

City Of Aberdeen, Maryland

Financial Report
June 30, 2008

McGladrey & Pullen
Certified Public Accountants

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Michael E. Bennett, Mayor
Ruth E. Elliott, Council President
Michael G. Hiob, Councilman
Ronald Kupferman, Councilman
Ruth Ann Young, Councilwoman



Douglas R. Miller, City Manager
Monica A. Correll, City Clerk

October 29, 2008

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, 2008, 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 & Pullen, 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, 2008 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, 2008 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 14,300 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 58 through 62 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. More than 7,500 civilians work at APG and more than 3,900 military personnel are assigned there.

In 2005, Congress completed its BRAC (Base Realignment and Closure) process. APG was to have its

mission change from ordinance development, testing and training to high tech electronic research and development. As a result, there shall be a net increase of about 3,200 jobs on post as well as up to 20,000 private sector jobs. 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, Michel Distribution, Harford County Board of Education and Aberdeen Proving Ground. The opening of Ripken Stadium offers residents a quality of life amenity through minor league baseball.

Long-term financial planning – The water systems will be undertaking major capital improvement projects, including the replacement of three pumping stations. The initial financing will be through long-term debt obtained through the Department of Housing and Community Development, Community Development Administration of the State of Maryland.

The City is also looking into alternative ways to increase its water supply.

Pension and Other Post Employment Benefits - The City currently maintains a non-contributory Defined Benefit Pension Plan, which has been frozen. The City approved a conversion from the Defined Benefit Plan to a Defined Contribution Plan in the form of a 401A Plan. The employees contribute 2% and the City contributes 7% of the employee's base pay. This conversion took place in September 1997. Beginning January 2000, the City established a defined benefit plan for the sole use of the Police Department. Contributions to the plan made by the City are based on an actuarially determined rate. The police officers contribute to the plan based on 7% of salaries. Also offered is a voluntary Deferred Compensation 457 Plan for supplemental pension coverage. The City does not contribute to this plan.

City of Aberdeen also provides postretirement health benefits for certain retirees and their dependents. During the current fiscal year, 15 retirees received a subsidy toward the purchase of group health benefits. All subsidies are financed on a pay-as-you-go basis, and future payment is contingent upon the approval of the operating budget. GAAP does not require the government to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Cash Management - Cash held temporarily idle during the year was invested in the Maryland Local Government Investment Pool (MLGIP) where the greatest interest income could be realized and still stay liquid and available at any time for withdrawal. The average yield at maturity on investments was 4.1% in 2008 fiscal year.

Risk Management - The City is insured by a private insurer for all losses to property, health coverage and worker's compensation. Various control techniques are in place for the City as well as an established Health and Safety Policy. The position of Health and Safety Officer is responsible for developing, facilitating and establishing a safe environment for all city employees that meets or exceeds State and federal compliance

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, 2007. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

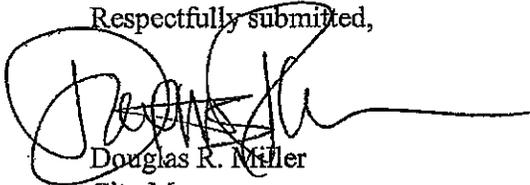
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

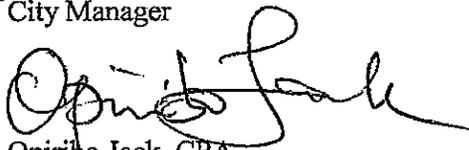
The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire staff of the Finance Department. We extend our sincere appreciation to each member of this department.

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

Respectfully submitted,



Douglas R. Miller
City Manager



Opiribo Jack, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Aberdeen
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

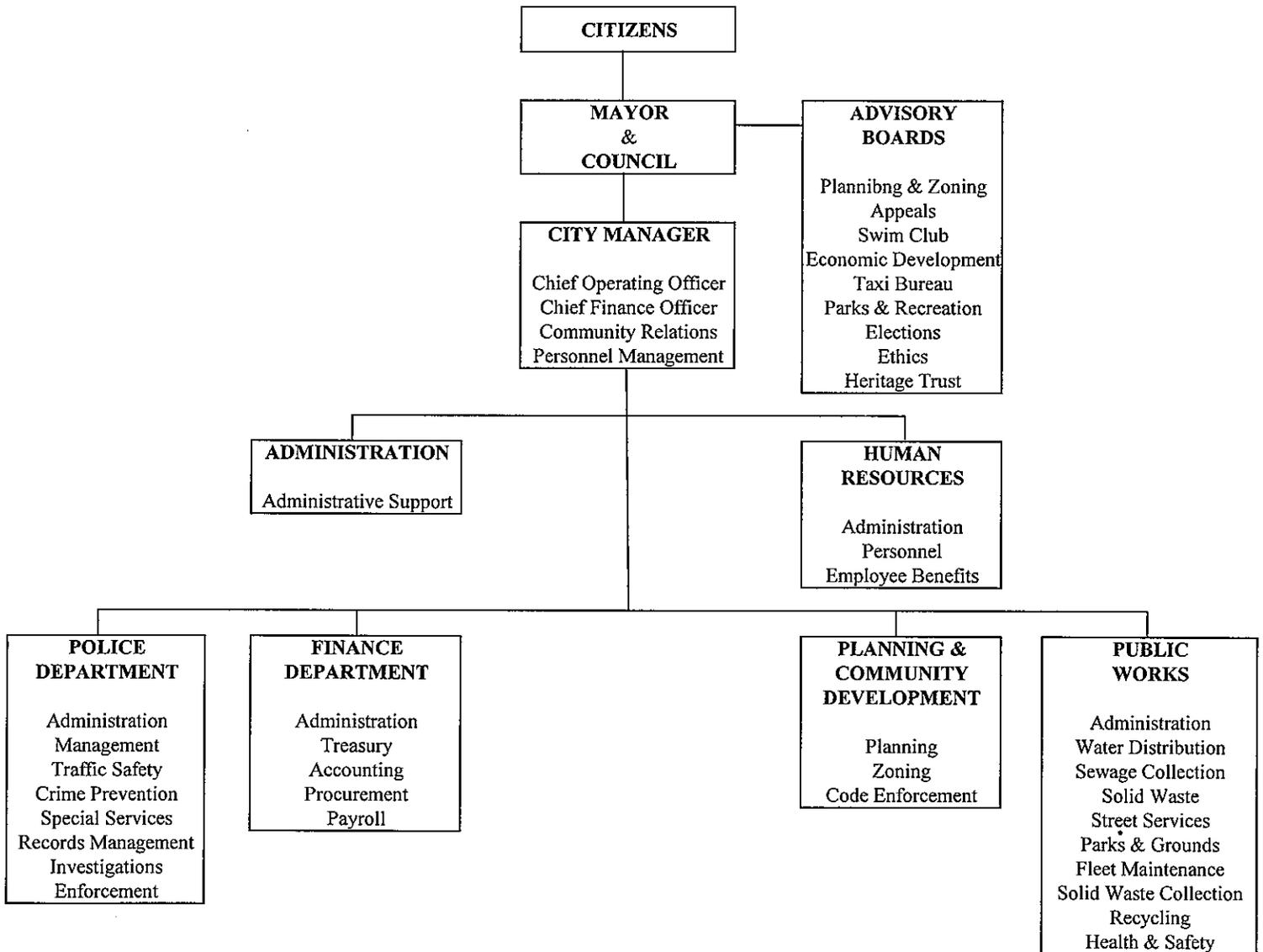
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN
HARFORD COUNTY, MARYLAND
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2008

ELECTED OFFICIALS

City Mayor	Mr. Michael E. Bennett
City Council President	Mrs. Ruth Elliott
City Council Members	Mr. Ron Kupferman Mr. Michael Hiob Mrs. Ruth Ann Young

APPOINTED OFFICIALS

City Manager	Mr. Douglas Miller
Director of Finance	Mr. Opiribo Jack
Police Chief	Mr. Randy Rudy
Director of Public Works	Mr. Matt Lapinsky
Director of Planning & Community Development	Mrs. Phyllis Grover

City Attorneys	Stark & Keenan, PA
Bond Counsel	Miles & Stockbridge

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aberdeen, Maryland as of and for the year ended June 30, 2008, which collectively comprise the City of Aberdeen's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Aberdeen, Maryland's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Aberdeen, Maryland as of June 30, 2008 and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2008, on our consideration of the City of Aberdeen, Maryland's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Schedules of Funding Progress for the Defined Benefit Pension Plan and Police Defined Benefit Pension Plan on pages 10 through 20, 56 and 57 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Aberdeen's basic financial statements. The other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Aberdeen, Maryland. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the Table of Contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Frederick, Maryland
October 22, 2008

City of Aberdeen, Maryland

Management's Discussion and Analysis

June 30, 2008

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, 2008. The 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 \$36.1 million (*net assets*). Of this amount, \$4.6 million (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
2. The City's total net assets increased \$2.3 million. Most of this increase is attributable to increases in property and income tax revenues; and water utility usage revenue. The increase is somewhat offset by losses in the Stadium and sewer utility funds.
3. The City's total debt increased by \$2.0 million during the current fiscal year from \$15.6 million to \$17.6 million.
4. As of the close of the current fiscal year, the City's governmental funds, on a current financial resource basis, reported a combined ending fund balance of \$2.9 million. This represents an increase of \$665 thousand over the prior year. About 62.5% (\$1.8 million) is unreserved and is available for spending at the City's discretion.
5. At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2 million or 17.1% of total General Fund expenditures (includes transfers to the Capital Projects and Stadium funds).

Overview of the Financial Statements

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

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

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

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

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

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

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 so doing, 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 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. In addition, a more detailed schedule showing budgetary comparison of the general fund and a budgetary comparison of the capital fund is included as other supplementary information.

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. Since each of these funds has adopted budgets, the budgetary comparisons are included as other supplementary information.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

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 55 of this report.

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 can be found on pages 56 and 57 of this report. Supplementary information as noted in the table of contents can be found on pages 58 to 65 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets exceeded liabilities by \$36.1 million at the close of the most recent fiscal year. City of Aberdeen net assets are divided into three categories – invested in capital assets (net of related debt), restricted net assets and unrestricted net assets.

The largest portion of the City's net assets (86.3%) 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 assets represent 1.0% of total net assets. Restricted net assets are resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of the government have a balance of \$4.6 million (12.7% of total net assets) that may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net assets for business-type activities have a balance of \$2 million.

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

The City's net assets experienced a 6.8% increase. This reflects the increase in tax revenues and utility usage charges.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

The following table summarizes the net assets for governmental and business-type activities as of June 30, 2008 and 2007:

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 5,405	\$ 4,565	\$ 5,902	\$ 2,403	\$ 11,307	\$ 6,968
Capital assets, net	17,957	17,317	28,432	28,562	46,389	45,879
Total assets	23,362	21,882	34,334	30,965	57,696	52,847
Liabilities						
Long-term liabilities	7,619	7,952	11,391	8,954	19,010	16,906
Other liabilities	1,894	1,758	659	341	2,553	2,099
Total liabilities	9,513	9,710	12,050	9,295	21,563	19,005
Net Assets						
Invested in capital assets, net of related debt	10,796	9,596	20,369	19,772	31,165	29,368
Restricted	393	932	-	-	393	932
Unrestricted	2,660	1,644	1,915	1,898	4,575	3,542
Total Net Assets	\$ 13,849	\$ 12,172	\$ 22,284	\$ 21,670	\$ 36,133	\$ 33,842

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

The following table indicates the changes in net assets for governmental and business-type activities for the years ended June 30, 2008 and 2007:

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for service	\$ 2,526	\$ 1,977	\$ 4,671	\$ 4,493	\$ 7,197	\$ 6,470
Operating grants	1,878	1,751	-	-	1,878	1,751
Capital grants	156	37	997	1,013	1,153	1,050
General revenues						
Property taxes	8,196	7,420	-	-	8,196	7,420
State shared taxes	1,151	1,033	231	15	1,382	1,048
Miscellaneous	249	234	67	(17)	316	217
Total revenues	14,156	12,452	5,966	5,504	20,122	17,956
Program Expenses						
General government	2,800	2,595	-	-	2,800	2,595
Public safety	5,201	4,828	-	-	5,201	4,828
Public works	3,726	3,646	-	-	3,726	3,646
Parks and recreation	82	77	-	-	82	77
Interest on long-term debt	359	377	-	-	359	377
Utilities and other enterprise funds	-	-	5,663	4,591	5,663	4,591
Total expenses	12,168	11,523	5,663	4,591	17,831	16,114
Increase (Decrease) in net assets						
before transfers	1,988	929	303	913	2,291	1,842
Transfers	(311)	(373)	311	373	-	-
Increase (Decrease) in net assets	1,677	556	614	1,286	2,291	1,842
Net Assets, July 1	12,172	11,616	21,670	20,384	33,842	32,000
Net Assets, June 30	\$ 13,849	\$ 12,172	\$ 22,284	\$ 21,670	\$ 36,133	\$ 33,842

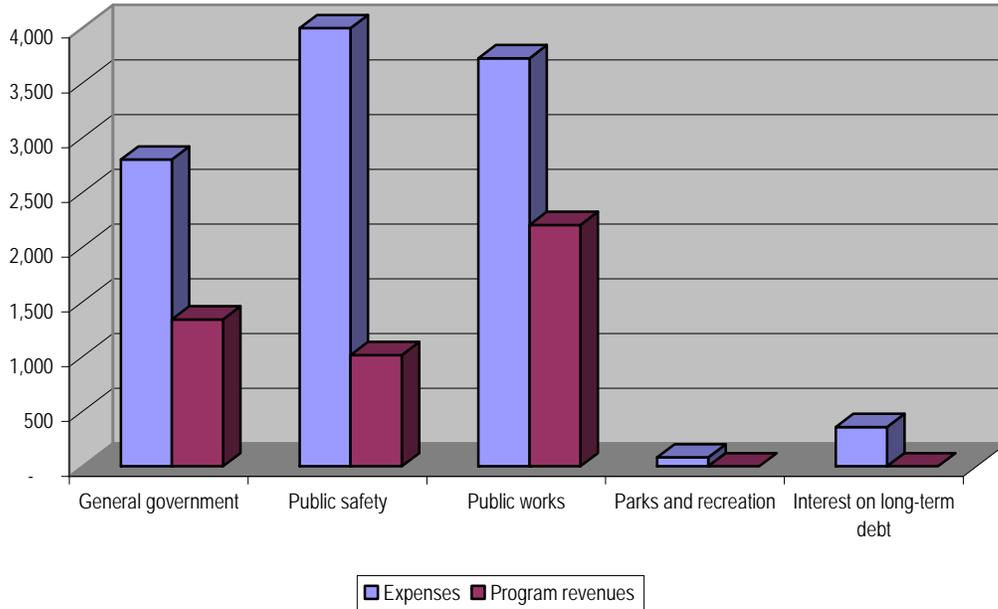
Governmental activities: The increase in net assets for governmental activities was \$1.7 million and an increase of \$1.1 million over 2007, and can be largely attributed to the following:

- Property taxes increased by \$776 thousand or 10.5% during the year. This increase is due to an increase in real property tax rate, property taxes from new growth and increased property values as assessed by the State Department of Assessments and Taxation. Most other revenues did not change significantly from the prior year.
- Expenditures increased by \$645 thousand or 6.2% from the prior year, excluding salaries reimbursed under the APG contract. The major changes in expenditures from the prior year can mostly be attributed to: an increase in human resource expenses, including salaries and wages.

City of Aberdeen, Maryland
Management's Discussion and Analysis
 June 30, 2008

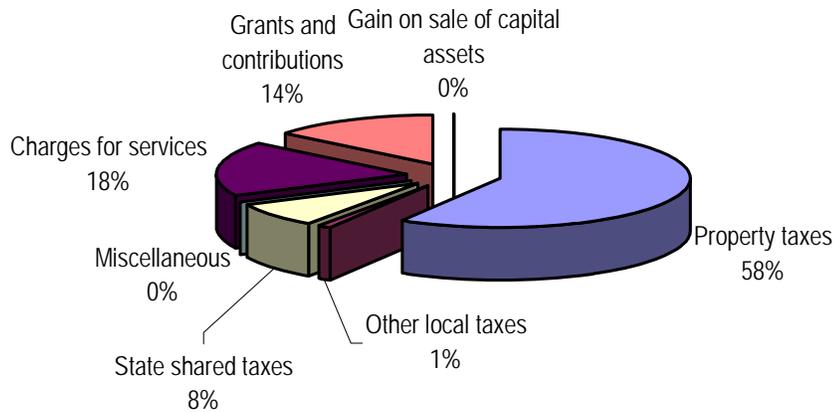
The following chart compares the Expenses and Program Revenues of the City's Governmental Activities:

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



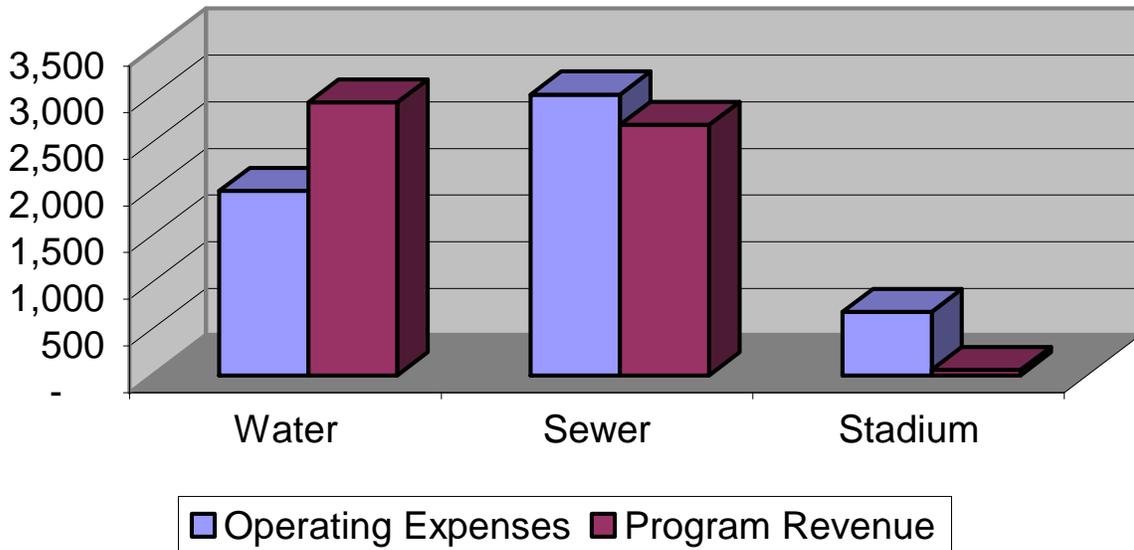
City of Aberdeen, Maryland
Management's Discussion and Analysis
 June 30, 2008

Business-type Activities: Business-type activities increased the City's net assets by \$614 thousand, which is \$672 thousand less than 2007. Key elements of this increase are as follows:

- Charges for services increased by \$178 thousand or 3.9% during the year. This increase is due to increases from new growth. State shared taxes increased \$216 thousand or 1,481.8% due to amusement and admissions revenue.
- Business-type expenses increased by \$1 million or 23.4%. The increase is due to more capital projects and payroll and energy costs in the utility funds.

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

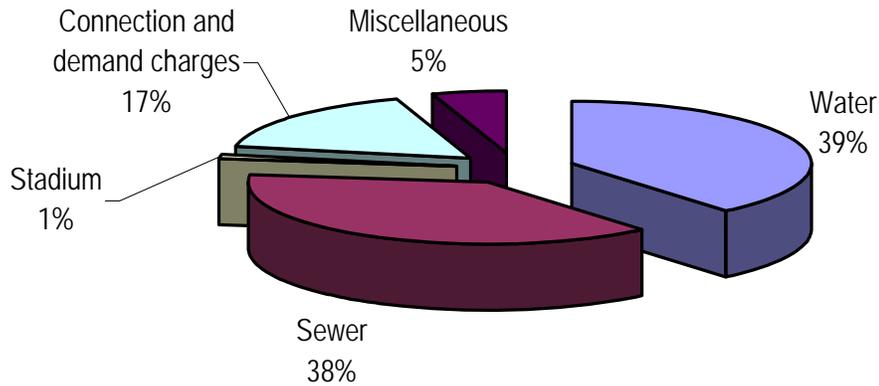
Expenses and Program Revenues Business-Type Activities (000)



City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

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

Revenues by Source Business-Type Activities



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

As of the end of the current fiscal year, the City of Aberdeen's governmental funds reported combined ending balances of \$2.9 million, an increase of \$665 thousand in comparison with the prior year. Approximately 62.5% of this total amount (\$1.8 million) constitutes unreserved fund balance, which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) for other assets, mostly inventories and prepaid items (\$15 thousand), 2) for notes receivable, mostly in the revolving loan fund (\$312 thousand), 3) for encumbrances (\$354 thousand) and 4) dedicated for a variety of restricted purposes (\$393 thousand). The reserved fund balance represents 37.5% of total balance.

The General Fund is the chief operating fund of the City of Aberdeen. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2 million, while total fund balance was \$2.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 17.1% of total General Fund expenditures, while total fund balance represents 17.7% of that same amount. The General Fund balance increased by \$910 thousand during the current fiscal year which amounted to \$898 thousand additional net revenue over 2007.

The key elements are:

- Total revenues increased over the prior year by \$1.5 million.
- Taxes were \$774 thousand higher than last year primarily due to an increase in assessed values of properties and new construction within the City, partially offset by a decrease in the real property rate
- Intergovernmental revenues increased by \$129 thousand due to an increase in tax differential revenue.
- Miscellaneous revenue increased by \$712 thousand with \$727 thousand from an insurance refund relating to the City's withdrawal from a County health insurance consortium.
- Total expenditures increased over last year by \$506 thousand.
- Public safety costs increased by \$274 thousand and miscellaneous expense increased by \$90 thousand due to increases in wages and benefits.

Proprietary funds. The City of Aberdeen's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the three funds at the end of the year amounted to surpluses of \$860 thousand for the Water Fund, \$241 thousand for the Sewer Fund and \$814 thousand for the Stadium Fund. The total net assets increased by \$614 thousand. 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, 2008

General Fund Budgetary Highlights

The final budget for the General Fund was increased \$1 million (10.7%) over the original budget to adjust for situations arising during the year. The most significant increase relates to a reserve for a 'rainy day' contingency expense of \$500 thousand.

The increases were funded by increases in property taxes as computed by the State Department of Assessments and Taxation, through receipt of additional grant funds and through a refund related to the City's withdrawal from a County health insurance consortium.

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, 2008, amounts to \$46.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment (including vehicles), infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total increase in City of Aberdeen's investment in capital assets for the current fiscal year was \$511 thousand or 1.1% (a 3.7% increase for governmental activities and a 0.5% decreased for business-type activities). The major capital asset activities in the current year included street resurfacing capital projects totaling \$1 million.

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

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2008	2007	2008	2007	2008	2007
Land	\$ 4,471	\$ 4,471	\$ 1,904	\$ 1,904	\$ 6,375	\$ 6,375
Buildings	5,612	5,776	17,110	17,590	22,722	23,366
Improvements other than buildings	18	21	4	5	22	26
Machinery and equipment	532	521	1,062	671	1,594	1,192
Vehicles	703	741	-	-	703	741
Recreational facilities	133	149	-	-	133	149
Infrastructure	6,455	5,638	-	-	6,455	5,638
Water and sewer systems	-	-	7,973	8,152	7,973	8,152
Construction in progress	33	-	379	240	412	240
Total	\$ 17,957	\$ 17,317	\$ 28,432	\$ 28,562	\$ 46,389	\$ 45,879

Additional information on the City of Aberdeen's capital assets can be found in Note 6, pages 43 and 44 of this report.

City of Aberdeen, Maryland
Management's Discussion and Analysis
June 30, 2008

Long-term debt. At the end of the current fiscal year, the City of Aberdeen had total debt outstanding of \$17.6 million. The full faith and credit and unlimited taxing power of the City are irrevocably pledged to the levy and collection of taxes in order to provide for the payment of principal and interest due on the bonds.

City of Aberdeen's Outstanding Long-term Liabilities

	Governmental Activities (000)		Business-type Activities (000)		Total (000)	
	2008	2007	2008	2007	2008	2007
General obligation	\$ 5,372	\$ 5,562	\$ 9,202	\$ 6,561	\$ 14,574	\$ 12,123
Notes payable	1,089	1,264	1,943	2,229	3,032	3,493
Compensated absences	1,016	973	246	164	1,262	1,137
Net pension obligation	142	153	-	-	142	153
Total	\$ 7,619	\$ 7,952	\$ 11,391	\$ 8,954	\$ 19,010	\$ 16,906

During the current fiscal year the City of Aberdeen's total debt increased by \$2 million or 13%. New long-term debt totaling \$3 million was incurred during the current fiscal year in the water utility fund. 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, 2008.

Additional information on the City of Aberdeen's long-term liabilities can be found in Note 7, pages 45 through 48 of this report

Economic Factors and Next Year's Budgets and Rates

- The employment situation in the City has been stable and is expected to continue.
- The U.S. Army is currently adding jobs to the Proving Grounds as a result of BRAC (Base realignment Committee). This growth is projected to continue. While this will add to the City's tax base, it will also increase the services needed by the increased population.
- New construction, both residential and commercial, is expected to slow down during the year, which will impact the real estate tax base.
- The real estate tax rate was decreased to \$0.70 for the FY 2009 budget.
- The water base rate remains unchanged at \$14.50; the sewer base rate increased to \$16.52 for the FY 2009 budget.

All of these factors were considered in preparing the City of Aberdeen's budget for fiscal 2009.

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) 275-1600.

City Of Aberdeen, Maryland

Statement Of Net Assets

June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash	\$ 2,275,713	\$ 2,067,936	\$ 4,343,649
Receivables, current	1,238,506	762,382	2,000,888
Notes receivable, current	-	238,856	238,856
Internal balances	1,432,028	(1,432,028)	-
Inventory	15,306	423,262	438,568
Receivables, noncurrent	274,122	249,552	523,674
Notes receivable, noncurrent	-	510,295	510,295
Deferred charges	169,312	61,275	230,587
Temporarily restricted assets - cash	-	3,020,000	3,020,000
Capital assets:			
Nondepreciable assets	4,503,833	2,283,405	6,787,238
Net of accumulated depreciation	13,453,603	26,148,959	39,602,562
Total assets	23,362,423	34,333,894	57,696,317
Liabilities			
Line of credit	869,941	-	869,941
Accounts payable	471,378	479,932	951,310
Accrued expenses	208,985	179,359	388,344
Other liabilities	343,100	-	343,100
Noncurrent liabilities:			
Due within one year	829,723	852,503	1,682,226
Due in more than one year	6,789,584	10,538,190	17,327,774
Total liabilities	9,512,711	12,049,984	21,562,695
Net Assets			
Invested in capital assets, net of related debt	10,795,988	20,368,984	31,164,972
Restricted for:			
Stormwater management	160,243	-	160,243
Blockgrant loans	232,755	-	232,755
Unrestricted	2,660,726	1,914,926	4,575,652
Total net assets	\$ 13,849,712	\$ 22,283,910	\$ 36,133,622

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Activities
Year Ended June 30, 2008

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General government	\$ 2,799,968	\$ 1,086,951	\$ 106,459	\$ 148,294	\$ (1,458,264)	\$ -	\$ (1,458,264)
Public safety	5,202,358	14,468	992,444	8,000	(4,187,446)	-	(4,187,446)
Public works	3,725,529	1,424,643	778,959	-	(1,521,927)	-	(1,521,927)
Parks and Recreation	81,574	-	-	-	(81,574)	-	(81,574)
Interest on long-term debt	358,733	-	-	-	(358,733)	-	(358,733)
Total governmental activities	12,168,162	2,526,062	1,877,862	156,294	(7,607,944)	-	(7,607,944)
Business-Type Activities:							
Water	1,976,315	2,317,759	-	606,126	-	947,570	947,570
Sewer	3,009,494	2,294,824	-	390,482	-	(324,188)	(324,188)
Stadium	676,822	58,279	-	-	-	(618,543)	(618,543)
Total business-type activities	5,662,631	4,670,862	-	996,608	-	4,839	4,839
Total primary government	\$ 17,830,793	\$ 7,196,924	\$ 1,877,862	\$ 1,152,902	(7,607,944)	4,839	(7,603,105)
General Revenues							
Property tax					8,195,655	-	8,195,655
Other local taxes					212,141	-	212,141
State shared taxes, unrestricted					1,151,137	230,917	1,382,054
Investment earnings					37,111	42,155	79,266
Gain on disposal of capital assets					-	25,000	25,000
Transfers					(311,025)	311,025	-
Total general revenues and transfers					9,285,019	609,097	9,894,116
Change in net assets					1,677,075	613,936	2,291,011
Net Assets							
Beginning					12,172,637	21,669,974	33,842,611
Ending					\$ 13,849,712	\$ 22,283,910	\$ 36,133,622

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Balance Sheet - Governmental Funds
June 30, 2008

	General Fund	Special Revenue	Capital Projects Fund	Total Governmental Funds
Assets				
Cash	\$ 1,628,873	\$ 326,899	\$ 319,941	\$ 2,275,713
Receivables (net of allowance for uncollectibles)	1,178,113	318,195	16,320	1,512,628
Due from other funds	1,585,192	-	238,099	1,823,291
Inventory	15,306	-	-	15,306
Total assets	\$ 4,407,484	\$ 645,094	\$ 574,360	\$ 5,626,938
Liabilities				
Line of credit	\$ 869,941	\$ -	\$ -	\$ 869,941
Accounts payable	174,184	-	297,194	471,378
Due to other funds	254,126	84	137,053	391,263
Accrued expenses	208,985	-	-	208,985
Deferred revenue	480,780	-	-	480,780
Other liabilities	343,100	-	-	343,100
Total liabilities	2,331,116	84	434,247	2,765,447
Fund Balances				
Reserved for:				
Receivables	38,160	274,122	-	312,282
Stormwater management	-	-	160,243	160,243
Blockgrant loans	-	232,755	-	232,755
Encumbrances	24,125	-	329,542	353,667
Inventory	15,305	-	-	15,305
Unreserved	1,998,778	138,133	(349,672)	1,787,239
Total fund balances	2,076,368	645,010	140,113	2,861,491
Total liabilities and fund balances	\$ 4,407,484	\$ 645,094	\$ 574,360	\$ 5,626,938

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Reconciliation Of The Governmental Funds Balance Sheet
To The Statement Of Net Assets
June 30, 2008

<hr/>		
Total fund balances - governmental funds		\$ 2,861,491
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	\$ 32,743,933	
Accumulated depreciation	<u>(14,786,497)</u>	17,957,436
Bond issuance costs expensed by the funds at the time of issuance but deferred and amortized in the governmental statement of activities.		
		169,312
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
		480,780
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(5,372,000)	
Notes payable	(1,088,819)	
Net pension obligation	(142,003)	
Accumulated unused compensated absences	<u>(1,016,485)</u>	<u>(7,619,307)</u>
Net assets of governmental activities		<u><u>\$ 13,849,712</u></u>

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, 2008

	General Fund	Special Revenue	Capital Projects Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 10,288,820	\$ -	\$ -	\$ 10,288,820
Licenses and permits	100,404	-	-	100,404
Intergovernmental	1,043,217	-	148,294	1,191,511
APG management fees	1,362,843	-	-	1,362,843
Miscellaneous	1,107,525	55,686	401	1,163,612
Total revenues	13,902,809	55,686	148,695	14,107,190
Expenditures:				
Current:				
General government	1,682,102	-	68,010	1,750,112
Public safety	3,900,262	-	146,231	4,046,493
Public works	3,108,284	-	1,160,963	4,269,247
Parks and recreation	64,574	-	-	64,574
Miscellaneous	2,287,315	-	-	2,287,315
Debt service:				
Principal	328,413	36,000	-	364,413
Interest	348,993	-	-	348,993
Total expenditures	11,719,943	36,000	1,375,204	13,131,147
Excess (deficiency) of revenue over (under) expenditures	2,182,866	19,686	(1,226,509)	976,043
Other Financing Sources (Uses):				
Transfers in (out)	(1,273,345)	-	962,320	(311,025)
Net change in fund balances	909,521	19,686	(264,189)	665,018
Fund Balance:				
Beginning	1,166,847	625,324	404,302	2,196,473
Ending	\$ 2,076,368	\$ 645,010	\$ 140,113	\$ 2,861,491

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, 2008

Total net change in fund balances - governmental funds	\$ 665,018
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 \$719,999 exceeded capital outlays of \$1,360,337 in the current period.	640,338
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, vacation and sick leave used, was less than the amount earned by \$43,654.	(43,654)
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.	11,628
Long-term debt repayments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount of long-term repayments for 2008.	364,413
Bond issuance costs related to long-term debt is an expenditure in the general fund, however this cost increases noncurrent assets in the Statement of Net Assets.	(9,740)
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.	49,072
Change in net assets of governmental activities	<u>\$ 1,677,075</u>

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, 2008

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 9,691,852	\$ 10,011,293	\$ 10,315,463	\$ 304,170
Licenses and permits	116,000	116,000	100,404	(15,596)
Intergovernmental	873,653	917,653	1,043,217	125,564
APG management fees	272,284	272,284	270,860	(1,424)
Miscellaneous	336,634	1,067,458	1,099,525	32,067
Total revenues	11,290,423	12,384,688	12,829,469	444,781
Expenditures:				
Current:				
General government	1,568,037	2,193,569	1,706,227	487,342
Public safety	3,831,212	3,893,412	3,892,262	1,150
Public works	1,785,557	2,018,302	2,016,301	2,001
Parks and recreation	48,500	72,500	64,574	7,926
Miscellaneous	2,073,732	2,287,520	2,233,330	54,190
Debt service:				
Principal	353,745	353,745	354,413	(668)
Interest	356,295	356,295	351,514	4,781
Total expenditures	10,017,078	11,175,343	10,618,621	556,722
Other Financing Sources (Uses):				
Appropriation of fund balance	-	64,000	-	(64,000)
Transfers out	(1,273,345)	(1,273,345)	(1,273,345)	-
Total other financing sources (uses)	(1,273,345)	(1,209,345)	(1,273,345)	(64,000)
Net change in fund balance	\$ -	\$ -	937,503	\$ 937,503
Adjustments to conform with generally accepted accounting principles			<u>(27,982)</u>	
Fund Balance:				
Beginning			<u>1,166,847</u>	
Ending			<u>\$ 2,076,368</u>	

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Net Assets - Proprietary Funds
June 30, 2008

	Business Type Activities - Enterprise Funds			
	Water	Sewer	Stadium	Total
Assets				
Current assets:				
Cash	\$ 1,075,982	\$ 904,226	\$ 87,728	\$ 2,067,936
Receivables, current	333,335	382,841	46,206	762,382
Notes receivable, current	-	-	238,856	238,856
Due from other funds	254,126	467,839	50,000	771,965
Inventory	66,203	357,059	-	423,262
	<u>1,729,646</u>	<u>2,111,965</u>	<u>422,790</u>	<u>4,264,401</u>
Noncurrent assets:				
Temporarily restricted assets - cash	3,020,000	-	-	3,020,000
Receivables, noncurrent	-	249,552	-	249,552
Notes receivable, noncurrent	-	-	510,295	510,295
Bond issue costs	61,275	-	-	61,275
Capital assets, net	3,282,747	11,389,973	13,759,644	28,432,364
	<u>6,364,022</u>	<u>11,639,525</u>	<u>14,269,939</u>	<u>32,273,486</u>
Total assets	<u>8,093,668</u>	<u>13,751,490</u>	<u>14,692,729</u>	<u>36,537,887</u>
Liabilities				
Current liabilities:				
Accounts payable	330,676	149,256	-	479,932
Due to other funds	467,839	1,670,678	65,476	2,203,993
Accrued expenses	31,566	94,076	53,717	179,359
Notes payable	187,502	75,079	36,313	298,894
Bonds payable	107,500	-	349,000	456,500
Compensated absences	16,542	80,567	-	97,109
	<u>1,141,625</u>	<u>2,069,656</u>	<u>504,506</u>	<u>3,715,787</u>
Noncurrent liabilities:				
Notes payable	1,014,609	517,386	111,966	1,643,961
Bonds payable	2,872,000	-	5,873,300	8,745,300
Compensated absences	23,200	125,729	-	148,929
	<u>3,909,809</u>	<u>643,115</u>	<u>5,985,266</u>	<u>10,538,190</u>
Total liabilities	<u>5,051,434</u>	<u>2,712,771</u>	<u>6,489,772</u>	<u>14,253,977</u>
Net Assets				
Invested in capital assets, net of related debt	2,182,411	10,797,508	7,389,065	20,368,984
Unrestricted	859,823	241,211	813,892	1,914,926
Total net assets	<u>\$ 3,042,234</u>	<u>\$ 11,038,719</u>	<u>\$ 8,202,957</u>	<u>\$ 22,283,910</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Revenues, Expenses, And Changes In
Fund Net Assets - Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
Operating revenues:				
Charges for services	\$ 2,114,848	\$ 2,200,843	\$ -	\$ 4,315,691
Other operating revenues	157,979	31,175	278,698	467,852
Miscellaneous	44,932	62,806	-	107,738
	<u>2,317,759</u>	<u>2,294,824</u>	<u>278,698</u>	<u>4,891,281</u>
Operating expenses:				
Cost of service	1,384,417	2,269,495	-	3,653,912
Other operating expenses	282,651	285,869	57,996	626,516
Depreciation	171,821	426,174	273,515	871,510
	<u>1,838,889</u>	<u>2,981,538</u>	<u>331,511</u>	<u>5,151,938</u>
Operating income (loss)	<u>478,870</u>	<u>(686,714)</u>	<u>(52,813)</u>	<u>(260,657)</u>
Non-operating revenues (expenses):				
Investment interest	33,976	4,655	3,524	42,155
Bond cost amortization	(3,225)	-	-	(3,225)
Capital demand charges	98,176	-	-	98,176
Capital connection fees	507,950	360,000	-	867,950
Interest income on notes receivable	-	-	10,498	10,498
Other fees	-	30,482	-	30,482
Gain on disposal of capital assets	-	25,000	-	25,000
Interest expense	(134,201)	(27,956)	(345,311)	(507,468)
	<u>502,676</u>	<u>392,181</u>	<u>(331,289)</u>	<u>563,568</u>
Income (loss) before transfers	<u>981,546</u>	<u>(294,533)</u>	<u>(384,102)</u>	<u>302,911</u>
Transfers in	-	-	311,025	311,025
Change in net assets	<u>981,546</u>	<u>(294,533)</u>	<u>(73,077)</u>	<u>613,936</u>
Net Assets:				
Beginning	2,060,688	11,333,252	8,276,034	21,669,974
Ending	<u>\$ 3,042,234</u>	<u>\$ 11,038,719</u>	<u>\$ 8,202,957</u>	<u>\$ 22,283,910</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Cash Flows - Proprietary Funds
Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Stadium	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 2,349,519	\$ 2,302,232	\$ 233,110	\$ 4,884,861
Payments to employees	(478,651)	(1,152,393)	-	(1,631,044)
Payments to suppliers	(1,041,192)	(1,182,806)	(57,996)	(2,281,994)
Net cash provided by (used in) operating activities	829,676	(32,967)	175,114	971,823
Cash Flows From Non-Capital Financing Activities:				
Internal activity - payments from (to) other funds	(474,549)	465,538	(11,500)	(20,511)
Net operating transfers in	-	-	311,025	311,025
Net cash provided by (used in) non-capital financing activities	(474,549)	465,538	299,525	290,514
Cash Flows From Capital And Related Financing Activities:				
Principal payments on notes payable	(177,807)	(72,210)	(36,314)	(286,331)
Principal payments on bonds payable	(105,000)	-	(338,600)	(443,600)
Proceeds from bonds payable	3,084,500	-	-	3,084,500
Payment of bond issuance costs	(64,500)	-	-	(64,500)
Interest paid	(126,352)	(29,153)	(347,927)	(503,432)
Capital assessment charges	-	30,482	-	30,482
Capital demand charge	98,176	-	-	98,176
Capital connection charges	507,950	360,000	-	867,950
Proceeds from disposal of capital assets	-	25,000	-	25,000
Purchase of capital assets	(314,120)	(427,924)	-	(742,044)
Net cash provided by (used in) capital and related financing activities	2,902,847	(113,805)	(722,841)	2,066,201
Cash Flows From Investing Activities:				
Increase in temporarily restricted cash	(3,020,000)	-	-	(3,020,000)
Investment earnings	33,976	4,655	3,524	42,155
Principal collections on notes receivable	-	-	104,568	104,568
Interest collections increasing deferred profit on notes receivable	-	-	123,891	123,891
Interest received on note receivable	-	-	10,498	10,498
Net cash provided by (used in) investing activities	(2,986,024)	4,655	242,481	(2,738,888)
Net increase (decrease) in cash and cash equivalents	271,950	323,421	(5,721)	589,650
Cash And Cash Equivalents:				
Beginning of year	804,032	580,805	93,449	1,478,286
End of year	\$ 1,075,982	\$ 904,226	\$ 87,728	\$ 2,067,936
Reconciliation of Operating Income To Net Cash Provided By (Used In) Operating Activities				
Operating income (loss)	\$ 478,870	\$ (686,714)	\$ (52,813)	\$ (260,657)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	171,821	426,174	273,515	871,510
Changes in assets and liabilities:				
Accounts receivable	31,760	7,408	(45,588)	(6,420)
Inventory	(18,449)	(10,214)	-	(28,663)
Accounts payable	197,244	103,454	-	300,698
Accrued expenses	1,349	12,002	-	13,351
Compensated absences	(32,919)	114,923	-	82,004
Net cash provided by (used in) operating activities	\$ 829,676	\$ (32,967)	\$ 175,114	\$ 971,823

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Fiduciary Net Assets - Pension Trust Funds
June 30, 2008

Assets	
Cash	\$ 9,394
Investments in mutual funds, at fair-value:	
Equities	5,817,405
Fixed income	989,887
Bonds	2,085,189
	<u>8,892,481</u>
Total assets	<u>\$ 8,901,875</u>
Net Assets	
Held in trust for pension benefits	<u>\$ 8,901,875</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Statement Of Changes In Fiduciary Net Assets - Pension Trust Funds
Year Ended June 30, 2008

Additions	
Contributions:	
Employer contributions	\$ 735,942
Employee contributions	268,632
Total contributions	<u>1,004,574</u>
Investment earnings:	
Investment income and net depreciation	(423,347)
Total additions	<u>581,227</u>
Deductions	
Benefit payments	434,493
Administrative expenses	30,326
Total deductions	<u>464,819</u>
Change in net assets	116,408
Net Assets:	
Beginning	8,785,467
Ending	<u>\$ 8,901,875</u>

See Notes To Basic Financial Statements.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements: The government-wide financial statements report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

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

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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

C. Fund Accounting

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

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

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

Proprietary Fund Types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the City has elected to apply all applicable FASB pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

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 Plan, the City of Aberdeen Defined Contribution Plan, and the City of Aberdeen Police Department Pension Plan. As fiduciary funds, the pension funds are used to account for assets held on behalf of outside parties under the terms of a formal trust agreement.

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

E. Use of Estimates

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

F. Budgetary Data

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

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

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

The policy established by the Mayor and City Council with respect to the City Budget (budgetary basis) does not conform with 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 City Council 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 GAAP basis are as follows:

General Fund	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Current Year Effect on Fund Balance
Budgetary basis	\$ 12,829,469	\$ 10,618,621	\$ (1,273,345)	\$ 937,503
Reimbursable salaries under APG contract	1,091,983	1,091,983	-	-
Donated capital asset	8,000	8,000	-	-
Encumbrances	-	(24,125)	-	24,125
Principal received on special assessments receivable	(26,643)	-	-	(26,643)
Increase in allowance for uncollectible receivables	-	53,985	-	(53,985)
Repayments on line of credits	-	(26,000)	-	26,000
Decrease in accrued interest payable	-	(2,521)	-	2,521
GAAP basis	\$ 13,902,809	\$ 11,719,943	\$ (1,273,345)	\$ 909,521

G. Cash, Cash Equivalents and Investments

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

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

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

H. Receivables

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. All delinquent accounts receivable, including property taxes, are considered fully collectible and therefore no allowance for uncollectible accounts has been provided. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

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

I. Notes Receivable

Notes receivable recorded in the Stadium Fund represent a land contract and ground leases for four land lots. Collectively, these transactions are being accounted for in accordance with Financial Accounting Standards Board Statement (FASB) No. 66, *Accounting for Sales of Real Estate*. As such, since the City's receivables are subject to future subordination, the profit on Lots 3, 5, 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. Principal collections reduce the related receivable, and interest collections on such receivables increase the unrecognized gross profit on the balance sheet.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, 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 stated at cost on the FIFO basis and consists of general supplies and equipment used in the operation of the municipal water system and sewer system and is included in other current assets. The cost is recorded as expenditures in the governmental funds at the time the items are consumed.

L. Capital Assets

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40 – 50 years
Infrastructure	40 – 50 years
Water distribution system	40 – 50 years
Building improvements	5 – 15 years
Equipment and vehicles	3 – 10 years

M. 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.

N. Bond Premiums and Issuance Costs

In the government-wide financial statements and proprietary fund statements, bond premiums 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 and issuance costs are recognized as expense immediately.

O. Compensated Absences

It is the City's policy to permit employees to be paid for accumulated earned but unused vacation and personnel leave upon separation of service. In addition, up to 400 hours of accumulated earned but unused sick leave is paid upon separation of service provided the employee has five years of service with the City. Vested sick leave is calculated at yearend using the vesting method. Vacation, personnel and vested sick leave is accrued when earned in the government-wide statements, as well as the proprietary fund statements.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 1. Summary Of Significant Accounting Policies (Continued)

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.

P. Fund Balance

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions or those restrictions imposed by law through constitutional provisions or enabling legislation. Any designations of fund balance represent tentative management plans that are subject to change.

Q. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

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

R. Deferred Compensation Plan

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section (IRC) 457. The plan, available to all City employees, permits employees to defer a portion of their salaries until future years. Participation in the plan is optional, and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The IRC prescribes that the City does not own the amounts deferred by employees, including the related income on these amounts. Accordingly, the assets and the liability for the deferred compensation plan participants, including earnings on plan assets, are not included in the City's financial statements. The plan assets will not be subject to the claims of the public entity's creditors during financial crisis.

Note 2. Cash And Investments

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

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below the original cost. To limit the City's exposure to fair value losses arising from increasing interest rates, the City's investment policy limits the term of investment maturities. City management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the City from having to sell investments below original costs for that purpose. The investments at June 30, 2008 met the City's investment policy.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 2. Cash And Investments (Continued)

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, 2008 the City's cash and investments were not exposed to custodial credit risk.

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

Note 3. Notes Receivable

In September 2006, the City entered into a land contract with Ripken Baseball Academy, LLC (Ripken Baseball) whereby the City will sell to Ripken Baseball Lot 3 and the McDonald property within the stadium complex. This contract supersedes two ground leases previously entered into by the City and Ripken Baseball, but leaves the repayment terms of the original leases unchanged. Under the contract, Ripken Baseball received credit for all payments made under the respective ground leases and made the effective date of the contract that of which the ground leases were entered into.

Additionally, the City previously entered into ground leases with Aberdeen Camden Office, LLC for lease of Lot 5 and Cal Ripken Sr. Foundation for the lease of Lot 6.

A summary of notes receivable and corresponding deferred profit at June 30, 2008 is as follows:

	Notes Receivable	Less Deferred Profit	Notes Receivable, Net
Lot 3; original receivable amount \$1,507,118 and deferred profit of \$(552,020) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$10,977; due May 2023	\$ 1,282,310	\$ (963,254)	\$ 319,056
McDonald Lot; original receivable amount \$326,820; monthly principal installments of \$3,206 plus interest at the bank's prime rate due July 2012	151,306	-	151,306
Lot 5; original receivable amount \$356,741 and deferred profit of \$(123,435) amortized over 20 years plus interest ranging from 4.77% to 6.81%; combined monthly installments of principal and interest of \$2,598; due March 2027	346,583	(150,630)	195,953
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	334,289	(251,453)	82,836
	<u>\$ 2,114,488</u>	<u>\$ (1,365,337)</u>	<u>\$ 749,151</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 3. Notes Receivable (Continued)

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

Years Ending June 30,	
2009	\$ 114,403
2010	119,339
2011	124,594
2012	130,188
2013	105,882
Thereafter	1,520,082
	<u>\$ 2,114,488</u>

Note 4. Receivables And Payables

Receivables at June 30, 2008, consist of the following:

	General Fund	Special Revenue	Capital Projects	Water	Sewer	Stadium	Total
Receivables:							
Taxes	\$ 231,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,089
Intergovernmental	877,008	-	16,320	2,140	-	38,733	934,201
Charges for services	-	-	-	331,195	363,341	-	694,536
Assessments/improvements	66,156	318,195	-	-	269,052	-	653,403
Other	113,335	-	-	-	-	7,473	120,808
Gross receivables	1,287,588	318,195	16,320	333,335	632,393	46,206	2,634,037
Allowance for uncollectibles	(109,475)	-	-	-	-	-	(109,475)
Net receivables	<u>\$ 1,178,113</u>	<u>\$ 318,195</u>	<u>\$ 16,320</u>	<u>\$ 333,335</u>	<u>\$ 632,393</u>	<u>\$ 46,206</u>	<u>\$ 2,524,562</u>

Payables at June 30, 2008, consist of the following:

	General Fund	Special Revenue	Capital Projects	Water	Sewer	Stadium	Total
Accrued expenses:							
Interest	\$ 49,064	\$ -	\$ -	\$ 22,489	\$ 12,909	\$ 53,717	\$ 138,179
Payroll	159,921	-	-	9,077	22,205	-	191,203
Intergovernmental	-	-	-	-	58,962	-	58,962
	<u>\$ 208,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,566</u>	<u>\$ 94,076</u>	<u>\$ 53,717</u>	<u>\$ 388,344</u>
Other liabilities:							
Payroll withholdings	\$ 16,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,496
Performance bonds	154,775	-	-	-	-	-	154,775
Seized property	171,829	-	-	-	-	-	171,829
	<u>\$ 343,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,100</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 5. Interfund Receivables, Payables And Transfers

Interfund receivable and payable balances at June 30, 2008, are as follows:

Due From Fund	Due To Fund						Total
	General Fund	Special Revenue	Capital Projects	Water	Sewer	Stadium	
General	\$ -	\$ -	\$ 137,053	\$ -	\$ 1,382,663	\$ 65,476	\$ 1,585,192
Special Revenue	-	-	-	-	-	-	-
Capital Projects	-	84	-	-	238,015	-	238,099
Water	254,126	-	-	-	-	-	254,126
Sewer	-	-	-	467,839	-	-	467,839
Stadium	-	-	-	-	50,000	-	50,000
	<u>\$ 254,126</u>	<u>\$ 84</u>	<u>\$ 137,053</u>	<u>\$ 467,839</u>	<u>\$ 1,670,678</u>	<u>\$ 65,476</u>	<u>\$ 2,595,256</u>

Interfund transfers for the year ended June 30, 2008, consisted of transfers in the City's normal course of business from the General Fund to the Capital Projects Fund in the amount of \$962,320 and from the General Fund to the Stadium Fund in the amount of \$311,025.

Note 6. Capital Assets

Capital asset activity for the year ended June 30, 2008, is as follows:

	Balance July 1, 2007	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,471,113	\$ -	\$ -	\$ 4,471,113
Construction in process	-	32,720	-	32,720
	<u>4,471,113</u>	<u>32,720</u>	<u>-</u>	<u>4,503,833</u>
Capital assets being depreciated:				
Buildings	10,728,670	-	-	10,728,670
Improvements other than buildings	30,000	-	-	30,000
Machinery and equipment	3,396,852	128,058	-	3,524,910
Vehicles	1,565,954	163,460	-	1,729,414
Recreational facilities	375,211	-	-	375,211
Infrastructure	10,815,796	1,036,099	-	11,851,895
	<u>26,912,483</u>	<u>1,327,617</u>	<u>-</u>	<u>28,240,100</u>
Accumulated depreciation for:				
Buildings	(4,952,179)	(163,355)	-	(5,115,534)
Improvements other than buildings	(9,000)	(3,000)	-	(12,000)
Machinery and equipment	(2,876,389)	(116,656)	-	(2,993,045)
Vehicles	(824,950)	(201,946)	-	(1,026,896)
Recreational facilities	(225,651)	(17,000)	-	(242,651)
Infrastructure	(5,178,329)	(218,042)	-	(5,396,371)
	<u>(14,066,498)</u>	<u>(719,999)</u>	<u>-</u>	<u>(14,786,497)</u>
Total depreciable assets, net	12,845,985	607,618	-	13,453,603
Governmental activities capital assets, net	<u>\$ 17,317,098</u>	<u>\$ 640,338</u>	<u>\$ -</u>	<u>\$ 17,957,436</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 6. Capital Assets (Continued)

	Balance July 1, 2006	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,903,993	\$ -	\$ -	\$ 1,903,993
Construction in process	239,788	257,039	(117,415)	379,412
	<u>2,143,781</u>	<u>257,039</u>	<u>(117,415)</u>	<u>2,283,405</u>
Capital assets being depreciated:				
Buildings	24,007,026	-	-	24,007,026
Improvements other than buildings	7,772	-	-	7,772
Machinery and equipment	8,900,658	519,574	(50,000)	9,370,232
Water systems	6,244,558	82,846	-	6,327,404
Sewer system	6,561,227	-	-	6,561,227
	<u>45,721,241</u>	<u>602,420</u>	<u>(50,000)</u>	<u>46,273,661</u>
Accumulated depreciation for:				
Buildings	(6,416,708)	(480,521)	-	(6,897,229)
Improvements other than buildings	(2,915)	(777)	-	(3,692)
Machinery and equipment	(8,229,503)	(129,007)	50,000	(8,308,510)
Water systems	(3,396,857)	(117,151)	-	(3,514,008)
Sewer system	(1,257,209)	(144,054)	-	(1,401,263)
	<u>(19,303,192)</u>	<u>(871,510)</u>	<u>-</u>	<u>(20,124,702)</u>
Total depreciable assets, net	<u>26,418,049</u>	<u>(269,090)</u>	<u>(50,000)</u>	<u>26,148,959</u>
Business-type activities capital assets, net	<u>\$ 28,561,830</u>	<u>\$ (12,051)</u>	<u>\$ (167,415)</u>	<u>\$ 28,432,364</u>

Depreciation expense was charged in the Statement of Activities for the year ended June 30, 2008, as follows:

Governmental activities:	
General government	\$ 355,530
Public safety	190,650
Public works	156,819
Recreation	17,000
	<u>\$ 719,999</u>
Business-type activities:	
Water utility	\$ 171,821
Sewer utility	426,174
Stadium	273,515
	<u>\$ 871,510</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities

As noted in Note 10, beginning notes payable for the Governmental Activities has been restated. Long-term liability activity as of and for the year ended June 30, 208, is as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Amounts due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 5,561,500	\$ -	\$ (189,500)	\$ 5,372,000	\$ 196,300
Notes payable	1,263,732	-	(174,913)	1,088,819	177,795
Compensated absences	972,831	52,476	(8,822)	1,016,485	455,628
Net pension obligation	153,631	-	(11,628)	142,003	-
	<u>\$ 7,951,694</u>	<u>\$ 52,476</u>	<u>\$ (384,863)</u>	<u>\$ 7,619,307</u>	<u>\$ 829,723</u>
Business-type activities:					
General obligation bonds payable	\$ 6,560,900	\$ 3,084,500	\$ (443,600)	\$ 9,201,800	\$ 456,500
Notes payable	2,229,186	-	(286,331)	1,942,855	298,884
Compensated absences	164,034	114,923	(32,919)	246,038	97,119
	<u>\$ 8,954,120</u>	<u>\$ 3,199,423</u>	<u>\$ (762,850)</u>	<u>\$ 11,390,693</u>	<u>\$ 852,503</u>

General obligation bonds payable relating to governmental activities at June 30, 208, consist of the following:

Series A Infrastructure Bonds of 2000; authorized amount \$3,700,000; interest at rates ranging from 5.125% to 5.875%; payable in annual payments of principal ranging from \$44,600 to \$250,000 and semiannual payments of interest through May 2030	\$ 3,139,000
Series A Infrastructure Bonds of 2002; authorized amount \$2,091,200; interest at rates ranging from 2.25% to 4.375%; payable in annual payments of principal ranging from \$38,900 to \$156,500 and semiannual payments of interest through May 2022	1,643,700
Series B Infrastructure Bonds of 2004; authorized amount \$679,800; interest at rates ranging from 3.0% to 4.2%; payable in annual payment of principal ranging from \$10,500 to \$50,000 and semiannual payments of interest through May 2024	589,300
	<u>\$ 5,372,000</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, 2008, is as follows:

Years Ending June 30,	Principal	Interest	Totals
2009	\$ 196,300	\$ 262,461	\$ 458,761
2010	206,500	254,907	461,407
2011	211,600	246,817	458,417
2012	214,300	238,449	452,749
2013	226,700	229,765	456,465
2014-2018	1,292,600	994,167	2,286,767
2019-2023	1,504,200	658,405	2,162,605
2024-2028	1,034,800	324,227	1,359,027
2029-2030	485,000	43,181	528,181
	<u>\$ 5,372,000</u>	<u>\$ 3,252,379</u>	<u>\$ 8,624,379</u>

Notes payable relating to governmental activities at June 30, 2008, consists of the following:

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	\$ 13,139
Loan payable, Department of Housing and Community Development, Non-interest bearing; payments of \$36,000 beginning December 2007 through December 2012	107,284
Bank term loans, issued for a combined amount of \$1,567,000; currently being liquidated in quarterly installments of principal and interest with combined payments of approximately \$44,173, accruing interest at rates ranging from 2.3% to 5.0%; due dates ranging from May 2009 to June 2025	968,396
	<u>\$ 1,088,819</u>

A schedule of maturities of the notes payable relating to governmental activities as of June 30, 2008, is as follows:

Years Ending June 30,	Principal	Interest	Total
2009	\$ 177,795	\$ 34,007	\$ 211,802
2010	114,054	29,837	143,891
2011	86,088	27,103	113,191
2012	50,860	25,212	76,072
2013	50,921	23,316	74,237
2014-2018	255,664	87,996	343,660
2019-2023	253,437	40,337	293,774
2024-2025	100,000	3,211	103,211
	<u>\$ 1,088,819</u>	<u>\$ 271,019</u>	<u>\$ 1,359,838</u>

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 7. Long-Term Liabilities (Continued)

The entire accumulated unused compensated absences liability for governmental activities will be liquidated by the general fund.

General obligation bonds payable relating to business-type activities at June 30, 2008, consist of the following:

Series B Infrastructure Bonds of 2007; authorized amount \$3,084,500; interest at rates ranging from 3.5% to 4.25%; payable in annual payment of principal ranging from \$105,000 to \$221,000 and semiannual payments of interest through May 2027	\$ 2,979,500
Series A Infrastructure Bonds of 2002; authorized amount \$1,045,700; interest at rates ranging from 2.25% to 4.375%; payable in annual payment of principal ranging from \$19,400 to \$78,500 and semiannual payments of interest through May 2022	819,600
Series B Infrastructure Bonds of 2001; authorized amount \$4,812,700; interest at rates ranging from 4.0% to 5.0%; payable in annual payments of principal ranging from \$184,000 to \$383,500 and semiannual payments of interest through May 2021	3,817,700
Series B Land Purchase Bonds of 2001; authorized amount \$1,930,000; interest at rates ranging from 6.25% to 6.8%; payable in annual payments of principal ranging from \$60,000 to \$175,000 and semiannual payments of interest through May 2021	1,585,000
	\$ 9,201,800

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2008, is as follows:

Years Ending June 30,	Principal	Interest	Total
2009	\$ 456,500	\$ 430,941	\$ 887,441
2010	474,200	411,383	885,583
2011	497,000	391,226	888,226
2012	522,100	369,727	891,827
2013	546,500	346,377	892,877
2014-2018	3,134,200	1,328,078	4,462,278
2019-2023	2,740,300	496,718	3,237,018
2024-2027	831,000	92,592	923,592
	\$ 9,201,800	\$ 3,867,042	\$ 13,068,842

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, 2008, consists of the following:

Loans payable, Maryland Water Quality Financing Administration, accruing interest at rates ranging from 3.38% to 4.894%; payable in annual principal payments ranging from \$49,037 to \$89,605 and semiannual payments of interest; due dates ranging from 2010 to 2018	\$ 592,465
Bank term loans, issued for a combined amount of \$2,884,916, accruing interest at rates ranging from 3.38% to 4.894%; payable monthly, quarterly or semiannually at varying amounts; due dates ranging from 2009 to 2025	1,350,390
	\$ 1,942,855

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2008, is as follows:

Years Ending June 30,	Principal	Interest	Total
2009	\$ 298,884	\$ 86,735	\$ 385,619
2010	310,705	71,802	382,507
2011	323,137	55,654	378,791
2012	255,211	38,823	294,034
2013	416,430	30,833	447,263
2014-2018	338,488	27,551	366,039
	\$ 1,942,855	\$ 311,398	\$ 2,254,253

Note 8. Line Of Credit

During fiscal year 2006, the City entered into a revolving line of credit agreement with a commercial bank for \$2,000,000 with interest adjusted daily to the highest bank prime rate published in the Wall Street Journal. The City drew \$900,000 which was used for the General Fund current expenditures. The line is renewed annually and expires May 2009. During fiscal year 2008 there were no additional draws and repayments of \$26,000 resulting in an outstanding balance of \$869,941 at June 30, 2008.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans

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

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

Defined Benefit Plan

Plan Description:

The City's Pension Plan is a single-employer noncontributory defined benefit pension plan controlled by City ordinance of the City of Aberdeen. The Plan is governed by the City of Aberdeen which is responsible for the management of plan assets. The City of Aberdeen 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 pension plan's membership consisted of the following as of July 1, 2007, the date of the last actuarial valuation:

Active employees	1
Retirees and beneficiaries currently receiving benefits	21
Terminated employees entitled to benefits but not yet receiving them	<u>4</u>
Total	<u><u>26</u></u>

Contribution Information and Funding Policy:

The 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 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.

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 Plan for the year ended June 30, 2008 was \$115,053. The Plan does not provide for a maximum employer contribution. No contributions are required of employees. As of July 1, 2007, the date of the last actuarial valuation, only one plan participant was actively working and that person has reached normal retirement age. Therefore, there is no compensation for members expected to continue earning benefits. Administrative costs are financed through investment earnings.

Valuation of Investments:

The Pension 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 pension plan's assets. At June 30, 2008, no investment in any one organization exceeded five percent or more of net assets available for benefits.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

Annual Pension Cost and Net Pension Obligation:

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

Annual required contribution	\$ 115,053
Interest on net pension obligation	9,174
Adjustment to annual required contribution	<u>(20,774)</u>
Annual pension cost	103,453
Less contributions made	<u>(115,053)</u>
Decrease in net pension obligation	(11,600)
Net pension obligation:	
Beginning	152,897
Ending	<u><u>\$ 141,297</u></u>

The annual required contributions for the current year were determined as part of the July 1, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 6.0% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.1% and 7.3% per year. Both (a) and (b) included an inflation component of 2.2%. 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, 2008 was 10 years, which is re-established each year. For reporting purposes, the projection of benefits for

Three-year trend information:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2008	\$103,453	111.2%	\$141,297
June 30, 2007	\$91,049	113.8%	\$152,897
June 30, 2006	\$68,541	119.6%	\$165,446

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 79.01% funded. The actuarial accrued liability for benefits was \$1,988,133, and the actuarial value of assets was \$1,570,833, resulting in an unfunded actuarial liability (JAAL) of \$417,300.

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

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 9. Retirement Plans (Continued)

Defined Contribution Plan

Description of Plan:

The City of Aberdeen Defined Contribution Plan is a defined contribution pension plan established by the City of Aberdeen 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, 2008, there were 41 plan members. Plan participants are required to contribute 2% of covered salary. The City is required to contribute 7% of annual covered payroll. Plan provisions and contribution requirements are established and may be amended by the Aberdeen City Council. Participants' and the City's actual contributions were \$331,787 and \$94,901, respectively.

Basis of Accounting:

The 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.

Method Used to Value 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:

This Pension Plan is a single-employer contributory defined benefit pension plan established by the City ordinance. The Plan is governed by the City of Aberdeen 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 pension plan's membership consisted of the following as of July 1, 2007, the date of the last actuarial valuation:

Active employees	40
Retirees and beneficiaries currently receiving benefits	-
Terminated employees entitled to benefits but not yet receiving them	<u>8</u>
Total	<u><u>48</u></u>

Contribution Information and Funding Policy:

The 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 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.

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 18.7% of annual covered payroll. The Plan does not provide for a maximum employer contribution. The actuarially required contribution rate and the amount paid into the Plan for the year ended June 30, 2008 was \$289,102. Administrative costs are financed through investment earnings.

The police officers contribute to the Plan based on 7% of salaries. Participants' actual contributions were \$172,804 at June 30, 2008.

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	\$ 289,102
Interest on net pension obligation	55
Adjustment to annual required contribution	(83)
Annual pension cost	289,074
Less contributions made	(289,102)
Decrease in net pension obligation	(28)
Net pension obligation:	
Beginning	734
Ending	<u>\$ 706</u>

The annual required contributions for the current year was determined as part of the July 1, 2007 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.1% and 8.6% per year. Both (a) and (b) included an inflation component of 3.5%. 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, 2008 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, 2008	\$289,074	100.00%	\$706
June 30, 2007	\$228,873	100.00%	\$734
June 30, 2006	\$199,541	100.02%	\$764

Funding Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 74.39% funded. The actuarial accrued liability for benefits was \$4,612,228, and the actuarial value of assets was \$3,431,199, resulting in an unfunded actuarial liability (UAAL) of \$1,181,029. The covered payroll (annual payroll of active employees covered by the plan) was \$1,547,471, and the ratio of the UAAL to the covered payroll was 76.3%.

The schedules of funding progress, presented as supplemental information following the notes to the financial statements, present multiyear 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, 2008 is summarized as follows:

Combining Statement of Fiduciary Net Assets

	401 Plan	Police Pension Plan	Defined Benefit Plan	Total
Assets				
Cash and short-term investments	\$ 9,394	\$ -	\$ -	\$ 9,394
Investments in mutual funds, at fair-value:				
Equities	3,575,067	2,242,338	-	5,817,405
Fixed Income	94	989,793	-	989,887
Bonds	36,311	458,483	1,590,395	2,085,189
	<u>3,611,472</u>	<u>3,690,614</u>	<u>1,590,395</u>	<u>8,892,481</u>
Total assets	\$ 3,620,866	\$ 3,690,614	\$ 1,590,395	\$ 8,901,875
Net Assets				
Held in trust for pension benefits	\$ 3,620,866	\$ 3,690,614	\$ 1,590,395	\$ 8,901,875

Combining Statement of Changes in Fiduciary Net Assets

	401 Plan	Police Pension Plan	Defined Benefit Plan	Total
Additions				
Contributions:				
Employer contributions	\$ 331,787	\$ 289,102	\$ 115,053	\$ 735,942
Employee contributions	95,828	172,804	-	268,632
Total contributions	<u>427,615</u>	<u>461,906</u>	<u>115,053</u>	<u>1,004,574</u>
Investment earnings:				
Investment income & net appreciation	(216,726)	(290,246)	83,625	(423,347)
Total additions	<u>210,889</u>	<u>171,660</u>	<u>198,678</u>	<u>581,227</u>
Deductions				
Benefit payments	250,554	13,377	170,562	434,493
Administrative expenses	-	21,773	8,553	30,326
Total deductions	<u>250,554</u>	<u>35,150</u>	<u>179,115</u>	<u>464,819</u>
Change in net assets	(39,665)	136,510	19,563	116,408
Net Assets:				
Beginning	3,660,531	3,554,104	1,570,832	8,785,467
Ending	<u>\$ 3,620,866</u>	<u>\$ 3,690,614</u>	<u>\$ 1,590,395</u>	<u>\$ 8,901,875</u>

It is the City's policy to pay a portion of the cost of major medical insurance for retired employees. The percentage of contribution is based on the number of years of service. All retired employees are eligible, including those on disability retirement. Coverage may include the retiree, spouse and dependents. Coverage does not cease upon death of the retiree. The City recognizes the cost of its contribution in the year it is made. The Plan has 19 retirees eligible to receive benefits. For the year ended June 30, 2008 the Plan had 15 retirees receiving benefits at a total cost of approximately \$70,796.

City Of Aberdeen, Maryland

Notes To Basic Financial Statements

Note 10. Other Information

Risk Management:

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

Commitments and Contingencies:

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

The City entered into a contract for the construction of the Plater Street pump station. The project is being financed through a CDA bond specified for this purpose. The value of the City's remaining commitment under this contract at June 30, 2008 is \$607,756.

Subsequent Events:

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the City's Retirement Plans' investments have likely incurred a significant decline in fair value since June 30, 2008.

Note 11. New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the year ended June 30, 2008, that have effective dates that may impact future financial presentations.

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

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be implemented in phases using the same criteria applied in the implementation of the new governmental reporting model. As a result, this Statement will be effective for the City beginning with its year ending June 30, 2009. This statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, will be implemented in phases using the same criteria applied in the implementation of the new governmental reporting model. As a result, this Statement will be effective for the City beginning with its year ending June 30, 2010. This Statement will require governments to recognize an expense under the accrual basis for annual required OPEB contributions, regardless of amounts paid. The cumulative difference between amounts expensed and paid will create a liability (asset) similar to net pension obligations.

Notes To Basic Financial Statements

Note 11. New Governmental Accounting Standards Board (GASB) Standards (Continued)

GASB Statement Number 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, will be effective for the City beginning with its year ending June 30, 2009. This Statement requires governments to describe and disclose pollution remediation obligations, estimated liabilities, the methods and assumptions used for the estimate, the potential for changes in estimates, and estimated recoveries that reduce the measurement of the liability.

GASB Statement Number 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the City beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable.

GASB Statement Number 52, *Land and Other Real Estate Held for Investment by Endowments*, will be effective for the City beginning with its year ending June 30, 2009. This Statement requires real estate held as investments be reported at fair value with corresponding changes in fair value reported as investment income.

GASB Statement Number 53, *Accounting and Financial Reporting For Derivative Instruments*, will be effective for the City beginning with its year ending June 30, 2010. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instruments transactions.

City Of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Defined Benefit Pension Plan:

Schedule of Employer Contributions

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

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 115,053	\$ 115,053	100.00%
2007	103,598	103,598	100.00%
2006	81,951	81,951	100.00%
2005	76,275	76,275	100.00%
2004	67,914	67,914	100.00%
2003	56,070	56,070	100.00%

Schedule of Funding Progress

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll c	UAAL as a Percentages of Covered Payroll [(b - a) / c]
2007	\$ 1,570,833	\$ 1,988,133	\$ 417,300	79.01%	\$ -	0%
2006	\$ 1,560,997	\$ 1,870,390	\$ 309,393	83.46%	\$ -	0%
2005	\$ 1,567,116	\$ 1,884,640	\$ 317,524	83.15%	\$ 54,006	587.94%

City Of Aberdeen, Maryland

Required Supplementary Information (Unaudited)

Police Department Defined Benefit Pension Plan:

Schedule of Employer Contributions

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

Years Ended June 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 289,102	\$ 289,102	100.00%
2007	228,903	228,903	100.00%
2006	199,541	199,541	100.00%
2005	196,198	196,198	100.00%
2004	191,327	191,327	100.00%
2003	137,898	137,898	100.00%

Schedule of Funding Progress

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

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll c	UAAL as a Percentages of Covered Payroll [(b - a) / c]
2007	\$ 3,431,199	\$ 4,612,228	\$ 1,181,029	74.39%	\$ 1,547,471	76.31%
2006	\$ 2,827,760	\$ 3,817,996	\$ 990,236	74.06%	\$ 1,353,452	73.16%
2005	\$ 2,385,899	\$ 3,444,574	\$ 1,058,675	69.27%	\$ 1,190,025	88.96%

City Of Aberdeen, Maryland

Schedule Of Revenues And Other Financing Sources - Budget And Actual - General Fund
Year Ended June 30, 2008

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Property taxes:				
Real estate taxes	\$ 7,048,398	\$ 7,402,428	\$ 7,367,655	\$ (34,773)
Corporation personal property taxes	748,697	748,697	763,451	14,754
Utilities personal property tax	251,362	251,362	252,708	1,346
Penalties and interest	25,000	25,000	61,158	36,158
Additions and abatements	(5,000)	(11,000)	(22,685)	(11,685)
Discount on taxes	(70,484)	(70,484)	(43,780)	26,704
Tax credit - firemen exemptions	(6,240)	(17,000)	(15,444)	1,556
Tax credit - no water or sewer	(8,376)	(8,376)	(5,803)	2,573
Enterprise Zone tax credits	(201,171)	(219,000)	(184,381)	34,619
	<u>7,782,186</u>	<u>8,101,627</u>	<u>8,172,879</u>	<u>71,252</u>
Local taxes:				
Franchise tax	58,671	58,671	119,180	60,509
Mobile home excise tax	36,000	36,000	31,530	(4,470)
Utilities pole tax	57,150	57,150	57,119	(31)
Hospitality Way special assessment	30,935	30,935	30,955	20
	<u>182,756</u>	<u>182,756</u>	<u>238,784</u>	<u>56,028</u>
State shared taxes:				
Income tax	900,000	900,000	1,124,841	224,841
Highway tax	826,910	826,910	778,959	(47,951)
	<u>1,726,910</u>	<u>1,726,910</u>	<u>1,903,800</u>	<u>176,890</u>
Total taxes	<u>9,691,852</u>	<u>10,011,293</u>	<u>10,315,463</u>	<u>304,170</u>
Licenses and permits:				
Traders' licenses	30,000	30,000	28,775	(1,225)
Liquor licenses	2,000	2,000	9,829	7,829
Grading permits	24,000	24,000	12,580	(11,420)
Building permits	30,000	30,000	26,669	(3,331)
Site plan review	30,000	30,000	22,541	(7,459)
Peddlers permits	-	-	10	10
Total licenses and permits	<u>116,000</u>	<u>116,000</u>	<u>100,404</u>	<u>(15,596)</u>

(Continued)

City Of Aberdeen, Maryland

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

(Continued)

Year Ended June 30, 2008

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Intergovernmental:				
Grants from state government:				
Police state aid	253,096	253,096	258,957	5,861
Police supplemental aid	35,784	35,784	35,784	-
State grant	-	14,000	14,000	-
	<u>288,880</u>	<u>302,880</u>	<u>308,741</u>	<u>5,861</u>
Grants from county government:				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	480,000	480,000	621,994	141,994
Senior Center reimbursement	43,631	43,631	43,631	-
School resource officer	-	30,000	30,000	-
	<u>530,773</u>	<u>560,773</u>	<u>702,767</u>	<u>141,994</u>
Grants from local government:				
Residential special patrol	54,000	54,000	31,709	(22,291)
Total intergovernmental	<u>873,653</u>	<u>917,653</u>	<u>1,043,217</u>	<u>125,564</u>
APG management fees	<u>272,284</u>	<u>272,284</u>	<u>270,860</u>	<u>(1,424)</u>
Miscellaneous revenues:				
Trash collection stickers fees	185,839	185,839	169,072	(16,767)
Police miscellaneous income	55,000	25,000	14,468	(10,532)
Antenna leases	23,519	23,519	26,562	3,043
Fines and forfeitures	6,000	6,000	23,008	17,008
Interest on savings	3,276	3,276	36,710	33,434
Other miscellaneous	63,000	823,824	829,705	5,881
Total miscellaneous revenues	<u>336,634</u>	<u>1,067,458</u>	<u>1,099,525</u>	<u>32,067</u>
Total revenues	<u>11,290,423</u>	<u>12,384,688</u>	<u>12,829,469</u>	<u>444,781</u>
Other financing sources:				
Appropriation of fund balance	-	64,000	-	(64,000)
Total revenues and other financing sources	<u>\$ 11,290,423</u>	<u>\$ 12,448,688</u>	<u>\$ 12,829,469</u>	<u>\$ 380,781</u>

City Of Aberdeen, Maryland

Schedule Of Expenditures And Other Financing Uses - Budget And Actual - General Fund
Year Ended June 30, 2008

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
General Government:				
Legislative:				
Elected officials	\$ 47,166	\$ 47,166	\$ 44,717	\$ 2,449
Operating expenditures	50,000	50,000	49,430	570
Maryland Municipal League	13,500	14,500	14,446	54
Elections	10,000	10,000	4,275	5,725
	<u>120,666</u>	<u>121,666</u>	<u>112,868</u>	<u>8,798</u>
Executive:				
Salaries	310,680	310,680	291,303	19,377
Operating expenditures	21,000	21,000	22,866	(1,866)
	<u>331,680</u>	<u>331,680</u>	<u>314,169</u>	<u>17,511</u>
Finance:				
Salaries	327,933	327,933	267,228	60,705
Operating expenditures	15,000	15,000	50,047	(35,047)
Audit expense	16,500	30,800	42,742	(11,942)
	<u>359,433</u>	<u>373,733</u>	<u>360,017</u>	<u>13,716</u>
Legal:				
Codification	5,000	5,000	1,037	3,963
Counsel	85,000	110,000	156,271	(46,271)
	<u>90,000</u>	<u>115,000</u>	<u>157,308</u>	<u>(42,308)</u>
Planning and community development:				
Salaries	204,243	204,243	193,299	10,944
Operating expenditures	79,000	79,000	85,177	(6,177)
	<u>283,243</u>	<u>283,243</u>	<u>278,476</u>	<u>4,767</u>
Government buildings:				
Janitor salary	12,733	15,925	15,434	491
Operating expenditures	294,282	363,282	376,147	(12,865)
	<u>307,015</u>	<u>379,207</u>	<u>391,581</u>	<u>(12,374)</u>
General government:				
Operating expenditures	74,000	87,040	91,564	(4,524)
Contingency	-	500,000	-	500,000
	<u>74,000</u>	<u>587,040</u>	<u>91,564</u>	<u>495,476</u>
Health and safety:				
Operating expenditures	2,000	2,000	244	1,756
Total general government	<u>1,568,037</u>	<u>2,193,569</u>	<u>1,706,227</u>	<u>487,342</u>
Public Safety:				
Police Department:				
Salaries	3,303,862	3,303,862	3,307,555	(3,693)
Operating expenditures	447,350	509,550	504,707	4,843
	<u>3,751,212</u>	<u>3,813,412</u>	<u>3,812,262</u>	<u>1,150</u>

(Continued)

City Of Aberdeen, Maryland

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

(Continued)

Year Ended June 30, 2008

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Volunteer fire department:				
Contribution	80,000	80,000	80,000	-
Total public safety	3,831,212	3,893,412	3,892,262	1,150
Public works				
Public works administration:				
Salaries	241,451	280,058	273,868	6,190
Operating expenditures	11,000	11,000	7,841	3,159
	252,451	291,058	281,709	9,349
Streets:				
Salaries	478,248	668,386	666,466	1,920
Operating expenditures	240,000	244,000	245,768	(1,768)
	718,248	912,386	912,234	152
Street lighting:				
Operating expenditures	270,000	270,000	292,783	(22,783)
Winter operation:				
Operating expenditures	10,500	10,500	4,751	5,749
Solid waste:				
Salaries	298,758	298,758	291,345	7,413
Operating expenditures	235,600	235,600	233,479	2,121
	534,358	534,358	524,824	9,534
Total public works	1,785,557	2,018,302	2,016,301	2,001
Parks and recreation:				
Operating expenditures	48,500	72,500	64,574	7,926
Miscellaneous:				
Retirement plans	534,127	557,966	587,711	(29,745)
Payroll expenditures	1,476,291	1,651,394	1,556,905	94,489
Miscellaneous	63,314	78,160	88,714	(10,554)
	2,073,732	2,287,520	2,233,330	54,190
Debt Service:				
Debt service principal	353,745	353,745	354,413	(668)
Debt service interest	356,295	356,295	351,514	4,781
	710,040	710,040	705,927	4,113
Total expenditures	10,017,078	11,175,343	10,618,621	556,722
Other financing uses:				
Transfers out	1,273,345	1,273,345	1,273,345	-
Total expenditures and other financing uses	\$ 11,290,423	\$ 12,448,688	\$ 11,891,966	\$ 556,722

City Of Aberdeen, Maryland

Schedule Of Revenues, Expenditures And Other Financing Sources (Uses) -
 Budget And Actual - Capital Projects Fund
 Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Revenues				
Revenues from other agencies	\$ 103,813	\$ 591,741	\$ 426,386	\$ (165,355)
Miscellaneous	-	-	401	401
Total revenues	103,813	591,741	426,787	(164,954)
Expenditures				
General government	103,813	572,741	16,560	556,181
Public safety	147,000	166,000	146,231	19,769
Public works	815,320	815,320	972,179	(156,859)
Total expenditures	1,066,133	1,554,061	1,134,970	419,091
Other financing sources (uses)				
Transfers from general fund	962,320	962,320	962,320	-
Net change in fund balance	\$ -	\$ -	254,137	\$ 254,137
Adjustments to conform with generally accepted accounting principles			(518,326)	
Fund Balance:				
Beginning			404,302	
Ending			<u>\$ 140,113</u>	

City Of Aberdeen, Maryland

Schedule Of Revenues And Expenditures - Budget And Actual - Sewer Fund
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Operating revenues				
Utility usage charges	\$ 1,923,000	\$ 1,923,000	\$ 1,813,393	\$ (109,607)
Laboratory services	7,700	7,700	8,213	513
Sludge operation	366,434	366,434	302,168	(64,266)
Compost sales	2,000	2,000	14,462	12,462
Miscellaneous income	1,000	1,000	62,806	61,806
Late penalty	19,230	19,230	31,175	11,945
Water meter fees	-	25,000	-	(25,000)
APG contract fees	-	63,000	62,607	(393)
	<u>2,319,364</u>	<u>2,407,364</u>	<u>2,294,824</u>	<u>(112,540)</u>
Operating expenses				
Cost of service:				
Salaries	743,101	787,948	825,866	(37,918)
Payroll costs	287,604	287,604	381,400	(93,796)
Utilities	366,000	366,000	576,646	(210,646)
Processing and testing	180,500	180,500	181,021	(521)
Maintenance	113,500	113,500	133,164	(19,664)
Other costs	52,100	31,100	71,257	(40,157)
	<u>1,742,805</u>	<u>1,766,652</u>	<u>2,169,354</u>	<u>(402,702)</u>
Other expenses:				
Salaries	47,750	67,910	68,028	(118)
Maintenance	27,500	27,500	43,448	(15,948)
Audit	12,000	13,500	23,781	(10,281)
Other costs	75,674	108,167	150,612	(42,445)
	<u>162,924</u>	<u>217,077</u>	<u>285,869</u>	<u>(68,792)</u>
Operating income	<u>413,635</u>	<u>423,635</u>	<u>(160,399)</u>	<u>(584,034)</u>
Non-operating revenues				
Interest on savings	450	450	4,655	4,205
Capital connection charges	270,000	270,000	360,000	90,000
Capital sludge operation	-	-	-	-
Issuance of debt	-	-	-	-
Gain on disposal of capital assets	-	-	25,000	25,000
South Route 40 special assessment	34,432	34,432	30,482	(3,950)
	<u>304,882</u>	<u>304,882</u>	<u>420,137</u>	<u>115,255</u>
Debt service				
Principal	72,209	72,209	72,209	-
Interest	28,308	28,308	27,956	352
	<u>100,517</u>	<u>100,517</u>	<u>100,165</u>	<u>352</u>
Capital expenditures				
Utility capital projects	618,000	724,100	528,065	196,035
	<u>618,000</u>	<u>724,100</u>	<u>528,065</u>	<u>196,035</u>
Other financing sources				
Appropriation of fund balance	-	96,100	-	(96,100)
Excess of revenues and other financing sources over expenditures (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>(368,492)</u>	<u>\$ (368,492)</u>
Adjustments to conform with generally accepted accounting principles			73,959	
Fund Balance:				
Beginning			<u>11,333,252</u>	
Ending			<u>\$ 11,038,719</u>	

City Of Aberdeen, Maryland
 Schedule Of Revenues And Expenditures - Budget And Actual - Water Fund
 Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Operating revenues				
Utility usage charges	\$ 1,975,726	\$ 1,975,726	\$ 2,059,523	\$ 83,797
Service charges	37,539	37,539	55,325	17,786
Connection charge	-	-	-	-
APG contract fees	155,417	104,000	103,850	(150)
Miscellaneous income	500	500	19,883	19,383
Tower rental income	23,519	23,519	20,003	(3,516)
Late penalty	19,757	19,757	34,126	14,369
	<u>2,212,458</u>	<u>2,161,041</u>	<u>2,292,710</u>	<u>131,669</u>
Operating expenses				
Cost of service:				
Salaries	495,620	384,463	324,809	59,654
Payroll costs	204,281	184,656	120,981	63,675
Utilities	227,000	227,000	194,970	32,030
Processing and testing	54,000	57,000	48,113	8,887
Maintenance	65,000	70,000	89,171	(19,171)
Water purchases	280,000	280,000	205,145	74,855
Other costs	5,000	5,000	(23,198)	28,198
	<u>1,330,901</u>	<u>1,208,119</u>	<u>959,991</u>	<u>248,128</u>
Other expenses:				
Salaries	47,750	34,310	34,210	100
Maintenance	9,000	20,000	17,596	2,404
Audit expense	4,500	5,000	15,235	(10,235)
Operating expenditures	144,494	187,799	215,610	(27,811)
	<u>205,744</u>	<u>247,109</u>	<u>282,651</u>	<u>(35,542)</u>
Operating income	<u>675,813</u>	<u>705,813</u>	<u>1,050,068</u>	<u>344,255</u>
Non-operating revenues (expenses)				
Interest on savings	600	600	33,976	33,376
Bond issue costs	-	-	(64,500)	(64,500)
Loan proceeds	2,996,000	2,996,000	3,084,500	88,500
Demand charge	119,932	119,932	98,176	(21,756)
Water meter fees	10,000	10,000	25,049	15,049
Capital connection charges	378,000	378,000	507,950	129,950
Loss on disposal of capital assets	-	-	-	-
	<u>3,504,532</u>	<u>3,504,532</u>	<u>3,685,151</u>	<u>180,619</u>
Debt service				
Principal	177,676	177,676	282,807	(105,131)
Interest	295,269	295,269	134,201	161,068
	<u>472,945</u>	<u>472,945</u>	<u>417,008</u>	<u>55,937</u>
Capital expenditures				
Capital projects	3,707,400	3,955,859	831,648	3,124,211
Meter replacement program	-	20,000	24,311	(4,311)
	<u>3,707,400</u>	<u>3,975,859</u>	<u>855,959</u>	<u>3,119,900</u>
Other financing sources				
Appropriation of fund balance	-	238,459	-	(238,459)
Excess of revenues over expenditures (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>3,462,252</u>	<u>\$ 3,462,252</u>
Adjustments to conform with generally accepted accounting principles			(2,480,706)	
Fund Balance:				
Beginning			<u>2,060,688</u>	
Ending			<u>\$ 3,042,234</u>	

City Of Aberdeen, Maryland

Schedule Of Revenues And Expenditures - Budget And Actual - Stadium Fund
Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance With Amended Budget Positive (Negative)
Operating revenues				
Admissions and amusements tax	\$ 181,000	\$ 181,000	\$ 230,917	\$ 49,917
Other operating revenue	40,000	40,000	47,781	7,781
	<u>221,000</u>	<u>221,000</u>	<u>278,698</u>	<u>57,698</u>
Operating expenses				
Property and casualty insurance	40,000	40,000	33,586	6,414
Audit expenses	7,000	16,000	23,558	(7,558)
Other operating expenses	10,000	1,000	852	148
	<u>57,000</u>	<u>57,000</u>	<u>57,996</u>	<u>(996)</u>
Operating income	<u>164,000</u>	<u>164,000</u>	<u>220,702</u>	<u>58,694</u>
Non-operating revenues				
Interest on savings	-	-	3,524	3,524
Interest income on leases	222,755	222,755	10,498	(212,257)
Transfer from general fund	311,025	311,025	311,025	-
Leases & notes receivable principal receipts	21,384	21,384	109,768	88,384
	<u>555,164</u>	<u>555,164</u>	<u>434,815</u>	<u>(120,349)</u>
Debt service				
Principal	374,913	374,913	374,913	-
Interest	344,251	344,251	345,311	(1,060)
	<u>719,164</u>	<u>719,164</u>	<u>720,224</u>	<u>(1,060)</u>
Deficiency of revenues over expenditures (budgetary basis)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,707)</u>	<u>\$ (60,595)</u>
Adjustments to conform with generally accepted accounting principles			(8,370)	
Fund Balance:				
Beginning			<u>8,276,034</u>	
Ending			<u>\$ 8,202,957</u>	

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Economic and Demographic Information

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

Operating Information

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

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

Table 1

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$ 10,795,988	\$ 9,595,925	\$ 10,431,798	\$ 10,279,920	\$ 11,682,443
Restricted	392,998	932,988	702,871	822,018	706,096
Unrestricted	<u>2,660,726</u>	<u>1,643,724</u>	<u>481,501</u>	<u>401,623</u>	<u>(45,535)</u>
Total Governmental Activities Net Assets	<u>13,849,712</u>	<u>12,172,637</u>	<u>11,616,170</u>	<u>11,503,561</u>	<u>12,343,004</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	20,368,984	19,771,744	19,513,200	19,310,251	18,423,963
Unrestricted	<u>1,914,926</u>	<u>1,898,230</u>	<u>870,825</u>	<u>1,909,540</u>	<u>1,368,527</u>
Total Business-Type Activities Net Assets	<u>22,283,910</u>	<u>21,669,974</u>	<u>20,384,025</u>	<u>21,219,791</u>	<u>19,792,490</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	31,164,972	29,367,669	29,944,998	29,590,171	30,106,406
Restricted	392,998	932,988	702,871	822,018	706,096
Unrestricted	<u>4,575,652</u>	<u>3,541,954</u>	<u>1,352,326</u>	<u>2,311,163</u>	<u>1,322,992</u>
Total Primary Government Net Assets	<u>\$ 36,133,622</u>	<u>\$ 33,842,611</u>	<u>\$ 32,000,195</u>	<u>\$ 32,723,352</u>	<u>\$ 32,135,494</u>

Source:

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

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

Table 2

	Fiscal Year				
	2008	2007	2006	2005	2004
Expenses					
Governmental Activities:					
General Government	\$ 2,799,968	\$ 2,594,746	\$ 2,030,600	\$ 2,451,455	\$ 1,966,904
Public Safety	5,202,358	4,827,596	4,590,880	3,793,289	3,589,255
Public Works	3,725,529	3,645,846	2,449,570	2,644,919	2,022,735
Parks and Recreation	81,574	77,148	77,432	99,161	91,891
Interest on Long-Term Debt	358,733	377,165	361,623	314,519	288,980
Total Governmental Activities Expenses	12,168,162	11,522,501	9,510,105	9,303,343	7,959,765
Business-Type Activities:					
Water	1,976,315	1,579,997	1,637,339	1,300,626	1,525,990
Sewer	3,009,494	2,321,829	2,462,258	1,993,563	2,025,621
Stadium	676,822	688,757	717,743	842,424	854,098
Total Business-Type Activities Expenses	5,662,631	4,590,583	4,817,340	4,136,613	4,405,709
Total Primary Government Expenses	\$ 17,830,793	\$ 16,113,084	\$ 14,327,445	\$ 13,439,956	\$ 12,365,474
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$ 1,086,951	\$ 327,737	\$ 548,402	\$ 515,345	\$ 675,197
Public Safety	14,468	59,177	135,411	142,980	102,288
Public Works	1,424,643	1,590,460	297,736	213,674	233,159
Operating Grants and Contributions	1,877,862	1,750,903	1,538,318	1,676,546	1,346,774
Capital Grants and Contributions	156,294	37,000	50,959	-	-
Total Governmental Activities Program Revenues	4,560,218	3,765,277	2,570,826	2,548,545	2,357,418
Business-Type Activities:					
Charges for Services:					
Water	2,317,759	2,224,057	1,768,070	1,317,407	1,396,207
Sewer	2,294,824	2,196,583	2,061,576	1,664,691	1,640,288
Stadium	58,279	72,766	34,702	66,580	72,741
Operating Grants and Contributions	-	-	-	6,146	53,272
Capital Grants and Contributions	996,608	1,013,386	-	-	-
Total Business-Type Activities Program Revenues	5,667,470	5,506,792	3,864,348	3,054,824	3,162,508
Total Primary Government Program Revenues	\$ 10,227,688	\$ 9,272,069	\$ 6,435,174	\$ 5,603,369	\$ 5,519,926
Net (Expense)/Revenue					
Governmental Activities	\$ (7,607,944)	\$ (7,757,224)	\$ (6,939,279)	\$ (6,754,798)	\$ (5,602,347)
Business-Type Activities	4,839	916,209	(952,992)	(1,081,789)	(1,243,201)
Total Primary Government Net Expense	\$ (7,603,105)	\$ (6,841,015)	\$ (7,892,271)	\$ (7,836,587)	\$ (6,845,548)
Fiscal Year					
	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property Taxes	\$ 8,195,655	\$ 7,419,615	\$ 5,122,663	\$ 4,641,710	\$ 4,419,323
Other Local Taxes	212,141	216,578	210,113	136,221	196,421
State Shared Taxes, Unrestricted	1,151,137	1,032,544	952,016	1,130,873	1,229,646
Investment Earnings	37,111	18,292	41,136	4,676	7,374
Gain on Sale of Capital Assets	-	-	725,960	1,875	125,471
Transfers	(311,025)	(373,338)	-	-	-
Total Governmental Activities	9,285,019	8,313,691	7,051,888	5,915,355	5,978,235
Business-Type Activities:					
Taxes					
Other Local Taxes	-	-	-	-	-
State Shared Taxes, Unrestricted	230,917	14,598	245,274	140,000	160,000
Investment Earnings	42,155	6,284	25,781	4,098	3,163
Gain (loss) on Sale of Capital Assets	25,000	(24,480)	-	2,366,844	-
Transfers	311,025	373,338	-	-	-
Total Business-Type Activities	609,097	369,740	271,055	2,510,942	163,163
Total Primary Government	\$ 9,894,116	\$ 8,683,431	\$ 7,322,943	\$ 8,426,297	\$ 6,141,398
Change in Net Assets					
Governmental Activities	\$ 1,677,075	\$ 556,467	\$ 112,609	\$ (839,443)	\$ 375,888
Business-Type Activities	613,936	1,285,949	(681,937)	1,429,153	(1,080,038)
Total Primary Government Change in Net Assets	\$ 2,291,011	\$ 1,842,416	\$ (569,328)	\$ 589,710	\$ (704,150)

Source:

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

**Governmental Activities Tax Revenues by Source
Last Five 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>
2008	\$ 8,195,655	\$ 1,151,137	\$ -	\$ 212,141	\$ 9,558,933
2007	7,419,615	1,007,088	25,456	216,578	8,668,737
2006	5,122,663	883,318	46,692	232,119	6,284,792
2005	4,641,710	1,085,574	45,299	136,221	5,908,804
2004	4,419,323	1,174,569	55,077	196,421	5,845,390

Source:

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

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	\$ 77,590	\$ 75,471	\$ 313,906	\$ 351,020	\$ 260,006	\$ 286,517	\$ 317,721	\$ 341,646	\$ 252,267	\$ 324,409
Unreserved	1,998,778	1,091,376	841,538	518,034	1,185,408	1,076,036	1,698,407	1,100,632	1,381,713	1,441,798
Total General Fund	\$ 2,076,368	\$ 1,166,847	\$ 1,155,444	\$ 869,054	\$ 1,445,414	\$ 1,362,553	\$ 2,016,128	\$ 1,442,278	\$ 1,633,980	\$ 1,766,207
Special Revenue Fund										
Reserved	\$ 506,877	\$ 509,250	\$ 424,532	\$ 463,243	\$ 447,047	\$ 447,047	\$ 372,735	\$ 342,671	\$ 342,672	\$ 327,300
Unreserved	138,133	116,074	198,765	152,390	159,480	-	18,335	-	-	-
Total Special Revenue Fund	\$ 645,010	\$ 625,324	\$ 623,297	\$ 615,633	\$ 606,527	\$ 447,047	\$ 391,070	\$ 342,671	\$ 342,672	\$ 327,300
Capital Projects Fund										
Reserved	\$ 489,785	\$ 730,019	\$ 390,253	\$ 160,243	\$ 177,715	\$ 177,716	\$ 174,029	\$ 176,099	\$ 297,645	\$ 179,603
Unreserved	(349,672)	(325,717)	(235,217)	(184,525)	(1,159,448)	(1,081,561)	(1,183,532)	288,332	793,304	949,108
Total Capital Projects Fund	\$ 140,113	\$ 404,302	\$ 155,036	\$ (24,282)	\$ (981,733)	\$ (903,845)	\$ (1,009,503)	\$ 464,431	\$ 1,090,949	\$ 1,128,711

Source: City financial records.

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Revenues										
Taxes	\$ 10,288,820	\$ 9,514,458	\$ 6,978,414	\$ 6,535,704	\$ 5,984,439	\$ 5,742,014	\$ 5,410,870	\$ 5,389,593	\$ 5,286,479	\$ 5,669,561
Licenses and permits	100,404	107,599	166,226	109,197	307,574	85,438	99,741	81,483	85,333	83,565
Revenues from other agencies	1,191,511	943,894	928,400	1,113,234	899,330	1,090,952	978,932	1,467,980	681,456	706,552
APG management fees	1,362,843	1,511,396	289,193	303,639	291,471	306,989	172,079	136,507	31,018	-
Miscellaneous	1,163,612	408,206	1,179,693	393,592	479,243	508,811	420,670	415,051	560,010	468,840
Total Revenues	14,107,190	12,485,553	9,539,926	8,455,366	7,962,057	7,674,204	7,082,292	7,490,614	6,644,296	6,928,518
Expenditures										
General government	1,750,112	1,609,401	1,347,777	1,607,596	1,149,418	1,268,895	1,516,234	3,906,041	3,011,910	1,082,543
Public safety	4,046,493	3,945,451	3,261,424	2,867,065	2,768,517	2,717,707	2,523,187	2,444,144	2,229,164	2,171,856
Public works	4,269,247	3,347,816	1,985,844	2,741,008	4,049,075	2,133,732	1,852,269	2,207,261	1,583,003	1,398,472
Parks and recreation	64,574	54,308	39,576	63,494	81,752	156,148	120,828	35,311	68,703	123,485
Miscellaneous	2,287,315	2,197,424	2,143,563	1,853,161	1,530,728	1,515,442	1,619,459	1,446,701	1,193,960	1,190,149
Debt service										
Principal	364,413	327,694	324,621	299,655	245,613	267,874	165,153	144,643	92,905	280,326
Interest	348,993	367,425	351,883	312,990	287,921	277,769	233,836	174,774	93,830	51,776
Miscellaneous										
Total Expenditures	13,131,147	11,849,519	9,454,688	9,744,969	10,113,024	8,337,567	8,032,966	10,358,875	8,273,475	6,298,607
Excess of revenues over (under) expenditures	976,043	636,034	85,238	(1,289,603)	(2,150,967)	(663,363)	(950,674)	(2,868,261)	(1,629,179)	629,911
Other financing sources										
Loan proceeds	-	-	-	1,679,800	2,172,135	227,065	-	2,051,012	1,675,000	-
Transfer in (out)	(311,025)	(373,338)	-	-	-	43,374	-	-	-	-
Total other financing sources	(311,025)	(373,338)	-	1,679,800	2,172,135	270,439	-	2,051,012	1,675,000	-
Net change in fund balances	\$ 665,018	\$ 262,696	\$ 85,238	\$ 390,197	\$ 21,168	\$ (392,924)	\$ (950,674)	\$ (817,249)	\$ 45,821	\$ 629,911
Debt service as a percentage of noncapital expenditures	5.75%	6.23%	7.71%	6.71%	5.57%	7.00%	5.23%	3.18%	2.31%	5.57%

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>
2008	\$ 8,172,879	\$ 1,124,841	\$ 778,959	\$ -	\$ 212,141	\$ 10,288,820
2007	7,419,615	1,040,335	812,474	25,426	216,608	9,514,458
2006	5,122,663	873,499	725,447	46,692	210,113	6,978,414
2005	4,641,646	1,077,064	635,293	45,299	136,402	6,535,704
2004	4,399,430	820,935	509,779	55,007	199,288	5,984,439
2003	3,988,704	856,137	666,026	61,949	169,198	5,742,014
2002	3,634,611	846,130	642,024	139,884	148,221	5,410,870
2001	3,693,631	808,756	677,382	49,142	160,682	5,389,593
2000	3,748,846	727,759	627,392	32,465	150,017	5,286,479
1999	4,280,405	587,698	595,961	51,523	153,974	5,669,561

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	Assessed Value	Estimated	Assessed Value	Estimated	Amount	Percentage
		Actual Value (1)		Actual Value		Actual Value (1)		
2008	1,051,857,687	1,051,857,687	57,652,974	57,652,974	1,109,510,661	1,109,510,661	\$ 267,028,136	31.70%
2007	934,874,053	934,874,053	58,217,616	58,217,616	993,091,669	993,091,669	150,609,144	17.88%
2006	804,175,635	804,175,635	38,306,890	38,306,890	842,482,525	842,482,525	79,862,385	10.47%
2005	710,478,812	710,478,812	52,141,328	52,141,328	762,620,140	762,620,140	15,043,100	2.01%
2004	696,009,183	696,009,183	51,567,857	51,567,857	747,577,040	747,577,040	39,118,950	5.52%
2003	648,268,750	648,268,750	60,189,340	60,189,340	708,458,090	708,458,090	14,875,694	2.14%
2002	630,603,350	630,603,350	62,979,046	62,979,046	693,582,396	693,582,396	61,563,212	9.74%
2001	235,762,765	589,406,913	42,612,271	42,612,271	278,375,036	632,019,184	5,500,579	0.88%
2000	234,708,890	586,772,225	39,746,380	39,746,380	274,455,270	626,518,605	(1,347,441)	-0.21%
1999	222,639,051	556,597,628	71,268,418	71,268,418	293,907,469	627,866,046	N/A	N/A

(1) For State and City real property purposes, real property was assessed at forty percent of market value for Fiscal Year 2001 and earlier. Beginning in fiscal year 2002, the assessment was increased to full market value.

Note: Real property tax rate is \$0.715 per \$100 of assessed value
Personal property tax rate is \$1.70 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
2008	\$ 0.715	\$ 1.082	\$ 0.112	\$ 1.909
2007	0.735	1.082	0.112	1.929
2006	0.550	1.092	0.112	1.754
2005	0.550	1.092	0.132	1.774
2004	0.550	1.092	0.132	1.774
2003	0.550	1.092	0.132	1.774
2002 (1)	0.512	1.092	0.084	1.688
2001	1.280	2.730	0.084	4.094
2000	1.280	2.730	0.210	4.220
1999	1.280	2.730	0.210	4.220

Personal Property Tax Rate

Fiscal Year Ending June 30	City of Aberdeen	Harford County	State of Maryland	Total Tax Rate
2008	\$ 1.700	\$ 2.705	\$ -	\$ 4.405
2007	1.700	2.705	-	4.405
2006	1.400	2.705	-	4.105
2005	1.400	2.730	-	4.130
2004	1.400	2.730	-	4.130
2003	1.400	2.730	-	4.130
2002	1.400	2.730	-	4.130
2001	1.400	2.730	-	4.130
2000	1.400	2.730	-	4.130
1999	1.400	2.730	-	4.130

Source: City financial records.

(1) For State, County and Town real property purposes, real property was assessed at forty percent of market value for fiscal year 2001 and earlier. In fiscal year 2002 and later, real property was assessed at market value and tax rates were adjusted proportionately.

**Principal Property Tax Payers
Current Fiscal Year and Nine Years Ago**

Table 9

<u>Taxpayer</u>	2008			
	<u>Real Estate Assessment</u>	<u>Personal Property Assessment</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessment</u>
Inland American Aberdeen	\$ 26,072,300	\$ -	\$ 26,072,300	2.35%
913 Old Philadelphia Road LLC	23,685,400	-	23,685,400	2.13%
Frito-Lay	17,038,800	4,700,460	21,739,260	1.96%
Medline Industries Inc.	16,826,266	-	16,826,266	1.52%
State of Wisconsin Investment Board	14,736,066	-	14,736,066	1.33%
Wal-Mart Real Estate	12,765,932	1,839,230	14,605,162	1.32%
Prologis-Exchange MD	9,350,566	-	9,350,566	0.84%
Aberdeen Marketplace, Inc.	8,653,332	-	8,653,332	0.78%
One Thousand and One Partnership	8,308,300	-	8,308,300	0.75%
Stancills, Inc.	7,361,332	-	7,361,332	0.66%
TOTAL	\$144,798,294	\$ 6,539,690	\$151,337,984	13.64%

<u>Taxpayer</u>	1999			
	<u>Real Estate Assessment</u>	<u>Personal Property Assessment</u>	<u>Total Assessment</u>	<u>Percentage of Total Assessment</u>
Metropolitan Life Insurance/Pier I	\$ 8,818,680	N/A	\$ 8,818,680	3.00%
Frito-Lay, Inc.	5,848,640	N/A	5,848,640	1.99%
Wagner/Kinsley Ptnr./Camden Cold	3,187,680	N/A	3,187,680	1.08%
One Thousand & One Ptnr	3,077,200	N/A	3,077,200	1.05%
Colgate Investments	2,722,760	N/A	2,722,760	0.93%
Aberdeen Marketplace, Inc.	2,674,880	N/A	2,674,880	0.91%
Fast Food Merchandisers	2,430,880	N/A	2,430,880	0.83%
Stancill's, Inc.	2,150,560	N/A	2,150,560	0.73%
WalMart Stores, Inc.	2,145,200	N/A	2,145,200	0.73%
Aberdeen Hotel Ltd. Ptnr	1,922,280	N/A	1,922,280	0.65%
TOTAL	\$ 34,978,760	N/A	\$ 34,978,760	11.90%

Source: City financial records.
N/A - Currently not available

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ending June 30	Total Tax Levy	Percent of		Total Tax Collections	Percent of		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Total Tax Levy
		Current Tax Collections	Current Taxes Collected		Delinquent Tax Collections	Total Tax Collections		
2008	\$ 8,470,443	\$ 8,351,509	98.60%	\$ 26,808	8,378,317	98.91%	\$ 111,714	1.32%
2007	7,419,615	7,338,288	98.90%	1,009	7,339,297	98.92%	57,195	0.77%
2006	5,133,979	5,079,671	98.94%	43,474	5,123,145	99.79%	44,465	0.87%
2005	4,872,985	4,786,003	98.22%	39,890	4,825,893	99.03%	87,939	1.80%
2004	4,543,716	4,476,131	98.51%	21,098	4,497,229	98.98%	38,468	0.85%
2003	4,089,560	4,038,691	98.76%	168,737	4,207,428	102.88%	42,822	1.05%
2002	4,034,820	3,748,146	92.89%	10,929	3,759,075	93.17%	162,513	4.03%
2001	3,797,501	3,693,631	97.26%	11,835	3,705,466	97.58%	41,910	1.10%
2000	3,727,400	3,748,846	100.58%	5,053	3,753,899	100.71%	122,355	3.28%
1999	3,553,565	4,293,107	120.81%	8,430	4,301,537	121.05%	93,709	2.64%

Source: City financial records.

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

Table 11

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Loans Payable	General Obligation Bonds	Loans Payable			
2008	\$ 5,372,000	\$ 1,088,819	\$ 9,201,800	\$ 1,942,855	\$ 17,605,474	0.00%	\$ 1,258
2007	5,561,500	1,263,732	6,560,900	2,229,186	15,615,318	0.00%	1,092
2006	5,738,600	1,271,042	6,878,400	2,495,371	16,383,413	0.00%	1,179
2005	5,910,500	1,423,763	7,189,600	2,756,358	17,280,221	0.00%	1,243
2004	5,429,478	524,640	7,486,200	5,210,914	18,651,232	0.00%	1,342
2003	3,746,800	264,845	7,769,000	6,148,147	17,928,792	0.00%	1,290
2002	3,656,018	396,436	7,840,286	4,341,517	16,234,257	0.00%	1,168
2001	3,739,180	478,457	4,432,530	4,528,662	13,178,829	0.00%	948
2000	1,883,795	427,473	1,473,169	3,459,106	7,243,543	0.00%	521
1999	243,136	486,037	1,511,500	2,678,743	4,919,416	0.00%	364

N/A: Data currently not available

Source: City financial records.

**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 Value (2)	Gross Bonded Debt (1)	Debt Payable From Enterprise Revenue	Net Bonded Debt (1)	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2008	14,000	\$ 1,109,510,661	\$ 17,605,474	\$ 11,144,655	\$ 6,460,819	0.58%	\$ 461
2007	14,300	993,091,669	15,615,318	8,790,086	6,825,232	0.69%	477
2006	13,900	842,482,525	16,383,413	9,373,771	7,009,642	0.83%	504
2005	13,900	762,620,140	17,280,221	9,945,958	7,334,263	0.96%	528
2004	13,900	747,577,040	18,651,232	12,697,114	5,954,118	0.80%	428
2003	13,900	708,458,090	17,928,792	13,917,147	4,011,645	0.57%	289
2002	13,900	693,582,396	16,234,255	12,181,801	4,052,454	0.58%	292
2001	13,900	632,019,184	13,195,628	3,764,000	9,431,628	1.49%	679
2000	13,900	626,518,605	7,260,725	4,932,275	2,328,450	0.37%	168
1999	13,500	627,866,046	4,936,932	4,190,243	746,689	0.12%	55

(1) During the previous ten fiscal years, the City has entered into no general obligation bonded debt.

This schedule includes all debt payable from general tax revenues.

(2) Table 7

Source: City financial records.

**Computation of Legal Debt Margin and
Computation of Direct and Overlapping Debt
June 30, 2008**

Table 13

COMPUTATION OF LEGAL DEBT MARGIN

TOTAL ASSESSED VALUE OF PROPERTY	\$ 1,109,510,661
Debt limit 15%	166,426,599
Amount of debt applicable to debt limit	17,605,474
LEGAL DEBT MARGIN	\$ 148,821,125

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

	Net Debt Outstanding	Percentage Applicable to the Town	Share of Debt Outstanding
DIRECT DEBT OF THE CITY	\$ 17,605,474	100.00%	\$ 17,605,474
Indirect debt:			
Harford County	249,310,543 ²	5.66% ¹	14,110,977
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 266,916,017		\$ 31,716,451

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

\$ 1,109,510,661
\$19,615,844,632

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

Source: City financial records.

**Legal Debt Margin Information
Last Ten Years**

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt Limit	\$ 166,426,599	\$ 148,963,750	\$ 126,372,379	\$ 114,393,021	\$ 112,136,556	\$ 106,268,714	\$ 104,037,359	\$ 41,756,255	\$ 41,168,291	\$ 44,086,120
Total net debt applicable to limit	17,605,474	15,615,318	16,383,413	17,280,221	18,651,232	17,928,792	16,234,257	13,178,829	7,243,543	4,919,416
Legal debt margin	\$ 148,821,125	\$ 133,348,432	\$ 109,988,966	\$ 97,112,800	\$ 93,485,324	\$ 88,339,922	\$ 87,803,102	\$ 28,577,426	\$ 33,924,748	\$ 39,166,704
Total net debt applicable to the limit as a percentage of debt limit	10.58%	10.48%	12.96%	15.11%	16.63%	16.87%	15.60%	31.56%	17.59%	11.16%

Source: City financial records.

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

Table 15

Fiscal Year Ending June 30	(1) Estimated Population	(2) Per Capita Income	(2) Personal Income (000s)	(2) Median Age	(2) School Enrollment	(2) Unemployment Rate
2008	14,000	N/A	N/A	N/A	39,175	4.1%
2007	14,300	N/A	N/A	37.7	39,582	3.8%
2006	13,900	40,609	9,728,548	37.5	40,212	3.7%
2005	13,900	38,595	9,218,447	37.2	40,313	4.1%
2004	13,900	36,664	8,618,412	36.8	40,204	4.0%
2003	13,900	34,887	8,081,911	37.2	40,264	4.7%
2002	13,900	33,692	7,657,674	37.0	39,995	4.3%
2001	13,900	32,737	7,289,414	36.6	39,562	4.3%
2000	13,900	31,316	6,874,449	36.2	39,348	3.9%
1999	13,500	29,297	6,340,172	35.8	38,968	3.1%

(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, 2008. Income and Median Age information were not available.

**Principal Employers
Current Year**

Table 16

2008			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	12,500	17.05%	Government
Harford County Public Schools	5,306	7.24%	Government
Upper Chesapeake Health	2,464	3.36%	Healthcare
Harford County Government	1,588	2.17%	Government
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,270	1.73%	Retailer
SAIC	797	1.09%	Technology
Jacobs Technology	656	0.89%	Technology
Home Depot	605	0.83%	Retailer
Wal-Mart	597	0.81%	Retailer
Saks Fifth Avenue	495	0.68%	Manufacturing
TOTAL	26,278	35.85%	
Total Employees in Harford County (Data available for county only)	<u>73,298</u>		

1999			
Company	Number Employed	Percentage of Total County Employment	Product/ Service
U.S. Army Aberdeen Proving Ground	12,143	19.32%	Government
Harford County Public Schools	4,561	7.26%	Government
Upper Chesapeake Health	1,833	2.92%	Healthcare
Harford County Government	1,222	1.94%	Government
Frito-Lay	450	0.72%	Manufacturing
Old Line Plastics, Inc	330	0.52%	Manufacturing
The GAP-Atlantic Dist. Ctr.	330	0.52%	Retailer
Saks Fifth Avenue	300	0.48%	Retailer
TOTAL	21,169	28.88%	
Total Employees in Harford County (Data available for county only)	<u>62,865</u>		

Source:
Harford County CAFR

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

Table 17

<u>Function</u>	<u>Full-time Equivalent City Government Employees by Function</u>									
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	4	4	5	3	3	3	3	2	2	2
Finance	7	7	6	6	6	6	6	6	6	6
Planning	4	4	3	3	2	2	2	2	2	2
Human Resources	1	1	1	1	1	1	1	1	1	1
Building Custodian	1	1	-	-	-	-	-	-	-	-
Public Safety										
Police										
Officers	46	45	41	39	39	39	39	39	39	39
Civilians	17	14	14	12	12	12	12	12	12	12
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	74	73	69	54	40	40	40	40	40	40
Sanitation	8	7	7	7	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Total	168	161	152	131	109	109	109	108	108	108

Source: City Fiscal Year Budgets

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

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government										
Construction Permits Issued	460	588	626	215	284	115	63	72	101	61
Estimated Value of Construction	\$ 17,348,304	\$ 45,420,588	\$ 29,979,342	\$ 60,960,339	\$ 25,312,583	\$ 26,123,000	\$ 9,200,660	\$ 50,251,951	\$ 30,390,093	\$ 7,509,712
Public Safety										
Traffic Contacts	4,180	3,504	3,478	2,995	3,236	3,295	3,991	2,960	1,981	2,131
Calls for Service	52,550	46,729	46,029	42,721	42,715	38,725	40,856	31,732	21,959	18,794
Public Works										
Street Resurfacing (miles)	2.22	1.22	1.40	1.46	1.04	1.06	2.10	1.74	1.57	1.75
Sidewalk Replacement/Repair (miles)	0.03	0.03	0.02	-	-	-	0.09	0.05	0.04	-
Stormwater Ponds Managed	10	2	3	2	2	18	1	3	5	6
Recreation										
Number of Activity Sessions Offered										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Number of Activity Sessions Offered	-	-	-	-	-	-	-	-	-	-
Program Participants										
Preschool Activities	-	-	-	-	-	-	-	-	-	-
Youth Activities	-	-	-	-	-	-	-	-	-	-
Adult Activities	-	-	-	-	-	-	-	-	-	-
Total Program Participants	-	-	-	-	-	-	-	-	-	-
Water										
New Connections	25	134	38	47	43	-	-	-	-	-
Water Main/Lateral Breaks	26.0	145.0	-	-	-	-	-	-	-	-
Average Daily Consumption (millions of gallons)	1,502,000	1,531	1,540	1,473	1,545	1,638	1,602	1,681	1,673	1,702
Sewer										
Sewer Main/Lateral Breaks	6.0	5.0	-	-	-	-	-	-	-	-
Average Daily Sewage Treatment (millions of gallons)	1.76	1.90	2.02	1.82	1.91	2.18	1.53	1.49	1.59	1.45

Source: Various City departments

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

<u>Function</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	52	48	47	40	40	40	38	-	-	-
Highways and Streets										
Streets (miles)	72.67	72.55	71.47	68.76	68.42	67.77	67.57	67.44	67.11	66.96
Storm Sewers (miles)	15.00	14.25	13.24	12.76	12.70	12.58	12.54	12.51	12.45	12.43
Catch Basins	1,013	1,009	942	906	902	896	892	890	886	884
Street Lights	1,748	1,717	-	-	-	-	-	-	-	-
Culture and Recreation										
Number of Parks/Playgrounds	8	8	8	8	8	8	8	6	6	6
Park Acreage	34.06	34.06	34.06	34.06	34.06	34.06	34.06	33.32	33.32	33.32
Tennis Courts	2	2	2	2	2	2	2	-	-	-
Water										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	16	17	13	13	12	11	11	11	11	11
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	4	4	4	4	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.50	2.50	2.37	2.21	2.16	2.47	2.26	2.25	2.27	2.22
Number of Customer Accounts	4,773	4,758	4,720	4,727	4,624	4,525	4,461	4,438	4,369	-
Water Mains (miles)	66.23	65.30	64.32	61.88	61.59	60.99	60.81	60.70	60.39	60.26
Fire Hydrants	502	483	470	453	451	447	446	445	443	440
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Maximum Daily Treatment Capacity (million gallons)	4.00	4.00	4.21	4.01	3.92	4.38	2.66	2.61	2.92	2.56
Pumping Stations	10	10	10	9	10	10	10	9	9	9
Sanitary Sewers (miles)	68.54	1.96	67.54	64.97	64.67	64.03	63.01	63.73	63.41	63.27

Source: Various city departments