

***CITY OF MONROE, OREGON
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2020***

CITY COUNCIL

Paul Canter, Mayor

Floyd Billings, Council President

Cindy Canter, Council Member

Frank Thayer, Council Member

Lonnie Koroush, Council Member

Jeanni Cuthbertson, Council Member

Brian Greene, Council Member

The above individuals may be contacted at the address below.

ADMINISTRATION

Tracy Floyd, Finance Officer

P.O. Box 486
Monroe, Oregon 97456

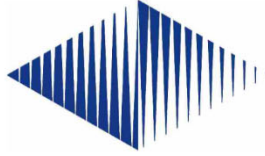
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Monroe
P.O. Box 486
Monroe, Oregon 97456

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in the notes to the financial statements. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monroe, Oregon as of June 30, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows, thereof for the year then ended in accordance with the basis of accounting described in the summary of significant accounting policies in the notes to the financial statements.

Basis of Accounting

We draw attention to the notes of the financial statements that describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City's basic financial statements. The supplemental information and management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Management's discussion and analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Reports on Other Legal and Regulatory Requirements

Reporting Required by Government Auditing Standards

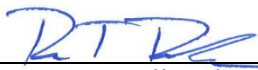
In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the

results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 9, 2020, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Ryan T. Pasquarella, Shareholder
October 9, 2020

**CITY OF MONROE
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

As management of the City of Monroe, we offer readers of the financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

	As of June 30,		change
	2020	2019	
Net position	\$ 5,882,463	\$ 5,709,722	\$ 172,741
Change in net position	172,741	(32,699)	205,440
Governmental net position	956,213	879,912	76,301
Proprietary net position	4,926,250	4,829,810	96,440
Change in governmental net position	76,301	21,116	55,185
Change in proprietary net position	96,440	(53,815)	150,255

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

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

The Statement of Net Position. The *statement of net position (modified cash basis)* presents information on all of the assets and liabilities of the City as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. The *statement of activities (modified cash basis)* presents information showing how the net position of the City changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position.

Fund financial statements. The fund financial statements provide more detailed information about the City of Monroe’s funds, focusing on its most significant or “major” funds – not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund financial statements primary focus is on individual major funds. Such information may be useful in evaluating each funds' financing requirements.

Proprietary (Enterprise) funds. The City charges customers for the services it provides. These services are generally reported in enterprise funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents supplemental information including the combining fund financial statements, individual fund budgetary comparisons and other financial schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position The Statement of Net Position is provided on a comparative basis.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,882,463 as of June 30, 2020.

Net investment in capital assets represents the City's net book value (cost less accumulated depreciation) of its capital assets, less remaining debt which was incurred to acquire those capital assets.

Net position - restricted represents resources that are subject to external restrictions on their use, such as debt service reserves or construction of capital assets.

Net position - unrestricted are available for general operations of the City.

City of Monroe
Statements of Net Position (Modified Cash Basis)
As of June 30,

	2020			2019		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 427,012	\$ 563,819	\$ 990,831	\$ 470,373	\$ 497,185	\$ 967,558
Non-depreciable capital assets	167,563	25,627	193,190	43,388	25,627	69,015
Depreciable capital assets, net	361,638	5,940,425	6,302,063	366,151	5,983,686	6,349,837
Total Assets	956,213	6,529,871	7,486,084	879,912	6,506,498	7,386,410
Long-term liabilities						
Portion due within one year	-	83,430	83,430	-	73,067	73,067
Portion due in more than one year	-	1,520,191	1,520,191	-	1,603,621	1,603,621
Total Liabilities	-	1,603,621	1,603,621	-	1,676,688	1,676,688
Net Position:						
Net investment in capital assets	529,201	4,362,431	4,891,632	409,539	4,332,625	4,742,164
Restricted	196,255	366,561	562,816	165,767	217,886	383,653
Unrestricted	230,757	197,258	428,015	304,606	279,299	583,905
Total Net Position	\$ 956,213	\$ 4,926,250	\$ 5,882,463	\$ 879,912	\$ 4,829,810	\$ 5,709,722

City of Monroe
Statements of Activities (Modified Cash Basis)
Year Ended June 30,

	2020			2019		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues						
Program Revenues						
Charges for service	\$ 44,174	\$ 409,112	\$ 453,286	\$ 103,414	\$ 381,287	\$ 484,701
Operating grants	107,950	20,000	127,950	70,246	-	70,246
Capital grants and contributions	18,357	242,678	261,035	9,892	32,112	42,004
General Revenues						
Taxes and assessments	131,650	120,718	252,368	121,737	116,580	238,317
Franchise taxes	36,506	-	36,506	35,099	-	35,099
Intergovernmental	25,957	-	25,957	18,763	-	18,763
Gain on disposition of assets	-	-	-	51,702	-	51,702
Miscellaneous	15,145	11,703	26,848	13,991	12,341	26,332
<i>Total Revenues</i>	<i>379,739</i>	<i>804,211</i>	<i>1,183,950</i>	<i>424,844</i>	<i>542,320</i>	<i>967,164</i>
Expenses						
General government	205,693	-	205,693	311,882	-	311,882
Public works	110,245	-	110,245	106,846	-	106,846
Water	-	450,111	450,111	-	390,846	390,846
Sewer	-	223,256	223,256	-	173,939	173,939
Stormwater	-	21,904	21,904	-	16,350	16,350
<i>Total Expenses</i>	<i>315,938</i>	<i>695,271</i>	<i>1,011,209</i>	<i>418,728</i>	<i>581,135</i>	<i>999,863</i>
Transfers	12,500	(12,500)	-	15,000	(15,000)	-
Change in net position	76,301	96,440	172,741	21,116	(53,815)	(32,699)
Net position, beginning of year	879,912	4,829,810	5,709,722	858,796	4,883,625	5,742,421
Net position, end of year	\$ 956,213	\$ 4,926,250	\$ 5,882,463	\$ 879,912	\$ 4,829,810	\$ 5,709,722

Statement of Activities. The City's net position increased \$172,741 in the current fiscal year. The key elements of the change in the City's net position for the year ended June 30, 2020 compared to the prior year are:

- Approximately \$219,000 was received in new capital grants and \$57,000 in new operating grants.
- A \$70,939 decrease in public works expenses.
- A \$108,582 increase in water and sewer expenses. The largest component of this change is shifting the expenses associated with a third party to operate the City's water and sewer systems to the City.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information by each major fund's funding for future basic services. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

The City's governmental funds reported combined ending fund balances of \$427,012 at June 30, 2020, a 9.2% decrease.

The General Fund is the primary operating fund of the City. The fund balance was \$109,491 as of June 30, 2020. The fund balance decreased by \$122,674 during the current fiscal year, due to increased expenditures relating to the City Park Restroom Project. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 29% of total General Fund expenditures. The General Fund actual expenditures were \$52,574 less than budgeted expenditures during the current year.

The Street Fund is used to account for revenues and expenditures related to the City's streets. The funds primary source of revenues is ODOT apportionment (State gas tax). The year end fund balance of \$128,775 is a \$19,901 increase, due to a significant decrease in repairs and maintenance expenditures when compared to the prior year.

Proprietary funds. The City's proprietary fund (enterprise operations) statements provide information related to the separate water and sewer operations.

The total business-type net position increased \$96,440 in the current fiscal year. Significant items regarding proprietary funds are as follows:

- Water Operations Funds reported an increase of \$64,317 in net position. The increase comes from a combination of a decrease in contracted plant operation fees, an increase in water service charges and new customers, and transfers out to the Equipment and Building Reserve Funds.
- Sewer Operations Funds reported an increase of \$3,517 in net position. The increase comes from a combination of an increase in sewer service charges and new customers and transfers out to the Equipment and Building Reserve Funds.

General Fund Budgetary Highlights

The City Council made one adjustment to the adopted budget of the General Fund for the fiscal year ended June 30, 2020 due to expenditures higher than anticipated for engineering services causing an appropriation transfer of \$64,100 that increased public works and an offsetting decrease to administration.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Monroe’s investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2020, the City had invested \$6,495,253 in capital assets, net of depreciation, as shown in the following table:

	Capital Assets					
	As of June 30,					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 30,000	\$ 30,000	\$ 25,627	\$ 25,627	\$ 55,627	\$ 55,627
Buildings	436,536	436,536	-	-	436,536	436,536
Equipment	125,472	112,385	-	-	125,472	112,385
Construction in progress	137,563	13,388	-	-	137,563	13,388
Water and sewer system	-	-	7,049,485	6,999,651	7,049,485	6,999,651
	<u>729,571</u>	<u>592,309</u>	<u>7,075,112</u>	<u>7,025,278</u>	<u>7,804,683</u>	<u>7,617,587</u>
Less: accumulated depreciation	<u>(200,370)</u>	<u>(182,770)</u>	<u>(1,109,060)</u>	<u>(1,015,965)</u>	<u>(1,309,430)</u>	<u>(1,198,735)</u>
Capital assets, net of depreciation	<u>\$ 529,201</u>	<u>\$ 409,539</u>	<u>\$ 5,966,052</u>	<u>\$ 6,009,313</u>	<u>\$ 6,495,253</u>	<u>\$ 6,418,852</u>

The City’s investment in capital assets increased \$76,401 during the fiscal year due to current year capital acquisitions exceeding depreciation.

Additional information regarding the City’s capital assets can be found in the notes to basic financial statements of this report.

Long-term debt. The City had total bonded debt (general obligation and revenue bonds) outstanding of \$1,603,621 at the end of the current fiscal year.

During the current fiscal year, the City’s total debt decreased by \$73,067 due to the repayment of outstanding loans.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total assessed valuation. The City has no debt subject to the limitation.

**Outstanding Debt
As of June 30,**

	Business-type Activities	
	2020	2019
2009 Water Revenue Bonds	\$ 483,621	\$ 491,688
2010 Water G.O. Bonds	1,120,000	1,185,000
	\$ 1,603,621	\$ 1,676,688

Additional information on the City’s long-term debt can be found in the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City’s Budget Committee considered all the following factors while preparing the budget for the 2020-21 fiscal year.

- Expected rates and consumption for business-type funds
- Staffing requirements and the desired level of service
- Capital outlay

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City’s finances and to demonstrate the City’s accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Monroe
 Attn: Finance Officer
 664 Commercial St.
 P.O. Box 486
 Monroe, Oregon 97456
 (541) 847-5175

BASIC FINANCIAL STATEMENTS

CITY OF MONROE, OREGON
STATEMENT OF NET POSITION (MODIFIED CASH BASIS)
JUNE 30, 2020

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 427,012	\$ 563,819	\$ 990,831
Non-depreciable capital assets	167,563	25,627	193,190
Depreciable capital assets, net	361,638	5,940,425	6,302,063
<i>Total Assets</i>	956,213	6,529,871	7,486,084
LIABILITIES			
Long-term liabilities			
Portion due within one year	-	83,430	83,430
Portion due in more than one year	-	1,520,191	1,520,191
<i>Total Liabilities</i>	-	1,603,621	1,603,621
NET POSITION			
Net investment in capital assets	529,201	4,362,431	4,891,632
Restricted for			
Debt service	-	30,193	30,193
Customer deposits	-	4,651	4,651
Streets	128,775	-	128,775
Capital acquisitions	67,480	331,717	399,197
Unrestricted	230,757	197,258	428,015
<i>Total Net Position</i>	\$ 956,213	\$ 4,926,250	\$ 5,882,463

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON
STATEMENT OF ACTIVITIES (MODIFIED CASH BASIS)
YEAR ENDED JUNE 30, 2020

	<i>Expenses</i>	<i>Program Revenues</i>			<i>Net (Expenses) Revenues and Changes in Net Position</i>		
		<i>Fees, Fines and Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
FUNCTIONS/PROGRAMS							
Governmental activities							
General government	\$ 205,693	\$ 43,184	\$ 63,125	\$ -	\$ (99,384)	\$ -	\$ (99,384)
Public works	110,245	990	44,825	18,357	(46,073)	-	(46,073)
<i>Total Governmental activities</i>	315,938	44,174	107,950	18,357	(145,457)	-	(145,457)
Business-type activities							
Water	450,111	239,566	20,000	137,003	-	(53,542)	(53,542)
Sewer	223,256	145,397	-	91,237	-	13,378	13,378
Stormwater	21,904	24,149	-	14,438	-	16,683	16,683
<i>Total Business-type activities</i>	695,271	409,112	20,000	242,678	-	(23,481)	(23,481)
<i>Total Activities</i>	<u>\$ 1,011,209</u>	<u>\$ 453,286</u>	<u>\$ 127,950</u>	<u>\$ 261,035</u>	(145,457)	(23,481)	(168,938)
General Revenues							
Property taxes					131,650	120,718	252,368
Franchise taxes					36,506	-	36,506
Intergovernmental					25,957	-	25,957
Miscellaneous					15,145	11,703	26,848
<i>Total General Revenues</i>					209,258	132,421	341,679
Transfers					12,500	(12,500)	-
Change in net position					76,301	96,440	172,741
Net Position - beginning of year					879,912	4,829,810	5,709,722
Net Position - end of year					<u>\$ 956,213</u>	<u>\$ 4,926,250</u>	<u>\$ 5,882,463</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON

BALANCE SHEET (MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS

JUNE 30, 2020

	<u>General</u>	<u>Special Revenue</u> <u>Street</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 109,491	\$ 128,775	\$ 188,746	\$ 427,012
LIABILITIES AND FUND BALANCE				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Restricted for				
Streets	-	128,775	-	128,775
Capital acquisitions	-	-	67,480	67,480
Committed to				
Capital acquisitions	-	-	121,266	121,266
Unassigned	109,491	-	-	109,491
Total Fund Balance	<u>109,491</u>	<u>128,775</u>	<u>188,746</u>	<u>427,012</u>
Total Liabilities and Fund Balance	<u>\$ 109,491</u>	<u>\$ 128,775</u>	<u>\$ 188,746</u>	<u>\$ 427,012</u>

**Reconciliation of the Balance Sheet (Modified Cash Basis)
to the Statement of Net Position (Modified Cash Basis)**

<i>Fund balances</i>	\$ 427,012
Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value:	
Capital assets, cost	729,571
Accumulated depreciation	(200,370)
Net position	<u>\$ 956,213</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED CASH BASIS) - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Special Revenue</u> <u>Street</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
REVENUES				
Taxes and assessments	\$ 131,650	\$ -	\$ -	\$ 131,650
Fines and forfeitures	21,339	-	-	21,339
Licenses and permits	36,656	-	18,157	54,813
Charges for services	17,860	-	-	17,860
Intergovernmental	88,982	44,771	-	133,753
Miscellaneous	14,765	2,273	3,285	20,323
<i>Total Revenues</i>	311,252	47,044	21,442	379,738
EXPENDITURES				
Current				
Administration	188,093	-	-	188,093
Public works	190,833	27,143	29,530	247,506
<i>Total Expenditures</i>	378,926	27,143	29,530	435,599
REVENUES OVER (UNDER) EXPENDITURES	(67,674)	19,901	(8,088)	(55,861)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	67,500	67,500
Transfers out	(55,000)	-	-	(55,000)
<i>Total Other Financing Sources (Uses)</i>	(55,000)	-	67,500	12,500
NET CHANGE IN FUND BALANCE	(122,674)	19,901	59,412	(43,361)
FUND BALANCE, beginning of year	232,165	108,874	129,334	470,373
FUND BALANCE, end of year	\$ 109,491	\$ 128,775	\$ 188,746	\$ 427,012
Reconciliation of the Statement of Revenues, Expenses, and Changes in Fund Balance (Modified Cash Basis) to the Statement of Activities (Modified Cash Basis)				
<i>Net change in fund balance</i>				\$ (43,361)
Capital outlays are reported as expenditures in governmental funds. However the Statement of Activities allocates the cost of capital outlay over the estimated useful life as depreciation expense:				
Capital outlay, net of disposals				137,262
Depreciation				(17,600)
<i>Change in net position</i>				\$ 76,301

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON**STATEMENT OF FUND NET POSITION (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**

JUNE 30, 2020

	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>(Non-major) Storm Water Operations</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 210,839	\$ 270,110	\$ 82,870	\$ 563,819
Capital assets				
Non-depreciable capital assets	-	25,627	-	25,627
Depreciable capital assets, net	3,323,004	2,617,421	-	5,940,425
<i>Total Assets</i>	3,533,843	2,913,158	82,870	6,529,871
LIABILITIES				
Long-term liabilities				
Portion due within one year	83,430	-	-	83,430
Portion due in more than one year	1,520,191	-	-	1,520,191
<i>Total Liabilities</i>	1,603,621	-	-	1,603,621
NET POSITION				
Net investment in capital assets	1,719,383	2,643,048	-	4,362,431
Restricted for				
Debt payments	30,193	-	-	30,193
Customer deposits	2,326	2,325	-	4,651
Capital acquisitions	145,220	147,729	38,768	331,717
Unrestricted	33,100	120,056	44,102	197,258
<i>Total Net Position</i>	<u>\$ 1,930,222</u>	<u>\$ 2,913,158</u>	<u>\$ 82,870</u>	<u>\$ 4,926,250</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****(MODIFIED CASH BASIS) - PROPRIETARY FUNDS****YEAR ENDED JUNE 30, 2020**

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>(Non-major) Storm Water Operations</i>	<i>Total</i>
OPERATING REVENUES				
Charges for services	\$ 239,566	\$ 145,397	\$ 24,149	\$ 409,112
Miscellaneous	620	618	618	1,856
<i>Total Operating Revenues</i>	<u>240,186</u>	<u>146,015</u>	<u>24,767</u>	<u>410,968</u>
OPERATING EXPENSES				
Personal services	100,139	84,264	15,611	200,014
Materials and services	214,343	103,682	6,293	324,318
Depreciation	57,785	35,310	-	93,095
<i>Total Operating Expenses</i>	<u>372,267</u>	<u>223,256</u>	<u>21,904</u>	<u>617,427</u>
OPERATING INCOME	(132,081)	(77,241)	2,863	(206,459)
NONOPERATING ITEMS				
Taxes and assessments	120,718	-	-	120,718
Intergovernmental	40,468	-	-	40,468
Interest revenue	4,021	4,521	1,305	9,847
Debt payments				
Interest	(77,844)	-	-	(77,844)
<i>Total Nonoperating Items</i>	<u>87,363</u>	<u>4,521</u>	<u>1,305</u>	<u>93,189</u>
NET INCOME BEFORE				
CONTRIBUTIONS AND TRANSFERS	(44,718)	(72,720)	4,168	(113,270)
Capital contributions	116,535	91,237	14,438	222,210
Transfers in	-	-	10,000	10,000
Transfers out	(7,500)	(15,000)	-	(22,500)
CHANGE IN NET POSITION	64,317	3,517	28,606	96,440
NET POSITION, beginning of year	1,865,905	2,909,641	54,264	4,829,810
NET POSITION, end of year	<u>\$ 1,930,222</u>	<u>\$ 2,913,158</u>	<u>\$ 82,870</u>	<u>\$ 4,926,250</u>

The accompanying notes are an integral part of the financial statements.

CITY OF MONROE, OREGON**STATEMENT OF CASH FLOWS (MODIFIED CASH BASIS) - PROPRIETARY FUNDS**

YEAR ENDED JUNE 30, 2020

	<i>Water Operations</i>	<i>Sewer Operations</i>	<i>(Non-major) Storm Water Operations</i>	<i>Total</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 240,186	\$ 146,015	\$ 24,767	\$ 410,968
Cash paid to employees for salaries and benefits	(100,139)	(84,264)	(15,611)	(200,014)
Cash paid to suppliers and others	(214,343)	(103,682)	(6,293)	(324,318)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(74,296)	(41,931)	2,863	(113,364)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Received from (paid to) other funds				
Taxes and assessments	120,718	-	-	120,718
Transfers in	-	-	10,000	10,000
Intergovernmental	40,468	-	-	40,468
Transfers out	(7,500)	(15,000)	-	(22,500)
<i>Net Cash Provided by (Used for) Non-Capital Financing Activities</i>	153,686	(15,000)	10,000	148,686
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Interest paid on debt	(77,844)	-	-	(77,844)
Principal paid on debt	(73,067)	-	-	(73,067)
Capital contributions	116,535	91,237	14,438	222,210
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	(34,376)	91,237	14,438	71,299
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	4,021	4,521	1,305	9,847
Purchase of capital assets	(49,834)	-	-	(49,834)
<i>Increase (Decrease) in Cash and Investments</i>	(799)	38,827	28,606	66,634
CASH AND INVESTMENTS, Beginning of year	211,638	231,283	54,264	497,185
CASH AND INVESTMENTS, End of year	\$ 210,839	\$ 270,110	\$ 82,870	\$ 563,819
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	(132,081)	(77,241)	2,863	(206,459)
Adjustments				
Depreciation	57,785	35,310	-	93,095
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$ (74,296)	\$ (41,931)	\$ 2,863	\$ (113,364)

The accompanying notes are an integral part of the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City is governed by an elected mayor and six council members who comprise the City Council. The City provides various services as authorized by its charter, including water and sewer utilities.

There are certain governmental agencies and various service districts which provide services within the City. These agencies have independently elected governing boards and the City is not financially accountable for these organizations. Therefore, financial information for these agencies is not included in the accompanying basic financial statements.

As discussed further under *Measurement Focus and Basis of Accounting*, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position (Modified Cash Basis) and the Statement of Activities (Modified Cash Basis).

The Statement of Net Position (Modified Cash Basis) presents all the assets and liabilities of the City. Net position, representing assets less liabilities, is shown in three components, investment in capital assets, restricted for special purposes, amounts which must be spent in accordance with legal restrictions, and unrestricted, the amount available for ongoing City activities.

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

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental and proprietary. Currently, the City has governmental (general, special revenue, capital projects) and proprietary (enterprise) type funds. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the financial statements and are detailed in the supplemental information.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Accounting principles generally accepted in the United States of America set forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the government and enterprise combined) for the determination of major funds.

The City reports the following major governmental funds:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except for those requiring separate accounting in another fund. Principal sources of revenues are property taxes, licenses and permits, franchise fees and State shared revenues. Primary expenditures are for police protection, insurance and general administration.

Street Fund - Expenditures of this fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads and streets within the City. Principal revenues include state gas tax apportionments, federal and state grants, and other charges for services.

The enterprise funds are used to account for the acquisition, operation, and maintenance of the sewer and water systems. These funds are entirely or predominantly self-supported through user charges to customers. The City reports the following major enterprise funds:

Water Operations - accounts for the operations, maintenance, debt service, and capital construction projects for water system, which is funded through utility fees, construction fees, and debt proceeds.

Sewer Operations - accounts for the operations, maintenance, and capital construction projects for wastewater system, which is funded through utility fees, construction fees, and debt proceeds.

Fund Balance

In governmental funds, the City's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Fund balance is reported as committed when the City Council takes formal action that places specific constraints on how the resources may be used. The City Council can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the City's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the City Council approves which resources should be "reserved" during the adoption of the annual budget. The City's Finance Officer uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the City's Annual Financial Report.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital equipment and facilities.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

In the government-wide Statement of Net Position (Modified Cash Basis) and Statement of Activities (Modified Cash Basis), both governmental and business-type activities are presented using the economic resource measurement focus, within the limitations of the modified cash basis of accounting, as defined below.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

- b. The proprietary funds utilize an economic resource measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, change in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include:

1. Interfund receivables and payables that are temporary borrowing and result from transactions involving cash or cash equivalents are recognized.
2. Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, external cash pools, and marketable investments) that arise from transactions and events involving cash or cash equivalents are recognized.
3. Liabilities for cash (or cash equivalents) held on behalf of others or held in escrow are recognized.
4. Capital assets for which cash is expended for the asset and then depreciated over its useful life.
5. Liabilities for which cash is received and then repaid over the loan period.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods and services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value. Additionally, capital assets such as property and equipment, and long-term liabilities such as debt are only reported in the government-wide and proprietary fund financial statements.

If the City utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The City's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Enterprise funds distinguish between operating revenues and expenses and nonoperating items. Operating revenues and expenses result from providing services to customers in connection with ongoing utility operations. The principal operating revenues are charges to customers for service. Operating expenses include payroll and related costs, and materials and supplies. All revenues not considered operating are reported as nonoperating items.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Oregon Revised Statutes authorize the City to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of U.S. Government and its agencies, certain bonded obligations of Oregon municipalities and the State Treasurer's Local Government Investment Pool, among others.

Property Taxes

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments payable in equal payments due November 15, February 15, and May 15. The City's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are reported in the applicable governmental or business-type activities financial statements and in the notes to the financial statements. In the fund statements, capital assets are charged as expenditures/expenses as purchased. Capital assets are recorded at cost or estimated historical cost where records are available. Donated assets are not recorded. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized.

Capital assets are depreciated unless they are inexhaustible in nature (e.g., land and right-of-ways). Depreciation is an accounting process to allocate the cost of capital assets in a systematic and rational manner to those periods expected to benefit from the use of capital assets. Depreciation is not intended to represent an estimate in the decline of fair market value, nor are capital assets, net of accumulated depreciation, intended to represent an estimate of the current condition of the assets, or the maintenance requirements needed to maintain the assets at their current level of condition.

Depreciation is computed over the estimated useful lives of the capital assets. Depreciation is calculated on the straight-line basis. The estimated useful lives of the various categories of assets are as follows:

Buildings and improvements	40 years
Infrastructure	80 years
Equipment	5 - 10 years

Upon disposal of capital assets, cost and accumulated depreciation are removed from the accounts.

Long-Term Debt

Long-term debt is presented in the government-wide and notes to the financial statements. In the fund financial statements, payments of principal and interest are recorded as expenditures/expenses when paid.

Accrued Compensated Absences

Accumulated unpaid vacation pay is not accrued. Earned but unpaid sick pay is recorded as an expenditure when paid. There were 340 hours of accumulated paid time off at June 30, 2020.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The City adopts the budget on an object (personal services, materials and services, capital outlay, debt service) basis, therefore, expenditures of a specific object may not legally exceed that object's appropriation. The City Council may amend the budget to expend unforeseen revenues by supplemental appropriations. All supplemental appropriations are included in the budget comparison statements. Appropriations lapse at year-end and may not be carried over. The City does not use encumbrance accounting.

Use of Restricted Assets

When expenditures are paid for purposes in which both net position - restricted and net position - unrestricted are available, the City deems net position - restricted to be spent first.

Use of Estimates

The preparation of basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimate and assumptions that effect reporting amounts of certain assets, liabilities, revenues and expenditures/expenses as of June 30, 2020. Actual results may differ from those estimates.

CASH

Cash is reflected on the Statement of Net Position (Modified Cash Basis) at June 30, 2020 as follows:

Cash	
Cash in checking	\$ 127,700
Cash in express accounts	34,093
Investments	
Local Government Investment Pool	829,038
	<hr/>
	\$ 990,831
	<hr/> <hr/>

Deposits

The book balance of the City's bank deposits (checking accounts) was \$127,700 and the bank balance was \$139,489 at year end. The difference is due to transactions in process. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

CASH (Continued)

Custodial Credit Risk – Deposits (Continued)

Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020, all the City's bank balances were covered by FDIC insurance.

Local Government Investment Pool

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations.

The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council. At June 30, 2020, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. The LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the City manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments through use of the Local Government Investment Pool.

Custodial Risk – Local Government Investment Pool

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The City's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CITY OF MONROE, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2020

CAPITAL ASSETS

The changes in the capital asset transactions for business-type activities for the year were as follows:

	<i>Balances July 1, 2019</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2020</i>
NON-DEPRECIABLE				
Land	\$ 25,627	\$ -	\$ -	\$ 25,627
DEPRECIABLE				
Water and sewer systems	6,999,651	49,834	-	7,049,485
	7,025,278	49,834	-	7,075,112
ACCUMULATED DEPRECIATION				
Water and sewer systems	(1,015,965)	(93,095)	-	(1,109,060)
<i>Business-type activities capital assets, net</i>	<u>\$ 6,009,313</u>	<u>\$ (43,261)</u>	<u>\$ -</u>	<u>\$ 5,966,052</u>

The changes in the capital assets for governmental activities for the year were as follows:

	<i>Balances July 1, 2019</i>	<i>Additions</i>	<i>Retirements</i>	<i>Balances June 30, 2020</i>
NON-DEPRECIABLE				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	13,388	124,175	-	137,563
<i>Total non-depreciable</i>	43,388	124,175	-	167,563
DEPRECIABLE				
Buildings	436,536	-	-	436,536
Equipment	112,385	13,087	-	125,472
<i>Total depreciable</i>	548,921	13,087	-	562,008
ACCUMULATED DEPRECIATION				
Buildings	(140,215)	(11,293)	-	(151,508)
Equipment	(42,555)	(6,307)	-	(48,862)
<i>Total accumulated depreciation</i>	(182,770)	(17,600)	-	(200,370)
<i>Governmental activities capital assets, net</i>	<u>\$ 409,539</u>	<u>\$ 119,662</u>	<u>\$ -</u>	<u>\$ 529,201</u>

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
 YEAR ENDED JUNE 30, 2020

LONG-TERM DEBT

Business-type Activities

Long-term debt transactions for the year were as follows:

	<u>Outstanding July 1, 2019</u>	<u>Issued</u>	<u>Matured/ Redeemed During Year</u>	<u>Outstanding June 30, 2020</u>	<u>Due Within One Year</u>
<i>Direct Placement - Business-type Activities</i>					
2009 Water Revenue Bonds	\$ 491,688	\$ -	\$ (8,067)	\$ 483,621	\$ 8,430
2010 Water G. O. Bonds	1,185,000	-	(65,000)	1,120,000	75,000
<i>Total Business-type Activities</i>	<u>\$ 1,676,688</u>	<u>\$ -</u>	<u>\$ (73,067)</u>	<u>\$ 1,603,621</u>	<u>\$ 83,430</u>

Direct Placement Debt

2009 Water Revenue Bonds: In 2009, the City entered into an agreement through the USDA for property tax revenue based general obligation bonds totaling \$555,520 related to phase 2 of the City’s water system improvement project. The City will repay this amount in annual payments over 40 years with 4.5% interest and are secured by the net revenues of the water system. In the event of default, the note becomes immediately due and payable. The City is required to maintain a cash reserve in the amount of \$30,193 for the Water Revenue Bonds and was in compliance as of June 30, 2020.

2010 General Obligation Bond Series: In September 2010, the City issued bonds totaling \$1,555,000 to finance water system improvements. The bonds include variable interest between 4.00% and 4.80%. Principal and interest payments are due annually through June 2030. Net revenues of the water system have been pledged as payment for the bonds. In the event of default, the bonds are not subject to acceleration.

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<u>Water Revenue Bonds</u>		<u>General Obligation Bonds</u>		<u>Total</u>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2021	\$ 8,430	\$ 21,763	\$ 75,000	\$ 52,630	\$ 83,430	\$ 74,393
2022	8,809	21,384	80,000	49,255	88,809	70,639
2023	9,206	20,987	90,000	45,655	99,206	66,642
2024	9,620	20,573	95,000	41,605	104,620	62,178
2025	10,053	20,140	105,000	37,330	115,053	57,470
2026-2030	57,471	93,494	675,000	104,672	732,471	198,166
2031-2035	71,621	79,344	-	-	71,621	79,344
2036-2040	89,253	61,712	-	-	89,253	61,712
2041-2045	111,225	39,740	-	-	111,225	39,740
2046-2050	107,933	12,379	-	-	107,933	12,379
	<u>\$ 483,621</u>	<u>\$ 391,516</u>	<u>\$ 1,120,000</u>	<u>\$ 331,147</u>	<u>\$ 1,603,621</u>	<u>\$ 722,663</u>

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN

Plan Description - City employees are provided pension benefits through the Oregon Public Employees Retirement System (PERS). PERS is a cost-sharing multiple-employer defined benefit pension plan for units of state and local government in Oregon, containing multiple actuarial pools. Benefits are established and amended by the Oregon State Legislature pursuant to ORS Chapters 238 and 238A. The legislature has delegated the authority to administer and manage PERS to the Public Employees Retirement Board. PERS issues a publicly available financial report that can be found at: <https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided - PERS provides retirement, disability, and death benefits which vary based on a qualified employee's hiring date and employment class (general service or police/fire). All City employees are eligible to participate after six months of covered employment.

The Tier One/Tier Two Retirement Plan applies to qualifying employees hired before August 29, 2003 and is closed to new members.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.67%. Benefits may also be based on a money match computation, or formula plus annuity (for members contributing before August 21, 1981), if a greater benefit results. Employees are fully vested after making contributions in each of five calendar years, and are eligible to retire at age 55. Tier One benefits are reduced if retirement occurs prior to age 58 with less than 30 years of service; Tier Two benefits are reduced for retirement prior to age 60.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. Disability benefits are determined in the same manner as retirement benefits with service time computed to age 58.

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance. The beneficiary may also receive a matching lump-sum payment from employer funds if the member was in covered employment at the time of death, or if the member died less than 120 days after termination, while on official leave of absence, or as a result of a job-related injury.

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238.360).

The Oregon Public Service Retirement Plan (OPSRP) applies to qualifying employees hired on or after August 29, 2003.

Monthly retirement benefits are based on final 3-year average salary multiplied by years of service and a factor of 1.50%. Employees are fully vested after completing 600 hours of service in each of five calendar years, and are eligible to retire at age 58 with 30 years of service, or at age 65 otherwise.

Employees are eligible for service-related disability benefits regardless of length of service; 10 years of service is required for nonservice-related benefits. The benefit is 45% of the employee's salary during the last full month of employment before the disability occurred.

Upon the death of a non-retired member, the beneficiary receives a monthly benefit equal to 50% of the retirement benefit that would have been paid to the member.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN (Continued)

Monthly benefits are subject to annual cost-of-living adjustments (COLA). For benefits earned after the relevant effective dates, the COLA is subject to a cap of 1.25% on the first \$60,000 of annual benefits and 0.15% thereafter (ORS 238A.210).

Contribution Requirements – As a participating employer, the City is required to make monthly contributions to PERS based on actuarially determined percentages of covered payroll. Rates in effect for fiscal year 2020 were 13.89% for Tier One/Tier Two employees and 6.4% for OPSRP general service employees. The City's total contributions to PERS were \$7,082 for fiscal year ended June 30, 2020.

Contribution requirements are established by Oregon statute and may be amended by an act of the Oregon State Legislature. Employer contribution rates for fiscal year 2020 were based on the December 31, 2017 actuarial valuation using the entry age normal actuarial cost method. It is important to note that the actuarial valuations used for rate setting are based on different methods and assumptions than those used for financial reporting which are described later in this note.

Employee contributions are set by statute at 6% of salary and are remitted by participating employers, who may agree to make employee contributions on the employee's behalf. Prior to January 1, 2004, employee contributions were credited to the defined benefit pension plan. Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan described further at the end of this note.

Pension Assets/Liabilities, Pension Expense, and Pension-Related Deferrals – At June 30, 2020, the City reported a net pension liability of \$166,512 as its proportionate share of the collective net pension liability for PERS, measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on a December 31, 2017 actuarial valuation, rolled forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to PERS relative to the projected contributions of all participating employers, as actuarially determined. The City's proportion was 0.00096263% as of the June 30, 2019 measurement date, compared to 0.00051559% as of June 30, 2018.

Actuarial Methods and Assumptions – The total pension liability in the December 31, 2016 actuarial valuation was determined using the entry age normal method and the following actuarial assumptions, applied to all periods included in the measurement: inflation rate of 2.50%, projected salary increases of 3.50%, investment rate of return of 7.20%, and mortality rates based on the RP-2014 sex-distinct mortality tables, with generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs. These assumptions were based on the results of an actuarial experience study for the four-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was developed by combining estimated rates of return for each major asset class weighted by target asset allocation percentages and adjusting for inflation.

Target allocations and estimated geometric rates of return for each major asset class are available in the PERS publicly available financial report previously mentioned.

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

PENSION PLAN (Continued)

The following chart shows the sensitivity of the net pension liability (asset) to changes in the discount rate, based on calculations using discount rates of 6.20%, 7.20%, and 8.20%.

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
Proportionate share of the net pension liability	\$ 266,654	\$ 166,512	\$ 82,707

Pension Plan Fiduciary Net Position – Detailed information about PERS’ net position is available in its separately issued financial report.

Defined Contribution Plan – PERS-eligible employees are statutorily required to contribute 6% of their annual covered salary to the OPSRP Individual Account Program (IAP), a defined contribution pension plan. Benefits terms, including contribution requirements, are established by the Oregon Legislature. As permitted, the City has opted to pick-up the contributions on behalf of employees. Employees are fully vested after completing 600 hours of service in each of five calendar years. PERS contracts with VOYA Financial to administer the IAP. Total paid on employees’ behalf for the fiscal year was \$10,148.

INTERFUND TRANSFERS

Budgetary interfund transfers for the year ended June 30, 2020, consisted of the following:

	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ -	\$ 55,000
Equipment Reserve	17,500	-
Building Reserve	25,000	-
Parks Reserve	10,000	-
Capital Improvement Reserve	15,000	-
Water	-	40,200
Sewer	-	20,000
Sewer Reserve	5,000	-
Revenue Bond	30,200	-
Water Reserve	2,500	-
Stormwater	10,000	-
	<u>\$ 115,200</u>	<u>\$ 115,200</u>

Transfers are used to (1) move resources from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the debt service fund as debt service payments become due, and (3) use unrestricted resources collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MONROE, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020

CONTINGENCIES

The City purchases commercial insurance to cover all commonly insurable risks, which includes property damage, liability and employee bonds. Most policies carry a small deductible amount. There were no open claims at the time of this report. No insurance claims settled in each of the prior three years have exceeded policy coverage.

From time-to-time, the City is a defendant in various litigation proceedings. Management believes any losses arising from these actions will not materially affect the City's financial position.

FUND BALANCE COMPARISON

Fund	Actual June 30, 2020	Budget July 1, 2020
General Fund	\$ 109,491	\$ 140,000
Street Fund	128,775	125,710
Equipment Reserve Fund	48,748	48,646
Building Reserve Fund	36,102	36,003
Park Reserve Fund	10,945	12,620
Park SDC Fund	16,568	15,335
Street SDC Fund	50,912	49,079
Water Utility Fund	9,567	14,000
Sewer Utility Fund	25,239	50,000
Storm Water Fund	44,102	28,000
Sewer Reserve Fund	97,142	96,761
Water Reserve Fund	20,889	22,736
Capital Improvement Reserve Fund	25,471	21,613
Revenue Bond Fund	31,796	31,645
GO Bond Fund	3,367	3,438
Sewer SDC Fund	147,729	134,662
Storm SDC Fund	38,768	36,289
Water SDC Fund	145,220	133,341
	<u>\$ 990,831</u>	<u>\$ 999,878</u>

SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2020, the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

CITY OF MONROE, OREGON
COMBINING BALANCE SHEET (MODIFIED CASH BASIS) -
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	<i>Capital Projects</i>						<i>Total</i>
	<i>Equipment Reserve</i>	<i>Building Reserve</i>	<i>Park Reserve</i>	<i>Capital Improvement Reserve</i>	<i>Park SDC</i>	<i>Street SDC</i>	
ASSETS							
Cash and cash equivalents	\$ 48,748	\$ 36,102	\$ 10,945	\$ 25,471	\$ 16,568	\$ 50,912	\$ 188,746
LIABILITIES AND FUND BALANCE							
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balance							
Restricted for							
Capital acquisitions	-	-	-	-	16,568	50,912	67,480
Committed to							
Capital acquisitions	48,748	36,102	10,945	25,471	-	-	121,266
<i>Total Fund Balance</i>	48,748	36,102	10,945	25,471	16,568	50,912	188,746
Total Liabilities and Fund Balance	\$ 48,748	\$ 36,102	\$ 10,945	\$ 25,471	\$ 16,568	\$ 50,912	\$ 188,746

CITY OF MONROE, OREGON

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

(MODIFIED CASH BASIS) - NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2020

	<i>Capital Projects</i>						<i>Total</i>
	<i>Equipment Reserve</i>	<i>Building Reserve</i>	<i>Park Reserve</i>	<i>Capital Improvement Reserve</i>	<i>Park SDC</i>	<i>Street SDC</i>	
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 8,852	\$ 9,305	\$ 18,157
Miscellaneous	802	499	434	356	246	948	3,285
<i>Total Revenues</i>	802	499	434	356	9,098	10,253	21,442
EXPENDITURES							
Public works	5,754	-	15,012	-	4,141	4,623	29,530
REVENUES OVER (UNDER) EXPENDITURES	(4,952)	499	(14,578)	356	4,957	5,630	(8,088)
OTHER FINANCING SOURCES (USES)							
Transfers in	17,500	25,000	10,000	15,000	-	-	67,500
NET CHANGE IN FUND BALANCE	12,548	25,499	(4,578)	15,356	4,957	5,630	59,412
FUND BALANCE, beginning of year	36,200	10,603	15,523	10,115	11,611	45,282	129,334
FUND BALANCE, end of year	\$ 48,748	\$ 36,102	\$ 10,945	\$ 25,471	\$ 16,568	\$ 50,912	\$ 188,746

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GENERAL FUND #100

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 120,000	\$ 120,000	\$ 131,650	\$ 11,650
Fines and forfeitures	30,000	30,000	21,339	(8,661)
Licenses and permits	35,200	35,200	36,656	1,456
Charges for services	12,900	12,900	17,860	4,960
Intergovernmental	92,300	92,300	88,982	(3,318)
Miscellaneous	41,100	41,100	14,765	(26,335)
<i>Total Revenues</i>	331,500	331,500	311,252	(20,248)
EXPENDITURES				
Administration	261,675	197,575	188,093	9,482
Public works	156,950	221,050	190,833	30,217
Contingency	12,875	12,875	-	12,875
<i>Total Expenditures</i>	431,500	431,500	378,926	52,574
REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(100,000)	(67,674)	32,326
OTHER FINANCING SOURCES (USES)				
Transfers out	(55,000)	(55,000)	(55,000)	-
NET CHANGE IN FUND BALANCE	(155,000)	(155,000)	(122,674)	32,326
FUND BALANCE, beginning of year	255,000	255,000	232,165	(22,835)
FUND BALANCE, end of year	\$ 100,000	\$ 100,000	\$ 109,491	\$ 9,491

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET FUND #201

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 44,771	\$ (229)
Miscellaneous	15,500	15,500	2,273	(13,227)
<i>Total Revenues</i>	60,500	60,500	47,044	(13,456)
EXPENDITURES				
Public works	165,500	165,500	27,143	138,357
NET CHANGE IN FUND BALANCE	(105,000)	(105,000)	19,901	124,901
FUND BALANCE, beginning of year	105,000	105,000	108,874	3,874
FUND BALANCE, end of year	\$ -	\$ -	\$ 128,775	\$ 128,775

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - EQUIPMENT RESERVE FUND #400

YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 600	\$ 600	\$ 802	\$ 202
EXPENDITURES				
Public works	56,600	56,600	5,754	50,846
REVENUES OVER (UNDER) EXPENDITURES	(56,000)	(56,000)	(4,952)	51,048
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	17,500	(2,500)
NET CHANGE IN FUND BALANCE	(36,000)	(36,000)	12,548	48,548
FUND BALANCE, beginning of year	36,000	36,000	36,200	200
FUND BALANCE, end of year	\$ -	\$ -	\$ 48,748	\$ 48,748

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - BUILDING RESERVE FUND #401

YEAR ENDED JUNE 30, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 175	\$ 175	\$ 499	\$ 324
EXPENDITURES				
Public works	39,275	39,275	-	39,275
REVENUES OVER (UNDER) EXPENDITURES	(39,100)	(39,100)	499	39,599
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	25,000	(5,000)
NET CHANGE IN FUND BALANCE	(9,100)	(9,100)	25,499	34,599
FUND BALANCE, beginning of year	9,100	9,100	10,603	1,503
FUND BALANCE, end of year	\$ -	\$ -	\$ 36,102	\$ 36,102

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK RESERVE FUND #402

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 150	\$ 150	\$ 434	\$ 284
EXPENDITURES				
Public works	25,594	25,594	15,012	10,582
REVENUES OVER (UNDER) EXPENDITURES	(25,444)	(25,444)	(14,578)	10,866
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
NET CHANGE IN FUND BALANCE	(15,444)	(15,444)	(4,578)	10,866
FUND BALANCE, beginning of year	15,444	15,444	15,523	79
FUND BALANCE, end of year	\$ -	\$ -	\$ 10,945	\$ 10,945

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - CAPITAL IMPROVEMENT RESERVE #405

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 80	\$ 80	\$ 356	\$ 276
EXPENDITURES				
Public works	25,140	25,140	-	25,140
REVENUES OVER (UNDER) EXPENDITURES	(25,060)	(25,060)	356	25,416
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	-
CHANGE IN FUND BALANCE	(10,060)	(10,060)	15,356	25,416
FUND BALANCE, beginning of year	10,060	10,060	10,115	55
FUND BALANCE, end of year	\$ -	\$ -	\$ 25,471	\$ 25,471

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - PARK SDC FUND #507

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 2,951	\$ 2,951	\$ 8,852	\$ 5,901
Miscellaneous	200	200	246	46
<i>Total Revenues</i>	3,151	3,151	9,098	5,947
EXPENDITURES				
Public works	14,721	14,721	4,141	10,580
NET CHANGE IN FUND BALANCE	(11,570)	(11,570)	4,957	16,527
FUND BALANCE, beginning of year	11,570	11,570	11,611	41
FUND BALANCE, end of year	\$ -	\$ -	\$ 16,568	\$ 16,568

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STREET SDC FUND #509

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 3,102	\$ 3,102	\$ 9,305	\$ 6,203
Miscellaneous	650	650	948	298
<i>Total Revenues</i>	3,752	3,752	10,253	6,501
EXPENDITURES				
Public works	47,353	47,353	4,623	42,730
NET CHANGE IN FUND BALANCE	(43,601)	(43,601)	5,630	49,231
FUND BALANCE, beginning of year	43,601	43,601	45,282	1,681
FUND BALANCE, end of year	\$ -	\$ -	\$ 50,912	\$ 50,912

CITY OF MONROE, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (MODIFIED CASH BASIS) - WATER FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Water</u>	<u>Water Reserve</u>	<u>Water SDC</u>	<u>Revenue Bond</u>	<u>GO Bond</u>	<u>Total Water Operations</u>
REVENUES						
Charges for services	\$ 239,566	\$ -	\$ -	\$ -	\$ -	\$ 239,566
Licenses and permits	-	-	116,535	-	-	116,535
Intergovernmental	-	40,468	-	-	-	40,468
Taxes and assessments	-	-	-	-	120,718	120,718
Miscellaneous	756	661	1,944	351	929	4,641
<i>Total Revenues</i>	<u>240,322</u>	<u>41,129</u>	<u>118,479</u>	<u>351</u>	<u>121,647</u>	<u>521,928</u>
EXPENDITURES						
Debt service						
Principal	-	-	-	8,067	65,000	73,067
Interest	-	-	-	22,126	55,718	77,844
Public works	217,642	92,280	54,394	-	-	364,316
<i>Total Expenditures</i>	<u>217,642</u>	<u>92,280</u>	<u>54,394</u>	<u>30,193</u>	<u>120,718</u>	<u>515,227</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>22,680</u>	<u>(51,151)</u>	<u>64,085</u>	<u>(29,842)</u>	<u>929</u>	<u>6,701</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	2,500	-	30,200	-	32,700
Transfers out	(40,200)	-	-	-	-	(40,200)
<i>Total Other Financing Sources (Uses)</i>	<u>(40,200)</u>	<u>2,500</u>	<u>-</u>	<u>30,200</u>	<u>-</u>	<u>(7,500)</u>
CHANGE IN FUND BALANCE	<u>(17,520)</u>	<u>(48,651)</u>	<u>64,085</u>	<u>358</u>	<u>929</u>	<u>(799)</u>
FUND BALANCE, beginning of year	<u>27,087</u>	<u>69,540</u>	<u>81,135</u>	<u>31,438</u>	<u>2,438</u>	<u>211,638</u>
FUND BALANCE, end of year	<u>\$ 9,567</u>	<u>\$ 20,889</u>	<u>\$ 145,220</u>	<u>\$ 31,796</u>	<u>\$ 3,367</u>	<u>210,839</u>
RECONCILIATION TO NET POSITION						
Capital assets, net						3,323,004
Long-term debt						(1,603,621)
NET POSITION						<u>\$ 1,930,222</u>

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER FUND #601

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 248,700	\$ 248,700	\$ 239,566	\$ (9,134)
Miscellaneous	1,500	1,500	756	(744)
<i>Total Revenues</i>	250,200	250,200	240,322	(9,878)
EXPENDITURES				
Public works	208,585	218,585	217,642	943
Contingency	8,415	8,415	-	8,415
<i>Total Expenditures</i>	217,000	227,000	217,642	9,358
REVENUES OVER (UNDER) EXPENDITURES	33,200	23,200	22,680	(520)
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,200)	(40,200)	(40,200)	-
CHANGE IN FUND BALANCE	(17,000)	(17,000)	(17,520)	(520)
FUND BALANCE, beginning of year	17,000	17,000	27,087	10,087
FUND BALANCE, end of year	\$ -	\$ -	\$ 9,567	\$ 9,567

CITY OF MONROE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER RESERVE FUND #403
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 40,468	\$ 468
Miscellaneous	1,200	1,200	661	(539)
<i>Total Revenues</i>	41,200	41,200	41,129	(71)
EXPENDITURES				
Public works	138,700	138,700	92,280	46,420
REVENUES OVER (UNDER) EXPENDITURES	(97,500)	(97,500)	(51,151)	46,349
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	2,500	(22,500)
CHANGE IN FUND BALANCE	(72,500)	(72,500)	(48,651)	23,849
FUND BALANCE, beginning of year	72,500	72,500	69,540	(2,960)
FUND BALANCE, end of year	\$ -	\$ -	\$ 20,889	\$ 20,889

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - WATER SDC FUND #511

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 38,845	\$ 38,845	\$ 116,535	\$ 77,690
Miscellaneous	1,500	1,500	1,944	444
<i>Total Revenues</i>	40,345	40,345	118,479	78,134
EXPENDITURES				
Public works	126,845	126,845	54,394	72,451
CHANGE IN FUND BALANCE	(86,500)	(86,500)	64,085	150,585
FUND BALANCE, beginning of year	86,500	86,500	81,135	(5,365)
FUND BALANCE, end of year	\$ -	\$ -	\$ 145,220	\$ 145,220

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - REVENUE BOND FUND #300

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 400	\$ 400	\$ 351	\$ (49)
EXPENDITURES				
Debt service				
Principal	8,067	8,067	8,067	-
Interest	22,126	22,126	22,126	-
<i>Total Expenditures</i>	<u>30,193</u>	<u>30,193</u>	<u>30,193</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(29,793)	(29,793)	(29,842)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>30,200</u>	<u>30,200</u>	<u>30,200</u>	<u>-</u>
CHANGE IN FUND BALANCE	407	407	358	-
FUND BALANCE, beginning of year	<u>31,304</u>	<u>31,304</u>	<u>31,438</u>	<u>134</u>
FUND BALANCE, end of year	<u>\$ 31,711</u>	<u>\$ 31,711</u>	<u>\$ 31,796</u>	<u>\$ 134</u>

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - GO BOND FUND #302

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Taxes and assessments	\$ 120,718	\$ 120,718	\$ 120,718	\$ -
Miscellaneous	1,100	1,100	929	(171)
<i>Total Revenues</i>	121,818	121,818	121,647	(171)
EXPENDITURES				
Debt service				
Principal	65,000	65,000	65,000	-
Interest	55,718	55,718	55,718	-
<i>Total Expenditures</i>	120,718	120,718	120,718	-
CHANGE IN FUND BALANCE	1,100	1,100	929	(171)
FUND BALANCE, beginning of year	923	923	2,438	1,515
FUND BALANCE, end of year	\$ 2,023	\$ 2,023	\$ 3,367	\$ 1,344

CITY OF MONROE, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) - SEWER FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Sewer</u>	<u>Sewer Reserve</u>	<u>Sewer SDC</u>	<u>Total Sewer Operations</u>
REVENUES				
Charges for services	\$ 145,397	\$ -	\$ -	\$ 145,397
Licenses and permits	-	-	91,237	91,237
Miscellaneous	1,192	1,849	2,098	5,139
<i>Total Revenues</i>	<u>146,589</u>	<u>1,849</u>	<u>93,335</u>	<u>241,773</u>
EXPENDITURES				
Public works	<u>156,016</u>	<u>10,160</u>	<u>21,770</u>	<u>187,946</u>
REVENUES OVER (UNDER) EXPENDITURES	(9,427)	(8,311)	71,565	53,827
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,000	-	5,000
Transfers out	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>
<i>Total Other Financing Sources and Uses</i>	<u>(20,000)</u>	<u>5,000</u>	<u>-</u>	<u>(15,000)</u>
CHANGE IN FUND BALANCE	(29,427)	(3,311)	71,565	38,827
FUND BALANCE, beginning of year	<u>54,666</u>	<u>100,453</u>	<u>76,164</u>	<u>231,283</u>
FUND BALANCE, end of year	<u>\$ 25,239</u>	<u>\$ 97,142</u>	<u>\$ 147,729</u>	<u>270,110</u>
RECONCILIATION TO NET POSITION				
Capital assets, net				<u>2,643,048</u>
NET POSITION				<u>\$ 2,913,158</u>

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER FUND #602

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 146,250	\$ 146,250	\$ 145,397	\$ (853)
Miscellaneous	1,500	1,500	1,192	(308)
<i>Total Revenues</i>	147,750	147,750	146,589	(1,161)
EXPENDITURES				
Public works	174,120	174,120	156,016	18,104
Contingency	3,630	3,630	-	3,630
<i>Total Expenditures</i>	177,750	177,750	156,016	21,734
REVENUES OVER (UNDER) EXPENDITURES	(30,000)	(30,000)	(9,427)	20,573
OTHER FINANCING SOURCES (USES)				
Transfers out	(20,000)	(20,000)	(20,000)	-
CHANGE IN FUND BALANCE	(50,000)	(50,000)	(29,427)	20,573
FUND BALANCE, beginning of year	50,000	50,000	54,666	4,666
FUND BALANCE, end of year	\$ -	\$ -	\$ 25,239	\$ 25,239

CITY OF MONROE, OREGON

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER RESERVE FUND #404
YEAR ENDED JUNE 30, 2020**

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Miscellaneous	\$ 1,200	\$ 1,200	\$ 1,849	\$ 649
EXPENDITURES				
Public works	106,200	106,200	10,160	96,040
REVENUES OVER (UNDER) EXPENDITURES	(105,000)	(105,000)	(8,311)	96,689
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
CHANGE IN FUND BALANCE	(100,000)	(100,000)	(3,311)	96,689
FUND BALANCE, beginning of year	100,000	100,000	100,453	453
FUND BALANCE, end of year	\$ -	\$ -	\$ 97,142	\$ 97,142

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - SEWER SDC FUND #508

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Licenses and permits	\$ 30,412	\$ 30,412	\$ 91,237	\$ 60,825
Miscellaneous	750	750	2,098	1,348
<i>Total Revenues</i>	31,162	31,162	93,335	62,173
EXPENDITURES				
Public works	103,443	103,443	21,770	81,673
CHANGE IN FUND BALANCE	(72,281)	(72,281)	71,565	143,846
FUND BALANCE, beginning of year	72,281	72,281	76,164	3,883
FUND BALANCE, end of year	\$ -	\$ -	\$ 147,729	\$ 147,729

CITY OF MONROE, OREGON

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(MODIFIED CASH BASIS) - STORM WATER FUNDS
YEAR ENDED JUNE 30, 2020**

	<u>Stormwater</u>	<u>Stormwater SDC</u>	<u>Total Stormwater Operations</u>
REVENUES			
Charges for services	\$ 24,149	\$ -	\$ 24,149
Licenses and permits	-	14,438	14,438
Miscellaneous	1,253	670	1,923
	<hr/>	<hr/>	<hr/>
<i>Total Revenues</i>	25,402	15,108	40,510
EXPENDITURES			
Public works	17,281	4,623	21,904
	<hr/>	<hr/>	<hr/>
REVENUES OVER (UNDER) EXPENDITURES			
	8,121	10,485	18,606
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
CHANGE IN FUND BALANCE	18,121	10,485	28,606
FUND BALANCE, beginning of year	25,981	28,283	54,264
	<hr/>	<hr/>	<hr/>
FUND BALANCE, end of year	\$ 44,102	\$ 38,768	\$ 82,870
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF MONROE, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STORM WATER FUND #603

YEAR ENDED JUNE 30, 2020

	<i>Budget Amounts</i>		<i>Actual</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Charges for services	\$ 21,000	\$ 21,000	\$ 24,149	\$ 3,149
Miscellaneous	500	500	1,253	753
<i>Total Revenues</i>	21,500	21,500	25,402	3,902
EXPENDITURES				
Public works	59,500	59,500	17,281	42,219
EXPENDITURES	(38,000)	(38,000)	8,121	46,121
OTHER FINANCING SOURCES (USES)				
Transfers in	10,000	10,000	10,000	-
CHANGE IN FUND BALANCE	(28,000)	(28,000)	18,121	46,121
FUND BALANCE, beginning of year	28,000	28,000	25,981	(2,019)
FUND BALANCE, end of year	\$ -	\$ -	\$ 44,102	\$ 44,102

CITY OF MONROE, OREGON

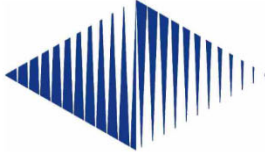
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

(MODIFIED CASH BASIS) - BUDGET AND ACTUAL - STORM SDC FUND #510

YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 4,813	\$ 4,813	\$ 14,438	\$ 9,625
Miscellaneous	300	300	670	370
<i>Total Revenues</i>	5,113	5,113	15,108	9,995
EXPENDITURES				
Public works	27,363	27,363	4,623	22,740
CHANGE IN FUND BALANCE	(22,250)	(22,250)	10,485	32,735
FUND BALANCE, beginning of year	22,250	22,250	28,283	6,033
FUND BALANCE, end of year	\$ -	\$ -	\$ 38,768	\$ 38,768

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Mayor and City Council
City of Monroe
P.O. Box 486
Monroe, Oregon 97456

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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Monroe, Oregon (the City), as of and for the year ended June 30, 2020, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 9, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Monroe's internal control.

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

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

Compliance and Other Matters

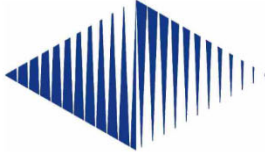
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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.


CERTIFIED PUBLIC ACCOUNTANTS

October 9, 2020



GROVE, MUELLER & SWANK, P.C.

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Mayor and City Council
City of Monroe
P. O. Box 486
Monroe, Oregon 97456

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the City of Monroe, Oregon (the City) as of and for the year ended June 30, 2020, and have issued our report thereon dated October 9, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials - no money was collected or received by elected officials.**

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.


Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Restrictions on Use

This report is intended solely for the information and use of the City Council and management of the City of Monroe, Oregon and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS*

By: 

Ryan T. Pasquarella, Shareholder
October 9, 2020