

City Of Aberdeen, Maryland

Comprehensive Annual Financial Report
June 30, 2012

Table Of Contents

Introductory Section

Letter Of Transmittal	1 – 4
GFOA Certificate Of Achievement	5
Organizational Chart	6
List Of Elected And Appointed Officials	7

Financial Section

Independent Auditor's Report	8 – 9
Management's Discussion And Analysis	10 – 20

Basic Financial Statements

Government-wide Financial Statements:

Statement Of Net Assets	21
Statement Of Activities	22

Fund Financial Statements:

Balance Sheet – Governmental Funds	23
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Assets	24
Statement Of Revenues, Expenditures, And Changes In Fund Balances – Governmental Funds	25
Reconciliation Of The Governmental Funds Statement Of Revenues, Expenditures, And Changes In Fund Balances To The Statement Of Activities	26
Statement Of Revenues, Expenditures, And Changes In Fund Balance – Budget And Actual – General Fund	27
Statement Of Net Assets – Proprietary Funds	28
Statement Of Revenues, Expenses, And Changes In Fund Net Assets – Proprietary Funds	29
Statement Of Cash Flows – Proprietary Funds	30
Statement Of Fiduciary Net Assets – Pension Trust Funds	31
Statement Of Changes In Fiduciary Net Assets – Pension Trust Funds	32

Notes To Basic Financial Statements	33 – 62
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Required Supplementary Information:

Defined Benefit Pension Plan – Schedule Of Employer Contributions And Funding Progress	63
Police Department Defined Benefit Pension Plan – Schedule Of Employer Contributions And Funding Progress	64
Other Post Employment Benefits (OPEB) – Schedule Of Employer Contributions And Funding Progress	65

Other Supplementary Information:

Schedule Of Revenues And Other Financing Sources – Budget and Actual – General Fund	66 – 67
Schedule Of Expenditures And Other Financing Uses – Budget And Actual – General Fund	68 – 69
Schedule Of Revenues, Expenditures And Other Financing Sources (Uses) – Budget and Actual – Capital Projects Fund	70

Table Of Contents (Continued)

Statistical Section	
Narrative	71
Net Assets By Component	72
Changes In Net Assets	73
Governmental Activities Tax Revenues By Source	74
Fund Balances Of Governmental Funds	75
Changes In Fund Balances Of Governmental Funds	76
General Governmental Tax Revenues By Source	77
Assessed Value And Estimated Actual Value Of Taxable Property	78
Property Tax Rates – Direct And Overlapping Governments	79
Principal Property Taxpayers	80
Property Tax Levies And Collections	81
Ratios Of Outstanding Debt By Type	82
Ratios Of Net General Obligation Bonded Debt To Asset Assessed Value and Net General Obligation Bonded Debt Per Capita	83
Debt Computations	84
Legal Debt Margin Information	85
Demographic And Economic Statistics	86
Principal Employers	87
Full-time Equivalent City Government Employees By Function	88
Operating Indicators By Function	89
Capital Asset Statistics By Function	90



October 31, 2012

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

The City of Aberdeen's comprehensive annual financial report for the year ended June 30, 2012, 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 McGladrey LLP, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City of Aberdeen for the fiscal year ended June 30, 2012 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements for City of Aberdeen for the fiscal year ended June 30, 2012 are fairly presented in

conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Aberdeen was incorporated in 1892. The City is a full service municipality providing water and wastewater utilities, public safety, planning, public works, and environmental and administrative services to a populous of 14,959 citizens. Services are provided through a Mayor and Council form of government with a City Manager serving as the Chief Operating Officer.

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

Pursuant to City Charter, the Mayor presents the capital and operating budgets to the City Council during April of each year. The City Council holds public hearings regarding the budgets and, prior to July 1, passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the fund level for the operations of the City Government with unexpended or unencumbered appropriation authority expiring the following June 30. The appropriated budgets are prepared by fund and department. Expenditures of the funds may not legally exceed appropriations at the fund level. During the fiscal year, the City Council may adopt supplemental appropriations. A Statement of Revenues, Expenditures, and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the two major governmental funds which adopted an annual budget, and can be found on pages 66 through 70 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy - Aberdeen has a rich history as a military community and is home to the United States Army's Aberdeen Proving Ground. Aberdeen Proving Ground (APG) was established on October 20, 1917 and is the U.S. Army's oldest active testing and evaluation facility. As a center for Army material testing, laboratory research and military training, the post is a key element in the nation's defense. APG is one of the Army's finest test, evaluation, research, development, engineering and training installations in the world.

In 2005, Congress completed its BRAC (Base Realignment and Closure) process. APG had had its mission changed from ordinance development, testing and training to high tech electronic research and development. As a result, it is projected that jobs at APG will grow from 17,450 to between 27,000 and 32,000, including contractors, by 2015. These new personnel will have higher skill levels and incomes than those that they replace. This will impact positively on the local economy.

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

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

The water and sewer systems will continue to be the primary focus for the City in years to come. The City is also looking into ways to increase its water production capability as well as its water storage capability. On the wastewater side, the City must undertake mandated ENR (Enhanced Nutrient Removal) upgrades at its wastewater plant. In addition, some related upgrades and long term maintenance projects must be completed at the wastewater plant.

Like many other Maryland wastewater plants, the Aberdeen plant is mandated to upgrade to an ENR process. This mandated upgrade will also require other additional additions to the plant. Construction has begun on these projects and is expected to be completed in FY 2013. These projects are estimated to cost about \$25 million. The upgrades are financed through grants and loans administered by the Maryland Department of the Environment.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Aberdeen for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

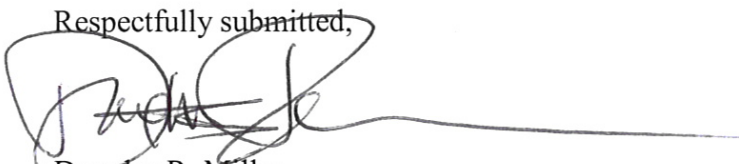
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Douglas R. Miller
City Manager



Opiribo Jack, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Aberdeen
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



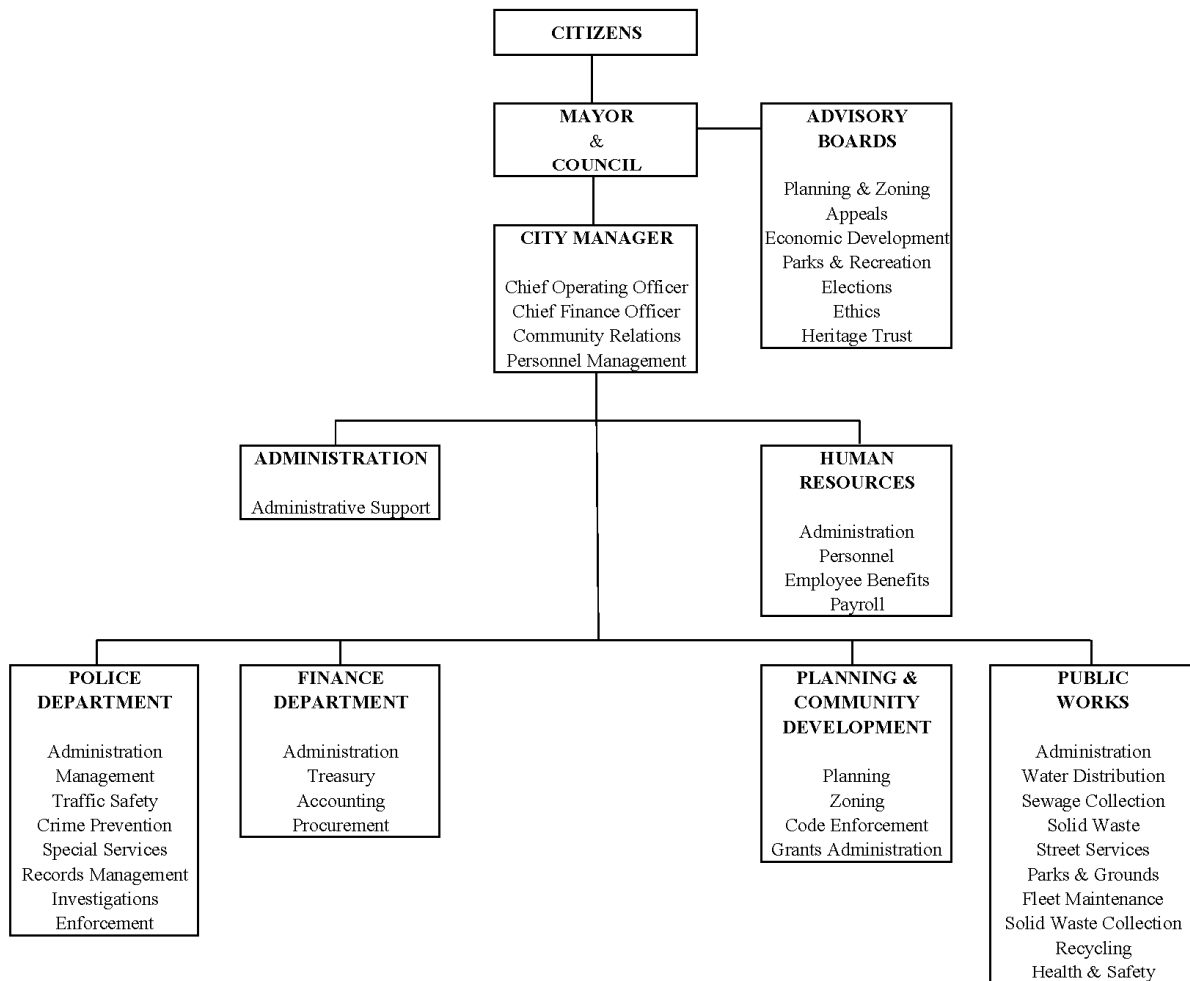
Linda C. Danison

President

Jeffrey R. Enos

Executive Director

CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN
HARFORD COUNTY, MARYLAND
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2012

ELECTED OFFICIALS

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

APPOINTED OFFICIALS

City Manager	Mr. Douglas Miller
City Clerk	Mrs. Monica A. Correll
Director of Finance	Mr. Opiribo Jack
Police Chief	Mr. Henry Trabert
Director of Public Works	Mr. Matthew Lapinsky
Director of Planning & Community Development	Mrs. Phyllis Grover
City Attorneys	Stark & Keenan, PA
Bond Counsel	Royston, Mueller, McLean & Reid, LLP



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aberdeen, Maryland as of and for the year ended June 30, 2012, which collectively comprise the City of Aberdeen, Maryland's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Aberdeen, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aberdeen, Maryland as of June 30, 2012 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2012 on our consideration of the City of Aberdeen, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Employer Contributions and of Funding Progress for the Defined Benefit Pension Plan, the Police Department Defined Benefit Pension Plan and the Other Post Employment Benefits on pages 10 through 20 and 63 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Aberdeen, Maryland's basic financial statements. The other schedules, listed in the table of contents as other supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Aberdeen, Maryland. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules, listed in the table of contents as other supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Aberdeen, Maryland's basic financial statements. The accompanying introductory and statistical section, as listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Frederick, Maryland
October 31, 2012

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

Introduction

As management of the City of Aberdeen, Maryland (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. The Management's Discussion and Analysis (MD&A) is best understood if read in conjunction with the City's basic financial statements.

Financial Highlights

1. The City's assets exceeded its liabilities at the close of the most recent fiscal year by \$58.9 million (*net assets*). Of this amount, \$9.8 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
2. The City's total net assets increased \$11.6 million. Most of this increase is attributable to increases in property tax revenues, water fund operating grants and contributions, and sewer fund capital grants and contributions.
3. The City's total long-term liabilities increased by \$4.6 million during the current fiscal year from \$23.2 million to \$27.8 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 \$9.5 million. This represents an increase of \$2.7 million over the prior year. About 90.0% (\$8.5 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 \$8.5 million or 71.9% of total General Fund expenditures.

Overview of the Financial Statements

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

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, parks and recreation, municipal buildings, and economic and community development. The business-type activities of the City include water, sewer, and stadium operations.

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aberdeen, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual governmental funds – the General, Capital Projects, and Special Revenue funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all three governmental funds.

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

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

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 33 to 62 of this report.

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 63 to 65 of this report. Other supplementary information as noted in the table of contents can be found on pages 66 to 70 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$58.9 million at the close of the most recent fiscal year. City of Aberdeen net assets are divided into three categories – invested in capital assets (net of related debt), restricted net assets and unrestricted net assets.

The largest portion of the City's net assets (81.2%) reflects its investment in capital assets net of depreciation (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements); less any un-matured debt used to acquire these assets. The debt used to acquire these assets must be repaid using other financial resources because the assets themselves cannot be used for repayment.

Restricted net assets represent 2.2% of total net assets. Restricted net assets are resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of the government-wide financial statements have a balance of \$9.8 million (16.7% of total net assets) that may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's net assets experienced a 24.4% increase. This reflects the increase in tax revenues, water fund operating grants and contributions, and sewer fund capital grants and contributions.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2012

The following table summarizes the net assets for governmental and business-type activities as of June 30, 2012 and 2011:

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 11,602	\$ 9,012	\$ 5,448	\$ 1,845	\$ 17,050	\$ 10,857
Capital assets, net	18,735	18,585	53,895	43,927	72,630	62,512
Total assets	30,337	27,597	59,343	45,772	89,680	73,369
Liabilities						
Long-term liabilities	7,707	7,394	20,048	15,767	27,755	23,161
Other liabilities	1,728	1,747	1,257	1,075	2,985	2,822
Total liabilities	9,435	9,141	21,305	16,842	30,740	25,983
Net Assets						
Invested in capital assets, net of related debt	13,404	13,080	34,441	29,693	47,845	42,773
Restricted	509	425	763	331	1,272	756
Unrestricted	6,989	4,951	2,834	(1,094)	9,823	3,857
Total Net Assets	\$ 20,902	\$ 18,456	\$ 38,038	\$ 28,930	\$ 58,940	\$ 47,386

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2012

The following table indicates the changes in net assets for governmental and business-type activities for the years ended June 30, 2012 and 2011:

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for service	\$ 2,492	\$ 2,705	\$ 5,577	\$ 6,253	\$ 8,069	\$ 8,958
Operating grants/contributions	1,394	1,237	2,577	-	3,971	1,237
Capital grants/contributions	420	21	6,552	5,335	6,972	5,356
General revenues:						
Property taxes	10,146	9,653	-	-	10,146	9,653
State shared taxes	1,183	1,320	-	-	1,183	1,320
Miscellaneous	272	283	170	50	442	333
Total revenues	15,907	15,219	14,876	11,638	30,783	26,857
Program Expenses						
General government	3,467	3,058	-	-	3,467	3,058
Public safety	5,306	5,409	-	-	5,306	5,409
Public works	3,974	3,878	-	-	3,974	3,878
Parks and recreation	72	71	-	-	72	71
Interest on long-term debt	255	301	-	-	255	301
Utilities and other enterprise funds	-	-	6,155	5,851	6,155	5,851
Total expenses	13,074	12,717	6,155	5,851	19,229	18,568
Increase in net assets before transfers	2,833	2,502	8,721	5,787	11,554	8,289
Transfers	(387)	(292)	387	293	-	-
Increase in net assets	2,446	2,210	9,108	6,080	11,554	8,289
Net Assets, July 1	18,456	16,246	28,930	22,850	47,386	39,097
Net Assets, June 30	\$ 20,902	\$ 18,456	\$ 38,038	\$ 28,930	\$ 58,940	\$ 47,386

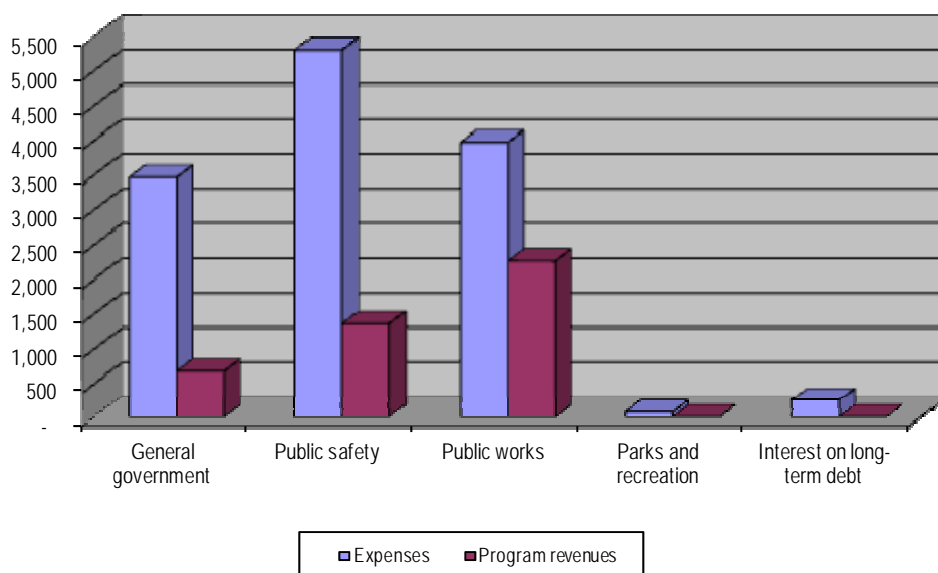
Governmental activities: The increase in net assets for governmental activities was \$2.4 million. The line items that had significant increases compared to 2011 are listed below:

- Property taxes increased by \$493 thousand or 5.1% during the year. This increase is due to new growth and increased property values as assessed by the State Department of Assessments and Taxation. Most other revenues did not change significantly from the prior year.
- Capital grants from the state and county increased by \$399 thousand.
- Expenses increased by \$357 thousand or 2.8% from the prior year. The increase can be largely attributed to street and sidewalk repairs.

City of Aberdeen, Maryland Management's Discussion and Analysis June 30, 2012

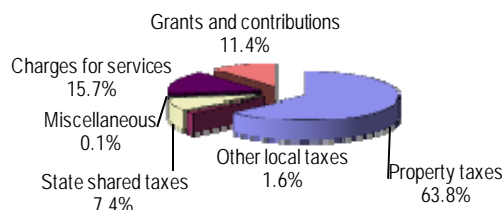
The following chart compares the Expenses and Program Revenues of the City's Governmental Activities:

Expenses and Program Revenues Governmental Activities (000)



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

Revenues by Source Governmental Activities

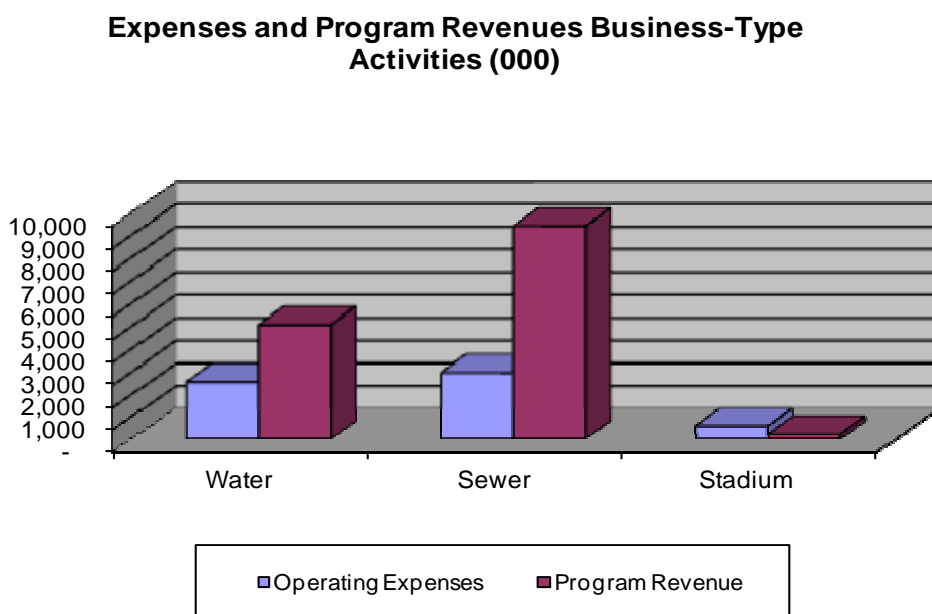


Business-type Activities: Business-type activities increased the City's net assets by \$9.1 million, which is \$3.0 million more than the increase from 2010 to 2011. Key elements of this increase are as follows:

- Capital grants and contributions increased \$1.2 million due to increased state funding for capitalized upgrades to the wastewater treatment plant, which resulted in program revenue significantly exceeding expenses.
- Operating grants and contributions increased by \$2.6 million due to a class action lawsuit settlement to cover the cleanup costs of soil contamination.
- Business-type expenses remained relatively consistent with the previous year. Payments for upgrades to the wastewater treatment plant have been capitalized and therefore, are not recorded as expenses when incurred.

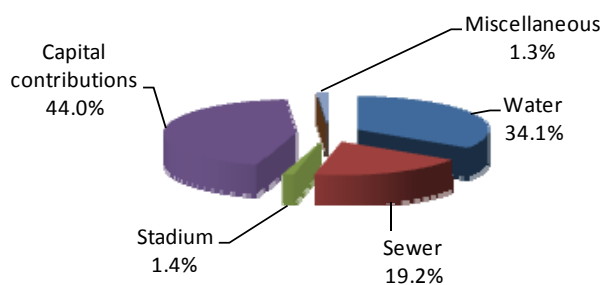
City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2012

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



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

Revenues by Source Business-Type Activities



City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Aberdeen's governmental funds reported combined ending balances of \$9.5 million, an increase of \$2.7 million in comparison with the prior year. Approximately 90.0% of this total amount (\$8.5 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, inventory, and long-term receivables (\$25 thousand), 2) restricted for community development (\$508 thousand), and 3) assigned balances for public safety, public works, storm water management and capital projects (\$417 thousand).

The General Fund is the chief operating fund of the City of Aberdeen. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8.5 million, which represents 99.6% of total fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 71.9% of total General Fund expenditures, while total fund balance represents 72.2% of that same amount. The General Fund balance increased by \$2.7 million during the current fiscal year. The key elements are:

- Total revenues increased compared to the prior year by \$509 thousand.
- Taxes increased \$581 thousand due to new growth and increased property values as assessed by the State Department of Assessment and Taxation.
- Total expenditures remained relatively consistent with the prior year.

Financial resources of the Capital Project Fund are used in the acquisition or construction of major capital projects not financed by the proprietary funds. At the end of the current fiscal year, fund balance of \$160 thousand was assigned to storm water management, and the remaining fund balance of \$248 thousand was assigned to capital projects for a total fund balance of \$408 thousand. The fund balance increased by \$67 thousand during the current fiscal year. The key elements are:

- Intergovernmental revenues increased from the prior year by \$199 thousand largely due to higher Community Development Block Grant revenue and one-time state and county grants.
- The increase in revenue was offset with a \$533 thousand increase in expenditures.
- Operating transfers in from the General Fund increased by \$369 thousand.

Proprietary funds. The City of Aberdeen's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the three funds at the end of the year amounted to a surplus of \$3.4 million for the Water Fund, a deficit of \$777 thousand for the Sewer Fund, and a surplus of \$222 thousand for the Stadium Fund. The total net assets increased by \$9.1 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Aberdeen's business-type activities.

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

General Fund Budgetary Highlights

The final budget for the General Fund was increased \$120 thousand (0.4%) over the original budget to adjust for situations arising during the year. The most significant increases relate to a \$63 thousand increase for swimming pool repairs, and a \$44 thousand increase for a security camera system, and a \$4.5 million increase to refund certain existing general obligation bonds.

Property taxes were \$816 thousand higher than budgeted due to higher growth and property values than initially assessed. Income tax was \$341 thousand higher than budgeted because more people were employed than anticipated. APG Management Fees were \$251 thousand higher than budgeted because the Army's budget and operations were more than projected for the year.

Capital Asset and Debt Administration

Capital assets. The City of Aberdeen's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$72.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment (including vehicles), infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total increase in City of Aberdeen's investment in capital assets for the current fiscal year was \$10.1 million or 16.2% (a 0.8% increase for governmental activities and a 22.7% increase for business-type activities). The major capital asset activities in the current year included water system capital projects totaling approximately \$1.3 million and upgrades to the waste water treatment plant totaling approximately \$9.5 million.

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

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2012	2011	2012	2011	2012	2011
Land	\$ 4,470	\$ 4,471	\$ 1,963	\$ 1,904	\$ 6,433	\$ 6,375
Buildings	5,216	5,220	15,194	15,672	20,410	20,892
Improvements other than buildings	8	9	22	22	30	31
Machinery and equipment	1,033	1,058	1,770	1,573	2,803	2,631
Vehicles	469	564	-	-	469	564
Recreational facilities	230	201	-	-	230	201
Infrastructure	7,309	6,942	-	-	7,309	6,942
Water and sewer systems	-	-	16,319	15,360	16,319	15,360
Construction in progress	-	120	18,627	9,396	18,627	9,516
Total	\$ 18,735	\$ 18,585	\$ 53,895	\$ 43,927	\$ 72,630	\$ 62,512

Additional information on the City of Aberdeen's capital assets can be found in Note 6 on pages 44 and 45 of this report.

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2012

Long-term debt. At the end of the current fiscal year, the City of Aberdeen had total long-term liabilities outstanding of \$27.8 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's Outstanding Long-term Liabilities

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 4,670	\$ 4,758	\$ 12,092	\$ 12,669	\$ 16,762	\$ 17,427
Notes payable	660	711	7,522	2,759	8,182	3,470
Financing agreement	-	36	-	-	-	36
Compensated absences	495	391	102	117	597	508
Net pension obligation	103	112	-	-	103	112
OPEB obligation	1,778	1,386	272	222	2,050	1,608
Premiums (discounts), net	1	-	60	-	61	-
Total	\$ 7,707	\$ 7,394	\$ 20,048	\$ 15,767	\$ 27,755	\$ 23,161

During the current fiscal year, the City of Aberdeen's total long-term liabilities increased by \$4.6 million or 19.8%. The City obtained loans from the Maryland Department of the Environment for wastewater treatment plan upgrades with proceeds totaling approximately \$5 million during the year. The City has strictly adhered to its debt repayment amortization schedules.

The amount of general obligation debt the City of Aberdeen may issue is not limited by State statute or local ordinance. However, the City adheres to a fiscal policy adopted by its elected officials that prohibits general obligation debt from exceeding 15% of the assessed value of taxable property. The City was in full compliance at June 30, 2012. Additional information on the City of Aberdeen's long-term liabilities can be found in Note 7, pages 46 through 49 of this report.

Economic Factors and Next Year's Budgets and Rates

- Regional employment that also impacts the City has been stable and is expected to remain stable. Harford County unemployment rates are lower than many other Maryland counties and Maryland unemployment rates are lower than most states in the country.
- The U.S. Army is currently adding jobs (mostly civilian) to the Aberdeen Proving Grounds as a result of BRAC (Base Realignment and Closure). Additionally there is expected to be more employment opportunities within the private sector which will support the Government jobs expansion.
- New construction, both residential and commercial, is expected to continue at a moderate rate, which will impact the real estate tax base.
- The real estate tax rate remains unchanged at \$0.6800 per \$100 of assessed value for the FY 2013 budget.
- The water and sewer base rates remain unchanged at \$14.50 and \$17.02 respectively for the FY 2013 budget.

All of these factors were considered in preparing the City of Aberdeen's budget for fiscal year 2013.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2012

Requests for Information:

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

City Of Aberdeen, Maryland

Statement Of Net Assets

June 30, 2012

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
Assets			
Cash and cash equivalents	\$ 8,191,330	\$ 4,138,964	\$ 12,330,294
Receivables, current	1,287,421	2,553,221	3,840,642
Prepays	9,431	3,912	13,343
Internal balances	1,913,472	(1,913,472)	-
Inventory	11,387	89,790	101,177
Receivables, noncurrent	87,939	235,355	323,294
Deferred charges	101,272	218,884	320,156
Temporarily restricted assets - cash	-	121,000	121,000
Capital assets:			
Nondepreciable assets	4,471,113	20,588,379	25,059,492
Net of accumulated depreciation	14,263,250	33,306,494	47,569,744
Total assets	30,336,615	59,342,527	89,679,142
Liabilities			
Line of credit	394,981	-	394,981
Accounts payable	283,083	1,088,599	1,371,682
Accrued liabilities	259,699	168,359	428,058
Unearned revenue	389,346	-	389,346
Other liabilities	400,107	-	400,107
Noncurrent liabilities:			
Due within one year	594,199	1,244,547	1,838,746
Due in more than one year	7,113,231	18,803,188	25,916,419
Total liabilities	9,434,646	21,304,693	30,739,339
Net Assets			
Invested in capital assets, net of related debt	13,404,341	34,440,815	47,845,156
Restricted for:			
Community development	508,400	-	508,400
Debt service	-	763,330	763,330
Unrestricted	6,989,228	2,833,689	9,822,917
Total net assets	\$ 20,901,969	\$ 38,037,834	\$ 58,939,803

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Activities

Year Ended June 30, 2012

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 3,466,644	\$ 348,916	\$ 56,253	\$ 274,097	\$ (2,787,378)	\$ -	\$ (2,787,378)
Public safety	5,305,825	69,048	1,144,542	145,726	(3,946,509)	-	(3,946,509)
Public works	3,974,061	2,074,107	193,082	-	(1,706,872)	-	(1,706,872)
Parks and recreation	71,590	-	-	-	(71,590)	-	(71,590)
Interest on long-term debt	255,227	-	-	-	(255,227)	-	(255,227)
Total governmental activities	13,073,347	2,492,071	1,393,877	419,823	(8,767,576)	-	(8,767,576)
Business-type activities:							
Water	2,578,348	2,501,549	2,577,140	-	-	2,500,341	2,500,341
Sewer	2,982,631	2,861,174	-	6,551,525	-	6,430,068	6,430,068
Stadium	594,530	214,556	-	-	-	(379,974)	(379,974)
Total business-type activities	6,155,509	5,577,279	2,577,140	6,551,525	-	8,550,435	8,550,435
Total primary government	\$ 19,228,856	\$ 8,069,350	\$ 3,971,017	\$ 6,971,348	(8,767,576)	8,550,435	(217,141)
General revenues:							
Property tax					10,145,968	-	10,145,968
Other local taxes					258,102	-	258,102
State shared taxes, unrestricted					1,183,456	-	1,183,456
Interest earnings					13,672	169,967	183,639
Transfers					(387,507)	387,507	-
Total general revenues and transfers					11,213,691	557,474	11,771,165
Change in net assets					2,446,115	9,107,909	11,554,024
Net assets:							
Beginning					18,455,854	28,929,925	47,385,779
Ending					\$ 20,901,969	\$ 38,037,834	\$ 58,939,803

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Balance Sheet - Governmental Funds

June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,355,693	\$ 320,602	\$ 515,035	\$ 8,191,330
Receivables (net of allowance for uncollectibles)	1,076,603	193,088	105,669	1,375,360
Due from other funds	1,884,246	-	40,385	1,924,631
Prepays	9,431	-	-	9,431
Inventory	11,387	-	-	11,387
Total assets	\$ 10,337,360	\$ 513,690	\$ 661,089	\$ 11,512,139
Liabilities				
Line of credit	\$ 394,981	\$ -	\$ -	\$ 394,981
Accounts payable	228,106	2,100	52,877	283,083
Due to other funds	7,969	3,190	-	11,159
Accrued liabilities	259,699	-	-	259,699
Earned but not available revenue	298,543	-	-	298,543
Deferred revenue	189,082	-	200,264	389,346
Other liabilities	400,107	-	-	400,107
Total liabilities	1,778,487	5,290	253,141	2,036,918
Fund Balances				
Non-spendable:				
Prepays	9,431	-	-	9,431
Inventory	11,387	-	-	11,387
Receivables	3,795	-	-	3,795
Restricted:				
Community development	-	508,400	-	508,400
Assigned:				
Public safety	7,430	-	-	7,430
Public works	1,573	-	-	1,573
Stormwater management	-	-	160,243	160,243
Capital projects	-	-	247,705	247,705
Unassigned	8,525,257	-	-	8,525,257
Total fund balances	8,558,873	508,400	407,948	9,475,221
Total liabilities and fund balances	\$ 10,337,360	\$ 513,690	\$ 661,089	\$ 11,512,139

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

**Reconciliation Of The Governmental Funds Balance Sheet
To The Statement Of Net Assets
June 30, 2012**

Fund balances - total governmental funds	\$ 9,475,221
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Amounts reported for governmental activities in the statement of net assets are different because:

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

Cost of capital assets	36,493,722	
Accumulated depreciation	<u>(17,759,359)</u>	18,734,363

Bond issuance costs are expensed by the funds	101,272
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Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	298,543
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

General obligation bonds	(4,670,000)	
Notes payable	(660,022)	
Net pension obligation	(102,950)	
Net OPEB obligation	(1,778,018)	
Accumulated unused compensated absences	(494,648)	
Bond premiums	(26,661)	
Bond discounts	<u>24,869</u>	
		<u>(7,707,430)</u>

Net assets of governmental activities	<u>\$ 20,901,969</u>
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See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Revenues, Expenditures, And Changes
In Fund Balances - Governmental Funds
Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 11,834,498	\$ -	\$ -	\$ 11,834,498
Licenses and permits	101,713	-	-	101,713
Intergovernmental	1,308,254	34,018	245,441	1,587,713
APG management fees	2,011,145	-	-	2,011,145
Miscellaneous	424,214	6,907	31	431,152
Total revenues	15,679,824	40,925	245,472	15,966,221
Expenditures:				
Current:				
General government	1,530,987	53,821	110,697	1,695,505
Public safety	3,807,143	-	142,779	3,949,922
Public works	3,368,978	-	705,893	4,074,871
Parks and recreation	100,063	-	-	100,063
Miscellaneous	2,533,562	-	-	2,533,562
Debt service:				
Principal	432,251	-	-	432,251
Interest	89,300	-	-	89,300
Total expenditures	11,862,284	53,821	959,369	12,875,474
Excess (deficiency) of revenue over (under) expenditures	3,817,540	(12,896)	(713,897)	3,090,747
Other financing sources (uses):				
Transfers in (out)	(1,168,707)	-	781,200	(387,507)
Payment to escrow agent for refunding	(4,424,028)	-	-	(4,424,028)
Discount on issuance of bonds	(26,597)	-	-	(26,597)
Loan costs	(87,783)	-	-	(87,783)
Issuance of refunding bonds	4,515,000	-	-	4,515,000
Premium on issuance of bonds	28,890	-	-	28,890
Total other financing sources (uses)	(1,163,225)	-	781,200	(382,025)
Net change in fund balances	2,654,315	(12,896)	67,303	2,708,722
Fund balances:				
Beginning	5,904,558	521,296	340,645	6,766,499
Ending	<u>\$ 8,558,873</u>	<u>\$ 508,400</u>	<u>\$ 407,948</u>	<u>\$ 9,475,221</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Reconciliation Of The Governmental Funds Statement Of Revenues,
Expenditures, And Changes In Fund Balances To The Statement Of Activities
Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$ 2,708,722
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$1,081,614 exceeded depreciation of \$932,285 in the current period.

149,329

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid). This year, the amount earned was more than compensated absences used or forfeited by \$103,622.

(103,622)

The net pension obligation is not an expenditure in the governmental funds until paid, whereas they are expensed in the statement of activities when incurred. This year, the net pension obligation decreased.

8,767

The OPEB obligation is not an expenditure in the governmental funds until paid, whereas they are expensed in the statement of activities when incurred. This year, the OPEB obligation increased.

(391,722)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the net effect for 2012.

174,849

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(40,956)

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

(59,252)

Change in net assets of governmental activities

\$ 2,446,115

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

**Statement Of Revenues, Expenditures, And Changes In
Fund Balance - Budget And Actual - General Fund
Year Ended June 30, 2012**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 10,654,605	\$ 10,654,605	\$ 11,835,361	\$ 1,180,756
Licenses and permits	96,500	96,500	101,713	5,213
Intergovernmental	1,164,673	1,245,933	1,308,254	62,321
APG management fees	491,000	491,000	742,133	251,133
Miscellaneous	284,784	323,051	358,706	35,655
Total revenues	12,691,562	12,811,089	14,346,167	1,535,078
Expenditures:				
Current:				
General government	1,728,768	1,728,768	1,530,987	197,781
Public safety	3,743,849	3,784,376	3,749,065	35,311
Public works	2,389,733	2,389,733	2,101,539	288,194
Parks and recreation	54,500	117,500	100,063	17,437
Miscellaneous	2,814,127	2,830,127	2,514,470	315,657
Debt service:				
Principal	500,690	500,690	632,251	(131,561)
Interest	291,188	291,188	110,513	180,675
Total expenditures	11,522,855	11,642,382	10,738,888	903,494
Other financing sources (uses):				
Transfers out	(1,168,707)	(1,168,707)	(1,168,707)	-
Payment to escrow agent for refunding	-	(4,424,028)	(4,424,028)	-
Discount on issuance of bonds	-	(26,597)	(26,597)	-
Loan costs	-	(93,265)	(87,783)	5,482
Issuance of refunding bonds	-	4,515,000	4,515,000	-
Premium on issuance of bonds	-	28,890	28,890	-
Total other financing sources (uses)	(1,168,707)	(1,168,707)	(1,163,225)	5,482
Net change in fund balance - budgetary basis	\$ -	\$ -	2,444,054	\$ 2,444,054
Adjustments to conform with generally accepted accounting principles (GAAP)			210,261	
Net change in fund balance - GAAP basis			2,654,315	
Fund balance:				
Beginning			5,904,558	
Ending			<u>\$ 8,558,873</u>	

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Net Assets - Proprietary Funds

June 30, 2012

	Business Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,391,400	\$ 485,111	\$ 262,453	\$ 4,138,964
Receivables, current	395,654	2,147,762	9,805	2,553,221
Prepays	1,956	1,956	-	3,912
Due from other funds	7,969	-	-	7,969
Inventory	20,446	69,344	-	89,790
	<u>3,817,425</u>	<u>2,704,173</u>	<u>272,258</u>	<u>6,793,856</u>
Noncurrent assets:				
Temporarily restricted assets - cash	-	121,000	-	121,000
Receivables, noncurrent	-	235,355	-	235,355
Bond issue costs	116,455	-	102,429	218,884
Capital assets, net	11,618,925	29,591,088	12,684,860	53,894,873
	<u>11,735,380</u>	<u>29,947,443</u>	<u>12,787,289</u>	<u>54,470,112</u>
Total assets	<u>15,552,805</u>	<u>32,651,616</u>	<u>13,059,547</u>	<u>61,263,968</u>
Liabilities				
Current liabilities:				
Accounts payable	249,546	807,343	31,710	1,088,599
Due to other funds	35,840	1,885,601	-	1,921,441
Accrued liabilities	64,133	86,156	18,070	168,359
Notes payable	288,348	78,319	3,026	369,693
Bonds payable	328,316	-	493,812	822,128
Compensated absences	16,533	36,193	-	52,726
	<u>982,716</u>	<u>2,893,612</u>	<u>546,618</u>	<u>4,422,946</u>
Noncurrent liabilities:				
Notes payable	164,025	6,988,571	-	7,152,596
Bonds payable	6,912,568	-	4,415,957	11,328,525
Compensated absences	33,447	15,961	-	49,408
OPEB liabilities	29,550	243,109	-	272,659
	<u>7,139,590</u>	<u>7,247,641</u>	<u>4,415,957</u>	<u>18,803,188</u>
Total liabilities	<u>8,122,306</u>	<u>10,141,253</u>	<u>4,962,575</u>	<u>23,226,134</u>
Net Assets				
Invested in capital assets, net of related debt	4,042,123	22,524,198	7,874,494	34,440,815
Restricted for debt service	-	763,330	-	763,330
Unrestricted	3,388,376	(777,165)	222,478	2,833,689
Total net assets	<u>\$ 7,430,499</u>	<u>\$ 22,510,363</u>	<u>\$ 8,096,972</u>	<u>\$ 38,037,834</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Revenues, Expenses, And Changes In

Fund Net Assets - Proprietary Funds

Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Operating revenues:				
Charges for services	\$ 2,283,215	\$ 2,612,903	\$ 186,391	\$ 5,082,509
Other operating revenues	179,968	237,587	28,165	445,720
Miscellaneous	2,615,506	10,684	-	2,626,190
	5,078,689	2,861,174	214,556	8,154,419
Operating expenses:				
Cost of service	1,536,558	2,160,633	-	3,697,191
Other operating expenses	229,464	260,444	62,357	552,265
Depreciation	536,911	538,338	274,871	1,350,120
	2,302,933	2,959,415	337,228	5,599,576
Operating income (loss)	2,775,756	(98,241)	(122,672)	2,554,843
Non-operating revenues (expenses):				
Investment interest	983	1,139	983	3,105
Interest income on notes receivable	-	-	166,862	166,862
Bond cost amortization	(7,007)	-	(5,390)	(12,397)
Interest expense	(268,408)	(23,216)	(251,912)	(543,536)
	(274,432)	(22,077)	(89,457)	(385,966)
Income (loss) before grants, contributions and transfers	2,501,324	(120,318)	(212,129)	2,168,877
Transfers in	-	-	387,507	387,507
Capital grants and contributions	-	6,551,525	-	6,551,525
Change in net assets	2,501,324	6,431,207	175,378	9,107,909
Net Assets:				
Beginning	4,929,175	16,079,156	7,921,594	28,929,925
Ending	\$ 7,430,499	\$ 22,510,363	\$ 8,096,972	\$ 38,037,834

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Cash Flows - Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 2,546,368	\$ 2,932,701	\$ 220,100	\$ 5,699,169
Payments to employees	(599,424)	(978,191)	-	(1,577,615)
Payments to suppliers	(981,072)	(1,413,547)	(35,072)	(2,429,691)
Proceeds from litigation settlement	2,577,140	-	-	2,577,140
Net cash provided by operating activities	3,543,012	540,963	185,028	4,269,003
Cash Flows From Non-Capital Financing Activities				
Internal activity - payments from (to) other funds	175,102	(2,659,408)	(110,549)	(2,594,855)
Net transfers in	-	-	387,507	387,507
Net cash provided by (used in) non-capital financing activities	175,102	(2,659,408)	276,958	(2,207,348)
Cash Flows From Capital And Related Financing Activities				
Principal payments on notes payable	(158,784)	(91,951)	(36,313)	(287,048)
Principal payments on bonds payable	(320,516)	-	(5,681,600)	(6,002,116)
Proceeds from notes payable	-	5,050,403	-	5,050,403
Proceeds from bonds payable	-	-	5,463,582	5,463,582
Payment of bond issuance costs	-	-	(107,819)	(107,819)
Interest paid	(270,909)	(4,283)	(282,726)	(557,918)
Capital grants and contributions	-	6,749,519	-	6,749,519
Purchase of capital assets	(1,454,200)	(9,842,676)	(20,851)	(11,317,727)
Net cash provided by (used in) capital and related financing activities	(2,204,409)	1,861,012	(665,727)	(1,009,124)
Cash Flows From Investing Activities				
Investment earnings	983	1,139	983	3,105
Principal collections on notes receivable	-	-	118,062	118,062
Interest received on note receivable	-	-	85,156	85,156
Net cash provided by investing activities	983	1,139	204,201	206,323
Net increase (decrease) in cash and cash equivalents	1,514,688	(256,294)	460	1,258,854
Cash And Cash Equivalents:				
Beginning of year	1,876,712	862,405	261,993	3,001,110
End of year	\$ 3,391,400	\$ 606,111	\$ 262,453	\$ 4,259,964
Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities				
Operating income (loss)	\$ 2,775,756	\$ (98,241)	\$ (122,672)	\$ 2,554,843
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	536,911	538,338	274,871	1,350,120
Changes in assets and liabilities:				
Accounts receivable	44,819	71,527	5,544	121,890
Prepays	(1,956)	(1,956)	-	(3,912)
Inventory	33,715	(15,023)	-	18,692
Accounts payable	107,033	46,882	27,285	181,200
Accrued expenses	4,320	5,685	-	10,005
Compensated absences	33,963	(49,002)	-	(15,039)
OPEB liabilities	8,451	42,753	-	51,204
Net cash provided by operating activities	\$ 3,543,012	\$ 540,963	\$ 185,028	\$ 4,269,003

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Fiduciary Net Assets - Pension Trust Funds
June 30, 2012

Assets	
Cash and short-term investments	\$ 138,561
Participant loans	428,926
	<u>567,487</u>
Investments in mutual funds, at fair-value:	
Equities	7,484,041
Fixed income	31,121
Bonds	4,875,451
	<u>12,390,613</u>
Total assets	<u><u>\$ 12,958,100</u></u>
Net Assets	
Held in trust for pension benefits	<u><u>\$ 12,958,100</u></u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Changes In Fiduciary Net Assets - Pension Trust Funds
Year Ended June 30, 2012

Additions

Contributions:

Employer contributions	\$ 962,670
Employee contributions	<u>257,819</u>
Total contributions	<u>1,220,489</u>

Investment income	<u>230,660</u>
Total additions	<u>1,451,149</u>

Deductions

Benefit payments	703,512
Administrative expenses	<u>46,357</u>
Total deductions	<u>749,869</u>

Change in net assets	701,280
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Net Assets:

Beginning	<u>12,256,820</u>
Ending	<u><u>\$ 12,958,100</u></u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies

The City of Aberdeen, Maryland, (City), located in Harford County, was incorporated in 1892 under the provisions of Maryland State Law. The City operates under a form of government which comprises an elected City Council (4 members) and an elected Mayor and provides such services as authorized by its Charter.

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

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

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

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, 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; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination.

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

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Fiduciary Fund Types: The City has three pension funds, the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Defined Contribution Plan, and the City of Aberdeen Police Department Pension Plan. The fiduciary funds are used to report assets held in a trust or agency capacity for others and which therefore cannot be used to support the City's own programs.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

E. Use of Estimates

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

F. Budgetary Data

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

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

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

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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

General Fund	Revenues	Expenditures And Encumbrances	Other Financing Sources (Uses)	Current Year Effect On Fund Balance
Budgetary basis:	\$ 14,346,167	\$ 10,738,888	\$ (1,163,225)	\$ 2,444,054
Reimbursable salaries under APG contract	1,269,012	1,269,012	-	-
Reimbursable police salaries	65,508	65,508	-	-
Increase in encumbrances	-	(9,003)	-	9,003
Principal received on special assessments receivable	(863)	-	-	(863)
Increase in allowance for uncollectible receivables	-	20,045	-	(20,045)
Repayments on line of credit	-	(200,000)	-	200,000
Increase in prepaid expenditures	-	(953)	-	953
Decrease in accrued interest payable	-	(21,213)	-	21,213
Modified accrual basis	\$ 15,679,824	\$ 11,862,284	\$ (1,163,225)	\$ 2,654,315

G. Cash, Cash Equivalents and Investments

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

Excess funds are also permitted to be invested in either bonds or other obligations for the payment of principal and interest of which the faith and credit of the United States of America are pledged, or in obligations of Federal government agencies issued pursuant to acts of Congress, or in the local government investment pool created by the State of Maryland. The Pension Trust Funds are also authorized to invest in corporate bonds and notes, preferred stocks and common stocks. Investments are reported at fair value. Net assets for benefits used to calculate the unfunded pension benefit obligation in the Pension Trust Funds are also reported at fair value.

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 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 funds on the basis of their equity in pooled cash.

Temporarily restricted cash represents funds legally restricted for debt service requirements, and as a result are classified as restricted assets on the balance sheet.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

H. Receivables

Accounts receivable 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, 2012, management has provided an allowance for uncollectible delinquent personnel property taxes in the amount of \$223,315. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An accounts 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 accounts receivable that are outstanding for more than 30 days and is recognized as charged.

I. Notes Receivable

Notes receivable recorded in the Stadium Fund represent a land contract and ground leases for four land lots. Collectively, these transactions are being accounted for in accordance with Financial Accounting Standards Board Statement (FASB) No. 66, *Accounting for Sales of Real Estate*. As such, since the City's receivables are subject to future subordination, the profit on Lots 3, and 6 are being recognized under the cost recovery method. Under the cost recovery method, no profit is recognized until cash payments by Ripken Baseball and affiliated entities, including principal and interest, exceed the City's cost of the property. Gross profit not yet recognized is offset against the related receivable on the balance sheet. Considering cash payments have now exceeded the City's cost of the property, principal collections reduce the related receivable and result in a corresponding amount of profit recognition.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

K. Inventory

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

L. 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. The City defines capital assets as assets with an initial, individual cost of more than \$1,000 for land, buildings, improvements, and equipment, and \$5,000 for infrastructure and an initial useful life in excess of three years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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

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

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

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

M. Earned But Not Available Revenue

Governmental funds report earned but not available revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period.

N. Deferred Revenue

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

O. Inter-fund Transactions

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

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

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

P. Bond Premiums, Bond Discounts and Issuance Costs

In the government-wide financial statements and proprietary fund statements, bond premiums, bond discounts, and issuance costs are deferred and amortized over the term of the bonds using the bond-outstanding method which approximates the effective interest method. In the governmental fund statements, bond premiums, bond discounts and issuance costs are recognized as expense immediately.

Q. Compensated Absences

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

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

R. Fund Balance

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

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provision or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, the Mayor and City Council, are to be reported as committed fund balance. The action to establish, modify or rescind commitments would be a majority vote of the Mayor and City Council taken at a public meeting. 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. 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 a expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

S. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are 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. Restricted resources are used first to fund appropriation.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 2. Cash And Investments

Maryland State law limits investments in any federally insured bank in the State of Maryland or federally insured savings and loan association in the State of Maryland in interest-bearing time deposit or savings accounts, or in the local government investment pool. The City invests primarily in deposits in the Maryland Local Government Investment Pool (MLGIP), which are carried at cost, plus accrued interest. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating).

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below the original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original costs for that purpose. The investments at June 30, 2012 met the City's investment policy.

Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover all or a portion of the value of its deposits, investments or collateral securities that are in the possession of an outside party. The City's investment custodial risk policy requires all investments to be insured or registered, or for which the securities are held by the City or its agent in the City's name. At June 30, 2012, the City's cash and investments were not exposed to custodial credit risk.

Defined Benefit and Defined Contribution Plans investments include separate and guaranteed accounts held by Principal Financial Group and ICMA-RA Services, both agents of the Plans. Plan investments include various types of mutual funds which are not rated. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements. Dividends earned and realized and unrealized gains and losses attributable to the mutual funds are included in investment income. Plan investments are reported at fair value.

Note 3. Notes Receivable

In September 2006, the City entered into a land contract with Ripken Baseball Academy, LLC (Ripken Baseball) whereby the City will sell to Ripken Baseball Lot 3 and the McDonald property within the stadium complex. This contract supersedes two ground leases previously entered into by the City and Ripken Baseball, but leaves the repayment terms of the original leases unchanged. Under the contract, Ripken Baseball received credit for all payments made under the respective ground leases and made the effective date of the contract that of which the ground leases were entered into. Ripken Baseball exercised an option to reduce payments on Lot 3 by real estate taxes paid on the property annually. The City estimates total future real estate taxes to reduce future principal payment of approximately \$214,769. In addition, the note receivable on the McDonald property was paid in full during the year ended June 30, 2012.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 3. Notes Receivable (Continued)

A summary of notes receivable and corresponding deferred profit at June 30, 2012, is as follows:

	Notes Receivable	Less Deferred Profit	Notes Receivable, Net
Lot 3; original receivable amount \$1,507,118 and deferred profit of \$(522,020) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$10,977; due May 2023	\$ 1,041,815	\$ (1,041,815)	\$ -
Lot 6; original receivable amount \$393,996 and deferred profit of \$(136,104) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$2,870; due March 2023	272,329	(272,329)	-
	<u>\$ 1,314,144</u>	<u>\$ (1,314,144)</u>	<u>\$ -</u>

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

Years Ending June 30,	
2013	\$ 86,939
2014	92,465
2015	98,349
2016	104,615
2017	111,288
Thereafter	820,488
	<u>\$ 1,314,144</u>

Note 4. Receivables And Payables

Receivables at June 30, 2012, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Receivables:							
Taxes	\$ 297,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,175
Intergovernmental	832,661	-	105,669	-	1,552,903	9,805	2,501,038
Charges for services	-	-	-	395,654	587,145	-	982,799
Assessments/improvements	7,041	193,088	-	-	243,069	-	443,198
Other	163,041	-	-	-	-	-	163,041
Gross receivables	1,299,918	193,088	105,669	395,654	2,383,117	9,805	4,387,251
Allowance for uncollectibles	(223,315)	-	-	-	-	-	(223,315)
Net receivables	<u>\$ 1,076,603</u>	<u>\$ 193,088</u>	<u>\$ 105,669</u>	<u>\$ 395,654</u>	<u>\$ 2,383,117</u>	<u>\$ 9,805</u>	<u>\$ 4,163,936</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 4. Receivables And Payables (Continued)

Payables at June 30, 2012, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Accrued liabilities:							
Interest	\$ 21,589	\$ -	\$ -	\$ 44,875	\$ 51,462	\$ 18,070	\$ 135,996
Payroll	238,110	-	-	19,258	34,694	-	292,062
	<u>\$ 259,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,133</u>	<u>\$ 86,156</u>	<u>\$ 18,070</u>	<u>\$ 428,058</u>
Other liabilities:							
Payroll withholdings	\$ 23,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,776
Performance bonds	157,215	-	-	-	-	-	157,215
Seized property	186,340	-	-	-	-	-	186,340
Other	32,776	-	-	-	-	-	32,776
	<u>\$ 400,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 400,107</u>

Note 5. Interfund Receivables, Payables And Transfers

Interfund receivable and payable balances at June 30, 2012, are as follows:

	Due To Fund						
Due From Fund	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
General	\$ -	\$ 3,190	\$ -	\$ -	\$ 1,881,056	\$ -	\$ 1,884,246
Capital Projects	-	-	-	35,840	4,545	-	40,385
Water	7,969	-	-	-	-	-	7,969
	<u>\$ 7,969</u>	<u>\$ 3,190</u>	<u>\$ -</u>	<u>\$ 35,840</u>	<u>\$ 1,885,601</u>	<u>\$ -</u>	<u>\$ 1,932,600</u>

Interfund transfers for the year ended June 30, 2012, consisted of transfers from the General Fund to the Capital Projects Fund in the amount of \$781,200, for capital projects and from the General Fund to the Stadium Fund in the amount of \$387,507 for debt service.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 6. Capital Assets

Capital assets activity for the year ended June 30, 2012, is as follows:

	Balance, July 1, 2011	Additions	Deletions	Transfers	Balance, June 30, 2012
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,471,113	\$ -	\$ -	\$ -	\$ 4,471,113
Construction in process	119,840	-	-	(119,840)	-
	<u>4,590,953</u>	<u>-</u>	<u>-</u>	<u>(119,840)</u>	<u>4,471,113</u>
Capital assets being depreciated:					
Buildings	10,828,267	44,621	-	119,840	10,992,728
Improvements other than buildings	30,000	1,900	-	-	31,900
Machinery and equipment, including equipment under financing agreement	4,367,233	212,791	-	-	4,580,024
Vehicles	2,009,828	132,954	(21,270)	-	2,121,512
Recreational facilities	511,553	58,214	-	-	569,767
Infrastructure	13,095,544	631,134	-	-	13,726,678
	<u>30,842,425</u>	<u>1,081,614</u>	<u>(21,270)</u>	<u>119,840</u>	<u>32,022,609</u>
Accumulated depreciation for:					
Buildings	(5,607,885)	(169,457)	-	-	(5,777,342)
Improvements other than buildings	(21,000)	(3,055)	-	-	(24,055)
Machinery and equipment, including equipment under financing agreement	(3,309,833)	(237,557)	-	-	(3,547,390)
Vehicles	(1,446,186)	(227,723)	21,270	-	(1,652,639)
Recreational facilities	(310,269)	(29,685)	-	-	(339,954)
Infrastructure	(6,153,171)	(264,808)	-	-	(6,417,979)
	<u>(16,848,344)</u>	<u>(932,285)</u>	<u>21,270</u>	<u>-</u>	<u>(17,759,359)</u>
Total depreciable assets, net	<u>13,994,081</u>	<u>149,329</u>	<u>-</u>	<u>119,840</u>	<u>14,263,250</u>
Governmental activities capital assets, net	<u>\$ 18,585,034</u>	<u>\$ 149,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,734,363</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 6. Capital Assets (Continued)

	Balance, July 1, 2011	Additions	Deletions	Transfers	Balance, June 30, 2012
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 1,903,993	\$ -	\$ (594)	\$ 60,017	\$ 1,963,416
Construction in process	9,395,970	9,532,850	-	(303,857)	18,624,963
	11,299,963	9,532,850	(594)	(243,840)	20,588,379
Capital assets being depreciated:					
Buildings	24,011,109	3,069	-	-	24,014,178
Improvements other than buildings	31,097	1,708	-	-	32,805
Machinery and equipment	10,120,040	383,705	-	56,198	10,559,943
Water systems	14,004,557	1,272,294	-	187,642	15,464,493
Sewer system	7,405,483	124,695	-	-	7,530,178
	55,572,286	1,785,471	-	243,840	57,601,597
Accumulated depreciation for:					
Buildings	(8,338,809)	(480,751)	-	-	(8,819,560)
Improvements other than buildings	(8,938)	(1,951)	-	-	(10,889)
Machinery and equipment	(8,546,863)	(243,362)	-	-	(8,790,225)
Water systems	(4,173,196)	(434,364)	-	-	(4,607,560)
Sewer system	(1,877,177)	(189,692)	-	-	(2,066,869)
	(22,944,983)	(1,350,120)	-	-	(24,295,103)
Total depreciable assets, net	32,627,303	435,351	-	243,840	33,306,494
Business-type activities capital assets, net	\$ 43,927,266	\$ 9,968,201	\$ (594)	\$ -	\$ 53,894,873

During the year ended June 30, 2012, the City incurred interest costs in the amount of \$72,262 which were capitalized on projects in the business-type activities above.

Depreciation expense was charged in the statement of activities for the year ended June 30, 2012, as follows:

Governmental activities:	
General government	\$ 537,628
Public safety	190,232
Public works	174,684
Recreation	29,741
	<u>\$ 932,285</u>
Business-type activities:	
Water utility	\$ 536,911
Sewer utility	538,338
Stadium	274,871
	<u>\$ 1,350,120</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities

On October 25, 2011, the City issued \$9,940,000 of general obligation refunding bonds with interest rates of 2.0% to 2.8%. These refunding bonds were issued to advance refund and defease bonds issued between 2000 and 2002. The refunding resulted in an economic gain of \$1,475,374 with a total savings of \$1,744,898.

Long-term liability activity as of and for the year ended June 30, 2012, is as follows:

	Balance, July 1, 2011	Additions	Deductions	Balance, June 30, 2012	Amounts Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 4,757,600	\$ 4,515,000	\$ (4,602,600)	\$ 4,670,000	\$ 275,000
Notes payable	710,882	-	(50,860)	660,022	50,921
Other obligations:					
Financing agreement	36,389	-	(36,389)	-	-
Compensated absences	391,026	164,016	(60,394)	494,648	267,777
Net pension obligation	111,717	-	(8,767)	102,950	-
OPEB obligation	1,386,296	476,346	(84,624)	1,778,018	-
Add premiums	-	28,890	(2,229)	26,661	2,229
Less discounts	-	(26,597)	1,728	(24,869)	(1,728)
	<u>\$ 7,393,910</u>	<u>\$ 5,157,655</u>	<u>\$ (4,844,135)</u>	<u>\$ 7,707,430</u>	<u>\$ 594,199</u>
Business-type activities:					
General obligation bonds payable	\$ 12,669,316	\$ 5,425,000	\$ (6,002,116)	\$ 12,092,200	\$ 817,000
Notes payable	2,758,934	5,050,403	(287,047)	7,522,290	369,693
Other obligations:					
Compensated absences	117,173	64,765	(79,804)	102,134	52,726
OPEB obligation	221,455	51,205	-	272,660	-
Add premiums	25,000	86,675	(9,901)	101,774	9,898
Less discounts	-	(48,093)	4,770	(43,323)	(4,770)
	<u>\$ 15,791,878</u>	<u>\$ 10,629,955</u>	<u>\$ (6,374,098)</u>	<u>\$ 20,047,735</u>	<u>\$ 1,244,547</u>

General obligation bonds payable relating to governmental activities at June 30, 2012, consist of the following:

Refunding Bonds of 2011; authorized amount \$4,515,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$145,000 to \$355,000 and semiannual payments of interest through May 2030	\$ 4,200,000
Series B Infrastructure Bonds of 2004; authorized amount \$679,800; interest at rates ranging from 3.0% to 4.2%; payable in annual payments of principal ranging from \$10,500 to \$50,000 and semiannual payments of interest through May 2024	470,000
	<u>\$ 4,670,000</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

A schedule of maturities of the general obligation bonds payable relating to governmental activities as of June 30, 2012, is as follows:

Years Ending June 30,	Principal	Interest	Total
2013	\$ 275,000	\$ 117,033	\$ 392,033
2014	285,000	111,196	396,196
2015	295,000	105,078	400,078
2016	295,000	98,677	393,677
2017	300,000	92,287	392,287
2018-2022	1,660,000	355,538	2,015,538
2023-2027	965,000	174,782	1,139,782
2028-2030	595,000	38,187	633,187
	<u>\$ 4,670,000</u>	<u>\$ 1,092,778</u>	<u>\$ 5,762,778</u>

Notes payable relating to governmental activities at June 30, 2012, consists of the following:

Bank term loan, issued in the amount of \$1,000,000; currently being liquidated in quarterly installments of principal and interest payments of approximately \$76,378, accruing interest at a rate of 3.67%; maturing June 2025	\$ 650,000
Liquidation liability, Harford County Liquor Control Board; original amount \$20,920; annual principal and interest payments of \$1,529, interest at 7.0%, maturing June 2020	10,022
	<u>\$ 660,022</u>

A schedule of maturities of the notes payable relating to governmental activities as of June 30, 2012, is as follows:

Years Ending June 30,	Principal	Interest	Total
2013	\$ 50,921	\$ 23,316	\$ 74,237
2014	50,985	21,417	72,402
2015	51,054	19,513	70,567
2016	51,128	17,604	68,732
2017	51,206	15,690	66,896
2018-2022	254,728	49,750	304,478
2023-2025	150,000	7,569	157,569
	<u>\$ 660,022</u>	<u>\$ 154,859</u>	<u>\$ 814,881</u>

The entire accumulated unused compensated absences liability and the OPEB obligation for governmental activities will be liquidated by the general fund, as in prior years.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

General obligation bonds payable relating to business-type activities at June 30, 2012, consist of the following:

Series A Infrastructure Bond of 2010; authorized amount \$5,044,100; interest at rates ranging from 0.75% to 4.31%; payable in annual payments of principal ranging from \$198,000 to \$350,500 and semiannual payments of interest through May 2030	\$ 4,695,300
Series B Infrastructure Bonds of 2007; authorized amount \$3,084,500; interest at rates ranging from 3.5% to 4.25%; payable in annual payments of principal ranging from \$105,000 to \$221,000 and semiannual payments of interest through May 2027	2,521,900
Refunding Bonds of 2011; authorized amount \$4,010,000; interest at rates ranging from 2.0% to 2.375%; payable in annual payments of principal ranging from \$365,000 to \$425,000 and semiannual payments of interest through May 2022	3,610,000
Refunding Bonds of 2011; authorized amount \$1,415,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$125,000 to \$155,000 and semiannual payments of interest through May 2021	1,265,000
	<u>\$ 12,092,200</u>

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2012, is as follows:

Years Ending June 30,	Principal	Interest	Total
2013	\$ 817,000	\$ 370,846	\$ 1,187,846
2014	834,900	353,255	1,188,155
2015	855,800	334,164	1,189,964
2016	874,000	314,403	1,188,403
2017	900,700	291,735	1,192,435
2018-2022	4,350,600	1,066,858	5,417,458
2023-2027	2,450,200	503,900	2,954,100
2028-2030	1,009,000	66,460	1,075,460
	<u>\$ 12,092,200</u>	<u>\$ 3,301,621</u>	<u>\$ 15,393,821</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

Notes payable relating to business-type activities at June 30, 2012, consists of the following:

Loan payable, Maryland Water Quality Financing Administration, accruing interest at a rate of 0.90%; payable in annual principal payments at varying amounts and semiannual payments of interest; due 2032	\$ 5,195,213
Loan payable, Maryland Water Quality Financing Administration, non-interest bearing, no payments due through 2020 at which time loan is subject to forgiveness	1,064,080
Loan payable, Maryland Water Quality Financing Administration, accruing interest at a rate of 1.00%; payable in annual principal payments at varying amounts and semiannual payments of interest; due dates through 2028	508,679
Bank term loans, issued for a combined amount of \$2,312,820, accruing interest at rates ranging from 3.55% to 4.75%; payable monthly, quarterly or semiannually at varying amounts; due dates through 2014	455,399
Loan payable, Maryland Water Quality Financing Administration, accruing interest at 3.38%; payable in annual principal payment at varying amounts and semiannual payment of interest; due 2018	298,919
	<u>\$ 7,522,290</u>

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2012, is as follows:

Years Ending June 30,	Principal	Interest	Total
2013	\$ 369,693	\$ 60,726	\$ 430,419
2014	508,475	65,517	573,992
2015	345,831	55,784	401,615
2016	349,043	51,393	400,436
2017	352,321	46,909	399,230
2018-2022	2,624,633	178,103	2,802,736
2023-2027	1,553,742	106,727	1,660,469
2028-2032	1,418,552	38,345	1,456,897
	<u>\$ 7,522,290</u>	<u>\$ 603,504</u>	<u>\$ 8,125,794</u>

Note 8. Line Of Credit

The City entered into a revolving line of credit agreement with a commercial bank for \$2,000,000 with interest adjusted daily to seventy percent of the bank prime rate published in the Wall Street Journal, subject to a 2.8 percent floor. The line of credit is used for operating expenditures and capital purchases. The line is renewable annually. There was \$394,981 outstanding on the line of credit at June 30, 2012 recorded in the General Fund.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans

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 plans: Defined Benefit Plan, Defined Contribution Plan and Police Department Pension Plan.

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

Defined Benefit Plan

Description of Plan:

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

Plan Membership:

The DB Plan's membership consisted of the following as of July 1, 2011, the date of the last actuarial valuation:

Retirees and beneficiaries currently receiving benefits	19
Terminated employees entitled to benefits but not yet receiving them	<u>3</u>
Total	<u>22</u>

Contribution Information and Funding Policy:

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

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate. The actuarially required contribution rate and the amount paid into the DB Plan for the year ended June 30, 2012 was \$40,133. The DB Plan does not provide for a maximum employer contribution. No contributions are required of employees. Administrative costs are financed through investment earnings.

Valuation of Investments:

The DB Plan's Unallocated Insurance contracts are valued at contract value. 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. Funds under the contract that have been allocated and applied to purchase annuities are excluded from the DB Plan's assets. At June 30, 2012, no investment in any one organization exceeded five percent or more of net assets available for benefits.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost and net pension obligation for the current year, is as follows:

Annual required contribution	\$	40,133
Interest on net pension obligation		5,850
Adjustment to annual required contribution		(14,606)
Annual pension cost		31,377
Less contributions made		(40,133)
Decrease in net pension obligation		(8,756)
Net pension obligation:		
Beginning		111,430
Ending	\$	102,674

The annual required contributions for the current year were determined as part of the July 1, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 5.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.08% to 7.30% per year. Both (a) and (b) included an inflation component of 2.20%. The assumptions did not include postretirement benefit increases, which are funded by City appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 10 years, which is re-established each year.

Three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 31,377	127.9%	\$ 102,674
June 30, 2011	\$ 55,067	116.6%	\$ 111,430
June 30, 2010	\$ 104,102	101.2%	\$ 120,578

Funding Status and Funding Progress:

As of July 1, 2011, the most recent actuarial valuation date, the plan was 91.67% funded. The actuarial accrued liability for benefits was \$1,746,033, and the actuarial value of assets was \$1,600,649, resulting in an unfunded actuarial liability (UAAL) of \$145,384.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

Defined Contribution Plan

Description of Plan:

The City of Aberdeen Defined Contribution Plan (DC Plan) is a defined contribution pension plan established by the City to provide benefits at retirement to employees of the City who are not participants in the defined pension plan or the police pension plan. At June 30, 2012, there were 107 plan members. DC Plan participants are required to contribute 2% of covered salary. The City is required to contribute 7% of annual covered payroll. DC Plan provisions and contribution requirements are established and may be amended by the Aberdeen City Council. Participants' and the City's actual contributions were \$97,305 and \$340,649, respectively.

Basis of Accounting:

The DC Plan's financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

Valuation of Investments:

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

Police Department Pension Plan

Description of Plan:

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

Plan Membership:

The PD Pension Plan's membership consisted of the following as of July 1, 2011, the date of the last actuarial valuation:

Active employees	35
Retirees and beneficiaries currently receiving benefits	3
Terminated employees entitled to benefits but not yet receiving them	10
Total	<u>48</u>

Contribution Information and Funding Policy:

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

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate; the current rate is 17.7% 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, 2012 was \$516,888. 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 \$160,514 at June 30, 2012.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost and net pension obligation for the current year, were as follows:

Annual required contribution	\$	516,888
Interest on net pension obligation		21
Adjustment to annual required contribution		(32)
Annual pension cost		516,877
Less contributions made		(516,888)
Decrease in net pension obligation		(11)
Net pension obligation:		
Beginning		287
Ending	\$	276

The annual required contributions for the current year were determined as part of the July 1, 2011 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.38% to 8.60% per year. Both (a) and (b) included an inflation component of 3.50%. The assumptions did not include postretirement benefit increases, which are funded by City appropriation when granted. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability is amortized as a level dollar of projected payroll on an open basis. The remaining amortization period at June 30, 2011 was 15 years, which is re-established each year.

Three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 516,877	100%	\$ 276
June 30, 2011	\$ 506,087	100%	\$ 287
June 30, 2010	\$ 434,409	100%	\$ 299

Funding Status and Funding Progress:

As of July 1, 2011, the most recent actuarial valuation date, the plan was 65.1% funded. The actuarial accrued liability for benefits was \$8,230,302, and the actuarial value of assets was \$5,358,480, resulting in an unfunded accrued actuarial liability (UAAL) of \$2,871,822. The covered payroll (annual payroll of active employees covered by the plan) was \$2,871,822, and the ratio of the UAAL to the covered payroll was 171.68%.

The schedules of funding progress, presented as required supplementary information following the notes to the basic financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

The financial information for each plan as of and for the year ended June 30, 2012, is summarized as follows:

	Combining Statement of Fiduciary Net Assets			
	Defined Contribution Plan	Police Pension Plan	Defined Benefit Plan	Total
Assets				
Cash and short-term investments	\$ 138,561	\$ -	\$ -	\$ 138,561
Participant loans	428,926	-	-	428,926
	<u>567,487</u>	<u>-</u>	<u>-</u>	<u>567,487</u>
 Investments in mutual funds, at fair-value:				
Equities	4,437,307	3,046,734	-	7,484,041
Fixed Income	31,121	-	-	31,121
Bonds	160,985	3,172,935	1,541,531	4,875,451
	<u>4,629,413</u>	<u>6,219,669</u>	<u>1,541,531</u>	<u>12,390,613</u>
Total assets	<u>\$ 5,196,900</u>	<u>\$ 6,219,669</u>	<u>\$ 1,541,531</u>	<u>\$ 12,958,100</u>
 Net Assets				
Held in trust for pension benefits	<u>\$ 5,196,900</u>	<u>\$ 6,219,669</u>	<u>\$ 1,541,531</u>	<u>\$ 12,958,100</u>

	Combining Statement of Changes in Fiduciary Net Assets			
	Defined Contribution Plan	Police Pension Plan	Defined Benefit Plan	Total
Additions				
Contributions:				
Employer contributions	\$ 340,649	\$ 516,888	\$ 105,133	\$ 962,670
Employee contributions	97,305	160,514	-	257,819
Total contributions	<u>437,954</u>	<u>677,402</u>	<u>105,133</u>	<u>1,220,489</u>
 Investment earnings:				
Investment income	31,933	119,081	79,646	230,660
Total additions	<u>469,887</u>	<u>796,483</u>	<u>184,779</u>	<u>1,451,149</u>
 Deductions				
Benefit payments	248,827	223,969	230,716	703,512
Administrative expenses	3,279	29,897	13,181	46,357
Total deductions	<u>252,106</u>	<u>253,866</u>	<u>243,897</u>	<u>749,869</u>
 Change in net assets	<u>217,781</u>	<u>542,617</u>	<u>(59,118)</u>	<u>701,280</u>
 Net Assets:				
Beginning	4,979,119	5,677,052	1,600,649	12,256,820
Ending	<u>\$ 5,196,900</u>	<u>\$ 6,219,669</u>	<u>\$ 1,541,531</u>	<u>\$ 12,958,100</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits

The City provides other post employment benefits (OPEB) to employees who qualify as a retiree and meet specific service requirements. At June 30, 2012, 21 retirees and dependents are eligible for health benefits and 19 of those are also eligible for life insurance coverage. The cost of retiree health care and life insurance benefits is recognized as expenditure when claims are accrued.

General Plan Description and Provisions:

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

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

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

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

Underlying Plan Description:

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

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

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

Funding Policy:

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 8.8% of annual covered payroll. The ARC consisted of the normal cost of \$386,202 and the amortization of unfunded accrued liability of \$184,222. The City's implicit subsidy contributed to the plan for the year ended June 30, 2012 amounted to \$21,472. The City contributed \$63,152 for current health care and life insurance premiums for the year ended June 30, 2012. As of the year ended June 30, 2012, the City has not established an OPEB trust to pre-fund future benefits.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation:

The City had an actuarial valuation performed as of July 1, 2011 to determine the funded status of the plan as of that date as well as the City's ARC for the fiscal year ended June 30, 2012. The City's annual OPEB cost and net OPEB obligation for the current year, were as follows:

Annual OPEB Cost	
Annual required contribution	\$ 570,424
Interest on net OPEB obligation	64,310
Adjustment to annual required contribution	(107,184)
Annual OPEB cost	527,550
Contributions made	84,624
Increase in net OPEB obligation	442,926
Net OPEB obligation beginning of year	1,607,750
Net OPEB obligation end of year	<u><u>\$ 2,050,676</u></u>

Three year trend information:

Fiscal Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 527,551	16.0%	\$ 2,050,676
2011	904,253	15.6%	1,607,750
2010	925,000	8.7%	844,298

Funding Status and Progress:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. As of July 1, 2011, the most recent actuarial valuation date, the plan was 0.00% funded as the City has not yet established an OPEB trust to pre-fund future benefits. The actuarial accrued liability for benefits was \$6,377,779, which also represents the unfunded actuarial accrual liability (UAAL).

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood to be the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits (Continued)

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

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

Life insurance costs are nominal and excluded from the calculation.

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

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

100% of police officers are assumed to retire at the earlier of age sixty-two with five years of service or with twenty-five years of service.

Actuarial assumptions:

Discount rate 4.0%

Payroll growth rate 5.0%

Inflation rate 2.5%

Healthcare cost trend assumptions –

Year	Annual Rate Of Increase
2012	8.5%
2013	7.5%
2014	6.5%
2015	5.5%
2016	5.5%
2017 and Thereafter	5.5%

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits (Continued)

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

Retirement rate assumptions –

	Age					
	45	50	55	60	65	70
Early Retirement						
First Year Eligibility:						
Male			.060	.060		
Female			.040	.100		
Subsequent Years:						
Male				.040		
Female				.060		
	Age					
	45	50	55	60	65	70
Normal Retirement						
First Year Eligibility:						
Male	.150	.150	.250	.250	.250	.250
Female	.150	.150	.250	.300	.300	.300
Subsequent Years:						
Male	.050	.050	.070	.120	.250	.200
Female	.050	.050	.070	.100	.250	.220

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits (Continued)

Turnover assumptions -

General

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

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

Police

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Post-Employment Health Care Benefits (Continued)

Disability

Age	Police		General	
	Male	Female	Male	Female
25	.00085	.0109	.0015	.0011
30	.00099	.00140	.0015	.0011
35	.00124	.00201	.0025	.0018
40	.00176	.00276	.0046	.0031
45	.00294	.00400	.0056	.0045
50	.00540	.00622	.0065	.0062
55	.00977	.00932	.0086	.0085

Note 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 for the past three fiscal years.

Commitments and Contingencies:

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

The City entered into two contracts for construction to upgrade the Wastewater Treatment Plant to Enhanced Nutrient Removal (ENR) technology. The projects are being funded 39% by the City and 61% through State grant proceeds. The value of the City's remaining commitment under these contracts at June 30, 2012 is \$4,778,353.

Subsequent Events:

The City evaluated subsequent events through October 31, 2012, which represents the date the financial statements were available to be issued.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 12. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2012, that have effective dates that may impact future financial presentations.

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

- GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*, will be effective for the City beginning with its year ending June 30, 2013. This Statement requires governments to account for and report Service Concession Arrangements in the same manner by establishing recognition, measurement and disclosure requirements for both transferors and governmental operators.
- GASB Statement Number 61, *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, will be effective for the City beginning with its year ending June 30, 2013. This Statement addresses reporting entity issues that have arisen since the issuance of GASB Statements No. 14 and No. 34 to improve financial reporting for a governmental financial reporting entity. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. It applies to financial reporting by primary governments and other stand-alone governments, and to the separately issued financial statements of governmental component units. In addition, this Statement should be applied to nongovernmental component units when they are included in a governmental financial reporting entity.
- GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the City beginning with its year ending June 30, 2013. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This Statement also supersedes Statement No. 20, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.
- GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will be effective for the City beginning with its year ending June 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, which introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Additionally, this Statement amends the net asset reporting requirements in Statement No. 34 and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 12. New Governmental Accounting Standards Board (GASB) Standards (Continued)

- GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the City beginning with its year ending June 30, 2014. Concepts Statement No. 4, *Elements of Financial Statements* specified that the use of deferred outflows and inflows should be limited to instances identified in authoritative pronouncements. Consequently, this Statement provides guidance to define which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to definitions in Concepts Statement No. 4. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.
- GASB Statement Number 66, *Technical Corrections—2012*, will be effective for the City beginning with its year ending June 30, 2014. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*, will be effective for the City beginning with its year ending June 30, 2014. This Statement replaces the requirements of GASB Statement No. 25 and No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. This Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. It requires enhanced note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. In addition, it requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.
- GASB Statement No. 68, *Accounting for Pensions by State and Local Governmental Employers*, will be effective for the City beginning with its year ending June 30, 2015. This Statement replaces the requirements of GASB Statement No. 27 and No. 50, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. This Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement calls for immediate recognition of more pension expense than is currently required. Cost-sharing employers will now be required to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The Statement will improve the comparability and consistency of how governments calculate the pension liabilities and expense. It also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability.

City Of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Defined Benefit Pension Plan:

Schedule of Employer Contributions

The following table provides an analysis of employer contributions for the last eight fiscal years:

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 40,133	\$ 40,133	100%
2011	64,215	64,215	100%
2010	114,001	114,001	100%
2009	117,321	117,321	100%
2008	115,053	115,053	100%
2007	103,598	103,598	100%
2006	81,951	81,951	100%
2005	76,275	76,275	100%

Schedule of Funding Progress

The following table provides an analysis of funding progress for the last five fiscal years:

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2011	\$ 1,600,649	\$ 1,746,033	\$ 145,384	91.67%	\$ -	0%
2010	\$ 1,632,250	\$ 1,847,668	\$ 215,418	88.34%	\$ -	0%
2009	\$ 1,609,339	\$ 1,878,626	\$ 269,287	85.67%	\$ -	0%
2008	\$ 1,590,396	\$ 2,006,397	\$ 416,001	79.27%	\$ -	0%
2007	\$ 1,570,833	\$ 1,988,133	\$ 417,300	79.01%	\$ -	0%

City Of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Police Department Defined Benefit Pension Plan:

Schedule of Employer Contributions

The following table provides an analysis of funding progress for the last eight fiscal years:

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 516,888	\$ 516,888	100%
2011	506,099	506,099	100%
2010	434,789	434,789	100%
2009	304,632	304,632	100%
2008	289,102	289,102	100%
2007	228,903	228,903	100%
2006	199,541	199,541	100%
2005	196,198	196,198	100%

Schedule of Funding Progress

The following table provides an analysis of funding progress for the last five fiscal years:

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2011	\$ 5,358,480	\$ 8,230,302	\$ 2,871,822	65.11%	\$ 1,672,736	171.68%
2010	\$ 4,738,637	\$ 7,468,636	\$ 2,729,999	63.45%	\$ 1,882,921	144.99%
2009	\$ 3,867,470	\$ 6,119,155	\$ 2,251,685	63.20%	\$ 1,782,548	126.32%
2008	\$ 4,032,415	\$ 5,429,131	\$ 1,396,716	74.27%	\$ 1,546,417	90.32%
2007	\$ 3,431,199	\$ 4,612,228	\$ 1,181,029	74.39%	\$ 1,547,471	76.32%

City Of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Other Post Employment Benefits (OPEB):

Schedule of Employer Contributions

The following table provides an analysis of funding progress for the last three fiscal years:

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 527,551	\$ 84,624	16.04%
2011	904,253	140,801	15.57%
2010	925,000	80,702	8.72%

Schedule of Funding Progress

The following table provides an analysis of funding progress for the last two valuations:

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2011	\$ -	\$ 6,377,779	\$ 6,377,779	0.00%	\$ 6,467,790	98.61%
2009	\$ -	\$ 9,625,000	\$ 9,625,000	0.00%	\$ 7,630,981	126.13%

City Of Aberdeen, Maryland

Schedule Of Revenues And Other Financing Sources - Budget And Actual - General Fund
Year Ended June 30, 2012

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Taxes:				
Property taxes:				
Real estate taxes	\$ 8,709,503	\$ 8,709,503	\$ 9,245,256	\$ 535,753
Corporation personal property taxes	571,200	571,200	772,478	201,278
Utilities personal property tax	267,291	267,291	294,273	26,982
Penalties and interest	50,000	50,000	42,841	(7,159)
Semi-annual service charge	2,200	2,200	1,045	(1,155)
Additions and abatements	(21,000)	(21,000)	(8,045)	12,955
Discount on taxes	(54,870)	(54,870)	(65,106)	(10,236)
Tax credit - firemen exemptions	(17,375)	(17,375)	(15,606)	1,769
Tax credit - no water or sewer	(12,329)	(12,329)	(6,355)	5,974
Enterprise Zone tax credits	(164,425)	(164,425)	(113,862)	50,563
	9,330,195	9,330,195	10,146,919	816,724
Local taxes:				
Franchise tax	137,200	137,200	167,190	29,990
Mobile home excise tax	36,000	36,000	28,000	(8,000)
Utilities pole tax	58,100	58,100	58,215	115
Hospitality Way special assessment	2,070	2,070	1,090	(980)
	233,370	233,370	254,495	21,125
State shared taxes:				
Income tax	900,000	900,000	1,240,865	340,865
Highway tax	191,040	191,040	193,082	2,042
	1,091,040	1,091,040	1,433,947	342,907
Total taxes	10,654,605	10,654,605	11,835,361	1,180,756
Licenses and permits:				
Traders' licenses	30,000	30,000	34,273	4,273
Liquor licenses	3,500	3,500	4,478	978
Grading permits	15,000	15,000	13,659	(1,341)
Building permits	22,000	22,000	33,469	11,469
Site plan review	20,000	20,000	11,780	(8,220)
Public Works agreement revenue	6,000	6,000	4,054	(1,946)
Total licenses and permits	96,500	96,500	101,713	5,213

(Continued)

City Of Aberdeen, Maryland

Schedule Of Revenues And Other Financing Sources - Budget And Actual - General Fund

(Continued)

Year Ended June 30, 2012

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Intergovernmental:				
Grants from state government:				
Police state aid	165,585	165,585	190,646	25,061
Police supplemental aid	22,580	22,580	-	(22,580)
Law enforcement grant	-	2,260	3,894	1,634
Other	-	79,000	141,832	62,832
	188,165	269,425	336,372	66,947
Grants from county government:				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	885,260	885,260	885,260	-
Senior Center reimbursement	49,106	49,106	49,111	5
	941,508	941,508	941,513	5
Grants from local government:				
Residential special patrol	35,000	35,000	30,369	(4,631)
Total intergovernmental	1,164,673	1,245,933	1,308,254	62,321
APG management fees	491,000	491,000	742,133	251,133
Miscellaneous revenues:				
Trash collection stickers fees	165,000	165,000	155,231	(9,769)
Police seized money	-	38,267	38,267	-
Police miscellaneous income	10,000	10,000	3,540	(6,460)
Antenna leases	32,784	32,784	38,064	5,280
Fines and forfeitures	10,000	10,000	30,890	20,890
Interest on savings	6,000	6,000	6,734	734
Other miscellaneous	61,000	61,000	85,980	24,980
Total miscellaneous revenues	284,784	323,051	358,706	35,655
Total revenues	12,691,562	12,811,089	14,346,167	1,535,078
Other financing sources:				
Issuance of refunding bonds	-	4,515,000	4,515,000	-
Premium on issuance of bonds	-	28,890	28,890	-
Total other financing sources	-	4,543,890	4,543,890	-
Total revenues and other financing sources	\$ 12,691,562	\$ 17,354,979	\$ 18,890,057	\$ 1,535,078

City Of Aberdeen, Maryland

Schedule Of Expenditures And Other Financing Uses - Budget And Actual - General Fund
Year Ended June 30, 2012

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
General Government:				
Legislative:				
Elected officials	\$ 40,000	\$ 40,000	\$ 40,008	\$ (8)
Operating expenditures	53,000	53,000	39,503	13,497
Maryland Municipal League	16,000	16,000	15,837	163
National League of Cities	2,000	2,000	1,489	511
Volunteer dinner	2,500	2,500	-	2,500
	<u>113,500</u>	<u>113,500</u>	<u>96,837</u>	<u>16,663</u>
Executive:				
Salaries	305,739	305,739	300,185	5,554
Operating expenditures	52,637	52,637	47,073	5,564
	<u>358,376</u>	<u>358,376</u>	<u>347,258</u>	<u>11,118</u>
Election:				
Operating costs	6,000	6,000	6,591	(591)
	<u>6,000</u>	<u>6,000</u>	<u>6,591</u>	<u>(591)</u>
Finance:				
Salaries	294,454	294,454	283,708	10,746
Operating expenditures	15,000	15,000	14,531	469
Audit expenditures	44,000	44,000	38,263	5,737
	<u>353,454</u>	<u>353,454</u>	<u>336,502</u>	<u>16,952</u>
Legal:				
Codification	4,000	4,000	4,270	(270)
Counsel	135,000	135,000	85,184	49,816
	<u>139,000</u>	<u>139,000</u>	<u>89,454</u>	<u>49,546</u>
Planning and community development:				
Salaries	214,713	214,713	188,710	26,003
Operating expenditures	23,050	23,050	23,924	(874)
	<u>237,763</u>	<u>237,763</u>	<u>212,634</u>	<u>25,129</u>
Government buildings:				
Salaries	16,693	16,693	13,354	3,339
Operating expenditures	413,482	413,482	339,949	73,533
	<u>430,175</u>	<u>430,175</u>	<u>353,303</u>	<u>76,872</u>
General government:				
Operating expenditures	89,500	89,500	87,923	1,577
Health and safety:				
Operating expenditures	1,000	1,000	485	515
Total general government	<u>1,728,768</u>	<u>1,728,768</u>	<u>1,530,987</u>	<u>197,781</u>
Public Safety:				
Police Department:				
Salaries	3,125,599	3,125,599	3,143,851	(18,252)
Operating expenditures	518,250	558,777	505,214	53,563
	<u>3,643,849</u>	<u>3,684,376</u>	<u>3,649,065</u>	<u>35,311</u>

(Continued)

City Of Aberdeen, Maryland

Schedule Of Expenditures And Other Financing Uses - Budget And Actual - General Fund
(Continued)

Year Ended June 30, 2012

	Budget Amounts		Actual	Variance With
	Original	Final	Amounts	Final Budget Positive (Negative)
Volunteer fire department:				
Contribution	100,000	100,000	100,000	-
Total public safety	3,743,849	3,784,376	3,749,065	35,311
Public works:				
Public works administration:				
Salaries	309,092	309,092	312,096	(3,004)
Operating expenditures	30,850	30,850	28,542	2,308
	339,942	339,942	340,638	(696)
Streets:				
Salaries	711,692	711,692	544,420	167,272
Operating expenditures	370,104	370,104	289,123	80,981
	1,081,796	1,081,796	833,543	248,253
Street lighting:				
Operating expenditures	300,000	300,000	290,193	9,807
Winter operation:				
Operating expenditures	25,000	25,000	21,497	3,503
Solid waste:				
Salaries	304,961	304,961	276,114	28,847
Operating expenditures	338,034	338,034	339,554	(1,520)
	642,995	642,995	615,668	27,327
Total public works	2,389,733	2,389,733	2,101,539	288,194
Parks and recreation:				
Operating expenditures	54,500	117,500	100,063	17,437
Miscellaneous:				
Retirement plans	864,424	864,424	760,791	103,633
Payroll expenditures	1,836,572	1,836,572	1,637,258	199,314
Miscellaneous	113,131	129,131	116,421	12,710
	2,814,127	2,830,127	2,514,470	315,657
Debt Service:				
Debt service principal	500,690	500,690	632,251	(131,561)
Debt service interest	291,188	291,188	110,513	180,675
	791,878	791,878	742,764	49,114
Total expenditures	11,522,855	11,642,382	10,738,888	903,494
Other financing uses:				
Transfers out	1,168,707	1,168,707	1,168,707	-
Payment to escrow agent for refunding	-	4,424,028	4,424,028	-
Discount on issuance of bonds	-	26,597	26,597	-
Loan costs	-	93,265	87,783	5,482
	1,168,707	5,712,597	5,707,115	5,482
Total expenditures and other financing uses	\$ 12,691,562	\$ 17,354,979	\$ 16,446,003	\$ 908,976

City Of Aberdeen, Maryland

**Schedule Of Revenues, Expenditures And Other Financing Sources (Uses) -
Budget And Actual - Capital Projects Fund
Year Ended June 30, 2012**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Revenues:				
Revenues from other agencies	\$ 173,300	\$ 520,447	\$ 245,441	\$ (275,006)
Miscellaneous	-	-	31	31
Total revenues	<u>173,300</u>	<u>520,447</u>	<u>245,472</u>	<u>(274,975)</u>
Expenditures:				
General government	169,300	381,617	110,697	270,920
Public safety	88,000	142,830	142,779	51
Public works	697,200	777,200	705,893	71,307
Total expenditures	<u>954,500</u>	<u>1,301,647</u>	<u>959,369</u>	<u>342,278</u>
Other financing sources:				
Transfers from general fund	781,200	781,200	781,200	-
Net change in fund balance (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	67,303	<u>\$ 67,303</u>
Fund balance:				
Beginning			340,645	
Ending			<u>\$ 407,948</u>	

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

Net Assets By Component
Last Nine Years
(Accrual Basis of Accounting)

Table 1

	Fiscal Year								
	2012	2011	2010 (1)	2009	2008	2007	2006	2005	2004
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 13,404,341	\$ 13,080,163	\$ 13,244,196	\$ 12,421,169	\$ 10,795,988	\$ 9,595,925	\$ 10,431,798	\$ 10,279,920	\$ 11,682,443
Restricted	508,400	521,296	451,668	426,970	392,998	932,988	702,871	822,018	706,096
Unrestricted	6,989,228	4,854,395	2,550,077	2,586,480	2,660,726	1,643,724	481,501	401,623	(45,535)
Total Governmental Activities Net Assets	20,901,969	18,455,854	16,245,941	15,434,619	13,849,712	12,172,637	11,616,170	11,503,561	12,343,004
Business-Type Activities									
Invested in Capital Assets, Net of Related Debt	34,440,815	29,692,671	24,016,623	22,250,352	20,368,984	19,771,744	19,513,200	19,310,251	18,423,963
Restricted	763,330	331,641	-	-	-	-	-	-	-
Unrestricted	2,833,689	(1,094,387)	(1,166,635)	477,966	1,914,926	1,898,230	870,825	1,909,540	1,368,527
Total Business-Type Activities Net Assets	38,037,834	28,929,925	22,849,988	22,728,318	22,283,910	21,669,974	20,384,025	21,219,791	19,792,490
Primary Government									
Invested in Capital Assets, Net of Related Debt	47,845,156	42,772,834	37,260,819	34,671,521	31,164,972	29,367,669	29,944,998	29,590,171	30,106,406
Restricted	1,271,730	852,937	451,668	426,970	392,998	932,988	702,871	822,018	706,096
Unrestricted	9,822,917	3,760,008	1,383,442	3,064,446	4,575,652	3,541,954	1,352,326	2,311,163	1,322,992
Total Primary Government Net Assets	\$ 58,939,803	\$ 47,385,779	\$ 39,095,929	\$ 38,162,937	\$ 36,133,622	\$ 33,842,611	\$ 32,000,195	\$ 32,723,352	\$ 32,135,494

(1) As restated

Source:

City financial records. The City implemented GASB Statement NO. 34 in Fiscal Year 2004; therefore, tables presenting government-wide information includes only data from 2004 to present.

Changes in Net Assets
Last Nine Years
(Accrual Basis of Accounting)

Table 2

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses									
Governmental Activities:									
General Government	\$ 3,466,644	\$ 3,058,171	\$ 2,777,534	\$ 2,685,612	\$ 2,799,968	\$ 2,594,746	\$ 2,030,600	\$ 2,451,455	\$ 1,966,904
Public Safety	5,305,825	5,408,853	5,889,590	5,460,448	5,202,358	4,827,596	4,590,880	3,793,289	3,589,255
Public Works	3,974,061	3,877,699	4,270,376	3,797,298	3,725,529	3,645,846	2,449,570	2,644,919	2,022,735
Parks and Recreation	71,590	70,806	148,666	64,827	81,574	77,148	77,432	99,161	91,891
Interest on Long-Term Debt	255,227	301,412	323,712	340,908	358,733	377,165	361,623	314,519	288,980
Total Governmental Activities Expenses	13,073,347	12,716,941	13,409,878	12,349,093	12,168,162	11,522,501	9,510,105	9,303,343	7,959,765
Business-Type Activities:									
Water	2,578,348	2,191,486	1,780,578	1,817,802	1,976,315	1,579,997	1,637,339	1,300,626	1,525,990
Sewer	2,982,631	3,059,799	3,157,487	2,917,769	3,009,494	2,321,829	2,462,258	1,993,563	2,025,621
Stadium	594,530	598,721	621,708	840,062	676,822	688,757	717,743	842,424	854,098
Total Business-Type Activities Expenses	6,155,509	5,850,006	5,559,773	5,575,633	5,662,631	4,590,583	4,817,340	4,136,613	4,405,709
Total Primary Government Expenses	\$ 19,228,856	\$ 18,566,947	\$ 18,969,651	\$ 17,924,726	\$ 17,830,793	\$ 16,113,084	\$ 14,327,445	\$ 13,439,956	\$ 12,365,474
Program Revenues									
Governmental Activities:									
Charges for Services:									
General Government	\$ 348,916	\$ 356,149	\$ 453,230	\$ 422,716	\$ 1,086,951	\$ 327,737	\$ 548,402	\$ 515,345	\$ 675,197
Public Safety	69,048	14,468	7,516	29,797	14,468	59,177	135,411	142,980	102,288
Public Works	2,074,107	2,334,406	1,788,128	1,409,014	1,424,643	1,590,460	297,736	213,674	233,159
Operating Grants and Contributions	1,393,877	1,237,436	1,176,308	1,928,185	1,877,862	1,750,903	1,538,318	1,676,546	1,346,774
Capital Grants and Contributions	419,823	20,474	942,226	513,477	156,294	37,000	50,959	-	-
Total Governmental Activities Program Revenues	4,305,771	3,962,933	4,367,408	4,303,189	4,560,218	3,765,277	2,570,826	2,548,545	2,357,418
Business-Type Activities:									
Charges for Services:									
Water	2,501,549	2,779,442	2,073,874	2,140,638	2,317,759	2,224,057	1,768,070	1,317,407	1,396,207
Sewer	2,861,174	3,250,654	2,639,041	2,528,610	2,294,824	2,196,583	2,061,576	1,664,691	1,640,288
Stadium	214,556	222,869	36,476	50,310	58,279	72,766	34,702	66,580	72,741
Operating Grants and Contributions	2,577,140	-	-	-	-	-	-	6,146	53,272
Capital Grants and Contributions	6,551,525	5,334,555	601,188	804,182	996,608	1,013,386	-	-	-
Total Business-Type Activities Program Revenues	14,705,944	11,587,520	5,350,579	5,523,740	5,667,470	5,506,792	3,864,348	3,054,824	3,162,508
Total Primary Government Program Revenues	\$ 19,011,715	\$ 15,550,453	\$ 9,717,987	\$ 9,826,929	\$ 10,227,688	\$ 9,272,069	\$ 6,435,174	\$ 5,603,369	\$ 5,519,926
Net (Expense)/Revenue									
Governmental Activities	\$ (8,767,576)	\$ (8,754,008)	\$ (9,042,470)	\$ (8,045,904)	\$ (7,607,944)	\$ (7,757,224)	\$ (6,939,279)	\$ (6,754,798)	\$ (5,602,347)
Business-Type Activities	8,550,435	5,737,514	(209,194)	(51,893)	4,839	916,209	(952,992)	(1,081,789)	(1,243,201)
Total Primary Government Net Expense	\$ (217,141)	\$ (3,016,494)	\$ (9,251,664)	\$ (8,097,797)	\$ (7,603,105)	\$ (6,841,015)	\$ (7,892,271)	\$ (7,836,587)	\$ (6,845,548)
	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes	\$ 10,145,968	\$ 9,652,855	\$ 9,090,293	\$ 8,719,008	\$ 8,195,655	\$ 7,419,615	\$ 5,122,663	\$ 4,641,710	\$ 4,419,323
Other Local Taxes	258,102	274,763	171,859	219,082	212,141	216,578	210,113	136,221	196,421
State Shared Taxes, Unrestricted	1,183,456	1,320,327	1,120,426	954,638	1,151,137	1,032,544	952,016	1,130,873	1,229,646
Investment Earnings	13,672	8,154	6,316	31,157	37,111	18,292	41,136	4,676	7,374
Gain on Sale of Capital Assets	-	-	-	-	-	-	725,960	1,875	125,471
Transfers	(387,507)	(292,178)	(535,102)	(293,074)	(311,025)	(373,338)	-	-	-
Total Governmental Activities	11,213,691	10,963,921	9,853,792	9,630,811	9,285,019	8,313,691	7,051,888	5,915,355	5,978,235
Business-Type Activities:									
Taxes									
Other Local Taxes	-	-	-	-	-	-	-	-	-
State Shared Taxes, Unrestricted	-	-	228,370	192,582	230,917	14,598	245,274	140,000	160,000
Investment Earnings	169,967	50,245	4,953	10,645	42,155	6,284	25,781	4,098	3,163
Gain (loss) on Sale of Capital Assets	-	-	11,852	-	25,000	(24,480)	-	2,366,844	-
Transfers	387,507	292,178	535,102	293,074	311,025	373,338	-	-	-
Total Business-Type Activities	557,474	342,423	780,277	496,301	609,097	369,740	271,055	2,510,942	163,163
Total Primary Government	\$ 11,771,165	\$ 11,306,344	\$ 10,634,069	\$ 10,127,112	\$ 9,894,116	\$ 8,683,431	\$ 7,322,943	\$ 8,426,297	\$ 6,141,398
Change in Net Assets									
Governmental Activities	\$ 2,446,115	\$ 2,209,913	\$ 811,322	\$ 1,584,907	\$ 1,677,075	\$ 556,467	\$ 112,609	\$ (839,443)	\$ 375,888
Business-Type Activities	9,107,909	6,079,937	571,083	444,408	613,936	1,285,949	(681,937)	1,429,153	(1,080,038)
Total Primary Government Change in Net Assets	\$ 11,554,024	\$ 8,289,850	\$ 1,382,405	\$ 2,029,315	\$ 2,291,011	\$ 1,842,416	\$ (569,328)	\$ 589,710	\$ (704,150)

Source:

City financial records. The City implemented GASB Statement N0. 34 in Fiscal Year 2004; therefore, tables presenting government-wide information includes only data from 2004 to present.

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

Table 3

Fiscal Year	Property Tax	Income Tax	Admissions Tax	Other Local Taxes	Total
2012	\$ 10,145,968	\$ 1,183,456	\$ -	\$ 258,102	\$ 11,587,526
2011	9,652,855	1,320,327	-	274,763	11,247,945
2010	9,090,293	1,120,426	-	171,859	10,382,578
2009	8,719,008	954,638	-	219,082	9,892,728
2008	8,195,655	1,151,137	-	212,141	9,558,933
2007	7,419,615	1,007,088	25,456	216,578	8,668,737
2006	5,122,663	883,318	46,692	232,119	6,284,792
2005	4,641,710	1,085,574	45,299	136,221	5,908,804
2004	4,419,323	1,174,569	55,077	196,421	5,845,390

Source:

City financial records. The City implemented GASB Statement N0. 34 in Fiscal Year 2004; therefore, tables presenting government-wide information includes only data from 2004 to present.

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

Table 4

	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund										
Non-spendable	\$ 24,613	\$ 30,949	\$ 78,952	\$ 70,413	\$ 77,590	\$ 75,471	\$ 313,906	\$ 351,020	\$ 260,006	\$ 286,517
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	9,003	-	-	-	-	-	-	-	-	-
Unassigned	<u>8,525,257</u>	<u>5,873,609</u>	<u>3,585,829</u>	<u>2,737,304</u>	<u>1,998,778</u>	<u>1,091,376</u>	<u>841,538</u>	<u>518,034</u>	<u>1,185,408</u>	<u>1,076,036</u>
Total General Fund	<u><u>\$ 8,558,873</u></u>	<u><u>\$ 5,904,558</u></u>	<u><u>\$ 3,664,781</u></u>	<u><u>\$ 2,807,717</u></u>	<u><u>\$ 2,076,368</u></u>	<u><u>\$ 1,166,847</u></u>	<u><u>\$ 1,155,444</u></u>	<u><u>\$ 869,054</u></u>	<u><u>\$ 1,445,414</u></u>	<u><u>\$ 1,362,553</u></u>
Special Revenue Fund										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	508,400	521,296	553,403	611,667	645,010	625,324	623,297	615,633	606,527	447,047
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund	<u><u>\$ 508,400</u></u>	<u><u>\$ 521,296</u></u>	<u><u>\$ 553,403</u></u>	<u><u>\$ 611,667</u></u>	<u><u>\$ 645,010</u></u>	<u><u>\$ 625,324</u></u>	<u><u>\$ 623,297</u></u>	<u><u>\$ 615,633</u></u>	<u><u>\$ 606,527</u></u>	<u><u>\$ 447,047</u></u>
Capital Projects Fund										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	407,948	340,645	305,671	286,424	140,113	404,302	155,036	(24,282)	(981,733)	(903,845)
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Projects Fund	<u><u>\$ 407,948</u></u>	<u><u>\$ 340,645</u></u>	<u><u>\$ 305,671</u></u>	<u><u>\$ 286,424</u></u>	<u><u>\$ 140,113</u></u>	<u><u>\$ 404,302</u></u>	<u><u>\$ 155,036</u></u>	<u><u>\$ (24,282)</u></u>	<u><u>\$ (981,733)</u></u>	<u><u>\$ (903,845)</u></u>

Source: City financial records.

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

Table 5

	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Revenues										
Taxes	\$ 11,834,498	\$ 11,252,818	\$ 10,443,370	\$ 10,761,701	\$ 10,288,820	\$ 9,514,458	\$ 6,978,414	\$ 6,535,704	\$ 5,984,439	\$ 5,742,014
Licenses and permits	101,713	125,997	170,944	106,314	100,404	107,599	166,226	109,197	307,574	85,438
Revenues from other agencies	1,587,713	1,296,914	1,972,543	1,582,144	1,191,511	943,894	926,400	1,113,234	899,330	1,030,952
APG management fees	2,011,145	2,251,434	1,669,750	1,342,864	1,362,843	1,511,396	289,193	303,639	291,471	306,989
Miscellaneous	431,152	350,767	433,533	570,917	1,163,612	408,206	1,179,693	393,592	479,243	508,811
Total Revenues	15,966,221	15,277,930	14,690,140	14,363,940	14,107,190	12,485,553	9,539,926	8,455,366	7,962,057	7,674,204
Expenditures										
General government	1,695,505	1,714,059	1,997,247	1,982,372	1,750,112	1,609,401	1,347,777	1,607,596	1,149,418	1,268,895
Public safety	3,949,922	3,926,465	4,030,589	4,264,153	4,046,493	3,945,451	3,261,424	2,867,065	2,768,517	2,717,707
Public works	4,074,871	3,627,232	4,004,543	3,937,387	4,269,247	3,347,816	1,985,844	2,741,008	4,049,075	2,133,732
Parks and recreation	100,063	84,907	125,369	72,092	64,574	54,308	39,576	63,494	81,752	156,148
Miscellaneous	2,533,562	2,684,113	2,552,305	2,400,513	2,287,315	2,197,424	2,143,563	1,853,161	1,530,728	1,515,442
Debt service										
Principal	432,251	404,920	389,622	405,899	364,413	327,694	324,621	299,655	245,613	267,874
Interest	89,300	301,412	314,607	331,335	348,993	367,425	351,883	312,990	287,921	277,769
Total Expenditures	12,875,474	12,743,108	13,414,282	13,393,751	13,131,147	11,849,519	9,454,688	9,744,969	10,113,024	8,337,567
Excess of revenues over (under) expenditures	3,090,747	2,534,822	1,275,858	970,189	976,043	636,034	85,238	(1,289,603)	(2,150,967)	(663,363)
Other financing sources										
Loan proceeds	5,482	-	77,291	167,202	-	-	-	1,679,800	2,172,135	227,065
Transfer in (out)	(387,507)	(292,178)	(535,102)	(293,074)	(311,025)	(373,338)	-	-	-	43,374
Total other financing sources	(382,025)	(292,178)	(457,811)	(125,872)	(311,025)	(373,338)	-	1,679,800	2,172,135	270,439
Net change in fund balances	\$ 2,708,722	\$ 2,242,644	\$ 818,047	\$ 844,317	\$ 665,018	\$ 262,696	\$ 85,238	\$ 390,197	\$ 21,168	\$ (392,924)
Debt Service (P & I) as a percentage of non-capital expenditures	4.42%	5.78%	5.77%	6.19%	6.06%	6.21%	7.48%	6.84%	7.03%	7.00%

Source: City financial records.

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

Table 6

Fiscal Year	Property Tax	Income Tax	Highway User Tax	Admissions Tax	Other Local Taxes	Total
2012	\$ 10,146,919	\$ 1,240,865	\$ 193,082	\$ -	\$ 253,632	\$ 11,834,498
2011	9,680,141	1,250,670	47,244	-	274,763	11,252,818
2010	9,074,414	1,107,207	89,890	-	171,859	10,443,370
2009	8,760,795	1,112,667	669,154	-	219,085	10,761,701
2008	8,172,879	1,124,841	778,959	-	212,141	10,288,820
2007	7,419,615	1,040,335	812,474	25,426	216,608	9,514,458
2006	5,122,663	873,499	725,447	46,692	210,113	6,978,414
2005	4,641,646	1,077,064	635,293	45,299	136,402	6,535,704
2004	4,399,430	820,935	509,779	55,007	199,288	5,984,439
2003	3,988,704	856,137	666,026	61,949	169,198	5,742,014

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

Source: City financial records.

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

Table 7

Fiscal Year Ending June 30	Real Property			Personal Property			Total Assessed Property		Market Value Change	
	Taxable	Estimated	Total		Estimated	Total		Estimated		
	Assessed Value	Actual Value	Direct Rate	Assessed Value	Actual Value	Direct Rate	Assessed Value	Actual Value	Amount	Percentage
2012	1,390,102,249	1,390,102,249	0.6800	62,750,080	62,750,080	1.7000	1,452,852,329	1,452,852,329	82,607,333	6.03%
2011	1,313,724,366	1,313,724,366	0.6875	56,520,630	56,520,630	1.7000	1,370,244,996	1,370,244,996	80,562,276	6.25%
2010	1,234,699,160	1,234,699,160	0.6875	54,983,560	54,983,560	1.7000	1,289,682,720	1,289,682,720	64,707,581	5.28%
2009	1,168,908,946	1,168,908,946	0.7000	56,066,193	56,066,193	1.7000	1,224,975,139	1,224,975,139	115,464,478	10.41%
2008	1,051,857,687	1,051,857,687	0.7150	57,652,974	57,652,974	1.7000	1,109,510,661	1,109,510,661	116,418,992	11.72%
2007	934,874,053	934,874,053	0.7350	58,217,616	58,217,616	1.7000	993,091,669	993,091,669	150,609,144	17.88%
2006	804,175,635	804,175,635	0.5500	38,306,890	38,306,890	1.4000	842,482,525	842,482,525	79,862,385	10.47%
2005	710,478,812	710,478,812	0.5500	52,141,328	52,141,328	1.4000	762,620,140	762,620,140	15,043,100	2.01%
2004	696,009,183	696,009,183	0.5500	51,567,857	51,567,857	1.4000	747,577,040	747,577,040	39,118,950	5.52%
2003	648,268,750	648,268,750	0.5500	60,189,340	60,189,340	1.4000	708,458,090	708,458,090	14,875,694	2.14%

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

Source: City financial records.

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

Table 8

Real Property Tax Rate

Fiscal Year Ending June 30	City of Aberdeen		Harford County	State of Maryland	Total Tax Rate
	General Fund	Total Direct Rate			
2012	\$ 0.6800	\$ 0.6800	\$ 1.042	\$ 0.112	\$ 1.834
2011	0.6875	0.6875	1.042	0.112	1.842
2010	0.6875	0.6875	1.064	0.112	1.864
2009	0.7000	0.7000	1.082	0.112	1.894
2008	0.7150	0.7150	1.082	0.112	1.909
2007	0.7350	0.7350	1.082	0.112	1.929
2006	0.5500	0.5500	1.092	0.112	1.754
2005	0.5500	0.5500	1.092	0.132	1.774
2004	0.5500	0.5500	1.092	0.132	1.774
2003	0.5500	0.5500	1.092	0.132	1.774

Personal Property Tax Rate

Fiscal Year Ending June 30	City of Aberdeen		Harford County	State of Maryland	Total Tax Rate
	General Fund	Total Direct Rate			
2012	\$ 1.700	\$ 1.700	\$ 2.605	\$ -	\$ 4.305
2011	1.700	1.700	2.605	-	4.305
2010	1.700	1.700	2.660	-	4.360
2009	1.700	1.700	2.705	-	4.405
2008	1.700	1.700	2.705	-	4.405
2007	1.700	1.700	2.705	-	4.405
2006	1.400	1.400	2.705	-	4.105
2005	1.400	1.400	2.730	-	4.130
2004	1.400	1.400	2.730	-	4.130
2003	1.400	1.400	2.730	-	4.130

Source: City financial records.

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

Table 9

Taxpayer	Type of Business	2012		Percentage of Total Assessment
		Assessed Valuation	City Tax	
Inland American Aberdeen	Real Property Management	\$ 34,119,500	\$ 232,013	2.35%
913 Old Philadelphia Road LLC	Distribution Warehouse	26,390,400	179,455	1.82%
KRK Title Holder LP	Warehouse	25,840,200	175,713	1.78%
Wal-Mart Real Estate	Retail	17,041,000	115,879	1.17%
Frito-Lay	Manufacturing	16,700,000	113,560	1.15%
Medline Industries, Inc.	Manufacturing	12,767,600	86,820	0.88%
COPT Northgate A LLC	Real Estate Investment	12,519,200	85,131	0.86%
State of Wisconsin Investment Board	Warehouse	11,540,900	78,478	0.79%
COPT Northgate C LLC	Real Estate Investment	11,104,500	75,511	0.76%
Aberdeen Marketplace, Inc.	Shopping Center	11,047,700	75,124	0.76%
TOTAL		\$ 179,071,000	\$ 1,217,683	12.33%
Total Assessed Valuation		\$ 1,452,852,329		

Taxpayer	Type of Business	2003		Percentage of Total Assessment
		Assessed Valuation	City Tax	
Metropolitan Life Insurance	Warehouse	\$ 23,685,400	\$ 121,269	3.34%
Wagner/Kinsley Llc	Warehouse	20,676,400	54,122	2.92%
Catellus Development Corporation	Warehouse	20,080,600	15,422	2.83%
State Of Wisconsin Investment	Warehouse	17,034,900	17,873	2.40%
Frito-Lay Inc	Manufacturing	14,837,900	55,723	2.09%
One Thousand & One Ptn	Office/manufacturing	7,755,400	39,708	1.09%
Aberdeen Marketplace Inc	Shopping Center	6,862,800	35,138	0.97%
Colgate Investments	Shopping Center	6,806,900	34,851	0.96%
Fast Food Merchandisers Inc	Warehouse/distribution	6,077,200	31,115	0.86%
Stancills Inc	Shopping Center	5,490,900	28,113	0.78%
TOTAL		\$ 129,308,400	\$ 433,334	18.25%
Total Assessed Valuation		\$ 708,458,090		

Source: City financial records.

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2012	\$ 10,456,757	\$ 10,384,584	99.31%	\$ -	\$ 10,384,584	99.31%
2011	9,957,031	9,870,388	99.13%	61,492	9,931,879	99.75%
2010	9,396,201	9,298,812	98.96%	66,984	9,365,796	99.68%
2009	9,116,713	9,021,982	98.96%	6,566	9,028,547	99.03%
2008	8,470,443	8,351,509	98.60%	99,023	8,450,532	99.76%
2007	7,419,615	7,338,288	98.90%	36,475	7,374,763	99.40%
2006	5,133,979	5,079,671	98.94%	46,074	5,125,745	99.84%
2005	4,872,985	4,786,003	98.22%	75,415	4,861,418	99.76%
2004	4,543,716	4,476,131	98.51%	44,386	4,520,517	99.49%
2003	4,089,560	4,038,691	98.76%	22,628	4,061,319	99.31%

Source: City financial records.

Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Table 11

Fiscal Year Ending June 30	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loans Payable	Total Governmental Activities	General Obligation Bonds	Loans Payable	Total Business-Type Activities			
2012	\$ 4,670,000	\$ 660,022	\$ 5,330,022	\$ 12,092,200	\$ 7,522,290	\$ 19,614,490	\$ 24,944,512	N/A	\$ 1,668
2011	4,757,600	710,882	5,468,482	12,669,316	2,758,934	15,428,250	20,896,732	N/A	1,397
2010	4,969,200	796,970	5,766,170	8,271,100	1,332,924	9,604,024	15,370,194	N/A	1,090
2009	5,175,700	911,010	6,086,710	8,745,300	1,643,797	10,389,097	16,475,807	N/A	1,168
2008	5,372,000	1,088,819	6,460,819	9,201,800	1,942,855	11,144,655	17,605,474	N/A	1,258
2007	5,561,500	1,263,732	6,825,232	6,560,900	2,229,186	8,790,086	15,615,318	N/A	1,092
2006	5,738,600	1,271,042	7,009,642	6,878,400	2,495,371	9,373,771	16,383,413	N/A	1,179
2005	5,910,500	1,423,763	7,334,263	7,189,600	2,756,358	9,945,958	17,280,221	N/A	1,243
2004	5,429,478	524,640	5,954,118	7,486,200	5,210,914	12,697,114	18,651,232	N/A	1,342
2003	3,746,800	264,845	4,011,645	7,769,000	6,148,147	13,917,147	17,928,792	N/A	1,290

Source: City financial records.

N/A - Currently not available

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

Table 12

Fiscal Year Ending June 30	Population	Estimated Actual Assessed Value (2)	Gross Bonded Debt (1)	Debt Payable From Enterprise Revenue	Net Bonded Debt (3)	Ratio of Net Bonded Debt To Actual Assessed Value	Net Bonded Debt Per Capita
2012	14,959	\$ 1,452,852,329	\$ 24,944,512	\$ 19,614,490	\$ 5,330,022	0.37%	\$ 356
2011	14,959	1,370,244,996	20,896,732	15,428,250	5,468,482	0.40%	366
2010	14,099	1,289,682,720	15,370,194	9,604,024	5,766,170	0.45%	409
2009	14,100	1,224,975,139	16,475,807	10,389,097	6,086,710	0.50%	432
2008	14,000	1,109,510,661	17,605,474	11,144,655	6,460,819	0.58%	461
2007	14,300	993,091,669	15,615,318	8,790,086	6,825,232	0.69%	477
2006	13,900	842,482,525	16,383,413	9,373,771	7,009,642	0.83%	504
2005	13,900	762,620,140	17,280,221	9,945,958	7,334,263	0.96%	528
2004	13,900	747,577,040	18,651,232	12,697,114	5,954,118	0.80%	428
2003	13,900	708,458,090	17,928,792	13,917,147	4,011,645	0.57%	289

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

(2) Table 7

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

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

Source: City financial records.

**Debt Computations
June 30, 2012**

Table 13

COMPUTATION OF LEGAL DEBT MARGIN

TOTAL ASSESSED VALUE OF PROPERTY	<u>\$ 1,452,852,329</u>
Debt limit 15%	217,927,849
Amount of debt applicable to debt limit	<u>5,330,022</u>
LEGAL DEBT MARGIN	<u><u>\$ 212,597,827</u></u>

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the Town</u>	<u>Share of Debt Outstanding</u>
DIRECT DEBT OF THE CITY	\$ 5,330,022	100.00%	\$ 5,330,022
Indirect debt:			
Harford County	<u>455,946,203 ²</u>	6.31% ¹	<u>28,770,205</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$ 461,276,225</u></u>		<u><u>\$ 34,100,227</u></u>

Rate of assessed value in the City	<u>\$ 1,452,852,329</u>
to total assessed value of the County	<u><u>\$23,006,389,145</u></u>

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.

**Legal Debt Margin Information
Last Ten Years**

Table 14

	Fiscal Year									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Debt Limit	\$ 217,927,849	\$ 205,536,749	\$ 193,452,408	\$ 183,746,271	\$ 166,426,599	\$ 148,963,750	\$ 126,372,379	\$ 114,393,021	\$ 112,136,556	\$ 106,268,714
Total net debt applicable to limit	<u>5,330,022</u>	<u>5,468,482</u>	<u>5,766,170</u>	<u>6,086,710</u>	<u>6,460,819</u>	<u>6,825,232</u>	<u>7,009,642</u>	<u>7,334,263</u>	<u>5,954,118</u>	<u>4,011,645</u>
Legal debt margin	<u>\$ 212,597,827</u>	<u>\$ 200,068,267</u>	<u>\$ 187,686,238</u>	<u>\$ 177,659,561</u>	<u>\$ 159,965,780</u>	<u>\$ 142,138,518</u>	<u>\$ 119,362,737</u>	<u>\$ 107,058,758</u>	<u>\$ 106,182,438</u>	<u>\$ 102,257,069</u>
Total net debt applicable to the limit as a percentage of debt limit	2.45%	2.66%	2.98%	3.31%	3.88%	4.58%	5.55%	6.41%	5.31%	3.78%

Source: City financial records.

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

Table 15

Fiscal Year Ending June 30	(1) Estimated Population	(2) Per Capita Income	(2) Personal Income (000s)	(2) Median Age	(2) School Enrollment	(2) Unemployment Rate
2012	14,959	N/A	N/A	N/A	38,224	7.4%
2011	14,959	N/A	N/A	38.3	38,394	7.3%
2010	14,099	46,871	11,492,284	38.1	38,637	7.3%
2009	14,100	45,893	11,129,722	38.1	38,610	7.7%
2008	14,000	45,091	10,884,557	37.8	39,175	4.1%
2007	14,300	43,106	10,319,796	37.7	39,582	3.8%
2006	13,900	40,609	9,728,548	37.5	40,212	3.7%
2005	13,900	38,595	9,218,447	37.2	40,313	4.1%
2004	13,900	36,664	8,618,412	36.8	40,204	4.0%
2003	13,900	34,887	8,081,911	37.2	40,264	4.7%

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

(2) This information is not available for the City of Aberdeen on a separate basis. The best information is provided by the Department of Treasury of Harford County. The City of Aberdeen is located within Harford County. The information given is taken from the Comprehensive Annual Financial Report for Harford County for fiscal year ended June 30, 2012. Income and Median Age information were not available.

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

Table 16

2012			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	15,582	22.25%	Government
Harford County Public Schools	5,440	7.77%	Government
Upper Chesapeake Health	2,720	3.88%	Healthcare
Harford County Government	1,938	2.77%	Government
Harford Community College	1,219	1.74%	Education
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,167	1.67%	Retailer
Shop Rite	800	1.14%	Groceries
Jacobs Technology	785	1.12%	Technology
SAIC	700	1.00%	Technology
Sephora USA	700	1.00%	Cosmetics
TOTAL	31,051	44.34%	
Total Employees in Harford County (Data available for county only)	70,027		
2003			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	11,081	16.66%	Government
Harford County Public Schools	4,545	6.83%	Government
Upper Chesapeake Health	1,927	2.90%	Healthcare
Harford County Government	1,382	2.08%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,299	1.85%	Retailer
Saks Fifth Avenue	585	0.88%	Retailer
Frito-Lay	440	0.66%	Retailer
Science Applications International Corp.	400	0.60%	Manufacturing
Old Line Plastics, Inc	370	0.56%	Warehouse
TOTAL	22,029	33.12%	
Total Employees in Harford County (Data available for county only)	66,520		

Source:
Harford County CAFR

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

Table 17

<u>Function</u>	<u>Full-time Equivalent City Government Employees by Function</u>									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	4	5	5	5	4	4	5	3	3	3
Finance	6	6	6	6	7	7	6	6	6	6
Planning	3	4	4	4	4	4	3	3	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Building Custodian	1	1	1	1	1	1	-	-	-	-
Public Safety										
Police										
Officers	40	40	45	46	46	45	41	39	39	39
Civilians	14	14	14	14	14	14	14	12	12	12
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	81	78	78	78	74	73	69	54	40	40
Sanitation	7	8	8	8	8	7	7	7	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Total	163	163	168	169	165	161	152	131	109	109

Source: City Fiscal Year Budgets

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

Table 18

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Government										
Construction Permits Issued	301	305	305	306	460	588	626	215	284	115
Estimated Value of Construction	\$ 32,911,735	\$ 26,720,274	\$ 72,730,957	\$ 32,886,480	\$ 17,348,304	\$ 45,420,588	\$ 29,979,342	\$ 60,960,339	\$ 25,312,583	\$ 26,123,000
Public Safety										
Traffic Contacts	7,193	2,465	3,998	5,741	4,180	3,504	3,478	2,995	3,236	3,295
Calls for Service	35,580	36,505	38,341	49,969	52,550	46,729	46,029	42,721	42,715	38,725
Public Works										
Street Resurfacing (miles)	0.89	0.34	0.98	2.05	2.22	1.22	1.40	1.46	1.04	1.06
Sidewalk Replacement/Repair (miles)	0.14	0.14	0.04	0.08	0.03	0.03	0.02	-	-	-
Stormwater Ponds Managed	2	2	10	10	10	2	3	2	2	18
Recreation										
Number of Activity Sessions Offered										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Number of Activity Sessions Offered	-	-	-	-	-	-	-	-	-	-
Program Participants										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Program Participants	-	-	-	-	-	-	-	-	-	-
Water										
New Connections	152	13	11	19	25	134	38	47	43	-
Water Main/Lateral Breaks	38.0	66.0	44.0	54.0	26.0	145.0	-	-	-	-
Average Daily Consumption (millions of gallons)	1.442	1.404	1.333	1.410	1.502	1.531	1.540	1.473	1.545	1.638
Sewer										
Sewer Main/Lateral Breaks	6.0	9.0	14.0	10.0	6.0	5.0	-	-	-	-
Average Daily Sewage Treatment (millions of gallons)	1.73	1.52	1.97	1.69	1.76	1.90	2.02	1.82	1.91	2.18

Source: Various City departments

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

Table 19

<u>Function</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	56	56	54	53	52	48	47	40	40	40
Highways and Streets										
Streets (miles)	72.92	72.92	72.92	72.67	72.67	72.55	71.47	68.76	68.42	67.77
Storm Sewers (miles)	15.00	15.00	15.00	15.00	15.00	14.25	13.24	12.76	12.70	12.58
Catch Basins	1,013	1,013	1,013	1,013	1,013	1,009	942	906	902	896
Street Lights	1,753	1,753	1,753	1,753	1,748	1,717	-	-	-	-
Culture and Recreation										
Number of Parks/Playgrounds	8	8	8	8	8	8	8	8	8	8
Park Acreage	36.67	36.98	36.98	36.98	34.06	34.06	34.06	34.06	34.06	34.06
Tennis Courts	1	1	1	1	2	2	2	2	2	2
Water										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	16	16	16	16	16	17	13	13	12	11
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	5	4	4	4	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.40	2.10	2.00	2.50	2.50	2.50	2.37	2.21	2.16	2.47
Number of Customer Accounts	4,923	4,765	4,759	4,963	4,773	4,758	4,720	4,727	4,624	4,525
Water Mains (miles)	66.93	66.93	66.73	66.23	66.23	65.30	64.32	61.88	61.59	60.99
Fire Hydrants	517	517	517	502	502	483	470	453	451	447
Wastewater										
Treatment Plants	1	12	1	1	1	1	1	1	1	1
Maximum Daily Treatment Capacity (million gallons)	4.00	4.00	4.00	4.00	4.00	4.00	4.21	4.01	3.92	4.38
Pumping Stations	10	10	10	10	10	10	10	9	10	10
Sanitary Sewers (miles)	68.79	68.79	68.79	68.54	68.54	68.10	67.54	64.97	64.67	64.03

Source: Various city departments