

ANNUAL REPORT CERTIFICATION

Monroe Transportation Benefit District
(Official Name of Government)

3135
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor’s Office
For the Fiscal Year Ended 12/31/2022

GOVERNMENT INFORMATION:

Official Mailing Address 806 West Main Street
Monroe, WA 98272
Official Website Address www.monroewa.gov
Official E-mail Address bhasart@monroewa.gov
Official Phone Number (360) 863-4518

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Gregory Piland Finance Manager
Contact Phone Number _____
Contact E-mail Address gpiland@monroewa.gov

I certify 10th day of April, 2023, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures
Gregory Piland (gpiland@monroewa.gov)

**Monroe Transportation Benefit District
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2022**

		<u>001 General Fund</u>
Beginning Cash and Investments		
308	Beginning Cash and Investments	2,180,761
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	1,562,996
320	Licenses and Permits	-
330	Intergovernmental Revenues	-
340	Charges for Goods and Services	-
350	Fines and Penalties	-
360	Miscellaneous Revenues	25,087
Total Revenues:		<u>1,588,083</u>
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	1,817,652
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>1,817,652</u>
Excess (Deficiency) Revenues over Expenditures:		(229,569)
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	-
Total Other Increases in Fund Resources:		<u>-</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	-
591-593, 599	Debt Service	-
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	-
Total Other Decreases in Fund Resources:		<u>-</u>
Increase (Decrease) in Cash and Investments:		(229,569)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	1,951,192
50841	Committed	-
50851	Assigned	-
50891	Unassigned	-
Total Ending Cash and Investments		<u>1,951,192</u>

The accompanying notes are an integral part of this statement.

Monroe Transportation Benefit District
Notes to the Financial Statements
For the year ended December 31, 2022

Note 1 - Summary of Significant Accounting Policies

The Monroe Transportation Benefit District was formed in 2012 and operates under the laws of the state of Washington applicable to a special benefit district. The district is a special purpose local government and provides transportation improvement projects.

The district 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, if applicable.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications that are similar to the ending balance classification 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 district uses only one fund type:

GOVERNMENTAL FUND TYPE:

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.

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 district also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is 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. When expenditures that meet restrictions are incurred, the district intends to use restricted resources first before using unrestricted amounts.

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

- \$1,951,192 for road preservation and road capital projects are detailed in the Transportation Benefit District enacting ordinance and subsequent public vote.

Note 2 – Budget Compliance

The district passed Resolution No. 001/2021, adopting the annual budget for its general fund. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for this fund lapse at the fiscal year end.

The annual appropriated budget was adopted on the same basis of accounting as used for financial reporting.

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

Fund	Final Appropriated Amount	Actual Expenditures	Variance
General Fund	\$3,583,265	\$1,817,652	\$1,765,613

Note 3 – Risk Management

The Monroe Transportation Benefit District 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 Monroe Transportation Benefit District 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.

Note 4 – Deposits and Investments

It is the district's policy to invest all temporary cash surpluses. The interest on these investments support the district's operations.

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

<u>Type of Investment</u>	District's Investments Held by City of Monroe	Total
Bank Deposits	\$ 136,836	\$ 136,836
LGIP	794,588	794,588
U.S. Government Securities	<u>1,019,767</u>	<u>1,019,767</u>
Total	<u>\$1,951,192</u>	<u>\$1,951,192</u>

Investments in the State Local Government Investment Pool (LGIP)

The district's money is invested by the City of Monroe. 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the district 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 district'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 district or its agent in the district's name.

Note 5 – Other Disclosures

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. A total of \$1,562,996 in sales tax revenue was collected by the district in 2022. The City of Monroe reports the TBD as an agency fund in their financial statements. The TBD transfers funds to the City of Monroe as needed, and as budgeted, and construction project expenditures are reported in the City of Monroe's Street Capital Improvement Projects Fund. As such, the TBD does not have any employees or long term liabilities.

Monroe Transportation Benefit District

Schedule 01

For the year ended December 31, 2022

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
3135	001	General Fund	3083100	Restricted Cash and Investments - Beginning	\$2,180,761
3135	001	General Fund	3132100	Public Transportation Systems Sales and Use Tax	\$1,562,996
3135	001	General Fund	3611100	Investment Earnings	\$25,087
3135	001	General Fund	5083100	Restricted Cash and Investments - Ending	\$1,951,192
3135	001	General Fund	5423040	Roadway	\$1,815,152
3135	001	General Fund	5433040	General Services	\$2,500

**LOCAL GOVERNMENT RISK-ASSUMPTION
For the Year Ended December 31, 20__**

1. no Does the entity self-insure for any class of risk, including liability, property, health and welfare, unemployment compensation, workers' compensation? (yes/no)

If NO, STOP, you do not need to complete the rest of this Schedule.

If YES, continue below.

a. Which class of risk does the entity self-insure? Check all that apply.

- i. Liability
- ii. Property
- iii. Health and Welfare (medical, vision, dental, prescription)
- iv. Unemployment Compensation
- v. Workers' Compensation
- vi. Other - please describe: _____

b. Does the entity self-insure as an individual program? (yes/no)

- i. If answered YES, does the entity allow another separate legal entity into its self-insurance program(s)? (yes/no) For example, employees of a different organization participate in a health and welfare program of a city.

If so, list the entity or entities: _____

c. Does the entity self-insure as a joint program? (yes/no)

 If answered YES, list the other member(s): _____

EFF DATE
1-1-11

SUPERSEDES
1-1-10

BARS MANUAL:
CASH BASIS

PT CH PAGE
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2. ____ Does the entity administer its own claims? (yes/no)
3. ____ Does the entity contract with a third party administrator for claims administration? (yes/no)
4. ____ Did the entity receive a claims audit in the last three years, regardless of who administered the claims? (yes/no)
5. ____ Were the program's revenues sufficient to cover the program's expenses? (yes/no)
6. ____ Did the program use an actuary to determine its liabilities? (yes/no)

EXAMPLE

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period
Liability (automobile)	354	279	\$104,366

Description of Risk Type	Number of claims received during the period	Number of claims paid during the period	Total amount of claims paid during the period

EFF DATE
1-1-11

SUPERSEDES
1-1-10

BARS MANUAL:
CASH BASIS

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Monroe Transportation Benefit District
Schedule 22 - Audit Assessment Questionnaire (unaudited)
For Fiscal Year ended December 31, 2022

Reference	#	Question	Answer	Explanation
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INSTRUCTIONS FOR PREPARER

The term "governing body" is used in this Schedule 22 to describe the elected or appointed governing board of your government. If the government preparing this questionnaire did not have any financial activity during the reporting year, please return to the first step of the annual report and select "no" when asked if you'll be reporting financial activity. For additional assistance with the Schedule 22, please click the "help" button.

For **guidance** to these questions, please refer to the document at, <https://sao.wa.gov/bars-annual-filing/bars-reporting-templates/>

Please click, "**Next**," to begin the Schedule 22. You may use the numbers above circled in blue to quickly navigate to a specific section of the Schedule 22. As with the rest of the Annual Report submission, it does not need to be completed all at once; you may leave and return to the Schedule 22 as needed.

1	Please indicate which of the following best describes the accounting system of the government: A) Rely on the County Treasurer (no other accounting software used) B) Other accounting software (i.e. QuickBooks, BIAS, Vision, Excel, etc.).	(B)		
2	Does the government use their own bank accounts in lieu of or in addition to the County Treasurer? If yes, please attach bank statements for the fiscal year.	Yes		Attachments corp_stmt_2022-Dec-01_2022-Dec-31.pdf
3	Please disclose the accounting software the government uses.	Springbrook		

Reference	#	Question	Answer	Explanation
	7	Does the Governing Body receive and review monthly financial reports? If yes, please describe what is reviewed and how often. Examples include: cancelled checks, financial reports from the county, expenditure listings, bank accounts or petty cash activity.	Yes	The board is also the City of Monroe's Councilmembers. The Councilmembers receive all financial reports/AP claims, etc. on a monthly basis.
PERMANENT FILES				
	10	Please check all boxes that occurred during the fiscal year. If none of these events occurred, please check the box for "none".	Contracted functions of the government	
MATERIAL COMPLIANCE REQUIREMENT				
	19	Is the government currently involved in any lawsuits? We may be requesting an update on the status of legal matters during the audit.	No	
	22	Were there any rate increases during the audit period?	Not Applicable	
	23	Attach rate and fee schedules in effect during the fiscal year.	Not Applicable	
	37	What type(s) of electronic payment (EFT/ACH) does the government make? Please list them in the box below. Examples include: payroll, direct deposit, employee reimbursements, wire transfers, AP vendor payments, etc.	Journal entry payments to the City and limited AP vendor payments (WCIA annual liability payment).	
	38	Does the government incur payroll costs?	No	
	44	Does the government receive any funds from state or federal grantors? If yes, please attach the grant agreements for the reporting year.	No	
TBD/EDC/IDC SPECIFIC QUESTIONS				

Reference	#	Question	Answer	Explanation
<i>Informational</i>	72	What transportation improvement projects may be funded by the government per the government's plan or establishing ordinance?	Road preservation and improvements.	
<i>Informational</i>	73	Are all revenues received by the government immediately transferred to the creating government?	No	Revenues are transferred on a project reimbursement basis to the City of Monroe.
<i>RCW 36.73.170</i>	74	Does the establishing ordinance give a date when the government will terminate operations? If yes, when?	No	
<i>Best Practice</i>	75	Are all government operations accounted for in the creating government's general ledger, and are operations subject to the same processes and controls over the creating government's transactions?	Yes	
	76	How is the government accounted for on the creating government's financial statements?	Custodial Fund 643.	
<i>Informational</i>	77	Does the government have an original financing plan and material changes policy?	Yes	

REQUIRED ATTACHMENTS (see instructions for required details)

<i>Informational</i>	99	Meeting Minutes - Attach the meeting minutes and resolutions for all governing body meetings held during the last year.	See Web Page	www.monroewa.gov under Government Board and Commissions Transportation Benefit District Agendas & Minutes.
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Reference	#	Question	Answer	Explanation
	100	Detailed Revenue by Source - Attach a copy of the County Treasurer's Revenue Report that shows total receipts for the year by revenue source. If the County does not provide this report, please upload comparable accounting records to substantiate revenue activity and/or all bank statements for the year that comprise the government's financial statements.	Attach	Attachments Detailed Trial Balance - 2022 Revenue.pdf
	101	Cash Balance Summary - Attach a copy of the year -end County Treasurer (or other fiscal agent) report (s) inclusive of all year-end cash and investment balances. If the government holds funds outside of the County, please upload the first and last bank statements of the year, inclusive of all cash and investment balances.	Attach	Attachments Cash 2022.pdf
	102	Detailed Expenditure List - Attach warrant registers, payroll registers, check registers and/or petty cash log detailing all expenditures made during the year. This includes those expenditures paid by the County on a government's behalf due to Treasurer responsibilities.	Attach	Attachments Detailed Trial Balance - 2022 Expenditures.pdf
<i>Informational</i>	103	Cash Receipting Policy - Attach a detailed description of the government's invoicing, cash and check receiving and deposit process. The description should include name of positions completing tasks in the process and all reconciliations and reviews performed. Include a copy of your written Cash and Check Receipting Policy or procedure if you have one. This request applies to all governments that invoice for a service (including third party billing services) or receive funds other than at the county treasurer (including charges for services or goods, fees, donations, grants, etc.).	Not Applicable	

Reference	#	Question	Answer	Explanation
<i>Informational</i>	104	<p>Elected Official List - Attach or list the names of ALL governing body members present during the year. Include any business interest a governing body member or his/her household members hold. <i>Please avoid sending Board-member/employees/volunteers SSI numbers or other personal information such as addresses, date of birth, etc.</i></p> <p>Example: John Doe, Commissioner 1 Jane Doe, Spouse (555) 555-5555 johndoe@gmail.com Owner of John Doe's Garden Supplies and Jane Doe's Café.</p>	Attached	<p>Attachments Elected Official list.pdf</p>
<i>Preparer</i>	105	<p>Please include the below information in the text box (on the right) for the local government personnel who completed the annual report.</p> <p>Full name, role (e.g., Secretary, Board Member, etc.)</p> <p>Telephone number</p> <p>E-mail address</p>	<p>Gregory Piland Finance Manager 360-863-4885 gpiland@monroewa.gov</p>	