



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report
City of Aberdeen

For the period January 1, 2018 through December 31, 2018

Published April 20, 2020

Report No. 1026027





**Office of the Washington State Auditor
Pat McCarthy**

April 20, 2020

Mayor and City Council
City of Aberdeen
Aberdeen, Washington

Report on Financial Statements

Please find attached our report on the City of Aberdeen's financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

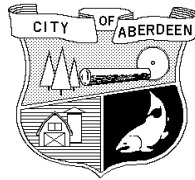
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Pat McCarthy
State Auditor
Olympia, WA

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City of
Aberdeen



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of Aberdeen January 1, 2018 through December 31, 2018

This schedule presents the status of findings reported in prior audit periods.

Audit Period:	Report Ref. No.:	Finding Ref. No.:
1/1/17 – 12/31/17	1024957	2017-001
Finding Caption: The City did not have adequate internal controls to ensure accurate and reliable financial reporting.		
Background: The City prepares its financial statements in accordance with the cash basis accounting method as prescribed by the State Auditor's Office <i>Budgeting, Accounting and Reporting System</i> (BARS) manual. The audit identified the following deficiencies that, when taken together, represent a material weakness: <ul style="list-style-type: none">• The City did not have effective procedures in place to ensure amounts reported in the financial statements and schedules agreed to the underlying accounting records and BARS Manual guidance.• The City did not have an effective review process to identify and correct material errors. The City's financial report contained the following errors: <ul style="list-style-type: none">• Total expenditures on the Schedule of Expenditures of Federal Awards was under-reported by \$60,330.• Total ending debt on the Schedule of Liabilities was over-reported by \$953,241.• Ending cash on the Statement of Fund Resources and Uses Arising from Cash Transactions was under-reported by \$3,821,504.• Ending cash on the Statement of Fiduciary Fund Resources and Uses Arising from		

<p>Cash Transactions was over-reported by \$478,191.</p> <ul style="list-style-type: none">• The note disclosures were not updated from the 2016 annual report, causing most of the disclosures to be incorrect.• There were several other classification and reporting errors noted during the audit.• Several expenditure accounts had negative balances, totaling \$633,034. This was due partially to the City netting revenues with the related expenditures. In most cases, revenues and expenditures should be reported at their gross amounts instead of netted. Due to limited information, we cannot determine which portion, if any, of these negative expenditures were appropriate.				
<p>Status of Corrective Action: (check one)</p> <table><tr><td><input checked="" type="checkbox"/> Fully Corrected</td><td><input type="checkbox"/> Partially Corrected</td><td><input type="checkbox"/> Not Corrected</td><td><input type="checkbox"/> Finding is considered no longer valid</td></tr></table>	<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid	
<p>Corrective Action Taken: <i>The City thanks for the SAO for identifying these problems which we agree needs to be corrected. The City has had significant turnover in its finance department over the last several years, with both the Finance Director and Assistant Finance Director leaving employment with the City within a month of each other in the first half of calendar year 2018. The Finance Director position went vacant for more than one year, and the Assistant Director's position is still vacant approaching two years, though we are currently advertising for an Accountant II position to fill some of the duties of the Assistant Finance Director.</i></p> <p><i>The City has hired a Finance Director who started in July 2019, has noted there are a battery of issues for the finance department to tackle, e.g. software upgrade, internal controls, compliance issues, catching up with prior financial and accountability audits, account reconciliations.</i></p> <p><i>The Finance Director has found, and corrected, a number of accounting issues, and continues with his work in this and other areas, and estimates this will take about three years to get the accounting processes and procedures in order.</i></p>				

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Aberdeen
January 1, 2018 through December 31, 2018**

Mayor and City Council
City of Aberdeen
Aberdeen, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Aberdeen, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 30, 2020. As discussed in Note 10 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 10.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial

statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we have reported to the management of the City in a separate letter dated March 30, 2020.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and

compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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Pat McCarthy

State Auditor

Olympia, WA

March 30, 2020

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Aberdeen January 1, 2018 through December 31, 2018

Mayor and City Council
City of Aberdeen
Aberdeen, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Aberdeen, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 13.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Aberdeen has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Aberdeen, and its changes in cash and investments, for the year ended December 31, 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Aberdeen, as of December 31, 2018, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above "Basis for Adverse Opinion on U.S. GAAP" paragraph.

Matters of Emphasis

As discussed in Note 10 to the financial statements, in February 2020, a state of emergency was declared that could have a negative financial effect on the City. Management's plans in response to this matter are also described in Note 10. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2020 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Pat McCarthy

State Auditor

Olympia, WA

March 30, 2020

FINANCIAL SECTION

City of Aberdeen January 1, 2018 through December 31, 2018

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2018
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2018

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	001 General Fund	103 Street Fund	107 Morrison Riverfront Park
Beginning Cash and Investments					
30810	Reserved	5,360,742	15,807	-	7,887
30880	Unreserved	11,678,568	6,876,304	259,883	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	14,075,785	13,163,136	-	-
320	Licenses and Permits	554,883	552,072	-	-
330	Intergovernmental Revenues	2,819,862	718,334	1,833,426	-
340	Charges for Goods and Services	13,168,448	228,552	452,300	-
350	Fines and Penalties	197,843	191,482	-	-
360	Miscellaneous Revenues	646,781	193,963	19,197	40,467
Total Revenues:		31,463,601	15,047,540	2,304,923	40,467
Expenditures					
510	General Government	1,636,536	1,636,536	-	-
520	Public Safety	12,541,211	8,515,077	48,181	-
530	Utilities	7,721,735	-	-	-
540	Transportation	2,706,030	400,701	2,002,469	-
550	Natural and Economic Environment	963,464	582,448	-	-
560	Social Services	6,232	6,232	-	-
570	Culture and Recreation	2,204,462	1,931,363	-	39,102
Total Expenditures:		27,779,670	13,072,357	2,050,650	39,102
Excess (Deficiency) Revenues over Expenditures:		3,683,931	1,975,182	254,273	1,365
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	92,143	(15,639)	-	-
397	Transfers-In	1,425,248	65,248	1,215,000	-
385	Special or Extraordinary Items	1,296,683	-	-	-
386 / 389	Custodial Activities	240,100	100	-	-
381, 382, 395, 398	Other Resources	1,072,896	-	-	-
Total Other Increases in Fund Resources:		4,127,070	49,709	1,215,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	4,425,637	28,240	2,121,626	-
591-593, 599	Debt Service	2,608,043	3,994	-	-
597	Transfers-Out	2,075,248	1,920,000	-	0
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	44,006	44,006	-	-
Total Other Decreases in Fund Resources:		9,152,935	1,996,240	2,121,626	0
Increase (Decrease) in Cash and Investments:		(1,341,933)	28,651	(652,353)	1,365
Ending Cash and Investments					
5081000	Reserved	5,564,296	657	-	-
5088000	Unreserved	10,133,082	6,920,106	(392,471)	9,252
Total Ending Cash and Investments		15,697,378	6,920,763	(392,471)	9,252

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		120 Emergency Services	122 Parking Enforcement Fund	128 Community Center Fund	130 Downtown Improvement District
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	935,131	22,913	106,136	477,649
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	590,344
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	265,252	-	-	-
340	Charges for Goods and Services	3,293,750	-	-	-
350	Fines and Penalties	-	7,079	-	-
360	Miscellaneous Revenues	7,209	8,919	54,117	5,063
Total Revenues:		3,566,211	15,998	54,117	595,407
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	3,529,714	71,409	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	93,350	-
Total Expenditures:		3,529,714	71,409	93,350	-
Excess (Deficiency) Revenues over Expenditures:		36,497	(55,411)	(39,234)	595,407
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	35,000	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	1,000,000	-
Total Other Increases in Fund Resources:		-	35,000	1,000,000	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	10,727	-	-	967,615
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	40,448	-	5,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		51,175	-	5,000	967,615
Increase (Decrease) in Cash and Investments:		(14,678)	(20,411)	955,766	(372,208)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	920,453	2,502	1,061,902	105,441
Total Ending Cash and Investments		920,453	2,502	1,061,902	105,441

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		132 Recreation Sports Fund	145 Drug Enforcement Fund	206 2004 Fire Truck Bond Fund	230 Stafford Creek Correction
Beginning Cash and Investments					
30810	Reserved	-	7,517	-	500,920
30880	Unreserved	191,787	152,717	71,002	-
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	85,801	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	906	-
340	Charges for Goods and Services	46,054	-	-	-
350	Fines and Penalties	-	(718)	-	-
360	Miscellaneous Revenues	39,183	4,370	683	13,305
Total Revenues:		85,237	3,652	87,390	13,305
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	96,833	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	88,162	-	-	-
Total Expenditures:		88,162	96,833	-	-
Excess (Deficiency) Revenues over Expenditures:		(2,925)	(93,181)	87,390	13,305
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	30,000	-	-	-
385	Special or Extraordinary Items	-	-	-	169,110
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		30,000	-	-	169,110
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	78,041	184,978
597	Transfers-Out	19,800	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		19,800	-	78,041	184,978
Increase (Decrease) in Cash and Investments:		7,275	(93,181)	9,349	(2,563)
Ending Cash and Investments					
5081000	Reserved	-	-	80,351	498,357
5088000	Unreserved	199,063	67,053	-	-
Total Ending Cash and Investments		199,063	67,053	80,351	498,357

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		231 2009 Stafford Creek Refunding Bond	301 Community Development Block Grant	302 Urban Development Action Grant	303 Hotel/Motel Tax Fund
Beginning Cash and Investments					
30810	Reserved	1,615,414	-	-	-
30880	Unreserved	-	(220,393)	208,379	109,135
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	87,845
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	57,396	-	1,350	1,046
Total Revenues:		57,396	-	1,350	88,891
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	89,199	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	52,486
Total Expenditures:		-	-	89,199	52,486
Excess (Deficiency) Revenues over Expenditures:		57,396	-	(87,849)	36,405
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	8,761	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	1,127,573	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		1,127,573	-	8,761	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	1,362,400	-	-	-
597	Transfers-Out	-	-	-	10,000
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,362,400	-	-	10,000
Increase (Decrease) in Cash and Investments:		(177,431)	-	(79,088)	26,405
Ending Cash and Investments					
5081000	Reserved	1,437,983	-	-	-
5088000	Unreserved	-	(220,393)	129,291	135,540
Total Ending Cash and Investments		1,437,983	(220,393)	129,291	135,540

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		305 Dept. of Justice Grants	306 Grant Funds	318 Abatement Fund	320 Public Buildings Fund
Beginning Cash and Investments					
30810	Reserved	-	-	-	-
30880	Unreserved	(53,921)	1,061	82,575	239,370
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	35,521	-	22,429	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	9	2,518	26,151
Total Revenues:		35,521	9	24,947	26,151
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	113,998	-	162,343	3,656
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	-	68,101	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		113,998	-	230,445	3,656
Excess (Deficiency) Revenues over Expenditures:		(78,477)	9	(205,497)	22,495
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	99,021
397	Transfers-In	-	-	80,000	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	9,375	-
Total Other Increases in Fund Resources:		-	-	89,375	99,021
Other Decreases in Fund Resources					
594-595	Capital Expenditures	-	-	379,847	249,648
591-593, 599	Debt Service	-	-	-	147,110
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	-	379,847	396,758
Increase (Decrease) in Cash and Investments:		(78,477)	9	(495,969)	(275,242)
Ending Cash and Investments					
5081000	Reserved	-	-	-	-
5088000	Unreserved	(132,398)	1,070	(413,395)	(35,873)
Total Ending Cash and Investments		(132,398)	1,070	(413,395)	(35,873)

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		350 Utility Construction Fund	399 Capital Improvement Fund	401 Garbage Utility Fund	403 Sewer Utility Fund
Beginning Cash and Investments					
30810	Reserved	-	(105,319)	-	271,299
30880	Unreserved	(26,342)	-	59,637	532,775
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	148,659	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	-
340	Charges for Goods and Services	-	-	93,107	4,229,718
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	-	4,500	414	12,523
Total Revenues:		-	153,159	93,522	4,242,241
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	9,944	3,645,325
540	Transportation	-	-	-	-
550	Natural and Economic Environment	-	210,372	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	210,372	9,944	3,645,325
Excess (Deficiency) Revenues over Expenditures:		-	(57,213)	83,577	596,916
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	-
381, 382, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	-	-
Other Decreases in Fund Resources					
594-595	Capital Expenditures	7,722	-	-	288,600
591-593, 599	Debt Service	-	-	-	449,492
597	Transfers-Out	-	-	80,000	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		7,722	-	80,000	738,093
Increase (Decrease) in Cash and Investments:		(7,722)	(57,213)	3,577	(141,177)
Ending Cash and Investments					
5081000	Reserved	-	-	-	273,647
5088000	Unreserved	(34,064)	(162,532)	63,215	389,250
Total Ending Cash and Investments		(34,064)	(162,532)	63,215	662,897

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		404 Water Utility Fund	405 Storm Water Utility Fund	407 Industrial Water System	501 Equipment Rental
Beginning Cash and Investments					
30810	Reserved	877,503	-	968,871	1,200,843
30880	Unreserved	476,029	101,975	995,975	78,791
388 / 588	Net Adjustments	-	-	-	-
Revenues					
310	Taxes	-	-	-	-
320	Licenses and Permits	2,811	-	-	-
330	Intergovernmental Revenues	1,943	-	-	-
340	Charges for Goods and Services	3,654,541	498,729	263,054	350,692
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	45,154	2,906	91,272	15,067
Total Revenues:		3,704,450	501,635	354,326	365,758
Expenditures					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	3,357,345	484,298	224,823	-
540	Transportation	-	-	-	302,860
550	Natural and Economic Environment	13,343	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		3,370,688	484,298	224,823	302,860
Excess (Deficiency) Revenues over Expenditures:		333,761	17,337	129,503	62,899
Other Increases in Fund Resources					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
386 / 389	Custodial Activities	-	-	-	240,000
381, 382, 395, 398	Other Resources	-	-	-	63,521
Total Other Increases in Fund Resources:		-	-	-	303,521
Other Decreases in Fund Resources					
594-595	Capital Expenditures	71,514	-	192,499	107,598
591-593, 599	Debt Service	382,028	-	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
586 / 589	Custodial Activities	-	-	-	-
581, 582	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		453,542	-	192,499	107,598
Increase (Decrease) in Cash and Investments:		(119,781)	17,337	(62,996)	258,822
Ending Cash and Investments					
5081000	Reserved	885,099	-	977,257	1,410,944
5088000	Unreserved	348,652	119,312	924,592	127,512
Total Ending Cash and Investments		1,233,751	119,312	1,901,849	1,538,456

The accompanying notes are an integral part of this statement.

City of Aberdeen
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

		Total for All Funds (Memo Only)	Pension/OPEB Trust Fund	Private-Purpose Trust	Custodial
308	Beginning Cash and Investments	456,420	413,189	33,572	9,659
388 & 588	Net Adjustments	18,124	-	-	18,124
310-390	Additions	1,430,912	691,603	291	739,019
510-590	Deductions	1,622,168	950,627	-	671,541
	Net Increase (Decrease) in Cash and Investments:	(191,255)	(259,024)	291	67,478
508	Ending Cash and Investments	283,289	154,165	33,863	95,261

The accompanying notes are an integral part of this statement.

CITY OF ABERDEEN

Notes To General Government Financial Statements

January 1, 2018 -- December 31, 2018

Note 1 – Summary of Significant Accounting Policies

The City of Aberdeen was incorporated on May 12, 1890, and operates under the laws of the State of Washington applicable to a First Class Charter City. The City is a general-purpose government and provides public safety, water treatment and distribution, sewage collection and treatment, highway and street maintenance, planning and zoning, permits and inspections, municipal court, library, recreation services, and general administration.

The City of Aberdeen reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System (BARS) Manual* prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting and described below.
- Component units are required to be disclosed, but are not included in the financial statements
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the general operating fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City or to other governmental units on a cost-reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Pension (and Other Employee Benefit) Trust Funds

These funds are used to report fiduciary activities for pension and OPEB plans administered through trust.

Private Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Custodial Funds

These funds are used to account for assets that the City of Aberdeen holds for others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

C. Cash and Investments

See Note 3, *Deposits and Investments*.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 720 days and is payable upon separation or retirement. Sick leave may be accumulated up to 1440 hours. Upon separation or retirement, employees do not receive any payment for unused sick time, with the exception of the Police Guild. Police Guild employees at separation of service, may be paid up to 25% of their accumulated sick leave balance up to \$10,000.

Note 1 – Summary of Significant Accounting Policies (continued)**F. Long Term Debt**

See Note 6, *Debt Service Requirements*

G. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments made by formal action of the City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$657 in the General Fund, \$98,357 in the Stafford Creek Correction fund #230, \$1,437,983 in the 2009 Stafford Creek Refunding Bond Fund #231, \$273,647 in the Sewer Utility Fund #403, \$885,099 in the Water Utility Fund #404, \$977,257 in the Industrial Water System Fund #407, \$1,410,944 in the Equipment Rental Operations Fund #501.

Note 2 – Budget Compliance

The City adopts annual appropriated budgets for governmental, proprietary and fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follows:

Fund No.	Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
001	General Fund:	\$21,963,412	\$14,160,244	\$7,803,168
101	Library Fund	\$106,800	\$59,825	\$46,975
102	Parks Fund	\$1,095,310	\$1,046,919	\$48,391
103	Street Fund	\$2,114,706	\$2,153,378	(\$38,672)
105	Arterial Street Fund	\$5,159,809	\$2,018,899	\$3,140,910
106	Paths & Trails Fund	\$109,180	\$0	\$109,180
107	Morrison Riverfront Park Fund	\$61,000	\$39,102	\$21,898
111	Contingency Fund	\$0	\$0	\$0
112	Insurance Reserve Fund	\$1,200,000	\$0	\$1,200,000
120	Emergency Services Fund	\$4,618,957	\$3,580,889	\$1,038,068
121	Animal Control Fund	\$137,774	\$113,517	\$24,257
122	Parking Enforcement Fund	\$79,800	\$71,409	\$8,391
123	Police Canine Program	\$38,000	\$2,667	\$35,333
125	Museum Fund	\$780,500	\$780,258	\$242
128	Community Center Fund	\$1,261,722	\$98,350	\$1,163,372
132	Recreational Sports Programs	\$384,500	\$107,962	\$276,538

145	Drug Task Force	\$249,942	\$96,833	\$153,109
206	2000 Fire Truck Bond Redemption	\$167,121	\$78,041	\$89,080
301	Community Development Block Grant	\$3,000,200	\$0	\$3,000,200
302	Urban Development Action Grant	\$216,100	\$89,199	\$126,901
303	Hotel / Motel	\$216,160	\$62,486	\$153,674
305	Dept of Justice Grants	\$127,495	\$113,998	\$13,497
306	Grant Funds	\$1,062	\$0	\$1,062
318	Abatement Fund	\$769,017	\$610,291	\$158,726
320	Public Buildings Fund	\$462,301	\$400,414	\$61,887
350	Utility Construction Fund	\$7,750	\$7,722	\$28
399	Capital Improvements Fund	\$256,560	\$210,372	\$46,188
401	Garbage Utility	\$143,950	\$89,944	\$54,006
403	Sewer Utility	\$6,378,000	\$4,383,418	\$1,994,582
404	Water Utility	\$4,917,000	\$3,824,230	\$1,092,770
405	Storm Water Utility	\$1,060,895	\$484,298	\$576,597
407	Industrial Water System	\$1,760,000	\$417,322	\$1,342,678
413	Sewer Cumulative Reserve	\$271,350	\$0	\$271,350
414	Water Cumulative Reserve	\$1,027,504	\$0	\$1,027,504
417	Industrial Water Reserve	\$968,900	\$0	\$968,900
501	Equipment Rental - Operations	\$457,765	\$302,860	\$154,905
502	Equipment Rental - Reserves	\$1,512,332	\$107,598	\$1,404,734
611	Fire Pension	\$596,300	\$457,625	\$138,675
612	Police Pension	\$551,400	\$493,002	\$58,398
629	Brownfield Development	\$34,500	\$0	\$34,500
630	Transportation Improvement District	\$1,021,960	\$967,615	\$54,345
670	Municipal Court Trust	\$6,630	\$0	\$6,630
Total		\$65,293,664	\$37,430,686	\$27,856,348

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

Note 3 – Deposits and Investments

It is the City's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

All deposits and certificates of deposit are covered by the Federal Depository Insurance Corporation. All investments are insured, registered or held by the City or its agent in the government's name.

Investments are reported at original cost plus accrued interest which approximates market. Investments by type at December 31, 2018 are as follows:

L.G.I.P.	\$1,287,432
Bank of Pacific	\$3,088,203
US Government Securities	\$7,467,078
Bank of New York	\$1,936,340
Total	\$13,779,053

Note 4 – Property Taxes

The Grays Harbor County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed after the end of each month.

Property taxes are recognized when cash is received by the City. Delinquent taxes are considered fully collectible because a lien affixes to the property after taxes are levied.

The City's regular levy for the year 2018 was \$3.27 per \$1,000 on an assessed valuation of \$908,717,485 for a total regular levy of \$2,967,330.

In 2018, the City levied also \$.09 per \$1,000 for dike repairs and a new fire truck on an assessed value of \$897,366,513 for a total additional levy of \$78,207.

Note 5 – Interfund Loans

The following table displays interfund loan activity during 2018:

Borrowing Fund	Lending Fund	Balance 01/01/18	New Loans	Repayments	Balance 12/31/18
Community Center Fund	ER Reserve	\$ 210,636	\$0	\$44,006	\$ 166,630
General Fund	ER Reserve	\$103,877	\$0	\$0	\$103,877
Total		\$ 314,513	\$0	\$44,006	\$ 270,507

For the Community Center Fund there were no interfund payments made in 2017, in 2018 the City made multiple payments which brought the interfund loan current.

When reconciling the General Fund interfund loan, the full amount authorized was not used, therefore the City has corrected the beginning balance to the actual amount of the loan. No payments were made in 2017 and 2018, in 2019 the City made multiple payments which brought the interfund loan current.

Note 6 – Debt Service Requirements

The accompanying Schedule of Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2018.

The debt service requirements for general obligation bonds, including interest, are as follows:

	Principal	Interest	Total
2019	\$642,389	\$99,781	\$742,171
2020	\$656,429	\$80,485	\$736,914
2021	\$527,990	\$60,928	\$588,918
2022	\$539,529	\$42,270	\$581,799
2023	\$59,426	\$26,677	\$86,103
2024-2028	\$322,407	\$108,111	\$430,517
2029-2033	\$368,950	\$61,567	\$430,517
2034-2038	\$246,467	\$11,843	\$258,310
Total	\$3,363,588	\$491,662	\$3,855,250

Note 7 – Pension Plans

Substantially all City full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: PERS I, PERS II, PERS III, PSERS, LEOFF I, or LEOFF II.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communication Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov. At June 30, 2018, the City's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$6,582	0.000985%	\$43,990
PERS 1 UAAL	\$298,859	0.044711%	\$1,996,808
PERS 2 and 3	\$416,818	0.054019%	\$922,326
PSERS	\$21,858	0.082767%	\$1,025
LEOFF 1	\$0	0.120258%	(\$2,183,286)
LEOFF 2	\$340,384.25	0.196289%	(\$3,985,095)

LEOFF Plan 1

The City also participates in LEOFF Plan 1. The LEOFF Plan 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. Starting on July 1, 2000, employers and employees contribute zero percent.

LEOFF Plan 2

The City also participates in the LEOFF Plan 2. The Legislature, by means of a special funding arrangement, appropriates money from the state general fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute.

Note 8 – Risk Management

Unemployment Compensation Self-insurance

The City is self-insured for unemployment compensation exposure. Claims against the City are administered by the Washington State Department of Employment Security and are subsequently reimbursed by the City. Actual costs are paid by the former employee's fund and department as incurred.

Auto Physical Damage Self-insurance

The City has elected to partially self-insure automobile physical damage through their Equipment Rental Reserve Fund and in 2018 the city had no expenses for this purpose.

Liability and Property Risks Joint Insurance Pool

The City of Aberdeen is a member of the Washington Cities Insurance Authority (WCIA). Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 160 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices and employee benefits liability. Limits are \$4 million per occurrence in the self-insured layer, and \$16 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$20 million per occurrence subject to aggregates and sublimits. The Board of Directors determines the limits and terms of coverage annually.

Insurance for property, automobile physical damage, fidelity, inland marine, and boiler and machinery coverage are purchased on a group basis. Various deductibles apply by type of coverage. Property coverage is self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that to \$300 million per occurrence subject to aggregates and sublimits. Automobile physical damage coverage is self-funded from the members' deductible to \$250,000 and insured above that to \$100 million per occurrence subject to aggregates and sublimits.

In-house services include risk management consultation, loss control field services, and claims and litigation administration. WCIA contracts for certain claims investigations, consultants for personnel and land use issues, insurance brokerage, actuarial, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, reinsurance and other administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

Note 8 – Risk Management (continued)

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

Note 9 – Other Disclosures

A. Joint Ventures

The City is a participant in two joint ventures:

Drug Task Force Unit

The Interagency Drug Task Force is jointly operated by Grays Harbor County and the Cities of Aberdeen and Hoquiam. The purpose of the task force is to enhance the investigation and enforcement of laws against illegal drugs.

The task force is governed by an administrative board composed of the County Sheriff and the Aberdeen and Hoquiam Police Chiefs. They are responsible for establishing the budget, authorizing acquisition of equipment, setting policies for operating the task force, and resolving disputes.

Grays Harbor Communication Center (911)

The City participates with Cosmopolis, Elma, Hoquiam, McCleary, Montesano, and Grays Harbor County to operate a central emergency dispatch center. As a participant, the City has an ongoing financial commitment to provide its share of operating funds to the dispatch center. The City contributed \$284,830 to the Communication Center in 2018.

B. Transportation District

In 2012, the City formed a Transportation Benefit District. During 2013, a special election was held to assess a dedicated sales tax rate of thirteen hundredths of one percent (.0013) for the purpose of transportation improvements. Voters approved the proposition. The effective date for the new sales and use tax rate was July 1, 2013. Then in 2017 the City passed an ordinance assuming the rights, powers, functions and obligations of the TBD. Therefore this is now accounted for in the City's financial statements as a special revenue fund.

During 2018, the City received \$590,344 from sales tax revenue and \$5,063 in interest income. \$967,615 was expended during the year on transportation projects.

C. Stafford Creek Correctional Facility

On November 1, 1998 and August 14, 2002 the City issued \$18,940,000 and \$2,455,000 of Special Revenue Bonds for the sole purpose of extending utility lines from the city limits of Aberdeen to the site of the new Washington State Stafford Creek Correctional Center. The State of Washington has an agreement with the City to pay System Development Fees for the benefit of receiving water and sewer services. These fees are pledged to cover the debt service payments. All system fees are paid directly by the State of Washington to the bond trustee (Bank of New York) for payment of the debt service.

Note 10 – Subsequent Event

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

The City Hall is closed to public access effective March 26, 2020, with essential staff either working from home, or rotating shift work at City Hall, imposing strict social distancing for staff. Through an emergency proclamation, the Mayor has suspended utility shut offs and late fees through at least April 17, 2020. In addition, the proclamation has deferred the due date for quarterly Business and Occupation (B&O) taxes for the 1st quarter (March 31) of 2020, normally due on April 30th until July 15th, 2020. The Mayor has asked all City Department Heads to avoid all non-essential expenditures until further notice. The City estimates that the most significant impact would be on lower than budgeted Sales and B&O tax collections for 2020. While it is still too early to estimate the financial impact of this emergency, the City will be conducting a 2020 Budget meeting on April 14th, 2020 based on 1st quarter 2020 Budget Status reporting, to determine a plan of action for the remainder of 2020, and possibly into 2021 Budgeting.

The length of time these measures will be in place, and the full extent of the financial impact on the City is unknown at this time.

City of Aberdeen
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	G. O. Bond--Refunding	12/1/2020	229,287	-	72,993	156,294
263.81	CERB Loan	7/1/2020	7,500	-	2,500	5,000
251.11	WWTP Outfall - WQC-2015-AberPW-00015	9/1/1937	1,271,488	-	51,930	1,219,558
263.96	LOCAL Program - IT Loan	6/1/2022	675,424	-	113,527	561,897
Total General Obligation Debt/Liabilities:			2,183,699	-	240,950	1,942,749
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Stafford Creek Correctional Facility-2002	11/1/2022	815,000	-	145,000	670,000
252.11	SCCC Refunding -2009	11/1/2018	1,310,000	-	1,310,000	-
263.82	Water Filtration - PW-98-791-001	7/1/2018	378,244	-	378,246	(2)
263.82	Wastewater Plant - PW-00-691-PRE-101	7/1/2020	160,085	-	53,363	106,722
263.82	Wastewater Plant - PW-02-691-001	7/1/2022	1,508,418	-	301,684	1,206,734
259.12	Compensated Absenses GF & Special Revenue funds	12/31/2018	990,642	84,197	-	1,074,839
259.12	Compensated Absenses Utility Funds & Equipment Rental Fund	12/31/2018	227,561	-	4,984	222,577
264.30	Pension Liability	12/31/2018	4,208,039	-	1,243,888	2,964,151
Total Revenue and Other (non G.O.) Debt/Liabilities:			9,597,989	84,197	3,437,165	6,245,020
Total Liabilities:			11,781,688	84,197	3,678,116	8,187,769

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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Toll-free Citizen Hotline	(866) 902-3900
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