



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Aberdeen

For the period January 1, 2020 through December 31, 2020

*Published March 31, 2022*

Report No. 1030226



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

March 31, 2022

Mayor and City Council  
City of Aberdeen  
Aberdeen, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the City of Aberdeen's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Aberdeen January 1, 2020 through December 31, 2020

#### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the City of Aberdeen are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

##### Financial Statements

We issued an unmodified opinion on the fair presentation of the City’s financial statements in accordance with its regulatory basis of accounting. Separately, 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 using a basis of accounting other than GAAP.

##### Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

##### Federal Awards

##### Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

## Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
21.019	COVID-19 – Coronavirus Relief Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The City did not qualify as a low-risk auditee under the Uniform Guidance.

## SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2020-001.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### City of Aberdeen January 1, 2020 through December 31, 2020

#### **2020-001 The City's internal controls over preparing financial statements were inadequate for ensuring accurate reporting.**

##### ***Background***

The City Council, state and federal agencies, and the public rely on information included in the financial statements and reports to make decisions. City management is responsible for designing and following internal controls to ensure the financial statements, notes to financial statements and supplementary schedules are accurate, and to provide reasonable assurance regarding the reliability of financial reporting.

The City prepares its financial statements in accordance with the cash basis accounting method prescribed in the State Auditor's Office's *Budgeting, Accounting and Reporting System* (BARS) manual.

Our audit found material weaknesses in the City's internal controls over preparing financial statements that hindered the City's ability to produce reliable financial statements, notes and supplementary schedules.

##### ***Description of Condition***

Our audit found the following deficiencies. When taken together, they represent a material weakness in internal controls.

- City staff responsible for compiling financial information lacked technical knowledge and experience needed to accurately prepare the supplementary schedules.
- The City lacked an effective review process for ensuring amounts reported in the financial statements, notes to financial statements and supplementary schedules were consistent with the underlying accounting records, had supporting documentation, and followed BARS manual guidance.

This issue was reported in a management letter in the 2018 audit and as a finding in the 2019 and 2017 audits. The City has made substantial improvements from prior years, addressing several of the deficiencies found in previous audits.

### *Cause of Condition*

In the past five years, the City has experienced significant turnover in the finance director, assistant finance director, and other key accounting positions responsible for overseeing and preparing the annual report. Due to the frequent turnover, the City could not provide adequate training to staff responsible for preparing the annual report. The turnover also led to delays in preparing the annual report, which impaired the City's ability to ensure reviews were adequate to meet statutory deadlines.

### *Effect of Condition*

Because of these deficiencies in internal controls, our audit found the following:

- Reported liabilities on the Schedule of Liabilities did not include all new loans received, understating liabilities by \$2,907,003. The City corrected this in their financial statements.
- Loans forgiven during the fiscal year were not properly recorded in the Sewer Utility fund, understating revenues and expenditures by \$264,783. The City corrected this in their financial statements.
- The City submitted its annual report 68 days after the statutory deadline.

We also identified other, less significant errors in the City's financial statements and notes. The City corrected some of the errors identified in their financial statements.

### *Recommendation*

We recommend the City dedicate the resources necessary to ensure all staff responsible for preparing financial statements have adequate training. Further, we recommend the City strengthen internal controls by conducting an effective, independent review of the financial statements, notes to the financial statements and supplementary schedules to ensure they agree to the underlying accounting records, supporting documentation, and meet BARS manual reporting standards.

### *City's Response*

The City will ensure all schedules are reviewed to avoid the mistake of assuming the person doing the schedule should be able to do it without review as this was the second year for him and we were running behind on filing the report. The error on the schedule was large enough it was determined to be material. The C4/C5

recorded the loan revenue but it was not transferred to the Schedule 9, so that caused the full financial report that included the schedules to be adequately reported.

During the Audit, the schedules and notes were changed to reflect the correct reporting so the correct annual report does accurately report the Annual Financial information.

Going forward all schedules and annual report documents will have a formal review, regardless of who is doing the schedule or annual report documents related to the C4/C5. This will ensure the internal control of review happens for all documents that make up the annual report; schedules, notes, and core financial information; and the annual report will be free from error.

### ***Auditor's Remarks***

We appreciate the City's commitment to resolve this finding and thank the City for its cooperation and assistance during the audit. We will review the corrective action taken during our next regularly scheduled audit.

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

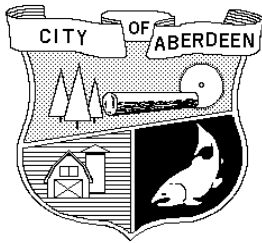
RCW 43.09.230, Local government accounting—Annual reports—Comparative statistics.

The *Budgeting, Accounting and Reporting System* (BARS) manual, 3.1.3, Internal Control

The *Budgeting, Accounting and Reporting System* (BARS) manual, 4.14.13, Liabilities (Schedule 09)

The *Budgeting, Accounting and Reporting System* (BARS) manual, 4.6, Notes to Financial Statements





## **CITY OF ABERDEEN**

### *Finance Department*

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## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

### **City of Aberdeen**

**January 1, 2020 through December 31, 2020**

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

<b>Audit Period:</b> January 1, 2019 through December 31, 2019	<b>Report Ref. No.:</b> 1028409	<b>Finding Ref. No.:</b> 2019-002
<b>Finding Caption:</b> The City's internal controls over accounting, financial statement preparation, and the cash and investment reconciliation were inadequate to ensure accurate reporting.		
<b>Background:</b> The audit found that the City did not have an effective review process for preparing the financial statements, did not have effective procedures to ensure recorded revenues and expenses were complete and accurate, and that the City's bank reconciliation process was not effective in identifying and correcting accounting errors. This resulted in the misclassification of transfers, recording revenues to the wrong fund, recording of unsupported expenses, and overstatement of cash and investments.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> Fully Corrected         </div> <div> <input checked="" type="checkbox"/> Partially Corrected         </div> <div> <input type="checkbox"/> Not Corrected         </div> <div> <input type="checkbox"/> Finding is considered no longer valid         </div> </div>		
<b>Corrective Action Taken:</b> <i>When I was hired in August of 2020, I started looking at the issues that existed in the financial records and started making changes. I reconciled the revenue and expenses, hired a 3<sup>rd</sup> party consultant to reconcile the cash to the general ledger and made the changes, and looked for the items that may be misclassified. I put in a review process for AP, payroll liabilities, backup for the revenue received, transfer classification review, and reconciliation for debt services, grants, and other areas as needed. Our 2021 Revenue and Expenses will go through the same process of reconciliation and review before submission to the State Auditor's Office.</i>		

## INDEPENDENT AUDITOR'S REPORT

### 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, 2020 through December 31, 2020**

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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated March 24, 2022.

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.

As discussed in Note 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown.

### **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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001 to be material weaknesses.

## **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*.

## **CITY'S RESPONSE TO FINDINGS**

The City's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.

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 24, 2022

## INDEPENDENT AUDITOR'S REPORT

### Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

**City of Aberdeen**  
**January 1, 2020 through December 31, 2020**

Mayor and City Council  
City of Aberdeen  
Aberdeen, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the City of Aberdeen, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.

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

Pat McCarthy, State Auditor

Olympia, WA

March 24, 2022

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### City of Aberdeen January 1, 2020 through December 31, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 20.

### 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, 2020, 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, 2020, 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 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the City is unknown. Our opinion is not modified with respect to this matter.

## **Other Matters**

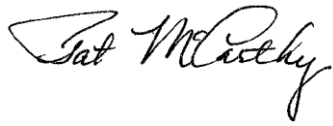
### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is also presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are 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 24, 2022 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.

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Pat McCarthy, State Auditor

Olympia, WA

March 24, 2022

## **FINANCIAL SECTION**

### **City of Aberdeen January 1, 2020 through December 31, 2020**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2020  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2020  
Notes to Financial Statements – 2020

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2020  
Schedule of Expenditures of Federal Awards – 2020  
Notes to the Schedule of Expenditures of Federal Awards – 2020

**City of Aberdeen**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>001 GENERAL FUND</b>	<b>103 STREET FUND</b>	<b>107 MORRISON PARK</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	26,720,571	14,157,104	401,836	22,701
388 / 588	Net Adjustments	(19,117)	(9,844)	-	-
<b>Revenues</b>					
310	Taxes	14,441,444	13,206,368	-	-
320	Licenses and Permits	521,142	521,142	-	-
330	Intergovernmental Revenues	5,133,877	1,838,292	1,680,756	-
340	Charges for Goods and Services	14,223,126	278,854	604,021	-
350	Fines and Penalties	227,544	228,494	-	-
360	Miscellaneous Revenues	514,666	210,629	13,384	8,955
Total Revenues:		35,061,799	16,283,779	2,298,161	8,955
<b>Expenditures</b>					
510	General Government	3,168,058	3,021,386	-	-
520	Public Safety	13,483,837	9,382,513	41,310	-
530	Utilities	7,703,309	-	-	-
540	Transportation	3,272,644	362,121	1,874,063	-
550	Natural/Economic Environment	936,504	612,446	-	-
560	Social Services	304,420	304,420	-	-
570	Culture and Recreation	1,588,884	1,304,924	-	16,539
Total Expenditures:		30,457,656	14,987,810	1,915,373	16,539
Excess (Deficiency) Revenues over Expenditures:		4,604,143	1,295,969	382,788	(7,584)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	3,171,785	-	290,083	-
397	Transfers-In	3,704,085	94,359	1,954,948	-
385	Special or Extraordinary Items	169,110	-	-	-
381, 382, 389, 395, 398	Other Resources	13,667,606	13,302,379	-	-
Total Other Increases in Fund Resources:		20,712,586	13,396,738	2,245,031	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	6,725,870	993,009	2,475,512	-
591-593, 599	Debt Service	1,206,529	73,304	-	-
597	Transfers-Out	3,704,085	2,611,552	30,000	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	1,188,677	174,383	-	-
Total Other Decreases in Fund Resources:		12,825,161	3,852,248	2,505,512	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>12,491,568</b>	<b>10,840,459</b>	<b>122,307</b>	<b>(7,584)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	1,179,503	-	-	-
50841	Committed	4,650,061	21,251	-	-
50851	Assigned	8,396,990	-	524,143	15,117
50891	Unassigned	24,966,468	24,966,468	-	-
<b>Total Ending Cash and Investments</b>		<b>39,193,022</b>	<b>24,987,719</b>	<b>524,143</b>	<b>15,117</b>

**City of Aberdeen**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>120 EMERGENCY SVC</b>	<b>128 COMMUNITY CENTER FUND</b>	<b>130 TRANS BENEFIT DISTRICT</b>	<b>132 REC SPORTS PROGRAMS</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	2,376,366	150,026	177,746	210,722
388 / 588	Net Adjustments	(12,130)	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	888,786	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,124,589	-	-	-
340	Charges for Goods and Services	3,173,448	-	-	7,533
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	21,669	(76)	3,267	29,641
Total Revenues:		4,319,706	(76)	892,053	37,174
<b>Expenditures</b>					
510	General Government	-	-	3,733	-
520	Public Safety	3,750,946	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	191,614	-	55,466
Total Expenditures:		3,750,946	191,614	3,733	55,466
Excess (Deficiency) Revenues over Expenditures:		568,760	(191,690)	888,320	(18,292)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	185,958	-	30,000
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	185,958	-	30,000
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	22,118	-	50,154	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	80,000	-	330,000	7,289
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	144,294	-	-
Total Other Decreases in Fund Resources:		102,118	144,294	380,154	7,289
<b>Increase (Decrease) in Cash and Investments:</b>		<b>466,642</b>	<b>(150,026)</b>	<b>508,166</b>	<b>4,419</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	685,912	-
50841	Committed	-	-	-	-
50851	Assigned	2,830,878	-	-	215,141
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>2,830,878</b>	<b>-</b>	<b>685,912</b>	<b>215,141</b>

**City of Aberdeen**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>145 DRUG ENFORCEMENT /INDIGENT</b>	<b>206 2000 FIRE TRUCK BOND</b>	<b>230 STAFFORD CREEK CORRECTION</b>	<b>301 COMMUNITY DEV BLOCK</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	223,254	92,083	493,608	85,969
388 / 588	Net Adjustments	-	-	2,568	-
<b>Revenues</b>					
310	Taxes	-	73,604	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	74,890	-	-	-
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	(950)	-	-	-
360	Miscellaneous Revenues	19,565	594	8,282	540
Total Revenues:		93,505	74,198	8,282	540
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	47,372	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		47,372	-	-	-
Excess (Deficiency) Revenues over Expenditures:		46,133	74,198	8,282	540
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	169,110	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	169,110	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	80,290	179,977	-
597	Transfers-Out	-	85,991	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	166,281	179,977	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>46,133</b>	<b>(92,083)</b>	<b>(2,585)</b>	<b>540</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	493,591	-
50841	Committed	-	-	-	-
50851	Assigned	269,387	-	-	86,509
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>269,387</b>	<b>-</b>	<b>493,591</b>	<b>86,509</b>

**City of Aberdeen**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>302 URBAN DEV ACTION GRANT</b>	<b>303 HOTEL/MOTEL TAX FUND</b>	<b>305 DEPT OF JUSTICE GRANTS</b>	<b>306 GRANT FUNDS</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	136,762	146,595	(61,825)	1,079
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	72,137	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	116,482	-	-	-
340	Charges for Goods and Services	-	-	113,360	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	37,753	1,002	-	-
Total Revenues:		154,235	73,139	113,360	-
<b>Expenditures</b>					
510	General Government	116,276	-	-	-
520	Public Safety	-	-	69,625	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	(2,046)	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	20,341	-	-
Total Expenditures:		114,230	20,341	69,625	-
Excess (Deficiency) Revenues over Expenditures:		40,005	52,798	43,735	-
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	-	18,090	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	-	18,090	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	-	-	-
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	-	10,000	-	1,079
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	10,000	-	1,079
<b>Increase (Decrease) in Cash and Investments:</b>		<b>40,005</b>	<b>42,798</b>	<b>61,825</b>	<b>(1,079)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	189,393	-	-
50851	Assigned	176,767	-	-	-
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>176,767</b>	<b>189,393</b>	<b>-</b>	<b>-</b>

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, 2020**

		<b>318 ABATEMENT FUND</b>	<b>320 PUBLIC BUILDINGS FUND</b>	<b>350 UTILITY CONSTRUCTIO N FUND</b>	<b>399 CAPITAL IMPROVEMENT FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	49,441	102,962	834,423	2,684
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	200,549
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	18,000
340	Charges for Goods and Services	4,933	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	3,123	26,564	5,246	5,275
Total Revenues:		8,056	26,564	5,246	223,824
<b>Expenditures</b>					
510	General Government	-	26,663	-	-
520	Public Safety	192,071	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	80,307	-	-	227,773
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		272,378	26,663	-	227,773
Excess (Deficiency) Revenues over Expenditures:		(264,322)	(99)	5,246	(3,949)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	347,965	507,765	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		347,965	507,765	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	253,561	9,448	-
591-593, 599	Debt Service	-	157,538	-	-
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		-	411,099	9,448	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>83,643</b>	<b>96,567</b>	<b>(4,202)</b>	<b>(3,949)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	133,084	199,529	830,221	(1,265)
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>133,084</b>	<b>199,529</b>	<b>830,221</b>	<b>(1,265)</b>

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, 2020**

		<b>401 GARBAGE UTILITY FUND</b>	<b>403 SEWER UTILITY FUND</b>	<b>404 WATER UTILITY FUND</b>	<b>405 STORM WATER UTILITY FUND</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	52,967	29,354	3,688,845	46,964
388 / 588	Net Adjustments	(308)	227	386	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	264,783	15,809	-
340	Charges for Goods and Services	85,210	4,861,212	3,736,659	617,216
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	499	22,964	71,606	1,579
Total Revenues:		85,709	5,148,959	3,824,074	618,795
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	958	3,760,739	3,591,135	-
540	Transportation	-	-	-	568,899
550	Natural/Economic Environment	-	-	18,024	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		958	3,760,739	3,609,159	568,899
Excess (Deficiency) Revenues over Expenditures:		84,751	1,388,220	214,915	49,896
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	2,881,702	-	-
397	Transfers-In	-	-	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	2,881,702	-	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	-	1,930,983	484,666	15,332
591-593, 599	Debt Service	-	715,420	-	-
597	Transfers-Out	90,000	130,000	250,000	78,174
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		90,000	2,776,403	734,666	93,506
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(5,249)</b>	<b>1,493,519</b>	<b>(519,751)</b>	<b>(43,610)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	-	-	-	-
50841	Committed	-	53,733	2,138,252	-
50851	Assigned	47,410	1,469,367	1,031,228	3,354
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>47,410</b>	<b>1,523,100</b>	<b>3,169,480</b>	<b>3,354</b>

**City of Aberdeen**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2020**

		<b>407 INDUSTRIAL WATER</b>	<b>501 EQUIPMENT RENTAL OPER</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	1,803,533	1,495,372
388 / 588	Net Adjustments	-	(16)
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	276
340	Charges for Goods and Services	203,237	537,443
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	10,206	12,399
Total Revenues:		213,443	550,118
<b>Expenditures</b>			
510	General Government	-	-
520	Public Safety	-	-
530	Utilities	350,477	-
540	Transportation	-	467,561
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		350,477	467,561
Excess (Deficiency) Revenues over Expenditures:		(137,034)	82,557
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	565,000
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	145,000	220,227
Total Other Increases in Fund Resources:		145,000	785,227
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	46,126	444,961
591-593, 599	Debt Service	-	-
597	Transfers-Out	-	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	870,000	-
Total Other Decreases in Fund Resources:		916,126	444,961
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(908,160)</b>	<b>422,823</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	442,741	1,804,691
50851	Assigned	452,632	113,488
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>895,373</b>	<b>1,918,179</b>

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, 2020**

		<b>Total for All Funds (Memo Only)</b>	<b>Pension/OPEB Trust Fund</b>	<b>Private-Purpose Trust</b>	<b>Custodial</b>
308	Beginning Cash and Investments	411,509	255,526	34,134	121,849
388 & 588	Net Adjustments	(103,039)	-	-	(103,039)
310-390	Additions	1,541,033	1,046,368	213	494,452
510-590	Deductions	1,439,485	944,225	-	495,260
	Net Increase (Decrease) in Cash and Investments:	101,548	102,143	213	(808)
508	Ending Cash and Investments	410,018	357,669	34,347	18,002

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

**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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications 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 except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. 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.

**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.

**Note 1 – Summary of Significant Accounting Policies (continued)**

## 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.

In accordance with state law the city also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

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. Payments are recognized as expenditures when paid.

F. Long Term Debt

See Note 7, *Long Term Debt*

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by ordinance or resolution of the City Council. When expenditures that meet restrictions are incurred, the city intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of:

Restricted for:

Transportation improvement projects	685,912
Stafford Creek Correction debt service payments	493,591
Total restricted	1,179,503

Committed for:

Homeless TASL Camp	21,251
Tourism promotion	189,393
Sewer Utility Fund...	53,733
Water Utility Fund...	2,138,252
Industrial Water Fund...	442,741
Replacement of equipment	1,804,691
Total committed	4,650,061

**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	\$34,529,952	\$19,310,104	\$15,219,848

101	Library Fund	\$72,360	\$50,485	\$21,875
102	Parks Fund	\$1,225,661	\$1,113,331	\$112,330
103	Street Fund	\$2,239,908	\$2,072,593	\$167,315
105	Arterial Street Fund	\$13,363,210	\$2,348,302	\$11,014,908
106	Paths & Trails Fund	\$95,294		\$95,294
107	Morrison Riverfront Park Fund	\$47,360	\$16,546	\$30,814
108	Homeless Response Fund	\$320,590	\$299,579	\$21,011
111	Contingency Fund	\$2,362	\$0	\$2,362
112	Insurance Reserve Fund	\$1,098,303	\$200,000	\$898,303
120	Emergency Services Fund	\$4,728,773	\$3,865,197	\$863,576
121	Animal Control Fund	\$182,487	\$135,789	\$46,698
122	Parking Enforcement Fund	\$79,003	\$76,130	\$2,873
123	Police Canine Program	\$3,472	\$4,390	(\$918)
125	Museum Fund	\$1,040,517	\$135,985	\$904,532
128	Community Center Fund	\$348,860	\$335,907	\$12,953
130	Transportation Benefits District	\$729,217	\$383,889	\$345,328
132	Recreational Sports Programs	\$301,367	\$62,761	\$238,606
145	Drug Task Force	\$116,587	\$47,374	\$69,213
206	2000 Fire Truck Bond Redemption	\$160,642	\$166,282	(\$5,640)
301	Community Development Block Grant	\$86,495	\$0	\$86,495
302	Urban Development Action Grant	\$245,772	\$114,230	\$131,542
303	Hotel / Motel	\$133,041	\$30,341	\$102,700
305	Dept of Justice Grants	\$56,941	\$69,626	(\$12,685)
306	Grant Funds	\$0	\$1,079	(\$1,079)
318	Abatement Fund	\$449,780	\$272,383	\$177,397
320	Public Buildings Fund	\$507,766	\$437,765	\$70,001
350	Utility Construction Fund	\$832,423	\$9,449	\$822,974
399	Capital Improvements Fund	\$234,719	\$227,774	\$6,945
401	Garbage Utility	\$144,185	\$90,959	\$53,226
403	Sewer Utility	\$6,572,272	\$6,272,438	\$299,834
404	Water Utility	\$5,802,929	\$4,343,885	\$1,459,044
405	Storm Water Utility	\$726,598	\$662,407	\$64,191
407	Industrial Water System	\$1,452,687	\$572,345	\$880,342
413	Sewer Cumulative Reserve	\$326,147	\$0	\$326,147
414	Water Cumulative Reserve	\$1,640,099	\$387,250	\$1,252,849
417	Industrial Water Reserve	\$1,157,991	\$870,000	\$287,991
501	Equipment Rental - Operations	\$501,262	\$467,578	\$33,684
502	Equipment Rental - Reserves	\$1,951,744	\$444,965	\$1,506,779



611	Fire Pension	\$592,651	\$439,584	\$153,067
612	Police Pension	\$588,659	\$504,645	\$84,014
629	Brownfield Development	\$33,863	\$0	\$33,863
<b>Total</b>		<b>\$84,723,949</b>	<b>\$46,843,348</b>	<b>\$37,880,601</b>

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**

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 are as follows:

Type of deposit or investment	City's own deposits and investments	Deposits and investments held by the City as custodian for other local governments, individuals, or private organizations	Total
Bank deposits	\$27,527,319	\$287,977	\$27,815,296
Local Government Investment Pool	6,322, 832	66,146	6,388,978
US Government Securities	5,342,871	55,895	5,398,766
<b>Total</b>	<b>\$39,193,022</b>	<b>\$410,018</b>	<b>\$39,603,040</b>

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

#### **Investments in the State Local Government Investment Pool (LGIP)**

The city is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the city would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The city's deposits are covered by federal

depository insurance (FDIC). All investments are insured, registered or held by the city or its agent in the government's name.

#### **Note 4 – OPEB Plans**

The LEOFF I Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the City of Aberdeen as required by RCW.41.26. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. As of June 30, 2020, the plan had 58 members, all retirees. As of June 30, 2020, the City of Aberdeen's total OPEB liability was \$27,807,722, as calculated using the alternative measurement method. For the year ended December 31, 2020, the City of Aberdeen paid \$543,554.93 in benefits.

#### **Note 5 – 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 2020 was \$2.81 per \$1,000 on an assessed valuation of \$1,083,101,686 for a total regular levy of \$3,040,252.

In 2020, the City levied also \$.08 per \$1,000 for dike repairs and a new fire truck on an assessed value of \$1,068,692,015 for a total additional levy of \$80,679.

#### **Note 6 – Interfund Loans**

The following table displays interfund loan activity during 2020:

Borrowing Fund	Lending Fund	Balance 1/1/2020	New Loans	Repayments	Balance 12/31/20
Community Center Fund	ER Reserve	\$144,295	\$0	\$144,295	\$0
General Fund	ER Reserve	\$29,383	\$0	\$29,383	\$0
General Fund	Ind Water	\$0	\$870,000	\$145,000	\$725,000
Total		\$173,678	\$870,000	\$318,678	\$725,000

#### **Note 7 – Long-Term Debt**

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, 2020.

The debt service requirements for general obligation bonds and loans are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$715,530	\$65,266	\$780,796
2022	\$735,779	\$45,083	\$780,863
2023	\$80,768	\$28,138	\$108,907
2024	\$64,516	\$26,287	\$90,803
2025	\$66,255	\$24,548	\$90,803
2026-2030	\$359,049	\$94,966	\$454,015
2031-2035	\$410,415	\$43,870	\$454,015
2036-2040	\$100,188	\$2,363	\$102,552
<b>Total</b>	<b>\$2,532,231</b>	<b>\$330,523</b>	<b>\$2,862,754</b>

The following loans were not on a repayment plan in 2020, and not included in the above debt service table:

- WWTF Disinfection Improvement, Construction - balance due \$2,352,137 repayment to begin in 2022
- WW Facility Plan - balance due \$189,000 repayment to begin in 2021
- PWTF Basich Boulevard Loan - balance due \$290,083 repayment to begin in 2021

### **Note 8 – 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](http://www.drs.wa.gov).

At June 30, 2020, 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)
<b>PERS 1</b>	\$310,220	0.042804%	\$1,511,212
<b>PERS 2 and 3</b>	\$481,807	0.052300%	\$668,887
<b>PSERS</b>	\$26,549	0.060110%	(\$8,271)
<b>LEOFF 1</b>		0.124504%	(\$2,351,269)
<b>LEOFF 2</b>	\$369,486	0.188879%	(\$3,852,856)

#### 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 9 – 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.

**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 over 150 members.

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 \$21 million in limits above the self-insured layer is provided by reinsurance. Total limits are \$25 million per occurrence subject to aggregates and sub-limits. 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 \$400 million per occurrence subject to aggregates and sub-limits. Automobile physical damage coverage is self-funded from the members' deductible of \$1,000 and the City has the option of replacement cost coverage for vehicles over \$25,000.

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 10 – 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 11 – Joint Ventures and Related Parties****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.

In the event of the dissolution of the task force, any money in the possession of the task force after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement and shall be apportioned equally between the parties of this Agreement..

**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 \$348,636.62 to the Communication Center in 2020.

In the event of the dissolution of the Communication Center, any money in the possession of the Communication Center after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties of this Agreement in direct proportion to their percentage of financial participation as a participating entity over the life of the Center..

The Communication Center prepares a stand-alone financial report. A copy of the report is available at Grays Harbor Communications E9-1-1 Center, P.O. Box 1845, Aberdeen, WA 98520.

**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 2020, the City received \$888,786 from sales tax revenue and \$3,243 in interest income.

\$383,889 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 12 – COVID 19 Pandemic**

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.

Through an emergency proclamation, the Mayor has suspended utility shut offs and late fees contingent upon further notice from the Governor's Office.

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.

**Note 13 – Other Disclosures****Extraordinary events**

In 2018 the armory building burned down. An insurance claim for the building was settled in September 2020 for \$23M. The city received \$18,403,126 as part of this settlement in 2018 through 2020.

**City of Aberdeen**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2020**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
251.11	G. O. Bond--Refunding	12/1/2020	79,075	-	79,075	-
263.81	CERB Loan	7/1/2020	2,500	-	2,500	-
263.83	Wastewater Plant - PW-00-691-PRE-101	7/1/2020	53,359	-	53,359	-
263.83	Wastewater Plant - PW-02-691-001	7/1/2022	905,051	-	301,684	603,367
263.83	WWTF Disinfection Imprv, Design	6/1/2039	-	151,566	79,247	72,319
263.83	WWTF Disinfection Imprv, Construction	6/1/2039	-	2,352,137	-	2,352,137
263.83	WW Facility Plan	6/1/2040	-	378,000	189,000	189,000
263.87	PWTF Basich Boulevard Loan	6/1/2040	-	290,083	-	290,083
263.91	Police Car Loan - Bank of Pacific	5/10/2023	139,624	-	39,127	100,497
263.96	LOCAL Program - IT Loan	6/1/2022	431,530	-	136,885	294,645
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,611,139</b>	<b>3,171,786</b>	<b>880,877</b>	<b>3,902,048</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
252.11	Stafford Creek Correctional Facility-2002	11/1/2022	515,000	-	165,000	350,000
259.12	Compensated Absenses GF & Special Revenue funds	12/31/2020	1,100,953	109,784	-	1,210,737
259.12	Compensated Absenses Utility Funds & Equipment Rental Fund	12/31/2020	242,969	26,382	-	269,351
264.30	Pension Liability	12/31/2020	2,168,971	11,128	-	2,180,099
264.40	WWTP Outfall - WQC-2015-AberPW-00015	12/31/2036	1,166,209	-	54,807	1,111,402
264.40	OPEB Liability	12/31/2020	26,452,681	1,355,041	-	27,807,722
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>31,646,783</b>	<b>1,502,335</b>	<b>219,807</b>	<b>32,929,311</b>
<b>Total Liabilities:</b>			<b>33,257,922</b>	<b>4,674,121</b>	<b>1,100,684</b>	<b>36,831,359</b>



**City of Aberdeen**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN (OVW), JUSTICE, DEPARTMENT OF (via WA DEPT OF COMMERCE)	Violence Against Women Formula Grants	16.588	F19-31103-067	28,282	-	28,282	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via WA DEPT OF COMMERCE)	Edward Byrne Memorial Justice Assistance Grant Program	16.738	F17-31440-201	89,869	-	89,869	-	
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Department of Transportation)	Highway Planning and Construction	20.205	STPUS 0005	40,656	-	40,656	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE DEPT OF TRANSPORTATION)	Highway Planning and Construction	20.205	STIP ID#WA- 11898	17,353	-	17,353	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE DEPT OF TRANSPORTATION)	Highway Planning and Construction	20.205	LA-9697	341,206	-	341,206	-	
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA STATE DEPT OF TRANSPORTATION)	Highway Planning and Construction	20.205	STJIS - 0101 (394)	4,161	-	4,161	-	
<b>Total Highway Planning and Construction Cluster:</b>				<b>403,376</b>	<b>-</b>	<b>403,376</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

# City of Aberdeen

## Expenditures

*The accompanying notes are an integral part of this schedule.*

City of Aberdeen

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2020

Note 1 – Basis of Accounting

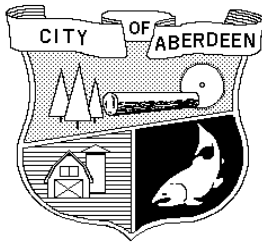
This Schedule is prepared on the same basis of accounting the City's financial statements. The City uses the Cash Basis of Accounting.

Note 2 – Federal De Minimis Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Federal Grant Detail

The COVID-19 Coronavirus Relief Fund Grant had Small Business Grants included in the total of the grant expenditures



## **CITY OF ABERDEEN**

### *Finance Department*

200 East Market St • Aberdeen, WA 98520  
Tel. (360) 533-4100 • Fax (360) 537-5741  
WWW.ABERDEENWA.GOV

## **CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE**

**City of Aberdeen**  
**January 1, 2020 through December 31, 2020**

This schedule presents the corrective action planned by the City for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<b>Finding ref number:</b> 2020-001	<b>Finding caption:</b> The City's internal controls over preparing financial statements were inadequate for ensuring accurate reporting.
<b>Name, address, and telephone of City contact person:</b> Patricia Soule Finance Director 200 E. Market Street Aberdeen, WA 98520 (360) 537-3201	
<b>Corrective action the auditee plans to take in response to the finding:</b> <i>The City will ensure all schedules are reviewed to avoid the mistake of assuming the person doing the schedule should be able to do it without review as this was the second year for him and we were running behind on filing the report. The error on the schedule was large enough it was determined to be material. The C4/C5 recorded the loan revenue but it was not transferred to the Schedule 9, so that caused the full financial report that included the schedules to be adequately reported.</i> <i>During the Audit, the schedules and notes were changed to reflect the correct reporting so the correct annual report does accurately report the Annual Financial information.</i>	

*Going forward all schedules and annual report documents will have a formal review, regardless of who is doing the schedule or annual report documents related to the C4/C5. This will ensure the internal control of review happens for all documents that make up the annual report; schedules, notes, and core financial information; and the annual report will be free from error.*

**Anticipated date to complete the corrective action:** 4/30/2022

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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