

# **City Of Aberdeen, Maryland**

Comprehensive Annual Financial Report  
June 30, 2013

# **City Of Aberdeen, Maryland**

Financial Report  
June 30, 2013

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October 31, 2013

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, 2013, is hereby submitted. City ordinances and State statutes require that the City of Aberdeen issue annually a report on its financial position and its activities. An independent firm of certified public accountants is selected by the City Council. Responsibility of both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the City government. All information necessary to enable the reader to gain an understanding of the City's government activities has been included.

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

City of Aberdeen's financial statements have been audited by 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, 2013 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, 2013 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. In September 2013, Fitch Ratings affirmed the AA rating.

The water and sewer systems will continue to be the primary focus for the City in years to come. The City is also looking into ways to increase its water production capability as well as its water storage capability. On the wastewater side, the City recently completed a 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.

## ***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, 2012. 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.

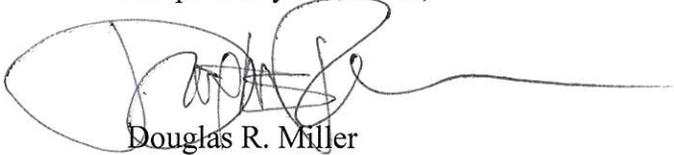
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

***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



Government Finance Officers Association

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

Presented to

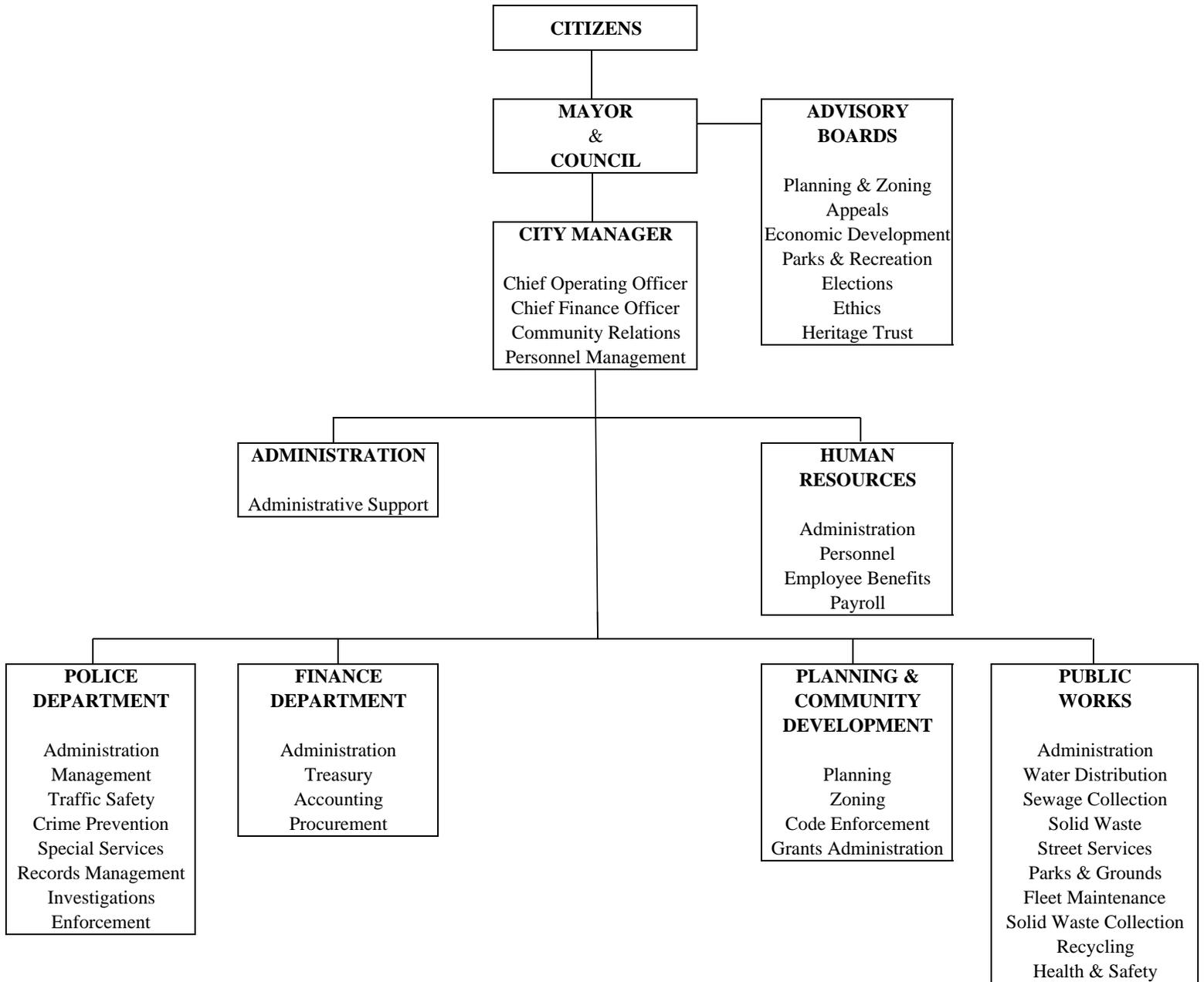
**City of Aberdeen  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN  
HARFORD COUNTY, MARYLAND  
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2013

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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 Attorney	Council, Baradel, Kosmerl & Nolan, 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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aberdeen, Maryland, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Aberdeen, Maryland's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aberdeen, Maryland, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 10 through 20, the Schedules of Employer Contributions and Funding Progress for the Defined Benefit Pension Plan, the Police Department Defined Benefit Plan and the Other Post Employment Benefits on pages 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.

*Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013 on our consideration of the City of Aberdeen, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Aberdeen, Maryland's internal control over financial reporting and compliance.



Frederick, Maryland  
October 30, 2013

# City of Aberdeen, Maryland

## Management's Discussion and Analysis

### June 30, 2013

#### 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, 2013. 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 \$64.9 million (*net position*). Of this amount, \$10.6 million (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
2. The City's total net position increased \$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 \$1.4 million during the current fiscal year from \$27.8 million to \$29.1 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 \$11.9 million. This represents an increase of \$2.5 million over the prior year. About 91% (\$10.9 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 \$10.9 million or 88.1% of total General Fund expenditures.

#### Overview of the Financial Statements

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

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

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

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

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

# City of Aberdeen, Maryland

## Management's Discussion and Analysis

### June 30, 2013

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, 2013

**Other information.** In addition to the basic financials 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 position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$64.9 million at the close of the most recent fiscal year. City of Aberdeen net position are divided into three categories – invested in capital assets (net of related debt), restricted net position and unrestricted net position.

The largest portion of the City's net position (77.3%) reflects its investment in capital assets net of depreciation (e.g., land and improvements, buildings, machinery, equipment, infrastructure, and improvements); less any un-matured debt used to acquire these assets. The debt used to acquire these assets must be repaid using other financial resources because the assets themselves cannot be used for repayment.

Restricted net position represents 6.4% of total net position. Restricted net position is resources that are subject to external restrictions on how they may be used.

Unrestricted net position of the government-wide financial statements has a balance of \$10.6 million (16.3% of total net position) that may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's net position experienced a 10.2% increase. This reflects the increase in tax revenues, and charges for services in the water and sewer funds.

**City of Aberdeen, Maryland**  
**Management's Discussion and Analysis**  
**June 30, 2013**

The following table summarizes the net position for governmental and business-type activities as of June 30, 2013 and 2012:

	<b>Governmental Activities (000)</b>		<b>Business-type Activities (000)</b>		<b>Total (000)</b>	
	<b>2013</b>	2012	<b>2013</b>	2012	<b>2013</b>	2012
<b>Assets</b>						
Current and other assets	<b>\$ 14,334</b>	\$ 11,602	<b>\$ 6,497</b>	\$ 5,448	<b>\$ 20,831</b>	\$ 17,050
Capital assets, net	<b>18,513</b>	18,735	<b>57,622</b>	53,895	<b>76,135</b>	72,630
<b>Total assets</b>	<b>32,847</b>	30,337	<b>64,119</b>	59,343	<b>96,966</b>	89,680
<b>Liabilities</b>						
Long-term liabilities	<b>7,574</b>	7,707	<b>21,545</b>	20,048	<b>29,119</b>	27,755
Other liabilities	<b>1,928</b>	1,728	<b>971</b>	1,257	<b>2,899</b>	2,985
<b>Total liabilities</b>	<b>9,502</b>	9,435	<b>22,516</b>	21,305	<b>32,018</b>	30,740
<b>Net Position</b>						
Invested in capital assets, net of related debt	<b>13,508</b>	13,404	<b>36,701</b>	34,441	<b>50,209</b>	47,845
Restricted	<b>493</b>	509	<b>3,644</b>	763	<b>4,137</b>	1,272
Unrestricted	<b>9,344</b>	6,989	<b>1,296</b>	2,834	<b>10,602</b>	9,823
<b>Total Net Position</b>	<b>\$ 23,345</b>	\$ 20,902	<b>\$ 41,603</b>	\$ 38,038	<b>\$ 64,948</b>	\$ 58,940

**City of Aberdeen, Maryland**  
**Management's Discussion and Analysis**  
**June 30, 2013**

The following table indicates the changes in net position for governmental and business-type activities for the years ended June 30, 2013 and 2012:

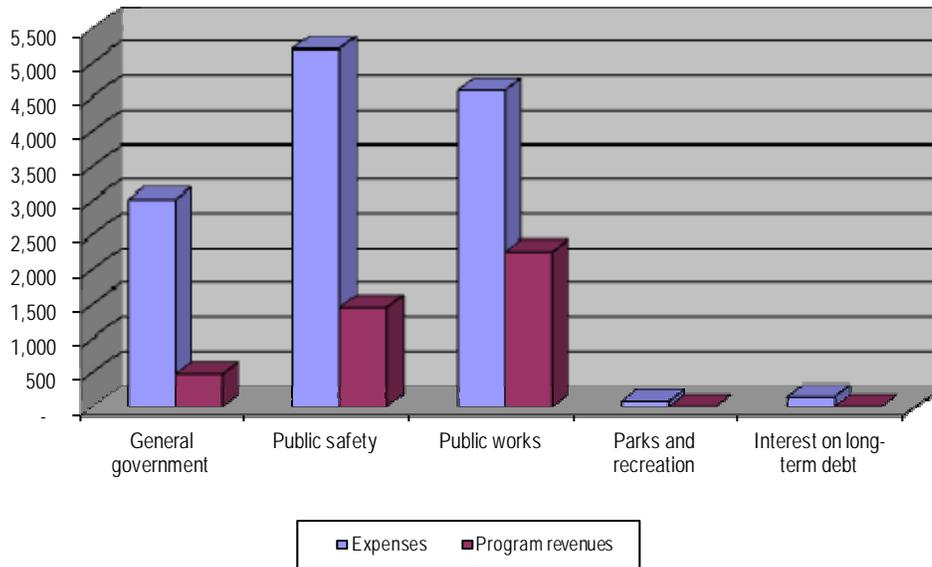
	<b>Governmental Activities (000)</b>		<b>Business-type Activities (000)</b>		<b>Total (000)</b>	
	<b>2013</b>	2012	<b>2013</b>	2012	<b>2013</b>	2012
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for service	\$ 2,557	\$ 2,492	\$ 6,363	\$ 5,577	\$ 8,920	\$ 8,069
Operating grants/contributions	1,510	1,394	-	2,577	1,510	3,971
Capital grants/contributions	108	420	3,169	6,552	3,277	6,972
<b>General revenues:</b>						
Property taxes	10,042	10,146	-	-	10,042	10,146
State shared taxes	1,253	1,183	-	-	1,253	1,183
Miscellaneous	276	272	149	170	425	442
<b>Total revenues</b>	<b>15,746</b>	<b>15,907</b>	<b>9,681</b>	<b>14,876</b>	<b>25,427</b>	<b>30,783</b>
<b>Program Expenses</b>						
General government	3,014	3,467	-	-	3,014	3,467
Public safety	5,194	5,306	-	-	5,194	5,306
Public works	4,588	3,974	-	-	4,588	3,974
Parks and recreation	81	72	-	-	81	72
Interest on long-term debt	146	255	-	-	146	255
Utilities and other enterprise funds	-	-	6,396	6,155	6,396	6,155
<b>Total expenses</b>	<b>13,023</b>	<b>13,074</b>	<b>6,396</b>	<b>6,155</b>	<b>19,419</b>	<b>19,229</b>
Increase in net position before transfers	2,723	2,833	3,285	8,721	6,008	11,554
Transfers	(280)	(387)	280	387	-	-
Increase in net position	2,443	2,446	3,565	9,108	6,008	11,554
Net Position, July 1	20,902	18,456	38,038	28,930	58,940	47,386
Net Position, June 30	<b>\$ 23,345</b>	<b>\$ 20,902</b>	<b>\$ 41,603</b>	<b>\$ 38,038</b>	<b>\$ 64,948</b>	<b>\$ 58,940</b>

**Governmental activities:** The increase in net position for governmental activities was \$2.4 million, which is flat compared to the 2012 increase of \$2.4 million. There were no significant line item increases compared to 2012.

## City of Aberdeen, Maryland Management's Discussion and Analysis June 30, 2013

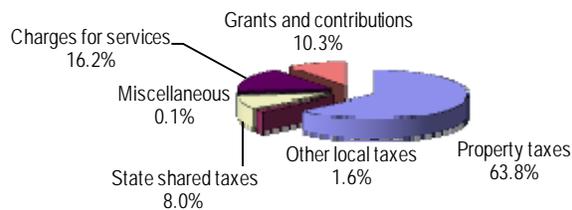
The following chart compares the Expenses and Program Revenues of the City's Governmental Activities:

**Expenses and Program Revenues Governmental Activities (000)**



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

**Revenues by Source Governmental Activities**



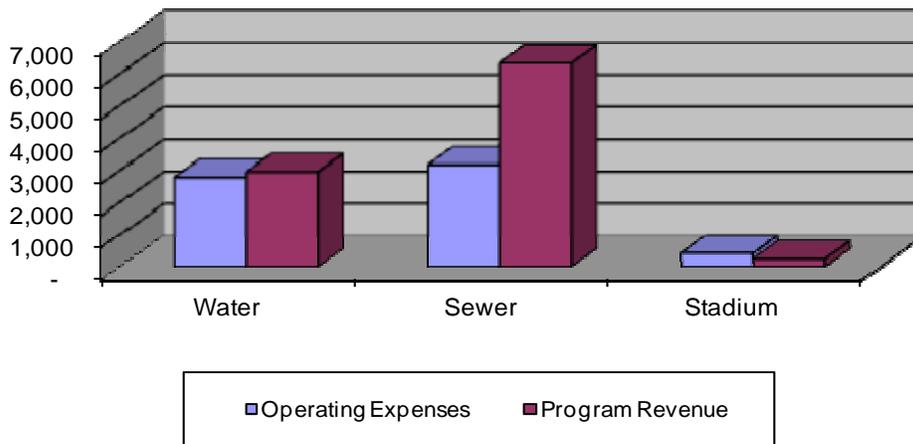
**Business-type Activities:** Business-type activities increased the City's net position by \$3.6 million, which is \$5.5 million less than the increase from 2011 to 2012. Key elements of this decrease are as follows:

- Capital grants and contributions decreased \$3.4 million due to decreased state funding for capitalized upgrades to the wastewater treatment plant.
- Operating grants and contributions decreased by \$2.6 million. In 2012 the City received a class action lawsuit settlement of \$2.6 million to cover the cleanup costs of soil contamination.
- Business-type expenses increased by \$241 thousand.

## City of Aberdeen, Maryland Management's Discussion and Analysis June 30, 2013

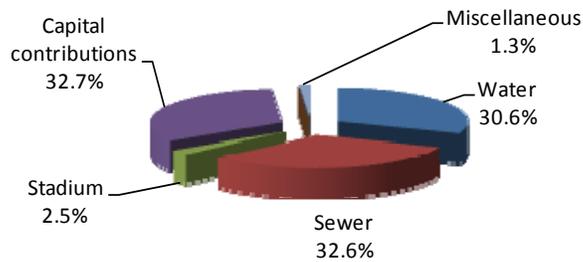
The following chart compares the Expenses and Program Revenues of the City's Business-type Activities.

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



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

**Revenues by Source Business-Type  
Activities**



# City of Aberdeen, Maryland

## Management's Discussion and Analysis

### June 30, 2013

#### 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 \$11.9 million, an increase of \$2.5 million in comparison with the prior year. Approximately 91% of this total amount (\$10.9 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 (\$31 thousand), 2) restricted for community development (\$493 thousand), and 3) assigned balances for public safety, public works, storm water management and capital projects (\$535 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 \$10.9 million, which represents 99.7% 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 88.1% of total General Fund expenditures, while total fund balance represents 88.4% of that same amount. The General Fund balance increased by \$2.3 million during the current fiscal year. The key elements are:

- There were no significant line item increases compared to 2012.
- Total revenues were \$1.7 million higher than anticipated.
- Taxes were \$1.3 million more than anticipated due to new growth and increased property values as assessed by the State Department of Assessment and Taxation, and more people employed than anticipated.
- Total expenditures were \$507 thousand less than anticipated.

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, \$5 thousand was assigned for encumbrances, and the remaining fund balance of \$369 thousand was assigned to capital projects for a total fund balance of \$535 thousand. The fund balance increased by \$127 thousand during the current fiscal year. The key elements are:

- Expenditures were \$786 thousand less than anticipated.
- The savings in expenditures was offset by a \$611 lower than expected revenues
- Expenditures were \$421 thousand less than 2012.

**Proprietary funds.** The City of Aberdeen's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the three funds at the end of the year amounted to a surplus of \$817 thousand for the Water Fund, a surplus of \$219 thousand for the Sewer Fund, and a surplus of \$221 thousand for the Stadium Fund. The total net position increased by \$3.6 million. Other factors concerning these funds' finances have been addressed in the discussion of the City of Aberdeen's business-type activities.

# City of Aberdeen, Maryland

## Management's Discussion and Analysis

### June 30, 2013

#### General Fund Budgetary Highlights

The final budget for the General Fund was increased \$54 thousand (0.4%) over the original budget to adjust for situations arising during the year. The most significant increases relate to a \$13 thousand increase for parks maintenance, a \$12 thousand increase for a security camera system, and a \$10 thousand increase for Development Code amendment.

Property taxes were \$925 thousand higher than budgeted due to higher growth and property values than initially assessed. Income tax was \$397 thousand higher than budgeted because more people were employed than anticipated.

#### Capital Asset and Debt Administration

**Capital assets.** The City of Aberdeen's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$76.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment (including vehicles), infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total net increase in City of Aberdeen's investment in capital assets for the current fiscal year was \$3.5 million or 4.8% (a 1.2% decrease for governmental activities and a 6.9% increase for business-type activities). The major capital asset activities in the current year included upgrades to the waste water treatment plant totaling approximately \$4.8 million.

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

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,471	\$ 4,470	\$ 1,963	\$ 1,963	\$ 6,434	\$ 6,433
Buildings	5,046	5,216	14,738	15,194	19,784	20,410
Improvements other than buildings	5	8	57	22	62	30
Machinery and equipment	923	1,033	1,731	1,770	2,654	2,803
Vehicles	502	469	-	-	502	469
Recreational facilities	213	230	-	-	213	230
Infrastructure	7,177	7,309	-	-	7,177	7,309
Water and sewer systems	-	-	15,736	16,319	15,736	16,319
Construction in progress	176	-	23,397	18,627	23,573	18,627
<b>Total</b>	<b>\$ 18,513</b>	<b>\$ 18,735</b>	<b>\$ 57,622</b>	<b>\$ 53,895</b>	<b>\$ 76,135</b>	<b>\$ 72,630</b>

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, 2013**

**Long-term debt.** At the end of the current fiscal year, the City of Aberdeen had total long-term liabilities outstanding of \$29.1 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**

	<b>Governmental Activities (000)</b>		<b>Business-type Activities (000)</b>		<b>Total (000)</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
General obligation bonds	\$ 4,395	\$ 4,670	\$ 11,275	\$ 12,092	\$ 15,670	\$ 16,762
Notes payable	609	660	9,799	7,522	10,408	8,182
Compensated absences	530	495	106	102	636	597
Net pension obligation	84	103	-	-	84	103
OPEB obligation	1,955	1,778	311	272	2,266	2,050
Premiums (discounts), net	1	1	54	60	55	61
<b>Total</b>	<b>\$ 7,574</b>	<b>\$ 7,707</b>	<b>\$ 21,545</b>	<b>\$ 20,048</b>	<b>\$ 29,119</b>	<b>\$ 27,755</b>

During the current fiscal year, the City of Aberdeen's total long-term liabilities increased by \$1.4 million or 4.9%. The City obtained loans from the Maryland Department of the Environment for wastewater treatment plan upgrades with proceeds totaling approximately \$2.6 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, 2013. 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 has been adding jobs (mostly civilian) to the Aberdeen Proving Grounds (APG) as a result of BRAC (Base Realignment and Closure). Employment on APG is remaining stable and may possibly increase once "sequestration" and other Federal budget issues are resolved.
- New construction, both residential and commercial, is expected to continue at a moderate rate, which will impact the real estate tax base.
- The real estate tax rate remains unchanged at \$0.6800 per \$100 of assessed value for the FY 2014 budget.
- The water and sewer base rates were increased to \$15.23 and \$19.57 respectively for the FY 2014 budget.

All of these factors were considered in preparing the City of Aberdeen's budget for fiscal year 2014.

City of Aberdeen, Maryland  
Management's Discussion and Analysis  
June 30, 2013

**Requests for Information:**

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

City Of Aberdeen, Maryland

Statement Of Net Position

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 13,040,290	\$ 4,704,825	\$ 17,745,115
Receivables, current	1,078,768	1,158,142	2,236,910
Prepays	17,573	-	17,573
Internal balances	(47,856)	47,856	-
Inventory	11,387	152,197	163,584
Receivables, noncurrent	139,510	227,081	366,591
Deferred charges	95,393	206,487	301,880
Capital assets:			
Nondepreciable assets	4,646,852	25,360,572	30,007,424
Net of accumulated depreciation	13,865,655	32,261,766	46,127,421
<b>Total assets</b>	<b>32,847,572</b>	<b>64,118,926</b>	<b>96,966,498</b>
<b>Liabilities</b>			
Line of credit	194,981	-	194,981
Accounts payable	532,368	786,933	1,319,301
Accrued liabilities	291,115	184,465	475,580
Unearned revenue	419,257	-	419,257
Other liabilities	490,142	-	490,142
Noncurrent liabilities:			
Due within one year	545,612	1,514,474	2,060,086
Due in more than one year	7,028,426	20,030,275	27,058,701
<b>Total liabilities</b>	<b>9,501,901</b>	<b>22,516,147</b>	<b>32,018,048</b>
<b>Net Position</b>			
Invested in capital assets, net of related debt	13,508,406	36,701,093	50,209,499
Restricted for:			
Community development	492,955	-	492,955
Debt service	-	1,066,934	1,066,934
Capital revolving loans	-	2,577,140	2,577,140
Unrestricted	9,344,310	1,257,612	10,601,922
<b>Total net position</b>	<b>\$ 23,345,671</b>	<b>\$ 41,602,779</b>	<b>\$ 64,948,450</b>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Activities  
Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 3,014,256	\$ 340,520	\$ 57,726	\$ 75,300	\$ (2,540,710)	\$ -	\$ (2,540,710)
Public safety	5,193,500	118,427	1,297,455	33,059	(3,744,559)	-	(3,744,559)
Public works	4,587,658	2,097,915	155,056	-	(2,334,687)	-	(2,334,687)
Parks and recreation	81,358	-	-	-	(81,358)	-	(81,358)
Interest on long-term debt	145,643	-	-	-	(145,643)	-	(145,643)
<b>Total governmental activities</b>	<b>13,022,415</b>	<b>2,556,862</b>	<b>1,510,237</b>	<b>108,359</b>	<b>(8,846,957)</b>	<b>-</b>	<b>(8,846,957)</b>
<b>Business-type activities:</b>							
Water	2,791,953	2,961,294	-	-	-	169,341	169,341
Sewer	3,183,672	3,158,243	-	3,169,174	-	3,143,745	3,143,745
Stadium	420,658	243,514	-	-	-	(177,144)	(177,144)
<b>Total business-type activities</b>	<b>6,396,283</b>	<b>6,363,051</b>	<b>-</b>	<b>3,169,174</b>	<b>-</b>	<b>3,135,942</b>	<b>3,135,942</b>
<b>Total primary government</b>	<b>\$ 19,418,698</b>	<b>\$ 8,919,913</b>	<b>\$ 1,510,237</b>	<b>\$ 3,277,533</b>	<b>(8,846,957)</b>	<b>3,135,942</b>	<b>(5,711,015)</b>
<b>General revenues:</b>							
Property tax					10,041,666	-	10,041,666
Other local taxes					259,512	-	259,512
State shared taxes, unrestricted					1,252,941	-	1,252,941
Interest earnings					16,381	149,162	165,543
Transfers					(279,841)	279,841	-
<b>Total general revenues and transfers</b>					<b>11,290,659</b>	<b>429,003</b>	<b>11,719,662</b>
<b>Change in net position</b>					<b>2,443,702</b>	<b>3,564,945</b>	<b>6,008,647</b>
<b>Net position:</b>							
Beginning					20,901,969	38,037,834	58,939,803
Ending					<b>\$ 23,345,671</b>	<b>\$ 41,602,779</b>	<b>\$ 64,948,450</b>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Balance Sheet - Governmental Funds  
June 30, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 11,803,947	\$ 290,827	\$ 945,516	\$ 13,040,290
Receivables (net of allowance for uncollectibles)	964,794	203,509	49,975	1,218,278
Prepays	17,573	-	-	17,573
Inventory	11,387	-	-	11,387
<b>Total assets</b>	<b>\$ 12,797,701</b>	<b>\$ 494,336</b>	<b>\$ 995,491</b>	<b>\$ 14,287,528</b>
<b>Liabilities</b>				
Line of credit	\$ 194,981	\$ -	\$ -	\$ 194,981
Accounts payable	346,801	1,381	184,186	532,368
Due to other funds	45,256	-	2,600	47,856
Accrued liabilities	291,115	-	-	291,115
Earned but not available revenue	326,760	-	49,975	376,735
Unearned revenue	195,253	-	224,004	419,257
Other liabilities	490,142	-	-	490,142
<b>Total liabilities</b>	<b>1,890,308</b>	<b>1,381</b>	<b>460,765</b>	<b>2,352,454</b>
<b>Fund Balances</b>				
Non-spendable:				
Prepays	17,573	-	-	17,573
Inventory	11,387	-	-	11,387
Receivables	1,953	-	-	1,953
Restricted:				
Community development	-	492,955	-	492,955
Assigned:				
Encumbrances	-	-	5,014	5,014
Stormwater management	-	-	160,243	160,243
Capital projects	-	-	369,469	369,469
Unassigned	10,876,480	-	-	10,876,480
<b>Total fund balances</b>	<b>10,907,393</b>	<b>492,955</b>	<b>534,726</b>	<b>11,935,074</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,797,701</b>	<b>\$ 494,336</b>	<b>\$ 995,491</b>	<b>\$ 14,287,528</b>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

**Reconciliation Of The Governmental Funds Balance Sheet  
To The Statement Of Net Position  
June 30, 2013**

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Fund balances - total governmental funds		\$ 11,935,074
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Amounts reported for governmental activities in the statement of net position are different because:

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

Cost of capital assets	37,059,913	
Accumulated depreciation	<u>(18,547,406)</u>	18,512,507

Bond issuance costs are expensed by the funds		95,393
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Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		376,735
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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 payable	(4,395,000)	
Notes payable	(609,101)	
Net pension obligation	(83,642)	
Net OPEB obligation	(1,955,022)	
Accumulated unused compensated absences	(529,982)	
Bond premiums	(24,432)	
Bond discounts	<u>23,141</u>	
		<u>(7,574,038)</u>

<b>Net position of governmental activities</b>		<b><u>\$ 23,345,671</u></b>
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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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$11,648,825	\$ -	\$ -	\$11,648,825
Licenses and permits	75,289	-	-	75,289
Intergovernmental	1,408,266	25,325	-	1,433,591
APG management fees	2,058,083	-	-	2,058,083
Miscellaneous	446,910	5,067	-	451,977
<b>Total revenues</b>	<b>15,637,373</b>	<b>30,392</b>	<b>-</b>	<b>15,667,765</b>
<b>Expenditures:</b>				
Current:				
General government	1,733,379	45,837	62,661	1,841,877
Public safety	3,926,222	-	30,202	3,956,424
Public works	3,553,117	-	445,182	3,998,299
Parks and recreation	64,993	-	-	64,993
Miscellaneous	2,594,414	-	-	2,594,414
Debt service:				
Principal	325,921	-	-	325,921
Interest	146,143	-	-	146,143
<b>Total expenditures</b>	<b>12,344,189</b>	<b>45,837</b>	<b>538,045</b>	<b>12,928,071</b>
<b>Excess (deficiency) of revenue over (under) expenditures</b>	<b>3,293,184</b>	<b>(15,445)</b>	<b>(538,045)</b>	<b>2,739,694</b>
Other financing sources (uses):				
Transfers in (out)	(944,664)	-	664,823	(279,841)
<b>Net change in fund balances</b>	<b>2,348,520</b>	<b>(15,445)</b>	<b>126,778</b>	<b>2,459,853</b>
Fund balances:				
Beginning	8,558,873	508,400	407,948	9,475,221
Ending	<u>\$10,907,393</u>	<u>\$ 492,955</u>	<u>\$ 534,726</u>	<u>\$11,935,074</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, 2013

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Net change in fund balances - total governmental funds	\$ 2,459,853
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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 depreciation of \$924,670 exceeded capital outlays of \$710,295 in the current period. (214,375)

In the statement of activities, only the gain/loss on the disposition of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balances by costs of the capital assets of \$144,104 sold, less accumulated depreciation of \$136,623. (7,481)

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 \$35,334. (35,334)

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. 19,308

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. (177,004)

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. 325,921

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. (5,379)

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. 78,193

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<b>Change in net position of governmental activities</b>	<b>\$ 2,443,702</b>
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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, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Amounts Budgetary Basis	Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 10,305,151	\$ 10,305,151	\$ 11,649,740	\$ 1,344,589
Licenses and permits	93,000	93,000	75,289	(17,711)
Intergovernmental	1,181,146	1,214,706	1,408,266	193,560
APG management fees	570,000	570,000	649,045	79,045
Miscellaneous	267,782	287,946	351,323	63,377
<b>Total revenues</b>	<b>12,417,079</b>	<b>12,470,803</b>	<b>14,133,663</b>	<b>1,662,860</b>
<b>Expenditures:</b>				
General government	1,650,871	1,734,371	1,733,379	992
Public safety	3,793,300	3,841,512	3,823,205	18,307
Public works	2,391,328	2,392,740	2,142,506	250,234
Parks and recreation	60,840	74,240	64,993	9,247
Miscellaneous	2,875,955	2,800,005	2,582,247	217,758
Debt service:				
Principal	525,000	525,000	525,921	(921)
Interest	158,271	158,271	147,269	11,002
<b>Total expenditures</b>	<b>11,455,565</b>	<b>11,526,139</b>	<b>11,019,520</b>	<b>506,619</b>
<b>Other financing uses:</b>				
Transfers out	(961,514)	(944,664)	(944,664)	-
<b>Net change in fund balance - budgetary basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,169,479</b>	<b>\$ 2,169,479</b>
Adjustments to conform with generally accepted accounting principles (GAAP)			<u>179,041</u>	
Net change in fund balance - GAAP basis			2,348,520	
<b>Fund balance:</b>				
Beginning			<u>8,558,873</u>	
Ending			<u>\$ 10,907,393</u>	

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Net Position - Proprietary Funds  
June 30, 2013

	Business Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 3,325,935	\$ 1,123,487	\$ 255,403	\$ 4,704,825
Receivables, current	383,028	755,514	19,600	1,158,142
Due from other funds	19,163	28,693	-	47,856
Inventory	84,148	68,049	-	152,197
	<u>3,812,274</u>	<u>1,975,743</u>	<u>275,003</u>	<u>6,063,020</u>
Noncurrent assets:				
Receivables, noncurrent	-	227,081	-	227,081
Bond issue costs	109,448	-	97,039	206,487
Capital assets, net	11,172,864	34,003,446	12,446,028	57,622,338
	<u>11,282,312</u>	<u>34,230,527</u>	<u>12,543,067</u>	<u>58,055,906</u>
<b>Total assets</b>	<u>15,094,586</u>	<u>36,206,270</u>	<u>12,818,070</u>	<u>64,118,926</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	275,995	473,636	37,302	786,933
Accrued liabilities	60,976	107,052	16,437	184,465
Notes payable	163,910	472,265	-	636,175
Bonds payable	336,216	-	503,813	840,029
Compensated absences	10,502	27,768	-	38,270
	<u>847,599</u>	<u>1,080,721</u>	<u>557,552</u>	<u>2,485,872</u>
Noncurrent liabilities:				
Notes payable	-	9,163,033	-	9,163,033
Bonds payable	6,576,352	-	3,912,143	10,488,495
Compensated absences	30,564	36,786	-	67,350
OPEB liabilities	40,035	271,362	-	311,397
	<u>6,646,951</u>	<u>9,471,181</u>	<u>3,912,143</u>	<u>20,030,275</u>
<b>Total liabilities</b>	<u>7,494,550</u>	<u>10,551,902</u>	<u>4,469,695</u>	<u>22,516,147</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	4,205,834	24,368,148	8,127,111	36,701,093
Restricted for debt service	-	1,066,934	-	1,066,934
Restricted for capital revolving loans	2,577,140	-	-	2,577,140
Unrestricted	817,062	219,286	221,264	1,257,612
<b>Total net position</b>	<u>\$ 7,600,036</u>	<u>\$ 25,654,368</u>	<u>\$ 8,348,375</u>	<u>\$ 41,602,779</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Revenues, Expenses, And Changes In

Fund Net Position - Proprietary Funds

Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
<b>Operating revenues:</b>				
Charges for services	\$ 2,735,829	\$ 2,934,806	\$ 197,018	\$ 5,867,653
Other operating revenues	161,805	210,213	46,496	418,514
Miscellaneous	63,660	13,224	-	76,884
	<u>2,961,294</u>	<u>3,158,243</u>	<u>243,514</u>	<u>6,363,051</u>
<b>Operating expenses:</b>				
Cost of service	1,713,445	2,330,120	-	4,043,565
Other operating expenses	230,827	264,912	36,116	531,855
Depreciation	568,061	553,019	276,132	1,397,212
	<u>2,512,333</u>	<u>3,148,051</u>	<u>312,248</u>	<u>5,972,632</u>
<b>Operating income (loss)</b>	<u>448,961</u>	<u>10,192</u>	<u>(68,734)</u>	<u>390,419</u>
<b>Non-operating revenues (expenses):</b>				
Investment interest	196	260	171	627
Interest income on notes receivable	-	-	148,535	148,535
Bond cost amortization	(7,007)	-	(5,390)	(12,397)
Gain / (loss) on disposal of capital assets	6,330	(35,621)	-	(29,291)
Interest expense	(278,943)	-	(103,020)	(381,963)
	<u>(279,424)</u>	<u>(35,361)</u>	<u>40,296</u>	<u>(274,489)</u>
<b>Income (loss) before grants, contributions and transfers</b>	<u>169,537</u>	<u>(25,169)</u>	<u>(28,438)</u>	<u>115,930</u>
Transfers in	-	-	279,841	279,841
Capital grants and contributions	-	3,169,174	-	3,169,174
<b>Change in net position</b>	<u>169,537</u>	<u>3,144,005</u>	<u>251,403</u>	<u>3,564,945</u>
<b>Net Position:</b>				
Beginning	7,430,499	22,510,363	8,096,972	38,037,834
Ending	<u>\$ 7,600,036</u>	<u>\$ 25,654,368</u>	<u>\$ 8,348,375</u>	<u>\$ 41,602,779</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Cash Flows - Proprietary Funds  
Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 2,973,920	\$ 3,119,213	\$ 233,719	\$ 6,326,852
Payments to employees	(661,334)	(1,034,385)	-	(1,695,719)
Payments to suppliers	(1,317,953)	(1,831,869)	(30,523)	(3,180,345)
<b>Net cash provided by operating activities</b>	<b>994,633</b>	<b>252,959</b>	<b>203,196</b>	<b>1,450,788</b>
<b>Cash Flows From Non-Capital Financing Activities</b>				
Internal activity - payments to other funds	(47,034)	(1,914,294)	-	(1,961,328)
Net transfers in	-	-	279,841	279,841
<b>Net cash provided by (used in) non-capital financing activities</b>	<b>(47,034)</b>	<b>(1,914,294)</b>	<b>279,841</b>	<b>(1,681,487)</b>
<b>Cash Flows From Capital And Related Financing Activities</b>				
Principal payments on notes payable	(288,463)	(86,805)	(3,027)	(378,295)
Principal payments on bonds payable	(327,000)	-	(490,000)	(817,000)
Proceeds from notes payable	-	2,655,213	-	2,655,213
Interest paid	(282,127)	(83,741)	(108,466)	(474,334)
Capital grants and contributions	-	4,608,726	-	4,608,726
Purchase of capital assets	(115,670)	(4,914,942)	(37,300)	(5,067,912)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,013,260)</b>	<b>2,178,451</b>	<b>(638,793)</b>	<b>526,398</b>
<b>Cash Flows From Investing Activities</b>				
Investment earnings	196	260	171	627
Principal collections on notes receivable	-	-	69,309	69,309
Interest received on note receivable	-	-	79,226	79,226
<b>Net cash provided by investing activities</b>	<b>196</b>	<b>260</b>	<b>148,706</b>	<b>149,162</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(65,465)</b>	<b>517,376</b>	<b>(7,050)</b>	<b>444,861</b>
<b>Cash And Cash Equivalents:</b>				
Beginning of year	3,391,400	606,111	262,453	4,259,964
End of year	\$ 3,325,935	\$ 1,123,487	\$ 255,403	\$ 4,704,825
<b>Reconciliation of Operating Income (Loss) To Net Cash Provided By Operating Activities</b>				
Operating income (loss)	\$ 448,961	\$ 10,192	\$ (68,734)	\$ 390,419
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	568,061	553,019	276,132	1,397,212
Changes in assets and liabilities:				
Receivables	12,626	(39,030)	(9,795)	(36,199)
Prepays	1,956	1,956	-	3,912
Inventory	(63,702)	1,295	-	(62,407)
Accounts payable	26,450	(333,707)	5,593	(301,664)
Accrued liabilities	(1,289)	18,581	-	17,292
Compensated absences	(8,914)	12,400	-	3,486
OPEB liabilities	10,484	28,253	-	38,737
<b>Net cash provided by operating activities</b>	<b>\$ 994,633</b>	<b>\$ 252,959</b>	<b>\$ 203,196</b>	<b>\$ 1,450,788</b>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Fiduciary Net Position - Pension Trust Funds

June 30, 2013

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<b>Assets</b>	
Cash and short-term investments	\$ 165,799
Participant loans	379,027
	<u>544,826</u>
Investments in mutual funds, at fair-value:	
Equities	8,737,174
Fixed income	32,113
Bonds	5,278,038
	<u>14,047,325</u>
<b>Total assets</b>	<u><u>\$ 14,592,151</u></u>
<b>Net Position</b>	
Held in trust for pension benefits	<u><u>\$ 14,592,151</u></u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Changes In Fiduciary Net Position - Pension Trust Funds  
Year Ended June 30, 2013

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<b>Additions</b>	
Contributions:	
Employer contributions	\$ 941,691
Employee contributions	254,203
<b>Total contributions</b>	<u>1,195,894</u>
Investment income	1,207,168
<b>Total additions</b>	<u>2,403,062</u>
<b>Deductions</b>	
Benefit payments	720,327
Administrative expenses	48,684
<b>Total deductions</b>	<u>769,011</u>
<b>Change in net position</b>	1,634,051
Net Position:	
Beginning	12,958,100
Ending	<u>\$ 14,592,151</u>

See Notes To Basic Financial Statements.

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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

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#### 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 position, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; 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.

While the Special Revenue Fund and Capital Projects Fund do not meet the criteria set forth by the Codification, the City has elected to present the Special Revenue Fund and Capital Projects Fund as major funds, due to public interest.

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

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

Fiduciary Fund Types: The City has three pension funds, the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Defined Contribution Plan, and the City of Aberdeen Police Department Pension Plan. 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

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#### 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

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#### 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 30<sup>th</sup>, 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:	\$ 14,133,663	\$ 11,019,520	\$ (944,664)	\$ 2,169,479
Reimbursable salaries under APG contract	1,409,038	1,409,038	-	-
Reimbursable police salaries	95,587	95,587	-	-
Decrease in encumbrances	-	9,003	-	(9,003)
Principal received on special assessments receivable	(915)	-	-	(915)
Increase in allowance for uncollectible receivables	-	20,309	-	(20,309)
Repayments on line of credit	-	(200,000)	-	200,000
Increase in prepaid expenditures	-	(8,142)	-	8,142
Decrease in accrued interest payable	-	(1,126)	-	1,126
<b>Modified accrual basis</b>	<b>\$ 15,637,373</b>	<b>\$ 12,344,189</b>	<b>\$ (944,664)</b>	<b>\$ 2,348,520</b>

**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 position for benefits used to calculate the unfunded pension benefit obligation in the Pension Trust Funds is 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.

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Summary Of Significant Accounting Policies (Continued)

##### H. Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. As of June 30, 2013, management has provided an allowance for uncollectible delinquent personnel property taxes in the amount of \$243,624. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

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

##### I. Notes Receivable

Notes receivable recorded in the Stadium Fund represent a land contract and ground 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, 2013, 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

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#### 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. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no deferred outflows of resources at June 30, 2013.

#### N. 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.

#### O. Unearned Revenue

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

#### P. 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

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#### Note 1. Summary Of Significant Accounting Policies (Continued)

##### Q. 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.

##### R. 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.

##### S. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The City had no deferred inflows of resources at June 30, 2013.

##### T. Fund Balance

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

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provision or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action such as City charter, ordinance, and resolution, of the City's highest level of decision-making authority, the Mayor and City Council, are to be reported as committed fund balance. The 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. The authority for assigning fund balance rests with the City Manager or his or her designee. 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.

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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#### Note 1. Summary Of Significant Accounting Policies (Continued)

##### U. Net Position

Net position equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position 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 position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred, for purposes for which both restricted and unrestricted net position is available.

##### Note 2. Cash And Investments

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

The City invests primarily in deposits in the Maryland Local Government Investment Pool (MLGIP). The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administrative control of the State Treasurer. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940. The MLGIP is rated "AAAm" by Standards 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, 2013 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, 2013, 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.

**City Of Aberdeen, Maryland**

**Notes To Basic Financial Statements**

**Note 3. Notes Receivable**

In September 2006, the City entered into a land contract with Ripken Baseball Academy, LLC (Ripken Baseball) whereby the City will sell to Ripken Baseball Lot 3 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 \$276,279.

A summary of notes receivable and corresponding deferred profit at June 30, 2013, 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	\$ 990,524	\$ (990,524)	\$ -
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	254,311	(254,311)	-
	<u>\$ 1,244,835</u>	<u>\$ (1,244,835)</u>	<u>\$ -</u>

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

Years Ending June 30,	
2014	\$ 110,095
2015	98,349
2016	104,615
2017	111,288
2018	118,396
Thereafter	702,092
	<u>\$ 1,244,835</u>

**City Of Aberdeen, Maryland**

**Notes To Basic Financial Statements**

**Note 4. Receivables And Payables**

Receivables at June 30, 2013, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Receivables:							
Taxes	\$ 301,913	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,913
Intergovernmental	730,350	9,343	49,975	-	113,351	4,298	907,317
Charges for services	-	-	-	383,028	633,889	-	1,016,917
Assessments/improvements	6,126	194,166	-	-	235,355	-	435,647
Other	170,029	-	-	-	-	15,302	185,331
Gross receivables	1,208,418	203,509	49,975	383,028	982,595	19,600	2,847,125
Allowance for uncollectibles	(243,624)	-	-	-	-	-	(243,624)
Net receivables	\$ 964,794	\$ 203,509	\$ 49,975	\$ 383,028	\$ 982,595	\$ 19,600	\$ 2,603,501

Payables at June 30, 2013, consist of the following:

	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Accrued liabilities:							
Interest	\$ 20,463	\$ -	\$ -	\$ 43,007	\$ 53,777	\$ 16,437	\$ 133,684
Payroll	270,652	-	-	17,969	45,388	-	334,009
Intergovernmental	-	-	-	-	7,887	-	7,887
	\$ 291,115	\$ -	\$ -	\$ 60,976	\$ 107,052	\$ 16,437	\$ 475,580
Other liabilities:							
Payroll withholdings	\$ 20,883	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,883
Performance bonds	255,992	-	-	-	-	-	255,992
Seized property	193,836	-	-	-	-	-	193,836
Other	19,431	-	-	-	-	-	19,431
	\$ 490,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 490,142

**Note 5. Interfund Receivables, Payables And Transfers**

Interfund receivable and payable balances at June 30, 2013, are as follows:

Due From Fund	Due To Fund						Total
	General	Special Revenue	Capital Projects	Water Utility	Sewer Utility	Stadium	
Water	\$ 17,863	\$ -	\$ 1,300	\$ -	\$ -	\$ -	\$ 19,163
Sewer	27,393	-	1,300	-	-	-	28,693
	\$ 45,256	\$ -	\$ 2,600	\$ -	\$ -	\$ -	\$ 47,856

Interfund transfers for the year ended June 30, 2013, consisted of transfers from the General Fund to the Capital Projects Fund in the amount of \$664,823 for capital projects, and from the General Fund to the Stadium Fund in the amount of \$279,841 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, 2013, is as follows:

	Balance, July 1, 2012	Additions	Deletions	Balance, June 30, 2013
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,471,113	\$ -	\$ -	\$ 4,471,113
Construction in process	-	175,739	-	175,739
	<u>4,471,113</u>	<u>175,739</u>	<u>-</u>	<u>4,646,852</u>
Capital assets being depreciated:				
Buildings	10,992,728	-	-	10,992,728
Improvements other than buildings	31,900	-	-	31,900
Machinery and equipment, including equipment under financing agreement	4,580,024	117,673	(42,940)	4,654,757
Vehicles	2,121,512	257,013	(101,164)	2,277,361
Recreational facilities	569,767	16,399	-	586,166
Infrastructure	13,726,678	143,471	-	13,870,149
	<u>32,022,609</u>	<u>534,556</u>	<u>(144,104)</u>	<u>32,413,061</u>
Accumulated depreciation for:				
Buildings	(5,777,342)	(169,956)	-	(5,947,298)
Improvements other than buildings	(24,055)	(3,095)	-	(27,150)
Machinery and equipment, including equipment under financing agreement	(3,547,390)	(224,228)	39,483	(3,732,135)
Vehicles	(1,652,639)	(219,951)	97,140	(1,775,450)
Recreational facilities	(339,954)	(32,667)	-	(372,621)
Infrastructure	(6,417,979)	(274,773)	-	(6,692,752)
	<u>(17,759,359)</u>	<u>(924,670)</u>	<u>136,623</u>	<u>(18,547,406)</u>
Total depreciable assets, net	<u>14,263,250</u>	<u>(390,114)</u>	<u>(7,481)</u>	<u>13,865,655</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 18,734,363</u>	<u>\$ (214,375)</u>	<u>\$ (7,481)</u>	<u>\$ 18,512,507</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 6. Capital Assets (Continued)

	Balance, July 1, 2012	Additions	Deletions	Balance, June 30, 2013
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,963,416	\$ -	\$ -	\$ 1,963,416
Construction in process	18,624,963	4,772,193	-	23,397,156
	<u>20,588,379</u>	<u>4,772,193</u>	<u>-</u>	<u>25,360,572</u>
Capital assets being depreciated:				
Buildings	24,014,178	24,451	-	24,038,629
Improvements other than buildings	32,805	37,300	-	70,105
Machinery and equipment	10,559,943	221,437	(53,429)	10,727,951
Water systems	15,464,493	54,345	-	15,518,838
Sewer system	7,530,178	51,245	(71,834)	7,509,589
	<u>57,601,597</u>	<u>388,778</u>	<u>(125,263)</u>	<u>57,865,112</u>
Accumulated depreciation for:				
Buildings	(8,819,560)	(481,473)	-	(9,301,033)
Improvements other than buildings	(10,889)	(2,184)	-	(13,073)
Machinery and equipment	(8,790,225)	(257,829)	50,891	(8,997,163)
Water systems	(4,607,560)	(463,436)	-	(5,070,996)
Sewer system	(2,066,869)	(192,290)	38,078	(2,221,081)
	<u>(24,295,103)</u>	<u>(1,397,212)</u>	<u>88,969</u>	<u>(25,603,346)</u>
Total depreciable assets, net	<u>33,306,494</u>	<u>(1,008,434)</u>	<u>(36,294)</u>	<u>32,261,766</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 53,894,873</u>	<u>\$ 3,763,759</u>	<u>\$ (36,294)</u>	<u>\$ 57,622,338</u>

During the year ended June 30, 2013, the City incurred interest costs in the amount of \$86,056 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, 2013, as follows:

Governmental activities:	
General government	\$ 505,432
Public safety	162,253
Public works	224,223
Recreation	32,762
	<u>\$ 924,670</u>
Business-type activities:	
Water utility	\$ 568,061
Sewer utility	553,019
Stadium	276,132
	<u>\$ 1,397,212</u>

**City Of Aberdeen, Maryland**

**Notes To Basic Financial Statements**

**Note 7. Long-Term Liabilities**

Long-term liabilities activity as of and for the year ended June 30, 2013, is as follows:

	Balance, July 1, 2012	Additions	Deductions	Balance, June 30, 2013	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 4,670,000	\$ -	\$ (275,000)	\$ 4,395,000	\$ 285,000
Notes payable	660,022	-	(50,921)	609,101	50,985
<b>Other obligations:</b>					
Compensated absences	494,648	153,748	(118,414)	529,982	209,126
Net pension obligation	102,950	-	(19,308)	83,642	-
Net OPEB obligation	1,778,018	312,844	(135,840)	1,955,022	-
Add bond premiums	26,661	-	(2,229)	24,432	2,229
Less bond discounts	(24,869)	-	1,728	(23,141)	(1,728)
	<u>\$ 7,707,430</u>	<u>\$ 466,592</u>	<u>\$ (599,984)</u>	<u>\$ 7,574,038</u>	<u>\$ 545,612</u>
<b>Business-type activities:</b>					
General obligation bonds payable	\$12,092,200	\$ -	\$ (817,000)	\$11,275,200	\$ 834,900
Notes payable	7,522,290	2,655,213	(378,295)	9,799,208	636,174
<b>Other obligations:</b>					
Compensated absences	102,134	38,193	(34,707)	105,620	38,270
Net OPEB obligation	272,660	38,737	-	311,397	-
Add bond premiums	101,774	-	(9,897)	91,877	9,900
Less bond discounts	(43,323)	-	4,770	(38,553)	(4,770)
	<u>\$20,047,735</u>	<u>\$ 2,732,143</u>	<u>\$ (1,235,129)</u>	<u>\$21,544,749</u>	<u>\$ 1,514,474</u>

General obligation bonds payable relating to governmental activities at June 30, 2013, consist of the following:

Refunding Bonds of 2011; authorized amount \$4,515,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from \$145,000 to \$355,000 and semiannual payments of interest through May 2030	\$ 3,955,000
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	440,000
	<u>\$ 4,395,000</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, 2013, is as follows:

Years Ending June 30,	Principal	Interest	Total
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	320,000	85,762	405,762
2019-2023	1,545,000	316,172	1,861,172
2024-2028	950,000	146,998	1,096,998
2029-2030	405,000	19,575	424,575
	<u>\$ 4,395,000</u>	<u>\$ 975,745</u>	<u>\$ 5,370,745</u>

Notes payable relating to governmental activities at June 30, 2013, 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	\$ 600,000
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	9,101
	<u>\$ 609,101</u>

A schedule of maturities of the notes payable relating to governmental activities as of June 30, 2013, is as follows:

Years Ending June 30,	Principal	Interest	Total
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	51,291	13,771	65,062
2019-2023	253,437	40,337	293,774
2024-2025	100,000	3,211	103,211
	<u>\$ 609,101</u>	<u>\$ 131,543</u>	<u>\$ 740,644</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, 2013, 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	\$ 4,492,800
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	2,397,400
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	3,245,000
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	1,140,000
	<u>\$ 11,275,200</u>

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2013, is as follows:

Years Ending June 30,	Principal	Interest	Total
2014	\$ 834,900	\$ 355,363	\$ 1,190,263
2015	855,800	336,587	1,192,387
2016	874,000	316,788	1,190,788
2017	900,700	295,156	1,195,856
2018	913,000	270,750	1,183,750
2019-2023	3,891,300	958,994	4,850,294
2024-2028	2,318,500	432,690	2,751,190
2029-2030	687,000	44,716	731,716
	<u>\$ 11,275,200</u>	<u>\$ 3,011,044</u>	<u>\$ 14,286,244</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, 2013, 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	\$ 7,352,506
Loan payable, Maryland Water Quality Financing Administration, non-interest bearing, no payments due through 2020 at which time loan is subject to forgiveness	1,500,000
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	477,643
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	251,635
Bank term loans, issued for a combined amount of \$1,742,000, accruing interest at rates ranging from 1.12% to 4.75%; payable monthly, quarterly or semiannually at varying amounts; due dates through 2016	217,424
	<u>\$ 9,799,208</u>

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2013, is as follows:

Years Ending June 30,	Principal	Interest	Total
2014	\$ 636,174	\$ 58,023	\$ 694,197
2015	476,139	74,529	550,668
2016	471,304	68,920	540,224
2017	462,857	63,407	526,264
2018	456,843	57,864	514,707
2019-2023	3,585,054	225,126	3,810,180
2024-2028	2,110,293	129,341	2,239,634
2029-2032	1,600,544	36,161	1,636,705
	<u>\$ 9,799,208</u>	<u>\$ 713,371</u>	<u>\$ 10,512,579</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 \$194,981 outstanding on the line of credit at June 30, 2013 recorded in the General Fund.

**City Of Aberdeen, Maryland**

**Notes To Basic Financial Statements**

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**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 Pension Plan, Defined Contribution Plan and Police Department Pension Plan.

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

**Defined Benefit Pension 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, 2012, the date of the last actuarial valuation:

Retirees and beneficiaries currently receiving benefits	20
Terminated employees entitled to benefits but not yet receiving them	<u>2</u>
Total	<u><u>22</u></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, 2013 was \$70,452. 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, 2013, no investment in any one organization exceeded 5% or more of net position 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	\$ 70,452
Interest on net pension obligation	5,390
Adjustment to annual required contribution	(13,459)
Annual pension cost	<u>62,383</u>
Less contributions made	<u>(70,452)</u>
Decrease in net pension obligation	(8,069)
Net pension obligation:	
Beginning	<u>102,674</u>
Ending	<u><u>\$ 94,605</u></u>

The annual required contributions for the current year were determined as part of the July 1, 2012 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, 2012 was 10 years, which is re-established each year.

Three-year trend information:

**City Defined Benefit Plan**

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 62,383	112.9%	\$ 94,605
June 30, 2012	\$ 31,377	127.9%	\$ 102,674
June 30, 2011	\$ 55,067	116.6%	\$ 111,430

*Funding Status and Funding Progress:*

As of July 1, 2012, the most recent actuarial valuation date, the plan was 90.35% funded. The actuarial accrued liability for benefits was \$1,706,249, and the actuarial value of assets was \$1,541,531, resulting in an unfunded actuarial liability (UAAL) of \$164,718.

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

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#### 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, 2013, there were 110 plan members. DC Plan participants are required to contribute 2% of annual base pay. The City is required to contribute 7% of annual base pay. DC Plan provisions and contribution requirements are established and may be amended by the Aberdeen City Council. Participants' and the City's actual contributions were \$101,181 and \$354,239, 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, 2012, the date of the last actuarial valuation:

Active employees	35
Retirees and beneficiaries currently receiving benefits	4
Terminated employees entitled to benefits but not yet receiving them	<u>10</u>
Total	<u>49</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 17.36% 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, 2013 was \$505,772. 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 \$153,022 at June 30, 2013.

**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	\$ 505,772
Interest on net pension obligation	20
Adjustment to annual required contribution	(31)
Annual pension cost	<u>505,761</u>
Less contributions made	<u>(517,000)</u>
Decrease in net pension obligation	(11,239)
Net pension obligation:	
Beginning	276
Ending	<u><u>\$ (10,963)</u></u>

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, 2012 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, 2013	\$ 505,761	100%	\$ 265
June 30, 2012	\$ 516,877	100%	\$ 276
June 30, 2011	\$ 506,087	100%	\$ 287

*Funding Status and Funding Progress:*

As of July 1, 2012, the most recent actuarial valuation date, the plan was 71.41% funded. The actuarial accrued liability for benefits was \$8,710,394, and the actuarial value of assets was \$6,219,669, resulting in an unfunded accrued actuarial liability (UAAL) of \$2,490,725. The covered payroll (annual payroll of active employees covered by the plan) was \$1,742,242, and the ratio of the UAAL to the covered payroll was 142.96%.

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, 2013, is summarized as follows:

	Combining Statement of Fiduciary Net Position			Total
	Defined Contribution Plan	Police Department Pension Plan	Defined Benefit Plan	
<b>Assets</b>				
Cash and short-term investments	\$ 165,799	\$ -	\$ -	\$ 165,799
Participant loans	379,027	-	-	379,027
	<u>544,826</u>	<u>-</u>	<u>-</u>	<u>544,826</u>
Investments in mutual funds, at fair-value:				
Equities	5,090,475	3,646,699	-	8,737,174
Fixed Income	32,113	-	-	32,113
Bonds	156,748	3,619,737	1,501,553	5,278,038
	<u>5,279,336</u>	<u>7,266,436</u>	<u>1,501,553</u>	<u>14,047,325</u>
Total assets	<u>\$ 5,824,162</u>	<u>\$ 7,266,436</u>	<u>\$ 1,501,553</u>	<u>\$ 14,592,151</u>
<b>Net Position</b>				
Held in trust for pension benefits	<u>\$ 5,824,162</u>	<u>\$ 7,266,436</u>	<u>\$ 1,501,553</u>	<u>\$ 14,592,151</u>
<b>Combining Statement of Changes In Fiduciary Net Position</b>				
	Defined Contribution Plan	Police Department Pension Plan	Defined Benefit Plan	Total
<b>Additions</b>				
Contributions:				
Employer contributions	\$ 354,239	\$ 517,000	\$ 70,452	\$ 941,691
Employee contributions	101,181	153,022	-	254,203
Total contributions	<u>455,420</u>	<u>670,022</u>	<u>70,452</u>	<u>1,195,894</u>
Investment earnings:				
Investment income	435,083	699,525	72,560	1,207,168
Total additions	<u>890,503</u>	<u>1,369,547</u>	<u>143,012</u>	<u>2,403,062</u>
Deductions:				
Benefit payments	259,939	291,909	168,479	720,327
Administrative expenses	3,302	30,871	14,511	48,684
Total deductions	<u>263,241</u>	<u>322,780</u>	<u>182,990</u>	<u>769,011</u>
Change in net position	627,262	1,046,767	(39,978)	1,634,051
<b>Net Position:</b>				
Beginning	5,196,900	6,219,669	1,541,531	12,958,100
Ending	<u>\$ 5,824,162</u>	<u>\$ 7,266,436</u>	<u>\$ 1,501,553</u>	<u>\$ 14,592,151</u>

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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#### 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, 2013, 24 retirees and dependents are eligible for health benefits and 21 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 directly (if they would otherwise meet retirement criteria) and meet eligible criteria may participate.

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

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

##### *Underlying Plan Description:*

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

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

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

##### *Funding Policy:*

The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 4.6% of annual covered payroll. The ARC consisted of the normal cost of \$205,384 and the amortization of unfunded accrued liability of \$137,410. The City's implicit subsidy contributed to the plan for the year ended June 30, 2013 amounted to \$50,940. The City contributed \$84,900 for current health care and life insurance premiums for the year ended June 30, 2013. As of the year ended June 30, 2013, 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, 2013 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, 2013. The City's annual OPEB cost and net OPEB obligation for the current year, were as follows:

Annual OPEB Cost	
Annual required contribution	\$ 342,794
Interest on net OPEB obligation	82,027
Adjustment to annual required contribution	<u>(73,240)</u>
<b>Annual OPEB cost</b>	<b>351,581</b>
Contributions made	<u>135,840</u>
Increase in net OPEB obligation	215,741
Net OPEB obligation beginning of year	<u>2,050,676</u>
Net OPEB obligation end of year	<u><u>\$ 2,266,417</u></u>

Three year trend information:

Fiscal Year Ended June 30,	Annual OPEB Cost (AOC)	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 351,581	38.6%	\$ 2,266,417
2012	527,551	16.0%	2,050,676
2011	904,253	15.6%	1,607,750

*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, 2013, 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 \$3,847,398, 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**

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

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

The unfunded liability was amortized over a period of 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 3.5%
- Inflation rate 3.0%

Healthcare cost trend assumptions –

Year	Annual Rate Of Increase
2013	8.25%
2014	7.25%
2015	6.75%
2016	6.25%
2017	5.25%
2018	4.75%
2019 & Later	4.75%

**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 Disability Table

Retirement rate assumptions –

	Age					
	45	50	55	60	65	70
<b>Early Retirement</b>						
First Year Eligibility:						
Male			.060	.060		
Female			.040	.100		
Subsequent Years:						
Male				.040		
Female				.060		
	Age					
	45	50	55	60	65	70
<b>Normal Retirement</b>						
First Year Eligibility:						
Male	.150	.150	.250	.250	.250	1.000
Female	.150	.150	.250	.300	.300	1.000
Subsequent Years:						
Male	.050	.050	.070	.120	.250	1.000
Female	.050	.050	.070	.100	.250	1.000

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

Note 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, 2013 is \$1,301,282.

Subsequent Events:

The City evaluated subsequent events through October 30, 2013, which represents the date the financial statements were available to be issued.

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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#### 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, 2013, 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 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.

## City Of Aberdeen, Maryland

### Notes To Basic Financial Statements

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

- 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.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will be effective for the City beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations (such as mergers, acquisitions, and transfers) and disposals of government operations. This Statement requires the use of carrying values to measure the assets and liabilities in a government merger. For government acquisitions, this Statement requires measurements of assets acquired and liabilities assumed generally to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Additionally, this Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will be effective for the City beginning with its year ending June 30, 2014. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees.

**City Of Aberdeen, Maryland**

**Required Supplementary Information (Unaudited)**

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**Defined Benefit Pension Plan:**

**Schedule of Employer Contributions**

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

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 70,452	\$ 70,452	100%
2012	40,133	40,133	100%
2011	64,215	64,215	100%
2010	114,001	114,001	100%
2009	117,321	117,321	100%
2008	115,053	115,053	100%
2007	103,598	103,598	100%
2006	81,951	81,951	100%
2005	76,275	76,275	100%

**Schedule of Funding Progress**

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2012	\$ 1,541,531	\$ 1,706,249	\$ 164,718	90.35%	\$ -	0%
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)**

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**Police Department Defined Benefit Pension Plan:**

**Schedule of Employer Contributions**

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

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 505,772	\$ 505,772	100%
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 six fiscal years:

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2012	\$ 6,219,669	\$ 8,710,394	\$ 2,490,725	71.41%	\$ 1,742,242	142.96%
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)**

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**Other Post Employment Benefits (OPEB):**

**Schedule of Employer Contributions**

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

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2013	\$ 342,794	\$ 135,840	39.63%
2012	527,551	84,624	16.04%
2011	904,253	140,801	15.57%
2010	925,000	80,702	8.72%

**Schedule of Funding Progress**

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL As A Percentage Of Covered Payroll [(b-a)/c]
2013	\$ -	\$ 3,847,398	\$ 3,847,398	0.00%	\$ 7,451,184	51.63%
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, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Taxes:</b>				
Property taxes:				
Real estate taxes	\$ 8,220,808	\$ 8,220,808	\$ 8,955,678	\$ 734,870
Corporation personal property taxes	640,560	640,560	887,412	246,852
Utilities personal property tax	294,440	294,440	353,263	58,823
Penalties and interest	45,000	45,000	62,584	17,584
Semi-annual service charge	1,500	1,500	636	(864)
Additions and abatements	(19,000)	(19,000)	(34,726)	(15,726)
Discount on taxes	(51,791)	(51,791)	(67,253)	(15,462)
Tax credit - firemen exemptions	(15,912)	(15,912)	(14,688)	1,224
Tax credit - no water or sewer	(11,391)	(11,391)	(6,295)	5,096
Enterprise Zone tax credits	(104,756)	(104,756)	(211,696)	(106,940)
	<u>8,999,458</u>	<u>8,999,458</u>	<u>9,924,915</u>	<u>925,457</u>
Local taxes:				
Franchise tax	135,880	135,880	168,692	32,812
Mobile home excise tax	36,000	36,000	31,080	(4,920)
Utilities pole tax	58,200	58,200	58,545	345
Hospitality Way special assessment	2,070	2,070	1,090	(980)
	<u>232,150</u>	<u>232,150</u>	<u>259,407</u>	<u>27,257</u>
State shared taxes:				
Income tax	950,000	950,000	1,346,694	396,694
Highway tax	123,543	123,543	118,724	(4,819)
	<u>1,073,543</u>	<u>1,073,543</u>	<u>1,465,418</u>	<u>391,875</u>
<b>Total taxes</b>	<u>10,305,151</u>	<u>10,305,151</u>	<u>11,649,740</u>	<u>1,344,589</u>
<b>Licenses and permits:</b>				
Traders' licenses	30,000	30,000	35,457	5,457
Liquor licenses	5,000	5,000	-	(5,000)
Peddlers permits	-	-	240	240
Grading permits	15,000	15,000	200	(14,800)
Building permits	22,000	22,000	33,734	11,734
Site plan review	15,000	15,000	4,958	(10,042)
Public Works agreement revenue	6,000	6,000	700	(5,300)
<b>Total licenses and permits</b>	<u>93,000</u>	<u>93,000</u>	<u>75,289</u>	<u>(17,711)</u>

(Continued)

City Of Aberdeen, Maryland

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

(Continued)

Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Intergovernmental:</b>				
Grants from federal government:				
Disaster Relief	-	-	36,332	36,332
	-	-	36,332	36,332
Grants from state government:				
Police state aid	188,165	188,165	190,646	2,481
Other	-	33,060	33,059	(1)
	188,165	221,225	223,705	2,480
Grants from county government:				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	905,260	905,260	1,066,328	161,068
Senior Center reimbursement	50,579	50,579	50,584	5
Other	-	500	500	-
	962,981	963,481	1,124,554	161,073
Grants from local government:				
Residential special patrol	30,000	30,000	23,675	(6,325)
<b>Total intergovernmental</b>	<b>1,181,146</b>	<b>1,214,706</b>	<b>1,408,266</b>	<b>193,560</b>
<b>APG management fees</b>	<b>570,000</b>	<b>570,000</b>	<b>649,045</b>	<b>79,045</b>
<b>Miscellaneous revenues:</b>				
Trash collection stickers fees	165,000	165,000	159,136	(5,864)
Police seized money	-	12,106	12,106	-
Police miscellaneous income	10,000	16,646	22,840	6,194
Antenna leases	32,782	32,782	36,874	4,092
Fines and forfeitures	15,000	15,000	28,799	13,799
Interest on savings	6,000	6,000	11,314	5,314
Other miscellaneous	39,000	40,412	80,254	39,842
<b>Total miscellaneous revenues</b>	<b>267,782</b>	<b>287,946</b>	<b>351,323</b>	<b>63,377</b>
<b>Total revenues</b>	<b>12,417,079</b>	<b>12,470,803</b>	<b>14,133,663</b>	<b>1,662,860</b>

City Of Aberdeen, Maryland

Schedule Of Expenditures And Other Financing Uses - Budget And Actual - General Fund  
Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>General Government:</b>				
Legislative:				
Elected officials	\$ 40,000	\$ 40,000	\$ 40,275	\$ (275)
Operating expenditures	49,000	49,000	38,309	10,691
Maryland Municipal League	16,054	16,054	15,955	99
National League of Cities	2,000	2,000	1,489	511
	<u>107,054</u>	<u>107,054</u>	<u>96,028</u>	<u>11,026</u>
Executive:				
Salaries	288,273	288,273	274,981	13,292
Operating expenditures	70,637	70,637	101,400	(30,763)
	<u>358,910</u>	<u>358,910</u>	<u>376,381</u>	<u>(17,471)</u>
Finance:				
Salaries	299,612	299,612	295,269	4,343
Operating expenditures	14,000	14,000	12,152	1,848
Audit expenditures	40,000	40,000	29,649	10,351
	<u>353,612</u>	<u>353,612</u>	<u>337,070</u>	<u>16,542</u>
Legal:				
Codification	4,000	4,000	3,362	638
Counsel	130,000	130,000	109,058	20,942
	<u>134,000</u>	<u>134,000</u>	<u>112,420</u>	<u>21,580</u>
Planning and community development:				
Salaries	175,521	175,521	176,185	(664)
Operating expenditures	21,000	31,000	22,164	8,836
	<u>196,521</u>	<u>206,521</u>	<u>198,349</u>	<u>8,172</u>
Government buildings:				
Salaries	17,027	17,027	16,629	398
Operating expenditures	391,200	464,200	487,615	(23,415)
	<u>408,227</u>	<u>481,227</u>	<u>504,244</u>	<u>(23,017)</u>
General government:				
Operating expenditures	91,547	92,047	108,524	(16,477)
Health and safety:				
Operating expenditures	1,000	1,000	363	637
<b>Total general government</b>	<u>1,650,871</u>	<u>1,734,371</u>	<u>1,733,379</u>	<u>992</u>
<b>Public Safety:</b>				
Police Department:				
Salaries	3,152,416	3,152,416	3,202,914	(50,498)
Operating expenditures	540,884	589,096	520,291	68,805
	<u>3,693,300</u>	<u>3,741,512</u>	<u>3,723,205</u>	<u>18,307</u>

(Continued)

City Of Aberdeen, Maryland

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

Year Ended June 30, 2013

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Volunteer fire department: Contribution	100,000	100,000	100,000	-
<b>Total public safety</b>	<b>3,793,300</b>	<b>3,841,512</b>	<b>3,823,205</b>	<b>18,307</b>
<b>Public works:</b>				
Public works administration:				
Salaries	350,988	350,988	359,114	(8,126)
Operating expenditures	29,550	29,550	25,873	3,677
	<b>380,538</b>	<b>380,538</b>	<b>384,987</b>	<b>(4,449)</b>
Streets:				
Salaries	732,675	732,675	537,464	195,211
Operating expenditures	363,212	364,624	282,823	81,801
	<b>1,095,887</b>	<b>1,097,299</b>	<b>820,287</b>	<b>277,012</b>
Street lighting:				
Operating expenditures	300,000	300,000	323,727	(23,727)
Winter operation:				
Operating expenditures	30,000	30,000	23,242	6,758
Solid waste:				
Salaries	230,703	230,703	247,469	(16,766)
Operating expenditures	354,200	354,200	342,794	11,406
	<b>584,903</b>	<b>584,903</b>	<b>590,263</b>	<b>(5,360)</b>
<b>Total public works</b>	<b>2,391,328</b>	<b>2,392,740</b>	<b>2,142,506</b>	<b>250,234</b>
<b>Parks and recreation:</b>				
Operating expenditures	60,840	74,240	64,993	9,247
<b>Miscellaneous:</b>				
Retirement plans	808,949	808,949	770,433	38,516
Payroll expenditures	1,901,988	1,828,988	1,707,097	121,891
Miscellaneous	165,018	162,068	104,717	57,351
	<b>2,875,955</b>	<b>2,800,005</b>	<b>2,582,247</b>	<b>217,758</b>
<b>Debt Service:</b>				
Debt service principal	525,000	525,000	525,921	(921)
Debt service interest	158,271	158,271	147,269	11,002
	<b>683,271</b>	<b>683,271</b>	<b>673,190</b>	<b>10,081</b>
<b>Total expenditures</b>	<b>11,455,565</b>	<b>11,526,139</b>	<b>11,019,520</b>	<b>506,619</b>
<b>Other financing uses:</b>				
Transfers out	961,514	944,664	944,664	-
<b>Total expenditures and other financing uses</b>	<b>\$ 12,417,079</b>	<b>\$ 12,470,803</b>	<b>\$ 11,964,184</b>	<b>\$ 506,619</b>

City Of Aberdeen, Maryland

Schedule Of Revenues, Expenditures And Other Financing Sources

Budget And Actual - Capital Projects Fund

Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
<b>Revenues:</b>				
Revenues from other agencies	\$ 110,000	\$ 611,049	\$ -	\$ (611,049)
<b>Total revenues</b>	<u>110,000</u>	<u>611,049</u>	<u>-</u>	<u>(611,049)</u>
<b>Expenditures:</b>				
General government	122,000	464,299	67,675	396,624
Public safety	50,000	30,200	30,202	(2)
Public works	619,673	734,444	445,182	289,262
Parks and recreation	-	100,000	-	100,000
<b>Total expenditures</b>	<u>791,673</u>	<u>1,328,943</u>	<u>543,059</u>	<u>785,884</u>
<b>Other financing sources:</b>				
Transfers from general fund	681,673	664,823	664,823	-
Appropriation of fund balance	-	53,071	-	(53,071)
<b>Total other financing sources</b>	<u>681,673</u>	<u>717,894</u>	<u>664,823</u>	<u>(53,071)</u>
<b>Net change in fund balance (budgetary basis)</b>	<u>\$ -</u>	<u>\$ -</u>	121,764	<u>\$ 121,764</u>
Adjustments to conform with generally accepted accounting principles (GAAP)			<u>5,014</u>	
Net change in fund balance (GAAP basis)			126,778	
<b>Fund balance:</b>				
Beginning			<u>407,948</u>	
Ending			<u>\$ 534,726</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.

Table 1

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

	Fiscal Year									
	2013	2012	2011	2010 (1)	2009	2008	2007	2006	2005	2004
<b>Governmental Activities</b>										
Invested in Capital Assets, Net of Related Debt	\$ 13,508,406	\$ 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	492,955	508,400	521,296	451,668	426,970	392,998	932,988	702,871	822,018	706,096
Unrestricted	9,344,310	6,989,228	4,854,395	2,550,077	2,586,480	2,660,726	1,643,724	481,501	401,623	(45,535)
<b>Total Governmental Activities Net Position</b>	<b>23,345,671</b>	<b>20,901,969</b>	<b>18,455,854</b>	<b>16,245,941</b>	<b>15,434,619</b>	<b>13,849,712</b>	<b>12,172,637</b>	<b>11,616,170</b>	<b>11,503,561</b>	<b>12,343,004</b>
<b>Business-Type Activities</b>										
Invested in Capital Assets, Net of Related Debt	36,701,093	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	3,644,074	763,330	331,641	-	-	-	-	-	-	-
Unrestricted	1,257,612	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
<b>Total Business-Type Activities Net Position</b>	<b>41,602,779</b>	<b>38,037,834</b>	<b>28,929,925</b>	<b>22,849,988</b>	<b>22,728,318</b>	<b>22,283,910</b>	<b>21,669,974</b>	<b>20,384,025</b>	<b>21,219,791</b>	<b>19,792,490</b>
<b>Primary Government</b>										
Invested in Capital Assets, Net of Related Debt	50,209,499	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	4,137,029	1,271,730	852,937	451,668	426,970	392,998	932,988	702,871	822,018	706,096
Unrestricted	10,601,922	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
<b>Total Primary Government Net Position</b>	<b>\$ 64,948,450</b>	<b>\$ 58,939,803</b>	<b>\$ 47,385,779</b>	<b>\$ 39,095,929</b>	<b>\$ 38,162,937</b>	<b>\$ 36,133,622</b>	<b>\$ 33,842,611</b>	<b>\$ 32,000,195</b>	<b>\$ 32,723,352</b>	<b>\$ 32,135,494</b>

(1) As restated

Source:  
City financial records.



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

Table 3

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

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

Table 4

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Fund</b>										
Non-spendable	\$ 30,913	\$ 24,613	\$ 30,949	\$ 78,952	\$ 70,413	\$ 77,590	\$ 75,471	\$ 313,906	\$ 351,020	\$ 260,006
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	-	9,003	-	-	-	-	-	-	-	-
Unassigned	10,876,480	8,525,257	5,873,609	3,585,829	2,737,304	1,998,778	1,091,376	841,538	518,034	1,185,408
<b>Total General Fund</b>	<b>\$ 10,907,393</b>	<b>\$ 8,558,873</b>	<b>\$ 5,904,558</b>	<b>\$ 3,664,781</b>	<b>\$ 2,807,717</b>	<b>\$ 2,076,368</b>	<b>\$ 1,166,847</b>	<b>\$ 1,155,444</b>	<b>\$ 869,054</b>	<b>\$ 1,445,414</b>
<b>Special Revenue Fund</b>										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	492,955	508,400	521,296	553,403	611,667	645,010	625,324	623,297	615,633	606,527
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Special Revenue Fund</b>	<b>\$ 492,955</b>	<b>\$ 508,400</b>	<b>\$ 521,296</b>	<b>\$ 553,403</b>	<b>\$ 611,667</b>	<b>\$ 645,010</b>	<b>\$ 625,324</b>	<b>\$ 623,297</b>	<b>\$ 615,633</b>	<b>\$ 606,527</b>
<b>Capital Projects Fund</b>										
Non-spendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	534,726	407,948	340,645	305,671	286,424	140,113	404,302	155,036	(24,282)	(981,733)
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Projects Fund</b>	<b>\$ 534,726</b>	<b>\$ 407,948</b>	<b>\$ 340,645</b>	<b>\$ 305,671</b>	<b>\$ 286,424</b>	<b>\$ 140,113</b>	<b>\$ 404,302</b>	<b>\$ 155,036</b>	<b>\$ (24,282)</b>	<b>\$ (981,733)</b>

Source: City financial records.

Table 5

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues</b>										
Taxes	\$ 11,648,825	\$ 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
Licenses and permits	75,289	101,713	125,997	170,944	106,314	100,404	107,599	166,226	109,197	307,574
Revenues from other agencies	1,433,591	1,587,713	1,296,914	1,972,543	1,582,144	1,191,511	943,894	926,400	1,113,234	899,330
APG management fees	2,058,083	2,011,145	2,251,434	1,669,750	1,342,864	1,362,843	1,511,396	289,193	303,639	291,471
Miscellaneous	451,977	431,152	350,767	433,533	570,917	1,163,612	408,206	1,179,693	393,592	479,243
<b>Total Revenues</b>	<b>15,667,765</b>	<b>15,966,221</b>	<b>15,277,930</b>	<b>14,690,140</b>	<b>14,363,940</b>	<b>14,107,190</b>	<b>12,485,553</b>	<b>9,539,926</b>	<b>8,455,366</b>	<b>7,962,057</b>
<b>Expenditures</b>										
General government	1,841,877	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
Public safety	3,956,424	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
Public works	3,998,299	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
Parks and recreation	64,993	100,063	84,907	125,369	72,092	64,574	54,308	39,576	63,494	81,752
Miscellaneous	2,594,414	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
Debt service										
Principal	325,921	432,251	404,920	389,622	405,899	364,413	327,694	324,621	299,655	245,613
Interest	146,143	89,300	301,412	314,607	331,335	348,993	367,425	351,883	312,990	287,921
<b>Total Expenditures</b>	<b>12,928,071</b>	<b>12,875,474</b>	<b>12,743,108</b>	<b>13,414,282</b>	<b>13,393,751</b>	<b>13,131,147</b>	<b>11,849,519</b>	<b>9,454,688</b>	<b>9,744,969</b>	<b>10,113,024</b>
Excess of revenues over (under) expenditures	2,739,694	3,090,747	2,534,822	1,275,858	970,189	976,043	636,034	85,238	(1,289,603)	(2,150,967)
<b>Other financing sources</b>										
Loan proceeds	-	5,482	-	77,291	167,202	-	-	-	1,679,800	2,172,135
Transfer in (out)	(279,841)	(387,507)	(292,178)	(535,102)	(293,074)	(311,025)	(373,338)	-	-	-
<b>Total other financing sources</b>	<b>(279,841)</b>	<b>(382,025)</b>	<b>(292,178)</b>	<b>(457,811)</b>	<b>(125,872)</b>	<b>(311,025)</b>	<b>(373,338)</b>	<b>-</b>	<b>1,679,800</b>	<b>2,172,135</b>
<b>Net change in fund balances</b>	<b>\$ 2,459,853</b>	<b>\$ 2,708,722</b>	<b>\$ 2,242,644</b>	<b>\$ 818,047</b>	<b>\$ 844,317</b>	<b>\$ 665,018</b>	<b>\$ 262,696</b>	<b>\$ 85,238</b>	<b>\$ 390,197</b>	<b>\$ 21,168</b>
<b>Debt Service (P &amp; I) as a percentage of non-capital expenditures</b>	<b>3.86%</b>	<b>4.42%</b>	<b>5.78%</b>	<b>5.77%</b>	<b>6.19%</b>	<b>6.06%</b>	<b>6.21%</b>	<b>7.48%</b>	<b>6.84%</b>	<b>7.03%</b>

Source: City financial records.

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

Table 6

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

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

Source: City financial records.

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

Table 7

Fiscal Year Ending June 30	Real Property			Personal Property			Total Assessed Property			Market Value Change	
	Taxable Assessed Value	Estimated Actual Value	Total Direct Rate	Assessed Value	Estimated Actual Value	Total Direct Rate	Assessed Value	Estimated Actual Value	Amount	Percentage	
2013	1,333,912,757	1,333,912,757	0.6800	73,404,800	73,404,800	1.7000	1,407,317,557	1,407,317,557	(45,534,772)	-3.13%	
2012	1,390,102,249	1,390,102,249	0.6800	62,750,080	62,750,080	1.7000	1,452,852,329	1,452,852,329	82,607,333	6.03%	
2011	1,313,724,366	1,313,724,366	0.6875	56,520,630	56,520,630	1.7000	1,370,244,996	1,370,244,996	80,562,276	6.25%	
2010	1,234,699,160	1,234,699,160	0.6875	54,983,560	54,983,560	1.7000	1,289,682,720	1,289,682,720	64,707,581	5.28%	
2009	1,168,908,946	1,168,908,946	0.7000	56,066,193	56,066,193	1.7000	1,224,975,139	1,224,975,139	115,464,478	10.41%	
2008	1,051,857,687	1,051,857,687	0.7150	57,652,974	57,652,974	1.7000	1,109,510,661	1,109,510,661	116,418,992	11.72%	
2007	934,874,053	934,874,053	0.7350	58,217,616	58,217,616	1.7000	993,091,669	993,091,669	150,609,144	17.88%	
2006	804,175,635	804,175,635	0.5500	38,306,890	38,306,890	1.4000	842,482,525	842,482,525	79,862,385	10.47%	
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	5.22%	

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			
2013	\$ 0.6800	\$ 0.6800	1.042	\$ 0.112	\$ 1.834
2012	0.6800	0.6800	1.042	0.112	1.834
2011	0.6875	0.6875	1.042	0.112	1.842
2010	0.6875	0.6875	1.064	0.112	1.864
2009	0.7000	0.7000	1.082	0.112	1.894
2008	0.7150	0.7150	1.082	0.112	1.909
2007	0.7350	0.7350	1.082	0.112	1.929
2006	0.5500	0.5500	1.092	0.112	1.754
2005	0.5500	0.5500	1.092	0.132	1.774
2004	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			
2013	\$ 1.700	\$ 1.700	\$ 2.605	\$ -	\$ 4.305
2012	1.700	1.700	2.605	-	4.305
2011	1.700	1.700	2.605	-	4.305
2010	1.700	1.700	2.660	-	4.360
2009	1.700	1.700	2.705	-	4.405
2008	1.700	1.700	2.705	-	4.405
2007	1.700	1.700	2.705	-	4.405
2006	1.400	1.400	2.705	-	4.105
2005	1.400	1.400	2.730	-	4.130
2004	1.400	1.400	2.730	-	4.130

Source: City financial records.

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

Table 9

		2013		
Taxpayer	Type of Business	Assessed Valuation	City Tax	Percentage of Total Assessment
Inland American Aberdeen	Real Property Management	\$ 31,315,800	\$ 212,947	2.23%
KRK Title Holder LP	Warehouse	25,328,900	172,237	1.80%
913 Old Philadelphia Road LLC	Distribution Warehouse	25,149,000	171,013	1.79%
Frito-Lay	Manufacturing	20,056,360	169,098	1.43%
Wal-Mart Real Estate	Retail	17,034,000	115,831	1.21%
COPT Northgate D LLC	Real Estate Investment	15,770,767	107,241	1.12%
COPT Northgate A LLC	Real Estate Investment	14,314,500	97,339	1.02%
Medline Industries, Inc.	Manufacturing	12,767,600	86,820	0.91%
COPT Northgate C LLC	Real Estate Investment	12,143,600	82,576	0.86%
State of Wisconsin Investment Board	Warehouse	11,857,033	80,628	0.84%
<b>TOTAL</b>		<b>\$ 185,737,560</b>	<b>\$ 1,295,730</b>	<b>13.20%</b>
<b>Total Assessed Valuation</b>		<b>\$ 1,407,317,557</b>		

		2004		
Taxpayer	Type of Business	Assessed Valuation	City Tax	Percentage of Total Assessment
Metropolitan Life Insurance	Warehouse	\$ 23,685,400	\$ 130,270	3.17%
Frito-Lay Inc	Manufacturing	20,931,000	115,121	2.80%
Wagner/Kinsley Llc	Warehouse	21,496,866	118,233	2.88%
One Thousand & One Ptn	Office/manufacturing	7,755,400	42,655	1.04%
Aberdeen Marketplace Inc	Shopping Center	6,862,800	37,745	0.92%
Colgate Investments	Shopping Center	6,806,900	37,438	0.91%
Fast Food Merchandisers Inc	Warehouse/distribution	6,077,200	33,425	0.81%
Stancills Inc	Shopping Center	5,490,900	30,200	0.73%
Wal-Mart	Retail	5,370,800	29,539	0.72%
Washington Park Apts.	Real Estate	4,628,900	25,459	0.62%
<b>TOTAL</b>		<b>\$ 109,106,166</b>	<b>\$ 600,085</b>	<b>14.59%</b>
<b>Total Assessed Valuation</b>		<b>\$ 747,577,040</b>		

Source: City financial records.

Table 10

## Property Tax Levies and Collections

Last Ten Fiscal Years

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
2013	\$ 10,238,167	\$ 10,181,487	99.45%	\$ -	\$ 10,181,487	99.45%
2012	10,456,757	10,384,584	99.31%	43,302	10,427,886	99.72%
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%

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		Total Governmental Activities		General		Total Business-Type Activities				
	Obligation Bonds	Loans Payable	Obligation Bonds	Loans Payable	Obligation Bonds	Loans Payable	Obligation Bonds	Loans Payable			
2013	\$ 4,396,291	\$ 609,101	\$ 5,005,392	\$ 9,799,208	\$ 11,328,524	\$ 9,799,208	\$ 21,127,732	\$ 26,133,124	N/A	\$ 1,747	
2012	4,672,293	660,022	5,332,315	7,522,290	12,130,782	7,522,290	19,653,072	24,985,387	N/A	1,670	
2011	4,757,600	710,882	5,468,482	2,758,934	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	1,332,924	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	1,643,797	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	1,942,855	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	2,229,186	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	2,495,371	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	2,756,358	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	5,210,914	7,486,200	5,210,914	12,697,114	18,651,232	N/A	1,342	

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**

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
2013	14,959	\$ 1,407,317,557	\$ 26,133,124	\$ 21,127,732	\$ 5,005,392	0.36%	\$ 335
2012	14,959	1,452,852,329	24,985,387	19,653,072	5,332,315	0.37%	356
2011	14,959	1,370,244,996	20,896,732	15,428,250	5,468,482	0.40%	366
2010	14,099	1,289,682,720	15,370,194	9,604,024	5,766,170	0.45%	409
2009	14,100	1,224,975,139	16,475,807	10,389,097	6,086,710	0.50%	432
2008	14,000	1,109,510,661	17,605,474	11,144,655	6,460,819	0.58%	461
2007	14,300	993,091,669	15,615,318	8,790,086	6,825,232	0.69%	477
2006	13,900	842,482,525	16,383,413	9,373,771	7,009,642	0.83%	504
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

(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, 2013**

Table 13

**COMPUTATION OF LEGAL DEBT MARGIN**

<b>TOTAL ASSESSED VALUE OF PROPERTY</b>	<b>\$ 1,407,317,557</b>
Debt limit 15%	211,097,634
Amount of debt applicable to debt limit	5,005,392
<b>LEGAL DEBT MARGIN</b>	<b>\$ 206,092,242</b>

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to the Town</b>	<b>Share of Debt Outstanding</b>
<b>DIRECT DEBT OF THE CITY</b>	\$ 5,005,392	100.00%	\$ 5,005,392
Indirect debt:			
Harford County	527,699,874 <sup>2</sup>	6.22% <sup>1</sup>	32,822,932
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<b>\$ 532,705,266</b>		<b>\$ 37,828,324</b>

<sup>1</sup> Rate of assessed value in the City \$ 1,407,317,557  
to total assessed value of the County \$22,634,442,654

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

Source: City financial records.

Legal Debt Margin Information  
Last Ten Years

Table 14

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt Limit	\$ 211,097,634	\$ 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
Total net debt applicable to limit	5,005,392	5,332,315	5,468,482	5,766,170	6,086,710	6,460,819	6,825,232	7,009,642	7,334,263	5,954,118
Legal debt margin	\$ 206,092,242	\$ 212,595,534	\$ 200,068,267	\$ 187,686,238	\$ 177,659,561	\$ 159,965,780	\$ 142,138,518	\$ 119,362,737	\$ 107,058,758	\$ 106,182,438
Total net debt applicable to the limit as a percentage of debt limit	2.37%	2.45%	2.66%	2.98%	3.31%	3.88%	4.58%	5.55%	6.41%	5.31%

Source: City financial records.

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

Table 15

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

(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, 2013. Income and Median Age information were not available.

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

Table 16

2013			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	15,582	21.68%	Government
Harford County Public Schools	5,369	7.47%	Government
Upper Chesapeake Health	3,000	4.17%	Healthcare
Harford County Government	1,591	2.21%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,167	1.62%	Retailer
Harford Community College	1,006	1.40%	Education
Jacobs Technology	865	1.20%	Technology
Kleins Shoprite	800	1.11%	Groceries
Sephora Central Distribution	700	0.97%	Cosmetics
SAIC	664	0.92%	Technology
<b>TOTAL</b>	<u>30,744</u>	<u>42.77%</u>	
Total Employees in Harford County (Data available for county only)	<u>71,886</u>		

2004			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	11,081	15.75%	Government
Harford County Public Schools	4,581	6.51%	Government
Upper Chesapeake Health	2,100	2.99%	Healthcare
Harford County Government	1,387	1.97%	Government
Harford Community College	976	1.39%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	923	1.31%	Retailer
Saks Fifth Avenue	500	0.71%	Retailer
Frito-Lay	475	0.68%	Retailer
Custom Direct	458	0.65%	Marketing
<b>TOTAL</b>	<u>22,481</u>	<u>31.96%</u>	
Total Employees in Harford County (Data available for county only)	<u>70,346</u>		

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>2013</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>
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	4	4	5	5	5	4	4	5	3	3
Finance	6	6	6	6	6	7	7	6	6	6
Planning	3	3	4	4	4	4	4	3	3	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Building Custodian	1	1	1	1	1	1	1	-	-	-
Public Safety										
Police										
Officers	40	40	40	45	46	46	45	41	39	39
Civilians	14	14	14	14	14	14	14	14	12	12
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	81	81	78	78	78	74	73	69	54	40
Sanitation	7	7	8	8	8	8	7	7	7	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>168</b>	<b>169</b>	<b>165</b>	<b>161</b>	<b>152</b>	<b>131</b>	<b>109</b>

Source: City Fiscal Year Budgets

Operating Indicators By Function  
Last Ten Fiscal Years

Table 18

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Government</b>										
Construction Permits Issued	157	301	305	305	306	460	588	626	215	284
Estimated Value of Construction	\$ 29,577,709	\$ 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
<b>Public Safety</b>										
Traffic Contacts	8,123	7,193	2,465	3,998	5,741	4,180	3,504	3,478	2,995	3,236
Calls for Service	30,065	35,580	36,505	38,341	49,969	52,550	46,729	46,029	42,721	42,715
<b>Public Works</b>										
Street Resurfacing (miles)	0.65	0.89	0.34	0.98	2.05	2.22	1.22	1.40	1.46	1.04
Sidewalk Replacement/Repair (miles)	0.01	0.14	0.14	0.04	0.08	0.03	0.03	0.02	-	-
Stormwater Ponds Managed	14	2	2	10	10	10	2	3	2	2
<b>Recreation</b>										
Number of Activity Sessions Offered	-	-	-	-	-	-	-	-	-	-
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Number of Activity Sessions Offered	-	-	-	-	-	-	-	-	-	-
<b>Program Participants</b>										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Program Participants	-	-	-	-	-	-	-	-	-	-
<b>Water</b>										
New Connections	22	152	13	11	19	25	134	38	47	43
Water Main/Lateral Breaks	39.0	38.0	66.0	44.0	54.0	26.0	145.0	-	-	-
Average Daily Consumption (millions of gallons)	1,325	1,442	1,404	1,333	1,410	1,502	1,531	1,540	1,473	1,545
<b>Sewer</b>										
Sewer Main/Lateral Breaks	80.0	6.0	9.0	14.0	10.0	6.0	5.0	-	-	-
Average Daily Sewage Treatment (millions of gallons)	1.62	1.73	1.52	1.97	1.69	1.76	1.90	2.02	1.82	1.91

Source: Various City departments

Table 19  
Capital Asset Statistics By Function  
Last Ten years

<u>Function</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Public Safety - Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	54	56	56	54	53	52	48	47	40	40
<b>Highways and Streets</b>										
Streets (miles)	72.92	72.92	72.92	72.92	72.67	72.67	72.55	71.47	68.76	68.42
Storm Sewers (miles)	15.00	15.00	15.00	15.00	15.00	15.00	14.25	13.24	12.76	12.70
Catch Basins	1,013	1,013	1,013	1,013	1,013	1,013	1,009	942	906	902
Street Lights	1,753	1,753	1,753	1,753	1,753	1,748	1,717	-	-	-
<b>Culture and Recreation</b>										
Number of Parks/Playgrounds	8	8	8	8	8	8	8	8	8	8
Park Acreage	36.67	36.67	36.98	36.98	36.98	34.06	34.06	34.06	34.06	34.06
Tennis Courts	1	1	1	1	1	2	2	2	2	2
<b>Water</b>										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	14	16	16	16	16	16	17	13	13	12
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	5	5	4	4	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.40	2.40	2.10	2.00	2.50	2.50	2.50	2.37	2.21	2.16
Number of Customer Accounts	4,974	4,923	4,765	4,759	4,963	4,773	4,758	4,720	4,727	4,624
Water Mains (miles)	66.93	66.93	66.93	66.73	66.23	66.23	65.30	64.32	61.88	61.59
Fire Hydrants	517	517	517	517	502	502	483	470	453	451
<b>Wastewater</b>										
Treatment Plants	1	1	12	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	4.00	4.21	4.01	3.92
Pumping Stations	10	10	10	10	10	10	10	10	9	10
Sanitary Sewers (miles)	68.79	68.79	68.79	68.79	68.54	68.54	68.10	67.54	64.97	64.67

Source: Various city departments