



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## City of Monroe

For the period January 1, 2022 through December 31, 2022

*Published September 28, 2023*

Report No. 1033387



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

September 28, 2023

Mayor and City Council  
City of Monroe  
Monroe, Washington

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

Please find attached our report on the City of Monroe'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***

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### City of Monroe January 1, 2022 through December 31, 2022

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

The results of our audit of the City of Monroe 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 no 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>ALN</u>	<u>Program or Cluster Title</u>
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

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

None reported.

## SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

## 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 Monroe January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Monroe  
Monroe, 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 Monroe, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated September 25, 2023.

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.

### **REPORT ON 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) as a basis for designing 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 above 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.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

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

September 25, 2023



## 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 Monroe**  
**January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Monroe  
Monroe, Washington

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

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

We have audited the compliance of the City of Monroe, with the types of compliance requirements identified as subject to audit 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, 2022. The City's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### 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.



Pat McCarthy, State Auditor

Olympia, WA

September 25, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **City of Monroe January 1, 2022 through December 31, 2022**

Mayor and City Council  
City of Monroe  
Monroe, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the City of Monroe, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the City has prepared these financial statements to meet the financial reporting requirements of state law and 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 accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the City of Monroe, and its changes in cash and investments, for the year ended December 31, 2022, on the basis of accounting described in Note 1.

### **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 Monroe, as of December 31, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

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

## **Matter Giving Rise to 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. As described in Note 1 of the financial statements, the financial statements are prepared by the City in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Responsibilities of Management 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 BARS Manual 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.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying 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 as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of the City's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

September 25, 2023

## **FINANCIAL SECTION**

### **City of Monroe January 1, 2022 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2022  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
Notes to Financial Statements – 2022

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

Schedule of Liabilities – 2022  
Schedule of Expenditures of Federal Awards – 2022  
Notes to the Schedule of Expenditures of Federal Awards – 2022



**City of Monroe**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>001 General Fund</b>	<b>105 Streets</b>	<b>109 Tourism</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	48,390,699	9,980,285	776,466	162,440
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	17,110,313	14,480,293	400,000	115,039
320	Licenses and Permits	953,571	649,222	263,892	-
330	Intergovernmental Revenues	6,582,173	3,496,558	406,693	-
340	Charges for Goods and Services	26,263,600	830,474	184,939	-
350	Fines and Penalties	75,439	75,439	-	-
360	Miscellaneous Revenues	1,538,680	159,317	8,351	1,803
Total Revenues:		52,523,776	19,691,303	1,263,875	116,842
<b>Expenditures</b>					
510	General Government	6,452,658	3,798,738	-	-
520	Public Safety	8,985,573	8,929,672	-	-
530	Utilities	13,236,509	72,129	-	-
540	Transportation	2,100,282	-	1,131,019	-
550	Natural/Economic Environment	2,749,624	2,019,335	-	118,510
560	Social Services	162,888	162,888	-	-
570	Culture and Recreation	1,728,589	1,728,589	-	-
Total Expenditures:		35,416,123	16,711,351	1,131,019	118,510
Excess (Deficiency) Revenues over Expenditures:		17,107,653	2,979,952	132,856	(1,668)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	34,205	-	-	-
397	Transfers-In	4,366,722	56,014	-	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	112,577	52,910	4,627	-
Total Other Increases in Fund Resources:		4,513,504	108,924	4,627	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	10,040,735	174,949	-	-
591-593, 599	Debt Service	2,439,723	22,226	-	-
597	Transfers-Out	4,366,722	1,094,800	1,708	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	94,770	71,835	-	-
Total Other Decreases in Fund Resources:		16,941,950	1,363,810	1,708	-
<b>Increase (Decrease) in Cash and Investments:</b>		<b>4,679,207</b>	<b>1,725,066</b>	<b>135,775</b>	<b>(1,668)</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	5,384,220	120,792	-	160,772
50841	Committed	-	-	-	-
50851	Assigned	37,749,745	1,648,605	912,243	-
50891	Unassigned	9,935,957	9,935,957	-	-
<b>Total Ending Cash and Investments</b>		<b>53,069,922</b>	<b>11,705,354</b>	<b>912,243</b>	<b>160,772</b>

The accompanying notes are an integral part of this statement.

**City of Monroe**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>114 Narcotic/Drug Buy Fund</b>	<b>117 REET</b>	<b>203 Governmental Debt Fund</b>	<b>307 Capital Improvements CIP</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	55,973	1,913,345	3,495	21,202
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	2,114,981	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	-	-	-	49,193
340	Charges for Goods and Services	-	-	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	35	26,148	31	244
Total Revenues:		35	2,141,129	31	49,437
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	-
Excess (Deficiency) Revenues over Expenditures:		35	2,141,129	31	49,437
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	-	1,000,000	137,241	-
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		-	1,000,000	137,241	-
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	35,613	-	-	49,193
591-593, 599	Debt Service	-	-	137,241	-
597	Transfers-Out	-	2,115,549	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		35,613	2,115,549	137,241	49,193
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(35,578)</b>	<b>1,025,580</b>	<b>31</b>	<b>244</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	20,396	2,938,924	-	-
50841	Committed	-	-	-	-
50851	Assigned	-	-	3,526	21,446
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>20,396</b>	<b>2,938,924</b>	<b>3,526</b>	<b>21,446</b>

The accompanying notes are an integral part of this statement.

**City of Monroe**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>317 Parks CIP Fund</b>	<b>318 Streets CIP Fund</b>	<b>319 North Kelsey Development</b>	<b>330 Building Capital</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	996,654	1,839,096	148,547	1,606,704
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	-
330	Intergovernmental Revenues	1,044,599	1,245,080	-	-
340	Charges for Goods and Services	273,853	2,152,468	-	-
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	8,265	10,196	104	21,301
Total Revenues:		1,326,717	3,407,744	104	21,301
<b>Expenditures</b>					
510	General Government	-	-	-	-
520	Public Safety	-	-	-	-
530	Utilities	-	-	-	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	611,779
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		-	-	-	611,779
Excess (Deficiency) Revenues over Expenditures:		1,326,717	3,407,744	104	(590,478)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	-	-
397	Transfers-In	41,708	502,649	-	1,934,310
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	-	-	-	-
Total Other Increases in Fund Resources:		41,708	502,649	-	1,934,310
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	605,794	4,017,126	-	218,076
591-593, 599	Debt Service	-	-	-	-
597	Transfers-Out	1,000,000	-	148,651	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	-	-	-	-
Total Other Decreases in Fund Resources:		1,605,794	4,017,126	148,651	218,076
<b>Increase (Decrease) in Cash and Investments:</b>		<b>(237,369)</b>	<b>(106,733)</b>	<b>(148,547)</b>	<b>1,125,756</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	38,793	-	-	-
50841	Committed	-	-	-	-
50851	Assigned	720,494	1,732,363	-	2,732,461
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>759,287</b>	<b>1,732,363</b>	<b>-</b>	<b>2,732,461</b>

The accompanying notes are an integral part of this statement.

**City of Monroe**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>411 Water Maintenance &amp; Operations</b>	<b>421 Sewer Maintenance &amp; Operations</b>	<b>431 Stormwater Maint &amp; Operations</b>	<b>510 Information &amp; Tech Services</b>
<b>Beginning Cash and Investments</b>					
308	Beginning Cash and Investments	7,162,461	15,781,824	1,308,153	340,336
388 / 588	Net Adjustments	-	-	-	-
<b>Revenues</b>					
310	Taxes	-	-	-	-
320	Licenses and Permits	-	-	-	40,457
330	Intergovernmental Revenues	-	236,269	103,781	-
340	Charges for Goods and Services	7,593,762	8,860,533	2,834,288	740,327
350	Fines and Penalties	-	-	-	-
360	Miscellaneous Revenues	445,189	756,197	16,141	11,025
Total Revenues:		8,038,951	9,852,999	2,954,210	791,809
<b>Expenditures</b>					
510	General Government	-	-	-	1,154,773
520	Public Safety	18,610	18,609	18,682	-
530	Utilities	5,723,681	5,179,015	2,261,684	-
540	Transportation	-	-	-	-
550	Natural/Economic Environment	-	-	-	-
560	Social Services	-	-	-	-
570	Culture and Recreation	-	-	-	-
Total Expenditures:		5,742,291	5,197,624	2,280,366	1,154,773
Excess (Deficiency) Revenues over Expenditures:		2,296,660	4,655,375	673,844	(362,964)
<b>Other Increases in Fund Resources</b>					
391-393, 596	Debt Proceeds	-	-	34,205	-
397	Transfers-In	-	-	-	394,800
385	Special or Extraordinary Items	-	-	-	-
381, 382, 389, 395, 398	Other Resources	47,162	3,820	-	-
Total Other Increases in Fund Resources:		47,162	3,820	34,205	394,800
<b>Other Decreases in Fund Resources</b>					
594-595	Capital Expenditures	734,787	3,690,592	219,380	-
591-593, 599	Debt Service	637,424	1,400,269	217,075	25,488
597	Transfers-Out	-	-	-	-
585	Special or Extraordinary Items	-	-	-	-
581, 582, 589	Other Uses	758	22,177	-	-
Total Other Decreases in Fund Resources:		1,372,969	5,113,038	436,455	25,488
<b>Increase (Decrease) in Cash and Investments:</b>		<b>970,853</b>	<b>(453,843)</b>	<b>271,594</b>	<b>6,348</b>
<b>Ending Cash and Investments</b>					
50821	Nonspendable	-	-	-	-
50831	Restricted	479,594	1,464,843	160,106	-
50841	Committed	-	-	-	-
50851	Assigned	7,653,722	13,863,140	1,419,640	346,685
50891	Unassigned	-	-	-	-
<b>Total Ending Cash and Investments</b>		<b>8,133,316</b>	<b>15,327,983</b>	<b>1,579,746</b>	<b>346,685</b>

The accompanying notes are an integral part of this statement.

**City of Monroe**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>520 Equipment &amp; Fleet Management</b>	<b>530 Facilities Management</b>
<b>Beginning Cash and Investments</b>			
308	Beginning Cash and Investments	6,269,673	24,045
388 / 588	Net Adjustments	-	-
<b>Revenues</b>			
310	Taxes	-	-
320	Licenses and Permits	-	-
330	Intergovernmental Revenues	-	-
340	Charges for Goods and Services	1,420,867	1,372,089
350	Fines and Penalties	-	-
360	Miscellaneous Revenues	64,505	9,828
Total Revenues:		1,485,372	1,381,917
<b>Expenditures</b>			
510	General Government	-	1,499,147
520	Public Safety	-	-
530	Utilities	-	-
540	Transportation	969,263	-
550	Natural/Economic Environment	-	-
560	Social Services	-	-
570	Culture and Recreation	-	-
Total Expenditures:		969,263	1,499,147
Excess (Deficiency) Revenues over Expenditures:		516,109	(117,230)
<b>Other Increases in Fund Resources</b>			
391-393, 596	Debt Proceeds	-	-
397	Transfers-In	-	300,000
385	Special or Extraordinary Items	-	-
381, 382, 389, 395, 398	Other Resources	4,058	-
Total Other Increases in Fund Resources:		4,058	300,000
<b>Other Decreases in Fund Resources</b>			
594-595	Capital Expenditures	287,305	7,920
591-593, 599	Debt Service	-	-
597	Transfers-Out	6,014	-
585	Special or Extraordinary Items	-	-
581, 582, 589	Other Uses	-	-
Total Other Decreases in Fund Resources:		293,319	7,920
<b>Increase (Decrease) in Cash and Investments:</b>		<b>226,848</b>	<b>174,850</b>
<b>Ending Cash and Investments</b>			
50821	Nonspendable	-	-
50831	Restricted	-	-
50841	Committed	-	-
50851	Assigned	6,496,523	198,897
50891	Unassigned	-	-
<b>Total Ending Cash and Investments</b>		<b>6,496,523</b>	<b>198,897</b>

The accompanying notes are an integral part of this statement.

**City of Monroe**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	2,220,863	2,220,863
388 & 588	Net Adjustments	-	-
310-390	Additions	1,673,016	1,673,016
510-590	Deductions	1,899,359	1,899,359
	Net Increase (Decrease) in Cash and Investments:	(226,343)	(226,343)
508	Ending Cash and Investments	1,994,520	1,994,520

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

**City of Monroe**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

The City of Monroe was incorporated in 1902 and operates under the laws of the state of Washington applicable to a non-charter code city with a mayor-council form of government. The city is a general purpose local government and provides general government services including public safety, street improvements, parks and recreation, human services, planning, zoning, building permits, and general administrative services. In addition, the city owns and operates a sewer system and treatment plant, a water utility, and a stormwater system.

The City 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 as 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. 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 Fund**

This fund is the primary operating fund of the government. 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.

## 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 government on a cost reimbursement basis.

## FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

### Custodial Funds

These funds are used to account for assets that the government holds on behalf of 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 4, *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 one year. Capital assets and inventory are recorded as capital expenditures when purchased.



#### E. Compensated Absences

Upon separation or retirement, the amount of hours of accrued vacation payout is as follows:

Clerical, Public Works & Parks, and Supervisors	100 hours maximum paid
Police Guild	200 hours maximum paid
Police Sergeants and Non-represented employees	Total of earned vacation leave (no maximum)

Upon separation or retirement, the amount of accrued sick leave paid out is as follows:

Non-represented employees hired before 1/1/13	75% of accrued sick leave paid
Non-represented employees hired after 1/1/13	No vested payments of accrued sick leave
Police Guild employees hired before 4/5/06	75% of accrued sick leave paid, with a maximum of 700 hours paid out
Police Guild employees hired after 4/5/06 and before 1/1/15	50% of accrued sick leave paid, with a maximum of 800 hours paid out
Police Guild employees hired after 1/1/15	No vested payments of accrued sick leave unless employment ends due to death, disability, layoff or retirement with 15 years of service
Clerical, Public Works & Parks, and Supervisors hired before 12/21/05	75% of accrued sick leave paid, with a maximum of 800 hours paid out
Clerical, Public Works & Parks, and Supervisors hired after 12/21/05 and before 1/1/13	50% of accrued sick leave paid, with a maximum of 800 hours paid out
Clerical, Public Works & Parks, and Supervisors hired after 1/1/13	No vested payments of accrued sick leave
Police Sergeant employees hired before 12/12/06	75% of accrued sick leave paid, with a maximum of 800 hours paid out
Police Sergeant employees hired after 12/12/06 and before 1/1/13	50% of accrued sick leave paid, with a maximum of 800 hours paid out
Police Sergeant employees hired after 1/1/13	Payout only if laid off, retire with 20 years of service, die or are disabled: 25% of accrued sick leave paid.

Payments are recognized as expenditures when paid. Upon separation or retirement, sick leave payouts are paid from the Sick Leave Reserve managerial fund.

#### F. Long-Term Debt

See Note 5, Long-term Debt.

#### G. Other Increases or Decreases

The government's *Other Increases or Decreases* consist of operating transfers-in and operating transfers-out, and the issuance of revenue debt, and the activities of the General Fund's various managerial fund activities, such as construction retainage payments and refundable deposits.

#### H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments 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 restricted resources first before using unrestricted amounts.

Restrictions and commitments of Ending Cash and Investments consist of the following:

- \$120,792 in Fund 001 General Fund for affordable and supportive housing tax (SHB 1406).
- \$160,772 in Fund 109 Tourism for tourism based programs and facilities as defined by state statute.
- \$20,396 in Fund 114 Narcotic/Drug Buy Fund for drug enforcement actions taken by law enforcement. Resources are derived from drug seizures and are restricted by statute.
- \$2,938,924 in Fund 117 Real Estate Excise Taxes for use on capital projects as identified in the City's Capital Facilities Plan and as allowed by state statute.
- \$38,793 in the Parks CIP Fund. This is the accumulation of 0.42% of the fuel tax revenue received each year. By state statute this revenue must be spent on paths and trails.
- \$479,594 in the Water Fund is reserved to comply with the revenue bond covenants associated with outstanding water utility revenue debt.
- \$1,464,843 in the Sewer Fund is reserved to comply with the revenue bond covenants associated with outstanding sewer utility revenue debt.
- \$160,106 in the Stormwater Fund is reserved to comply with the revenue bond covenants associated with outstanding stormwater utility revenue debt.

#### Note 2 – Budget Compliance

For fiscal year 2022 the city adopted an annual appropriated budgets for all funds except 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 follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund #001	\$27,771,709	\$18,817,004	(\$8,954,705)
Contingency Fund #002	1,273,360	0	(\$1,273,360)
Donation Fund #008	30,585	6,378	(\$24,207)
Street Fund #105	1,940,017	1,132,726	(\$807,291)
Tourism Fund #109	232,440	118,510	(\$113,930)
Narcotics Fund #114	55,976	35,613	(\$20,363)
Real Estate Excise Tax Fund #117	4,019,645	2,115,549	(\$1,904,096)
Governmental Debt Fund #203	140,756	137,241	(\$3,515)
General Capital Projects #307	1,223,762	49,193	(\$1,174,569)
Parks CIP Fund #317	2,963,026	1,605,793	(\$1,357,233)
Streets CIP Fund #318	8,263,658	4,017,128	(\$4,246,530)
N. Kelsey Dev Fund #319	148,652	148,651	(\$1)
Building Capital Fund #330	3,547,515	829,854	(\$2,717,661)
Water Fund #411	8,765,366	6,864,303	(\$1,901,063)
Water CIP Fund #412	6,494,407	1,248,291	(\$5,246,116)
Sewer Fund #421	9,809,439	8,953,926	(\$855,513)
Sewer CIP Fund #422	18,073,299	4,053,908	(\$14,019,391)
Stormwater Fund #431	3,432,724	2,992,683	(\$440,041)
Stormwater CIP Fund #432	4,697,959	530,406	(\$4,167,553)
Revenue Bond Reserve #450	2,843,121	761,276	(\$2,081,845)
Info Tech Services Fund #510	1,473,794	1,180,260	(\$293,534)
Fleet & Equipment Fund #520	7,756,040	1,262,580	(\$6,493,460)
Facilities Management Fund #530	\$1,702,634	\$1,507,049	(\$195,585)
<b>Totals</b>	<b>\$116,659,884</b>	<b>\$58,368,320</b>	<b>(\$58,291,564)</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. Variances from actual to appropriations in the CIP funds are due to the timing of construction project expenditures.

The city adopted the final amended budget on June 28, 2022 by ordinance number 018/2022. The following funds were amended by more than five (5) percent:

- General Fund #001 – Amended estimated beginning fund balance of \$4,347,614 to actual beginning fund balance of \$8,427,622 with tax revenues coming in higher than expected. Specifically, general sales taxes (exclusive of public safety) came in \$632,000 better than budget; utility taxes came in \$163,000 better than budget. Revenue associated with development was higher than expected by \$284,000. And the City received its first tranche of ARPA money, which carried over into fiscal year 2022. In addition to higher than expected revenues, expenditures were less than budgeted by approximately \$1.3 million. A good portion of expenditure savings is due to staffing turnover and the challenges with filling approved positions.

- Tourism Fund #109 – Amended estimated beginning fund balance of \$138,740 to actual beginning fund balance of \$162,440.
- Real Estate Excise Tax Fund #117 – Amended estimated beginning fund balance of \$2,358,175 to actual beginning fund balance of \$1,913,345. Budgeted beginning fund balance included receiving a \$1,000,000 RCO grant reimbursement for the purchase of North Hill Park. The RCO grant was received in 2022. Without the RCO grant, revenues were higher than anticipated due to increased real estate sales activity in Monroe.
- Parks CIP Fund #317 – Amended estimated beginning fund balance of \$815,533 to actual beginning fund balance of \$996,654. Impact fees were higher than anticipated; capital costs were less than estimated due to timing on actual construction.
- Streets CIP Fund #318 – Amended estimated beginning fund balance of \$1,668,892 to actual of \$1,839,096. Impact fees were higher than anticipated; capital costs were less than estimated due to timing on actual construction.
- North Kelsey Development Fund #319 – Amended estimated beginning fund balance of \$116,079 to actual of \$148,547. Interest earnings for all funds were higher than anticipated. Expenditures associated with development of the area were less than estimated.
- Building Fund #330 – Amended estimated beginning fund balance of \$1,606,704 to actual of \$1,549,307. Increased expenditures of \$1,036,000 for design costs associated with the Municipal Campus Project Phase II.
- Water Fund #411 – Amended estimated beginning fund balance of \$744,807 to actual of \$1,437,252. Water revenues were higher than budgeted by approximately \$500,000 as were development related revenues.
- Water CIP Fund #412 – Amended estimated beginning fund balance of \$5,609,913 to actual of \$5,024,254. Capital maintenance projects anticipated to carry over into 2022 were completed prior to year end.
- Sewer CIP Fund #422 – Amended estimated beginning fund balance of \$11,878,765 to actual of \$12,822,094. Capital fees came in higher than anticipated and expenses were less than estimated.
- Storm CIP Fund #432 – Amended estimated beginning fund balance of \$1,418,677 to actual of \$549,887. Due to timing of capital projects, reimbursement based grant revenues have not yet been received.
- Information Technology Services Fund #510 – Amended estimated beginning fund balance of \$433,919 to actual beginning fund balance of \$340,336 with carryover COVID related expenses higher than projected. Acknowledge transfer in of \$100,000 to fund ongoing IT expenses. Increase expenditures for COVID mitigation infrastructure and strategic planning by \$184,000.
- Facilities Management Fund #530 – Amended estimated beginning fund balance of \$83,768 to actual of \$24,045. Utility costs associated with city owned facilities were higher than anticipated. Cost recovery is done on a two year lookback basis, causing revenues to lag behind operating expenses.

The city adopted ordinance number 011/2022 on April 26, 2022 changing its budget period from an annual to biennial budget beginning with fiscal years 2023-2024.

### **Note 3 - Property Tax**

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

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

The city's regular levy for the year 2022 was \$1.02164388458 per \$1,000 on an assessed valuation of \$3,395,678,937 for a total regular levy of \$3,469,175.

### **Note 4 – 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.

Investments are reported at original cost. Investments by type at December 31, 2022 are as follows:

<u>Type of Investment</u>	City's <b>own</b> investments	Investments held by the city as an agent for other local governments, individuals or private organizations.	Total
Bank Deposits	\$ 3,721,786	\$ 139,875	\$ 3,861,661
LGIP	21,611,821	812,233	22,424,054
U.S. Government Securities	<u>27,736,408</u>	<u>1,042,412</u>	<u>28,778,820</u>
Total	<u>\$53,070,015</u>	<u>\$1,994,520</u>	<u>\$55,064,535</u>

#### **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, the oversight is provided by the Washington 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, or online at [www.tre.wa.gov](http://www.tre.wa.gov).

#### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the 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 mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered, or held by the city or its agent in the city's name.

## **Note 5 – 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, 2022.

The debt service requirements for general obligation bonds, revenue bonds, Public Works Trust Fund Loans, and Department of Ecology Loans are as follows:

	Principal	Interest	Total
2022	1,815,197	576,812	2,392,009
2023	1,280,000	524,494	1,804,494
2024	1,325,000	474,750	1,799,750
2025	1,115,000	424,200	1,539,200
2026	1,160,000	379,600	1,539,600
2027-2036	8,330,000	1,386,000	9,716,000
<b>Totals</b>	<b>15,025,197</b>	<b>3,765,856</b>	<b>18,791,053</b>

Information on long term lease obligations may be found in Note 12 Leases.

During 2019, the City was awarded a Department of Ecology Clean Water State Revolving Fund low interest loan for up to \$877,750 for its Blueberry Lane Stormwater project. The effective interest rate is two percent (2%). The City has drawn to date \$162,003. Payments will not begin until the project is finalized, anticipated to be prior to December 2023.

The decrease in future long term debt obligations is associated with final debt service payments being made for two DOE loans and a PWTF loan in 2022. The 2011 revenue bond is scheduled to be paid in full in 2023.

On March 14, 2023, the City Council approved Ordinance No. 003/2023, authorizing the issuance of limited tax general obligation bonds not to exceed \$17,100,000 for financing the municipal campus improvements and the costs of issuance and sale of the bonds. Bonds are anticipated to be funded no later than July 2023 with first payments anticipated in June 2024.

## **Note 6 – Pension Plans**

### **A. State Sponsored Pension Plans**

Substantially all of the city's 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: Public Employees' Retirement System (PERS) Plans 1, 2 and 3, or Law Enforcement and Fire Fighters Retirement System (LEOFF).

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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2022 (the measurement date of the plans), the city's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability (Asset)
PERS 1 UAAL	0.052027%	\$1,448,623
PERS 2 and 3	0.067656%	\$(2,509,213)
LEOFF 1	0.006547%	\$(187,808)
LEOFF 2	0.097754%	\$(2,656,659)

#### 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.

#### B. Defined Contribution Pension Plans

Each bargaining unit of city employees in the Teamster union (Office-Clerical Employees, Supervisory Employees, Public Works and Parks Employees, and Sergeants) has independently voted to also be in the Western Conference Teamsters Pension Trust (WCTPT). The WCTPT is a multiemployer defined contribution pension plan (Taft-Hartley Pension Plan) established in 1955 and administered by a Board of Trustees consisting of employer and union representatives from among all its participants. The WCTPT provides a lifetime monthly pension benefit along with death, survivor, and disability benefits. Additional information regarding benefits and the plan may be obtained by writing to Western Conference of Teamster Pension Plan, 2323 Eastlake Avenue East, Seattle, WA 98102.

Each bargaining unit votes on the hourly amount they will contribute to the pension fund. Each unit negotiates with the city on an amount the city will contribute hourly to this pension fund. This is paid monthly. There is no unfunded liability on the city's part. This is merely an additional benefit on top of the PERS system. With the exception of the Supervisors and Sergeants, the city pays into the WCTPT on account of each member of the bargaining unit seventy-five cents (\$0.75) for each hour compensated. Supervisors receive seventy cents (\$0.70) and the Sergeants receive ninety cents (\$0.90) for each hour compensated. In 2022, the city paid a total of \$112,091 to the WCTPT for its portion of the contribution.

Beginning in 2020, the collective bargaining agreement between the City and the Police Sergeants (Public, Professional & Office Clerical Employees and Drivers Local Union No. 763) will make a payment into the HRA/VEBA account of a Sergeant upon retirement based on the following table:

Retirement Age	Years of Service (Minimum)	Time in Grade	Annual Amount	Number of Years at Amount	Total Paid
50-52	20 years	3 years	\$4,800	5 years	\$24,000

53-54	20 years	3 years	\$4,800	4 years	\$19,200
55	20 years	3 years	\$4,800	3 years	\$14,400

There was one payment made in 2022 \$4,800.

#### **Note 7 – Other Post-Employment Benefits (OPEB)**

The LEOFF 1 Retiree Medical Plan is a closed, single-employer, defined-benefit OPEB plan administered by the city. The plan pays for 100% of eligible retirees' healthcare costs on a pay-as-you-go basis. For the year ended December 31, 2022, the plan had three members, all retirees. A former employee, who is not retired but is no longer employed by the city, has a severance agreement that commits the city to the same post-employment benefits as a LEOFF 1 retiree.

The city does not purchase any retiree medical insurance for the former employee. The city does purchase retiree medical insurance for the three LEOFF 1 retirees through the Washington Teamsters Welfare Trust for Retired LEOFF 1 Employees with Medicare under Plan A. The city pays 100% of the monthly insurance premium. For 2022, the city paid \$24,406 in premium payments. Any remaining out of pocket expenses are paid on the pay-as-you-go basis as required by the LEOFF 1 Retiree Medical Plan.

As of December 31, 2022, the city's total OPEB liability was \$2,210,484, as calculated using the alternative measurement method. For the year ended December 31, 2022, the city paid \$54,716 in pay-as-you-go benefits. Total paid for medical premiums and pay-as-you-go for 2022 was \$79,122.

#### **Note 8 – Significant Commitments or Obligations - Construction Commitment**

The city has active construction projects as of December 31, 2022. At year-end the city's commitments with contractors are as follows:



Project	\$ Spent before 01/01/2022	\$ Spent between 01/01/2022 & 12/31/2022	Future \$ under contract as of 12/31/2022	Future \$ not under contract at year end
147th Signal	\$84,530.02	\$52,920.73	\$43,918.50	\$59,200.00
179th Ave Sidewalk	\$589.12	\$106,389.73	\$109,252.77	\$55,100.00
Blueberry Infiltration	\$117,524.00	\$179,369.48	\$76,131.00	\$3,774,000.00
Chain Lake Road Construction	\$1,884,300.89	\$509,918.06	\$100,000.00	
DOC Reservoir #2	\$2,514,079.17	\$202,433.81	\$76,220.28	
Facilities Assessment	\$44,358.93	\$619,617.17	\$139,018.60	\$16,500,000.00
Madison Combined Sewer Separation	\$3,753.67	\$2,803,862.39	\$74,084.42	
Powell Street Reconstruction	\$162.49	\$50,631.82	\$35,131.75	\$700,000.00
Tjerne Place Phase III (ROW)	\$304,933.00	\$3,067.24	\$22,757.79	
Strawberry Ln	\$83,448.59	\$15,014.78	\$19,810.17	\$636,540.00
US 2 Non Motorized Path	\$128,577.69	\$914,507.90	\$879,890.18	
Wayfinding	\$3,821.01	\$589,012.46	\$660,718.65	
WWTP CIP 1	\$5,525,861.50	\$1,928,665.50		
Engineering Report	\$50,953.65	\$16,786.12		
SMAP	\$10,241.25	\$22,526.25	\$27,212.50	
Sidewalk Trip Hazard Grinding	\$19,999.17	\$29,461.25		
2024 City of Monroe Comp Plan		\$149,409.67	\$1,650,590.33	
177th Avenue SE Sewer Replacement		\$54,058.55	\$73,655.45	
Kelsey Street Railroad	\$564.56	\$60,142.88	\$95,561.87	
Transportation Analysis Report		\$11,500.00		
Lewis Street Park Fence Installation		\$5,738.25		
Boys and Girls Club Tree Removal		\$5,027.80		
Fuel Station #2 Gauge Replacement		\$7,920.13		
2022 Reservoir Cleaning		\$4,740.59		
Lewis-Trombley Tree Removal		\$9,299.00		
Sound Salmon Solutions		\$2,131.33		
PD Roof and Vaport Barrier Replacement		\$165,404.05		
New WWTP Roof		\$249,837.53		
Ventures Property		\$24,936.38		
Skykomish and Snohomish River Regulatory Signage		\$20,512.50		
Totals	\$10,777,698.71	\$8,814,843.35	\$4,083,954.26	\$21,724,840.00

All committed construction projects are funded through awarded grants, impact fees, capital utility fees, utility revenues, and/or excise taxes. There are no unfunded contract commitments.

#### **Note 9 – Joint Ventures and Jointly Governed Organizations**

##### **Snohomish County 911**

The city and other Police and Fire entities jointly operate SNOHOMISH COUNTY 911. SNOHOMISH COUNTY 911, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOHOMISH COUNTY 911 is with a 16 member Board of Directors which is specified in the Interlocal Agreement. SNOHOMISH COUNTY 911 takes 911 calls and performs emergency dispatch services for local governmental agencies including police, fire, and medical aid.

In the event of the dissolution of SNOHOMISH COUNTY 911, any money in the possession of SNOHOMISH COUNTY 911 or the Board of Directors 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 between

Principals based on the ratio that the average of each Principals' contributions to the operating budget over the preceding five (5) years bears to the total of all then remaining Principals' User Fees paid during such five-year period. Before deducting the payment of all costs, expenses, and charges validly incurred, the city's share was \$299,286 on December 31, 2022.

Snohomish County 911's 2021 operating budget was \$26,034,697, operating revenues received were \$26,904,022 and total operating expenditures were \$25,119,101. Complete financial statements for SNOHOMISH COUNTY 911 can be obtained from SNOHOMISH COUNTY 911's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

#### **French Slough Flood Control District:**

In December 2010 the city entered into an Interlocal Agreement with the French Slough Flood Control District to replace a 1992 Interlocal Agreement with the Snohomish County Drainage Improvement Districts Number 4 and 4A and the French Slough Flood Control District. The agreement is to maintain a Joint Advisory Board for the purpose of improving communications regarding their combined drainage system and service area. The city maintains the property that is within the district boundary and city limits. The district maintains the property that is within the district boundary and not the city limits. The two areas of responsibility are mutually exclusive.

The Joint Advisory Board meets not less than four times annually to recommend the annual budget of the drainage system. Approximately 27.73% of the land in the Flood District is in city limits, therefore the city pays 27.73% of the assessments each year to the District. The city's annual assessment for 2022 was \$108,919 and was paid from the Stormwater Utility Fund #431.

The 2010 agreement had an initial term of five years with three additional renewal periods of five years each. Either party may terminate the agreement with 180 days written notice to the other party.

#### **Note 10 – Health and Welfare**

The City of Monroe is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2022, 262 cities/towns/non-city entities participate and have enrollment in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members.

In April 2020, the Board of Trustees adopted a large employer policy, requiring newly enrolling groups with 600 or more employees to submit medical claims experience data in order to receive a quote for medical

coverage. Outside of this, the AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members.

The AWC Trust HCP includes medical, dental and vision insurance through the following carriers: Kaiser Foundation Health Plan of Washington, Kaiser Foundation Health Plan of Washington Options, Inc., Regence BlueShield, Asuris Northwest Health, Delta Dental of Washington, Willamette Dental Group, and Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-city entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. In 2022, the AWC Trust HCP purchased medical stop loss insurance for Regence/Asuris and Kaiser plans at an Individual Stop Loss (ISL) of \$1.5 million through United States Fire Insurance Company. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC Trust HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the AWC Trust HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the AWC Trust HCP. Similarly, the terminating member forfeits all rights and interest to the AWC Trust HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the AWC Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The AWC Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). In 2018, the retiree medical plan subsidy was eliminated, and is noted as such in the report for the fiscal year ending December 31, 2018. Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

## **Note 11 – Risk Management**

### **Self-Insurance – Unemployment**

The city self-insures as an individual program for unemployment compensation risk. Claims for unemployment are administered by the Washington State Employment Security Department and invoices are submitted to the city on a quarterly basis, if applicable. Total claims received and paid during the year ending December 31, 2022 was \$8,361. Unemployment claims are recorded when paid from the relevant department's operations budget. However, the city maintains a contingency reserve account (part of the

current expense fund) to cover the costs of unemployment claims should they become material. For 2022, the ending balance of the contingency reserve account was \$1,279,867.

#### Washington Cities Insurance Authority (WCIA)

The City of Monroe 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 166 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. While the liability program assumes no liability deductibles apply, claims deductible levels of \$25,000, \$50,000, \$100,000, and \$250,000, are potential coverage options for members that may at the sole discretion of WCIA be extended to members. The City of Monroe carries a \$25,000 per claim deductible. Coverage includes general, automobile, police, errors or omissions, stop gap, employment practices, prior wrongful acts, 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.

All Members are provided a separate cyber risk policy and premises pollution liability coverage group purchased by WCIA. The cyber risk policy provides coverage and separate limits for security & privacy, event management, and cyber extortion, with limits up to \$1 million and subject to member deductibles, sublimits, and a \$5 million pool aggregate. Premises pollution liability provides Members with a \$2 million incident limit and \$10 million pool aggregate subject to a \$100,000 per incident Member deductible.

Insurance for property, automobile physical damage, fidelity, inland marine, and equipment breakdown 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 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.

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. Further information on the WCIA can be obtained in writing to Washington Cities Insurance Authority, PO Box 88030, Tukwila, WA 98138.

The City of Monroe also maintains a Risk Management Reserve managerial fund to cover unforeseen claims or deductibles. The current balance is \$20,724.

#### **Note 12 –Leases**

During the year ended December 31, 2022, the city adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities (09).

The city leases eight copiers from Ricoh USA, Inc. with a 2022 annual cost of \$24,023. Copier machines are under a 3-year lease agreement commencing when the machine is received. The lease agreements are non-cancelable for the term of the lease. The eight leased copiers have varying start and end dates with the latest lease end date of April 2025.

The city leases one postage machine from Quadient Leasing for \$366 per quarter under a 4-year non-cancelable lease agreement. The lease agreement ends February 28, 2025.

The city leases laptop computers and modems for police vehicles from Snohomish County 911 with an average monthly cost of \$1,852 under a 5-year agreement that can be cancelled after mutual acceptance and agreement of penalty. The lease agreement ends April 30, 2023.

The total amount paid for leases in 2022 was \$47,715. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$23,983.69
2024	\$7,503.08
2025	\$2,418.63
Total	\$33,905.40

#### **Note 13 – Subsequent Events**

The city adopted ordinance number 011/2022 on April 26, 2022 changing its budget period from an annual to biennial budget beginning with fiscal years 2023-2024.

On March 14, 2023, the City Council approved Ordinance No. 003/2023, authorizing the issuance of limited tax general obligation bonds not to exceed \$17,100,000 for financing the municipal campus improvements and the costs of issuance and sale of the bonds. Bonds are anticipated to be funded no later than July 2023 with first payments anticipated in June 2024.

#### **Note 14 – Other Disclosures**

##### **Monroe Transportation Benefit District**

In 2012 the Monroe City Council adopted an ordinance to create a Transportation Benefit District (TBD), with the same boundaries as the city limits. Per the ordinance, funding sources for this district can only be created

through a vote of the citizens of Monroe, regardless of the type of revenue source. The board is comprised of whoever are the current residing city council members. In 2014 the citizens voted to impose a 0.2% sales tax to fund street related projects. The sales tax levy commenced January 1, 2015. \$786,778 in sales tax revenue was collected by the district in 2015, \$1,058,999 in sales tax revenue was collected in 2016, \$1,220,039 in 2017, \$1,229,117 was collected in 2018, \$1,287,809 was collected in 2019, \$1,292,822 in 2020, \$1,498,449 was collected in 2021, and \$1,562,996 was collected in 2022.

The City of Monroe reports the TBD financial activities in a custodial fund and the TBD reports their financial activity to the state auditor's office as a separate entity from the city. Prior to 2019, the custodial fund was classified as fund number 623. Beginning in 2019, this fund was reclassified as per the BARS manual to fund number 643.

**City of Monroe**  
**Schedule of Liabilities**  
**For the Year Ended December 31, 2022**

<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	2016 Revenue Bonds - PW Shop	12/1/2036	1,536,800	-	78,200	1,458,600
263.56	Postage machining lease	2/28/2025	4,762	-	1,465	3,297
263.56	Managed laptop program	4/30/2023	30,963	-	22,226	8,737
263.56	Police Department file room copier lease	5/24/2025	-	4,334	843	3,491
263.56	Police Department copier lease	3/20/2023	8,346	-	6,677	1,669
263.56	City Hall central copier lease	4/25/2023	12,007	-	9,005	3,002
263.56	Parks copier lease	1/25/2024	6,012	-	2,886	3,126
263.56	City Hall copier lease	4/24/2025	-	4,871	1,083	3,788
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,598,890</b>	<b>9,205</b>	<b>122,385</b>	<b>1,485,710</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
263.88	Public Works Trust Fund Loan	6/1/2022	135,148	-	135,144	4
263.82	Department of Ecology Loan	9/5/2022	367,184	-	367,183	1
263.82	Department of Ecology Loan	7/30/2022	77,753	-	77,869	(116)
263.84	Department of Ecology CWSRF Loan	10/31/2043	127,798	34,205	-	162,003
252.11	2011 W/S/Storm Revenue Bonds	12/1/2023	1,510,000	-	755,000	755,000
252.11	2016 Revenue Bonds - PW Shop	12/1/2036	2,983,200	-	151,800	2,831,400
252.11	2017 Revenue Bonds - Partial refunding 2009 & 2011 Bonds	12/1/2031	8,415,000	-	250,000	8,165,000
263.57	Wastewater treatment copier lease	3/25/2023	2,139	-	1,711	428
263.57	Public Works shop copier lease	4/25/2025	-	3,315	737	2,578
263.57	Public Works engineering copier lease	4/24/2025	-	4,871	1,083	3,788
259.12	Compensated Absences		2,257,536	85,058	-	2,342,594
264.30	Net Pension Liabilities		617,236	831,387	-	1,448,623
264.40	OPEB Liabilities		2,507,628	-	297,144	2,210,484
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>19,000,622</b>	<b>958,836</b>	<b>2,037,671</b>	<b>17,921,787</b>
<b>Total Liabilities:</b>			<b>20,599,512</b>	<b>968,041</b>	<b>2,160,056</b>	<b>19,407,497</b>

**City of Monroe**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Expenditures				Passed through to Subrecipients	Note
			Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
OFFICE ON VIOLENCE AGAINST WOMEN, JUSTICE, DEPARTMENT OF (via City of Everett)	Violence Against Women Formula Grants	16.588	N/A	5,938	-	5,938	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Bulletproof Vest Partnership Program	16.607	-	-	3,250	3,250	-	1, 2, 3
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Office of Attorney General)	National Sexual Assault Kit Initiative	16.833	SAKI 2017-AK- BX-0016	3,360	-	3,360	-	1, 2, 3
<b>Highway Planning and Construction Cluster</b>								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	CM-2629(001)	479,971	-	479,971	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	CM-0002(864)	565,169	-	565,169	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	STPUL-2673 (001)	31,585	-	31,585	-	1, 2, 3
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	CM-2673(002)	66,464	-	66,464	-	1, 2, 3

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



**City of Monroe**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2022**

	Expenditures					Passed through to Subrecipients	Note
	Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total
	FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA State Dept of Transportation)	Highway Planning and Construction	20.205	RAIL-2632(001)	89,763	-	89,763
							1, 2, 3
		<b>Total Highway Planning and Construction Cluster:</b>			<b>1,232,952</b>	<b>-</b>	<b>1,232,952</b>
	<b>Highway Safety Cluster</b>						
	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Assoc of Sheriffs & Police Chiefs)	State and Community Highway Safety	20.600	N/A	2,936	-	2,936
							1, 3
		<b>Total Highway Safety Cluster:</b>			<b>2,936</b>	<b>-</b>	<b>2,936</b>
	DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Department of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	N/A	5,525,823	-	5,525,823
							123
		<b>Total Federal Awards Expended:</b>			<b>6,771,009</b>	<b>3,250</b>	<b>6,774,259</b>
							-

## **City of Monroe**

### **Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2022**

**Note 1 – Basis of Accounting**

This schedule is prepared on the same basis of accounting as the city of Monroe's financial statements. The city of Monroe uses the cash basis accounting method.

**Note 2 – Indirect Cost Rate**

The city of Monroe has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$0.00 claimed as an indirect cost recovery using an approved indirect cost rate of 0.00 percent.

**Note 3 – Program Costs**

The amounts shown as current year expenditures represent only the federal award portion of the program costs. Entire program costs, including the city of Monroe's portion, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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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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