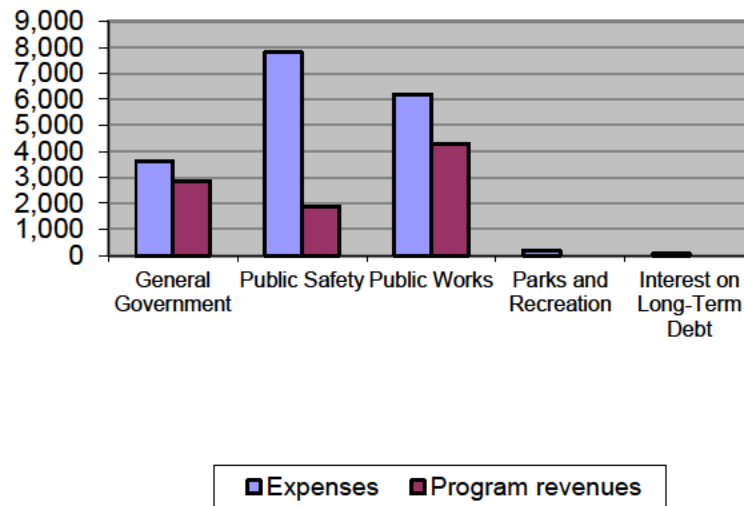
## CITY OF ABERDEEN, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

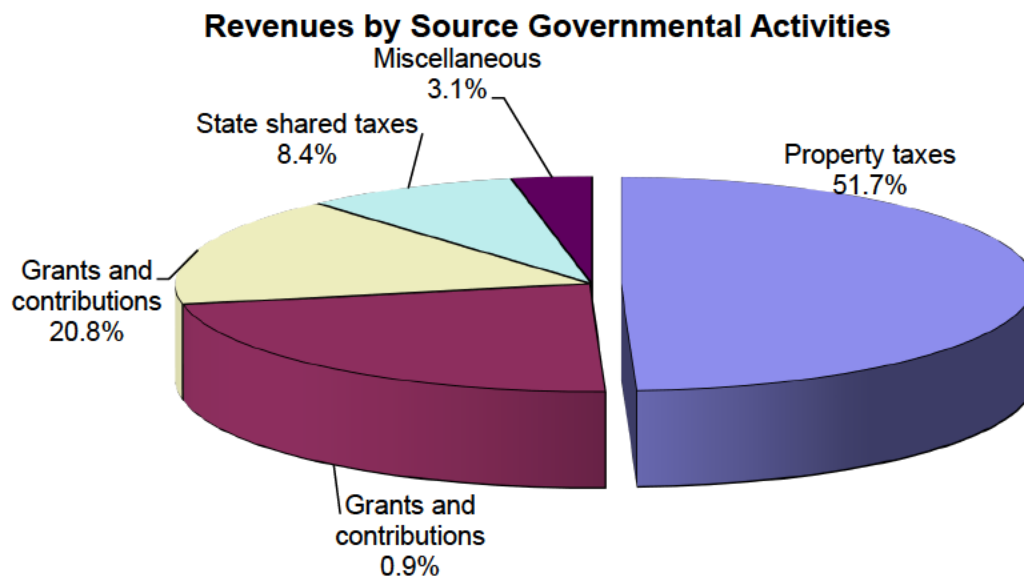
June 30, 2023

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:



## CITY OF ABERDEEN, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

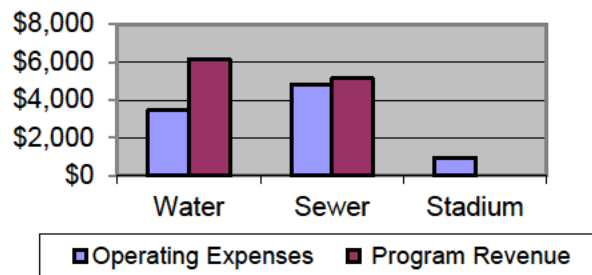
June 30, 2023

**Business-type activities:** Business-type activities increased the City's net position by \$2.9 million, which is \$5.4 million lower than the increase from 2021 to 2022. Key elements of this increase are as follows:

- Usage charges were \$6.5 million, which is an increase of \$422 thousand compared to 2022, and federal grants of \$2.5 million, which is an increase of \$215 thousand compared to 2022.
- Business-type expenses increased by \$727 thousand primarily due to increases in costs of services provided to customers.
- Transfers from Governmental Activities decreased \$261 thousand compared to 2022.

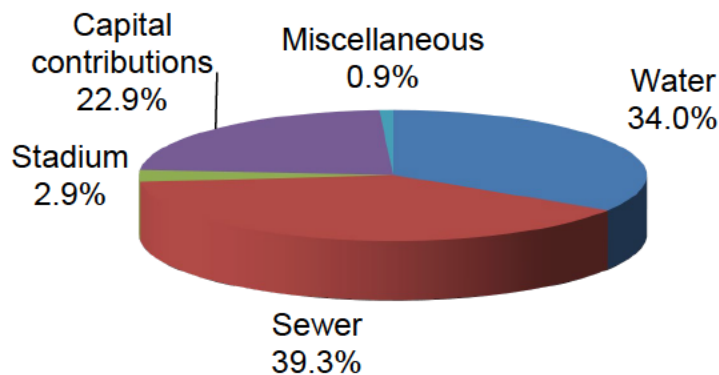
The following chart compares the Expenses and Program Revenues of the City's Business-Type Activities:

**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 - Fund Level**





## CITY OF ABERDEEN, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

#### Financial Analysis of the Government's Funds

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

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of 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's governmental funds reported combined ending balances of \$20.0 million, an increase of \$1.8 million in comparison with the prior year. Approximately 91% of this total amount (\$18.3 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 (\$45 thousand) and 2) assigned balances for general government, public safety, public works, storm water management and capital projects (\$1.7 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$18.3 million, which represents 97% of total general 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 100% of total General Fund expenditures, while total fund balance represents 104% of that same amount. The General Fund balance increased by \$1.1 million during the current fiscal year. The key elements are:

- Total revenues were higher than total expenditures by \$4.0 million.
- Interest on savings was \$399 thousand higher than 2022 due to higher interest rates.
- Public Works fees were \$275 thousand higher than 2022 due to increase in new development constructions.
- Property taxes were \$103 thousand higher than 2022 due to higher wages.
- Total expenditures were \$1.2 million higher than 2022, primarily due to salaries expense.
- Transfers out were \$2.8 million, which were made largely for the funding of capital projects in other funds. Transfers out were \$1.2 million higher than 2022.

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 \$135 thousand was assigned to storm water management, and the remaining fund balance of \$966 thousand was assigned to capital projects for a total fund balance of \$1.1 million. The fund balance increased by \$634 thousand during the current fiscal year. The key elements are:

- Revenue was \$1 million more than 2022 due to an increase in grant revenue.
- Expenditures were \$1.2 million more than 2022 due to increase in public works projects.
- Total transfers in were \$2.5 million from the general fund for capital projects funding, an increase of \$1.5 thousand compared to 2022.

**Proprietary funds.** The City'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 \$9.8 million for the Water Fund, \$4.5 million for the Sewer Fund, and \$1.4 million for the Stadium Fund. The total net position increased by \$2.9 million. Other factors concerning these funds' finances have been addressed in the discussion of the City's business-type activities.

## CITY OF ABERDEEN, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

#### General Fund Budgetary Highlights

The final budget for the General Fund expenditures was increased \$1.2 million (6.4%) over the original budget to adjust for situations arising during the year. The most significant increases were \$639 thousand increase in general government and a \$142 thousand increase in public safety.

Property taxes were \$238 thousand higher than budgeted due to higher growth and property values than initially assessed. Income taxes were \$403 thousand higher than budgeted due to higher than expected receipts of shared tax revenue from the state. Interest on savings was higher than expected by \$412 thousand due to higher interest rates.

#### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$91 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total net increase in the City's capital assets for the current fiscal year was \$3.2 million or 3.6% (a 6.5% increase for governmental activities and a 2.0% increase for business-type activities). The major capital asset activities in the current year included street resurfacing of approximately \$729 thousand, purchases of public works equipment of approximately \$491 thousand, public parks improvements of approximately \$778 thousand, and water and sewer systems replacements and improvements of approximately \$3.6 million.

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

	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2023	2022	2023	2022	2023	2022
Land	\$ 6,870	\$ 6,795	\$ 1,963	\$ 1,963	\$ 8,833	\$ 8,758
Buildings	3,620	3,803	10,905	11,409	14,525	15,212
Improvements other than buildings	1,314	301	2,330	2,568	3,644	2,869
Machinery and equipment	2,699	2,127	2,923	2,096	5,622	4,223
Vehicles	1,109	799	-	-	1,109	799
Recreational facilities	185	187	-	-	185	187
Infrastructure	16,637	15,838	-	-	16,637	15,838
Financed purchases	36	129	1	4	37	133
Water and sewer systems	-	-	35,323	36,278	35,323	36,278
Construction in progress	252	742	4,842	2,805	5,094	3,547
<b>Total</b>	<b>\$ 32,722</b>	<b>\$ 30,721</b>	<b>\$ 58,287</b>	<b>\$ 57,123</b>	<b>\$ 91,009</b>	<b>\$ 87,844</b>

Additional information on the City's capital assets can be found in Note 5 of this report.

**Long-term liabilities.** At the end of the current fiscal year, the City had total long-term liabilities outstanding of \$10.8 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, MARYLAND

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

#### City of Aberdeen's Outstanding Long-term Liabilities

	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 1,458	\$ 1,717	\$ 2,836	\$ 3,283	\$ 4,294	\$ 5,000
Notes payable	-	-	3,862	4,291	3,862	4,291
Financed purchases	3	131	1	4	4	135
Compensated absences	1,008	978	195	184	1,203	1,162
Net pension liability	1,117	-	-	-	1,117	-
Net OPEB liability	-	112	8	64	8	176
Premiums	4	4	327	374	331	378
<b>Total</b>	<b>\$ 3,590</b>	<b>\$ 2,942</b>	<b>\$ 7,229</b>	<b>\$ 8,200</b>	<b>\$ 10,819</b>	<b>\$ 11,142</b>

During the current fiscal year, the City's total long-term liabilities decreased by \$330 thousand or 3.0%. The City has strictly adhered to its debt repayment amortization schedules.

The amount of general obligation debt the City 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 compliance as of June 30, 2023. Additional information on the City's long-term liabilities can be found in Note 7 of this report.

#### Economic Factors and Next Year's Budgets and Rates

- Regional employment that also impacts the City has been impacted by the aftermath of the pandemic. The Harford County unemployment rate is 1.7% which is the same as the Maryland unemployment rate of 1.7% as of August 2023. The County unemployment rate is lower than the national rate of 3.8% as of August 2023.
- Aberdeen Proving Ground (APG) is home to a workforce of 21,000± employees. APG's mission is primarily RDT&E (Research, Development, Communication, Cybersecurity, Test and Evaluation) and features a large civilian based employment population working in highly skilled disciplines with advanced degrees. The installation continues to be postured for additional mission and job growth as APG expands its global presence in salient and relevant world issues.
- The City is experiencing growth in both residential and commercial construction, which will impact the real estate tax base.
- The real estate tax rate remains unchanged at \$0.625 per \$100 of assessed value for the Fiscal Year 2024 budget.
- The water and sewer base rates remain unchanged at \$22.78 and \$27.38, respectively, for the Fiscal Year 2024 budget.

The above factors were considered in preparing the City of Aberdeen's budget for the Fiscal Year 2024.

#### Requests for Information

This financial report is designed to provide a general overview of the City'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, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 17,439,431	\$ 25,690,186	\$ 43,129,617
Investments	2,166,296	-	2,166,296
Receivables, current	2,872,790	1,806,020	4,678,810
Prepays	45,158	4,652	49,810
Inventory	-	190,487	190,487
Receivables, noncurrent	1,166,125	1,268,202	2,434,327
Capital Assets			
Nondepreciable assets	7,122,144	6,805,237	13,927,381
Net of accumulated depreciation	25,599,889	51,481,582	77,081,471
Net pension/OPEB assets	450,027	76,770	526,797
Total assets	56,861,860	87,323,136	144,184,996
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on refunding	-	66,278	66,278
Pension related items	2,455,091	-	2,455,091
OPEB related items	764,816	61,456	826,272
Total deferred outflows of resources	3,219,907	127,734	3,347,641
<b>LIABILITIES</b>			
Accounts payable	461,430	839,536	1,300,966
Accrued liabilities	470,331	185,756	656,087
Unearned revenue	-	10,738,054	10,738,054
Other liabilities	184,569	-	184,569
Non-current liabilities:			
Due within one year	368,455	1,050,427	1,418,882
Due in more than one year	3,221,730	6,178,537	9,400,267
Total liabilities	4,706,515	18,992,310	23,698,825
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	948,367	-	948,367
OPEB related items	1,503,346	163,431	1,666,777
Leases	1,203,492	1,166,125	2,369,617
Total deferred inflows of resources	3,655,205	1,329,556	4,984,761
<b>NET POSITION</b>			
Net investment in capital assets	31,146,461	51,307,595	82,454,056
Restricted - pension/OPEB	450,027	76,770	526,797
Unrestricted	20,123,559	15,744,639	35,868,198
<b>TOTAL NET POSITION</b>	<b>\$ 51,720,047</b>	<b>\$ 67,129,004</b>	<b>\$ 118,849,051</b>

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Activities  
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 3,612,712	\$ 285,325	\$ 1,492,292	\$ 1,085,345	\$ (749,750)	\$ -	\$ (749,750)
Public safety	7,796,900	41,872	1,789,819	53,150	(5,912,059)	-	(5,912,059)
Public works	6,169,756	3,522,965	-	779,419	(1,867,372)	-	(1,867,372)
Parks and recreation	173,164	-	-	-	(173,164)	-	(173,164)
Interest on long-term debt	52,674	-	-	-	(52,674)	-	(52,674)
Total governmental activities	17,805,206	3,850,162	3,282,111	1,917,914	(8,755,019)	-	(8,755,019)
Business-type activities							
Water	3,446,577	3,997,442	-	2,168,654	-	2,719,519	2,719,519
Sewer	4,804,945	4,094,122	224,887	821,566	-	335,630	335,630
Stadium	979,258	-	-	-	-	(979,258)	(979,258)
Total business-type activities	9,230,780	8,091,564	224,887	2,990,220	-	2,075,891	2,075,891
TOTAL PRIMARY GOVERNMENT	\$ 27,035,986	\$ 11,941,726	\$ 3,506,998	\$ 4,908,134	(8,755,019)	2,075,891	(6,679,128)
GENERAL REVENUES							
Property tax					11,426,617	-	11,426,617
Income tax-shared					1,935,789	-	1,935,789
Admission and amusements tax-shared					-	239,041	239,041
Leasing and marketing					-	100,936	100,936
Other local tax					304,246	-	304,246
Interest earnings					420,565	106,351	526,916
Transfers					(366,648)	366,648	-
Total general revenues and transfers					13,720,569	812,976	14,533,545
CHANGE IN NET POSITION					4,965,550	2,888,867	7,854,417
NET POSITION, BEGINNING					46,754,497	64,240,137	110,994,634
NET POSITION, ENDING					\$ 51,720,047	\$ 67,129,004	\$ 118,849,051

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

**CITY OF ABERDEEN, MARYLAND**

**Governmental Funds Balance Sheet  
June 30, 2023**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 16,441,790	\$ 997,641	\$ 17,439,431
Investments	2,166,296	-	2,166,296
Receivables (net of allowance for uncollectible)	3,825,077	213,838	4,038,915
Prepays	45,158	-	45,158
<b>TOTAL ASSETS</b>	<b>\$ 22,478,321</b>	<b>\$ 1,211,479</b>	<b>\$ 23,689,800</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 350,656	\$ 110,774	\$ 461,430
Accrued liabilities	470,331	-	470,331
Other liabilities	184,570	-	184,570
Total liabilities	1,005,557	110,774	1,116,331
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	1,117,811	-	1,117,811
Unavailable revenue - leases	1,203,492	-	1,203,492
Unavailable revenue - other	222,496	-	222,496
	2,543,799	-	2,543,799
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	45,158	-	45,158
Assigned			
General government	67,929	-	67,929
Public works	148,380	-	148,380
Stormwater management	375,756	134,703	510,459
Capital Projects	-	966,002	966,002
Unassigned	18,291,742	-	18,291,742
Total fund balances	18,928,965	1,100,705	20,029,670
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 22,478,321</b>	<b>\$ 1,211,479</b>	<b>\$ 23,689,800</b>

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

**CITY OF ABERDEEN, MARYLAND****Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2023**

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS** \$ 20,029,670

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 as assets in governmental funds.

Cost of capital assets	61,518,363	
Accumulated depreciation	<u>(28,796,330)</u>	32,722,033

Net pension asset in governmental activities is not a financial resource and therefore not reported in the funds	151,283
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Net OPEB asset in governmental activities is not a financial resource and therefore not reported in the funds	298,744
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Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	1,340,307
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Deferred outflows not included in the government funds:

Pension related items	2,455,091	
OPEB related items	<u>764,816</u>	3,219,907

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

General obligation bonds payable	(1,458,000)	
Financed purchases	(2,751)	
Net pension liability	(1,117,429)	
Compensated absences	(1,008,180)	
Bond premiums	<u>(3,824)</u>	(3,590,184)

Deferred inflows not included in the governmental funds:

Pension related items	(948,367)	
OPEB related items	<u>(1,503,346)</u>	(2,451,713)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 51,720,047

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 13,735,101	\$ -	\$ 13,735,101
Licenses and permits	123,823	-	123,823
Intergovernmental	4,119,409	1,263,146	5,382,555
APG management fees	3,075,190	-	3,075,190
Miscellaneous	1,093,047	-	1,093,047
Total revenues	<u>22,146,570</u>	<u>1,263,146</u>	<u>23,409,716</u>
<b>EXPENDITURES</b>			
Current:			
General government	2,837,369	-	2,837,369
Public safety	5,530,622	-	5,530,622
Public works	5,016,456	-	5,016,456
Recreation and parks	125,577	-	125,577
Miscellaneous	3,684,246	-	3,684,246
Capital outlay	540,397	3,088,401	3,628,798
Debt service:			
Principal	386,735	-	386,735
Interest and fees	53,220	-	53,220
Total expenditures	<u>18,174,622</u>	<u>3,088,401</u>	<u>21,263,023</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,971,948</u>	<u>(1,825,255)</u>	<u>2,146,693</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in (out)	(2,826,195)	2,459,547	(366,648)
Total other financing sources	<u>(2,826,195)</u>	<u>2,459,547</u>	<u>(366,648)</u>
<b>Net Change in Fund Balances</b>	1,145,753	634,292	1,780,045
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>17,783,212</u>	<u>466,413</u>	<u>18,249,625</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 18,928,965</u>	<u>\$ 1,100,705</u>	<u>\$ 20,029,670</u>

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



## 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, 2023

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND** **\$ 1,780,045**

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	3,411,439
Depreciation expense	(1,409,954)

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	(30,197)
Pension expense, including related deferrals	765,959
OPEB expense, including related deferrals	333,063

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. Issuance of bonds, capital leases, or other obligations provides current financial resource to governmental funds, but the issuance increases 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	386,958
Amortization of premiums	546

Some revenues will not be collected for several months after the fiscal year ends. As such, these resources are not considered available revenues and are deferred in the governmental funds. Unavailable revenue increased this year.

(272,309)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 4,965,550**

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund**  
**Year Ended June 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUE</b>				
Taxes	\$ 13,035,856	\$ 13,035,856	\$ 13,735,101	\$ 699,245
Licenses and permits	110,550	110,550	123,823	13,273
Intergovernmental	3,301,832	3,965,007	4,119,409	154,402
APG management fees	900,000	900,000	1,207,852	307,852
Miscellaneous	134,500	149,237	1,080,519	931,282
<b>Total revenues</b>	<u>17,482,738</u>	<u>18,160,650</u>	<u>20,266,704</u>	<u>2,106,054</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,883,512	3,522,506	2,985,287	537,219
Public safety	5,475,380	5,616,902	5,585,504	31,398
Public works	3,498,648	3,498,648	3,268,482	230,166
Parks and recreation	196,300	196,300	134,689	61,611
Miscellaneous	3,883,122	3,897,858	3,672,756	225,102
Debt service				
Principal	388,282	388,282	386,735	1,547
Interest	53,102	53,102	53,216	(114)
<b>Total expenditures</b>	<u>16,378,346</u>	<u>17,173,598</u>	<u>16,086,669</u>	<u>1,086,929</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(2,418,195)	(2,826,195)	(2,826,195)	-
Appropriation of fund balances	1,313,803	1,839,143	-	1,839,143
<b>Total other financing sources</b>	<u>(1,104,392)</u>	<u>(987,052)</u>	<u>(2,826,195)</u>	<u>(1,839,143)</u>
<b>Net change in fund balance-budgetary basis</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,353,840</u>	<u>\$ 1,353,840</u>
Adjustments to conform with Generally Accepted Accounting Principles (GAAP)			(208,087)	
Net Change in Fund Balance - GAAP Basis			1,145,753	
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>17,783,212</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 18,928,965</u>	

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

# CITY OF ABERDEEN, MARYLAND

## Statement of Net Position – Proprietary Funds (Enterprise Funds) June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 15,555,564	\$ 8,751,438	\$ 1,383,184	\$ 25,690,186
Receivables, current	751,282	981,238	73,500	1,806,020
Prepays	2,326	2,326	-	4,652
Inventory	105,815	84,672	-	190,487
<b>Total current assets</b>	<u>16,414,987</u>	<u>9,819,674</u>	<u>1,456,684</u>	<u>27,691,345</u>
<b>Noncurrent Assets</b>				
Receivables, noncurrent	1,166,125	102,077	-	1,268,202
OPEB asset	76,770	-	-	76,770
Capital assets, net	12,821,029	32,337,358	13,128,432	58,286,819
Total noncurrent assets	<u>14,063,924</u>	<u>32,439,435</u>	<u>13,128,432</u>	<u>59,631,791</u>
<b>Total assets</b>	<u>30,478,911</u>	<u>42,259,109</u>	<u>14,585,116</u>	<u>87,323,136</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows for OPEB	-	61,456	-	61,456
Deferred charge on refunding	66,278	-	-	66,278
	<u>66,278</u>	<u>61,456</u>	<u>-</u>	<u>127,734</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable	409,701	398,990	30,845	839,536
Accrued liabilities	84,718	101,038	-	185,756
Unearned revenue	6,085,374	4,652,680	-	10,738,054
Notes payable	-	432,489	-	432,489
Bonds payable	507,120	-	-	507,120
Financed purchases	220	468	-	688
Compensated absences	32,228	77,902	-	110,130
<b>Total current liabilities</b>	<u>7,119,361</u>	<u>5,663,567</u>	<u>30,845</u>	<u>12,813,773</u>
<b>Noncurrent Liabilities</b>				
Notes payable	-	3,429,589	-	3,429,589
Bonds payable	2,656,018	-	-	2,656,018
Compensated absences	13,531	71,853	-	85,384
OPEB liabilities	-	7,546	-	7,546
<b>Total noncurrent liabilities</b>	<u>2,669,549</u>	<u>3,508,988</u>	<u>-</u>	<u>6,178,537</u>
<b>Total liabilities</b>	<u>9,788,910</u>	<u>9,172,555</u>	<u>30,845</u>	<u>18,992,310</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows for OPEB	39,460	123,971	-	163,431
Deferred inflows for leases	1,166,125	-	-	1,166,125
	<u>1,205,585</u>	<u>123,971</u>	<u>-</u>	<u>1,329,556</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,704,351	28,474,812	13,128,432	51,307,595
Restricted	76,770	-	-	76,770
Unrestricted	9,769,573	4,549,227	1,425,839	15,744,639
<b>TOTAL NET POSITION</b>	<u>\$ 19,550,694</u>	<u>\$ 33,024,039</u>	<u>\$ 14,554,271</u>	<u>\$ 67,129,004</u>

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds (Enterprise Funds)  
Year Ended June 30, 2023**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stadium</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,538,323	\$ 3,775,318	\$ -	\$ 7,313,641
Other operating revenues	457,558	815,891	239,041	1,512,490
Miscellaneous	1,561	21,977	100,936	124,474
<b>Total operating revenues</b>	<b>3,997,442</b>	<b>4,613,186</b>	<b>339,977</b>	<b>8,950,605</b>
<b>OPERATING EXPENSES</b>				
Cost of service	2,472,060	3,137,933	351,146	5,961,139
Other operating expense	344,400	415,085	-	759,485
Depreciation	560,538	1,234,051	628,112	2,422,701
<b>Total operating expenses</b>	<b>3,376,998</b>	<b>4,787,069</b>	<b>979,258</b>	<b>9,143,325</b>
<b>Operating income (loss)</b>	<b>620,444</b>	<b>(173,883)</b>	<b>(639,281)</b>	<b>(192,720)</b>
<b>Non-Operating Revenue (Expenses)</b>				
Investment interest	1,518	1,518	516	3,552
Interest income on notes receivable	-	-	102,799	102,799
Interest expense	(69,579)	(17,876)	-	(87,455)
<b>Net non-operating revenue (expenses)</b>	<b>(68,061)</b>	<b>(16,358)</b>	<b>103,315</b>	<b>18,896</b>
<b>Gain before transfers and capital grants and contributions</b>	<b>552,383</b>	<b>(190,241)</b>	<b>(535,966)</b>	<b>(173,824)</b>
Transfer in	-	-	366,648	366,648
Capital grants and contributions	2,168,654	527,389	-	2,696,043
<b>CHANGE IN NET POSITION</b>	<b>2,721,037</b>	<b>337,148</b>	<b>(169,318)</b>	<b>2,888,867</b>
<b>NET POSITION, BEGINNING OF PERIOD</b>	<b>16,829,657</b>	<b>32,686,891</b>	<b>14,723,589</b>	<b>64,240,137</b>
<b>NET POSITION, END OF PERIOD</b>	<b>\$ 19,550,694</b>	<b>\$ 33,024,039</b>	<b>\$ 14,554,271</b>	<b>\$ 67,129,004</b>

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

# CITY OF ABERDEEN, MARYLAND

## Statement of Cash Flows - Proprietary Funds (Enterprise Funds) Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,468,775	\$ 3,607,858	\$ -	\$ 7,076,633
Receipts from other sources	459,119	837,868	440,892	1,737,879
Payments to employees	(1,020,824)	(2,116,833)	-	(3,137,657)
Payments to suppliers	(2,278,405)	(1,422,232)	(346,472)	(4,047,109)
Net cash provided by operating activities	628,665	906,661	94,420	1,629,746
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	366,648	366,648
Net cash provided by non-capital financing activities	-	-	366,648	366,648
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>				
Principal payments on financed purchases	(1,159)	(2,731)	-	(3,890)
Principal payments on notes payable	-	(428,670)	-	(428,670)
Principal payments on bonds payable	(493,419)	-	-	(493,419)
Interest paid	(79,964)	(27,954)	-	(107,918)
Capital grants and contributions	5,746,068	2,451,532	-	8,197,600
Purchase of capital assets	(2,299,718)	(1,183,165)	(103,962)	(3,586,845)
Net cash used in capital and related financing activities	2,871,808	809,012	(103,962)	3,576,858
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment earnings	1,518	1,518	516	3,552
Interest received on notes receivable	-	-	102,799	102,799
Net cash provided by investing activities	1,518	1,518	103,315	106,351
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,501,991	1,717,191	460,421	5,679,603
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	12,053,573	7,034,247	922,763	20,010,583
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 15,555,564	\$ 8,751,438	\$ 1,383,184	\$25,690,186
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 620,444	\$ (173,883)	\$ (639,281)	\$ (192,720)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	560,538	1,234,051	628,112	2,422,701
Net OPEB expense adjustment for changes in net OPEB liability and other OPEB related deferred outflows and deferred inflows	(10,089)	(45,146)	-	(55,235)
Changes in assets and liabilities:				
Receivables	(69,548)	(167,460)	100,915	(136,093)
Prepays	5,485	16,273	-	21,758
Inventory	1,523	(10,859)	-	(9,336)
Accounts payable	(447,757)	65,109	4,674	(377,974)
Accrued liabilities	38,960	(570)	-	38,390
Deferred inflows for leases	(71,965)	-	-	(71,965)
Compensated absences	1,074	(10,854)	-	(9,780)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 628,665	\$ 906,661	\$ 94,420	\$ 1,629,746

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Fiduciary Net Position  
June 30, 2023**

	<b>Pension and Other Post Employment Benefits Trusts</b>
<b>ASSETS</b>	
Investments at fair-value:	
Pooled separate accounts	\$ 20,424,210
Insurance contract, at amortized cost	936,793
<b>Total assets</b>	<b>21,361,003</b>
<b>NET POSITION</b>	
Restricted for pension	16,873,712
Restricted for other post-employment benefits	4,487,291
<b>Total net position</b>	<b>\$ 21,361,003</b>

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

**CITY OF ABERDEEN, MARYLAND**

**Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2023**

	<b><u>Pension and Other Post Employment Benefits Trusts</u></b>
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 1,037,396
Plan member contributions	<u>178,636</u>
<b>Total contributions</b>	<u>1,216,032</u>
Investment income	<u>1,616,237</u>
<b>TOTAL ADDITIONS</b>	<u>2,832,269</u>
<b>DEDUCTIONS</b>	
Benefit payments	1,057,681
Administrative expenses and other	<u>63,594</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,121,275</u>
<b>CHANGES IN NET POSITION</b>	1,710,994
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>19,650,009</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 21,361,003</u>

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

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Aberdeen, Maryland (the 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 (GAAP basis) as applicable to governments. The following is a summary of the significant accounting policies followed in the preparation of the basic financial statements:

##### **Reporting Entity**

In accordance with the Codification of Governmental Accounting and Financial Reporting Standards (the Codification), 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. The 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.

##### **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 and business-type 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 - pension, 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.



# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements

June 30, 2023

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

#### Government-wide and Fund Financial Statements (continued)

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.

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 revises 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.

#### 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 are assigned to funds in which resources are 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 two major governmental funds: the General 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 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 Capital Project Fund does not meet the criteria for a major fund set forth by the Codification, the City has elected to present this fund as a major fund due to public interest.

Proprietary fund types: Proprietary funds 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.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

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

##### **Fund Accounting** (continued)

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:* 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. The City has two pension trusts: The City of Aberdeen Defined Benefit Pension Plan (DB Plan) and the City of Aberdeen Police Department Pension Plan (PD Pension Plan) (collectively, the Pension Trusts). Additionally, the City has another post-employment benefits (OPEB) trust (OPEB Trust).

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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 when they are susceptible to accrual, i.e. 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 and Aberdeen Proving Ground water and sewer system (APG) contract 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.

## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements June 30, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)**

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.

##### **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.

##### **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 30, 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 Special Revenue Fund and the Water, Sewer, and Stadium Enterprise Funds. However, a budget is used as a management tool for these funds.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

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

#### Budgetary Data (continued)

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.

The policy established by the Mayor and City Council with respect to the City Budget (budgetary basis) does not conform to GAAP basis in certain respects. The primary differences between budgetary and GAAP basis are that under the budgetary basis encumbrances are recorded as the equivalent of expenditures and salary and fringe costs, and the associated revenue, reimbursed under the APG contract are not budgeted for by the City. 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. Appropriations for General Fund expenditures were increased by a total of \$795,252 through various budget amendments during the year.

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:

	<u>Revenues</u>	<u>Expenditures and Encumbrances</u>	<u>Other Financing Sources (Uses)</u>	<u>Current Year Effect on Fund Balance</u>
<b>General Fund</b>				
Budgetary basis	\$ 20,266,704	\$ 16,086,669	\$ (2,826,195)	\$ 1,353,840
Reimbursable salaries, including OPEB, under APG contract	1,867,338	1,867,338	-	-
Donated capital assets	12,528	12,528	-	-
Increase in allowance for uncollectible receivables	-	43,520	-	(43,520)
Prior year encumbrances	-	201,898	-	(201,898)
Current year encumbrances	-	(37,331)	-	37,331
<b>Modified accrual basis</b>	<u>\$ 22,146,570</u>	<u>\$ 18,174,622</u>	<u>\$ (2,826,195)</u>	<u>\$ 1,145,753</u>
<b>Capital Projects Fund</b>				
Budgetary basis	\$ 1,263,146	\$ 3,304,066	\$ 2,459,547	\$ 418,627
Prior year encumbrances	-	80,582	-	(80,582)
Current year encumbrances	-	(296,247)	-	296,247
<b>Modified accrual basis</b>	<u>\$ 1,263,146</u>	<u>\$ 3,088,401</u>	<u>\$ 2,459,547</u>	<u>\$ 634,292</u>

## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements**

**June 30, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Cash, Cash Equivalents, and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, Maryland Local Government Investment Pool (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 U.S. Treasury and U.S. Agency securities. 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.

Investments valued using the net asset value (NAV) per share (or its equivalent) generally do not have readily determinable market values. The City values these investments based on audited financial statements. If June 30 statements are not available, those values used preferentially. However, if June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent calls and distributions.

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 Trusts and OPEB Trust 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 DB 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.

##### **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, 2023, management has provided an allowance for uncollectible delinquent personal property taxes in the amount of \$95,785. 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.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements

June 30, 2023

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

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, 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.

#### Inventory

Inventory is valued at cost, on the first-in, first-out basis. Inventory consists of chemicals and repair parts used in the operation of the municipal water system and sewer system. Inventory in the General Fund consists of parts for storm drain frames and grates and 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.

#### 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 one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

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

Category	Years
Machinery, equipment, and vehicles	1 – 15
Recreational facilities	5 – 10
Improvements other than buildings	5 – 15
Infrastructure	20 – 50
Buildings	40 – 50
Water and sewer systems	40 – 50

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

## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements June 30, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Deferred Outflows of Resources**

In addition to assets, the statement of net position or balance sheet 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 assets or fund balance that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City's deferred outflows consist of net charge on refunding of debt, and changes to pension and OPEB expenses. Deferred outflows of resources relating to pensions and OPEB are described in Notes 9 and 11, respectively. Net charge on refunding is being amortized over the term of the respective bond using the straight-line method. Contributions to the City's pensions plans made subsequent to the measurement date will be recognized as a decrease of the net pension liability in the City's subsequent year. Other pension and OPEB related deferred outflows are amortized into pension and OPEB expense, respectively, over a period of approximately five years.

##### **Unearned Revenue**

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

##### **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.

##### **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.

## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements June 30, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Long-Term Obligations**

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.

##### **Pensions**

For purposes of measuring the net pension asset and liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the Pension Plans. For this purpose, benefit payments (including refunds of plan member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value and amortized cost.

##### **Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the single- employer defined benefit plan (OPEB plan) and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **Compensated Absences**

It is the City's policy to permit employees to be paid for accumulated earned, but unused vacation leaves 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.



## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements June 30, 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **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 assets or fund balance that applies to future periods 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. The City also reports deferred inflows for rebates from vendors when such rebates are not considered available. These rebates are recognized in the period that the amounts become available. Deferred inflows of resources also include items relating to pensions and OPEB, as described in Notes 9 and 11, respectively. Pension related deferred inflows are amortized into pension expense over a period of approximately five years, and OPEB related deferrals are amortized into OPEB expense over a period of 5 to 11 years.

##### **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 non-spendable 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. City policy requires a minimum unassigned fund balance in the general fund of 15% and a maximum of 50% of general fund revenue measured on a GAAP basis.

As of June 30, 2023, unassigned fund balance is 80% of general fund revenue. 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.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

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

##### 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.

#### 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The City may invest in U.S. Treasury Securities, U.S. Agency Securities, repurchase agreements secured by U.S. Treasury Securities or U.S. Agency Securities, the MLGIP, 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 the MLGIP. The MLGIP was established in 1982 under Article 95 Section 22G of the Code 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 (NAV) 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. The City also holds investments in U.S. Treasury and U.S. Agency Securities, which mature between August 2020 and August 2023 with interest rates ranging from 1.375% to 5.250%. Additionally, the City holds money market mutual funds, which are valued at NAV. Similar to the MLGIP, the funds seek to maintain a constant unit value of \$1.00 per unit.

Investment types within the pension and OPEB trusts' investment portfolios are not limited by statute.

As of June 30, 2023, the City had the following:

	<b>Cash and Cash Equivalents</b>	<b>Investments</b>
Cash	\$ 33,139,545	\$ -
Maryland Local Government Investment Pool	9,990,072	-
Money market mutual funds	-	115,454
U.S. Treasury Securities	-	2,050,842
Pension Trust - Pooled separate accounts	-	15,936,919
OPEB Trust - Pooled separate accounts	-	4,487,291
Pension Trust - Insurance contract, at cost	-	936,793
	<u>\$ 43,129,617</u>	<u>\$ 23,527,299</u>

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

*Interest rate risk.* In accordance with its investment policy for its operating funds, the City manages its exposure to declines in fair value due to rising interest rates by limiting the maturity of securities to no more than five years from the date of purchase, unless it is matched to a specific cash flow requirement. There is no limit on the maturity dates for the pension and OPEB trust funds. The City's investments in U.S. Treasury and U.S. Agency Securities are scheduled to mature as follows:

Investment Type	Fair Value June 30, 2023	Investment Maturities as of June 30, 2023			
		Less than 6 Months	7 Months - 1 Year	1 - 3 Years	More than 3 Years
United States Treasuries	\$ 2,050,842	\$ -	\$ 992,780	\$ 1,058,062	\$ -

*Credit risk.* Investments in the MLGIP are not evidenced by securities. The investment pool, not the participating governments, faces the custodial credit risk. The State Treasurer of Maryland exercises oversight responsibility over the MLGIP. A single financial institution is contracted to operate the MLGIP. In addition, the State Treasurer has established an advisory board composed of MLGIP participants to review the activities of the contractor quarterly and provide suggestions to enhance the return on investments. The MLGIP uses the amortized cost method to compute unit value rather than fair value to report net assets. Accordingly, the fair value of the position in the MLGIP is the same as the value of the MLGIP shares. The MLGIP is rated "AAAm" by Standard and Poor's. The City's investments in long-term U.S. Treasury Securities are rated AA+ by Standard and Poor's and short-term U.S. Treasury Securities are rated A-1+ by the same agency. All of the City's holdings of U.S. Agency Securities are rated AA+ by Standard and Poor's.

*Concentration of credit risk.* The City's investment policy states that the City will diversify its investments by security type and institution. With the exception of the U.S. Treasury Securities and authorized pools, no more than 50% of the City's total investments portfolio will be invested in a single security type or with a single financial institution.

*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. The City's investment policy states that collateralization is required on two types of investments, certificates of deposit and repurchase agreements, with a collateralization level of 102%. As of June 30, 2023, 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 and the City was in compliance with the collateralization level required by its investment policy.

The Pension Trusts' and the OPEB Trust's investments include separate and guaranteed accounts held by Principal Financial Group and ICMA Retirement Corporation, agents of the plans. Plan investments include various types of pooled separate accounts and investment contracts which are not rated as to credit risks. 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.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical investments in active markets that the Trusts have the ability to access.

**Level 2:** Inputs to the valuation methodology include: (a) quoted prices for similar investments in active markets; (b) quoted prices for identical or similar investments in inactive markets; (c) inputs other than quoted prices that are observable for the investment; (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the investment has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the investment.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

As of June 30, 2023, the City had the following:

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>	<b>Total</b>			
U.S. Treasury Securities	\$ 2,050,842	\$ 2,050,842	\$ -	\$ -
<b>Investments Measured at NAV</b>				
Money market mutual funds	115,454			
OPEB Trust - Pooled Separate Accounts	4,487,291			
Pension Trust - Pooled Separate Accounts	15,936,919			
<b>Investment Carried at Amortized Cost</b>				
Pension Trust - Insurance contract	936,657			
<b>Total Investments</b>	<b>\$ 23,527,163</b>			

The U.S. Treasury obligations and U.S. Government Agency Securities are valued at fair value based upon quoted prices in active markets and accordingly are classified within Level 1 of the valuation hierarchy.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

The unallocated investment contract is recorded at contract value, a cost-based measure. The Trusts' investments in pooled separate accounts are stated at fair value based on quoted market prices of the investments held in each account as determined by Principal Life Insurance Company and ICMA Retirement Corporation. Pooled separate accounts are valued using the NAV of the fund. The NAV is based on the fair value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares or units outstanding. The valuation method for investments measured at the NAV per share, or equivalent, is presented below:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Money market mutual funds	\$ 115,454	\$ -	Daily	None
Fixed income - OPEB Trust	4,487,291	-	Daily	5 days
Domestic equity - Pension Trust	5,909,114	-	Daily	None
International equity - Pension Trust	2,473,791	-	Daily	None
Fixed income - Pension Trust	6,398,314	-	Daily	None
Real estate - Pension Trust	1,155,700	-	Daily	None
<b>Total investments measured at NAV</b>	<b>\$ 20,539,664</b>	<b>\$ -</b>		

### 3. RECEIVABLES AND PAYABLES

Receivables by fund as of June 30, 2023, consist of the following:

	<u>General</u>	<u>Projects</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stadium</u>	<u>Total</u>
Receivables						
Taxes	\$ 189,463	\$ -	\$ -	\$ -	\$ -	\$ 189,463
Intergovernmental	2,129,545	213,838	-	-	-	2,343,383
Charges for services	-	-	386,360	484,978	73,500	944,838
Leases	1,203,492	-	1,203,492	-	-	2,406,984
Other	398,362	-	327,555	598,337	-	1,324,254
Gross receivables	3,920,862	213,838	1,917,407	1,083,315	73,500	7,208,922
Allowance for uncollectibles	(95,785)	-	-	-	-	(95,785)
	<u>\$ 3,825,077</u>	<u>\$ 213,838</u>	<u>\$ 1,917,407</u>	<u>\$ 1,083,315</u>	<u>\$ 73,500</u>	<u>\$ 7,113,137</u>

Accrued and other liabilities by fund as of June 30, 2023, consist of the following:

	<u>General</u>	<u>Projects</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stadium</u>	<u>Total</u>
Accrued liabilities						
Interest	\$ -	\$ -	\$ 23,206	\$ 32,284	\$ -	\$ 55,490
Payroll	470,331	-	29,284	58,762	-	558,377
Intergovernmental	-	-	32,228	9,992	-	42,220
	<u>\$ 470,331</u>	<u>\$ -</u>	<u>\$ 84,718</u>	<u>\$ 101,038</u>	<u>\$ -</u>	<u>\$ 656,087</u>
Other liabilities						
Performance bonds	\$ 88,934	\$ -	\$ -	\$ -	\$ -	\$ 88,934
Seized property	97,981	-	-	-	-	97,981
Other	(2,345)	-	-	-	-	(2,345)
	<u>\$ 184,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,570</u>

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements

June 30, 2023

#### 3. RECEIVABLES AND PAYABLES (continued)

Lessor: The City of Aberdeen is a lessor for non-cancellable leases of water towers. The City of Aberdeen recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City of Aberdeen initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Aberdeen determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City of Aberdeen uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City of Aberdeen monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

##### *Lease receivable*

During the current fiscal year, the City of Aberdeen began leasing multiple water towers to third parties. The lease terms are between 15 and 22 years and the City of Aberdeen will receive monthly payments of \$10,500, adjusted for inflation annually. The City of Aberdeen recognized \$69,196 in lease revenue and \$65,691 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the City of Aberdeen's receivable for lease payments was \$2,406,984. Also, the City of Aberdeen has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$2,406,984.

#### 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2023, there were no interfund receivables and payables.

Transfers from the General Fund to the Capital Projects Fund were made for capital projects and the Stadium Fund for debt service and stadium improvements. Interfund transfers for the year ended June 30, 2023, consisted of the following:

	Transfers In				
	Capital Projects Fund	Water Fund	Sewer Fund	Stadium Fund	Total
Transfers out					
General fund	\$ 2,459,547	\$ -	\$ -	\$ 366,648	\$ 2,826,195

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 6,794,980	\$ 74,936	\$ -	\$ -	\$ 6,869,916
Construction in process	741,952	73,229	-	(562,953)	252,228
	<u>7,536,932</u>	<u>148,165</u>	<u>-</u>	<u>(562,953)</u>	<u>7,122,144</u>
Capital assets being depreciated					
Buildings	11,403,577	2,015	-	-	11,405,592
Improvements and other than buildings	469,168	489,076	-	544,911	1,503,155
Machinery and equipment	7,533,013	934,744	(7,005)	-	8,460,752
Vehicles	3,042,380	505,466	-	18,042	3,565,888
Recreational facilities	893,287	36,606	-	-	929,893
Infrastructure	26,249,767	1,295,367	-	-	27,545,134
Financed purchases	985,805	-	-	-	985,805
	<u>50,576,997</u>	<u>3,263,274</u>	<u>(7,005)</u>	<u>562,953</u>	<u>54,396,219</u>
Accumulated depreciation for					
Buildings	(7,600,149)	(185,637)	-	-	(7,785,786)
Improvements and other than buildings	(167,689)	(21,864)	-	-	(189,553)
Machinery and equipment	(5,406,439)	(362,410)	7,005	-	(5,761,844)
Vehicles	(2,243,416)	(212,979)	-	-	(2,456,395)
Recreational facilities	(706,217)	(38,913)	-	-	(745,130)
Infrastructure	(10,411,872)	(496,341)	-	-	(10,908,213)
Financed purchases	(857,599)	(91,810)	-	-	(949,409)
	<u>(27,393,381)</u>	<u>(1,409,954)</u>	<u>7,005</u>	<u>-</u>	<u>(28,796,330)</u>
<b>Total depreciable assets, net</b>	<u>23,183,616</u>	<u>1,853,320</u>	<u>-</u>	<u>562,953</u>	<u>25,599,889</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 30,720,548</u>	<u>\$ 2,001,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,722,033</u>
<b>Business-type Activities</b>					
Capital assets not being depreciated					
Land	\$ 1,963,419	\$ -	\$ -	\$ -	\$ 1,963,419
Construction in process	2,804,661	2,881,356	-	(844,199)	4,841,818
	<u>4,768,080</u>	<u>2,881,356</u>	<u>-</u>	<u>(844,199)</u>	<u>6,805,237</u>
Capital assets being depreciated					
Buildings	25,385,574	10,717	-	-	25,396,291
Improvements and other than buildings	3,454,512	32,085	-	-	3,486,597
Machinery and equipment	13,871,512	357,961	-	844,199	15,073,672
Water systems	18,110,598	21,302	-	-	18,131,900
Sewer systems	36,237,478	283,422	-	-	36,520,900
Financed purchases	16,500	-	-	-	16,500
	<u>97,076,174</u>	<u>705,487</u>	<u>-</u>	<u>844,199</u>	<u>98,625,860</u>
Accumulated depreciation for					
Buildings	(13,976,889)	(514,293)	-	-	(14,491,182)
Improvements and other than buildings	(886,732)	(270,333)	-	-	(1,157,065)
Machinery and equipment	(11,775,351)	(374,993)	-	-	(12,150,344)
Water systems	(9,395,630)	(477,193)	-	-	(9,872,823)
Sewer systems	(8,674,325)	(782,589)	-	-	(9,456,914)
Financed purchases	(12,650)	(3,300)	-	-	(15,950)
	<u>(44,721,577)</u>	<u>(2,422,701)</u>	<u>-</u>	<u>-</u>	<u>(47,144,278)</u>
<b>Total depreciable assets, net</b>	<u>52,354,597</u>	<u>(1,717,214)</u>	<u>-</u>	<u>844,199</u>	<u>51,481,582</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 57,122,677</u>	<u>\$ 1,164,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,286,819</u>

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 5. CAPITAL ASSETS (continued)

Depreciation expense was charged in the statement of activities for the year ended June 30, 2023, as follows:

Governmental activities	
General government	\$ 717,599
Public safety	94,433
Public works	550,335
Recreation	47,587
	<u>\$ 1,409,954</u>
Business-type activities	
Water utility	\$ 560,538
Sewer utility	1,234,051
Stadium	628,112
	<u>\$ 2,422,701</u>

#### 6. TAX ABATEMENTS

As of June 30, 2023, the City provides tax abatements through two programs: the Low and Moderate Income Housing Program and the Enterprise Zone Tax Credit Program.

The Low and Moderate Income Housing Program provides real property tax abatements to encourage low and moderate income housing, under Section 7-505 of the Maryland Tax-Property Code. Abatements are obtained through application by the property owners, including proof that the construction/rehabilitations have been made, and could be up to 100% of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's tax bill.

The Enterprise Zone Tax Credit Program provides tax incentives to businesses and property-owners located in some economically distressed communities under Section 9-103 of the Maryland Tax-Property Code. Abatements are obtained through application by the property owners, including proof that the improvements have been made and may claim a 10-year credit against local real property taxes. The credit is 80% of the assessment increase during the first 5 years. The credit then decreases 10% annually thereafter to 30% in the tenth year. The amount of the abatement is deducted from the recipient's tax bill. The State of Maryland reimburses the City for 50% of the tax credit.

Total tax abatements related to each program for the year ended June 30, 2023, are as follows:

<b>Tax Abatement Program</b>	<b>Amount of Taxes Abated During the Fiscal Year</b>	<b>Percentage of Taxes Abated During the Fiscal</b>
Low and Moderate Income Housing Program	\$ 28,963	82.84%
Enterprise Zone Tax Credit Program (City Share)	177,849	22.25%
Total	<u>\$ 206,812</u>	



# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 7. LONG-TERM LIABILITIES

Long-term liabilities activity as of and for the year ended June 30, 2023, is as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds payable	\$ 1,717,100	\$ -	\$ (259,100)	\$ 1,458,000	\$ 272,600
Financed purchases	130,609	-	(127,858)	2,751	2,751
Other obligations					
Compensated absences	977,982	217,097	(186,898)	1,008,181	92,558
Net pension liability	-	1,117,429	-	1,117,429	-
Net OPEB liability	112,145	-	(112,145)	-	-
Bond premiums	4,370	-	(546)	3,824	546
<b>Total governmental activities liabilities</b>	<u>\$ 2,942,206</u>	<u>\$ 1,334,526</u>	<u>\$ (686,547)</u>	<u>\$ 3,590,185</u>	<u>\$ 368,455</u>
	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
<b>Business-type activities</b>					
General obligation bonds payable	\$ 3,282,800	\$ -	\$ (446,700)	\$ 2,836,100	\$ 460,400
Notes payable	4,290,712	-	(428,634)	3,862,078	432,489
Financed purchases	4,578	-	(3,890)	688	688
Other obligations					
Compensated absences	183,586	37,295	(25,367)	195,514	110,130
Net OPEB liability	64,094	-	(56,548)	7,546	-
Bond premiums	373,757	-	(46,719)	327,038	46,720
<b>Total business-type activities liabilities</b>	<u>\$ 8,199,527</u>	<u>\$ 37,295</u>	<u>\$ (1,007,858)</u>	<u>\$ 7,228,964</u>	<u>\$ 1,050,427</u>

General obligation bonds payable relating to governmental activities as of June 30, 2023, consist of the following:

Refunding Bonds of 2011; authorized amount of \$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.

\$ 1,305,000

Series A Refunding Bonds of 2016; authorized amount \$350,100; interest at a rate of 1.84%; payable in annual payments of principal ranging from \$20,900 to \$51,600 and semiannual payments of interest through November 2023.

51,600

Series B Refunding Bonds of 2016; authorized amount \$459,700; interest at a rate of 2.57%; payable in annual payments of principal ranging from \$42,000 to \$53,900 and semiannual payments of interest through November 2024.

101,400  
\$ 1,458,000

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 7. LONG-TERM LIABILITIES (continued)

A schedule of maturities of the general obligation bonds payable relating to governmental activities as of June 30, 2023, is as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 272,600	\$ 40,832	\$ 313,432
2025	225,400	34,804	260,204
2026	180,000	29,563	209,563
2027	185,000	24,163	209,163
2028	190,000	18,613	208,613
2029 - 2030	405,000	19,574	424,574
	<u>\$ 1,458,000</u>	<u>\$ 167,549</u>	<u>\$ 1,625,549</u>

The City has financed the purchase for the acquisition of new copiers, with an interest rate of 7.36%. The obligations require monthly payments of principal and interest totaling \$1,388 to be paid over a period of 5 years. As of June 30, 2023, borrowings outstanding under these obligations totaled \$2,973.

A schedule of maturities of financed purchases relating to governmental activities as of June 30, 2023, is as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,751	\$ 25	\$ 2,776

The entire general obligation bonds payable, financed purchases, 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.

The amount of general obligation debt the City may issue is not limited by State statute or local ordinances. 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 compliance as of June 30, 2023.

General obligation bonds payable relating to business-type activities as of June 30, 2023, consist of the following:

Series B Refunding Bonds of 2016; authorized amount \$459,700; interest at a rate of 2.57%; payable in annual payments of principal ranging from \$42,000 to \$53,900 and semiannual payments of interest through November 2024. \$ 887,100

Series A Refunding Bonds of 2020; authorized amount \$2,578,523; interest at a rate of 0.96%; payable in annual payments of principal ranging from \$167,000 to \$313,500 and semiannual payments of interest through April 2031. 1,949,000  
\$ 2,836,100

The Refunding Bonds of 2016 contain a provision stating that in the event of a decrease in the marginal corporate tax rate of 35%, the lender shall have the option to adjust the interest rates upwards in order to maintain the same after tax yield for the lender. The lender has not exercised this option.

**CITY OF ABERDEEN, MARYLAND****Notes to Basic Financial Statements  
June 30, 2023****7. LONG-TERM LIABILITIES (continued)**

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2023, is as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 460,400	\$ 96,288	\$ 556,688
2025	475,900	82,075	557,975
2026	490,600	67,340	557,940
2027	505,700	52,093	557,793
2028	289,000	38,449	327,449
2029 - 2030	614,500	40,333	654,833
	<u>\$ 2,836,100</u>	<u>\$ 376,578</u>	<u>\$ 3,212,678</u>

Notes payable relating to business-type activities as of June 30, 2023, consists of the following:

Loan payable, Maryland Water Quality Financial 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. \$ 3,712,386

Loan payable, Maryland Water Quality Financial Administration, unsecured, accruing interest at a rate of 1.00%; payable in annual principal payments at varying amounts and semiannual payments of interest; due 2030. 149,692

\$ 3,862,078

The City's notes to Maryland Water Quality Financing Administration each contain provisions that in an event of default, the lender has the right to declare outstanding amounts immediately due and payable.

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2023, is as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 432,489	\$ 34,909	\$ 467,398
2025	436,416	30,982	467,398
2026	440,379	27,019	467,398
2027	444,342	23,056	467,398
2028	421,479	18,985	440,464
2029-2032	1,686,973	31,586	1,718,559
	<u>\$ 3,862,078</u>	<u>\$ 166,537</u>	<u>\$ 4,028,615</u>

The City has financed purchases for the acquisition of new copiers, with interest rates ranging from 4.95% to 23.29%. The obligations require monthly payments of principal and interest totaling \$349 to be paid over a period of 5 years. As of June 30, 2023, borrowings outstanding under these obligations totaled \$688.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 7. LONG-TERM LIABILITIES (continued)

A schedule of maturities of financed purchases relating to business-type activities as of June 30, 2023, is as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 688	\$ 9	\$ 697

### 8. 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: the Defined Benefit Plan (DB Plan), the Police Department Pension Plan (PD Plan) and the Defined Contribution Pension Plan. These plans are administered by the City.

Management of the Pension Plans is vested in the Trustees, which includes the City Manager, Director of Finance, Human Resource Manager. In addition, Trustees of the Police Department Pension Plan also include two sworn police officers.

Separate, audited GAAP basis pension trust reports are not available for the plans. Therefore, pension plan reporting in accordance with GASB 67, *Financial Reporting for Pension Plans*, has been included in Note 10. Condensed financials as of and for the year ended June 30, 2023, are as follows:

	<u>Police Department Plan</u>	<u>Defined Benefit Plan</u>
<b>ASSETS</b>		
Investments and contracts	\$ 15,936,919	\$ 936,793
<b>NET POSITION</b>		
Restricted for pension benefits	\$ 15,936,919	\$ 936,793
<b>ADDITIONS</b>		
Contributions	\$ 722,698	\$ -
Net investment income	1,125,840	33,894
	<u>1,848,538</u>	<u>33,894</u>
<b>DEDUCTIONS</b>		
Benefit payments	791,897	88,449
Administrative expenses and other	44,525	15,189
	<u>836,422</u>	<u>103,638</u>
<b>CHANGE IN NET POSITION</b>	1,012,116	(69,744)
<b>BEGINNING NET POSITION</b>	14,924,803	1,006,537
<b>ENDING NET POSITION</b>	<u>\$ 15,936,919</u>	<u>\$ 936,793</u>

The net pension asset and liability for the City's year ended June 30, 2023, was measured as of June 30, 2022, using the total pension liabilities that were determined by actuarial valuation as of June 30, 2022. For the ended June 30, 2023, the City recognized an aggregate pension expense of \$323,746.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Defined Benefit Pension Plan

###### *Plan Description and Provisions:*

The City's 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 6¾% for each year up to 5, 3½% for each of the next 5 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 early retirement. Termination benefits for all plan members are vested at 100% after eight 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, 2022, the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	0
	<u>10</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 Pension Plan or the PD Pension Plan. Provisions of the DB Plan include retirement and death benefits to plan members and their beneficiaries. 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, 2023, was \$0. 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 June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Defined Benefit Pension Plan (continued)

###### *Assumptions:*

The total pension liability as of June 30, 2023, measured June 30, 2021, was determined by an actuarial valuation using the following assumptions:

Inflation	2.40%
Salary increases	Ranging from 5.77% to 7.3% based on age, plus 2.2%
Investment rate of return	4.00%, net of investment expense and including inflation

Mortality rates during the benefit payment period were based on PubG-2010 total dataset mortality, considering MP-2018 mortality improvement with generational mortality improvement, annuitant, for Males and Females. Mortality rates before the benefit payment period were based on PubG-2010 total dataset mortality, considering MP-2018 mortality improvement with generational mortality improvement, non-annuitant, for Males and Females. 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, 2023, was calculated based on the Entry Age Normal 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	<u>Target allocation</u>	<u>Expected Real Rate of Return</u>
Fixed income	100%	3.25%

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

The interest rates before and during benefit payment period have increased from 2.75% to 3.25%. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Defined Benefit Pension Plan (continued)

###### *Assumptions:* (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 2022 to 2069. Benefit payments after 2069 are projected to be \$0. The long-term rate of return of 3.25% 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 4.24% 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, 2022, 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 determine the beginning of period total pension liability is 3.25%.

###### *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, 2021 to June 30, 2022, for the City's year ended June 30, 2023, was 2.60%.

###### *Net Pension Asset of the City:*

The components of the net pension asset of the City at June 30, 2023, using a measurement date of June 30, 2022, were as follows:

Total pension liability	\$	855,254
Plan fiduciary net position		1,006,537
City's net pension asset	\$	(151,283)
Plan fiduciary net position as a percentage of total pension liability		117.69%

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 8. PENSION PLANS - CITY REPORTING (continued)

#### Defined Benefit Pension Plan (continued)

#### *Net Pension Asset of the City: (continued)*

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

The following presents the net pension asset of the City, calculated using the discount rate of 3.25%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 2.25%	Discount Rate 3.25%	1% Increase 4.25%
City's net pension asset	\$ (83,470)	\$ (151,283)	\$ (210,562)

Changes in the net pension asset were as follows:

Total pension liability, July 1, 2022 (measured June 30, 2021)	\$ 952,557
Interest	24,854
Differences between expected and actual experience	(2,250)
Changes in assumptions	(29,677)
Benefit payments	(90,230)
Total pension liability, June 30, 2023 (measured June 30, 2022)	<u>\$ 855,254</u>
Plan fiduciary net position, beginning measurement period (June 30, 2021)	\$ 1,085,382
Contributions - employer	-
Net investment income	26,785
Benefit payments	(90,230)
Administrative expenses	(15,400)
Plan fiduciary net position, ending measurement period (June 30, 2022)	<u>\$ 1,006,537</u>
Net pension asset, July 1, 2022 (measured June 30, 2021)	<u>\$ (132,825)</u>
Net pension asset, June 30, 2023 (measured June 30, 2022)	<u>\$ (151,283)</u>

The information presented in the required supplementary schedules immediately following the notes to the basic 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.

#### *Deferred outflows of resources and deferred inflows of resources:*

For the year ended June 30, 2023, the City recognized pension expense of \$(17,533). The City recognized deferred outflows of resources and deferred inflows of resources as of the year ended June 30, 2023, as follows:



## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Defined Benefit Pension Plan (continued)

*Deferred outflows of resources and deferred inflows of resources:* (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and net investment income	\$ -	\$ 777

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in the pension expense as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2024	\$ 67
2025	(277)
2026	(868)
2027	301
	<u>\$ (777)</u>

##### Police Department Pension Plan

*Plan Description and Provision:*

The 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 PD 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 service 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 66½% of compensation, but not less than the plan member contribution benefit or the ordinary disability benefit. Line of duty disability (non-catastrophic disability) provides 33½% of compensation, but not less than the plan member contribution benefit or the ordinary disability benefit. Lump-sum death benefits are calculated as the sum of the plan member contribution benefit and the annual compensation as of the date of death.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Plan Description and Provision: (continued)*

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

The PD Pension Plan's membership consisted of the following as of June 30, 2022, the measurement date:

Active plan members	37
Inactive plan members entitled to but not yet receiving benefits	27
Disabled plan members entitled to and receiving benefits	1
Retired plan members or beneficiaries currently receiving benefits	16
	<u>81</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 pension 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 36.0% 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, 2023, was \$544,062. 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 \$178,636 for the year ended June 30, 2023.

###### *Assumptions:*

The total pension liability as of June 30, 2023, measured June 30, 2022, was determined by an actuarial valuation using the following assumptions:

Inflation	2.40%
Salary increases	Ranging from 4.88% to 7.18% based on age, plus 3.0%
Investment rate of return	6.25%, net of investment expense and including inflation

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Assumptions: (continued)*

Mortality rates during the benefit payment period were based on PubS-2010 Safety base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubS-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubS-2010 Healthy Retiree base table, for Male and Females. 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, based on age, multiplied by 0.35.

The total pension liability as of June 30, 2023, 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:

<b>Target allocation</b>	<b>Expected Real Rate of Return</b>
36.76%	6.20%
17.45%	6.20%
0.00%	5.65%
6.86%	5.00%
0.00%	2.75%
35.72%	3.15%
3.21%	5.10%
<u>100.00%</u>	

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

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

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements

June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Assumptions: (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 2022 to 2115. Benefit payments after 2115 are projected to be \$0. The long-term rate of return of 5.75% 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 4.24% is used. The municipal bond rate is from Bloomberg 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, 2022 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 determine the total pension liability is 5.75%.

###### *Investments:*

The PD Pension Plan's investment policy has been established by and may be amended by the plan committee, on behalf of the plan sponsor, the City of Aberdeen. The plan committee is required to utilize investment options offering the appropriate risk and return characteristics normally found in the portfolios of defined benefit plans. The options are intended to control the degree of risk to which the plan assets are subject and to create a portfolio which aggregate risk and return characteristics considered to be normally appropriate for a defined benefit plan and minimize overall risk through diversification. The policy does not define specific benchmarks to clearly identify when an *over* concentration may occur. There were no significant policy changes during the year ended June 30, 2023.

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 (UAAL) is amortized as a level dollar of projected payroll on an open basis. The remaining amortization period as of June 30, 2023, was two 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.

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, 2021 to June 30, 2022, was -12.77%.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 8. PENSION PLANS - CITY REPORTING (continued)

#### Police Department Pension Plan (continued)

##### *Net Pension Liability of the City:*

The components of the net pension liability of the City as of June 30, 2023, using a measurement date of June 30, 2022, were as follows:

Total pension liability	\$	16,042,232
Plan fiduciary net position		<u>14,924,803</u>
City's net pension liability	\$	<u>1,117,429</u>
Plan fiduciary net position as a percentage of total pension liability		93.03%

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 5.75%, 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:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>4.75%</b>	<b>5.75%</b>	<b>6.75%</b>
City's net pension liability	\$ 3,347,782	\$ 1,117,429	\$ (702,186)

Changes in the net pension liability, were as follows:

Total pension liability, July 1, 2022 (measured June 30, 2021)	\$	16,360,663
Service Cost		447,904
Interest		946,203
Differences between expected and actual experience		(950,910)
Changes in assumptions		(101,364)
Benefit payments		<u>(660,264)</u>
Total pension liability, June 30, 2023 (measured June 30, 2022)	\$	<u>16,042,232</u>
Plan fiduciary net position, beginning measurement period (June 30, 2021)	\$	17,102,517
Contributions - employer		528,110
Contributions - plan members		172,973
Net investment income		(2,190,176)
Benefit payments		(660,264)
Administrative expenses		<u>(28,357)</u>
Plan fiduciary net position, ending measurement period (June 30, 2022)	\$	<u>14,924,803</u>
Net pension liability, July 1, 2022 (measured June 30, 2021)	\$	<u>(741,854)</u>
Net pension liability, June 30, 2023 (measured June 30, 2022)	\$	<u>1,117,429</u>

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 8. PENSION PLANS - CITY REPORTING (continued)

##### Police Department Pension Plan (continued)

##### *Net Pension Liability of the City:* (continued)

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.

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

For the ended June 30, 2023, the City recognized pension expense of \$323,746. The City recognized deferred outflows of resources and deferred inflows of resources related to pensions as of and for the year ended June 30, 2023, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,428	\$ 822,722
Net difference between expected and net investment income	1,279,163	-
Assumption changes	553,438	124,868
Contributions made subsequent to the measurement date	544,062	-
	<u>\$ 2,455,091</u>	<u>\$ 947,590</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Years ending June 30,</u>	<u>Total</u>
2024	\$ 117,614
2025	48,101
2026	162,471
2027	635,253
	<u>\$ 963,439</u>

##### Defined Contribution Pension Plan

##### *Plan Description:*

The City's Defined Contribution Pension Plan was established by the City to provide benefits at retirement to employees of the City who are not participants in the DB Plan or the PD Pension Plan. The City has delegated the authority to manage plan assets to ICMA Retirement Corporation. On June 30, 2023, there were 120 plan members. Defined Contribution Pension Plan participants are required to contribute 2% of annual base pay. The City is required to contribute 7% of annual base pay. Defined Contribution Pension Plan provisions and contribution requirements are established and may be amended by the City Council. Participants' and the City's actual contributions were \$150,514 and \$520,430, respectively.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING

GASB Statement 67, Financial Reporting for Pension Plans, addresses reporting by pension plans. Since the City does not issue separate pension plan financial statements, all required disclosures for the Plans have been included within this report. However, plan information included in Note 9 is not repeated within this disclosure.

A measurement date of June 30, 2023 is being used for the pension plans' June 30, 2023, financial reporting (Plan Reporting) and will be used for the City's future June 30, 2023, financial reporting (City Reporting - Note 9).

##### **Defined Benefit Pension Plan**

###### *Plan Description and Provision:*

There were no changes in the DB Plan descriptions and provisions between the June 30, 2022 and 2023, measurement dates.

The DB Plan's membership consisted of the following as of June 30, 2023, the plan's measurement date:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	<u>0</u>
	<u>9</u>

###### *Contribution Information and Funding Policy:*

There were no changes in the plan contribution information and funding policy between the June 30, 2022 and 2023, measurement dates.

###### *Assumptions:*

The plan's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The following assumptions were used:

Inflation	2.40%
Salary increases	Ranging from 5.77% to 7.3% based on age, plus 2.2%
Investment rate of return	4.00%, net of investment expense and including inflation

Mortality rates during the benefit payment period were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubG-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubG-2010 Healthy Retiree base table, for Male and Females. 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.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING (continued)

##### Defined Benefit Pension Plan (continued)

###### *Assumptions: (continued)*

The total pension liability, as measured on June 30, 2023, 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	<u>Target allocation</u>	<u>Expected Real Rate of Return</u>
Fixed income	100%	4.00%

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

The interest rates before and during benefit payment period increased from 3.25% to 4.00%. 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 2023 to 2069. Benefit payments after 2069 are projected to be \$0. The long-term rate of return of 4.00% 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 3.90% 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, 2023, 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 3.25%.

###### *Investments:*

There were no changes to the investment contract utilized between the June 30, 2021, and June 30, 2023, measurement dates. Additionally, all of the Plan's investments continue to be held in one organization, Principal Financial Group.



## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING (continued)

##### Defined Benefit Pension Plan (continued)

###### *Investments: (continued)*

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, 2023 is 3.57%.

###### *Net Pension Asset of the City:*

The components of the net pension asset of the City, using a measurement date of June 30, 2023, were as follows:

Total pension liability	\$	773,166
Plan fiduciary net position		936,793
City's net pension asset	\$	<u>(163,627)</u>
Plan fiduciary net position as a percentage of total pension liability		121.16%

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

The following presents the net pension asset of the City, calculated using the discount rate of 4.00%, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 3.00%	Discount Rate 4.00%	1% Increase 5.00%
City's net pension asset	\$ (106,978)	\$ (163,627)	\$ (213,526)

##### Police Department Pension Plan

###### *Plan Description and Provision:*

There were no changes in the PD Pension Plan descriptions and provisions between the June 30, 2022, and 2023, measurement dates.

The PD Pension Plan's membership consisted of the following as of June 30, 2023, the plan's measurement date:

Active plan members	39
Inactive plan members entitled to but not yet receiving benefits	28
Disabled plan members entitled to and receiving benefits	0
Retired plan members or beneficiaries currently receiving benefits	<u>18</u>
	<u>85</u>

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Contribution Information and Funding Policy:*

There were no changes in the plan contribution information and funding policy between the June 30, 2022 and June 30, 2023, measurement dates.

###### *Assumptions:*

The plan's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The following assumptions were used:

Inflation	2.40%
Salary increases	Ranging from 4.88% to 7.18% based on age, plus 3.0%
Investment rate of return	6.25%, net of investment expense and including inflation

Mortality rates during the benefit payment period were based on PubS-2010 Safety base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubS-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubS-2010 Healthy Retiree base table, for Male and Females. 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, based on age, multiplied by 0.35.

The total pension liability, as measured at June 30, 2023, 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 projected 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.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Assumptions: (continued)*

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	Expected Real Rate of Return
U.S. Equity - Large Cap	32.19%	6.35%
U.S. Equity - Mid Cap	3.83%	6.35%
U.S. Equity - Small Cap	1.88%	6.35%
International equity	15.81%	6.35%
Real estate	7.91%	6.00%
Core bond	3.33%	5.80%
High Yield Bond	35.05%	4.05%
Total	100.00%	

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

There were no 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 2023 to 2115. Benefit payments after 2115 are projected to be \$0. The long-term rate of return of 6.25% 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 3.90% is used. The municipal bond rate is from Bloomberg 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, 2023 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 determine the total pension liability is 6.25%.

###### *Investments:*

There were no changes in the investment policy between the June 30, 2023, 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, 2023, is 7.57%.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 9. PENSION PLANS – PLAN REPORTING (continued)

##### Police Department Pension Plan (continued)

###### *Net Pension Liability of the City:*

The components of the net pension liability of the City, using a measurement date of June 30, 2023, were as follows:

Total pension liability	\$	16,567,892
Plan fiduciary net position		15,936,919
City's net pension liability	\$	<u>630,973</u>
Plan fiduciary net position as a percentage of total pension liability		96.19%

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 5.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 % lower or 1% higher than the current rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
City's net pension liability	\$ 2,796,564	\$ 630,973	\$ (1,146,664)

#### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING

##### *Plan Description:*

The City's defined benefit OPEB plan provides OPEB for all full-time, active employees who retire or are disabled from the City directly (if they would otherwise meet retirement criteria) qualify as a retiree and meet specific service requirements.

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 pension 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.

The OPEB plan is a single employer defined benefit plan administered by the City. Management of the OPEB plan is vested in the Trustees, which includes the City Manager, Director of Finance, and Human Resource Manager. The City's charter grants the authority to establish and amend the benefit terms to the City legislature. Separate, audited GAAP basis OPEB plan reports are not available for the plan.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

##### *Benefits provided:*

The OPEB plan provides healthcare and prescription drug benefits to eligible retirees and their eligible dependents until Medicare eligibility. Under a legacy plan, healthcare and prescription drug insurance benefits do not terminate upon Medicare eligibility. The legacy plan is closed to new entrants. 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, with the exception of those included in the legacy plan. Only police retirees over age 65 can have a spouse's Medicare Supplement plan reimbursed by the City. Life insurance coverage is provided to all eligible retirees.

Benefits are provided through third-party insurers and the City pays 80% to 90% of the monthly premium, depending upon election, including spousal and dependent coverage for participants.

Pre-Medicare participating retirees are covered under an HMO plan. Individuals under the legacy plan may source their own coverage, which is 100% reimbursed by the City.

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.

##### *Employees covered by benefit terms:*

As of June 30, 2023, the date of the most recent valuation, the following employees were covered by the benefit terms:

	<u>Medical/Drug</u>	<u>Life</u>
Active employees	122	162
Inactive employees entitled to but not yet receiving benefits	0	0
Inactive plan employees entitled to and receiving benefits	20	16
	<u>142</u>	<u>178</u>

##### *Contributions:*

The City's charter grants the authority to establish and amend the contribution requirements of the City and employees to the City legislature. The City legislature establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the City's average contribution rate was 4.7% of covered-employee payroll.

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

##### *Investments:*

The OPEB 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 to control volatility in annual cash contributions. The UAAL is amortized over a closed period of 30 years. The remaining amortization period as of June 30, 2023, was 25 years. As of the measurement date, all of the plan's investments were held in one organization, ICMA Retirement Corporation, and were invested in two funds: VantageTrust II Model Portfolio Moderate Fund (48.7% of the Plan's net position) of and VantageTrust II Model Portfolio Aggressive Fund (51.3% of the Plan's net position).

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

##### *Actuarial Assumptions:*

The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.50%, net of investment expenses and including inflation
Healthcare trend	5.5% initially, grading down to 4.25%, ultimate 4.50%
Inflation	2.50%
Salary increase	6.50% per year for safety employees and 5.0% per year for general employees
Mortality	PUB 2010G Headcount generational improvement scale SSA for general employees and PUB 2010S Headcount generational improvement with scale SSA for safety employees

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements

June 30, 2023

#### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING

(continued)

##### *Actuarial Assumptions: (continued)*

Projections of benefits for financial reporting purposes are based on the 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.

The entry age normal (level percentage of pay) actuarial method was utilized in this valuation.

The unfunded liability was amortized over a period of 30 years as a level percentage of pay, on a closed basis with 25 years remaining.

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.

Expected annual claims have been developed using the premiums for each plan, as well as standard aging rates for healthcare costs. Claims also include payout of deductibles (90% of full amount assumed to be used).

Medical and prescription drug cost trend assumptions:

<u>Years ending December 31,</u>	<u>Annual Rate of Increase</u>
2023	6.00%
2024	5.50%
2025	5.25%
2026	5.00%
2027	4.75%
2028	4.50%
2029 and Later	4.25/4.50%

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

*Actuarial Assumptions:* (continued)

Retirement rate assumptions:

General:

	Age					
	45	50	55	60	65	70
First year eligibility:						
Male	0.150	0.150	0.250	0.250	0.250	1.000
Female	0.150	0.150	0.250	0.300	0.300	1.000
Subsequent years:						
Male	0.050	0.050	0.070	0.120	0.250	1.000
Female	0.050	0.050	0.070	0.100	0.250	1.000

Police: 25 years of service - 50%; 26 - 34 years of service - 25%; 35+ years of service - 100%.

Termination rate assumptions:

General:

Years of Service	Rate of Termination
0	0.200
1	0.180
2	0.162
3	0.146
4	0.131
5	0.118
6	0.106
7	0.096
8	0.086
9	0.077
10	0.070
11	0.063
12	0.056
13	0.051
14	0.046
15	0.041
16	0.037
17	0.033
18	0.030
19	0.027
20	0.000



# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

*Actuarial Assumptions:* (continued)

Police:

<u>Age</u>	<u>Rate of Termination</u>
20	0.0608
25	0.0488
30	0.0388
35	0.0303
40	0.0235
45	0.0183
50	0.0140
55	0.0105

Disability:

<u>Age</u>	<u>Police</u>		<u>General</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
25	0.00085	0.00109	0.0015	0.0011
30	0.00099	0.00140	0.0015	0.0011
35	0.00124	0.00201	0.0025	0.0018
40	0.00176	0.00276	0.0046	0.0031
45	0.00294	0.00400	0.0056	0.0045
50	0.00540	0.00622	0.0065	0.0062
55	0.00977	0.00932	0.0086	0.0085

A formal actuarial experience study has been performed covering 2011 through 2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte- Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

#### *Actuarial Assumptions: (continued)*

The target allocation and best estimates of real rates of return (geometric means) for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65.00%	6.10%
U.S. Fixed income - investment	35.00%	1.35%
Total	100.00%	

*Discount rate:* The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made equal to the actuarially determined contribution each year. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the expected rates of return on the OPEB plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### *Changes in the Net OPEB Liability*

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (asset) (a) - (b)
Balances at 6/30/2022	\$ 3,857,469	\$ 3,718,669	\$ 138,800
Changes for the year:			
Service cost	182,146	-	182,146
Interest	256,902	-	256,902
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	493,334	(493,334)
Net investment income	-	456,503	(456,503)
Benefit payments	(177,334)	(177,334)	-
Administrative expenses	-	(3,881)	3,881
Net change	261,714	768,622	(506,908)
Balances at 6/30/2023	\$ 4,119,183	\$ 4,487,291	\$ (368,108)

The OPEB Plan's fiduciary net position as a percentage of the total OPEB liability was 108.9% as of June 30, 2023.

Significant changes to assumptions when compared to the prior actuarial measurement of the net OPEB liability are described above.

# CITY OF ABERDEEN, MARYLAND

## Notes to Basic Financial Statements June 30, 2023

### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

*Sensitivity of the net OPEB liability to changes in the discount rate:*

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

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB Liability (asset)	\$ (29,674)	\$ (368,108)	\$ (673,687)

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate:*

The following presents the net OPEB liability of the City, as well as what the net OPEB liability would be if it were calculated using a healthcare trend rate that is 1% lower or 1% higher than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Trend Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
Net OPEB Liability (asset)	\$ (747,119)	\$ (368,108)	\$ 74,143

#### *OPEB Plan Fiduciary Net Position*

Separate, audited GAAP basis OPEB plan reports are not available for the plan. Condensed financials as of and for the year ended June 30, 2023, are as follows:

<b>ASSETS</b>	
Investments	\$ 4,487,291
<b>NET POSITION</b>	
Restricted for OPEB benefits	\$ 4,487,291
<b>ADDITIONS</b>	
Contributions	\$ 493,334
Net investment income	456,503
	949,837
<b>DEDUCTIONS</b>	
Benefit payments	177,335
Administrative expenses and other	3,880
	181,215
<b>CHANGE IN NET POSITION</b>	768,622
<b>BEGINNING NET POSITION</b>	3,718,669
<b>ENDING NET POSITION</b>	\$ 4,487,291

## CITY OF ABERDEEN, MARYLAND

### Notes to Basic Financial Statements June 30, 2023

#### 10. POST EMPLOYMENT HEALTH CARE BENEFITS, CITY AND PLAN REPORTING (continued)

##### *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the ended June 30, 2023, the City recognized OPEB expense of \$104,895. The City recognized deferred outflows of resources, and deferred inflows of resources related to OPEB from the following sources as of the year ended June 30, 2023, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 667,083	\$ 1,503,105
Changes in actuarial assumptions	104,926	163,672
Net difference between projected and actual earnings in OPEB plan investments	54,263	-
	<u>\$ 826,272</u>	<u>\$ 1,666,777</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	Amount
2024	\$ (89,781)
2025	(108,955)
2026	20,488
2027	(132,457)
2028	(91,242)
Thereafter	(438,558)
	<u>\$ (840,505)</u>

#### 11. 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 during the years ended June 30, 2023, 2022, and 2021.

In addition to those suits in which claims for liability are adequately covered by insurance, the City may be a defendant in various suits involving breach of contract and other suits arising in the normal course of business. Management, in consultation with the City's attorney, does not believe the resolution of these matters will have a material adverse effect on the City's financial statements.

## **CITY OF ABERDEEN, MARYLAND**

### **Notes to Basic Financial Statements June 30, 2023**

#### **11. OTHER INFORMATION (continued)**

##### **Commitments and contingencies**

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contract 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 with the U.S. Government, Department of Army to provide administrative and operational services to support water and sewer services to Aberdeen Proving Ground. Under the contract, the City is reimbursed for salary and fringe costs and indirect overhead costs (referred to as a management fee). The contract can be terminated by either party with three years' written notice.

The City has entered into various contracts for improvements. The projects are being funded by current revenue and accumulated net position. The value of the City's remaining commitments under these contracts at June 30, 2023, are \$4,555,543.

Encumbrances recorded in the General Fund and Capital Projects Fund as of June 30, 2023, were \$201,898 and \$80,582, respectively.

#### **12. NEW GASB STANDARDS**

The GASB issued Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; Statement No. 100, *Accounting Changes and Error Corrections*. These statements do not have a material effect on the City's financial statements.

The GASB has issued Statement No. 101, *Compensated Absences*, which will require adoption in the future, if applicable. The City will be analyzing the effects of this pronouncement and plans to adopt it, as applicable, by its effective date.

# Required Supplementary Information



# CITY OF ABERDEEN, MARYLAND

## Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability, beginning	\$ 952,557	\$ 962,844	\$ 1,123,667	\$ 1,145,855	\$ 1,425,169	\$ 1,537,783	\$ 1,586,831	\$ 1,573,653	\$ 1,661,697
Interest	24,854	29,682	40,688	40,772	57,524	61,849	67,615	78,181	82,568
Difference between expected and actual experience	(2,250)	25,992	(152,759)	19,528	(303,045)	(26,801)	9,873	5,043	(9,240)
Changes in assumptions	(29,677)	26,762	31,671	27,043	93,259	3,637	31,340	88,239	3,713
Benefit payments	(90,230)	(92,723)	(80,423)	(109,531)	(127,052)	(151,299)	(157,876)	(158,285)	(165,085)
Total pension liability, ending (a)	\$ 855,254	\$ 952,557	\$ 962,844	\$ 1,123,667	\$ 1,145,855	\$ 1,425,169	\$ 1,537,783	\$ 1,586,831	\$ 1,573,653
Plan fiduciary net position, beginning	\$ 1,085,382	\$ 1,148,231	\$ 1,187,113	\$ 1,252,327	\$ 1,288,612	\$ 1,339,137	\$ 1,399,552	\$ 1,449,945	\$ 1,501,553
Contributions - employer	-	-	19,194	19,194	67,369	67,855	57,934	62,665	65,314
Net investment income	26,785	41,371	40,318	43,193	41,547	51,157	53,869	59,641	64,166
Benefit payments	(90,230)	(92,723)	(80,423)	(109,531)	(127,052)	(151,299)	(157,876)	(158,285)	(165,085)
Administrative expenses	(15,400)	(11,497)	(17,971)	(18,070)	(18,149)	(18,238)	(14,342)	(14,414)	(16,003)
Plan fiduciary net position, ending (b)	\$ 1,006,537	\$ 1,085,382	\$ 1,148,231	\$ 1,187,113	\$ 1,252,327	\$ 1,288,612	\$ 1,339,137	\$ 1,399,552	\$ 1,449,945
Net pension liability, beginning	\$ (132,825)	\$ (185,387)	\$ (63,446)	\$ (106,472)	\$ 136,557	\$ 198,646	\$ 187,279	\$ 160,144	\$ 160,144
Net pension (asset) liability, ending (a) - (b)	\$ (151,283)	\$ (132,825)	\$ (185,387)	\$ (63,446)	\$ (106,472)	\$ 136,557	\$ 198,646	\$ 187,279	\$ 123,708
Plan fiduciary net position as a percentage of total pension liability	117.7%	113.9%	119.3%	105.6%	109.3%	90.4%	87.1%	88.2%	92.1%
Covered payroll	-	-	-	-	-	-	-	-	-
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# CITY OF ABERDEEN, MARYLAND

## Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios – Police Department Pension Plan June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability, beginning	\$ 16,360,663	\$ 15,843,829	\$ 14,103,622	\$ 13,422,609	\$ 12,132,176	\$ 11,930,689	\$ 10,257,086	\$ 9,455,418	\$ 8,947,650
Service cost	447,904	460,835	381,397	409,708	397,134	383,990	306,236	323,625	298,295
Interest	946,203	919,863	885,788	843,763	796,486	760,928	720,047	697,737	656,293
Difference between expected and actual experience	(950,910)	(226,528)	113,721	(93,011)	157,723	(103,878)	42,306	(87,169)	(117,048)
Changes in assumptions	(101,364)	(41,274)	924,554	181,192	458,685	(399,120)	946,333	160,404	-
Changes in benefit terms	-	-	-	-	-	-	142,070	-	-
Benefit payments	(660,264)	(596,062)	(565,253)	(660,639)	(519,595)	(440,433)	(483,389)	(292,929)	(329,772)
Total pension liability, ending (a)	\$ 16,042,232	\$ 16,360,663	\$ 15,843,829	\$ 14,103,622	\$ 13,422,609	\$ 12,132,176	\$ 11,930,689	\$ 10,257,086	\$ 9,455,418
Plan fiduciary net position, beginning	\$ 17,102,617	\$ 13,788,597	\$ 12,905,094	\$ 11,881,392	\$ 10,781,507	\$ 9,454,665	\$ 9,231,544	\$ 8,734,063	\$ 7,266,437
Contributions - employer	528,110	637,494	778,936	795,497	665,662	545,099	521,120	424,102	506,000
Contributions - plan members	172,973	183,417	179,967	162,936	165,710	171,518	213,041	161,734	162,876
Net investment income (loss)	(2,190,176)	3,118,591	510,385	757,868	826,478	1,079,768	(2,904)	234,745	1,162,779
Benefit payments	(660,264)	(596,062)	(565,253)	(660,639)	(519,595)	(440,433)	(483,389)	(292,929)	(329,772)
Administrative expenses	(28,357)	(29,520)	(20,632)	(31,960)	(38,370)	(29,110)	(24,747)	(30,171)	(34,257)
Plan fiduciary net position, ending (b)	\$ 14,924,903	\$ 17,102,517	\$ 13,788,497	\$ 12,905,094	\$ 11,881,392	\$ 10,781,507	\$ 9,454,665	\$ 9,231,544	\$ 8,734,063
Net pension liability, beginning	\$ 2,055,332	\$ 1,198,528	\$ 1,198,528	\$ 1,541,217	\$ 1,350,669	\$ 2,476,024	\$ 1,025,542	\$ 1,681,213	\$ 1,681,213
Net pension (asset) liability, ending (a) - (b)	\$ 1,117,329	\$ (741,854)	\$ 2,055,332	\$ 1,198,528	\$ 1,541,217	\$ 1,350,669	\$ 2,476,024	\$ 1,025,542	\$ 721,355
Plan fiduciary net position as a percentage of total pension liability	93 0%	104 5%	87 0%	91 5%	88 5%	88 9%	79 2%	90 0%	92 4%
Covered payroll	\$ 2,141,712	\$ 2,238,159	\$ 2,442,325	\$ 2,210,685	\$ 2,350,824	\$ 2,331,171	\$ 2,303,500	\$ 2,175,531	\$ 2,269,920
City's net pension liability as a percentage of covered payroll	52 2%	-33 1%	84 2%	54 2%	65 6%	57 9%	107 5%	47 1%	31 8%

Notes to schedule:

Schedule is intended to show information for 10 years Additional years will be displayed as they become available



**CITY OF ABERDEEN, MARYLAND**

**Schedule of City Contributions – Pension  
Last Ten Fiscal Years – City Reporting  
June 30, 2023**

**Defined Benefit Pension Plan**

<b>Years Ended June 30,</b>	<b>Actuarially determined contribution</b>	<b>Contribution</b>	<b>Contributions deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2023	\$ -	\$ -	\$ -	\$ -	100%
2022	-	-	-	-	100%
2021	19,194	19,194	-	-	100%
2020	19,194	19,194	-	-	100%
2019	67,369	67,369	-	-	100%
2018	67,855	67,855	-	-	100%
2017	57,934	57,934	-	-	100%
2016	62,665	62,665	-	-	100%
2015	65,314	65,314	-	-	100%
2014	70,452	70,452	-	-	100%

**Police Department Pension Plan**

<b>Years Ended June 30,</b>	<b>Actuarially determined contribution</b>	<b>Contribution</b>	<b>Contributions deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2023	\$ 294,062	\$ 544,062	\$ (250,000)	\$ 2,494,590	21.8%
2022	528,110	528,110	-	2,141,712	24.7%
2021	637,494	637,494	-	2,238,159	28.5%
2020	778,936	778,936	-	2,442,325	31.9%
2019	795,497	795,497	-	2,210,685	36.0%
2018	665,662	665,662	-	2,350,824	28.3%
2017	545,099	545,099	-	2,331,171	23.4%
2016	521,120	521,120	-	2,303,500	22.6%
2015	424,102	424,102	-	2,175,531	19.5%
2014	462,805	506,000	(43,195)	2,269,920	22.3%

**CITY OF ABERDEEN, MARYLAND**

**Schedule of Changes in Net OPEB Liability and Related Ratios  
June 30, 2023**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB liability, beginning	\$ 3,857,468	\$ 4,592,530	\$ 4,323,048	\$ 4,904,813	\$ 3,737,833	\$ 3,514,785	\$ 3,295,297
Service cost	182,146	184,677	179,298	133,780	129,885	126,102	122,429
Interest	256,902	304,681	286,377	346,547	265,531	249,609	230,644
Difference between expected and actual experience <sup>1</sup>	-	(1,041,916)	-	(1,058,068)	1,222,988	-	-
Changes in assumptions	-	-	-	174,878	(300,062)	-	-
Benefit payments	(177,334)	(182,504)	(196,193)	(178,902)	(151,362)	(152,663)	(133,585)
Total OPEB liability, ending (a)	<u>\$ 4,119,182</u>	<u>\$ 3,857,468</u>	<u>\$ 4,592,530</u>	<u>\$ 4,323,048</u>	<u>\$ 4,904,813</u>	<u>\$ 3,737,833</u>	<u>\$ 3,514,785</u>
Plan fiduciary net position, beginning	\$ 3,718,668	\$ 3,892,191	\$ 2,678,236	\$ 2,235,446	\$ 1,737,627	\$ 1,267,652	\$ 764,790
Contributions - employer	493,334	515,504	581,193	563,902	536,362	540,663	518,585
Net investment income	456,503	(502,533)	831,966	60,116	114,331	81,975	117,928
Benefit payments <sup>2</sup>	(177,334)	(182,504)	(196,193)	(178,902)	(151,362)	(152,663)	(133,585)
Administrative expenses	(3,881)	(3,990)	(3,011)	(2,326)	(1,512)	-	(66)
Plan fiduciary net position, ending (b)	<u>\$ 4,487,290</u>	<u>\$ 3,718,668</u>	<u>\$ 3,892,191</u>	<u>\$ 2,678,236</u>	<u>\$ 2,235,446</u>	<u>\$ 1,737,627</u>	<u>\$ 1,267,652</u>
Net OPEB liability, beginning	<u>\$ 138,800</u>	<u>\$ 700,339</u>	<u>\$ 1,644,812</u>	<u>\$ 2,669,367</u>	<u>\$ 2,530,507</u>	<u>\$ 2,530,507</u>	<u>\$ 2,530,507</u>
Net OPEB (asset) liability, ending (a) - (b)	<u>\$ (368,108)</u>	<u>\$ 138,800</u>	<u>\$ 700,339</u>	<u>\$ 1,644,812</u>	<u>\$ 2,669,367</u>	<u>\$ 2,000,206</u>	<u>\$ 2,247,133</u>
Plan fiduciary net position as a percentage of total OPEB liability	108.9%	96.4%	84.8%	62.0%	45.6%	46.5%	36.1%
Covered payroll	\$ 10,537,237	\$ 9,724,642	\$ 8,420,431	\$ 8,406,425	\$ 8,529,840	\$ 8,670,057	\$ 8,417,532
City's net OPEB liability as a percentage of covered payroll	-3.5%	1.4%	8.3%	19.6%	31.3%	23.1%	26.7%

Notes to schedule:

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**CITY OF ABERDEEN, MARYLAND**

**Schedule of City Contributions - OPEB  
June 30, 2023**

<b>Years Ended June 30,</b>	<b>Actuarially determined contribution</b>	<b>Contributions in relation to the actuarially determined contribution</b>	<b>Contributions deficiency (excess)</b>	<b>Covered payroll</b>	<b>Contributions as a percentage of covered payroll</b>
2023	\$ 154,211	\$ 493,334	\$ (339,123)	\$ 10,537,237	4.7%
2022	149,719	515,504	(365,785)	9,724,642	5.3%
2021	314,556	581,193	(266,637)	8,420,431	6.9%
2020	304,602	563,902	(259,300)	8,406,425	6.7%
2019	248,910	536,362	(287,452)	8,529,840	6.3%
2018	310,133	540,663	(230,530)	8,670,057	6.2%
2017	306,203	518,585	(212,382)	8,417,532	6.2%
2016	404,108	564,588	(160,480)	7,679,576	7.4%
2015	412,327	517,002	(104,675)	7,903,392	6.5%
2014	284,836	107,595	177,241	7,451,184	1.4%

City amounts above include implicit subsidies.

## CITY OF ABERDEEN, MARYLAND

### Schedule of Investment Returns – Pension and OPEB June 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
<b>Defined Benefit Pension Plan</b>										
Annual money weighted rate of return, net of investment expense	3.57%	2.60%	3.78%	3.49%	3.61%	3.31%	4.01%	4.05%	4.26%	4.44%
<b>Police Department Pension Plan</b>										
Annual money weighted rate of return, net of investment expense	7.57%	-12.77%	22.33%	3.85%	6.24%	7.48%	11.32%	-0.03%	2.63%	15.73%
<b>OPEB Plan</b>										
Annual money weighted rate of return, net of investment expense	11.90%	-12.40%	29.40%	2.50%	5.90%	5.70%	13.04%	0.36%	-1.79%	N/A

The City established the OPEB Trust in fiscal year 2015 therefore, investment return information for 2014 is not applicable.

The schedule above is intended to show information for ten years. Additional information will be displayed as it becomes available.

## CITY OF ABERDEEN, MARYLAND

### Notes to Required Supplementary Information Year Ended June 30, 2023

#### Pension Trend Information

The Schedule of City Contributions - Pension provides historical context for the amounts of contributions in the current period. The actuarially determined contributions are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for Pension plans include:

#### Defined Benefit Plan

Valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Amortization method	Straight line
Amortization period	5 years
Asset valuation method	Market value of assets held in separate accounts and contract value of assets held
Investment rate of return	4.00%, net of investment expense and including inflation
Inflation	2.40%
Salary increase	5.77% to 7.3% based on age, plus 2.2%
Mortality	PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubG-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubG-2010 Healthy Retiree base table, for Male and Females.
Disability	1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females

#### Police Department Pension Plan

Valuation date	June 30, 2023
Actuarial cost method	Entry age normal
Amortization method	Straight line
Amortization period	Initial funded actuarial accrued liability 5 years; experience gains/losses, amendments, assumption changes 10 years
Asset valuation method	Market value of assets
Investment rate of return	6.25%, net of investment expense and including inflation
Inflation	2.40%
Salary increase	4.88% to 7.18% based on age, plus 3.0%

## CITY OF ABERDEEN, MARYLAND

### Notes to Required Supplementary Information Year Ended June 30, 2023

#### Police Department Pension Plan (continued)

Mortality	PubS-2010 Safety base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubS-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubS-2010 Healthy Retiree base table, for Male and Females.
Disability	1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females.

#### OPEB Trend Information

The Schedule of City Contributions - OPEB provides historical context for the amount of contributions in the current period. The actuarially determined contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Significant methods and assumptions used to determine the contributions for OPEB plan include:

Valuation date	June 30, 2023
Actuarial cost method	Entry age, individual level percentage of pay
Amortization method	Level Dollar, 21 years remaining
Amortization period	30 years
Asset valuation method	Smoothed value of assets
Investment rate of return	6.50%, net of investment expenses and including inflation
Inflation	2.50%
Salary increase	6.5% per year for safety employees and 5.0% per year for general employees
Mortality	PUB 2010G Headcount generational improvement scale SSA for general employees and PUB 2010S Headcount generational improvement with scale SSA for safety employees

# Other Supplementary Information



**CITY OF ABERDEEN, MARYLAND**

**Schedule of Revenues and Other Financing Sources-Budget and Actual-General Fund  
Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Budget Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	
<b>TAXES</b>				
<b>Property taxes:</b>				
Real estate taxes	\$ 9,535,055	\$ 9,535,055	\$ 9,770,537	\$ 235,482
Corporation personal property taxes	1,342,241	1,342,241	1,386,973	44,732
Utilities personal property tax	546,788	546,788	592,036	45,248
Penalties and interest	30,000	30,000	20,379	(9,621)
Additions and abatements	(3,000)	(3,000)	(65,694)	(62,694)
Discount on taxes	(66,885)	(66,885)	(76,640)	(9,755)
Tax credit - firemen exemptions	(17,000)	(17,000)	(16,500)	500
Tax credit - no water or sewer	(5,385)	(5,385)	(5,479)	(94)
Enterprise Zone Tax Credits	(171,684)	(171,684)	(177,849)	(6,165)
	<u>11,190,130</u>	<u>11,190,130</u>	<u>11,427,763</u>	<u>237,633</u>
<b>Local taxes:</b>				
Franchise tax	160,832	160,832	217,952	57,120
Mobile home excise tax	30,800	30,800	32,230	1,430
Utilities pole tax	54,094	54,094	54,064	(30)
	<u>245,726</u>	<u>245,726</u>	<u>304,246</u>	<u>58,520</u>
<b>State shared taxes:</b>				
Income tax	1,600,000	1,600,000	2,003,092	403,092
	<u>1,600,000</u>	<u>1,600,000</u>	<u>2,003,092</u>	<u>403,092</u>
<b>Total taxes</b>	<u>13,035,856</u>	<u>13,035,856</u>	<u>13,735,101</u>	<u>699,245</u>
<b>Licenses and Permits</b>				
Traders' licenses	25,000	25,000	34,153	9,153
Grading permits	15,000	15,000	29,643	14,643
Building permits	45,000	45,000	26,157	(18,843)
Site plan review	20,000	20,000	28,750	8,750
Mobile Home Park Licenses	600	600	600	-
Peddlers Permits	150	150	-	(150)
Deed Stamps and Tax Certificates	4,800	4,800	4,520	(280)
<b>Total licenses and permits</b>	<u>110,550</u>	<u>110,550</u>	<u>123,823</u>	<u>13,273</u>



**CITY OF ABERDEEN, MARYLAND**

**Schedule of Revenues and Other Financing Sources-Budget and Actual-General Fund  
Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Intergovernmental</b>				
Grants from state government:				
Police state aid	291,897	291,897	470,855	178,958
Highway user	775,547	775,547	795,871	20,324
Other	-	662,175	145,386	(516,789)
	<u>1,067,444</u>	<u>1,729,619</u>	<u>1,412,112</u>	<u>(317,507)</u>
Grants from county government:				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	1,268,924	1,268,924	1,268,924	-
Senior Center Reimbursement	55,952	55,952	55,952	
Hotel and motel	600,000	600,000	849,987	249,987
Municipal Separate Storm Sewer	227,370	227,370	433,019	205,649
Other	-	1,000	807	(193)
	<u>2,159,388</u>	<u>2,160,388</u>	<u>2,615,831</u>	<u>455,443</u>
Grants from local government:				
Residential special patrol	75,000	75,000	91,466	16,466
	<u>75,000</u>	<u>75,000</u>	<u>91,466</u>	<u>16,466</u>
<b>Total intergovernmental</b>	<u>3,301,832</u>	<u>3,965,007</u>	<u>4,119,409</u>	<u>154,402</u>
<b>APG Management Fees</b>	<u>900,000</u>	<u>900,000</u>	<u>1,207,852</u>	<u>307,852</u>
<b>Miscellaneous Revenues</b>				
Opioid Litigation Settlement	-	14,737	16,735	1,998
Police miscellaneous income	4,500	4,500	8,110	3,610
Antenna leases	48,000	48,000	67,423	19,423
Trash Stickers	15,000	15,000	12,980	(2,020)
Fines	6,000	6,000	5,497	(503)
DPW miscellaneous income	25,000	25,000	304,987	279,987
Interest	9,000	9,000	420,565	411,565
Annexation	-	-	71,180	71,180
Other rents	7,000	7,000	5,175	(1,825)
Miscellaneous income - Other	20,000	20,000	167,867	147,867
<b>Total miscellaneous revenues</b>	<u>134,500</u>	<u>149,237</u>	<u>1,080,519</u>	<u>931,282</u>
<b>Total revenues</b>	<u>17,482,738</u>	<u>18,160,650</u>	<u>20,266,704</u>	<u>2,106,054</u>
<b>Other Financing Sources</b>				
Appropriation of fund balance	1,313,803	1,839,143	-	(1,839,143)
<b>Total other financing sources</b>	<u>1,313,803</u>	<u>1,839,143</u>	<u>-</u>	<u>(1,839,143)</u>
<b>Total revenues and other financing sources</b>	<u>\$ 18,796,541</u>	<u>\$ 19,999,793</u>	<u>\$ 20,266,704</u>	<u>\$ 266,911</u>

**CITY OF ABERDEEN, MARYLAND**

**Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund  
Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>General Government</b>				
Legislative:				
Elected officials	\$ 65,776	\$ 65,776	\$ 64,378	\$ 1,398
Operating expenditures	67,083	67,083	68,611	(1,528)
Maryland Municipal League	18,038	18,038	18,333	(295)
Volunteer dinner	4,000	4,000	1,872	2,128
	<u>154,897</u>	<u>154,897</u>	<u>153,194</u>	<u>1,703</u>
Executive:				
Salaries	442,860	442,860	374,149	68,711
Operating expenditures	60,175	60,175	55,162	5,013
Capital expenditures	3,000	3,000	111	2,889
	<u>506,035</u>	<u>506,035</u>	<u>429,422</u>	<u>76,613</u>
Finance:				
Salaries	593,767	593,767	582,038	11,729
Operating expenditures	28,000	28,000	21,297	6,703
Audit	15,000	15,000	10,534	4,466
Capital expenditures	51,000	51,000	34,160	16,840
	<u>687,767</u>	<u>687,767</u>	<u>648,029</u>	<u>39,738</u>
Legal:				
Codification	6,000	20,000	21,825	(1,825)
Counsel	100,000	100,000	77,821	22,179
	<u>106,000</u>	<u>120,000</u>	<u>99,646</u>	<u>20,354</u>
Planning and community development:				
Salaries	325,984	325,984	319,468	6,516
Operating expenditures	146,829	181,830	151,243	30,587
Capital expenditures	-	-	-	-
	<u>472,813</u>	<u>507,814</u>	<u>470,711</u>	<u>37,103</u>
Government buildings:				
Operating expenditures	855,000	869,000	985,656	(116,656)
Capital expenditures	-	574,993	105,194	469,799
	<u>855,000</u>	<u>1,443,993</u>	<u>1,090,850</u>	<u>353,143</u>
General government:				
Operating expenditures	80,000	81,000	76,390	4,610
Health and safety:				
Operating expenditures	20,000	20,000	17,045	2,955
Capital expenditures	1,000	1,000	-	1,000
	<u>21,000</u>	<u>21,000</u>	<u>17,045</u>	<u>3,955</u>
<b>Total general government</b>	<u>2,883,512</u>	<u>3,522,506</u>	<u>2,985,287</u>	<u>537,219</u>

**CITY OF ABERDEEN, MARYLAND**

**Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund  
Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Public Safety</b>				
Police Department:				
Salaries	4,407,291	4,407,291	4,488,372	(81,081)
Operating expenditures	671,625	814,941	553,643	261,298
Capital expenditures	90,000	88,206	237,025	(148,819)
	5,168,916	5,310,438	5,279,040	31,398
Volunteer fire department:				
Contribution	306,464	306,464	306,464	-
<b>Total public safety</b>	<b>5,475,380</b>	<b>5,616,902</b>	<b>5,585,504</b>	<b>31,398</b>
<b>Public Works</b>				
Public Works Administration:				
Salaries	497,436	497,436	458,973	38,463
Operating expenditures	81,000	81,000	49,937	31,063
Capital expenditures	1,000	1,000	924	76
	579,436	579,436	509,834	69,602
Streets:				
Salaries	844,767	844,767	819,096	25,671
Operating Expenditures	489,500	489,500	491,995	(2,495)
Capital expenditures	1,000	1,000	-	1,000
	1,335,267	1,335,267	1,311,091	24,176
Street lighting:				
Operating expenditures	275,000	275,000	272,326	2,674
Winter operation:				
Operating expenditures	90,000	90,000	6,138	83,862
Solid waste:				
Salaries	499,755	499,755	482,885	16,870
Operating Expenditures	495,300	495,300	450,230	45,070
Capital expenditures	1,000	1,000	-	1,000
	996,055	996,055	933,115	62,940
Municipal separate storm sewer systems:				
Salaries	75,240	75,240	87,307	(12,067)
Operating expenditures	146,650	146,650	148,671	(2,021)
Capital expenditures	1,000	1,000	-	1,000
	222,890	222,890	235,978	(13,088)
<b>Total public works</b>	<b>3,498,648</b>	<b>3,498,648</b>	<b>3,268,482</b>	<b>230,166</b>
<b>Parks and Recreation</b>				
Salaries	40,000	40,000	-	40,000
Operating expenditures	156,300	156,300	134,689	21,611
Capital expenditures	-	-	-	-
	196,300	196,300	134,689	61,611
<b>Miscellaneous</b>				
Retirement and OPEB plans	1,135,763	1,135,763	1,093,695	42,068
Payroll expenditures	2,517,387	2,517,387	2,482,679	34,708
Miscellaneous	229,972	244,708	96,382	148,326
	3,883,122	3,897,858	3,672,756	225,102

**CITY OF ABERDEEN, MARYLAND****Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund  
Year Ended June 30, 2023**

	<b>Budget Amounts</b>		<b>Actual</b>	<b>Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Variance</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Debt Service</b>				
Debt service principal	388,282	388,282	386,735	1,547
Debt service interest and fees	53,102	53,102	53,216	(114)
	441,384	441,384	439,951	1,433
<b>Total expenditures</b>	16,378,346	17,173,598	16,086,669	1,086,929
<b>Other Financing Uses</b>				
Transfers Out	2,418,195	2,826,195	2,826,195	-
<b>Total expenditures and other financing uses</b>	<b>\$ 18,796,541</b>	<b>\$ 19,999,793</b>	<b>\$ 18,912,864</b>	<b>\$ 1,086,929</b>

# CITY OF ABERDEEN, MARYLAND

## Schedule of Revenues, Expenditures and Other Financing Sources Budget and Actual- Capital Projects Fund Year Ended June 30, 2023

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Budget Variance Positive (Negative)</b>
<b>Revenues</b>				
Revenues from other agencies	\$ -	\$ 1,700,644	\$ 1,263,146	\$ (437,498)
<b>Total revenues</b>	<u>-</u>	<u>1,700,644</u>	<u>1,263,146</u>	<u>(437,498)</u>
<b>Expenditures</b>				
General government	300,000	1,502,995	1,059,190	443,805
Public safety	300,000	300,000	233,925	66,075
Public works	1,540,547	1,786,118	1,720,800	65,318
Parks and Recreation	211,000	760,649	290,151	470,498
<b>Total expenditures</b>	<u>2,351,547</u>	<u>4,349,762</u>	<u>3,304,066</u>	<u>1,045,696</u>
<b>Other Financial Sources</b>				
Transfers from general fund	2,351,547	2,459,547	2,459,547	-
Proceeds from sale	-	-	-	-
Appropriation of fund balance	-	189,571	-	189,571
<b>Total other financing sources</b>	<u>2,351,547</u>	<u>2,649,118</u>	<u>2,459,547</u>	<u>189,571</u>
<b>Net change in fund balance (budgetary basis)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,627</u>	<u>\$ 418,627</u>
Adjustments to Conform with Generally Accepted Accounting Principles (GAAP)			<u>215,665</u>	
Net Change in Fund Balance (GAAP Basis)			634,292	
<b>Fund Balance</b>				
Beginning			<u>466,413</u>	
Ending			<u>\$ 1,100,705</u>	

# CITY OF ABERDEEN, MARYLAND

## Combining Statement of Fiduciary Net Position As of June 30, 2023

	Pension Trusts		Other Post Employment Benefits Trust	Total
	Police Department Plan	Defined Benefit Plan		
<b>Assets</b>				
Investments at fair-value:				
Pooled separate accounts	\$ 15,936,919	\$ -	\$ 4,487,291	\$ 20,424,210
Insurance contract, at cost	-	936,793	-	936,793
<b>Total assets</b>	<u>15,936,919</u>	<u>936,793</u>	<u>4,487,291</u>	<u>21,361,003</u>
<b>Net position</b>				
Restricted for pension/other post-employment benefits	<u>\$ 15,936,919</u>	<u>\$ 936,793</u>	<u>\$ 4,487,291</u>	<u>\$ 21,361,003</u>

# CITY OF ABERDEEN, MARYLAND

## Combining Statement of Changes in Fiduciary Net Position Year Ended June 30, 2023

	Pension Trusts		Other Post Employment Benefits Trust	Total
	Police Department Plan	Defined Benefit Plan		
<b>Additions</b>				
Contributions:				
Employer contributions	\$ 544,062	\$ -	\$ 493,334	\$ 1,037,396
Plan member contributions	178,636	-	-	178,636
<b>Total contributions</b>	722,698	-	493,334	1,216,032
Net investment income	1,125,840	33,894	456,503	1,616,237
<b>Total additions</b>	1,848,538	33,894	949,837	2,832,269
<b>Deductions</b>				
Benefit payments	791,897	88,449	177,335	1,057,681
Administrative expenses and other	44,525	15,189	3,880	63,594
<b>Total deductions</b>	836,422	103,638	181,215	1,121,275
<b>Change in net position</b>	1,012,116	(69,744)	768,622	1,710,994
<b>Net position - beginning</b>	14,924,803	1,006,537	3,718,669	19,650,009
<b>Net position - ending</b>	\$ 15,936,919	\$ 936,793	\$ 4,487,291	\$ 21,361,003

# Statistical Section





## 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 Fiscal Years  
(Accrual Basis of Accounting)**

Table 1

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017 (1)</b>	<b>2016</b>	<b>2015</b>	<b>2014 (1)</b>
Governmental Activities										
Net Investment in Capital Assets	\$ 31,146,461	\$ 28,868,469	\$ 27,573,602	\$ 27,329,283	\$ 23,675,321	\$ 22,534,359	\$ 22,361,333	\$ 21,292,838	\$ 20,241,970	\$ 16,364,349
Restricted	450,027	874,679	185,387	63,446	106,472	41,888	-	429,003	441,896	485,238
Unrestricted	20,123,559	17,011,349	14,730,674	13,433,025	15,247,960	13,174,737	10,931,365	9,557,127	7,115,395	7,756,146
Total Governmental Activities Net Position	<u>51,720,047</u>	<u>46,754,497</u>	<u>42,489,663</u>	<u>40,825,754</u>	<u>39,029,753</u>	<u>35,750,984</u>	<u>33,292,698</u>	<u>31,278,968</u>	<u>27,799,261</u>	<u>24,605,733</u>
Business-Type Activities										
Net Investment in Capital Assets	51,307,595	49,226,723	47,881,373	43,898,885	42,509,743	40,970,966	40,021,208	39,873,118	39,292,242	38,919,289
Restricted	76,770	37,439	-	-	-	-	-	3,578,396	3,600,207	3,609,705
Unrestricted	15,744,639	14,975,975	8,045,290	4,174,381	4,239,596	5,114,484	6,564,707	883,220	1,945,341	748,189
Total Business-Type Activities Net Position	<u>67,129,004</u>	<u>64,240,137</u>	<u>55,926,663</u>	<u>48,073,266</u>	<u>46,749,339</u>	<u>46,085,450</u>	<u>46,585,915</u>	<u>44,334,734</u>	<u>44,837,790</u>	<u>43,277,183</u>
Primary Government										
Net Investment in Capital Assets	82,454,056	78,095,192	75,454,975	71,228,168	66,185,064	63,505,325	62,382,541	61,165,956	59,534,212	55,283,638
Restricted	526,797	912,118	185,387	63,446	106,472	41,888	-	4,007,399	4,042,103	4,094,943
Unrestricted	35,868,198	31,987,324	22,775,964	17,607,406	19,487,556	18,289,221	17,496,072	10,440,347	9,060,736	8,504,335
Total Primary Government Activities Net Position	<u>\$ 118,849,051</u>	<u>\$ 110,994,634</u>	<u>\$ 98,416,326</u>	<u>\$ 88,899,020</u>	<u>\$ 85,779,092</u>	<u>\$ 81,836,434</u>	<u>\$ 79,878,613</u>	<u>\$ 75,613,702</u>	<u>\$ 72,637,051</u>	<u>\$ 67,882,916</u>

(1) As restated

Source:  
City financial records.

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

Table 2

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 (1)
Expenses:										
Governmental Activities										
General Government	\$ 3,612,712	\$ 4,088,062	\$ 4,768,267	\$ 4,428,929	\$ 3,844,952	\$ 3,813,228	\$ 4,048,692	\$ 3,523,465	\$ 3,468,452	\$ 4,911,835
Public Safety	7,796,900	7,109,899	6,858,164	7,294,920	6,535,392	6,155,080	6,839,990	5,991,215	5,739,007	5,356,062
Public Works	6,169,756	5,674,588	5,446,825	5,194,298	5,050,716	5,337,873	4,549,120	4,387,453	4,135,899	4,336,712
Parks and Recreation	173,164	163,533	153,199	161,424	155,040	193,215	149,700	122,603	109,297	371,255
Interest on Long-Term Debt	52,674	71,788	95,817	115,206	129,355	100,073	92,562	142,235	123,875	132,416
Total Governmental Activities Expenses	17,805,206	17,107,870	17,322,272	17,194,777	15,715,455	15,599,469	15,680,064	14,166,971	13,576,530	15,108,280
Business-Type Activities										
Water Sewer	3,446,577	3,198,305	3,069,311	2,980,003	3,064,432	3,529,033	3,303,186	3,094,184	2,982,943	2,814,456
Stadium	4,804,945	4,421,434	4,167,441	4,246,640	4,179,053	4,092,786	4,030,851	4,017,082	3,962,657	4,052,338
Unrestricted	979,258	884,024	585,220	608,747	730,718	612,137	496,814	527,575	460,981	423,981
Total Business-Type Activities Expenses	9,230,780	8,503,763	7,821,972	7,835,390	7,974,203	8,233,956	7,830,851	7,638,841	7,406,581	7,290,775
Total Primary Government Expenses	\$ 27,035,986	\$ 25,611,633	\$ 25,144,244	\$ 25,030,167	\$ 23,689,658	\$ 23,833,425	\$ 23,510,915	\$ 21,805,812	\$ 20,983,111	\$ 22,399,055
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	\$ 285,325	\$ 358,452	\$ 210,032	\$ 203,847	\$ 232,336	\$ 317,947	\$ 361,070	\$ 368,918	\$ 328,930	\$ 358,560
Public Safety	41,872	33,724	7,895	54,890	56,662	66,254	100,448	29,916	27,659	26,945
Public Works	3,522,965	3,117,772	2,768,003	2,813,817	2,834,960	2,638,231	2,544,070	2,469,187	2,399,067	2,229,890
Operating Grants and Contributions	3,282,111	3,257,165	2,715,093	2,593,163	2,491,302	2,194,773	2,750,406	2,655,066	1,982,361	2,107,137
Capital Grants and Contributions	1,917,914	1,319,766	754,756	917,130	676,879	1,165,055	311,176	494,342	633,393	478,932
Total Governmental Activities Program Revenues	9,050,187	8,086,879	6,455,779	6,582,847	6,292,139	6,382,260	6,067,170	6,017,429	5,371,410	5,201,464
Business-Type Activities										
Charges for Services:										
Water Sewer	3,997,442	6,640,635	6,036,124	3,751,983	3,036,169	2,907,119	3,896,382	2,674,959	3,660,863	3,207,157
Stadium	4,094,122	6,230,314	4,784,493	3,630,573	3,386,368	3,275,193	3,522,854	3,169,699	3,831,922	3,553,453
Unrestricted	-	-	-	3,606	14,280	66,970	83,000	65,150	196,740	212,162
Operating Grants and Contributions	224,887	142,355	120,000	120,000	120,000	120,000	120,000	-	-	-
Capital Grants and Contributions	2,990,220	2,841,740	1,934,557	477,179	471,990	456,175	966,666	447,700	566,225	1,665,187
Total Business-Type Activities Program Revenues	11,306,671	15,855,044	12,875,174	7,983,341	7,028,807	6,825,457	8,588,902	6,477,508	8,255,750	8,637,959
Total Primary Government Program Revenues	\$ 20,356,858	\$ 23,941,923	\$ 19,330,953	\$ 14,566,188	\$ 13,320,946	\$ 13,207,717	\$ 14,656,072	\$ 12,494,937	\$ 13,627,160	\$ 13,839,423
Net (Expense)/Revenue										
Governmental Activities	(8,755,019)	(9,020,991)	(10,866,493)	(10,611,930)	(9,423,316)	(9,217,209)	(9,612,894)	(8,149,542)	(8,205,120)	(9,906,816)
Business-Type Activities	2,075,891	7,351,281	5,053,202	147,951	(945,396)	(1,408,499)	758,051	(1,161,333)	849,169	1,347,184
Total Primary Government Net Expense	\$ (6,679,128)	\$ (1,669,710)	\$ (5,813,291)	\$ (10,463,979)	\$ (10,368,712)	\$ (10,625,708)	\$ (8,854,843)	\$ (9,310,875)	\$ (7,355,951)	\$ (8,559,632)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	\$ 11,426,617	\$ 11,380,588	\$ 11,304,025	\$ 11,040,939	\$ 10,987,022	\$ 10,985,691	\$ 10,907,789	\$ 10,053,492	\$ 10,043,124	\$ 9,936,228
State Shared Taxes, Unrestricted	1,935,789	198,796	267,774	256,417	262,721	270,245	274,392	277,870	273,859	263,525
Other Local Taxes	304,246	2,217,629	2,055,091	1,843,683	1,886,645	1,410,686	1,483,135	1,472,297	1,593,992	1,330,186
Investment Earnings	420,565	21,631	11,892	197,765	285,154	118,896	49,603	26,249	16,290	18,125
Gain (loss) on Sale of Capital Assets	-	94,463	8,441	16,894	523,573	(387,830)	134,166	324,547	10,189	69,598
Transfers	(366,648)	(627,282)	(1,116,820)	(947,767)	(1,243,030)	(721,722)	(1,222,461)	(525,206)	(538,806)	(355,391)
Total Governmental Activities	13,720,569	13,285,825	12,530,403	12,407,931	12,702,085	11,675,966	11,626,624	11,629,249	11,398,648	11,262,271
Business-Type Activities:										
Taxes										
Other Local Taxes	-	-	-	113,737	260,214	-	-	-	-	-
State Shared Taxes, Unrestricted	339,977	219,542	43,792	113,737	262,721	270,245	274,392	277,870	273,859	263,525
Investment Earnings	106,351	115,465	114,361	24,273	30,231	38,421	51,649	24,606	68,648	74,504
Gain (loss) on Sale of Capital Assets	-	-	25,222	90,197	75,810	24,928	96,735	41,836	103,984	103,812
Debt Forgiveness	-	-	1,500,000	-	-	-	-	-	-	-
Transfers	366,648	627,282	1,116,820	947,767	1,243,030	721,722	1,222,461	525,206	538,806	355,391
Total Business-Type Activities	812,976	962,289	2,800,195	1,175,974	1,609,285	908,324	1,492,839	658,278	711,438	533,707
Total Primary Government	\$ 14,533,545	\$ 14,248,114	\$ 15,330,598	\$ 13,583,905	\$ 14,311,370	\$ 12,584,290	\$ 13,119,463	\$ 12,287,527	\$ 12,110,086	\$ 11,795,978
Change in Net Position										
Governmental Activities	\$ 4,965,550	\$ 4,264,834	\$ 1,663,910	\$ 1,796,001	\$ 3,278,769	\$ 2,458,757	\$ 2,013,730	\$ 3,479,707	\$ 3,193,528	\$ 1,355,455
Business-Type Activities	2,888,867	8,313,570	7,853,397	1,323,925	663,889	(500,175)	2,250,890	(503,055)	1,560,607	1,880,891
Total Primary Government Changes in Net Position	\$ 7,854,417	\$ 12,578,404	\$ 9,517,307	\$ 3,119,926	\$ 3,942,658	\$ 1,958,582	\$ 4,264,620	\$ 2,976,652	\$ 4,754,135	\$ 3,236,346

(1) As restated

Source:  
City financial records.

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

Table 3

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Income Tax</b>	<b>Admissions Tax</b>	<b>Other Local Taxes</b>	<b>Total</b>
2023	\$ 11,426,617	\$ 1,935,789	\$ -	\$ 304,246	\$ 13,666,652
2022	11,380,588	2,217,629	-	198,796	13,797,013
2021	11,304,025	2,055,091	-	267,774	13,626,890
2020	11,040,939	1,843,683	-	256,417	13,141,039
2019	10,987,022	1,886,645	-	262,721	13,136,388
2018	10,985,691	1,410,686	-	270,245	12,666,622
2017	10,907,789	1,483,135	-	274,392	12,665,316
2016	10,053,492	1,405,667	66,630	277,870	11,803,659
2015	10,043,124	1,593,992	-	273,859	11,910,975
2014	9,936,228	1,330,186	-	263,525	11,529,939

Source: City financial records.

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

Table 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Non-spendable	\$ 45,158	\$ 32,635	\$ 44,665	\$ 10,245	\$ 10,302	\$ 20,723	\$ 574,127	\$ 143,866	\$ 32,457	\$ 31,683
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	592,065	643,608	340,049	879,311	1,630,738	1,547,952	89,596	-	157,496	-
Unassigned	<u>18,291,742</u>	<u>17,106,969</u>	<u>14,654,544</u>	<u>12,378,520</u>	<u>12,995,768</u>	<u>11,904,488</u>	<u>12,531,920</u>	<u>11,303,280</u>	<u>9,290,251</u>	<u>9,500,995</u>
Total General Fund	<u>\$ 18,928,965</u>	<u>\$ 17,783,212</u>	<u>\$ 15,039,258</u>	<u>\$ 13,268,076</u>	<u>\$ 14,636,808</u>	<u>\$ 13,473,163</u>	<u>\$ 13,195,643</u>	<u>\$ 11,447,146</u>	<u>\$ 9,480,204</u>	<u>\$ 9,532,678</u>
Special Revenue Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	41,888	-	429,003	441,896	485,238
Assigned	-	-	-	-	-	27,799	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,921)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,687</u>	<u>\$ (89,921)</u>	<u>\$ 429,003</u>	<u>\$ 441,896</u>	<u>\$ 485,238</u>
Capital Projects Fund										
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	1,100,705	466,413	1,096,498	1,244,427	2,175,683	1,836,008	503,594	784,827	636,903	1,793,661
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>\$ 1,100,705</u>	<u>\$ 466,413</u>	<u>\$ 1,096,498</u>	<u>\$ 1,244,427</u>	<u>\$ 2,175,683</u>	<u>\$ 1,836,008</u>	<u>\$ 503,594</u>	<u>\$ 784,827</u>	<u>\$ 636,903</u>	<u>\$ 1,793,661</u>

Source: City financial records

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

Table 5

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues										
Taxes	\$ 13,735,101	\$ 13,505,288	\$ 13,683,068	\$ 12,819,072	\$ 13,014,782	\$ 12,597,008	\$ 12,630,135	\$ 11,814,604	\$ 12,065,927	\$ 11,959,551
Licenses and permits	123,823	256,731	161,274	118,841	461,753	168,860	114,214	110,186	141,486	106,969
Intergovernmental	5,382,555	4,322,746	3,269,780	3,264,967	3,116,937	3,235,492	2,812,183	3,217,453	2,345,414	2,152,774
APG management fees	3,075,190	2,850,166	2,655,561	2,675,796	2,244,677	2,413,303	2,473,394	2,402,144	2,297,286	2,162,376
Miscellaneous	<u>1,093,047</u>	<u>568,014</u>	<u>183,701</u>	<u>584,628</u>	<u>797,253</u>	<u>731,616</u>	<u>568,642</u>	<u>393,440</u>	<u>333,174</u>	<u>432,271</u>
Total Revenues	<u>23,409,716</u>	<u>21,502,945</u>	<u>19,953,384</u>	<u>19,463,304</u>	<u>19,635,402</u>	<u>19,146,279</u>	<u>18,598,568</u>	<u>17,937,827</u>	<u>17,183,287</u>	<u>16,813,941</u>
Expenditures										
Current:										
General government	2,837,369	2,741,671	2,614,685	2,784,360	2,505,377	2,639,148	2,758,287	2,849,207	3,303,913	2,558,873
Public safety	5,530,622	5,110,387	4,514,807	4,816,928	4,556,018	5,314,162	4,456,162	4,353,357	4,302,711	4,269,346
Public works	5,016,456	4,711,760	4,557,487	4,296,156	4,200,679	5,714,237	5,500,938	4,607,440	6,501,419	6,135,578
Parks and recreation	125,577	118,853	89,965	95,096	94,107	212,601	111,165	98,922	160,314	408,207
Miscellaneous	3,684,246	3,252,644	3,542,241	3,627,120	3,300,513	3,163,131	3,306,756	3,287,148	3,193,147	2,827,280
Capital Outlay	3,628,798	2,220,817	1,192,295	4,610,674	2,223,832	-	-	-	-	-
Debt service:										
Principal	386,735	636,108	612,226	607,438	539,701	455,997	333,834	346,128	346,054	335,985
Interest	<u>53,220</u>	<u>74,017</u>	<u>98,046</u>	<u>117,435</u>	<u>131,585</u>	<u>102,302</u>	<u>94,791</u>	<u>122,823</u>	<u>124,376</u>	<u>132,917</u>
Total Expenditures	<u>21,263,023</u>	<u>18,866,257</u>	<u>17,221,752</u>	<u>20,955,207</u>	<u>17,551,812</u>	<u>17,601,578</u>	<u>16,561,933</u>	<u>15,665,025</u>	<u>17,931,934</u>	<u>16,668,186</u>
Excess of revenues over (under) expenditures	2,146,693	2,636,688	2,731,632	(1,491,903)	2,083,590	1,544,701	2,036,635	2,272,802	(748,647)	145,755
Other financing sources										
Loan proceeds, net of payments to escrow agent and issuance of refunding bonds	-	-	-	122,788	69,500	839,991	-	22,844	-	-
Transfer in (out)	(366,648)	(627,282)	(1,116,820)	(947,767)	(1,243,030)	(721,722)	(1,222,461)	(525,206)	(538,806)	(355,391)
Proceeds from sale of capital assets	<u>-</u>	<u>104,463</u>	<u>8,441</u>	<u>16,894</u>	<u>523,573</u>	<u>106,572</u>	<u>134,166</u>	<u>331,533</u>	<u>34,879</u>	<u>86,139</u>
Total other financing sources	<u>(366,648)</u>	<u>(522,819)</u>	<u>(1,108,379)</u>	<u>(808,085)</u>	<u>(649,957)</u>	<u>224,841</u>	<u>(1,088,295)</u>	<u>(170,829)</u>	<u>(503,927)</u>	<u>(269,252)</u>
Net change in fund balances	<u>\$ 1,780,045</u>	<u>\$ 2,113,869</u>	<u>\$ 1,623,253</u>	<u>\$ (2,299,988)</u>	<u>\$ 1,433,633</u>	<u>\$ 1,769,542</u>	<u>\$ 948,340</u>	<u>\$ 2,101,973</u>	<u>\$ (1,252,574)</u>	<u>\$ (123,497)</u>
Debt Service (P & I) as a percentage of non-capital expenditures	<u>2.46%</u>	<u>4.27%</u>	<u>4.42%</u>	<u>4.45%</u>	<u>4.38%</u>	<u>3.68%</u>	<u>2.92%</u>	<u>3.40%</u>	<u>3.51%</u>	<u>3.56%</u>

Source: City financial records

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

Table 6

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Income Tax</b>	<b>Highway User Tax (1)</b>	<b>Admission Tax</b>	<b>Other Local Taxes</b>	<b>Total</b>
2023	\$ 11,427,763	\$ 2,003,092	\$ -	\$ -	\$ 304,246	\$ 13,735,101
2022	11,324,961	1,981,531	-	-	198,796	13,505,288
2021	11,469,858	1,945,436	-	-	267,774	13,683,068
2020	10,943,048	1,619,607	-	-	256,417	12,819,072
2019	10,970,981	1,781,080	-	-	262,721	13,014,782
2018	11,001,139	1,325,624	-	-	270,245	12,597,008
2017	10,882,635	1,473,108	-	-	274,392	12,630,135
2016	10,050,537	1,419,567	-	66,630	277,870	11,814,604
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

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

(1) Included in Intergovernmental Revenues starting in FY 2016 to conform to the State of Maryland Uniform Financial Reporting.

Source: City financial records.

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

Table 7

<b>Fiscal Year Ending June 30,</b>	<b>Real Property</b>			<b>Real Property</b>			<b>Total Assessed Property</b>		<b>Market Value Change</b>	
	<b>Taxable Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Total Direct Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Total Direct Rate</b>	<b>Assessed Value</b>	<b>Estimated Actual Value</b>	<b>Amount</b>	<b>Percentage</b>
2023	\$ 1,565,883,849	\$ 1,565,883,849	0.6250	\$ 120,182,680	\$ 120,182,680	1.7000	\$ 1,686,066,529	\$ 1,686,066,529	\$ 42,499,040	2.59%
2022	1,527,355,659	1,527,355,659	0.6400	116,211,830	116,211,830	1.7000	1,643,567,489	1,643,567,489	11,122,861	0.68%
2021	1,520,418,978	1,520,418,978	0.6400	112,025,650	112,025,650	1.7000	1,632,444,628	1,632,444,628	69,473,626	4.44%
2020	1,449,074,242	1,449,074,242	0.6400	113,896,760	113,896,760	1.7000	1,562,971,002	1,562,971,002	17,552,319	1.14%
2019	1,429,404,008	1,429,404,008	0.6502	116,014,675	116,014,675	1.7000	1,545,418,683	1,545,418,683	(12,088,615)	-0.78%
2018	1,446,743,944	1,446,743,944	0.6502	110,763,354	110,763,354	1.7000	1,557,507,298	1,557,507,298	30,958,966	2.03%
2017	1,414,368,122	1,414,368,122	0.6566	112,180,210	112,180,210	1.7000	1,526,548,332	1,526,548,332	62,876,643	4.30%
2016	1,390,533,929	1,390,533,929	0.6600	73,137,760	73,137,760	1.7000	1,463,671,689	1,463,671,689	15,257,246	1.05%
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%

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**

<b>Fiscal Year Ending June 30,</b>	<b>City of Aberdeen</b>		<b>Harford County</b>	<b>State of Maryland</b>	<b>Total Tax Rate</b>
	<b>General Fund</b>	<b>Total Direct Rate</b>			
2023	\$ 0.6250	\$ 0.6250	\$ 0.978	\$ 0.112	\$ 1.715
2022	0.6400	0.6400	1.028	0.112	1.780
2021	0.6400	0.6400	1.042	0.112	1.794
2020	0.6400	0.6400	1.042	0.112	1.794
2019	0.6502	0.6502	1.042	0.112	1.804
2018	0.6502	0.6502	1.042	0.112	1.804
2017	0.6566	0.6566	1.042	0.112	1.811
2016	0.6600	0.6600	1.042	0.112	1.814
2015	0.6800	0.6800	1.042	0.112	1.834
2014	0.6800	0.6800	1.042	0.112	1.834

**Personal Property Tax Rate**

<b>Fiscal Year Ending June 30,</b>	<b>City of Aberdeen</b>		<b>Harford County</b>	<b>State of Maryland</b>	<b>Total Tax Rate</b>
	<b>General Fund</b>	<b>Total Direct Rate</b>			
2023	\$ 1.7000	\$ 1.7000	\$ 2.445	\$ -	\$ 4.145
2022	1.7000	1.7000	2.570	-	4.270
2021	1.7000	1.7000	2.605	-	4.305
2020	1.7000	1.7000	2.605	-	4.305
2019	1.7000	1.7000	2.605	-	4.305
2018	1.7000	1.7000	2.605	-	4.305
2017	1.7000	1.7000	2.605	-	4.305
2016	1.7000	1.7000	2.605	-	4.305
2015	1.7000	1.7000	2.605	-	4.305
2014	1.7000	1.7000	2.605	-	4.305

Source: City financial records.

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

Table 9

<b>2023</b>				
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>City Tax</b>	<b>Percentage of Total Assessment</b>
Frito-Lay, Inc.	Manufacturing	\$ 55,654,347	\$ 630,152	3.30%
BGE	Utility	29,179,590	496,053	1.73%
Northwestern Mutual Life	Warehouse	40,421,333	252,633	2.40%
HP-A Aberdeen LLC	Real Property Management	30,196,667	188,729	1.79%
913 Old Philadelphia Road LLC	Distribution Warehouse	23,191,300	144,946	1.38%
KRK Title Holder LP	Warehouse	21,902,900	136,893	1.30%
Aberdeen Hotels Baseball Park LLC	Hotel and Parking Lot	19,731,300	123,321	1.17%
Comast of Harford County	Entertainment	6,956,080	118,253	0.41%
Verizon Maryland, LLC.	Entertainment	6,351,460	107,975	0.38%
Summerlin Development LLC	Apartments	16,594,100	103,713	0.98%
<b>TOTAL</b>		<b>\$ 250,179,077</b>	<b>\$ 2,302,668</b>	<b>14.84%</b>
<b>Total Assessed Valuation</b>		<b>\$ 1,686,066,529</b>		

<b>2014</b>				
<b>Taxpayer</b>	<b>Type of Business</b>	<b>Assessed Valuation</b>	<b>City Tax</b>	<b>Percentage of Total Assessment</b>
Inland American Aberdeen	Real Property Management	\$ 31,315,800	\$ 212,947	2.23%
KRK Title Holder LP	Warehouse	25,328,900	172,237	1.80%
913 Old Philadelphia Road LLC	Distribution Warehouse	25,149,000	171,013	1.79%
Wal-Mart Real Estate	Retail	17,034,000	115,831	1.21%
Frito-Lay	Manufacturing	16,998,000	115,586	1.21%
COPT Northgate A LLC	Real Estate Investment	15,225,900	103,536	1.08%
Medline Industries, Inc.	Manufacturing	12,678,400	86,213	0.90%
Merritt - AD LLC	Real Estate Investment	12,674,800	86,189	0.90%
COPT Northgate D LLC	Real Estate Investment	12,418,800	84,448	0.88%
COPT Northgate C LLC	Real Estate Investment	12,143,600	82,576	0.86%
<b>TOTAL</b>		<b>\$ 180,967,200</b>	<b>\$ 1,230,576</b>	<b>12.86%</b>
<b>Total Assessed Valuation</b>		<b>\$ 1,403,991,333</b>		

Source: City financial records.

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

Table 10

<b>Fiscal Year Ending June 30,</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Total Tax Levy</b>
2023	\$ 11,825,893	\$ 11,737,457	99.25%	\$ -	\$ 11,737,457	99.25%
2022	11,741,887	11,639,560	99.13%	43,209	11,682,769	99.50%
2021	11,569,953	11,494,532	99.35%	50,764	11,545,296	99.79%
2020	11,182,204	11,035,890	98.69%	138,435	11,174,325	99.93%
2019	11,226,139	11,138,229	99.22%	78,368	11,216,596	99.91%
2018	11,228,263	11,152,125	99.32%	61,453	11,213,578	99.87%
2017	11,163,890	11,053,787	99.01%	59,127	11,112,914	99.54%
2016	10,257,072	10,151,760	98.97%	83,228	10,234,988	99.78%
2015	10,424,604	10,354,710	99.33%	48,406	10,403,116	99.79%
2014	10,186,068	10,108,621	99.24%	69,601	10,178,222	99.92%

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	Financed Purchases	Total Governmental Activities	General Obligation Bonds	Loans Payable	Financed Purchases	Total Business- Type Activities			
2023	\$ 1,461,824	\$ -	\$ 2,751	\$ 1,464,575	\$ 3,163,138	\$ 3,862,078	\$ 688	\$ 7,025,904	\$ 8,490,479	N/A	\$ 504
2022	1,721,470	-	130,609	1,852,079	3,656,557	4,290,712	4,578	7,951,847	9,803,926	N/A	603
2021	2,129,299	-	361,901	2,491,200	4,211,219	4,934,165	8,097	9,153,481	11,644,681	N/A	716
2020	2,528,328	-	576,543	3,104,871	5,130,683	7,141,591	11,300	12,283,574	15,388,445	N/A	961
2019	2,918,657	-	673,093	3,591,750	6,150,382	7,839,291	14,234	14,003,907	17,595,657	N/A	1,096
2018	3,299,987	-	764,194	4,064,181	7,148,282	8,527,198	-	15,675,480	19,739,661	N/A	1,230
2017	3,682,416	-	-	3,682,416	7,985,881	9,251,479	-	17,237,360	20,919,776	N/A	1,340
2016	3,994,800	5,934	-	4,000,734	8,834,300	8,382,489	-	17,216,789	21,217,523	N/A	1,362
2015	3,815,000	507,062	-	4,322,062	9,584,500	8,849,271	-	18,433,771	22,755,833	N/A	1,474
2014	4,110,000	558,116	-	4,668,116	10,440,300	9,369,267	-	19,809,567	24,477,683	N/A	1,619

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

<b>Fiscal Year Ending June 30,</b>	<b>Population</b>	<b>Estimated Actual Assessed Value (2)</b>	<b>Governmental Gross Bonded Debt (1)</b>	<b>Business-Type Gross bonded Debt (1)</b>	<b>Total Gross Bonded Debt</b>	<b>Less Amounts to be paid with Restricted Resources (3)</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Actual Assessed Value</b>	<b>Net Bonded Debt Per Capita</b>
2023	16,859	\$1,686,066,529	\$ 1,461,824	\$ 7,025,216	\$ 8,487,040	\$ -	\$ 8,487,040	0.50%	\$ 503
2022	16,254	1,643,567,489	1,721,470	7,947,269	9,668,739	-	9,668,739	0.59%	595
2021	16,254	1,632,444,628	2,129,299	9,145,384	11,274,683	-	11,274,683	0.69%	694
2020	16,019	1,562,971,002	2,528,328	12,272,274	14,800,602	-	14,800,602	0.95%	924
2019	16,053	1,545,418,683	2,918,657	13,989,673	16,908,330	-	16,908,330	1.09%	1,053
2018	16,049	1,557,507,298	3,299,987	15,675,480	18,975,467	-	18,975,467	1.22%	1,182
2017	15,612	1,526,548,332	3,682,416	17,237,360	20,919,776	-	20,919,776	1.37%	1,340
2016	15,580	1,463,671,689	4,000,734	17,216,789	21,217,523	-	21,217,523	1.45%	1,362
2015	15,434	1,448,414,443	4,322,062	18,433,771	22,755,833	-	22,755,833	1.57%	1,474
2014	15,120	1,403,991,333	4,668,116	19,809,567	24,477,683	-	24,477,683	1.74%	1,619

(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.

(2) Table 7

(3) Debts paid from dedicated 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, 2023**

Table 13

<b>TOTAL ASSESSED VALUE OF PROPERTY</b>	<u>\$ 1,686,066,529</u>
Debt limit 15%	252,909,979
Amount of debt applicable to debt limit	<u>1,464,575</u>
<b>LEGAL DEBT MARGIN</b>	<u><u>\$ 251,445,404</u></u>

	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to the Town</b>	<b>Share of Debt Outstanding</b>
<b>DIRECT DEBT OF THE CITY</b>	<u>\$ 1,464,575</u>	100%	<u>\$ 1,464,575</u>
Indirect debt:			
Harford County	<u>610,598,877 <sup>2</sup></u>	5.19% <sup>1</sup>	<u>31,690,082</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u><u>\$ 612,063,452</u></u>		<u><u>\$ 33,154,657</u></u>

<sup>1</sup> Rate of assessed value in the City  
to total assessed value of the County

<u>\$ 1,686,066,529</u>
<u><u>\$ 32,468,611,248</u></u>

<sup>2</sup> 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 Fiscal Years**

Table 14

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit	\$ 252,909,979	\$ 246,535,123	\$ 244,866,694	\$ 234,445,650	\$ 231,812,802	\$ 233,626,095	\$ 228,982,250	\$ 219,550,753	\$ 217,262,166	\$ 210,598,700
Total net debt applicable to limit	<u>8,487,040</u>	<u>9,668,739</u>	<u>11,274,683</u>	<u>14,800,602</u>	<u>16,908,330</u>	<u>18,975,467</u>	<u>20,919,776</u>	<u>21,217,523</u>	<u>22,755,833</u>	<u>24,477,683</u>
Legal debt margin	<u>\$ 244,422,939</u>	<u>\$ 236,866,384</u>	<u>\$ 233,592,011</u>	<u>\$ 219,645,048</u>	<u>\$ 214,904,472</u>	<u>\$ 214,650,628</u>	<u>\$ 208,062,474</u>	<u>\$ 198,333,230</u>	<u>\$ 194,506,333</u>	<u>\$ 186,121,017</u>
Total net debt applicable to the limit as a percentage of debt limit	3.36%	3.92%	4.60%	6.31%	7.29%	8.12%	9.14%	9.66%	10.47%	11.62%

Source: City financial records

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

Table 15

<b>Fiscal Year Ending June 30,</b>	<b>(1) Estimated Population</b>	<b>(2) Per Capita Income</b>	<b>(2) Personal Income (000s)</b>	<b>(2) Median Age</b>	<b>(2) School Enrollment</b>	<b>(2) Unemployment Rate</b>
2023	16,859	\$ 75,336	\$ 20,002,217	Not Available	38,037	1.5%
2022	16,254	70,851	18,721,655	40.4	37,897	4.3%
2021	16,254	66,633	17,523,077	40.8	37,333	5.7%
2020	16,019	62,868	16,416,097	40.9	38,429	7.2%
2019	16,053	59,333	15,403,672	40.6	37,826	3.7%
2018	16,049	56,965	14,665,878	40.6	37,780	4.1%
2017	15,612	55,490	14,153,654	40.3	37,426	4.2%
2016	15,580	53,702	13,593,278	40.1	37,448	4.4%
2015	15,434	52,025	13,106,665	39.9	37,537	5.5%
2014	15,120	50,316	12,641,106	39.8	37,842	6.0%

(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, 2023. Median Age information was not available.



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

Table 16

<b>2023</b>			
<b>Company</b>	<b>Number Employed</b>	<b>Percentage of Total County Employment</b>	<b>Product/Service</b>
U.S. Army Aberdeen Proving Ground	21,000	22.80%	Government
Harford County Public Schools	5,625	6.11%	Government
UM Upper Chesapeake Medical Center	3,305	3.59%	Healthcare
Harford County Government	1,554	1.69%	Government
Amazon Sorting Center MTN2	1,428	1.55%	Education
Kleins Shop Rites of Maryland	1,400	1.52%	Retail
Kohl's E-Fulfillment Center	1,200	1.30%	Groceries
Harford Community College	954	1.04%	Warehouse
Rite Aid Mid-Atlantic Customer Dist. Ctr.	900	0.98%	Retail
Frito Lay, Inc.	810	0.88%	Manufacturing
	<b>38,176</b>	<b>41.46%</b>	
Total Employees in Harford County (Data available for county only)	<b>92,106</b>	<b>100.00%</b>	

<b>2014</b>			
<b>Company</b>	<b>Number Employed</b>	<b>Percentage of Total County Employment</b>	<b>Product/Service</b>
U.S. Army Aberdeen Proving Ground	16,221	19.00%	Government
Harford County Public Schools	5,256	6.16%	Government
Upper Chesapeake Health	3,129	3.66%	Healthcare
Harford County Government	1,605	1.88%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,167	1.37%	Retailer
Harford Community College	1,029	1.21%	Education
Jacobs Technology	905	1.06%	Warehouse
Kleins Shoprite	865	1.01%	Technology
Sephora Central Distribution	800	0.94%	Groceries
SAIC	499	0.58%	Groceries
	<b>31,476</b>	<b>36.87%</b>	
Total Employees in Harford County (Data available for county only)	<b>85,379</b>	<b>100.00%</b>	

Source: Harford County CAFR

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

Table 17

	<b>Full-time Equivalent City Government Employees by Function</b>									
<b>Function</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	6	6	6	6	6	6	6	8	8	7
Finance	9	8	8	9	8	8	8	6	6	6
Planning	3	3	3	3	3	3	3	3	3	3
Human Resources	2	2	2	2	2	2	2	2	1	1
Building Custodian	-	-	-	-	-	1	1	1	1	1
Public Safety										
Police										
Officers	44	43	43	43	42	42	42	40	40	40
Civilians	19	19	19	19	17	15	15	14	14	14
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	92	91	91	87	84	83	81	79	79	81
Sanitation	9	9	9	7	7	7	7	7	7	7
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>190</b>	<b>187</b>	<b>187</b>	<b>182</b>	<b>175</b>	<b>173</b>	<b>171</b>	<b>166</b>	<b>165</b>	<b>166</b>

Source: City Fiscal Year Budgets

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

Table 18

<b>Function</b>	<b>Fiscal Year</b>									
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>General Government</b>										
Construction Permits Issued	374	373	366	315	260	285	56	57	94	42
Estimated Value of Construction	\$ 24,648,772	\$ 74,571,109	\$ 150,866,974	\$ 47,810,266	\$ 24,961,346	\$ 25,009,513	\$ 30,009,640	\$ 32,693,069	\$ 86,276,604	\$ 21,979,857
<b>Public Safety</b>										
Traffic Contacts	3,426	6,169	6,738	8,959	9,977	3,999	11,625	7,399	3,885	7,072
Calls for Service	26,393	42,135	56,148	47,604	32,910	24,080	30,103	31,763	33,683	27,095
<b>Public Works</b>										
Street Resurfacing (miles)	1.14	1.85	3.13	2.76	5.14	1.90	3.52	1.65	0.48	5.07
Sidewalk Replacement/Repair (miles)	0.01	0.31	0.12	0.13	0.29	2.00	0.25	1.90	0.50	1.00
Stormwater Ponds Managed	10	10	10	10	8	9	9	15	15	14
<b>Recreation</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Water</b>										
New Connections	8	289	337	39	6	6	52	46	166	87
Water Main/Lateral Breaks	30.0	39.0	51.0	29.0	59.0	63.0	27.0	29.0	38.0	36.0
Average Daily Consumption (millions of gallons)	1.350	1.380	1.380	1.306	1.305	1.300	1.313	1.287	1.364	1.351
<b>Sewer</b>										
Sewer Main/Lateral Breaks	59.0	22.0	35.0	14.0	7.0	5.0	10.0	12.0	15.0	37.0
Average Daily Sewage Treatment (millions of gallons)	1.67	1.74	1.79	1.65	2.12	1.90	1.60	1.71	1.97	2.17

Source: Various City departments

**Capital Assets by Function  
Last Ten Fiscal Years**

Table 19

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Function</b>										
<b>Public Safety - Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	58	48	48	48	54	54	48	48	50	52
<b>Highways and Streets</b>										
Streets (miles)	61.13	61.13	74.97	74.97	74.97	74.03	72.92	72.6	72.92	72.92
Storm Sewers (miles)	64.96	64.52	59.09	50.65	50.65	50.00	48.81	39.05	39.01	20.10
Catch Basins	2,060	2,053	1,918	1,954	1,954	1,916	1,862	1,835	1,913	1,913
Street Lights	1,564	1,574	1,573	1,512	1,512	1504	1505	110	110	1,753
<b>Culture and Recreation</b>										
Number of Parks/Playgrounds	10	10	13	11	11	10	10	10	11	8
Park Acreage	57.47	57.25	58.63	82.55	82.55	69.15	91.87	91.87	93.01	36.67
Tennis Courts		1	1	1	1	1	1	1	1	1
<b>Water</b>										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	14	14	14	14	14	14	14	14	14	14
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	4	4	4	4	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.40	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Number of Customer Accounts	5,223	5,217	5,207	5,135	5,131	5,128	5,112	5,072	4,999	4,986
Water Mains (miles)	95.19	92.75	92.46	89.84	89.84	88.84	87.09	86.89	82.92	82.92
Fire Hydrants	664	658	656	610	610	601	590	587	552	552
<b>Wastewater</b>										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Maximum Daily Treatment Capacity (million gallons)	4.00	4	4	4	4	4	4	4	4	4
Pumping Stations	11	11	11	11	11	11	11	11	11	11
Sanitary Sewers (miles)	77.10	77.1	75.8	76.76	76.76	76.35	74.86	74.86	75.12	75.06

Source: Various city departments