Annual Comprehensive Financial Report

City of Aberdeen, Maryland

For the Fiscal Year Ended June 30, 2025

City of Aberdeen, Maryland

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Prepared by:

Finance Department
City of Aberdeen

Opiribo Jack
Director of Finance

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Introductory Section

November 17, 2025

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

The City of Aberdeen's (City) Annual Comprehensive Financial Report for the year ended June 30, 2025, is hereby submitted. City ordinances and State statutes require that the City issue annually a report on its financial position and its activities. An independent firm of certified public accountants is selected by the City Council. Responsibility of both accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and account groups of the City government. All information necessary to enable the reader to gain an understanding of the City's government activities has been included.

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

City of Aberdeen's financial statements have been audited by SB & Company, LLC, Independent Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement

presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for City for the fiscal year ended June 30, 2025 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 was incorporated in 1892. The City is a full-service municipality providing water and wastewater utilities, public safety, planning, public works, and environmental and administrative services to a population in excess of 19,000 citizens. The governmental structure of Aberdeen reflects that the City government operates with the Mayor and the Council serving as the legislative body. The Mayor also serves as the Chief Operating Officer.

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

Pursuant to City Charter, the Mayor and Finance Director develop and present the capital and operating budgets to Council during April of each year. The City Council holds public hearings regarding the budgets and, prior to July 1, passes an annual appropriation ordinance. The legislation becomes effective July 1 and provides the spending authority at the fund level for the operations of the City Government with unexpended or unencumbered appropriation authority expiring the following June 30. The appropriated budgets are prepared by fund and department. Expenditures of the funds may not legally exceed appropriations at the fund level. During the fiscal year, the City Council may adopt supplemental appropriations. A Statement of Revenues, Expenditures, and Changes in Fund Balances on a Budget (Non-GAAP) vs. Actual basis is presented for the two major governmental funds which adopted an annual budget and can be found on pages 88 through 93 of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy - Aberdeen has a rich history as a military community and is home to the United States Army's Aberdeen Proving Ground. Established in December 1917, Aberdeen Proving Ground (APG) is the largest employer and a major economic engine for the region. It is one of the

most diversified military installations in the U.S. and has every aspect of U.S. military operations. It the home to the world's leaders in research, development, testing and evaluation of materiel, APG military and civilian personnel have had a significant impact on the war fighting front. For its 95-year history, APG was known as a test and evaluation facility for the Army and home to ordnance troops. Since the Base Realignment and Closure Act of 2005, APG has evolved into a hub of research, development, and test and evaluation activity for the joint services. It is considered a megabase and serves as a premiere center for science and technology. They employ about 21,000 civilians.

The City has a diversified employment base with a robust mix of commercial, industrial, financial, governmental, educational, and non-profit institutional employers. Notable employers include Frito-Lay, Amazon, Fanatics, and a UPS hub site. Aberdeen is the home of a free-standing medical center owned and operated by the University of Maryland Upper Chesapeake Health Care System, including the state-of-the-art hospital facility. The City's Ripken Stadium will become the new home of the Frederick-based MLB Draft League team and will begin a 40-game home season starting June 2026. Attain Sports has acquired the majority interest in professional baseball owned by Cal and Bill Ripken. This transition allows for the continuation of the IronBirds name and brand in Aberdeen and reduced financial obligations relating to stadium management for the City.

The City is well positioned for residential and commercial growth with about 1,200 residential units under construction and another 880 residential units planned. New commercial establishments include Rutters, Popeye's, Jersey Mike's, Five Below, and Buffalo Wild Wings To Go. Commercial projects under construction include the Goddard School, Hickory Ridge logistics building, Wash X automobile carwash facility, Coldstone Creamery, and Lego's Pizza. The downtown Main Street has undergone significant transformational pedestrian improvements that complement new businesses such as Watchtower Brewery, Top Nach restaurant, and several others. The new residential and commercial developments have increased the City's tax base.

Long-term financial planning – In October 2011, Fitch Ratings, and Standard and Poor's Rating Services assigned their AA rating to the City. In September 2014, Standard and Poor's upgraded the rating to AA+. In February 2018, Fitch Ratings upgraded the rating to AA+.

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Aberdeen for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the professional dedication and competency of the City's Finance Department, and we extend our sincere appreciation to each member for his or her contribution and support. Thanks go to the City's elected leaders for their vision and encouragement to provide a prudent and practical legislative agenda that has enabled the City to make significant progress.

Respectfully submitted,

Patrick L. McGrady
Mayor

Opiribo Jack, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Aberdeen
Maryland

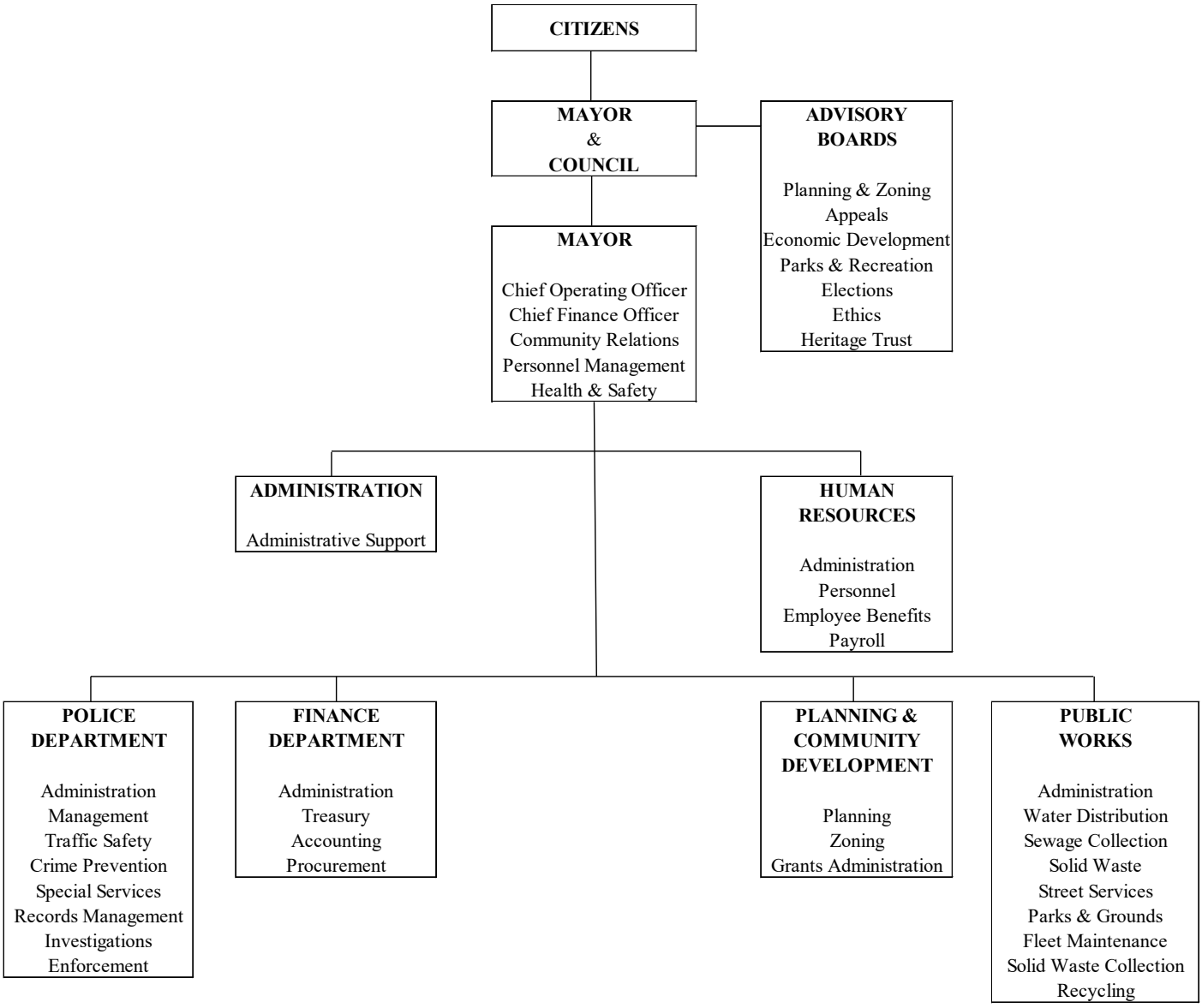
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF ABERDEEN - ORGANIZATIONAL CHART



CITY OF ABERDEEN
HARFORD COUNTY, MARYLAND
GOVERNMENT ORGANIZATION

ELECTED AND APPOINTED OFFICIALS

AS OF JUNE 30, 2025

ELECTED OFFICIALS

City Mayor	Mr. Patrick L. McGrady
City Council Members:	Mr. Timothy W. Lindecamp Mr. Adam M. Hiob Ms. Tandra A. Ridgley Mr. William H. Montgomery, III

APPOINTED OFFICIALS

City Clerk	Mrs. Monica A. Correll
Director of Finance	Mr. Opiribo Jack
Police Chief	Mr. Henry Trabert
Director of Public Works	Mr. Parley Hess
Director of Planning & Community Development	Mrs. Phyllis Grover
City Attorney	Council, Baradel, Kosmerl & Nolan, PA
Bond Counsel	Funk & Bolton P.A.

Financial Section

Certified Public Accountants & Business Advisors
SBC

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Aberdeen, Maryland (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budget and actual for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *GAS*, we:

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

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

Other Matters

Required Supplementary Information

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

OPEB. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Information Included in the ACFR

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

Certified Public Accountants & Business Advisors
SBC

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Owings Mills, Maryland
October 29, 2025

SB & Company, LLC

CITY OF ABERDEEN, MARYLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Introduction

As management of the City of Aberdeen, Maryland (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The Management's Discussion and Analysis (MD&A) is best understood if read in conjunction with the City's basic financial statements.

Financial Highlights

1. The City's assets plus deferred outflows exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by $147.6 million (net position). Of this amount, $53.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
2. The City's total net position increased $13.5 million. Most of this increase is attributable to increased charges for services, state and federal grants, property and income tax revenues, along with savings in expenses.
3. The City's total long-term liabilities increased by $550 thousand during the current fiscal year from $9.3 million to $9.9 million, primarily due to the implementation of GASB Statement No. 101, *Compensated Absences.*
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 $25.5 million. This represents an increase of $3.6 million over the prior year. Approximately 84% ($21.4 million) is unassigned and is available for spending at the City's discretion.
5. At the end of the current fiscal year, unassigned fund balance for the General Fund was $21.4 million or 106% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Governmentwide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required and non-required supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The government-wide financial statements include only the City because the City has no component unit relationships with any other agency. The government-wide financial statements can be found on pages 22 and 23 of this report.

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

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

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

The City maintains two individual governmental funds - the General and Capital Projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the various governmental funds.

The City adopts an annual appropriated budget for its individual governmental funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The governmental funds financial statements can be found on pages 24 to 27 of this report. Proprietary funds. The City maintains only enterprise funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, and Stadium funds. The basic proprietary fund financial statements can be found on pages 29 to 31 of this report.

Fiduciary funds. The City maintains three separate fiduciary funds, which are used to report assets held in a trust or agency capacity for others and which therefore cannot be used to support the City's own programs. The City uses fiduciary funds to account for the City of Aberdeen Defined Benefit Pension Plan, the City of Aberdeen Police Department Pension Plan, and the City of Aberdeen OPEB Trust Fund. The basic fiduciary fund financial statements can be found on pages 32 and 33 of this report.

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 35 to 79 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment (OPEB) benefits to its employees. Required supplementary information can be found on pages 80 to 87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's overall financial condition and position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $147.6 million at the close of the most recent fiscal year. The City of Aberdeen net position is divided into three categories - net investment in capital assets, restricted, and unrestricted net position.

The largest portion of the City's net position (62.7%) reflects its investment in capital assets net of depreciation (e.g., land and improvements, buildings, machinery, equipment, vehicles, infrastructure, and improvements); less any un-matured debt used to acquire these assets. The debt used to acquire these assets must be repaid using other financial resources because the assets themselves cannot be used for repayment.

Restricted net position of $2.0 million (1.4% of total net position) represents the City's net pension asset.

Unrestricted net position of the government-wide financial statements has a balance of $53.0 million (35.9% of total net position) that may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's net position experienced a 10.0% increase. Most of this increase is attributable to increased charges for services, state shared revenues, and state and federal grants, along with savings in expenses.

The following table summarizes the net position for governmental and business-type activities as of June 30, 2025 and 2024:

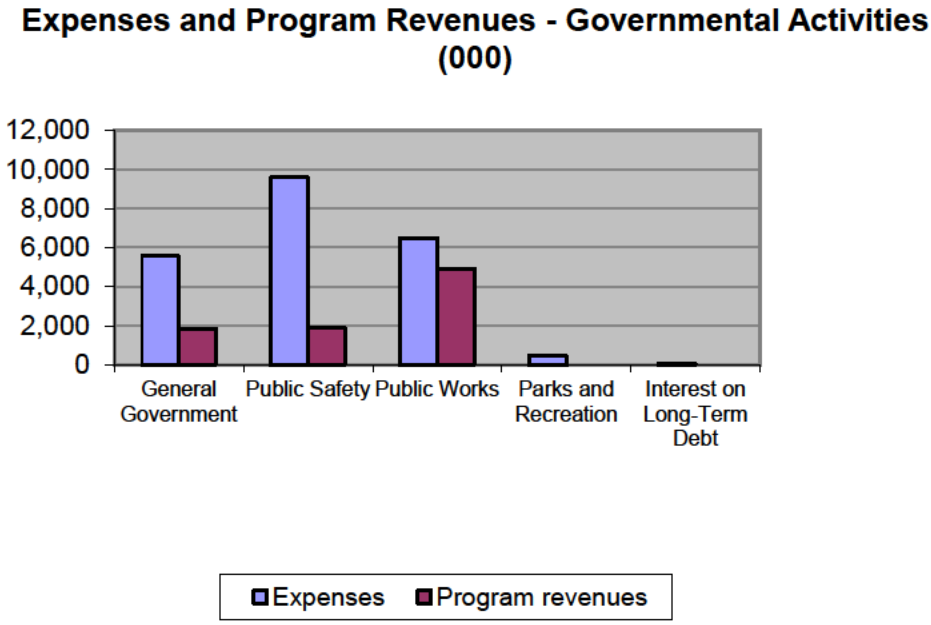
	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	**$ 30,304**	$ 27,225	**$ 35,856**	$ 33,337	**$ 66,160**	$ 60,562
Capital assets	**33,880**	33,411	**65,005**	61,251	**98,885**	94,662
Total assets	**64,184**	60,636	**100,861**	94,588	**165,045**	155,224
Deferred outflows of resources	**3,339**	2,856	**34**	76	**3,373**	2,932
Liabilities						
Other liabilities	**1,070**	1,387	**4,227**	7,964	**5,297**	9,351
Long-term liabilities	**4,259**	2,994	**5,596**	6,311	**9,855**	9,305
Total liabilities	**5,329**	4,381	**9,823**	14,275	**15,152**	18,656
Deferred inflows of resources	**3,316**	4,148	**2,392**	1,329	**5,708**	5,477
Net Position						
Net investment in capital assets	**32,814**	32,001	**59,709**	55,191	**92,523**	87,192
Restricted	**1,807**	1,285	**230**	180	**2,037**	1,465
Unrestricted	**24,257**	21,678	**28,741**	23,689	**52,998**	45,367
Total net position	**$ 58,878**	$ 54,964	**$ 88,680**	$ 79,060	**$ 147,558**	$ 134,024

The following table indicates the changes in net position for governmental and business-type activities for the years ended June 30, 2025 and 2024:

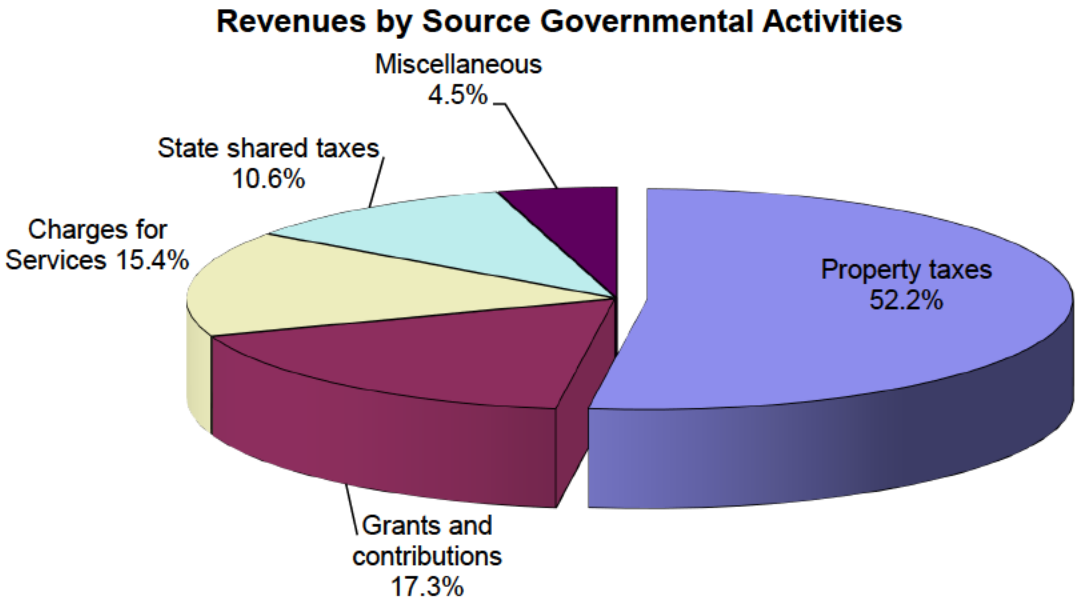
	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	**$ 4,083**	$ 4,023	**$ 15,321**	$ 15,524	**$ 19,404**	$ 19,547
Operating grants/ contributions	**3,486**	3,744	**136**	137	**3,622**	3,881
Capital grants/ contributions	**1,110**	1,056	**4,104**	4,353	**5,214**	5,409
General revenues:						
Property taxes	**13,840**	12,703	**-**	-	**13,840**	12,703
Shared taxes	**2,805**	2,503	**275**	262	**3,080**	2,765
Miscellaneous	**1,186**	370	**615**	354	**1,801**	724
Total revenues	**26,510**	24,399	**20,451**	20,630	**46,961**	45,029
Expenses						
General government	**5,561**	4,552	**-**	-	**5,561**	4,552
Public safety	**9,586**	7,969	**-**	-	**9,586**	7,969
Public works	**6,485**	7,004	**-**	-	**6,485**	7,004
Recreation and culture	**465**	256	**-**	-	**465**	256
Interest on long-term debt	**60**	60	**-**	-	**60**	60
Utilities and other enterprise funds	**-**	-	**11,270**	10,013	**11,270**	10,013
Total expenses	**22,157**	19,841	**11,270**	10,013	**33,427**	29,854
Change in net position	**4,353**	4,558	**9,181**	10,617	**13,534**	15,175
Transfers	**(439)**	(1,314)	**439**	1,314	**-**	-
Increase in net position	**3,914**	3,244	**9,620**	11,931	**13,534**	15,175
Net Position, Beginning	**54,964**	51,720	**79,060**	67,129	**134,024**	118,849
Net Position, Ending	**$ 58,878**	$ 54,964	**$ 88,680**	$ 79,060	**$ 147,558**	$ 134,024

Governmental activities: The increase in net position for governmental activities was $3.9 million, which is $0.7 million higher when compared to the 2024 increase of $3.2 million. When compared to 2024, property taxes increased by $1.3 million due to growth and higher property values, state and county grants decreased by $442 thousand, income tax increased by $291 thousand, and interest on savings increased by $57 thousand. Salaries expense increased by $747 thousand. There were no other significant fluctuations compared to 2024.

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



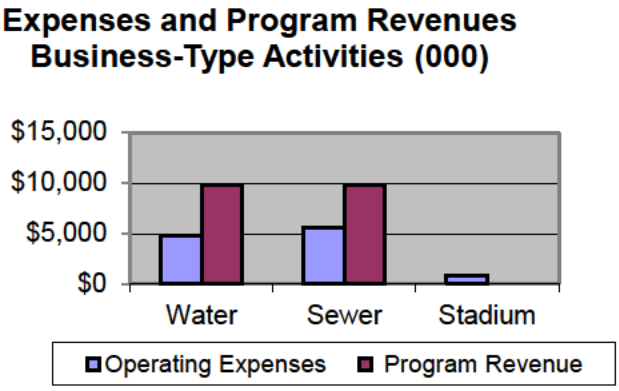
The following chart shows Revenues by Source of the City's Governmental Activities:



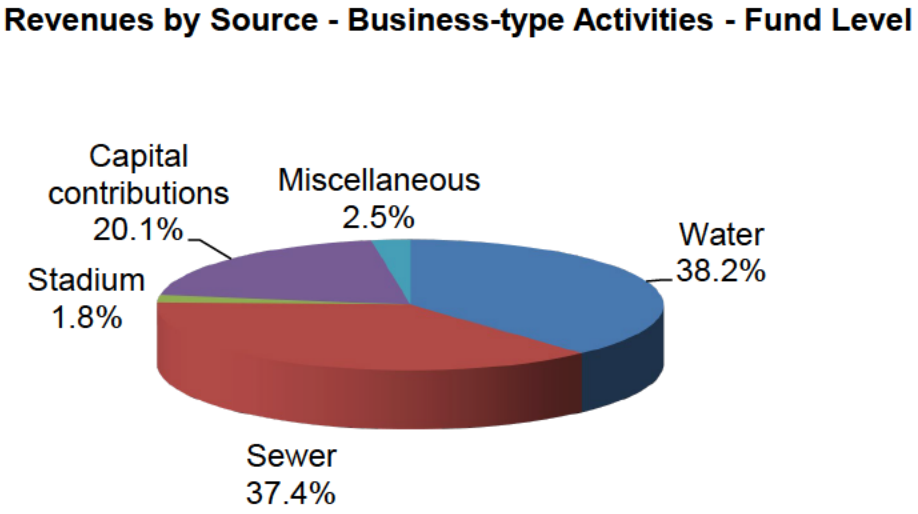
Business-type activities: Business-type activities increased the City's net position by $9.6 million, which is $2.3 million lower than the increase from 2023 to 2024. Key elements of this increase are as follows:

- Capital Connection charges were $7.0 million, which is a decrease of $1.2 million compared to 2024, federal grants of $3.6 million, which is a decrease of $248 thousand compared to 2024, and utility usage charges of $7.2 million, which is an increase of $703 thousand compared to 2024.
- Business-type expenses increased by $1.3 million primarily due to increases in costs of services provided to customers.
- Transfers from Governmental Activities decreased $875 thousand compared to 2024.

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



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



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending balances of $25.5 million, an increase of $3.6 million in comparison with the prior year. Approximately 84% of this total amount ($21.4 million) constitutes unassigned fund balance, which represents working capital available to support governmental operating needs and future years' expenditures. The remainder of fund balance is classified to reflect constraints on the City's remaining fund balance, including: 1) non spendable fund balance for other assets, including prepaid items, and inventory ($22 thousand) and 2) assigned balances for general government, public safety, public works, storm water management and capital projects ($4.0 million).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was $21.4 million, which represents 97% of total general fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 106% of total General Fund expenditures, while total fund balance represents 109% of that same amount. The General Fund balance increased by $3.1 million during the current fiscal year. The key elements are:

- Total revenues were higher than total expenditures by $5.5 million.
- Interest on savings was $37 thousand higher than 2024 due to higher interest rates.
- Income taxes were $291 thousand higher than 2024 due to increase in higher wages and economic growth
- Property taxes were $1.3 million higher than 2024 due to new developments and increase property values.
- Total expenditures were $925 thousand higher than 2024, primarily due to salaries expense and capital outlay.
- Transfers out were $2.7 million, which were made largely for the funding of capital projects in other funds. Transfers out were $2.7 million lower than 2024.

Financial resources of the Capital Project Fund are used in the acquisition or construction of major capital projects not financed by the proprietary funds. At the end of the current fiscal year, fund balance of $270 thousand was assigned to storm water management, and the remaining fund balance of $3.1 million was assigned to capital projects for a total fund balance of $3.4 million. The fund balance increased by $522 thousand during the current fiscal year. The key elements are:

- Revenue was $125 thousand lower than 2024 due to decrease in grant revenue.
- Expenditures were $758 thousand less than 2024 due to fewer public works projects.
- Total transfers in were $2.2 million from the general fund for capital projects funding, a decrease of $2.6 million compared to 2024.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the three funds at the end of the year amounted to $16.0 million for the Water Fund, $10.5 million for the Sewer Fund, and $2.2 million for the Stadium Fund. The total net position increased by $9.6 million. Other factors concerning these funds' finances have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The final budget for the General Fund expenditures was increased $764 thousand (4%) over the original budget to adjust for situations arising during the year. The most significant increases were $614 thousand increase in general government and a $138 thousand increase in public safety.

Property taxes were $1 million higher than budgeted due to higher growth and property values than initially assessed. Income taxes were $680 thousand higher than budgeted due to higher than expected receipts of shared tax revenue from the state. Interest on savings was higher than expected by $244 thousand due to higher interest rates.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to $99 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, infrastructure (including park facilities, roads, highways and bridges) and construction in progress. The total net increase in the City's capital assets for the current fiscal year was $4.2 million or 4.5% (a 1.4% increase for governmental activities and a 6.1% increase for business-type activities). The major capital asset activities in the current year included street resurfacing of approximately $1 million, purchases of public works equipment of approximately $488 thousand, police cars of approximately $147 thousand, and water and sewer systems replacements and improvements of approximately $6.7 million.

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

	Governmental Activities (000's)		Business-type Activities (000's)		Total (000's)	
	2025	2024	2025	2024	2025	2024
Land	**$ 6,439**	$ 6,464	**$ 1,963**	$ 1,963	**$ 8,402**	$ 8,427
Buildings	**3,708**	3,599	**9,943**	10,390	**13,651**	13,989
Improvements other than buildings	**1,145**	1,229	**1,793**	2,063	**2,938**	3,292
Machinery and equipment	**3,301**	3,195	**3,369**	3,099	**6,670**	6,294
Vehicles	**1,012**	1,015	**-**	-	**1,012**	1,015
Recreational facilities	**349**	382	**-**	-	**349**	382
Infrastructure	**17,636**	17,153	**-**	-	**17,636**	17,153
Financed purchases	**65**	84	**9**	12	**74**	96
Water and sewer systems	**-**	-	**45,714**	39,598	**45,714**	39,598
Construction in progress	**225**	290	**2,214**	4,126	**2,439**	4,416
Total	**$ 33,880**	$ 33,411	**$ 65,005**	$ 61,251	**$ 98,885**	$ 94,662

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

Long-term liabilities. At the end of the current fiscal year, the City had total long-term liabilities outstanding of $9.9 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's)		Business-type Activities (000's)		Total (000's)	
	2025	2024	2025	2024	2025	2024
General obligation bonds	**$ 960**	$ 1,186	**$ 1,900**	$ 2,376	**$ 2,860**	$ 3,562
Notes payable	**-**	-	**2,993**	3,430	**2,993**	3,430
Financed purchases	**75**	86	**11**	12	**86**	98
Compensated absences	**2,346**	1,088	**458**	213	**2,804**	1,301
Net pension liability	**875**	631	**-**	-	**875**	631
Premiums	**3**	3	**234**	280	**237**	283
Total	**$ 4,259**	$ 2,994	**$ 5,596**	$ 6,311	**$ 9,855**	$ 9,305

During the current fiscal year, the City's total long-term liabilities increased by $550 thousand or 5.9%. The City has strictly adhered to its debt repayment amortization schedules.

The amount of general obligation debt the City may issue is not limited by State statute or local ordinance. However, the City adheres to a fiscal policy adopted by its elected officials that prohibits general obligation debt from exceeding 15% of the assessed value of taxable property. The City was in compliance as of June 30, 2025. Additional information on the City's long-term liabilities can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Harford County unemployment rate is 4.0% which is slightly higher than the State of Maryland's unemployment rate of 3.8% as of August 2025. The Harford County unemployment rate is lower than the national rate of 4.2% as of August 2025.

- Aberdeen Proving Ground (APG) is home to a workforce of 21,000± employees. APG's mission is primarily RDT&E (Research, Development, Communication, Cybersecurity, Test and Evaluation) and features a large civilian based employment population working in highly skilled disciplines with advanced degrees. The installation continues to be postured for additional mission and job growth as APG expands its global presence in salient and relevant world issues.

- The City is experiencing tremendous growth in both residential and commercial construction, which will impact the real estate tax base.

- The real estate tax rate remains unchanged at $0.615 per $100 of assessed value for the Fiscal Year 2026 budget.

- The water and sewer base rates remain at $23.92 and $28.75, respectively, for the Fiscal Year 2026 budget.

The above factors were considered in preparing the City of Aberdeen's budget for the Fiscal Year 2026.

Requests for Information

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

CITY OF ABERDEEN, MARYLAND

Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 22,861,248	$ 31,290,790	$ 54,152,038
Investments	2,378,874	-	2,378,874
Receivables, current	3,234,556	1,917,781	5,152,337
Prepaids	22,266	-	22,266
Inventory	-	196,873	196,873
Receivables, noncurrent	-	2,220,322	2,220,322
Capital Assets			
Nondepreciable assets	6,663,744	4,177,540	10,841,284
Net of accumulated depreciation	27,216,552	60,827,384	88,043,936
Net pension/OPEB assets	1,806,759	229,995	2,036,754
Total assets	64,183,999	100,860,685	165,044,684
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	-	28,363	28,363
Pension related items	2,830,122	-	2,830,122
OPEB related items	508,708	5,963	514,671
Total deferred outflows of resources	3,338,830	34,326	3,373,156
LIABILITIES			
Accounts payable	380,224	783,696	1,163,920
Accrued liabilities	484,300	149,592	633,892
Unearned revenue	-	3,294,359	3,294,359
Other liabilities	206,448	-	206,448
Non-current liabilities:			
Due within one year	994,301	1,145,371	2,139,672
Due in more than one year	3,264,199	4,450,251	7,714,450
Total liabilities	5,329,472	9,823,269	15,152,741
DEFERRED INFLOWS OF RESOURCES			
Pension related items	1,576,071	-	1,576,071
OPEB related items	1,739,763	139,792	1,879,555
Leases	-	2,251,727	2,251,727
Total deferred inflows of resources	3,315,834	2,391,519	5,707,353
NET POSITION			
Net investment in capital assets	32,813,618	59,709,054	92,522,672
Restricted - pension/OPEB	1,806,759	229,995	2,036,754
Unrestricted	24,257,146	28,741,174	52,998,320
TOTAL NET POSITION	$ 58,877,523	$ 88,680,223	$ 147,557,746

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

CITY OF ABERDEEN, MARYLAND

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 5,560,790	$ 200,499	$ 1,615,597	$ 31,420	$ (3,713,274)	$ -	$ (3,713,274)
Public safety	9,585,912	15,093	1,870,870	-	(7,699,949)	-	(7,699,949)
Public works	6,484,943	3,867,466	-	1,078,383	(1,539,094)	-	(1,539,094)
Parks and recreation	464,639	-	-	-	(464,639)	-	(464,639)
Interest on long-term debt	60,271	-	-	-	(60,271)	-	(60,271)
Total governmental activities	22,156,555	4,083,058	3,486,467	1,109,803	(13,477,227)	-	(13,477,227)
Business-type activities							
Water	4,792,668	7,813,006	-	1,961,021	-	4,981,359	4,981,359
Sewer	5,589,861	7,508,076	136,309	2,143,378	-	4,197,902	4,197,902
Stadium	887,770	-	-	-	-	(887,770)	(887,770)
Total business-type activities	11,270,299	15,321,082	136,309	4,104,399	-	8,291,491	8,291,491
TOTAL PRIMARY GOVERNMENT	$ 33,426,854	$ 19,404,140	$ 3,622,776	$ 5,214,202	(13,477,227)	8,291,491	(5,185,736)
	GENERAL REVENUES						
	Property tax				13,840,227	-	13,840,227
	Income tax-shared				2,804,815	-	2,804,815
	Admission and amusements tax-shared				-	275,036	275,036
	Leasing and marketing				-	100,936	100,936
	Other local tax				245,914	-	245,914
	Interest earnings				714,753	511,317	1,226,070
	Gain/ (loss) on disposal of capital assets				223,616	3,100	226,716
	Transfers				(438,700)	438,700	-
	Total general revenues and transfers				17,390,625	1,329,089	18,719,714
	CHANGE IN NET POSITION				3,913,398	9,620,580	13,533,978
	NET POSITION, BEGINNING				54,964,125	79,059,643	134,023,768
	NET POSITION, ENDING				$ 58,877,523	$ 88,680,223	$ 147,557,746

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

CITY OF ABERDEEN, MARYLAND

Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 19,438,665	$ 3,422,583	$ 22,861,248
Investments	2,378,874	-	2,378,874
Receivables (net of allowance for uncollectible)	3,234,556	-	3,234,556
Prepaids	22,266	-	22,266
TOTAL ASSETS	$ 25,074,361	$ 3,422,583	$ 28,496,944
LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 351,813	$ 28,411	$ 380,224
Accrued liabilities	484,300	-	484,300
Other liabilities	206,448	-	206,448
Total liabilities	1,042,561	28,411	1,070,972
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	1,969,948	-	1,969,948
	1,969,948	-	1,969,948
FUND BALANCES			
Nonspendable			
Prepaids	22,266	-	22,266
Assigned			
General government	160,542	-	160,542
Public works	148,380	-	148,380
Stormwater management	323,769	269,677	593,446
Capital Projects	-	3,124,495	3,124,495
Unassigned	21,406,895	-	21,406,895
Total fund balances	22,061,852	3,394,172	25,456,024
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 25,074,361	$ 3,422,583	$ 28,496,944

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

CITY OF ABERDEEN, MARYLAND

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		$	25,456,024
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.			
Cost of capital assets	65,317,548		
Accumulated depreciation	(31,437,252)		
			33,880,296
Net pension asset in governmental activities is not a financial resource and therefore not reported in the funds			161,725
Net OPEB asset in governmental activities is not a financial resource and therefore not reported in the funds			1,645,034
Long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds			1,969,948
Deferred outflows not included in the government funds:			
Pension related items	2,830,122		
OPEB related items	508,708		
			3,338,830
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
General obligation bonds payable	(960,000)		
Capital lease	(75,312)		
Net pension liability	(874,827)		
Compensated absences	(2,345,630)		
Bond premiums	(2,731)		
			(4,258,500)
Deferred inflows not included in the governmental funds:			
Pension related items	(1,576,071)		
OPEB related items	(1,739,763)		
			(3,315,834)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$	58,877,523

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

CITY OF ABERDEEN, MARYLAND

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Taxes	$ 16,762,021	$ -	$ 16,762,021
Licenses and permits	151,178	-	151,178
Intergovernmental	4,219,707	36,638	4,256,345
APG management fees	3,595,868	-	3,595,868
Investment income	694,375	20,378	714,753
Miscellaneous	370,757	-	370,757
Total revenues	25,793,906	57,016	25,850,922
EXPENDITURES			
Current:			
General government	3,416,982	-	3,416,982
Public safety	8,705,235	-	8,705,235
Public works	5,653,019	-	5,653,019
Recreation and parks	352,117	-	352,117
Miscellaneous	1,118,772	-	1,118,772
Capital outlay	738,834	1,748,767	2,487,601
Debt service:			
Principal	236,406	-	236,406
Interest and fees	60,817	-	60,817
Total expenditures	20,282,182	1,748,767	22,030,949
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,511,724	(1,691,751)	3,819,973
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	(2,652,115)	2,213,415	(438,700)
Proceeds from sale of capital assets	223,616	-	223,616
Total other financing sources	(2,428,499)	2,213,415	(215,084)
Net Change in Fund Balances	3,083,225	521,664	3,604,889
FUND BALANCES, BEGINNING OF YEAR	18,978,627	2,872,508	21,851,135
FUND BALANCES, END OF YEAR	$ 22,061,852	$ 3,394,172	$ 25,456,024

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

CITY OF ABERDEEN, MARYLAND

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUND	$ 3,604,889
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlays	2,382,375
Disposals	(157,028)
Depreciation expense	(1,756,027)
Some expenses reported in the statement of activities, do not require the use of current resources and, therefore are not reported as expenditures in the governmental funds. The details are as follows:	
Compensated absences	(1,257,495)
Pension expense, including related deferrals	(12,884)
OPEB expense, including related deferrals	438,508
Repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but the repayment reduces noncurrent liabilities in the statement of net position. Issuance of bonds, capital leases, or other obligations provides current financial resource to governmental finds, but the issuance increases noncurrent liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Principal repayments	236,406
Amortization of premiums	546
Some revenues will not be collected for several months after the fiscal year ends. As such, these resources are not considered available revenues and are deferred in the governmental funds. Unavailable revenue increased this year.	434,108
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 3,913,398

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

CITY OF ABERDEEN, MARYLAND

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUE				
Taxes	$ 15,072,681	$ 15,072,681	$ 16,762,021	$ 1,689,340
Licenses and permits	128,750	128,750	151,178	22,428
Intergovernmental	4,223,190	4,872,300	4,219,707	(652,593)
APG management fees	1,000,000	1,000,000	1,462,579	462,579
Miscellaneous	627,000	686,573	1,065,134	378,561
Total revenues	21,051,621	21,760,304	23,660,619	1,900,315
EXPENDITURES				
Current:				
General government	4,283,087	4,897,197	4,041,795	855,402
Public safety	8,650,660	8,788,617	8,496,668	291,949
Public works	5,004,083	5,004,083	4,983,262	20,821
Parks and recreation	191,600	191,600	174,881	16,719
Miscellaneous	243,800	255,273	112,357	142,916
Debt service				
Principal	237,615	237,615	236,405	1,210
Interest	62,209	62,209	60,818	1,391
Total expenditures	18,673,054	19,436,594	18,106,186	1,330,408
OTHER FINANCING SOURCES				
Transfers out	(2,652,115)	(2,652,115)	(2,652,115)	-
Appropriation of fund balances	273,548	328,405	-	328,405
Total other financing sources	(2,378,567)	(2,323,710)	(2,652,115)	328,405
Net change in fund balance-budgetary basis	$ -	$ -	2,902,318	$ 2,902,318
Adjustments to conform with Generally Accepted Accounting Principles (GAAP)			180,907	
Net Change in Fund Balance - GAAP Basis			3,083,225	
FUND BALANCE - BEGINNING OF YEAR			18,978,627	
FUND BALANCE - END OF YEAR			$ 22,061,852	

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

CITY OF ABERDEEN, MARYLAND

Statement of Net Position – Proprietary Funds (Enterprise Funds)
June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 17,868,065	$ 11,358,628	$ 2,064,097	$ 31,290,790
Receivables, current	820,252	984,247	113,282	1,917,781
Inventory	119,033	77,840	-	196,873
Total current assets	18,807,350	12,420,715	2,177,379	33,405,444
Noncurrent Assets				
Receivables, noncurrent	2,166,177	54,145	-	2,220,322
OPEB asset	122,784	107,211	-	229,995
Capital assets, net	18,840,191	34,113,360	12,051,373	65,004,924
Total noncurrent assets	21,129,152	34,274,716	12,051,373	67,455,241
Total assets	39,936,502	46,695,431	14,228,752	100,860,685
Deferred Outflows of Resources				
Deferred outflows for OPEB	1,440	4,523	-	5,963
Deferred charge on refunding	28,363	-	-	28,363
	29,803	4,523	-	34,326
LIABILITIES				
Current Liabilities				
Accounts payable	444,149	336,526	3,021	783,696
Accrued liabilities	56,978	92,614	-	149,592
Unearned revenue	2,179,675	1,114,684		3,294,359
Notes payable	-	440,029	-	440,029
Bonds payable	537,320	-	-	537,320
Capital lease	885	1,275	-	2,160
Compensated absences	44,993	120,869	-	165,862
Total current liabilities	3,264,000	2,105,997	3,021	5,373,018
Noncurrent Liabilities				
Notes payable	-	2,553,179	-	2,553,179
Bonds payable	1,596,078	-	-	1,596,078
Capital lease	3,663	5,171	-	8,834
Compensated absences	101,932	190,228	-	292,160
Total noncurrent liabilities	1,701,673	2,748,578	-	4,450,251
Total liabilities	4,965,673	4,854,575	3,021	9,823,269
Deferred Inflows of Resources				
Deferred inflows for OPEB	33,752	106,040	-	139,792
Deferred inflows for leases	2,251,727	-	-	2,251,727
	2,285,479	106,040	-	2,391,519
NET POSITION				
Net investment in capital assets	16,543,975	31,113,706	12,051,373	59,709,054
Restricted	122,784	107,211	-	229,995
Unrestricted	16,048,394	10,518,422	2,174,358	28,741,174
TOTAL NET POSITION	$ 32,715,153	$ 41,739,339	$ 14,225,731	$ 88,680,223

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

CITY OF ABERDEEN, MARYLAND

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds (Enterprise Funds)
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
OPERATING REVENUES				
Charges for services	$ 6,739,418	$ 6,858,196	$ -	$ 13,597,614
Other operating revenues	1,067,037	744,309	275,036	2,086,382
Miscellaneous	6,551	41,880	100,936	149,367
Total operating revenues	7,813,006	7,644,385	375,972	15,833,363
OPERATING EXPENSES				
Cost of service	3,660,951	3,727,740	256,820	7,645,511
Other operating expense	327,269	475,609	-	802,878
Depreciation	761,685	1,333,607	630,950	2,726,242
Total operating expenses	4,749,905	5,536,956	887,770	11,174,631
Operating income (loss)	3,063,101	2,107,429	(511,798)	4,658,732
Non-Operating Revenue (Expenses)				
Investment interest	349,887	101,000	60,430	511,317
Gain on sale of capital assets	3,100	-	-	3,100
Interest expense	(42,763)	(52,905)	-	(95,668)
Net non-operating revenue (expenses)	310,224	48,095	60,430	418,749
Gain before transfers and capital grants and contributions	3,373,325	2,155,524	(451,368)	5,077,481
Transfer in	-	-	438,700	438,700
Capital grants and contributions	1,961,021	2,143,378	-	4,104,399
CHANGE IN NET POSITION	5,334,346	4,298,902	(12,668)	9,620,580
NET POSITION, BEGINNING OF PERIOD	27,380,807	37,440,437	14,238,399	79,059,643
NET POSITION, END OF PERIOD	$ 32,715,153	$ 41,739,339	$ 14,225,731	$ 88,680,223

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

CITY OF ABERDEEN, MARYLAND

Statement of Cash Flows - Proprietary Funds (Enterprise Funds)
Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stadium	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 5,609,785	$ 6,769,598	$ -	$12,379,383
Receipts from other sources	1,073,588	786,189	305,745	2,165,522
Payments to employees	(156,409)	(175,795)	-	(332,204)
Payments to suppliers	(2,891,755)	(4,119,011)	(429,880)	(7,440,646)
Net cash provided by operating activities	3,635,209	3,260,981	(124,135)	6,772,055
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	438,700	438,700
Net cash provided by non-capital financing activities	-	-	438,700	438,700
CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES				
Principal payments on financed purchases	(1,509)	-	-	(1,509)
Principal payments on notes payable	-	(436,417)	-	(436,417)
Principal payments on bonds payable	(475,900)	-	-	(475,900)
Interest paid	(33,586)	(52,905)	-	(86,491)
Capital grants and contributions	1,000,000	2,143,378	-	3,143,378
Purchase of capital assets	(3,232,261)	(5,258,071)	(148,639)	(8,638,971)
Net cash used in capital and related financing activities	(2,743,256)	(3,604,015)	(148,639)	(6,495,910)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	349,887	101,000	60,430	511,317
Net cash provided by investing activities	349,887	101,000	60,430	511,317
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,241,840	(242,034)	226,356	1,226,162
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,626,225	11,600,662	1,837,741	30,064,628
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 17,868,065	$11,358,628	$ 2,064,097	$31,290,790
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 3,063,101	$ 2,107,429	$ (511,798)	$ 4,658,732
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:				
Depreciation	761,685	1,333,607	630,950	2,726,242
Net OPEB expense adjustment for changes in net OPEB liability and other OPEB related deferred outflows and deferred inflows	(9,914)	(30,436)	-	(40,350)
Changes in assets and liabilities:				
Receivables	(1,129,633)	(88,598)	(70,227)	(1,288,458)
Prepaids	6,686	6,686	-	13,372
Inventory	(2,569)	2,389	-	(180)
Accounts payable	(34,904)	77,759	(173,060)	(130,205)
Accrued liabilities	(5,276)	(2,496)	-	(7,772)
Deferred inflows for leases	1,085,603	-	-	1,085,603
Compensated absences	(99,570)	(145,359)	-	(244,929)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,635,209	$ 3,260,981	$ (124,135)	$ 6,772,055

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

CITY OF ABERDEEN, MARYLAND

Statement of Fiduciary Net Position
June 30, 2025

	Pension and Other Post Employment Benefits Trusts
ASSETS	
Investments at fair-value:	
Pooled separate accounts	$ 24,977,856
Insurance contract, at amortized cost	805,092
Total assets	25,782,948
NET POSITION	
Restricted for pension	19,427,611
Restricted for other post-employment benefits	6,355,337
Total net position	$ 25,782,948

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

CITY OF ABERDEEN, MARYLAND

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	Pension and Other Post Employment Benefits Trusts
ADDITIONS	
Contributions:	
Employer contributions	$ 740,018
Plan member contributions	243,430
Total contributions	983,448
Investment income	2,477,125
TOTAL ADDITIONS	3,460,573
DEDUCTIONS	
Benefit payments	951,450
Administrative expenses and other	70,769
TOTAL DEDUCTIONS	1,022,219
CHANGES IN NET POSITION	2,438,354
NET POSITION - BEGINNING OF YEAR	23,344,594
NET POSITION - END OF YEAR	$ 25,782,948

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

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

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

Fund Accounting

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary fund types: Fiduciary funds are used to report assets held in a trust or agency capacity for others and which therefore cannot be used to support the City's own programs. The City has two pension trusts: The City of Aberdeen Defined Benefit Pension Plan (DB Plan) and the City of Aberdeen Police Department Pension Plan (PD Pension Plan) (collectively, the Pension Trusts). Additionally, the City has another post-employment benefits (OPEB) trust (OPEB Trust).

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Use of Estimates

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

Budgetary Data

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

1. The Mayor submits to the City Council a proposed operating budget at least 40 days before the beginning of the fiscal year. The operating budget includes proposed expenditures, the means of financing them, and the use of the federal and/or state grants.

2. Prior to June 30, the budget is passed by vote of the Mayor and City Council. Formal budgetary integration is employed as a management control device during the year for the General Fund. Budgets are adopted according to procedures set by the Mayor and City Council of Aberdeen.

3. Monthly statements are provided by the Director of Finance and budget review is executed by the Mayor and City Council periodically. The City Council legally adopts an annual budget for the General Fund and the Capital Projects Fund. The City has no legally adopted annual budget for the Special Revenue Fund and the Water, Sewer, and Stadium Enterprise Funds. However, a budget is used as a management tool for these funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Data (continued)

Expenditures may not exceed appropriations at the general classification level without approval from the Council. The City Manager may approve transfers between departments throughout the year. As a practical matter, the City Manager notifies the City Council periodically of any such transfers. Unexpended and unencumbered appropriations lapse at year-end.

The policy established by the Mayor and City Council with respect to the City Budget (budgetary basis) does not conform to GAAP basis in certain respects. The primary differences between budgetary and GAAP basis are that under the budgetary basis encumbrances are recorded as the equivalent of expenditures and salary and fringe costs, and the associated revenue, reimbursed under the APG contract are not budgeted for by the City. Budgeted amounts are originally adopted, and as amended by the Mayor and the City Council. Unencumbered appropriations of the operating budget lapse at the end of each fiscal year. Appropriations in the capital budget continue as authority for subsequent period expenditures, and lapse in the year of completion of the capital project. Appropriations for General Fund expenditures were increased by a total of $763,540 through various budget amendments during the year.

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

	Revenues	Expenditures and Encumbrances	Other Financing Sources (Uses)	Current Year Effect on Fund Balance
General Fund				
Budgetary basis	$ 23,660,619	$ 18,106,186	$ (2,652,115)	$ 2,902,318
Reimbursable salaries, including OPEB, under APG contract	2,133,287	2,133,287	-	-
Appropriation of fund balance	-	-		
Proceeds from sale of capital assets	-	-	223,616	223,616
Increase in allowance for uncollectible receivables	-	(1,278)	-	1,278
Prior year encumbrances	-	121,354	-	(121,354)
Current year encumbrances	-	(77,367)	-	77,367
Modified accrual basis	$ 25,793,906	$ 20,282,182	$ (2,428,499)	$ 3,083,225
Capital Projects Fund				
Budgetary basis	$ 57,016	$ 1,715,856	$ 2,213,415	$ 554,575
Prior year encumbrances	-	54,200	-	(54,200)
Current year encumbrances	-	(21,289)	-	21,289
Modified accrual basis	$ 57,016	$ 1,748,767	$ 2,213,415	$ 521,664

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents, and Investments

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

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

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

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

Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. As of June 30, 2025, management has provided an allowance for uncollectible delinquent personal property taxes in the amount of $66,852. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

Inventory

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Outflows of Resources

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

Unearned Revenue

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

Inter-Fund Transactions

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

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

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds using the bond-outstanding method which approximates the effective interest method. Bonds payable are reported net of the applicable unamortized bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid bond insurance costs are reported as prepaid items and amortized over the term of the related debt using the straight-line method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the governmental fund financial statements, bond premiums and discounts, as well as all bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Compensated Absences

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. One item which qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is only reported in the governmental funds balance sheet. The City reports unavailable revenues from property taxes, grants and other revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows for rebates from vendors when such rebates are not considered available. These rebates are recognized in the period that the amounts become available. Deferred inflows of resources also include items relating to pensions and OPEB, as described in Notes 9 and 11, respectively. Pension related deferred inflows are amortized into pension expense over a period of approximately five years, and OPEB related deferrals are amortized into OPEB expense over a period of 5 to 11 years.

Fund Balance

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

The non-spendable fund balance classification includes amounts that cannot be spent because they are either: (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Restricted fund balance are amounts that are restricted to specific purposes when the constraints are externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provision or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action such as City charter, ordinance, and resolution, of the City's highest level of decision-making authority, the Mayor and City Council, are to be reported as committed fund balance. The same type of action would be required to modify or rescind the commitments. Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, are to be reported as assigned fund balance. The authority for assigning fund balance rests with the City Manager or his or her designee as specified in the City's Fund Balance Policy. City policy requires a minimum unassigned fund balance in the general fund of 15% and a maximum of 50% of general fund revenue measured on a GAAP basis.

As of June 30, 2025, unassigned fund balance is 82% of general fund revenue. Unassigned fund balance is the residual classification for the General Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

The City invests primarily in the MLGIP. The MLGIP was established in 1982 under Article 95 Section 22G of the Code and is under the administrative control of the State Treasurer. The MLGIP seeks to maintain a constant unit value of $1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value (NAV) of the pool, marked to market, is calculated and maintained on a weekly basis to ensure an amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940. The City also holds investments in U.S. Treasury and U.S. Agency Securities, which mature between December 2025 and April 2027 with interest rates ranging from 3.5% to 4.88%. Additionally, the City holds money market mutual funds, which are valued at NAV. Similar to the MLGIP, the funds seek to maintain a constant unit value of $1.00 per unit.

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

As of June 30, 2025, the City had the following:

	Cash and Cash Equivalents	Investments
Cash	$ 43,108,985	$ -
Maryland Local Government Investment Pool	11,043,053	-
U.S. Treasury Securities	-	2,378,874
Pension Trust - Pooled separate accounts	-	18,622,519
OPEB Trust - Pooled separate accounts	-	6,355,337
Pension Trust - Insurance contract, at cost	-	805,092
	$ 54,152,038	$ 28,161,822

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

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

		Investment Maturities as of June 30, 2025			
Investment Type	Fair Value June 30, 2025	Less than 6 Months	7 Months - 1 Year	1 - 3 Years	More than 3 Years
United States Treasuries	$ 2,378,874	$ -	$ 1,221,008	$ 1,157,866	$ -

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

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

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that collateralization is required on two types of investments, certificates of deposit and repurchase agreements, with a collateralization level of 102%. As of June 30, 2025, all of the City's deposits were either covered by federal depository insurance or were covered by collateral held by the bank's agent in the City's name and the City was in compliance with the collateralization level required by its investment policy.

The Pension Trusts' and the OPEB Trust's investments include separate and guaranteed accounts held by Principal Financial Group and ICMA Retirement Corporation, agents of the plans. Plan investments include various types of pooled separate accounts and investment contracts which are not rated as to credit risks. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

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

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

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

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

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

As of June 30, 2025, the City had the following:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Securities	$ 2,378,874	$ 2,378,874	$ -	$ -
Investments Measured at NAV				
OPEB Trust - Pooled Separate Accounts	6,355,337			
Pension Trust - Pooled Separate Accounts	18,622,519			
Investment Carried at Amortized Cost				
Pension Trust - Insurance contract	805,092			
Total Investments	$ 28,161,822			

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

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

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

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed income - OPEB Trust	$ 6,355,337	$ -	Daily	5 days
Domestic equity - Pension Trust	6,946,097	-	Daily	None
International equity - Pension Trust	2,959,691	-	Daily	None
Fixed income - Pension Trust	7,541,025	-	Daily	None
Real estate - Pension Trust	1,175,706	-	Daily	None
Total investments measured at NAV	$ 24,977,856	$ -		

3. RECEIVABLES AND PAYABLES

Receivables by fund as of June 30, 2025, consist of the following:

	General	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Receivables						
Taxes	$ 163,065	$ -	$ -	$ -	$ -	$ 163,065
Intergovernmental	2,707,904	-	-	-	-	2,707,904
Charges for services	-	-	384,737	494,845	113,282	992,864
Leases	-	-	2,251,727	-	-	2,251,727
Other	430,439	-	349,965	543,547	-	1,323,951
Gross receivables	3,301,408	-	2,986,429	1,038,392	113,282	7,439,511
Allowance for	(66,852)	-	-	-	-	(66,852)
	$ 3,234,556	$ -	$ 2,986,429	$ 1,038,392	$ 113,282	$ 7,372,659

Accrued and other liabilities by fund as of June 30, 2025, consist of the following:

	General	Capital Projects	Water Utility	Sewer Utility	Stadium	Total
Accrued liabilities						
Interest	$ -	$ -	$ 16,657	$ 28,996	$ -	$ 45,653
Payroll	484,300	-	40,321	63,618	-	588,239
	$ 484,300	$ -	$ 56,978	$ 92,614	$ -	$ 633,892
Other liabilities						
	$ 88,934	$ -	$ -	$ -	$ -	$ 88,934
Performance bonds						
Seized property	98,206	-	-	-	-	98,206
Other	19,308	-	-	-	-	19,308
	$ 206,448	$ -	$ -	$ -	$ -	$ 206,448

3. RECEIVABLES AND PAYABLES (continued)

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

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

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

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

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

Lease receivable

The City of Aberdeen leases multiple water towers to third parties. The lease terms are between 15 and 22 years and the City of Aberdeen will receive monthly payments of $10,500, adjusted for inflation annually. The City of Aberdeen recognized $80,523 in lease revenue and $55,770 in interest revenue during the current fiscal year related to these leases. As of June 30, 2025, the City of Aberdeen's receivable for lease payments was $2,251,727. Also, the City of Aberdeen has a deferred inflow of resources associated with this lease that will be, recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was $2,251,727.

4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

As of June 30, 2025, there were no interfund receivables and payables.

Transfers from the General Fund to the Capital Projects Fund were made for capital projects and the Stadium Fund for debt service and stadium improvements. Interfund transfers for the year ended June 30, 2025, consisted of the following:

	Transfers In				
	Capital Projects Fund	Water Fund	Sewer Fund	Stadium Fund	Total
Transfers out					
General fund	$ 2,213,415	$ -	$ -	$ 438,700	$ 2,652,115

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Governmental Activities					
Capital assets not being depreciated					
Land	$ 6,463,673	$ -	$ 32,999	$ 7,851	$ 6,438,525
Construction in process	290,491	105,228	28,000	(142,500)	225,219
	6,754,164	105,228	60,999	(134,649)	6,663,744
Capital assets being depreciated					
Buildings	11,570,334	300,486	2,015	-	11,868,805
Improvements and other than buildings	1,503,155	-	-	-	1,503,155
Machinery and equipment	9,595,629	566,301	234,492	134,649	10,062,087
Vehicles	4,248,503	375,146	287,236	-	4,336,413
Recreational facilities	1,171,129	8,662	-	-	1,179,791
Infrastructure	28,584,180	1,026,551	-	-	29,610,731
Financed purchases	92,822	-	-	-	92,822
	56,765,752	2,277,146	523,743	134,649	58,653,804
Accumulated depreciation for					
Buildings	(7,971,473)	(189,801)	96	-	(8,161,178)
Improvements and other than buildings	(274,148)	(83,987)	-	-	(358,135)
Machinery and equipment	(6,400,326)	(564,177)	203,868	-	(6,760,635)
Vehicles	(3,233,724)	(314,742)	223,750	-	(3,324,716)
Recreational facilities	(788,722)	(41,726)	-	-	(830,448)
Infrastructure	(11,431,264)	(543,030)	-	-	(11,974,294)
Financed purchases	(9,282)	(18,564)	-	-	(27,846)
	(30,108,939)	(1,756,027)	427,714	-	(31,437,252)
Total depreciable assets, net	26,656,813	521,119	96,029	134,649	27,216,552
Governmental activities capital assets, net	$ 33,410,977	$ 626,347	$ (157,028)	$ -	$ 33,880,296

	Balance June 30, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Business-type Activities					
Capital assets not being depreciated					
Land	$ 1,963,419	$ -	$ -	$ -	$ 1,963,419
Construction in process	4,126,058	1,517,488	223,588	(3,205,837)	2,214,121
	6,089,477	1,517,488	223,588	(3,205,837)	4,177,540
Capital assets being depreciated					
Buildings	25,396,292	29,725	-	36,210	25,462,227
Improvements and other than buildings	3,490,551	-	-	-	3,490,551
Machinery and equipment	15,694,444	738,082	86,310	-	16,346,216
Water systems	22,866,257	1,743,982	-	2,368,607	26,978,846
Sewer systems	37,346,899	2,674,161	-	801,020	40,822,080
Financed purchases	13,401	-	-	-	13,401
	104,807,844	5,185,950	86,310	3,205,837	113,113,321
Accumulated depreciation for					
Buildings	(15,006,262)	(513,163)	-	-	(15,519,425)
Improvements and other than buildings	(1,427,420)	(270,536)	-	-	(1,697,956)
Machinery and equipment	(12,595,651)	(468,212)	86,312		(12,977,551)
Water systems	(10,354,062)	(645,464)	-	-	(10,999,526)
Sewer systems	(10,261,271)	(826,187)	-	-	(11,087,458)
Financed purchases	(1,340)	(2,680)	-	-	(4,020)
	(49,646,006)	(2,726,242)	86,312	-	(52,285,936)
Total depreciable assets, net	55,161,838	2,459,708	172,622	3,205,837	60,827,385
Business-type activities capital assets, net	$ 61,251,315	$ 3,977,196	$ 396,210	$ -	$ 65,004,925

5. CAPITAL ASSETS (continued)

Depreciation expense was charged in the statement of activities for the year ended June 30, 2025, as follows:

Governmental activities	
General government	$ 747,608
Public safety	276,540
Public works	619,357
Recreation	112,522
	$ 1,756,027
Business-type activities	
Water utility	$ 761,685
Sewer utility	1,333,607
Stadium	630,950
	$ 2,726,242

6. TAX ABATEMENTS

As of June 30, 2025, the City provides tax abatements through two programs: the Low and Moderate Income Housing Program and the Enterprise Zone Tax Credit Program.

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

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

Total tax abatements related to each program for the year ended June 30, 2025, are as follows:

Tax Abatement Program	Amount of Taxes Abated During the Fiscal Year	Percentage of Taxes Abated During the Fiscal Year
Low and Moderate Income Housing Program	$ 29,453	83.08%
Enterprise Zone Tax Credit Program (City Share)	190,101	22.21%
Total	$ 219,554	

7. LONG-TERM LIABILITIES

Long-term liabilities activity as of and for the year ended June 30, 2025, is as follows:

	Balance July 01, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental activities					
General obligation bonds payable	$ 1,185,400	$ -	$ (225,400)	$ 960,000	$ 180,000
Financed purchases	86,318		(11,006)	75,312	15,231
Other obligations					
Compensated absences	1,088,135	1,416,825	(159,330)	2,345,630	798,524
Net pension liability	630,973	243,854	-	874,827	-
Bond premiums	3,278	-	(546)	2,732	546
Total governmental activities liabilities	$ 2,994,104	$ 1,660,679	$ (396,282)	$ 4,258,501	$ 994,301

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-type activities					
General obligation bonds payable	$ 2,375,700	$ -	$ (475,900)	$ 1,899,800	$ 490,600
Notes payable	3,429,589	-	(436,381)	2,993,208	440,029
Financed purchases	12,503	-	(1,509)	10,994	2,160
Other obligations					
Compensated absences	213,093	279,126	(34,197)	458,022	165,862
Bond premiums	280,355	-	(46,757)	233,598	46,720
Total business-type activities liabilities	$ 6,311,240	$ 279,126	$ (994,744)	$ 5,595,622	$ 1,145,371

General obligation bonds payable relating to governmental activities as of June 30, 2025, consist of the following:

Refunding Bonds of 2011; authorized amount of $4,515,000; interest at rates ranging from 2.0% to 3.25%; payable in annual payments of principal ranging from $145,000 to $355,000 and semiannual payments of interest through May 2030.	$ 960,000

A schedule of maturities of the general obligation bonds payable relating to governmental activities as of June 30, 2025, is as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 180,000	$ 29,563	$ 209,563
2027	185,000	24,163	209,163
2028	190,000	18,613	208,613
2029	200,000	12,913	212,913
2030	205,000	6,663	211,663
	$ 960,000	$ 91,915	$ 1,051,915

7. LONG-TERM LIABILITIES (continued)

During the year ended June 30, 2024, the City entered into capital lease obligations for the acquisition of new copiers, with interest rates ranging from 20.42% to 33.36%. The obligations require monthly payments of principal and interest totaling $3,085 to be paid over a period of 5 years. On June 30, 2025, borrowings outstanding under these obligations totaled $75,312.

A schedule of maturities of financed purchases relating to governmental activities as of June 30, 2025, is as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 15,231	$ 21,788	$ 37,019
2027	20,735	16,285	37,020
2028	28,285	8,735	37,020
2029	11,061	774	11,835
	$ 75,312	$ 47,582	$ 122,894

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

The amount of general obligation debt the City may issue is not limited by State statute or local ordinances. However, the City adheres to a fiscal policy adopted by its elected officials that prohibits general obligation debt from exceeding 15% of the assessed value of taxable property. The City was in compliance as of June 30, 2025.

General obligation bonds payable relating to business-type activities as of June 30, 2025, consist of the following:

Series B Refunding Bonds of 2016; authorized amount $1,968,200; interest at a rate of 1.84%; payable in annual payments of principal ranging from $67,200 to $228,200 and semiannual payments of interest through November 2026.	$ 452,300
Series A Refunding Bonds of 2020; authorized amount $2,578,523; interest at a rate of 0.96%; payable in annual payments of principal ranging from $167,000 to $313,500 and semiannual payments of interest through April 2031.	1,447,500
	$ 1,899,800

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

7. LONG-TERM LIABILITIES (continued)

A schedule of maturities of the general obligation bonds payable relating to the business-type activities as of June 30, 2025, is as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 490,600	$ 67,340	$ 557,940
2027	505,700	52,093	557,793
2028	289,000	38,449	327,449
2029	301,000	26,427	327,427
2030	313,500	13,905	327,405
	$ 1,899,800	$ 198,214	$ 2,098,014

Notes payable relating to business-type activities as of June 30, 2025, consists of the following:

Loan payable, Maryland Water Quality Financial Administration, unsecured, accruing interest at a rate of 0.90%; payable in annual principal payments at varying amounts and semiannual payments of interest; due 2032.	$ 2,913,114
Loan payable, Maryland Water Quality Financial Administration, unsecured, accruing interest at a rate of 1.00%; payable in annual principal payments at varying amounts and semiannual payments of interest; due 2030.	80,094
	$ 2,993,208

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

A schedule of maturities of the notes payable relating to the business-type activities as of June 30, 2025, is as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 440,029	$ 27,019	$ 467,048
2027	444,378	23,020	467,398
2028	421,479	18,985	440,464
2029	416,092	13,548	429,640
2030	419,837	9,803	429,640
2031-2032	851,393	8,235	859,628
	$ 2,993,208	$ 100,610	$ 3,093,818

During the year ended June 30, 2024, the City entered into capital lease obligations for the acquisition of new copiers, with interest rates ranging from 33.23% to 33.53%. The obligations require monthly payments of principal and interest totaling $462 to be paid over a period of 5 years. On June 30, 2025, borrowings outstanding under these obligations totaled $10,993.

7. LONG-TERM LIABILITIES (continued)

A schedule of maturities of financed purchases relating to business-type activities as of June 30, 2025, is as follows:

Years ending June 30,	Principal	Interest	Total
2026	$ 2,160	$ 3,385	$ 5,545
2027	3,002	2,542	5,544
2028	4,174	1,370	5,544
2029	1,658	122	1,780
	$ 10,994	$ 7,419	$ 18,413

8. PENSION PLANS - CITY REPORTING

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

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

Separate, audited GAAP basis pension trust reports are not available for the plans. Therefore, pension plan reporting in accordance with GASB 67, *Financial Reporting for Pension Plans,* has been included in Note 10. Condensed financials as of and for the year ended June 30, 2025, are as follows:

	Police Department Plan	Defined Benefit Plan
ASSETS		
Investments and contracts	$ 18,622,519	$ 805,092
NET POSITION		
Restricted for pension benefits	$ 18,622,519	$ 805,092
ADDITIONS		
Contributions	$ 669,579	$ -
Net investment income	1,755,301	30,292
	2,424,880	30,292
DEDUCTIONS		
Benefit payments	771,009	77,759
Administrative expenses and other	56,156	14,612
	827,165	92,371
CHANGE IN NET POSITION	1,597,715	(62,079)
BEGINNING NET POSTION	17,024,804	867,171
ENDING NET POSITION	$ 18,622,519	$ 805,092

The net pension asset and liability for the City's year ended June 30, 2025, was measured as of June 30, 2024, using the total pension liabilities that were determined by actuarial valuation as of June 30, 2024. For the ended June 30, 2025, the City recognized an aggregate pension expense of $329,786.

8. PENSION PLANS - CITY REPORTING (continued)

Defined Benefit Pension Plan

Plan Description and Provisions:

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

The City's DB Plan provides retirement, termination, and death benefits. Normal retirement benefits for all plan members are calculated as 1% of average compensation multiplied by accrual service (accrued benefit) and in the form of a monthly annuity payable for life. General plan members age 65 and older and public safety plan members age 60 and older are eligible for normal retirement. Early retirement benefits for all plan members are calculated as the accrued benefit, as defined above, reduced by 6¾% for each year up to 5, 3½% for each of the next 5 years, and 2.5% for each additional year that the Early Retirement Date precedes Normal Retirement Date and in the form of a monthly annuity payable for life. General plan members age 55 and older and public safety plan members age 50 and older are eligible for early retirement. Termination benefits for all plan members are vested at 100% after eight years of vesting service. Death benefits for all plan members require that the participant completed 25 years of service payable in a monthly annuity to spouse. The amount of the benefit equates to the amount that would have been received had the participant elected a joint and 50% survivorship benefits option and early retired the day before death.

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

The DB Plan's membership consisted of the following as of June 30, 2024, the measurement date:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	0
	10

Contribution Information and Funding Policy:

The DB Plan covers all employees of the City with 1,000 hours of annual eligible service who are not participants in the Defined Contribution Pension Plan or the PD Pension Plan. Provisions of the DB Plan include retirement and death benefits to plan members and their beneficiaries. Benefits and refunds of the postemployment defined benefit plan are recognized when due and payable in accordance with the terms of the plan.

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate. The actuarially required contribution rate and the amount paid into the DB Plan during the year ended June 30, 2025, was $0. The DB Plan does not provide for a maximum employer contribution. No contributions are required of employees. Administrative costs are financed through investment earnings.

8. PENSION PLANS - CITY REPORTING (continued)

Defined Benefit Pension Plan (continued)

Assumptions:

The total pension liability as of June 30, 2025, measured June 30, 2024, was determined by an actuarial valuation using the following assumptions:

Inflation	2.40%
Salary increases	Ranging from 5.77% to 7.3% based on age, plus 2.2%
Investment rate of return	4.25%, net of investment expense and including inflation

Mortality rates during the benefit payment period were based on PubG-2010 total dataset mortality, considering MP-2018 mortality improvement with generational mortality improvement, annuitant, for Males and Females. Mortality rates before the benefit payment period were based on PubG-2010 total dataset mortality, considering MP-2018 mortality improvement with generational mortality improvement, non-annuitant, for Males and Females. Disability rates were based on the 1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females. A withdrawal assumption was not utilized due to the size of the plan and limited experience.

The total pension liability as of June 30, 2025, was calculated based on the Entry Age Normal actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

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

Asset Class	**Target allocation**	**Expected Real Rate of Return**
Fixed income	100%	4.00%

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

The interest rates before and during benefit payment period have increased from 4.00% to 4.25%. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

8. PENSION PLANS - CITY REPORTING (continued)

Defined Benefit Pension Plan (continued)

Assumptions: (continued)

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2070. Benefit payments after 2070 are projected to be $0. The long-term rate of return of 4.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.01% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2024, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to determine the beginning of period total pension liability is 4.00%.

Investments:

The DB Plan does not have a formal investment policy.

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

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expense. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2025, was 3.57%.

Net Pension Asset of the City:

The components of the net pension asset of the City at June 30, 2025, using a measurement date of June 30, 2024, were as follows:

Total pension liability	$	705,446
Plan fiduciary net position		867,171
City's net pension asset	$	(161,725)
Plan fiduciary net position as a percentage of total pension liability		122.93%

8. PENSION PLANS - CITY REPORTING (continued)

Defined Benefit Pension Plan (continued)

Net Pension Asset of the City: (continued)

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

The following presents the net pension asset of the City, calculated using the discount rate of 4.25%, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 3.25%	Discount Rate 4.25%	1% Increase 5.25%
City's net pension asset	$ (112,249)	$ (161,725)	$ (205,497)

Changes in the net pension asset were as follows:

Total pension liability, July 1, 2024 (measured June 30, 2023)	$ 773,166
Interest	29,063
Differences between expected and actual experience	1,927
Changes in assumptions	(11,797)
Benefit payments	(86,913)
Total pension liability, June 30, 2025 (measured June 30, 2024)	$ 705,446
Plan fiduciary net position, beginning measurement period (June 30, 2023)	$ 936,793
Contributions - employer	-
Net investment income	32,316
Benefit payments	(86,913)
Administrative expenses	(15,025)
Plan fiduciary net position, ending measurement period (June 30, 2024)	$ 867,171
Net pension asset, July 1, 2024 (measured June 30, 2023)	$ (163,627)
Net pension asset, June 30, 2025 (measured June 30, 2024)	$ (161,725)

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

Deferred outflows of resources and deferred inflows of resources:

For the year ended June 30, 2025, the City recognized pension expense of $(1,388). The City recognized deferred outflows of resources and deferred inflows of resources as of the year ended June 30, 2025, as follows:

8. PENSION PLANS - CITY REPORTING (continued)

Defined Benefit Pension Plan (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and net investment income	$ 3,001	$ 3,021

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

Years ending June 30,	Total
2026	$ (885)
2027	284
2028	(19)
2029	600
	$ (20)

Police Department Pension Plan

Plan Description and Provision:

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

The City's PD Pension Plan provides retirement, termination, disability, and death benefits. Normal retirement benefits for all plan members are calculated as 2% of average compensation times service (maximum 25 years), plus any additional years of service credited for unused sick leave and military service. General plan members age 62 with five years of eligibility service or the date on which the participant has completed 25 years of eligibility services. Termination benefits are equal to the sum of the amount of retirement annuity which could be provided on normal retirement date by the participant's contribution account and vesting percentage times the excess of the accrued benefit as of the termination date over the preceding amount. Termination benefits for all plan members are vested at 100% after five years of vesting service. Disability benefits for all plan members are payable as monthly income until normal retirement, death, or recovery and a deferred annuity payable at the normal retirement date. Ordinary disability (with five years of service) amounts to the accrued benefit on the date of disability. Line of duty disability (catastrophic disability) provides 66½% of compensation, but not less than the plan member contribution benefit or the ordinary disability benefit. Line of duty disability (non-catastrophic disability) provides 33½% of compensation, but not less than the plan member contribution benefit or the ordinary disability benefit. Lump-sum death benefits are calculated as the sum of the plan member contribution benefit and the annual compensation as of the dale of death.

8. PENSION PLANS - CITY REPORTING (continued)

Police Department Pension Plan (continued)

Plan Description and Provision: (continued)

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

The PD Pension Plan's membership consisted of the following as of June 30, 2024, the measurement date:

Active plan members	37
Inactive plan members entitled to but not yet receiving benefits	34
Disabled plan members entitled to and receiving benefits	0
Retired plan members or beneficiaries currently receiving benefits	20
	91

Contribution Information and Funding Policy:

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

The contribution requirements of the City are established and may be amended by the City legislature. The City is required to contribute at an actuarially determined rate; the current rate is 36.0% of annual covered payroll. The PD Pension Plan does not provide for a maximum employer contribution. The actuarially required contribution rate and the amount paid into the PD Pension Plan for the year ended June 30, 2025, was $426,149. Administrative costs are financed through investment earnings. The police officers contribute to the PD Pension Plan based on 7% of salaries. Participants' actual contributions were $243,430 for the year ended June 30, 2025.

Assumptions:

The total pension liability as of June 30, 2025, measured June 30, 2024, was determined by an actuarial valuation using the following assumptions:

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

8. PENSION PLANS - CITY REPORTING (continued)

Police Department Pension Plan (continued)

Assumptions: (continued)

Mortality rates during the benefit payment period were based on PubS-2010 Safety base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubS-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubS-2010 Healthy Retiree base table, for Male and Females. Disability rates were based on the 1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females. A withdrawal assumption was based on the 2003 Society of Actuaries Small Plan Age Table, based on age, multiplied by 0.35.

The total pension liability as of June 30, 2025, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

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

Asset Class	**Target allocation**	**Expected Real Rate of Return**
U.S. Equity - Large Cap	29.58%	6.35%
U.S. Equity - Mid Cap	5.43%	6.35%
U.S. Equity - Small Cap	2.91%	6.35%
International equity	15.85%	6.35%
Real estate	6.69%	6.20%
Core bond	36.21%	5.85%
High Yield Bond	3.33%	4.30%
Total	100.00%	

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

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

8. PENSION PLANS - CITY REPORTING (continued)

Police Department Pension Plan (continued)

Assumptions: (continued)

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2117. Benefit payments after 2117 are projected to be $0. The long-term rate of return of 6.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. otherwise, a municipal bond rate of 4.01% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term {17+ Y) Index, which includes 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2023 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to determine the total pension liability is 6.25%.

Investments:

The PD Pension Plan's investment policy has been established by and may be amended by the plan committee, on behalf of the plan sponsor, the City of Aberdeen. The plan committee is required to utilize investment options offering the appropriate risk and return characteristics normally found in the portfolios of defined benefit plans. The options are intended to control the degree of risk to which the plan assets are subject and to create a portfolio which aggregate risk and return characteristics considered to be normally appropriate for a defined benefit plan and minimize overall risk through diversification. The policy does not define specific benchmarks to clearly identify when an *over* concentration may occur. There were no significant policy changes during the year ended June 30, 2025.

Investments are valued as of the measurement date at fair value. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period. The unfunded actuarial accrued liability (UAAL) is amortized as a level dollar of projected payroll on an open basis. The remaining amortization period as of June 30, 2025, was two years, which is re-established each year. As of the measurement date, all of the plan's investments were held in one organization, Principal Financial Group.

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expense. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2025, was 9.60%.

8. PENSION PLANS - CITY REPORTING (continued)

Police Department Pension Plan (continued)

Net Pension Liability of the City:

The components of the net pension liability of the City as of June 30, 2025, using a measurement date of June 30, 2024, were as follows:

Total pension liability	$	17,899,631
Plan fiduciary net position		17,024,804
City's net pension liability	$	874,827
Plan fiduciary net position as a percentage of total pension liability		95.11%

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
City's net pension liability	$ 3,207,211	$ 874,827	$ (1,036,878)

Changes in the net pension liability, were as follows:

Total pension liability, July 1, 2024 (measured June 30, 2023)	$	16,567,892
Service Cost		327,283
Interest		1,026,918
Differences between expected and actual experience		909,275
Changes in assumptions		-
Benefit payments		(931,737)
Total pension liability, June 30, 2025 (measured June 30, 2024)	$	17,899,631
Plan fiduciary net position, beginning measurement period (June 30, 2023)	$	15,936,919
Contributions - employer		197,321
Contributions - plan members		343,041
Net investment income		1,514,257
Benefit payments		(931,737)
Administrative expenses		(34,997)
Plan fiduciary net position, ending measurement period (June 30, 2024)	$	17,024,804
Net pension liability, July 1, 2024 (measured June 30, 2023)	$	630,973
Net pension liability, June 30, 2025 (measured June 30, 2024)	$	874,827

8. PENSION PLANS - CITY REPORTING (continued)

Police Department Pension Plan (continued)

Net Pension Liability of the City: (continued)

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

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

For the ended June 30, 2025, the City recognized pension expense of $440,421. The City recognized deferred outflows of resources and deferred inflows of resources related to pensions as of and for the year ended June 30, 2025, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,031,406	$ 106,641
Net difference between expected and net investment income	1,270,507	1,047,172
Assumption changes	99,059	419,237
Contributions made subsequent to the measurement date	426,149	-
	$ 2,827,121	$ 1,573,050

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	Total
2026	$ 348,600
2027	744,499
2028	(159,462)
2029	(105,715)
	$ 827,922

Defined Contribution Pension Plan

Plan Description:

The City's Defined Contribution Pension Plan was established by the City to provide benefits at retirement to employees of the City who are not participants in the DB Plan or the PD Pension Plan. The City has delegated the authority to manage plan assets to MissionSquare Retirement. On June 30, 2025, there were 129 plan members. Defined Contribution Pension Plan participants are required to contribute 2% of annual base pay. The City is required to contribute 7% of annual base pay. Defined Contribution Pension Plan provisions and contribution requirements are established and may be amended by the City Council. Participants' and the City's actual contributions were $170,897 and $598,140, respectively.

9. PENSION PLANS – PLAN REPORTING

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

A measurement date of June 30, 2025 is being used for the pension plans' June 30, 2025, financial reporting (Plan Reporting) and will be used for the City's future June 30, 2025, financial reporting (City Reporting - Note 9).

Defined Benefit Pension Plan

Plan Description and Provision:

There were no changes in the DB Plan descriptions and provisions between the June 30, 2024 and 2025, measurement dates.

The DB Plan's membership consisted of the following as of June 30, 2025, the plan's measurement date:

Inactive plan members or beneficiaries currently receiving benefits	6
Inactive plan members entitled to but not yet receiving benefits	0
	6

Contribution Information and Funding Policy:

There were no changes in the plan contribution information and funding policy between the June 30, 2024 and 2025, measurement dates.

Assumptions:

The plan's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The following assumptions were used:

Inflation	2.40%
Salary increases	Ranging from 5.77% to 7.3% based on age, plus 2.2%
Investment rate of return	4.25%, net of investment expense and including inflation

Mortality rates during the benefit payment period were based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (Ml) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubG-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubG-2010 Healthy Retiree base table, for Male and Females. Disability rates were based on the 1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females. A withdrawal assumption was not utilized due to the size of the plan and limited experience.

9. PENSION PLANS – PLAN REPORTING (continued)

Defined Benefit Pension Plan (continued)

Assumptions: (continued)

The total pension liability, as measured on June 30, 2025, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

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

Asset Class	**Target allocation**	**Expected Real Rate of Return**
Fixed income	100%	4.00%

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

The interest rates before and during benefit payment period increased from 4.00% to 4.25%. There were no other significant changes to assumptions when compared to the prior actuarial valuation.

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2024 to 2070. Benefit payments after 2070 are projected to be $0. The long-term rate of return of 4.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 4.01% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2024, measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to measure the total pension liability was 4.00%.

Investments:

There were no changes to the investment contract utilized between the June 30, 2024, and June 30, 2025, measurement dates. Additionally, all of the Plan's investments continue to be held in one organization, Principal Financial Group.

9. PENSION PLANS – PLAN REPORTING (continued)

Defined Benefit Pension Plan (continued)

Investments: (continued)

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2025 is 3.66%.

Net Pension Asset of the City:

The components of the net pension asset of the City, using a measurement date of June 30, 2025, were as follows:

Total pension liability	$	575,846
Plan fiduciary net position		805,092
City's net pension asset	$	(229,246)
Plan fiduciary net position as a percentage of total pension liability		139.81%

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

The following presents the net pension asset of the City, calculated using the discount rate of 4.25%, as well as what the City's net pension (asset) liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 3.25%	Discount Rate 4.25%	1% Increase 5.25%
City's net pension asset	$ (187,492)	$ (229,246)	$ (266,163)

Police Department Pension Plan

Plan Description and Provision:

There were no changes in the PD Pension Plan descriptions and provisions between the June 30, 2024, and 2025, measurement dates.

The PD Pension Plan's membership consisted of the following as of June 30, 2025, the plan's measurement date:

Active plan members	43
Inactive plan members entitled to but not yet receiving benefits	35
Disabled plan members entitled to and receiving benefits	0
Retired plan members or beneficiaries currently receiving benefits	19
	97

9. PENSION PLANS – PLAN REPORTING (continued)

Police Department Pension Plan (continued)

Contribution Information and Funding Policy:

There were no changes in the plan contribution information and funding policy between the June 30, 2024 and June 30, 2025, measurement dates.

Assumptions:

The plan's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2025. The following assumptions were used:

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

Mortality rates during the benefit payment period were based on PubS-2010 Safety base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubS-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubS-2010 Healthy Retiree base table, for Male and Females. Disability rates were based on the 1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females. A withdrawal assumption was based on the 2003 Society of Actuaries Small Plan Age Table, based on age, multiplied by 0.35.

The total pension liability, as measured at June 30, 2025, was calculated based on the Entry Age actuarial cost method. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation ls allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service costs. Projected benefits are based on project salary and projected service.

The long-term interest rate assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earning yields' models, expected economic growth outlook, and market yields analysis.

9. PENSION PLANS – PLAN REPORTING (continued)

Police Department Pension Plan (continued)

Assumptions: (continued)

Best estimates of real rates of return (geometric means) for each major asset class included in the pension plan's target asset allocation as of the measurement date, are summarized in the following table:

Asset Class	Target allocation	Expected Real Rate of Return
U.S. Equity - Large Cap	26.22%	6.35%
U.S. Equity - Mid Cap	7.01%	6.35%
U.S. Equity - Small Cap	3.76%	6.35%
Non-U.S. Equity	16.34%	6.35%
U.S. Private Real Estate	6.31%	6.20%
High Yield Bond	3.31%	5.85%
Core Bond	37.05%	4.30%
Total	100.00%	

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

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

Based on those assumptions, the pension plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2025 to 2119. Benefit payments after 2119 are projected to be $0. The long-term rate of return of 6.25% is used to calculate the actuarial present value of the projected payments for each future period when the projected fiduciary net position is greater than the projected expected benefit payments. otherwise, a municipal bond rate of 4.01% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term {17+ Y) Index, which includes 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2024 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and the municipal bond rate as described. The discount rate used to determine the total pension liability is 6.25%.

Investments:

There were no changes in the investment policy between the June 30, 2025 and 2024, measurement dates. Additionally, all of the plan's investments continue to be held in one organization, Principal Financial Group.

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses. The annual money-weighted rate of return on plan investments for the measurement period ended June 30, 2025, is 10.21%.

9. PENSION PLANS – PLAN REPORTING (continued)

Police Department Pension Plan (continued)

Net Pension Liability of the City:

The components of the net pension liability of the City, using a measurement date of June 30, 2025, were as follows:

Total pension liability	$	18,556,911
Plan fiduciary net position		18,622,519
City's net pension liability	$	(65,608)
Plan fiduciary net position as a percentage of total pension liability		100.35%

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.25%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 % lower or 1% higher than the current rate:

	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
City's net pension liability	$ 2,383,031	$ (65,608)	$ (2,068,878)

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

Plan Description:

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

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

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

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

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

Benefits provided:

The OPEB plan provides healthcare and prescription drug benefits to eligible retirees and their eligible dependents until Medicare eligibility. Under a legacy plan, healthcare and prescription drug insurance benefits do not terminate upon Medicare eligibility. The legacy plan is closed to new entrants. Effective July 1, 2011, the City reimburses retirees over age 65 in full for a Medicare Supplement plan that retirees obtain. Retirees over age 65 are no longer members of the City's vision and dental plans, with the exception of those included in the legacy plan. Only police retirees over age 65 can have a spouse's Medicare Supplement plan reimbursed by the City. Life insurance coverage is provided to all eligible retirees.

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

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

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

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

Employees covered by benefit terms:

As of June 30, 2025, the date of the most recent valuation, the following employees were covered by the benefit terms:

Active employees	162
Retired	16
Spouses	4
	182

Contributions:

The City's charter grants the authority to establish and amend the contribution requirements of the City and employees to the City legislature. The City legislature establishes rates based on an actuarially determined rate. For the year ended June 30, 2025, the City's average contribution rate was 4.7% of covered-employee payroll.

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

Investments:

The OPEB Plan does not have a formal investment policy.

Investments are valued as of the measurement date at fair value. The actuarial value of assets was determined using techniques to control volatility in annual cash contributions. The UAAL is amortized *over* a closed period of 30 years. The remaining amortization period as of June 30, 2025, was 25 years. As of the measurement date, all of the plan's investments were held in one organization, MissionSqure Retirement, and were invested in two funds: MissionSquare II Model Portfolio Aggressive Fund (51.6% of the Plan's net position) of and MissionSquare II Model Portfolio Moderate Fund (48.4% of the Plan's net position).

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 13.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2025. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions:

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	6.50%, net of investment expenses and including inflation
Healthcare trend	6.00% initially, grading down to 4.25%, ultimate 4.50%
Inflation	2.50%
Salary increase	6.50% per year for safety employees and 5.0% per year for general employees
Mortality	PUB 2010G Headcount generational improvement scale SSA for general employees and PUB 2010S Headcount generational improvement with scale SSA for safety employees

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

Actuarial Assumptions: (continued)

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

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

The unfunded liability was amortized over a period of 30 years as a level percentage of pay, on a closed basis with 24 years remaining.

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

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

Medical and prescription drug cost trend assumptions:

Years ending December 31,	Annual Rate of Increase
2025	6.00%
2026	5.50%
2027	5.25%
2028	5.00%
2029	4.75%
2030	4.50%
2031 and Later	4.25/4.50%

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

Actuarial Assumptions: (continued)

Retirement rate assumptions:

General:

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

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

Termination rate assumptions:

General:

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

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

Actuarial Assumptions: (continued)

Police:

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

Disability:

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

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

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

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

Actuarial Assumptions: (continued)

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

Asset Class	Target allocation	Long-Term Expected Real Rate of Return
Domestic Equity	65.00%	5.90%
U.S. Fixed income - investment	35.00%	2.40%
Total	100.00%	

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

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/ (asset) (a) - (b)
Balances at 6/30/2024	$ 4,150,614	$ 5,452,619	$ (1,302,005)
Changes for the year:			
Service cost	193,473	-	193,473
Interest	277,836	-	277,836
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contributions - employer	-	313,868	(313,868)
Net investment income	-	730,465	(730,465)
Benefit payments	(141,615)	(141,615)	-
Administrative expenses	-	-	-
Net change	329,694	902,718	(573,024)
Balances at 6/30/2025	$ 4,480,308	$ 6,355,337	$ (1,875,029)

The OPEB Plan's fiduciary net position as a percentage of the total OPEB liability was 141.9% as of June 30, 2025.

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

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

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

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

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability (asset)	$ (1,486,560)	$ (1,875,029)	$ (2,223,658)

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

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

	1% Decrease (3.25%)	Current Trend Rate (4.25%)	1% Increase (5.25%)
Net OPEB Liability (asset)	$ (2,302,772)	$ (1,875,029)	$ 1,371,516

OPEB Plan Fiduciary Net Position

Separate, audited GAAP basis OPEB plan reports are not available for the plan. Condensed financials as of and for the year ended June 30, 2025, are as follows:

ASSETS		
Investments	$	6,355,337
NET POSITION		
Restricted for OPEB benefits	$	6,355,337
ADDITIONS		
Contributions	$	313,868
Net investment income		691,532
		1,005,400
DEDUCTIONS		
Benefit payments		102,682
Administrative expenses and other		-
		102,682
CHANGE IN NET POSITION		902,718
BEGINNING NET POSTION		5,452,619
ENDING NET POSITION	$	6,355,337

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

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

For the ended June 30, 2025, the City recognized OPEB expense of ($164,990). The City recognized deferred outflows of resources, and deferred inflows of resources related to OPEB from the following sources as of the year ended June 30, 2025, as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 444,721	$ 1,316,575
Changes in actuarial assumptions	69,950	109,116
Net difference between projected and actual earnings in OPEB plan investments	-	453,864
	$ 514,671	$ 1,879,555

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

Years ending June 30,	Amount
2026	$ (147,624)
2027	(300,569)
2028	(259,353)
2029	(183,562)
2030	(104,893)
Thereafter	(368,883)
	$ (1,364,884)

11. OTHER INFORMATION

Risk Management

The City is exposed to various risks of loss related to torts; damages to, and destruction of assets; errors and omissions; employee's health and accident and natural disasters. The City purchases commercial insurance to protect its interest in its property and equipment, insurance against employee dishonesty and liability protection. Settled claims have not exceeded these coverage amounts during the years ended June 30, 2025, 2024, and 2023.

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

Commitments and Contingencies

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

11. OTHER INFORMATION (continued)

Commitments and Contingencies (continued)

The City entered into a contract with the U.S. Government, Department of Army to provide administrative and operational services to support water and sewer services to Aberdeen Proving Ground. Under the contract, the City is reimbursed for salary and fringe costs and indirect overhead costs (referred to as a management fee). The contract can be terminated by either party with three years' written notice.

The City has entered into various contracts for improvements. The projects are being funded by current revenue and accumulated net position. The value of the City's remaining commitments under these contracts at June 30, 2025, was $4,499,234.

Encumbrances recorded in the General Fund and Capital Projects Fund as of June 30, 2025, were $77,367 and $21,289, respectively.

12. NEW GASB STANDARDS

The GASB has issued Statement No. 101, *Compensated Absences*, and Statement No. 102, *Certain Risk Disclosures,* which took effect during FY 2025. The City implemented this Statement which did not have a material effect on the City's financial statements.

The GASB has issued Statement No. 103, *Financial Reporting Model Improvements* and Statement No. 104, *Disclosure of Certain Capital Assets*, which will require adoption in future years. The City will be analyzing the effect of these pronouncements and plans to adopt them, as applicable, by their effective date(s).

Required Supplementary Information

CITY OF ABERDEEN, MARYLAND

Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios – Defined Benefit Pension Plan
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability, beginning	$ 773,166	$ 855,254	$ 952,557	$ 962,844	$ 1,123,667	$ 1,145,855	$ 1,425,169	$ 1,537,783	$ 1,586,831	$ 1,573,653
Interest	29,063	26,260	24,854	29,682	40,688	40,772	57,524	61,849	67,615	78,181
Difference between expected and actual experience	1,927	21,890	(2,250)	25,992	(152,759)	19,528	(303,045)	(26,801)	9,873	5,043
Changes in assumptions	(11,797)	(41,789)	(29,677)	26,762	31,671	27,043	93,259	3,637	31,340	88,239
Benefit payments	(86,913)	(88,449)	(90,230)	(92,723)	(80,423)	(109,531)	(127,052)	(151,299)	(157,876)	(158,285)
Total pension liability, ending (a)	$ 705,446	$ 773,166	$ 855,254	$ 952,557	$ 962,844	$ 1,123,667	$ 1,145,855	$ 1,425,169	$ 1,537,783	$ 1,586,831
Plan fiduciary net position, beginning	$ 936,793	$ 1,006,537	$ 1,085,382	$ 1,148,231	$ 1,187,113	$ 1,252,327	$ 1,288,612	$ 1,339,137	$ 1,399,552	$ 1,449,945
Contributions - employer	-	-	-	-	19,194	19,194	67,369	67,855	57,934	62,665
Net investment income	32,316	34,013	26,785	41,371	40,318	43,193	41,547	51,157	53,869	59,641
Benefit payments	(86,913)	(88,449)	(90,230)	(92,723)	(80,423)	(109,531)	(127,052)	(151,299)	(157,876)	(158,285)
Administrative expenses	(15,025)	(15,308)	(15,400)	(11,497)	(17,971)	(18,070)	(18,149)	(18,238)	(14,342)	(14,414)
Plan fiduciary net position, ending (b)	$ 867,171	$ 936,793	$ 1,006,537	$ 1,085,382	$ 1,148,231	$ 1,187,113	$ 1,252,327	$ 1,288,612	$ 1,339,137	$ 1,399,552
Net pension liability, beginning	$ (163,627)	$ (151,283)	$ (132,825)	$ (185,387)	$ (63,446)	$ (106,472)	$ 136,557	$ 198,646	$ 187,279	$ 160,144
Net pension (asset) liability, ending (a) - (b)	$ (161,725)	$ (163,627)	$ (151,283)	$ (132,825)	$ (185,387)	$ (63,446)	$ (106,472)	$ 136,557	$ 198,646	$ 187,279
Plan fiduciary net position as a percentage of total pension liability	122.9%	121.2%	117.7%	113.9%	119.3%	105.6%	109.3%	90.4%	87.1%	88.2%
Covered payroll	-	-	-	-	-	-	-	-	-	-
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

CITY OF ABERDEEN, MARYLAND

Schedule of Changes in the City's Net Pension (Asset) Liability and Related Ratios – Police Department Pension Plan
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability, beginning	$ 16,567,892	$ 16,042,232	$ 16,360,663	$ 15,843,829	$ 14,103,622	$ 13,422,609	$ 12,132,176	$ 11,930,689	$ 10,257,086	$ 9,455,418
Service cost	327,283	329,363	447,904	460,835	381,397	409,708	397,134	383,990	306,236	323,625
Interest	1,026,918	915,581	946,203	919,863	885,788	843,763	796,486	760,928	720,047	697,737
Difference between expected and actual experience	909,275	1,100,498	(950,910)	(226,528)	113,721	(93,011)	157,723	(103,878)	42,306	(87,169)
Changes in assumptions	-	(1,027,885)	(101,364)	(41,274)	924,554	181,192	458,685	(399,120)	946,333	160,404
Changes in benefit terms	-	-	-	-	-	-	-	-	142,070	-
Benefit payments	(931,737)	(791,897)	(660,264)	(596,062)	(565,253)	(660,639)	(519,595)	(440,433)	(483,389)	(292,929)
Total pension liability, ending (a)	$ 17,899,631	$ 16,567,892	$ 16,042,232	$ 16,360,663	$ 15,843,829	$ 14,103,622	$ 13,422,609	$ 12,132,176	$ 11,930,689	$ 10,257,086
Plan fiduciary net position, beginning	$ 15,936,919	$ 14,924,903	$ 17,102,617	$ 13,788,597	$ 12,905,094	$ 11,881,392	$ 10,781,507	$ 9,454,665	$ 9,231,544	$ 8,734,063
Contributions - employer	197,321	544,062	528,110	637,494	778,936	795,497	665,662	545,099	521,120	424,102
Contributions - plan members	343,041	178,636	172,973	183,417	179,967	162,936	165,710	171,518	213,041	161,734
Net investment income (loss)	1,514,257	1,115,447	(2,190,176)	3,118,591	510,385	757,868	826,478	1,079,768	(2,904)	234,745
Benefit payments	(931,737)	(791,897)	(660,264)	(596,062)	(565,253)	(660,639)	(519,595)	(440,433)	(483,389)	(292,929)
Administrative expenses	(34,997)	(34,232)	(28,357)	(29,520)	(20,632)	(31,960)	(38,370)	(29,110)	(24,747)	(30,171)
Plan fiduciary net position, ending (b)	$ 17,024,804	$ 15,936,919	$ 14,924,903	$ 17,102,517	$ 13,788,497	$ 12,905,094	$ 11,881,392	$ 10,781,507	$ 9,454,665	$ 9,231,544
Net pension liability, beginning	$ 630,973	$ 1,117,329	$ 2,055,332	$ 1,198,528	$ 1,198,528	$ 1,541,217	$ 1,350,669	$ 2,476,024	$ 1,025,542	$ 1,681,213
Net pension (asset) liability, ending (a) - (b)	$ 874,827	$ 630,973	$ 1,117,329	$ (741,854)	$ 2,055,332	$ 1,198,528	$ 1,541,217	$ 1,350,669	$ 2,476,024	$ 1,025,542
Plan fiduciary net position as a percentage of total pension liability	95.1%	96.2%	93.0%	104.5%	87.0%	91.5%	88.5%	88.9%	79.2%	90.0%
Covered payroll	$ 2,653,954	$ 2,494,590	$ 2,141,712	$ 2,238,159	$ 2,442,325	$ 2,210,685	$ 2,350,824	$ 2,331,171	$ 2,303,500	$ 2,175,531
City's net pension liability as a percentage of covered payroll	33.0%	25.3%	52.2%	-33.1%	84.2%	54.2%	65.6%	57.9%	107.5%	47.1%

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

CITY OF ABERDEEN, MARYLAND

Schedule of City Contributions – Pension
Last Ten Fiscal Years – City Reporting
June 30, 2025

Defined Benefit Pension Plan

Years Ended June 30,	Actuarially determined contribution	Contribution	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	$ -	$ -	$ -	$ -	100%
2024	-	-	-	-	100%
2023	-	-	-	-	100%
2022	-	-	-	-	100%
2021	19,194	19,194	-	-	100%
2020	19,194	19,194	-	-	100%
2019	67,369	67,369	-	-	100%
2018	67,855	67,855	-	-	100%
2017	57,934	57,934	-	-	100%
2016	62,665	62,665	-	-	100%

Police Department Pension Plan

Years Ended June 30,	Actuarially determined contribution	Contribution	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	$ 426,149	$ 426,149	$ -	$ 3,268,145	13.0%
2024	293,041	343,041	(50,000)	2,653,954	12.9%
2023	294,062	544,062	(250,000)	2,494,590	21.8%
2022	528,110	528,110	-	2,141,712	24.7%
2021	637,494	637,494	-	2,238,159	28.5%
2020	778,936	778,936	-	2,442,325	31.9%
2019	795,497	795,497	-	2,210,685	36.0%
2018	665,662	665,662	-	2,350,824	28.3%
2017	545,099	545,099	-	2,331,171	23.4%
2016	521,120	521,120	-	2,303,500	22.6%

CITY OF ABERDEEN, MARYLAND

Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability, beginning	$ 4,150,615	$ 4,119,183	$ 3,857,468	$ 4,592,530	$ 4,323,048	$ 4,904,813	$ 3,737,833	$ 3,514,785	$ 3,295,297
Service cost	193,473	187,611	182,146	184,677	179,298	133,780	129,885	126,102	122,429
Interest	277,836	273,703	256,902	304,681	286,377	346,547	265,531	249,609	230,644
Difference between expected and actual experience [1]	-	(234,870)	-	(1,041,916)	-	(1,058,068)	1,222,988	-	-
Changes in assumptions	-	-	-	-	-	174,878	(300,062)	-	-
Benefit payments	(141,615)	(195,012)	(177,334)	(182,504)	(196,193)	(178,902)	(151,362)	(152,663)	(133,585)
Total OPEB liability, ending (a)	$ 4,480,309	$ 4,150,615	$ 4,119,182	$ 3,857,468	$ 4,592,530	$ 4,323,048	$ 4,904,813	$ 3,737,833	$ 3,514,785
Plan fiduciary net position, beginning	$ 5,452,620	$ 4,487,291	$ 3,718,668	$ 3,892,191	$ 2,678,236	$ 2,235,446	$ 1,737,627	$ 1,267,652	$ 764,790
Contributions - employer	313,868	485,012	493,334	515,504	581,193	563,902	536,362	540,663	518,585
Net investment income	730,465	678,671	456,503	(502,533)	831,966	60,116	114,331	81,975	117,928
Benefit payments [2]	(141,615)	(195,012)	(177,334)	(182,504)	(196,193)	(178,902)	(151,362)	(152,663)	(133,585)
Administrative expenses	-	(3,343)	(3,881)	(3,990)	(3,011)	(2,326)	(1,512)	-	(66)
Plan fiduciary net position, ending (b)	$ 6,355,338	$ 5,452,619	$ 4,487,290	$ 3,718,668	$ 3,892,191	$ 2,678,236	$ 2,235,446	$ 1,737,627	$ 1,267,652
Net OPEB liability, beginning	$ (1,302,004)	$ (368,108)	$ 138,800	$ 700,339	$ 1,644,812	$ 2,669,367	$ 2,530,507	$ 2,530,507	$ 2,530,507
Net OPEB (asset) liability, ending (a) - (b)	$ (1,875,029)	$ (1,302,004)	$ (368,108)	$ 138,800	$ 700,339	$ 1,644,812	$ 2,669,367	$ 2,000,206	$ 2,247,133
Plan fiduciary net position as a percentage of total OPEB liability	141.9%	131.4%	108.9%	96.4%	84.8%	62.0%	45.6%	46.5%	36.1%
Covered payroll	$ 12,390,738	$ 11,181,510	$ 10,537,237	$ 9,724,642	$ 8,420,431	$ 8,406,425	$ 8,529,840	$ 8,670,057	$ 8,417,532
City's net OPEB liability as a percentage of covered payroll	-15.1%	-11.6%	-3.5%	1.4%	8.3%	19.6%	31.3%	23.1%	26.7%

Notes to schedule:

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

CITY OF ABERDEEN, MARYLAND

Schedule of City Contributions - OPEB
June 30, 2025

Years Ended June 30,	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contributions deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2025	$ 136,146	$ 313,868	$ (177,722)	$ 12,390,738	2.5%
2024	132,181	485,012	(352,831)	11,181,510	4.3%
2023	154,211	493,334	(339,123)	10,537,237	4.7%
2022	149,719	515,504	(365,785)	9,724,642	5.3%
2021	314,556	581,193	(266,637)	8,420,431	6.9%
2020	304,602	563,902	(259,300)	8,406,425	6.7%
2019	248,910	536,362	(287,452)	8,529,840	6.3%
2018	310,133	540,663	(230,530)	8,670,057	6.2%
2017	306,203	518,585	(212,382)	8,417,532	6.2%
2016	404,108	564,588	(160,480)	7,679,576	7.4%

City amounts above include implicit subsidies.

CITY OF ABERDEEN, MARYLAND

Schedule of Investment Returns – Pension and OPEB
June 30, 2025

	Year Ended									
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Defined Benefit Pension Plan										
Annual money weighted rate of return, net of investment expense	3.76%	3.66%	3.57%	2.60%	3.78%	3.49%	3.61%	3.31%	4.01%	4.05%
Police Department Pension Plan										
Annual money weighted rate of return, net of investment expense	10.21%	9.60%	7.57%	-12.77%	22.33%	3.85%	6.24%	7.48%	11.32%	-0.03%
OPEB Plan										
Annual money weighted rate of return, net of investment expense	13.20%	14.70%	11.90%	-12.40%	29.40%	2.50%	5.90%	5.70%	13.04%	0.36%

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

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

Notes to Required Supplementary Information
Year Ended June 30, 2025

Pension Trend Information

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

Defined Benefit Plan

Valuation date	June 30, 2025
Actuarial cost method	Entry age normal
Amortization method	Straight line
Amortization period	5 years
Asset valuation method	Market value of assets held in separate accounts and contract value of assets held
Investment rate of return	4.00%, net of investment expense and including inflation
Inflation	2.40%
Salary increase	5.77% to 7.3% based on age, plus 2.2%
Mortality	PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (Ml) rates using the MP-2021 mortality improvement scale. Mortality rates before the benefit payment period were based on PubG-2010 Employee, for Males and Females. Mortality rates for retirees, contingent survivors and disabled retirees were based on PubG-2010 Healthy Retiree base table, for Male and Females.
Disability	1987 Commissioner's Group Disability Table, six-month elimination period, for Males and Females

Police Department Pension Plan

Valuation date	June 30, 2025
Actuarial cost method	Entry age normal
Amortization method	Straight line
Amortization period	Initial funded actuarial accrued liability 5 years; experience gains/losses, amendments, assumption changes 10 years
Asset valuation method	Market value of assets
Investment rate of return	6.25%, net of investment expense and including inflation
Inflation	2.40%
Salary increase	4.88% to 7.18% based on age, plus 3.0%

Police Department Pension Plan (continued)

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

OPEB Trend Information

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

Valuation date	June 30, 2025
Actuarial cost method	Entry age, individual level percentage of pay
Amortization method	Level Dollar, 21 years remaining
Amortization period	30 years
Asset valuation method	Smoothed value of assets
Investment rate of return	6.50%, net of investment expenses and including inflation
Inflation	2.50%
Salary increase	6.5% per year for safety employees and 5.0% per year for general employees
Mortality	PUB 2010G Headcount generational improvement scale SSA for general employees and PUB 2010S Headcount generational improvement with scale SSA for safety employees

Other Supplementary Information

CITY OF ABERDEEN, MARYLAND

Schedule of Revenues and Other Financing Sources-Budget and Actual-General Fund
Year Ended June 30, 2025

	Budget Amounts		Actual	Budget Variance Positive
	Original	Final	Amounts	(Negative)
TAXES				
Property taxes:				
Real estate taxes	$ 10,638,929	$ 10,638,929	$ 11,699,370	$ 1,060,441
Corporation personal property taxes	1,862,271	1,862,271	1,863,438	1,167
Utilities personal property tax	610,000	610,000	679,154	69,154
Penalties and interest	23,000	23,000	18,746	(4,254)
Additions and abatements	(12,000)	(12,000)	(85,188)	(73,188)
Tax credit - firemen exemptions	(14,500)	(14,500)	(14,500)	-
Tax credit - no water or sewer	(5,529)	(5,529)	(5,868)	(339)
Enterprise Zone Tax Credits	(176,288)	(176,288)	(190,101)	(13,813)
PILOT tax credits	-	-	(28,720)	(28,720)
	12,925,883	12,925,883	13,936,331	1,010,448
Local taxes:				
Franchise tax	160,894	160,894	149,075	(11,819)
Mobile home excise tax	31,600	31,600	31,860	260
Utilities pole tax	54,304	54,304	64,979	10,675
	246,798	246,798	245,914	(884)
State shared taxes:				
Income tax	1,900,000	1,900,000	2,579,776	679,776
	1,900,000	1,900,000	2,579,776	679,776
Total taxes	15,072,681	15,072,681	16,762,021	1,689,340
Licenses and Permits				
Traders' licenses	34,000	34,000	36,526	2,526
Grading permits	24,000	24,000	32,246	8,246
Building permits	35,000	35,000	65,037	30,037
Site plan review	30,000	30,000	9,745	(20,255)
Mobile Home Park Licenses	600	600	600	-
Peddlers Permits	150	150	150	-
Deed Stamps and Tax Certificates	5,000	5,000	6,874	1,874
Total licenses and permits	128,750	128,750	151,178	22,428

CITY OF ABERDEEN, MARYLAND

Schedule of Revenues and Other Financing Sources-Budget and Actual-General Fund
Year Ended June 30, 2025

	Budget Amounts		Actual	Budget Variance Positive
	Original	Final	Amounts	(Negative)
Intergovernmental				
Grants from state government:				
Police state aid	$ 475,683	$ 475,683	$ 439,052	$ (36,631)
Highway user	1,109,415	1,109,415	1,037,048	(72,367)
Other	150,000	796,310	514,964	(281,346)
	1,735,098	2,381,408	1,991,064	(390,344)
Grants from county government:				
In lieu of financial corporation	7,142	7,142	7,142	-
Tax differential - Harford County	1,315,032	1,315,032	1,315,032	-
Senior Center Reimbursment	59,359	59,359	59,359	
Hotel and motel	850,000	850,000	616,616	(233,384)
Municipal Separate Storm Sewer System	160,559	160,559	157,629	(2,930)
Other	26,000	28,800	18,706	(10,094)
	2,418,092	2,420,892	2,174,484	(246,408)
Grants from local government:				
Residential special patrol	70,000	70,000	54,159	(15,841)
Total intergovernmental	4,223,190	4,872,300	4,219,707	(652,593)
APG Management Fees	1,000,000	1,000,000	1,462,579	462,579
Miscellaneous Revenues				
Opioid Litigation Settlement	-	11,473	15,384	3,911
Police miscellaneous income	4,500	4,500	15,093	10,593
Trash Stickers	15,000	15,000	48,545	33,545
Fines	5,000	5,000	2,570	(2,430)
DPW miscellaneous income	30,000	30,000	196,050	166,050
Interest	450,000	450,000	694,375	244,375
Annexation	15,000	15,000	-	(15,000)
Other rents	5,500	5,500	4,958	(542)
Stormwater management fees	50,000	50,000	24,024	(25,976)
Police seized assets	10,000	10,000	4,896	(5,104)
Seized funds	-	48,100	48,740	640
Main street events	2,000	2,000	100	(1,900)
Miscellaneous income - Other	40,000	40,000	10,399	(29,601)
Total miscellaneous revenues	627,000	686,573	1,065,134	378,561
Total revenues	21,051,621	21,760,304	23,660,619	1,900,315
Other Financing Sources				
Proceeds from sale of assets	-	-	223,616	223,616
Appropriation of fund balance	273,548	328,405	-	(328,405)
Total other financing sources	273,548	328,405	223,616	(104,789)
Total revenues and other financing sources	$ 21,325,169	$ 22,088,709	$ 23,884,235	$ 1,795,526

CITY OF ABERDEEN, MARYLAND

Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund
Year Ended June 30, 2025

	Budget Amounts		Actual	Budget Variance Positive
	Original	Final	Amounts	(Negative)
General Government				
Legislative:				
Elected officials	$ 83,346	$ 83,346	77,314	$ 6,032
Operating expenditures	89,639	89,639	87,179	2,460
Maryland Municipal League	18,700	18,700	20,000	(1,300)
Volunteer dinner	5,000	5,000	2,340	2,660
	196,685	196,685	186,833	9,852
Executive:				
Salaries	1,338,707	1,338,707	1,106,755	231,952
Operating expenditures	87,000	87,000	75,383	11,617
Capital expenditures	200	200	213	(13)
	1,425,907	1,425,907	1,182,351	243,556
Elections				
Operating expenditures	-	-	-	-
Finance:				
Salaries	732,586	732,586	694,129	38,457
Operating expenditures	23,000	23,000	(8,102)	31,102
Audit	12,000	12,000	4,197	7,803
Capital expenditures	1,000	1,000	798	202
	768,586	768,586	691,022	77,564
Legal:				
Codification	6,000	6,000	2,820	3,180
Counsel	110,000	110,000	52,346	57,654
	116,000	116,000	55,166	60,834
Planning and community development:				
Salaries	393,779	393,779	331,934	61,845
Operating expenditures	35,000	35,000	25,588	9,412
Government Strategic Planning	199,130	561,250	213,864	347,386
Capital expenditures	5,000	5,000	4,870	130
	632,909	995,029	576,256	418,773
Government buildings:				
Operating expenditures	1,041,500	1,041,500	992,823	48,677
Capital expenditures	-	251,990	264,902	(12,912)
	1,041,500	1,293,490	1,257,725	35,765
General government:				
Operating expenditures	85,000	85,000	75,248	9,752
Health and safety:				
Operating expenditures	16,500	16,500	17,194	(694)
	16,500	16,500	17,194	(694)
Total general government	4,283,087	4,897,197	4,041,795	855,402

CITY OF ABERDEEN, MARYLAND

Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund
Year Ended June 30, 2025

	Budget Amounts		Actual	Budget Variance Positive
	Original	Final	Amounts	(Negative)
Public Safety				
Police Department:				
Salaries	$ 7,356,890	$ 7,356,890	$ 7,280,596	$ 76,294
Operating expenditures	697,584	835,541	633,312	202,229
Capital expenditures	255,000	255,000	241,574	13,426
	8,309,474	8,447,431	8,155,482	291,949
Volunteer fire department:				
Contribution	341,186	341,186	341,186	-
Total public safety	8,650,660	8,788,617	8,496,668	291,949
Public Works				
Public Works Administration:				
Salaries	1,345,068	1,345,068	1,515,290	(170,222)
Operating expenditures	98,000	98,000	42,474	55,526
Capital expenditures	25,000	25,000	5,226	19,774
	1,468,068	1,468,068	1,562,990	(94,922)
Streets:				
Salaries	1,117,103	1,117,103	1,059,943	57,160
Operating Expenditures	554,500	554,500	497,541	56,959
Capital expenditures	5,000	5,000	-	5,000
	1,676,603	1,676,603	1,557,484	119,119
Street lighting:				
Operating expenditures	333,500	333,500	319,808	13,692
Winter operation:				
Operating expenditures	60,000	60,000	55,981	4,019
Solid waste:				
Salaries	554,992	554,992	507,251	47,741
Operating Expenditures	627,650	627,650	615,294	12,356
Capital expenditures	1,000	1,000	-	1,000
	1,183,642	1,183,642	1,122,545	61,097
Municipal separate storm sewer systems:				
Salaries	112,970	112,970	185,069	(72,099)
Operating expenditures	168,300	168,300	179,385	(11,085)
Capital expenditures	1,000	1,000	-	1,000
	282,270	282,270	364,454	(82,184)
Total public works	5,004,083	5,004,083	4,983,262	20,821
Parks and Recreation				
Operating expenditures	191,600	191,600	174,881	16,719
	191,600	191,600	174,881	16,719
Miscellaneous				
Miscellaneous	243,800	255,273	112,357	142,916
	243,800	255,273	112,357	142,916

CITY OF ABERDEEN, MARYLAND

Schedule of Expenditures and Other Financing Uses-Budget and Actual-General Fund
Year Ended June 30, 2025

	Budget Amounts		Actual	Budget Variance Positive
	Original	Final	Amounts	(Negative)
Debt Service				
Debt service principal	$ 237,615	$ 237,615	$ 236,405	$ 1,210
Debt service interest and fees	62,209	62,209	60,818	1,391
	299,824	299,824	297,223	2,601
Total expenditures	18,673,054	19,436,594	18,106,186	1,330,408
Other Financing Uses				
Transfers Out	2,652,115	2,652,115	2,652,115	-
Total expenditures and other financing uses	$ 21,325,169	$ 22,088,709	$ 20,758,301	$ 1,330,408

CITY OF ABERDEEN, MARYLAND

Schedule of Revenues, Expenditures and Other Financing Sources Budget and Actual-
Capital Projects Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Budget Variance Positive (Negative)
Revenues				
Revenues from other agencies	$ 4,942,000	$ 5,167,890	$ 57,016	$ (5,110,874)
Total revenues	4,942,000	5,167,890	57,016	(5,110,874)
Expenditures				
General government	5,485,890	5,485,890	-	5,485,890
Public safety	166,000	166,000	146,643	19,357
Public works	1,569,415	1,569,415	1,569,213	202
Parks and Recreation	35,000	35,000	-	35,000
Total expenditures	7,256,305	7,256,305	1,715,856	5,540,449
Other Financial Sources				
Transfers from general fund	2,213,415	2,213,415	2,213,415	-
Total other financing sources	2,213,415	2,213,415	2,213,415	-
Net change in fund balance (budgetary basis)	(100,890)	125,000	$ 554,575	$ 554,575
Adjustments to Conform with Generally Accepted Accounting Principles (GAAP)			(32,911)	
Net Change in Fund Balance (GAAP Basis)			521,664	
Fund Balance				
Beginning			2,872,508	
Ending			$ 3,394,172	

CITY OF ABERDEEN, MARYLAND

Combining Statement of Fiduciary Net Position
As of June 30, 2025

	Pension Trusts		Other Post Employment Benefits Trust	Total
	Police Department Plan	Defined Benefit Plan		
Assets				
Investments at fair-value:				
Pooled separate accounts	$ 18,622,519	$ -	$ 6,355,337	$ 24,977,856
Insurance contract, at cost	-	805,092	-	805,092
Total assets	18,622,519	805,092	6,355,337	25,782,948
Net position				
Restricted for pension/other post-employment benefits	$ 18,622,519	$ 805,092	$ 6,355,337	$ 25,782,948

CITY OF ABERDEEN, MARYLAND

Combining Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	Pension Trusts			
	Police Department Plan	Defined Benefit Plan	Other Post Employment Benefits Trust	Total
Additions				
Contributions:				
Employer contributions	$ 426,150	$ -	$ 313,868	$ 740,018
Plan member contributions	243,430	-	-	243,430
Total contributions	669,580	-	313,868	983,448
Net investment income	1,755,301	30,292	691,532	2,477,125
Total additions	2,424,881	30,292	1,005,400	3,460,573
Deductions				
Benefit payments	771,009	77,759	102,682	951,450
Administrative expenses and other	56,157	14,612	0	70,769
Total deductions	827,166	92,371	102,682	1,022,219
Change in net position	1,597,715	(62,079)	902,718	2,438,354
Net position - beginning	17,024,804	867,171	5,452,619	23,344,594
Net position - ending	$ 18,622,519	$ 805,092	$ 6,355,337	$ 25,782,948

Statistical Section

STATISTICAL SECTION

The Statistical Section of the City's Annual Comprehensive 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 assesseing the City's current performance against historical performances.

Revenue Capacity
Tables 7 through 10 show information that may help the reader in assesseing 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 assesseing the affordability of the City's current levels of outstanding debt and it's ability to issue additional debt in the future.

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

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

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

Table 1

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities										
Net Investment in Capital Assets	$ 32,813,618	$ 32,001,042	$ 31,146,461	$ 28,868,469	$ 27,573,602	$ 27,329,283	$ 23,675,321	$ 22,534,359	$ 22,361,333	$ 21,292,838
Restricted	1,806,759	1,285,220	450,027	874,679	185,387	63,446	106,472	41,888	-	429,003
Unrestricted	24,257,146	21,677,863	20,123,559	17,011,349	14,730,674	13,433,025	15,247,960	13,174,737	10,931,365	9,557,127
Total Governmental Activities Net Position	58,877,523	54,964,125	51,720,047	46,754,497	42,489,663	40,825,754	39,029,753	35,750,984	33,292,698	31,278,968
Business-Type Activities										
Net Investment in Capital Assets	59,709,054	55,190,708	51,307,595	49,226,723	47,881,373	43,898,885	42,509,743	40,970,966	40,021,208	39,873,118
Restricted	229,995	180,412	76,770	37,439	-	-	-	-	-	3,578,396
Unrestricted	28,741,174	23,688,523	15,744,639	14,975,975	8,045,290	4,174,381	4,239,596	5,114,484	6,564,707	883,220
Total Business-Type Activities Net Position	88,680,223	79,059,643	67,129,004	64,240,137	55,926,663	48,073,266	46,749,339	46,085,450	46,585,915	44,334,734
Primary Government										
Net Investment in Capital Assets	92,522,672	87,191,750	82,454,056	78,095,192	75,454,975	71,228,168	66,185,064	63,505,325	62,382,541	61,165,956
Restricted	2,036,754	1,465,632	526,797	912,118	185,387	63,446	106,472	41,888	-	4,007,399
Unrestricted	52,998,320	45,366,386	35,868,198	31,987,324	22,775,964	17,607,406	19,487,556	18,289,221	17,496,072	10,440,347
Total Primary Government Activities Net Position	$ 147,557,746	$ 134,023,768	$ 118,849,051	$ 110,994,634	$ 98,416,326	$ 88,899,020	$ 85,779,092	$ 81,836,434	$ 79,878,613	$ 75,613,702

(1) As restated

Source:
City financial records.

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

Table 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses:										
Governmental Activities										
General Government	$ 5,560,790	$ 4,552,342	$ 3,612,712	$ 4,088,062	$ 4,768,267	$ 4,428,929	$ 3,844,952	$ 3,813,228	$ 4,048,692	$ 3,523,465
Public Safety	9,585,912	7,969,342	7,796,900	7,109,899	6,858,164	7,294,920	6,535,392	6,155,080	6,839,990	5,991,215
Public Works	6,484,943	7,003,679	6,169,756	5,674,588	5,446,825	5,194,298	5,050,716	5,337,873	4,549,120	4,387,453
Parks and Recreation	464,639	256,298	173,164	163,533	153,199	161,424	155,040	193,215	149,700	122,603
Interest on Long-Term Debt	60,271	60,060	52,674	71,788	95,817	115,206	129,355	100,073	92,562	142,235
Total Governmental Activities Expenses	22,156,555	19,841,721	17,805,206	17,107,870	17,322,272	17,194,777	15,715,455	15,599,469	15,680,064	14,166,971
Business-Type Activities										
Water Sewer	4,792,668	3,841,773	3,446,577	3,198,305	3,069,311	2,980,003	3,064,432	3,529,033	3,303,186	3,094,184
Stadium	5,589,861	5,088,409	4,804,945	4,421,434	4,167,441	4,246,640	4,179,053	4,092,786	4,030,851	4,017,082
Unrestricted	887,770	1,083,046	979,258	884,024	585,220	608,747	730,718	612,137	496,814	527,575
Total Business-Type Activities Expenses	11,270,299	10,013,228	9,230,780	8,503,763	7,821,972	7,835,390	7,974,203	8,233,956	7,830,851	7,638,841
Total Primary Government Expenses	$ 33,426,854	$ 29,854,949	$ 27,035,986	$ 25,611,633	$ 25,144,244	$ 25,030,167	$ 23,689,658	$ 23,833,425	$ 23,510,915	$ 21,805,812
Program Revenues										
Governmental Activities										
Charges for Services:										
General Government	$ 200,499	$ 306,139	$ 285,325	$ 358,452	$ 210,032	$ 203,847	$ 232,336	$ 317,947	$ 361,070	$ 368,918
Public Safety	15,093	3,848	41,872	33,724	7,895	54,890	56,662	66,254	100,448	29,916
Public Works	3,867,466	3,713,246	3,522,965	3,117,772	2,768,003	2,813,817	2,834,960	2,638,231	2,544,070	2,469,187
Operating Grants and Contributions	3,486,467	3,744,087	3,282,111	3,257,165	2,715,093	2,593,163	2,491,302	2,194,773	2,750,406	2,655,066
Capital Grants and Contributions	1,109,803	1,056,284	1,917,914	1,319,766	754,756	917,130	676,879	1,165,055	311,176	494,342
Total Governmental Activities Program Revenues	8,679,328	8,823,604	9,050,187	8,086,879	6,455,779	6,582,847	6,292,139	6,382,260	6,067,170	6,017,429
Business-Type Activities										
Charges for Services:										
Water Sewer	7,813,006	7,994,926	3,997,442	6,640,635	6,036,124	3,751,983	3,036,169	2,907,119	3,896,382	2,674,959
Stadium	7,508,076	7,529,370	4,094,122	6,230,314	4,784,493	3,630,573	3,386,368	3,275,193	3,522,854	3,169,699
Unrestricted	-	-	-	-	-	3,606	14,280	66,970	83,000	65,150
Operating Grants and Contributions	136,309	136,309	224,887	142,355	120,000	120,000	120,000	120,000	120,000	120,000
Capital Grants and Contributions	4,104,399	4,353,872	2,990,220	2,841,740	1,934,557	477,179	471,990	456,175	966,666	447,700
Total Business-Type Activities Program Revenues	19,561,790	20,014,477	11,306,671	15,855,044	12,875,174	7,983,341	7,028,807	6,825,457	8,588,902	6,477,508
Total Primary Government Program Revenues	$ 28,241,118	$ 28,838,081	$ 20,356,858	$ 23,941,923	$ 19,330,953	$ 14,566,188	$ 13,320,946	$ 13,207,717	$ 14,656,072	$ 12,494,937
Net (Expense)/Revenue										
Governmental Activities	$ (13,477,227)	$ (11,018,117)	$ (8,755,019)	$ (9,020,991)	$ (10,866,493)	$ (10,611,930)	$ (9,423,316)	$ (9,217,209)	$ (9,612,894)	$ (8,149,542)
Business-Type Activities	8,291,491	10,001,249	2,075,891	7,351,281	5,053,202	147,951	(945,396)	(1,408,499)	758,051	(1,161,333)
Total Primary Government Net Expense	$ (5,185,736)	$ (1,016,868)	$ (6,679,128)	$ (1,669,710)	$ (5,813,291)	$ (10,463,979)	$ (10,368,712)	$ (10,625,708)	$ (8,854,843)	$ (9,310,875)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property Taxes	$ 13,840,227	$ 12,702,788	$ 11,426,617	$ 11,380,588	$ 11,304,025	$ 11,040,939	$ 10,987,022	$ 10,985,691	$ 10,907,789	$ 10,053,492
State Shared Taxes, Unrestricted	2,804,815	2,502,866	1,935,789	198,796	267,774	256,417	262,721	270,245	274,392	277,870
Other Local Taxes	245,914	235,593	304,246	2,217,629	2,055,091	1,843,683	1,886,645	1,410,686	1,483,135	1,472,297
Investment Earnings	714,753	657,820	420,565	21,631	11,892	197,765	285,154	118,896	49,603	26,249
Gain (loss) on Safe of Capital Assets	223,616	(523,372)	-	94,463	8,441	16,894	523,573	(387,830)	134,166	324,547
Transfers	(438,700)	(1,313,500)	(366,648)	(627,282)	(1,116,820)	(947,767)	(1,243,030)	(721,722)	(1,222,461)	(525,206)
Total Governmental Activities	17,390,625	14,262,195	13,720,569	13,285,825	12,530,403	12,407,931	12,702,085	11,675,966	11,626,624	11,629,249
Business-Type Activities:										
Taxes										
Other Local Taxes	-	-	-	-	-	-	-	-	-	-
State Shared Taxes, Unrestricted	375,972	362,845	339,977	219,542	43,792	113,737	260,214	123,253	121,994	66,630
Investment Earnings	511,317	237,815	-	-	-	-	-	-	-	-
Gain (loss) on Safe of Capital Assets	3,100	15,230	106,351	115,465	114,361	24,273	30,231	38,421	51,649	24,606
Debt Forgiveness	-	-	-	-	25,222	90,197	75,810	24,928	96,735	41,836
Transfers	438,700	1,313,500	-	-	1,500,000	-	-	-	-	-
			366,648	627,282	1,116,820	947,767	1,243,030	721,722	1,222,461	525,206
Total Business-Type Activities	1,329,089	1,929,390	812,976	962,289	2,800,195	1,175,974	1,609,285	908,324	1,492,839	658,278
Total Primary Government	$ 18,719,714	$ 16,191,585	$ 14,533,545	$ 14,248,114	$ 15,330,598	$ 13,583,905	$ 14,311,370	$ 12,584,290	$ 13,119,463	$ 12,287,527
Change in Net Position										
Governmental Activities	$ 3,913,398	$ 3,244,078	$ 4,965,550	$ 4,264,834	$ 1,663,910	$ 1,796,001	$ 3,278,769	$ 2,458,757	$ 2,013,730	$ 3,479,707
Business-Type Activities	9,620,580	11,930,639	2,888,867	8,313,570	7,853,397	1,323,925	663,889	(500,175)	2,250,890	(503,055)
Total Primary Government Changes in Net Position	$ 13,533,978	$ 15,174,717	$ 7,854,417	$ 12,578,404	$ 9,517,307	$ 3,119,926	$ 3,942,658	$ 1,958,582	$ 4,264,620	$ 2,976,652

(1) As restated

Source:
City financial records.

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

Table 3

Fiscal Year	Property Tax	Income Tax	Admissions Tax	Other Local Taxes	Total
2025	$ 13,840,227	$ 2,804,815	$ -	$ 245,914	$ 16,890,956
2024	12,702,788	2,502,866	-	235,593	15,441,247
2023	11,426,617	1,935,789	-	304,246	13,666,652
2022	11,380,588	2,217,629	-	198,796	13,797,013
2021	11,304,025	2,055,091	-	267,774	13,626,890
2020	11,040,939	1,843,683	-	256,417	13,141,039
2019	10,987,022	1,886,645	-	262,721	13,136,388
2018	10,985,691	1,410,686	-	270,245	12,666,622
2017	10,907,789	1,483,135	-	274,392	12,665,316
2016	10,053,492	1,405,667	66,630	277,870	11,803,659

Source: City financial records.

Table 4

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Non-spendable	$ 22,266	$ 30,964	$ 45,158	$ 32,635	$ 44,665	$ 10,245	$ 10,302	$ 20,723	$ 574,127	$ 143,866
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	632,691	612,934	592,065	643,608	340,049	879,311	1,630,738	1,547,952	89,596	-
Unassigned	21,406,895	18,334,729	18,291,742	17,106,969	14,654,544	12,378,520	12,995,768	11,904,488	12,531,920	11,303,280
Total General Fund	$ 22,061,852	$ 18,978,627	$ 18,928,965	$ 17,783,212	$ 15,039,258	$ 13,268,076	$ 14,636,808	$ 13,473,163	$ 13,195,643	$ 11,447,146
Special Revenue Fund										
Non-spendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	41,888	-	429,003
Assigned	-	-	-	-	-	-	-	27,799	-	-
Unassigned	-	-	-	-	-	-	-	-	(89,921)	-
Total Special Revenue Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,687	$ (89,921)	$ 429,003
Capital Projects Fund										
Non-spendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	3,394,172	2,872,508	1,100,705	466,413	1,096,498	1,244,427	2,175,683	1,836,008	503,594	784,827
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	$ 3,394,172	$ 2,872,508	$ 1,100,705	$ 466,413	$ 1,096,498	$ 1,244,427	$ 2,175,683	$ 1,836,008	$ 503,594	$ 784,827

Source: City financial records.

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

Table 5

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Taxes	$ 16,762,021	$ 15,169,106	$ 13,735,101	$ 13,505,288	$ 13,683,068	$ 12,819,072	$ 13,014,782	$ 12,597,008	$ 12,630,135	$ 11,814,604
Licenses and permits	151,178	195,486	123,823	256,731	161,274	118,841	461,753	168,860	114,214	110,186
Intergovernmental	4,256,345	4,866,467	5,382,555	4,322,746	3,269,780	3,264,967	3,116,937	3,235,492	2,812,183	3,217,453
APG management fees	3,595,868	3,204,661	3,075,190	2,850,166	2,655,561	2,675,796	2,244,677	2,413,303	2,473,394	2,402,144
Investment income	714,753	-	-	-	-	-	-	-	-	-
Miscellaneous	370,757	1,291,417	1,093,047	568,014	183,701	584,628	797,253	731,616	568,642	393,440
Total Revenues	25,850,922	24,727,137	23,409,716	21,502,945	19,953,384	19,463,304	19,635,402	19,146,279	18,598,568	17,937,827
Expenditures										
Current:										
General government	3,416,982	3,013,727	2,837,369	2,741,671	2,614,685	2,784,360	2,505,377	2,639,148	2,758,287	2,849,207
Public safety	8,705,235	5,690,606	5,530,622	5,110,387	4,514,807	4,816,928	4,556,018	5,314,162	4,456,162	4,353,357
Public works	5,653,019	5,648,911	5,016,456	4,711,760	4,557,487	4,296,156	4,200,679	5,714,237	5,500,938	4,607,440
Parks and recreation	352,117	141,303	125,577	118,853	89,965	95,096	94,107	212,601	111,165	98,922
Miscellaneous	1,118,772	3,719,459	3,684,246	3,252,644	3,542,241	3,627,120	3,300,513	3,163,131	3,306,756	3,287,148
Capital outlay	2,487,601	3,307,549	3,628,798	2,220,817	1,192,295	4,610,674	2,223,832	-	-	-
Debt service:										
Principal	236,406	281,855	386,735	636,108	612,226	607,438	539,701	455,997	333,834	346,128
Interest	60,817	60,606	53,220	74,017	98,046	117,435	131,585	102,302	94,791	122,823
Total Expenditures	22,030,949	21,864,016	21,263,023	18,866,257	17,221,752	20,955,207	17,551,812	17,601,578	16,561,933	15,665,025
Excess of revenues over (under) expenditures	3,819,973	2,863,121	2,146,693	2,636,688	2,731,632	(1,491,903)	2,083,590	1,544,701	2,036,635	2,272,802
Other financing sources										
Loan proceeds, net of payments to escrow agent and issuance of refunding bonds	-	92,822	-	-	-	122,788	69,500	839,991	-	22,844
Transfer in (out)	(438,700)	(1,313,500)	(366,648)	(627,282)	(1,116,820)	(947,767)	(1,243,030)	(721,722)	(1,222,461)	(525,206)
Proceeds from sale of capital assets	223,616	179,022	-	104,463	8,441	16,894	523,573	106,572	134,166	331,533
Total other financing sources	(215,084)	(1,041,656)	(366,648)	(522,819)	(1,108,379)	(808,085)	(649,957)	224,841	(1,088,295)	(170,829)
Net change in fund balances	$ 3,604,889	$ 1,821,465	$ 1,780,045	$ 2,113,869	$ 1,623,253	$ (2,299,988)	$ 1,433,633	$ 1,769,542	$ 948,340	$ 2,101,973
Debt Service (P & I) as a percentage of non-capital expenditures	1.51%	1.83%	2.46%	4.27%	4.42%	4.45%	4.38%	3.68%	2.92%	3.40%

General Governmental Tax Revenues by Source Table 6
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Tax	Income Tax	Highway User Tax (1)	Admission Tax	Other Local Taxes	Total
2025	$ 13,936,331	$ 2,579,776	$ -	$ -	$ 245,914	$ 16,762,021
2024	12,644,585	2,288,928	-	-	235,593	15,169,106
2023	11,427,763	2,003,092	-	-	304,246	13,735,101
2022	11,324,961	1,981,531	-	-	198,796	13,505,288
2021	11,469,858	1,945,436	-	-	267,774	13,683,068
2020	10,943,048	1,619,607	-	-	256,417	12,819,072
2019	10,970,981	1,781,080	-	-	262,721	13,014,782
2018	11,001,139	1,325,624	-	-	270,245	12,597,008
2017	10,882,635	1,473,108	-	-	274,392	12,630,135
2016	10,050,537	1,419,567	-	66,630	277,870	11,814,604

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

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

Source: City financial records.

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

Table 7

Fiscal Year Ended June 30,	Real Property Taxable Assessed Value	Real Property Estimated Actual Value	Real Property Total Direct Rate	Real Property Assessed Value	Real Property Estimated Actual Value	Real Property Total Direct Rate	Total Assessed Property Assessed Value	Total Assessed Property Estimated Actual Value	Market Value Change Amount	Market Value Change Percentage
2025	$1,880,735,047	$1,880,735,047	0.6250	$151,474,688	$ 151,474,688	1.7000	$ 2,032,209,735	$ 2,032,209,735	$ 139,382,743	7.36%
2024	1,739,826,452	1,739,826,452	0.6250	153,000,540	153,000,540	1.7000	1,892,826,992	1,892,826,992	206,760,463	12.26%
2023	1,565,883,849	1,565,883,849	0.6250	120,182,680	120,182,680	1.7000	1,686,066,529	1,686,066,529	42,499,040	2.59%
2022	1,527,355,659	1,527,355,659	0.6400	116,211,830	116,211,830	1.7000	1,643,567,489	1,643,567,489	11,122,861	0.68%
2021	1,520,418,978	1,520,418,978	0.6400	112,025,650	112,025,650	1.7000	1,632,444,628	1,632,444,628	69,473,626	4.44%
2020	1,449,074,242	1,449,074,242	0.6400	113,896,760	113,896,760	1.7000	1,562,971,002	1,562,971,002	17,552,319	1.14%
2019	1,429,404,008	1,429,404,008	0.6502	116,014,675	116,014,675	1.7000	1,545,418,683	1,545,418,683	(12,088,615)	-0.78%
2018	1,446,743,944	1,446,743,944	0.6502	110,763,354	110,763,354	1.7000	1,557,507,298	1,557,507,298	30,958,966	2.03%
2017	1,414,368,122	1,414,368,122	0.6566	112,180,210	112,180,210	1.7000	1,526,548,332	1,526,548,332	62,876,643	4.30%
2016	1,390,533,929	1,390,533,929	0.6600	73,137,760	73,137,760	1.7000	1,463,671,689	1,463,671,689	15,257,246	1.05%

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

Source: City financial records.

Property Tax Rates - Direct and Overlapping Governments Table 8
Last Ten Fiscal Years

Real Property Tax Rate

Fiscal Year Ended June 30,	City of Aberdeen General Fund	City of Aberdeen Total Direct Rate	Harford County	State of Maryland	Total Tax Rate
2025	$ 0.6250	$ 0.6250	$ 0.9779	$ 0.1120	$ 1.7149
2024	0.6250	0.6250	0.9779	0.1120	1.7149
2023	0.6250	0.6250	0.9779	0.1120	1.7149
2022	0.6400	0.6400	1.0279	0.1120	1.7799
2021	0.6400	0.6400	1.0420	0.1120	1.7940
2020	0.6400	0.6400	1.0420	0.1120	1.7940
2019	0.6502	0.6502	1.0420	0.1120	1.8042
2018	0.6502	0.6502	1.0420	0.1120	1.8042
2017	0.6566	0.6566	1.0420	0.1120	1.8106
2016	0.6600	0.6600	1.0420	0.1120	1.8140

Personal Property Tax Rate

Fiscal Year Ended June 30,	City of Aberdeen General Fund	City of Aberdeen Total Direct Rate	Harford County	State of Maryland	Total Tax Rate
2025	$ 1.7000	$ 1.7000	$ 2.4448	$ -	$ 4.1448
2024	1.7000	1.7000	2.4448	-	4.1448
2023	1.7000	1.7000	2.5698	-	4.2698
2022	1.7000	1.7000	2.6049	-	4.3049
2021	1.7000	1.7000	2.6049	-	4.3049
2020	1.7000	1.7000	2.6049	-	4.3049
2019	1.7000	1.7000	2.6049	-	4.3049
2018	1.7000	1.7000	2.6049	-	4.3049
2017	1.7000	1.7000	2.6049	-	4.3049
2016	1.7000	1.7000	2.6049	-	4.3049

Source: City financial records.

Principal Property Taxpayers
Current Fiscal Year and Nine Years Ago

Table 9

		2025		
Taxpayer	**Type of Business**	**Assessed Valuation**	**City Tax**	**Percentage of Total Assessment**
Fanatics Retail Group Fullfillment, LLC	Retail	$ 38,041,780	$ 646,710	1.87%
BGE	Utility	31,343,720	532,843	1.54%
Frito-Lay, Inc.	Manufacturing	49,157,137	497,272	2.42%
Apartments At BH LLC	Apartments	41,608,200	260,051	2.05%
Fieldside Owner 1 LLC	Apartments	41,106,933	256,918	2.02%
TPC Aberdeen Logistics LC	Warehouse	40,669,200	254,183	2.00%
Webstaurant Store. LLC	Retail	13,783,080	234,312	0.68%
HP-A Aberdeen LLC	Real Property Management	30,692,100	191,826	1.51%
University of Maryland	Hospital	28,606,804	178,793	1.41%
913 Old Philadelphia Road LLC	Distribution Warehouse	25,070,967	156,694	1.23%
TOTAL		$ 340,079,921	$ 3,209,602	16.73%
Total Assessed Valuation		**$ 2,032,209,735**		

		2016		
Taxpayer	**Type of Business**	**Assessed Valuation**	**City Tax**	**Percentage of Total Assessment**
Frito-Lay	Manufacturing	$ 32,012,789	$ 211,284	2.19%
KRK Title Holder LP	Warehouse	25,976,800	171,447	1.77%
913 Old Philadelphia Road LLC	Distribution Warehouse	23,622,000	155,905	1.61%
Inland American Aberdeen	Real Property Management	22,778,300	150,337	1.56%
Wal-Mart Real Estate	Retail	17,110,260	112,928	1.17%
H & S Properties Development Corp	Real Estate Investment	14,410,666	95,110	0.98%
Medline Industries, Inc.	Manufacturing	12,917,260	85,254	0.88%
COPT Northgate A LLC	Real Estate Investment	11,962,800	78,954	0.82%
FR Old Post Road LLC	Warehouse	11,473,460	75,725	0.78%
Merritt - AD LLC	Real Estate Investment	10,950,000	72,270	0.75%
TOTAL		$ 183,214,335	$ 1,209,214	12.51%
Total Assessed Valuation		**$ 1,463,671,689**		

Source: City financial records.

Property Tax Levies and Collections
Last Ten Fiscal Years

Table 10

Fiscal Year Ended June 30,	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2025	$ 14,161,040	$ 14,070,387	99.36%	$ -	$ 14,070,387	99.36%
2024	13,088,456	12,930,023	98.79%	147,379	13,077,402	99.92%
2023	11,825,893	11,737,457	99.25%	70,777	11,808,234	99.85%
2022	11,741,887	11,639,560	99.13%	66,519	11,706,079	99.70%
2021	11,569,953	11,494,532	99.35%	58,526	11,553,058	99.85%
2020	11,182,204	11,035,890	98.69%	139,978	11,175,868	99.94%
2019	11,226,139	11,138,229	99.22%	86,666	11,224,895	99.99%
2018	11,228,263	11,152,125	99.32%	74,018	11,226,143	99.98%
2017	11,163,890	11,053,787	99.01%	59,127	11,112,914	99.54%
2016	10,257,072	10,151,760	98.97%	83,228	10,234,988	99.78%

Source: City financial records.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 11

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities						
	General Obligation Bonds	Loans Payable	Financed Purchases	Total Governmental Activities	General Obligation Bonds	Loans Payable	Financed Purchases	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2025	$ 962,732	$ -	$ 75,312	$ 1,038,044	$ 2,133,398	$ 2,993,208	$ 10,994	$ 5,137,600	$ 6,175,644	N/A	$ 322
2024	1,188,678	-	86,318	1,274,996	2,656,055	3,429,589	12,503	6,098,147	7,373,143	N/A	409
2023	1,461,824	-	2,751	1,464,575	3,163,138	3,862,078	688	7,025,904	8,490,479	N/A	504
2022	1,721,470	-	130,609	1,852,079	3,656,557	4,290,712	4,578	7,951,847	9,803,926	N/A	603
2021	2,129,299	-	361,901	2,491,200	4,211,219	4,934,165	8,097	9,153,481	11,644,681	N/A	716
2020	2,528,328	-	576,543	3,104,871	5,130,683	7,141,591	11,300	12,283,574	15,388,445	N/A	961
2019	2,918,657	-	673,093	3,591,750	6,150,382	7,839,291	14,234	14,003,907	17,595,657	N/A	1,096
2018	3,299,987	-	764,194	4,064,181	7,148,282	8,527,198	-	15,675,480	19,739,661	N/A	1,230
2017	3,682,416	-	-	3,682,416	7,985,881	9,251,479	-	17,237,360	20,919,776	N/A	1,340
2016	3,994,800	5,934	-	4,000,734	8,834,300	8,382,489	-	17,216,789	21,217,523	N/A	1,362

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

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

Table 12

Fiscal Year Ended June 30,	Population	Estimated Actual Assessed Value (2)	Governmental Gross Bonded Debt (1)	Business-Type Gross Bonded Debt (1)	Total Gross Bonded Debt	Less Amounts to be Paid with Restricted Resources (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Actual Assessed Value	Net Bonded Debt Per Capita
2025	19,166	$2,032,209,735	$ 962,732	$ 5,126,606	$ 6,089,338	$ -	$ 6,089,338	0.30%	$ 318
2024	18,006	1,892,826,992	1,188,678	6,085,644	7,274,322	-	7,274,322	0.38%	404
2023	16,859	1,686,066,529	1,461,824	7,025,216	8,487,040	-	8,487,040	0.50%	503
2022	16,254	1,643,567,489	1,721,470	7,947,269	9,668,739	-	9,668,739	0.59%	595
2021	16,254	1,632,444,628	2,129,299	9,145,384	11,274,683	-	11,274,683	0.69%	694
2020	16,019	1,562,971,002	2,528,328	12,272,274	14,800,602	-	14,800,602	0.95%	924
2019	16,053	1,545,418,683	2,918,657	13,989,673	16,908,330	-	16,908,330	1.09%	1,053
2018	16,049	1,557,507,298	3,299,987	15,675,480	18,975,467	-	18,975,467	1.22%	1,182
2017	15,612	1,526,548,332	3,682,416	17,237,360	20,919,776	-	20,919,776	1.37%	1,340
2016	15,580	1,463,671,689	4,000,734	17,216,789	21,217,523	-	21,217,523	1.45%	1,362

(1) All bonded debt and loans payable are backed by the full faith and credit and unlimited taxing authority of the City. Business-type bonds are included on the schedule because they are backed by the full faith and credit and unlimited taxing authority of the City.
(2) Table 7
(3) Debts paid from dedicated revenues

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

Source: City financial records.

Debt Computations
June 30, 2025

Table 13

TOTAL ASSESSED VALUE OF PROPERTY	$ 2,032,209,735
Debt limit 15%	304,831,460
Amount of debt applicable to debt limit	1,038,044
LEGAL DEBT MARGIN	$ 303,793,416

	Net Debt Outstanding	Percentage Applicable to the Town	Share of Debt Outstanding
DIRECT DEBT OF THE CITY	$ 1,038,044	100%	$ 1,038,044
Indirect debt:			
Harford County	610,351,865 [2]	5.69% [1]	34,729,021
TOTAL DIRECT AND OVERLAPPING DEBT	$ 611,389,909		$ 35,767,065

[1] Rate of assessed value in the City $ 2,032,209,735
to total assessed value of the County $ 35,707,487,902

[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 Fiscal Years

Table 14

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	$ 304,831,460	$ 283,924,049	$ 252,909,979	$ 246,535,123	$ 244,866,694	$ 234,445,650	$ 231,812,802	$ 233,626,095	$ 228,982,250	$ 219,550,753
Total net debt applicable to limit	6,089,338	7,274,322	8,487,040	9,668,739	11,274,683	14,800,602	16,908,330	18,975,467	20,919,776	21,217,523
Legal debt margin	$ 298,742,122	$ 276,649,727	$ 244,422,939	$ 236,866,384	$ 233,592,011	$ 219,645,048	$ 214,904,472	$ 214,650,628	$ 208,062,474	$ 198,333,230
Total net debt applicable to the limit as a percentage of debt limit	2.00%	2.56%	3.36%	3.92%	4.60%	6.31%	7.29%	8.12%	9.14%	9.66%

Source: City financial records.

Demographic 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
2025	19,166	$ 85,176	$ 22,832,104	Not Available	37,771	3.3%
2024	18,006	80,105	21,370,368	41.0	38,105	3.0%
2023	16,859	75,336	20,002,217	41.0	38,037	1.5%
2022	16,254	70,851	18,721,655	40.4	37,897	4.3%
2021	16,254	66,633	17,523,077	40.8	37,333	5.7%
2020	16,019	62,868	16,416,097	40.9	38,429	7.2%
2019	16,053	59,333	15,403,672	40.6	37,826	3.7%
2018	16,049	56,965	14,665,878	40.6	37,780	4.1%
2017	15,612	55,490	14,153,654	40.3	37,426	4.2%
2016	15,580	53,702	13,593,278	40.1	37,448	4.4%

(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, 2025. Median Age information was not available.

Principal Employers
Current Year and Nine Years Ago

Table 16

2025

Company	Number Employed	Percentage of Total County Employment	Product/Service
U.S. Army Aberdeen Proving Ground	21,000	22.25%	Government
Harford County Public Schools	5,625	5.96%	Government
UM Upper Chesapeake Medical Center	3,000	3.18%	Healthcare
Harford County Government	1,554	1.65%	Government
Harford Community College	1,428	1.51%	Education
Sephora	1,000	1.06%	Retail
Smith's Detection, Inc.	1,000	1.06%	Security
Kohl's E-Fullfillment Center	954	1.01%	Warehouse
Kleins Shop Rites of Maryland	900	0.95%	Groceries
Frito Lay, Inc.	700	0.74%	Manufacturing
	37,161	39.37%	
Total Employees in Harford County (Data available for county only)	94,361	100.00%	

2016

Company	Number Employed	Percentage of Total County Employment	Product/Service
U.S. Army Aberdeen Proving Ground	20,100	22.35%	Government
Harford County Public Schools	5,231	5.82%	Government
UM Upper Chesapeake Health	3,129	3.48%	Healthcare
US Army Research Lab	2,000	2.22%	Government
Harford County Government	1,541	1.71%	Government
Kohl's E-Fullfillment Center	1,140	1.27%	Warehouse
Rite Aid Mid-Atlantic Customer Dist. Ctr.	1,095	1.22%	Retailer
Harford Community College	1,011	1.12%	Education
Kleins Shoprite	1,000	1.11%	Groceries
Walmart	900	1.00%	Retailer
	37,147	41.30%	
Total Employees in Harford County (Data available for county only)	89,941	100.00%	

Source: Harford County ACFR

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

Table 17

	Full-time Equivalent City Government Employees by Function									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Function										
General Government										
Mayor and Council	5	5	5	5	5	5	5	5	5	5
Administration	7	6	6	6	6	6	6	6	6	8
Finance	9	9	9	8	8	9	8	8	8	6
Planning	3	3	3	3	3	3	3	3	3	3
Human Resources	2	2	2	2	2	2	2	2	2	2
Building Custodian	-	-	-	-	-	-	-	1	1	1
Public Safety										
Police										
Officers	44	44	44	43	43	43	42	42	42	40
Civilians	18	18	19	19	19	19	17	15	15	14
Building (Construction) Inspection	1	1	1	1	1	1	1	1	1	1
Public Works	104	93	92	91	91	87	84	83	81	79
Sanitation	9	9	9	9	9	7	7	7	7	7
Parks and Recreation	-	-	-	-	-	-	-	-	-	-
Total	202	190	190	187	187	182	175	173	171	166

Source: City Fiscal Year Budgets

Operating Indicators by Function
Last Ten Fiscal Years

Table 18

	Fiscal Year									
Function	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Government										
Construction Permits Issued	453	524	374	373	366	315	260	285	56	57
Estimated Value of Construction	$ 43,677,692	$ 115,507,979	$ 24,648,772	$ 74,571,109	$ 150,866,974	$ 47,810,266	$ 24,961,346	$ 25,009,513	$ 30,009,640	$ 32,693,069
Public Safety										
Traffic Contacts	4,112	3,126	3,426	6,169	6,738	8,959	9,977	3,999	11,625	7,399
Calls for Service	27,652	31,327	26,393	42,135	56,148	47,604	32, 910	24,080	30,103	31,763
Public Works										
Street Resurfacing (miles)	1.13	1.59	1.14	1.85	3.13	2.76	5.14	1.9	3.52	1.65
Sidewalk Replacement/Repair (miles)	0.56	1.05	0.01	0.31	0.12	0.13	0.29	2	0.25	1.9
Stormwater Ponds Managed	10	10	10	10	10	10	8	9	9	15
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	88	266	8	289	337	39	6	6	52	46
Water Main/Lateral Breaks	64	51	30	39	51	29	59	63	27	29
Average Daily Consumption (millions of gallons)	1.44	1.44	1.35	1.38	1.38	1.306	1.305	1.3	1.313	1.287
Sewer										
Sewer Main/Lateral Breaks										
Average Daily Sewage Treatment (millions of gallons)	108 1.85	72 1.79	59 1.67	22 1.74	35 1.79	14 1.65	7 2.12	5 1.9	10 1.6	12 1.71

Source: Various City departments

Capital Assets by Function
Last Ten Fiscal Years

Table 19

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Function										
Public Safety - Police										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	55	56	58	48	48	48	54	54	48	48
Highways and Streets										
Streets (miles)	62.15	62.23	61.13	61.13	74.97	74.97	74.97	74.03	72.92	72.6
Storm Sewers (miles)	48.02	65.94	64.96	64.52	59.09	50.65	50.65	50.00	48.81	39.05
Catch Basins	2,221	2,101	2,060	2,053	1,918	1,954	1,954	1,916	1,862	1,835
Street Lights	1,562	1,570	1,564	1,574	1,573	1,512	1,512	1,504	1,505	110
Culture and Recreation										
Number of Parks/Playgrounds	14	14	10	10	13	11	11	10	10	10
Park Acreage	60.00	60.00	57.47	57.25	58.63	82.55	82.55	69.15	91.87	91.87
Tennis Courts	-	-	-	1	1	1	1	1	1	1
Water										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Wells	14	14	14	14	14	14	14	14	14	14
Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Towers	4	4	4	4	4	4	4	4	4	4
Pumping Stations	5	4	4	4	4	4	4	4	4	4
Maximum Daily Capacity (million gallons)	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Number of Customer Accounts	5,431	5,232	5,223	5,217	5,207	5,135	5,131	5,128	5,112	5,072
Water Mains (miles)	99.39	97.35	95.19	92.75	92.46	89.84	89.84	88.84	87.09	86.89
Fire Hydrants	685	675	664	658	656	610	610	601	590	587
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Maximum Daily Treatment Capacity (million gallons)	4.00	4	4	4	4	4	4	4	4	4
Pumping Stations	11	11	11	11	11	11	11	11	11	11
Sanitary Sewers (miles)	82.42	77.53	77.1	77.1	75.8	76.76	76.76	76.35	74.86	74.86

Source: Various city departments