City of Monessen

Financial Statements and
Required Supplementary
and Supplementary Information

Year Ended December 31, 2013
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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City of Monessen

Financial Statements and
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Year Ended December 31, 2013
with Independent Auditor's Report

CITY OF MONESSEN

YEAR ENDED DECEMBER 31, 2013

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Independent Auditor's Report

Honorable Mayor and Members
of City Council
City of Monessen

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monessen (City), Pennsylvania, as of and for the year ended December 31, 2013, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 the significant accounting estimates made by management, as well as evaluating the overall presentation from 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2013, and the respective

changes in financial position, and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and other postemployment benefit plan information, on pages i through vi, 44 through 45, 46 through 48, and 49 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements

The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
August 15, 2014

changes in financial position, and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and other postemployment benefit plan information, on pages i through vi, 44 through 45, 46 through 48, and 49 through 50, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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The combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining nonmajor governmental fund financial statements and combining fiduciary fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Maher Duessel

Pittsburgh, Pennsylvania
August 15, 2014

CITY OF MONESSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013

As management of the City of Monessen (City), Pennsylvania, we offer readers of the City's financial statements this narrative overview and analysis of the financial performance of the City for the fiscal year ended December 31, 2013. Please read this Management's Discussion and Analysis in conjunction with the financial statements which follow in order to obtain a thorough understanding of the City's financial condition at December 31, 2013.

FINANCIAL HIGHLIGHTS

- The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. Taxes receivable was previously offset by liabilities, but is now offset by deferred inflows of resources - unavailable revenues on the governmental funds balance sheet. Additionally, bond issuance costs are now reported as a current period cost rather than deferred and amortized. As a result of these changes, net position as of December 31, 2012 of the governmental funds has been decreased by $229,890.

- The City's net position, as presented, was $4,737,948 at December 31, 2013, a decrease of $575,562 from 2012.

- At the end of the current fiscal year, the City had total bonds and notes outstanding of $7,480,000.

- The real estate tax millage rate remained at 35.85 mills for 2013.

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to financial statements. This report also contains other required supplementary information and supplementary 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 report on the City's net position and how they have changed.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position.* 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* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements indicate that the functions of the City are principally supported by taxes and intergovernmental revenue *(governmental activities.)* The City also participates in a

function that is intended to recover all or a significant portion of its costs through user fees and charges (*business-type activities).* The governmental activities of the City encompass general government, public safety, public works, culture and recreation, and debt service activities. The business-type activities include the rental of the City's Eastgate building.

Fund Financial Statements - 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 government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City reports governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintained nine governmental funds during 2013. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, which is considered a major fund. The other governmental funds are the Liquid Fuels Fund, Canine Fund, Library Fund, Parks Fund, Debt Service Fund, Small Communities Projects Fund, Line Usage Fee Fund, and Capital Projects Fund. Data from these other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for some of its governmental funds. A budgetary comparison statement has been provided for the major fund to demonstrate compliance with this budget.

The governmental financial statements can be found on pages 1 through 7 of this report.

Proprietary Funds - The City maintains one proprietary fund. An Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an Enterprise Fund to account for its building rental operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail

The basic proprietary fund financial statements can be found on pages 8 through 10 of this report.

Fiduciary Funds - *Fiduciary funds* are used to account for assets held in a trustee capacity. The City's fiduciary fund consists of its pension funds.

Fiduciary funds are reported on the accrual basis of accounting whereas revenues are recorded when earned and expenses are recorded when a liability is incurred.

The fiduciary funds financial statements can be found on pages 11 through 12 of this report.

Notes to 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. The notes to financial statements can be found on pages 13 through 43 of this report.

Required Supplementary Information - This section of the report contains certain pension information and other postemployment benefit information required by accounting principles generally accepted in the United States of America. This information can be found on pages 44 through 50 of this report.

Supplementary Information - In addition to the basic financial statements and accompanying notes, this report also includes the combining statements referred to earlier in connection with the other governmental funds and fiduciary funds and the schedule of expenditures and federal awards. These can be found on pages 51 through 54 of this report.

FINANCIAL ANALYSIS OF THE CITY

As noted earlier, net position may serve over time as a useful indicator of a government agency's financial position. Net position increases when revenues exceed expenses. In the case of the City, assets exceeded liabilities by $4,737,948 at the close of the fiscal year.

A condensed summary of the City's net position at December 31, 2013 and 2012 is as follows.

	2013	2012	Variance
Assets			
Current assets	$ 1,212,866	$ 1,629,961	$ (417,095)
Capital non-current assets	13,020,630	13,464,042	(443,412)
Non-current assets	731	766	(35)
Total Assets	$ 14,234,227	$ 15,094,769	$ (860,542)
Liabilities and Net Position			
Liabilities:			
Current and other liabilities	$ 538,791	$ 884,281	$ (345,490)
Non-current liabilities	8,957,488	8,896,978	60,510
Total Liabilities	9,496,279	9,781,259	(284,980)
Net Position:			
Net investment in capital assets	5,648,174	6,004,127	(355,953)
Restricted	37,226	98,448	(61,222)
Unrestricted - restated	(947,452)	(789,065)	(158,387)
Total Net Position	4,737,948	5,313,510	(575,562)
Total Liabilities and Net Position	$ 14,234,227	$ 15,094,769	$ (860,542)

The decrease in assets is mainly due to a decrease in cash and cash equivalents and intergovernmental receivables.

The City has short-term obligations and they include accounts payables, unearned revenues, liabilities payable from restricted assets, other postemployment benefits and long-term liabilities that come due within one year. Decrease in current and other liabilities was mainly due to decrease in accounts payables.

The increase in non-current liabilities is mainly due to an increase in other postemployment benefits.

A condensed summary of the City's change in net position for the fiscal years ended December 31, 2013 and 2012 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012 Restated	2013	2012	2013	2012 Restated
Program revenues:						
Charges for services	$ 1,623,432	$ 1,682,306	$ 181,621	$ 264,948	$ 1,805,053	$ 1,947,254
Operating grants and contributions	785,088	1,798,780	-	-	785,088	1,798,780
Capital grant and contributions	333,794	1,094,209	-	-	333,794	1,094,209
General revenues and transfers:						
Real estate taxes	2,048,609	2,142,283	-	-	2,048,609	2,142,283
Earned income taxes and other taxes	799,718	656,305	-	-	799,718	656,305
Investment earnings	119	5,173	-	-	119	5,173
Miscellaneous income	52,033	68,699	318	318	52,351	69,017
Transfers	(20,960)	-	20,960	-	-	-
Total revenues	5,621,833	7,447,755	202,899	265,266	5,824,732	7,713,021
Program expenses:						
General government	1,740,172	2,077,439	-	-	1,740,172	2,077,439
Public safety	1,573,745	1,520,148	-	-	1,573,745	1,520,148
Health and welfare	55,641	60,477	305,234	353,383	360,875	413,860
Public works - sanitation	480,391	672,546	-	-	480,391	672,546
Public works - roads	1,156,987	1,525,716	-	-	1,156,987	1,525,716
Public works - other	17,679	21,755	-	-	17,679	21,755
Culture and recreation	318,593	495,892	-	-	318,593	495,892
Capital	22,076	-	-	-	22,076	-
Conservation and development	401,618	2,157,704	-	-	401,618	2,157,704
Interest on long-term debt	328,158	191,238	-	-	328,158	191,238
Total program expenses	6,095,060	8,722,915	305,234	353,383	6,400,294	9,076,298
Change in Net Position	(473,227)	(1,275,160)	(102,335)	(88,117)	(575,562)	(1,363,277)
Net position - restated	3,686,988	4,962,148	1,626,522	1,714,639	5,313,510	6,676,787
Net position - ending	$ 3,213,761	$ 3,686,988	$ 1,524,187	$ 1,626,522	$ 4,737,948	$ 5,313,510

Overall, the City had a decline in revenue, as fewer grants and contributions were received in 2013. Expenses decreased in 2013 as a result of a decrease in general government expenses and the City not receiving any pass-through loans for development.

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.

The City has short-term obligations and they include accounts payables, unearned revenues, liabilities payable from restricted assets, other postemployment benefits and long-term liabilities that come due within one year. Decrease in current and other liabilities was mainly due to decrease in accounts payables.

The increase in non-current liabilities is mainly due to an increase in other postemployment benefits.

A condensed summary of the City's change in net position for the fiscal years ended December 31, 2013 and 2012 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012 Restated	2013	2012	2013	2012 Restated
Program revenues:						
Charges for services	$ 1,623,432	$ 1,682,306	$ 181,621	$ 264,948	$ 1,805,053	$ 1,947,254
Operating grants and contributions	785,088	1,798,780	-	-	785,088	1,798,780
Capital grant and contributions	333,794	1,094,209	-	-	333,794	1,094,209
General revenues and transfers:						
Real estate taxes	2,048,609	2,142,283	-	-	2,048,609	2,142,283
Earned income taxes and other taxes	799,718	656,305	-	-	799,718	656,305
Investment earnings	119	5,173	-	-	119	5,173
Miscellaneous income	52,033	68,699	318	318	52,351	69,017
Transfers	(20,960)	-	20,960	-	-	-
Total revenues	5,621,833	7,447,755	202,899	265,266	5,824,732	7,713,021
Program expenses:						
General government	1,740,172	2,077,439	-	-	1,740,172	2,077,439
Public safety	1,573,745	1,520,148	-	-	1,573,745	1,520,148
Health and welfare	55,641	60,477	305,234	353,383	360,875	413,860
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Public works - roads	1,156,987	1,525,716	-	-	1,156,987	1,525,716
Public works - other	17,679	21,755	-	-	17,679	21,755
Culture and recreation	318,593	495,892	-	-	318,593	495,892
Capital	22,076	-	-	-	22,076	-
Conservation and development	401,618	2,157,704	-	-	401,618	2,157,704
Interest on long-term debt	328,158	191,238	-	-	328,158	191,238
Total program expenses	6,095,060	8,722,915	305,234	353,383	6,400,294	9,076,298
Change in Net Position	(473,227)	(1,275,160)	(102,335)	(88,117)	(575,562)	(1,363,277)
Net position - restated	3,686,988	4,962,148	1,626,522	1,714,639	5,313,510	6,676,787
Net position - ending	$ 3,213,761	$ 3,686,988	$ 1,524,187	$ 1,626,522	$ 4,737,948	$ 5,313,510

Overall, the City had a decline in revenue, as fewer grants and contributions were received in 2013. Expenses decreased in 2013 as a result of a decrease in general government expenses and the City not receiving any pass-through loans for development.

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 on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government agency's net resources available for spending at the end of the fiscal year.

As of the end of 2013, the City's governmental funds reported combined ending net position of $64,491. ($63,552) of this amount constitutes *unrestricted net position.*

BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues increased 18% over budgetary estimates, or by $627,234; expenditures were greater than budgetary estimates by $244,043 or 6%. The net change in fund balance had a positive variance of $47,622 (actual versus budget) after calculating other financing sources (uses).

A detailed budgetary comparison statement for the General Fund can be found on page 44 of this report.

Revenue variances were the result of the City not including intergovernmental grant revenue in the budget, as grant revenue was based on expenses incurred. Expenditure variances are the result of the City not including road projects in the budget that did occur in 2013.

DEBT ADMINISTRATION

Long-Term Debt - At the end of the current fiscal year, the City had total bonds and loans outstanding of $7,480,000 (not inclusive of capital leases). More detailed information about the City's debt activity can be found in Note 8 to the financial statements.

CAPITAL ASSETS

Capital assets can be found in Note 5 to the financial statements.

ECONOMIC OUTLOOK

As is the case with most local governments, the City is struggling to continue to provide its citizens the same level of service that they have come to expect over the years. The City is keeping a close eye on the state of the economy and its effect on the City's budget. The majority of the City's tax base is residential. The City residents take pride in their community and maintain their neighborhoods. The City remains a very desirable place to live, work, and play.

The City Council and management continue to meet the ever increasing challenging of securing all monies due to the City and controlling expenditures in an effort to continue to provide outstanding service at a reasonable cost. The City offers many services, including the administration of police and fire protection, parks and recreation, public works, finance, and planning. The City community benefits from the coordination of these services and strong community leadership.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

City Clerk
City of Monessen
1 Wendell Ramey Lane, Suite 400
Monessen, PA 15062

CITY OF MONESSEN

STATEMENT OF NET POSITION

DECEMBER 31, 2013

Assets	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets:			
Cash and cash equivalents	$ 221,835	$ 1,434	$ 223,269
Taxes receivable	828,497	-	828,497
Garbage fees, net of allowance of $397,578	-	-	-
Other receivables	34,326	23,006	57,332
Intergovernmental receivables	12,951	-	12,951
Prepaid expenses	90,817	-	90,817
Total current assets	1,188,426	24,440	1,212,866
Noncurrent assets:			
Net pension asset	731	-	731
Loans receivable, recipients, net of allowance of $622,772	-	-	-
Land and land improvements, net of depreciation	1,167,060	42,803	1,209,863
Infrastructure, net of depreciation	5,184,216	-	5,184,216
Building and building improvements, net of depreciation	4,531,557	1,446,488	5,978,045
Fixtures and equipment, net of depreciation	216,190	16,939	233,129
Vehicles, net of depreciation	415,377	-	415,377
Total noncurrent assets	11,515,131	1,506,230	13,021,361
Total Assets	$ 12,703,557	$ 1,530,670	$ 14,234,227

(Continued)

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF NET POSITION

DECEMBER 31, 2013
(Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government
Liabilities and Net Position			
Liabilities:			
Current liabilities:			
Accounts payable	$ 21,797	$ 6,483	$ 28,280
Accrued liabilities	128,438	-	128,438
Escrow liabilities	2,895	-	2,895
Accrued interest payable	25,326	-	25,326
Current portion of long-term liabilities	181,708	-	181,708
Current portion of capital leases payable	16,752	-	16,752
Current portion of compensated absences	12,000	-	12,000
Unearned revenue	143,392	-	143,392
Total current liabilities	532,308	6,483	538,791
Noncurrent liabilities:			
Long-term liabilities	7,298,292	-	7,298,292
Bond discount, net of amortization	(124,296)	-	(124,296)
Compensated absences	136,546	-	136,546
Other postemployment benefits	1,646,946	-	1,646,946
Total noncurrent liabilities	8,957,488	-	8,957,488
Total Liabilities	9,489,796	6,483	9,496,279
Net Position:			
Net investment in capital assets	4,141,944	1,506,230	5,648,174
Restricted for:			
Small communities projects	6,862	-	6,862
Canine	9,892	-	9,892
Sewage lines	5,665	-	5,665
Library	5	-	5
Park	63	-	63
Debt service	14,739	-	14,739
Unrestricted	(965,409)	17,957	(947,452)
Total Net Position	3,213,761	1,524,187	4,737,948
Total Liabilities and Net Position	$ 12,703,557	$ 1,530,670	$ 14,234,227

(Concluded)

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-Type Activities	Net (Expense) Revenue and Changes in Net Assets: Total Primary Government
Governmental activities:							
General government	$ 1,740,172	$ 439,049	$ -	$ -	$ (1,301,123)	$ -	$ (1,301,123)
Public safety	1,573,745	168,113	205,340	-	(1,200,292)	-	(1,200,292)
Health and welfare	55,641	-	-	-	(55,641)	-	(55,641)
Public works - sanitation	480,391	635,859	-	-	155,468	-	155,468
Public works - highways, roads, and streets	1,156,987	38,966	579,748	-	(538,273)	-	(538,273)
Public works - other	17,679	-	-	-	(17,679)	-	(17,679)
Culture and recreation	318,593	341,445	-	333,794	356,646	-	356,646
Conservation and development	401,618	-	-	-	(401,618)	-	(401,618)
Capital	22,076	-	-	-	(22,076)	-	(22,076)
Interest	328,158	-	-	-	(328,158)	-	(328,158)
Total governmental activities	6,095,060	1,623,432	785,088	333,794	(3,352,746)	-	(3,352,746)
Business-type activities:							
Health and welfare	305,234	181,621	-	-	-	(123,613)	(123,613)
Total business-type activities	305,234	181,621	-	-	-	(123,613)	(123,613)
Total	$ 6,400,294	$ 1,805,053	$ 785,088	$ 333,794	(3,352,746)	(123,613)	(3,476,359)
General revenues:							
Real estate taxes					2,048,609	-	2,048,609
Earned income and other taxes					799,718	-	799,718
Interest and investment income					119	-	119
Miscellaneous income					52,033	318	52,351
Transfers					(20,960)	20,960	-
Total general revenues and transfers					2,879,519	21,278	2,900,797
Change in Net Position					(473,227)	(102,335)	(575,562)
Net Position:							
Beginning of year - restated for governmental					3,686,988	1,626,522	5,313,510
Ending of year					$ 3,213,761	$ 1,524,187	$ 4,737,948

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	$ 183,863	$ 37,972	$ 221,835
Receivables:			
Taxes	828,497	-	828,497
Garbage fees, net of allowance of $397,578	-	-	-
Loans receivable, recipients, net of allowance of $622.772	-	-	-
Interfund receivable	-	8,100	8,100
Other	34,326	-	34,326
Intergovernmental receivables	-	12,951	12,951
Prepaid expenses	90,817	-	90,817
Total Assets	$ 1,137,503	$ 59,023	$ 1,196,526
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	$ -	$ 21,797	$ 21,797
Accrued liabilities	128,438	-	128,438
Escrow liabilities	2,895	-	2,895
Interfund payable	8,100	-	8,100
Unearned revenue	143,392	-	143,392
Total Liabilities	282,825	21,797	304,622
Deferred Inflows of Resources:			
Unavailable revenue - taxes	827,413	-	827,413
Fund Balance:			
Non-spendable	90,817	-	90,817
Restricted for:			
Small communities projects	-	6,862	6,862
Canine	-	9,892	9,892
Sewer lines	-	5,665	5,665
Library	-	5	5
Park	-	63	63
Debt service	-	14,739	14,739
Unassigned	(63,552)	-	(63,552)
Total Fund Balance	27,265	37,226	64,491
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,137,503	$ 59,023	$ 1,196,526

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

YEAR ENDED DECEMBER 31, 2013

Total Fund Balance - Governmental Funds		$ 64,491
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is $14,956,870 and the accumulated depreciation is $3,442,470.		11,514,400
Taxes receivable are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		827,413
Amount contributed in excess of the annual pension cost are not current financial resources and, therefore, are not reported in the funds.		731
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Notes payable	$ (7,480,000)	
Accrued interest on notes	(25,326)	
Capital leases	(16,752)	
Bond discount, net of amortization	124,296	
Other postemployment benefits	(1,646,946)	
Compensated absences	(148,546)	(9,193,274)
Total Net Position - Governmental Activities		$ 3,213,761

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2013

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	$ 2,151,386	$ 627,804	$ 2,779,190
Licenses and permits	300,441	-	300,441
Fines and forfeits	56,197	-	56,197
Interest, rents, and royalties	74	45	119
Intergovernmental revenue	539,134	579,748	1,118,882
Charges for services	925,349	341,445	1,266,794
Miscellaneous revenue	32,407	19,626	52,033
Total revenues	4,004,988	1,568,668	5,573,656
Expenditures:			
Current:			
General government	1,608,605	-	1,608,605
Public safety	1,319,371	35,203	1,354,574
Health and welfare	40,953	-	40,953
Public works:			
Sanitation	440,613	-	440,613
Highways, roads, and streets	553,939	505,563	1,059,502
Culture and recreation	3,670	280,425	284,095
Conservation and development	26,832	343,848	370,680
Debt service:			
Principal	-	151,045	151,045
Interest	4,667	311,339	316,006
Capital outlay	-	22,076	22,076
Total expenditures	3,998,650	1,649,499	5,648,149
Excess (Deficiency) of Revenues Over Expenditures	6,338	(80,831)	(74,493)
Other Financing Sources (Uses):			
Operating transfers in	-	506,593	506,593
Operating transfers out	(40,569)	(486,984)	(527,553)
Total financing sources (uses)	(40,569)	19,609	(20,960)
Net Change in Fund Balance	(34,231)	(61,222)	(95,453)
Fund Balance:			
Beginning of year	61,496	98,448	159,944
End of year	$ 27,265	$ 37,226	$ 64,491

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Net Change in Fund Balance - Governmental Funds			$ (95,453)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:			
Capital outlays	$ 59,088		
Less: depreciation expense	(441,976)		(382,888)
The net pension asset is reflected on the statement of net position, but is not considered an asset that is available to pay current liabilities for the fund statements. The value of this item changed by this amount during the year.			(35)
Because some taxes will not be collected for several months after the City of Monessen's year-end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues related to taxes increased (decreased) by this amount during the year.			69,137
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of principal is not an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. The effect of these transactions in the statement of activities is shown below:			
Principal payments on capital leases	15,925		
Repayment of note principal	151,053		
Amortization of bond discount	(5,041)		161,937
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest accrued in the statement of activities is shown here.			(7,119)
In the statement of activities, certain operating expenses - compensated absences (vacations and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.			75,231
Postemployment benefits are recognized when they are paid on the fund statements. With the implementation of GASB Statement No. 45, an estimated liability for future benefits due is required. This amount represents the difference between the estimated annual cost and the amount paid.			(294,037)
Change in Net Position of Governmental Activities			$ (473,227)

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF NET POSITION
PROPRIETARY FUND

DECEMBER 31, 2013

	Mon Valley Health and Welfare Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 1,434
Other receivables	23,006
Total current assets	24,440
Noncurrent assets:	
Capital assets:	
Land	42,803
Building and building improvements	1,825,468
Equipment	104,423
Less: accumulated depreciation	(466,464)
Total capital assets	1,506,230
Total noncurrent assets	1,506,230
Total Assets	$ 1,530,670
Liabilities and Net Position	
Liabilities:	
Accounts payable	$ 6,483
Net Position:	
Net investment in capital assets	1,506,230
Unrestricted	17,957
Total Net Position	1,524,187
Total Liabilities and Net Position	$ 1,530,670

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF NET POSITION
PROPRIETARY FUND

DECEMBER 31, 2013

	Mon Valley Health and Welfare Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 1,434
Other receivables	23,006
Total current assets	24,440
Noncurrent assets:	
Capital assets:	
Land	42,803
Building and building improvements	1,825,468
Equipment	104,423
Less: accumulated depreciation	(466,464)
Total capital assets	1,506,230
Total noncurrent assets	1,506,230
Total Assets	$ 1,530,670
Liabilities and Net Position	
Liabilities:	
Accounts payable	$ 6,483
Net Position:	
Net investment in capital assets	1,506,230
Unrestricted	17,957
Total Net Position	1,524,187
Total Liabilities and Net Position	$ 1,530,670

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS - PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2013

	Mon Valley Health and Welfare Fund
Operating Revenues:	
Rentals	$ 201,099
Telephone equipment rental	1,800
Total operating revenues	202,899
Operating Expenses:	
Personnel services	72,904
Occupancy	132,344
Communications and copying	15,983
Supplies and equipment	11,292
Contract services	1,532
Other operating expenses	2,068
Depreciation	90,071
Total operating expenses	326,194
Excess (Deficiency) of Revenues Over Expenditures Before Transfers	(123,295)
Transfers in (out)	20,960
Change in Net Position	(102,335)
Net Position:	
Beginning of year	1,626,522
End of year	$ 1,524,187

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2013

	Mon Valley Health and Welfare Fund
Cash Flows From Operating Activities:	
Cash received from tenants	$ 198,852
Cash payments to employees for services	(72,904)
Other operating payments	(163,219)
Net cash provided by (used in) operating activities	(37,271)
Cash Flows From Noncapital Financing Activities:	
Interfund receipts	20,960
Cash Flows From Investing Activities:	
Purchase of capital assets	(9,547)
Net Increase (Decrease) in Cash and Cash Equivalents	(25,858)
Cash and Cash Equivalents:	
Beginning of year	27,292
End of year	$ 1,434
Reconciliation of Change in Net Position to Net Cash Provided by (Used In) Operating Activities:	
Change in net position before transfers	$ (123,295)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Depreciation	90,071
Changes in operating assets and liabilities:	
Accounts receivable	(4,047)
Net cash provided by (used in) operating activities	$ (37,271)

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

YEAR ENDED DECEMBER 31, 2013

	Mon Valley Health and Welfare Fund
Cash Flows From Operating Activities:	
Cash received from tenants	$ 198,852
Cash payments to employees for services	(72,904)
Other operating payments	(163,219)
Net cash provided by (used in) operating activities	(37,271)
Cash Flows From Noncapital Financing Activities:	
Interfund receipts	20,960
Cash Flows From Investing Activities:	
Purchase of capital assets	(9,547)
Net Increase (Decrease) in Cash and Cash Equivalents	(25,858)
Cash and Cash Equivalents:	
Beginning of year	27,292
End of year	$ 1,434
Reconciliation of Change in Net Position to Net Cash Provided by (Used In) Operating Activities:	
Change in net position before transfers	$ (123,295)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Depreciation	90,071
Changes in operating assets and liabilities:	
Accounts receivable	(4,047)
Net cash provided by (used in) operating activities	$ (37,271)

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

DECEMBER 31, 2013

Assets	
Investments (at fair value):	
Money market funds	$ 319,034
Mutual funds	5,629,935
Total Assets	$ 5,948,969
Net Position Held in Trust for Pension Benefits and Other Purposes	$ 5,948,969

The notes to financial statements are an integral part of this statement.

CITY OF MONESSEN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

Additions:		
Contributions:		
Employer	$	367,714
Employee		63,183
Total contributions		430,897
Investment income:		
Net appreciation (depreciation) in fair value of investment		587,819
Interest and dividends		171,116
Total investment income		758,935
Total additions		1,189,832
Deductions:		
Administration		74,773
Benefits		433,508
Total deductions		508,281
Change in Net Position		681,551
Net Position:		
Beginning of year		5,267,418
End of year	$	5,948,969

The notes to financial statements are an integral part of this statement.

1. OPERATIONS

The City of Monessen (City), Westmoreland County, Pennsylvania, was incorporated September 16, 1921, under the provisions of Third Class City Code, as amended. The City operates under a Council form of government and provides the following services: Public Safety, Highways and Streets, Sanitation, Health and Social Services, Culture and Recreation, Public Improvements, Planning and Zoning, and General Administrative Services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to accounting principles generally accepted in United States of America as applicable to governmental units. The following is a summary of the significant policies and practices of the City:

Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity should include those of the City (the primary government) and any component units.

The City used guidance issued by the Government Accounting Standards Board (GASB) to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity. The criteria used by the City for inclusion include financial accountability and the nature and significance of the relationships.

The criterion of GASB has been examined as to the relationship of the City to the Redevelopment Authority of the City of Monessen (Authority), the Mon Valley Refuse Disposal Authority, and the Mon Valley Sewage Authority. Based on the foregoing criteria, the City has no component units for the years ended 2013 and 2012.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund is rentals of its Health and Welfare building. Operating expenses for the City's enterprise fund include costs of services and administration of the Health and Welfare building and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

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Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF MONESSEN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are charges for services and interest revenues associated with the current fiscal period and have been recognized as revenues of the current fiscal period. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. The City has elected not to recognize tax revenue received in the subsequent period for the fund financial statements, even if received within 60 days and related to the year reported.

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" as follows:

The City reports the following major governmental fund:

The *General Fund* was established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the City are included in the General Fund. The General Fund is charged with all costs of operating the government for which a separate fund has not been established.

The City reports the following major proprietary fund:

The Mon Valley Health and Welfare Fund accounts for the rents received from tenants in the City's Eastgate building and the costs to maintain and operate the building.

In addition, the City reports the following other governmental funds:

- The *Liquid Fuels Fund* accounts for the City's Liquid Fuels grant activity.
- The *Canine Fund* accounts for contributions to support the City's Police dog.
- The *Library Fund* accounts for real estate taxes levied for and grants to the Library.
- The *Parks Fund* accounts for real estate taxes levied for parks and recreation projects and activities.
- The *Debt Service Fund* accounts for the City's real estate taxes levied for payments for debt service.

- The *Small Communities Projects Fund* accounts for the City's activities related to its federal Community Development Block Grant program.

- The *Line Usage Fee* accounts for line usage fees levied for repairing and maintaining sanitary sewer lines, as well as any capital grant to make capital improvements to the sewer system.

- The *Capital Projects Fund* accounts for financial resources to be used for major capital expenditures not financed by Enterprise Funds.

The City reports the following fiduciary fund:

The Pension Trust Fund was established to provide pension benefits for City employees, and its principal revenue source for these funds is employer and employee contributions. This fund includes the Police, Fire Truck Drivers, and Non-uniformed Pension Funds.

Budgets and Budgetary Accounting

The budgetary data reflected in the general purpose financial statements is based on the annual operating budget adopted by City Council for the fiscal year beginning January 1. This legally ordained operating budget includes estimated receipts and proposed disbursements for the General Fund on the cash basis (non-GAAP basis). The primary differences between GAAP and the budgetary basis are:

1. Revenues are recognized when they are both measurable and available (GAAP basis), as opposed to when received in cash (budgetary basis).

2. Expenditures are recognized when the liability for services is incurred (GAAP basis), as opposed to when cash is disbursed (budgetary basis).

The City's fiscal year begins January 1 and ends December 31 of each year. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. On or before the fifteen day of October of each year, the individual department directors submit to the fiscal director the proposed budget for their individual departments for the ensuing year.

2. On or before the 60th day prior to the end of the fiscal year, the fiscal director shall submit to the Council a proposed budget for the ensuing year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Separate financial statements are provided for governmental funds, proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund is rentals of its Health and Welfare building. Operating expenses for the City's enterprise fund include costs of services and administration of the Health and Welfare building and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Pension trust funds recognize employer and participant contributions in the period in which contributions are due and the City has made a formal commitment to provide the contributions. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are charges for services and interest revenues associated with the current fiscal period and have been recognized as revenues of the current fiscal period. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. The City has elected not to recognize tax revenue received in the subsequent period for the fund financial statements, even if received within 60 days and related to the year reported.

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types" as follows:

The City reports the following major governmental fund:

The *General Fund* was established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the City are included in the General Fund. The General Fund is charged with all costs of operating the government for which a separate fund has not been established.

The City reports the following major proprietary fund:

The Mon Valley Health and Welfare Fund accounts for the rents received from tenants in the City's Eastgate building and the costs to maintain and operate the building.

In addition, the City reports the following other governmental funds:

- The *Liquid Fuels Fund* accounts for the City's Liquid Fuels grant activity.
- The *Canine Fund* accounts for contributions to support the City's Police dog.
- The *Library Fund* accounts for real estate taxes levied for and grants to the Library.
- The *Parks Fund* accounts for real estate taxes levied for parks and recreation projects and activities.
- The *Debt Service Fund* accounts for the City's real estate taxes levied for payments for debt service.

- The *Small Communities Projects Fund* accounts for the City's activities related to its federal Community Development Block Grant program.

- The *Line Usage Fee* accounts for line usage fees levied for repairing and maintaining sanitary sewer lines, as well as any capital grant to make capital improvements to the sewer system.

- The *Capital Projects Fund* accounts for financial resources to be used for major capital expenditures not financed by Enterprise Funds.

The City reports the following fiduciary fund:

The Pension Trust Fund was established to provide pension benefits for City employees, and its principal revenue source for these funds is employer and employee contributions. This fund includes the Police, Fire Truck Drivers, and Non-uniformed Pension Funds.

Budgets and Budgetary Accounting

The budgetary data reflected in the general purpose financial statements is based on the annual operating budget adopted by City Council for the fiscal year beginning January 1. This legally ordained operating budget includes estimated receipts and proposed disbursements for the General Fund on the cash basis (non-GAAP basis). The primary differences between GAAP and the budgetary basis are:

1. Revenues are recognized when they are both measurable and available (GAAP basis), as opposed to when received in cash (budgetary basis).

2. Expenditures are recognized when the liability for services is incurred (GAAP basis), as opposed to when cash is disbursed (budgetary basis).

The City's fiscal year begins January 1 and ends December 31 of each year. The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. On or before the fifteen day of October of each year, the individual department directors submit to the fiscal director the proposed budget for their individual departments for the ensuing year.

2. On or before the 60th day prior to the end of the fiscal year, the fiscal director shall submit to the Council a proposed budget for the ensuing year.

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CITY OF MONESSEN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. The budget shall provide a complete financial plan for all City funds and activities for the ensuing year. The total of proposed expenditures shall not exceed the total of estimated income.

4. A general summary of the budget is advertised within 20 days of receipt. This summary includes a notice stating the times and places where the budget is available for public inspection, and the place and time, not less than seven days after the notice and at least fourteen days before adoption, for a public hearing on the budget.

5. After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, Council may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by applicable law, for debt service, or for estimated cash deficit; but no amendment of the budget shall increase the authorized expenditures to any amount greater than the estimated income.

The legal level of control for expenditures (level at which expenditures cannot legally exceed appropriations) is the surplus or deficit of the fund as a whole. Any excess appropriations at the end of the fiscal year are not carried forward, but instead lapse.

Adjustments necessary to convert results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	General Fund
Deficiency of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	$ (144,378)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	(197,315)
To adjust expenditures and other financing uses to the modified accrual basis	307,462
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	$ (34,231)

Within 31 days subsequent to the legal adoption of the budget, the City clerk files a copy of the budget with the Department of Community and Economic Development of the Commonwealth of Pennsylvania. Should supplemental budget appropriations be required, the City Council may, within statutory limitations, authorize the transfer of funds between line items by means of a resolution approved at a regularly scheduled Council meeting. Expenditures may not legally exceed budgeted amounts at the fund level.

City Council approves the annual application for its Small Communities Project Fund that is submitted to a state and federal grantor. Any amendments to the budget must be approved by the grantors. As City Council has limited control of the budget, a budget to actual statement has not been presented.

A legally adopted budget is not prepared for the Capital Projects Fund.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and investments in money market funds with original maturities of three months or less from the date of acquisition.

Investments

For funds other than Pension Trust Funds, state law allows the City to invest in obligations of the United States of America, the Commonwealth of Pennsylvania, or any agency or instrumentality of either, which are secured by the full faith and credit of such entity. The law also allows for the City to invest in certificates of deposit of banks, savings and loan associations, and savings banks, both within and outside the Commonwealth of Pennsylvania, provided such amounts are insured by the FDIC or other like insurance and that deposits in excess of such insurance are collateralized by the depository. The law provides that the City's Pension Trust Funds may be invested in any form or type of investment or financial instrument when determined by the City to be prudent.

Investments are reported at fair value based on quoted market prices. Investments are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of net position.

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CITY OF MONESSEN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Interfund Activity in the Government-Wide Financial Statements

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund payables and receivables." Any residual balances outstanding between the governmental activities and business-type activities would be reported in the government-wide financial statements as "internal balances."

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Intergovernmental Receivables

Accounts receivable related to grant activity is recorded as intergovernmental receivables when billed.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and governmental fund financial statements.

Capital Assets of the Primary Government

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has elected not to retroactively report infrastructure assets. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements capitalized as projects are constructed.

The property, plant, and equipment are depreciated using the straight-line method over the estimated useful lives:

Land improvements	15 - 50 years
Infrastructure	50 years
Buildings	50 years
Buildings improvements	20 years
Office equipment	10 - 20 years
Computer equipment	5 years
Vehicles	5 - 10 years

Compensated Absences

The City's vacation policy varies among City departments, but generally provides for accumulation of 20 days of vacation. The policy, with respect to the accumulation of sick leave, varies among City departments, but generally provides for accumulation of 125 days of sick leave. A liability for these amounts is reported in the fund financial statements only if they have matured as a result of resignations or retirements. The liability is accrued in the government-wide financial statements when it is incurred.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount, if any.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issues are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

In the governmental fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed on the funds. These funds are as follows:

Land improvements	15 - 50 years
Infrastructure	50 years
Buildings	50 years
Buildings improvements	20 years
Office equipment	10 - 20 years
Computer equipment	5 years
Vehicles	5 - 10 years

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Fund Balance

In the governmental fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed on the funds. These funds are as follows:

CITY OF MONESSEN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact.

Restricted

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. There is no committed fund balance.

Assigned

Amounts in assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated with that authority. There is no assigned fund balance.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position is classified into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets net of accumulated depreciation reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- Restricted - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position is restricted as described below:

Restriction	Amount
Small communities projects expenses	6,862
Canine	9,892
Sewer lines	5,665
Library	5
Parks	63
Debt service	14,739
	$ 37,226

- Unrestricted - This component of net position consists of net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Revenues from Federal and State Sources

Revenues from federal and state agencies designated for payment of specific City expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year-end is recorded as unearned revenue or a receivable, respectively.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Adopted Pronouncement

The City has adopted GASB Statement No. 61, *"The Financial Reporting Entity."* This statement improved financial reporting for a government reporting entity by modifying existing requirements for the assessment of potential component units.

The City has adopted GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities."* This statement reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources.

Under the provisions of this statement, bond issuance costs are to be expensed in the period incurred rather than deferred and amortized. The Authority's net position as of December 31, 2012 has been restated downward by $229,890 to reflect this change.

Pending Pronouncements

GASB has issued Statement No. 67, *"Financial Reporting for Pension Plans,"* effective for financial statements for periods beginning after June 15, 2013, and has also issued Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date,"* effective for fiscal years beginning after June 15, 2014. These statements revise existing guidance for the financial reports of most pension plans, and establish new financial reporting requirements for most governments that provide their employees with pension benefits.

GASB has issued Statement No. 69, *"Government Combinations and Disposals of Government Operations,"* effective for financial statements for periods beginning after December 15, 2013. This statement intends to improve accounting and financial reporting for combinations and disposals of government operations.

GASB has issued Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees,"* effective for financial statements for periods beginning after June 15, 2013. This statement specifies the information required to be disclosed by governments that extend non-exchange financial guarantees, and requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The effect of implementation of these statements has not yet been determined.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The carrying amount of cash, cash equivalents, and investments at December 31, 2013 consist of the following:

Demand deposit accounts	$	168,770
Pooled cash and investments		54,499
	$	223,269

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Demand deposit accounts	$	168,770
Pooled cash and investments		54,499
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Cash – Custodial Credit Risk – Deposit

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of December 31, 2013, the carrying amount of the City's deposits was $168,770 and the bank balance was $560,919. Of the bank balance, $370,721 was covered by federal depository insurance and $190,198 was exposed to custodial credit risk which is collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

Investments

Pooled cash and investments

A portion of the City's deposits are in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the funds act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. The carrying amount and bank balance amount was $54,499.

Interest Rate Risk – Pooled Cash and Money Market

The City does not have a formal policy that limits maturities in certain investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Pooled Cash and Money Market

The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. The City has no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations. As of December 31, 2013, investments in PLGIT have received an AAA rating from Standard & Poor's.

Custodial Credit Risk – Pooled Cash and Money Market

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City's investments in PLGIT cannot be classified by risk category because the investment is not evidenced by securities that exist in physical or book entry form.

Pension Trust Fund

The pension trust funds' investments are held separately from those of other City funds. Assets in the pension trust funds are stated at fair value. Any premiums or discounts are recognized as a gain or loss upon disposition. The City maintains investment policies that summarize the investment philosophy of the City and establishes investment guidelines and performance objectives for the Police, the Fire Truck Drivers', and Non-uniformed Pension Funds.

As of December 31, 2013, the City had the following investments in its pension trust funds:

Police

Cash or Investment Type	Fair Market Value
Money market funds	$ 312,196
Equity mutual funds	2,620,948
Fixed mutual funds	1,004,055
	$ 3,937,199

Fire Truck Drivers'

Cash or Investment Type	Fair Market Value
Money market funds	$ 6,838
Equity mutual funds	224,263
Fixed mutual funds	82,761
	$ 313,862

Non-Uniformed

Cash of Investment Type	Fair Market Value
Equity mutual funds	$ 1,697,908

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligation is called credit risk. The Pension Trust Funds have no formal investment policy that would limit its investment choices based on credit ratings by nationally recognized statistical rating organizations.

Investments held in mutual funds are not subject to credit risk.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the bank or counterparty, the Pension Trust Funds will not be able to recover the value of their deposits or investments or collateral securities that are in the possession of an outside entity. The Pension Trust Funds do not have a formal deposit or investment policy for custodial credit risk. The Pension Trust Funds' money market cash funds (which are included in cash and cash equivalents on the statement of fiduciary net assets) and investments in mutual funds are not exposed to custodial credit risk.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. There were no individual investments in any pension plan that constituted more than five percent of any of the pension plan net position available for benefits at December 31, 2013. In addition, the plans did not have any investment transactions with related parties during the year.

Interest Rate Risk

The pension trust funds do not have a formal deposit or investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

4. PROPERTY TAXES

Property taxes levied for 2013 and unpaid are recorded as receivables, net of estimated uncollectible amounts. The net receivables available at December 31, 2013 have not been recognized as revenue in 2013. The term "available" means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Net receivables estimated to be subsequently collectible are reflected as unavailable revenue. Prior year levies have been recorded using these same principles and remaining receivables are evaluated annually for collectability.

The City's real estate tax is levied on the assessed value listed as of the prior December 31 by the county assessment board for all property located in the City. Assessed values are established by the county assessment board at approximately 100 percent of estimated market value beginning in year 1973. The last valuation was completed as of December 31, 1972. The nonexempt assessed value (land and building) upon which the 2013 levy was based was $60,096,370.

Real estate tax bills are rendered by the City in March of each year. Taxes are due by June 30 of each year with a two percent discount awarded for payments made in March and April. A ten percent penalty is assessed for payments made subsequent to June 30. Taxes still uncollected as of January 1 of the following year become delinquent and are turned over to the county's tax claim bureau by January 15. Delinquent taxes are then liened.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

Governmental Activities

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 4,044,872	$ -	$ (4,044,872)	$ -
Capital assets being depreciated:				
Land improvements	1,822,291	-	-	1,822,291
Infrastructure	1,453,951	4,044,872	-	5,498,823
Building and improvements	5,648,445	-	-	5,648,445
Fixtures and equipment	804,084	-	-	804,084
Vehicles	1,104,139	79,088	-	1,183,227
Total capital assets being depreciated	10,832,910	4,123,960	-	14,956,870
Less accumulated depreciation for:				
Land improvements	586,908	68,323	-	655,231
Infrastructure	182,854	131,753	-	314,607
Building and improvements	1,020,745	96,143	-	1,116,888
Fixtures and equipment	544,812	43,082	-	587,894
Vehicles	665,175	102,675	-	767,850
Total accumulated depreciation	3,000,494	441,976	-	3,442,470
Total capital assets being depreciated, net	7,832,416	3,681,984	-	11,514,400
Governmental activities, capital assets, net	$ 11,877,288	$ 3,681,984	$ (4,044,872)	$ 11,514,400

Business-Type Activities	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated:				
Land	$ 42,803	$ -	$ -	$ 42,803
Capital assets being depreciated:				
Buildings and improvements	1,815,921	9,547	-	1,825,468
Fixtures and equipment	104,423	-	-	104,423
Total capital assets being depreciated	1,920,344	9,547	-	1,929,891
Less accumulated depreciation for:				
Buildings and improvements	305,845	73,135	-	378,980
Fixtures and equipment	70,548	16,936	-	87,484
Total accumulated depreciation	376,393	90,071	-	466,464
Total capital assets being depreciated, net	1,543,951	(80,524)	-	1,463,427
Business-type activities, capital assets, net	$ 1,586,754	$ (80,524)	$ -	$ 1,506,230

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	$ 150,272
Public safety	128,173
Health and welfare	4,420
Public works - sanitation	39,778
Public works - highways, roads, and streets	53,037
Public works - other	17,679
Culture and recreation	17,679
Conservation and development	30,938
	$ 441,976

Depreciation expense was charged to functions/programs of the business-type activities in the amount of $90,071.

6. LOANS AND FEES RECEIVABLE

Loans and fees receivable at December 31, 2013 consist of the following:

	Communities Projects	General Fund
Rehabilitation Loans Outstanding - Small Communities Projects	$ 622,772	$ -
Garbage fees receivable	-	397,578
Allowance	(622,772)	(397,578)
Net loan receivable	$ -	$ -

Loans granted through the Small Communities Projects Fund are for the rehabilitation of owner occupied properties in need of repair. Interest rates vary from interest free to four percent based on the recipient's income and family size. The loans have a twenty-year term and are collateralized by the recipient's property. Allowance was decreased in 2013 by approximately $34,000 for payments the City received.

Garbage fees receivable represent delinquent garbage fees owed to the City by its residents. Allowance was increased in 2013 to be conservative based on past collection history.

7. UNEARNED REVENUE

Unearned revenue at December 31, 2013 consists of $143,392 of 2014 garbage fees collected in 2013.

8. DEBT

In January 2013, the City borrowed $500,000 under a tax anticipation note for cash flow purposes at an interest rate of 2.63 percent. The note was repaid in 2013. The City's short-term liabilities are summarized as follows:

Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
$ -	$ 500,000	$ 500,000	$ -

General obligation bonds are backed by the full faith and credit of the City.

The following is a summary of long-term liability transactions with respect to notes, bonds, and capital lease obligations for the year ended December 31, 2013 of the government funds:

Notes Payable:		
General obligation term loan, interest at 3.75%, payable in annual installments of $10,295 through April 1, 2015. Loan proceeds were used to purchase a vehicle for the police department.	$	20,000
Capital Leases Payable:		
Vehicle capital lease, interest at 4.67%, payable in four annual installments of $17,555 through April 2014.		16,752
Bonds Payable:		
General obligation bonds, Series of 2010, with 5.50% interest payable through 2035. Bond proceeds were used for the purpose of providing funds for improvements to the fire department, police department, public library, and various other improvements, funding a capitalized interest account with respect to the bonds, and paying costs of issuance.		4,960,000
General obligation bonds, Series of 2012, with up to 4% interest payable through 2040. Bond proceeds were used for the purpose of providing funds for improvements to the fire department, public library, and various other improvements, funding a capitalized interest account with respect to the bonds, and paying costs of issuance.		2,500,000
	$	7,496,752

The annual requirement to pay principal and interest on all long-term notes and bonds outstanding at December 31, 2013 is as follows:

	Principal	Interest
2014	$ 181,708	$ 304,164
2015	170,000	300,789
2016	170,000	296,407
2017	175,000	291,394
2018	180,000	285,965
2019 - 2023	1,015,000	1,328,838
2024 - 2028	1,235,000	1,103,185
2029 - 2033	1,535,000	805,348
2034 - 2038	1,930,000	426,035
2039 - 2040	888,292	53,849
	$ 7,480,000	$ 5,195,974

The annual requirements related to capital leases at December 31, 2013 is as follows:

2014	$ 17,555
Less amount representing interest	(803)
Present value of minimum lease payments	$ 16,752

The gross amount of assets in the statement of net position recorded under capital leases and the accumulated depreciation of vehicles at December 31, 2013 was $64,900 and $36,777, respectively. Depreciation expense on the related assets has been included in the City's depreciation expense.

Changes in the City's obligation for compensated absences during 2013 are as follows:

Balance at Beginning of Year	Additions	Deductions	Balance at End of Year	Due in One Year
$ 223,777	$ -	$ 75,231	$ 148,546	$ 12,000

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year	Due in One Year
Governmental activities:					
Notes payable	$ 116,053	$ 20,000	$ (116,053)	$ 20,000	$ 10,000
Bonds payable	7,495,000	-	(35,000)	7,460,000	171,708
Capital leases	32,677	-	(15,925)	16,752	16,752
Compensated absences	223,777	-	(75,231)	148,546	12,000
	$ 7,867,507	$ 20,000	$ (242,209)	$ 7,645,298	$ 210,460

All of the City's notes, bonds, and lease obligations are paid by the Debt Service Fund except for interest on the tax anticipation note, which is repaid by the General Fund. The General Fund also funds the compensated absences.

9. RETIREMENT PLANS

Plan Description

The City sponsors and administers two contributory defined benefit pension plans and one defined contribution pension plan covering substantially all the City's employees. These three plans are known as the Police Pension Plan, Fire Truck Drivers' Pension Plan, and Non-uniformed Pension Plan. The financial statements of these plans are included as fiduciary funds in the City's financial statements. No other financial statements are issued for the plans.

Plan provisions are established by ordinance with the authority for contributions required by Act 205 of 1984 of the Commonwealth of Pennsylvania. Under the Act, the City is eligible to receive state aid to fund the amortization of its unfunded accrued actuarial liability over a 40-year period.

Summary of Significant Accounting Policies

Financial information of the City's retirement plans are presented on the accrual basis of accounting. Employer contributions to the plans are recognized when due as required by Act 205 and Act 600. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Investments of the plans are reported at fair value. The plans did not have any investment transactions with related parties during the year.

Significant Provisions of the Plans

Participation - Any individual employed by the City on a regular, full-time basis force is covered by the Plan from the participant's date of hire. At January 1, 2013, the date of the most recent valuation, participants in the Police Plan and Fire Truck Drivers' Plan were as follows:

	Police	Fire Truck Drivers'
Participants:		
Active	11	0
Retirement benefits	8	1
Disability benefits	1	0
Survivor benefits	9	2

Vesting – Participants are 100% vested after five years of service.

Funding Policy and Annual Pension Cost

PA Act 205 and City Council ordinances assign the authority to establish and amend the benefit provisions of the plans. The City's annual pension cost for the current year and related information for each plan is as follows:

	Police	Fire Truck Drivers'	Non-Uniformed
Contributions:			
City	Minimum Municipal Obligation Under PA Act 205		8%
Plan members	4.5% plus $1 per month	4% plus $1 per month	5%
Annual pension cost	$ 292,557	$ 16,425	$ 58,767
Contributions made	$ 292,522	$ 16,425	$ 58,767

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	Police	Fire Truck Drivers'
Valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	17 years	10 years
Asset valuation method	Four-year smoothing	Four-year smoothing
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0%	5.0%
Includes inflation - at	3.0%	3.0%

Administrative costs including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investment earnings.

Net Pension Asset

The City's net pension asset (a negative net pension obligation (NPO)) for the Police Plan and Fire Truck Drivers' Plan as of December 31, 2013 is calculated as follows:

	Police	Fire Truck Drivers'
Annual required contribution	$ 292,522	$ 16,425
Interest on NPO	(50)	-
Adjustment to the ARC	85	-
Annual pension cost	292,557	16,425
Contribution made	(292,522)	(16,425)
Change in NPO	35	-
NPO, 12/31/2012	(766)	-
NPO, 12/31/2013	$ (731)	$ -

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	Police	Fire Truck Drivers'
Valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	17 years	10 years
Asset valuation method	Four-year smoothing	Four-year smoothing
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0%	5.0%
Includes inflation - at	3.0%	3.0%

Administrative costs including investment, custodial trustee, and actuarial services are charged to the Plan and funded from investment earnings.

Net Pension Asset

The City's net pension asset (a negative net pension obligation (NPO)) for the Police Plan and Fire Truck Drivers' Plan as of December 31, 2013 is calculated as follows:

	Police	Fire Truck Drivers'
Annual required contribution	$ 292,522	$ 16,425
Interest on NPO	(50)	-
Adjustment to the ARC	85	-
Annual pension cost	292,557	16,425
Contribution made	(292,522)	(16,425)
Change in NPO	35	-
NPO, 12/31/2012	(766)	-
NPO, 12/31/2013	$ (731)	$ -

The following is the annual required contributions and the percentage contributed:

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net Pension Asset
Police:			
2011	$ 281,340	100%	$ 951
2012	245,854	100%	766
2013	292,522	100%	731
Fire Truck Drivers':			
2011	$ 14,258	100%	$ -
2012	16,425	100%	-
2013	16,425	100%	-

Funded Status and Funding Progress

The funded status of each plan as of January 1, 2013, the most recent actuarial valuation date, is as follows:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b)-(a)/(c)
Police:	$ 3,581,611	$ 4,967,729	$ (1,386,118)	72.10%	$ 724,727	-191.26%
Fire Truck Drivers':	$ 317,465	$ 423,075	$ (105,610)	75.04%	N/A	0.00%

The schedule of funding progress included as required supplementary information immediately following the notes to financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

As noted above, certain pension information and calculations are based upon an actuarial valuation performed as of January 1, 2013. The next actuarial valuation will be performed as of January 1, 2015 and will take into account subsequent changes in the market value of investments being held in the plan. While the exact impact is not known, it is expected that

the market changes will impact the funding status of the plan and change the future funding requirements of the plan.

10. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

The City had interfund receivables and payables balances for the following accounts at December 31, 2013:

	Interfund Receivables	Interfund Payables
Governmental Activities:		
Major Funds:		
General Fund	$ -	$ 8,100
Other Governmental Funds	8,100	-
	$ 8,100	$ 8,100

Interfund receivables and payable are a result of timing differences between when a cost is incurred and when it is paid.

The City had operating transfers in and out for the following amounts at December 31, 2013:

	Operating Transfers In	Operating Transfers Out
Governmental Activities:		
Major Funds:		
General Fund	$ -	$ 40,569
Other Governmental Funds	506,593	486,984
Proprietary Fund	20,960	-
	$ 527,553	$ 527,553

Transfers between these funds were necessary to reimburse the Proprietary Fund and other governmental funds for expenses paid by them.

11. Other Postemployement Benefits

Plan Description

The City provides certain healthcare benefits for employees who retire. Police employees who retire from the police pension plan with full normal retirement benefits (age 50 with 20 years of service) or with a Disability Retirement Benefit and Fire employees who retire from the fire pension plan with full normal retirement benefit (age 55 with 20 years of service), receive coverage for themselves, spouse, and eligible dependents of medical, dental, and vision coverage until the earlier of eligibility for equal or better medical coverage with another employer or until the retiree's death. At Medicare eligibility, coverage will be provided in the form of a Medicare supplement plan. For police employees, upon the death of the retiree, the City will continue to provide medical, dental, and vision coverage to the surviving spouse and dependent children for three years. For police and fire employees, a life insurance policy will remain in effect until death, with a benefit of $8,000 for police and $5,000 for fire. One police retiree who resides outside of Pennsylvania receives reimbursement for medical, dental, and/or vision expenses on a monthly basis as incurred up to a maximum of $367.56 per month. Non-uniformed employees who retire from the non-uniformed employees' pension plan will receive medical and dental coverage for the retiree, spouse, and eligible dependents, until the retiree's death. At Medicare eligibility, coverage will be in the form of a Medicare supplement plan. A life insurance policy will remain in full effect until death, with a benefit of $5,000. Benefit provisions are established through negotiation with the City and the unions representing the City's employees.

Funding Policy

Contribution requirements also are negotiated between the City and union representatives. The required contribution is based on pay as you go financing. The City will pay a hundred percent of premiums for the retiree's coverage, except as noted above.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC); an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	$	527,281
Interest on net OPEB obligation		60,881
Adjustment to the ARC		(83,057)
Annual OPEB cost		505,105
Contribution made		211,068
Change in OPEB obligation		294,037
Net OPEB obligation, December 31, 2012		1,352,909
Net OPEB obligation December 31, 2013	$	1,646,946

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation is as follows:

Year Ending	Annual OPEB Cost	Percentage of OPEB Contributed	Net OPEB Obligation (Asset)
12/31/2013	$ 505,105	41.8%	$ 1,646,946
12/31/2012	510,083	40.5%	1,352,909
12/31/2011	505,611	37.2%	1,049,216

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $6,013,866 for the City and the actuarial value of assets was $0 for each plan, resulting in an unfunded actuarial accrued liability (UAAL) of $6,013,866 for the City.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about actuarial value of plan assets and actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual healthcare cost trend rate of three and a half percent initially, increasing four percent the first year, decreasing a half of percent per year for two years, and decreasing a quarter percent thereafter to an ultimate rate of five percent in 2019 and later. The unfunded actuarial accrued liability is being amortized based on level dollar, 30-year period.

12. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the City is subject to various contingent liabilities arising from litigation. The City does not anticipate future losses, if any, as a result of these transactions to be material to the City's financial statements.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes such disallowances, if any, will be immaterial.

The City is exposed to various risks of losses related to torts, theft, damage, destruction of assets, errors and omissions; injuries to employees, and natural disasters. The City manages these risks through coverage from commercial insurance companies. Settlements have not exceeded insurance coverage for any of the past three years and there has been no reduction in insurance coverage.

The City has approximately twelve tenants in its Eastgate 8 building, each of whom has executed lease agreements with the City. Future rentals to be received under these agreements are as follows:

2014	$	111,959
2015		59,738
2016		18,287
2017		9,096
2018		4,376
2019		768
	$	204,224

13. CONDUIT DEBT

During 2007, the City, through its Small Communities Projects Fund, was party to a conduit debt transaction in the amount of $2 million between the U.S. Department of Housing and Urban Development (HUD) and a local business. In the transaction, HUD loaned $2 million to the City, which the City in turn loaned to the local business for use in its Riverfront Industrial Park project. Principal payments are due in the amount of $100,000 each August 1, beginning in 2009, through August 1, 2027 and the loan bears interest at LIBOR plus 20 basis points. Interest is due semiannually each February 1 and August 1. The loan payments are due from the local developer, and the City has no obligation. The balance at December 31, 2013 is $1,470,000.

As security for the loan, the City obtained a first priority lien in the subject property and also a right to any leases covering the property. The City has pledged as security for this loan future Community Development Block Grant funds and the incremental tax revenues received from growth in the assessed value of the project property. However, the Commonwealth of Pennsylvania has guaranteed repayment in the event of default by the local business. In exchange for the Commonwealth of Pennsylvania's guarantee, the City assigned its rights in the local business' collateral to the Commonwealth of Pennsylvania.

In 2011, the City, through its Small Communities Projects Fund, was party to a conduit debt transaction in the amount of $3.49 million between HUD and a local business. In the transaction, HUD loaned $3.49 million to the City, which the City in turn loaned to the local business for use in rehabilitating a rail mill to be used as an aluminum recycling facility and purchasing new equipment. Principal payments are due in the amount of $174,000 each August 1, beginning in 2012 through 2029, and in the amount of $179,000 for August 1, 2030 and 2031. The loan bears interest at LIBOR plus 20 basis points. Interest is due quarterly each February 1, May 1, August 1, and November 1. The loan payments are due from the local business, and the City has no obligation. The balance at December 31, 2013 is $3,142,000.

As security for the loan, the City obtained a first priority lien in the subject property and also a right to any leases covering the property. The City will also obtain a first priority interest in all machinery and equipment purchased with the loan. The City has pledged as security for this loan future Community Development Block Grant funds and the incremental tax revenues received from growth in the assessed value of the project property. However, the Commonwealth of Pennsylvania has guaranteed repayment in the event of default by the local business. In exchange for the Commonwealth of Pennsylvania's guarantee, the City assigned its rights in the local business' collateral to the Commonwealth of Pennsylvania.

14. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The City does not contribute to the plan or match employees' contributions. Participation in the plan is optional. The funds are not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2013, all amounts of compensation deferred under the plan were held in trust solely for the benefit of the participants. Investments are managed by the plan's trustee under several investment options selected by the participant. Deferred compensation assets at December 31, 2013 totaled $80,861. Under the provisions of GASB Statement No. 32, *"Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* the plan is not required to be included in the City's financial statements.

Required Supplementary Information

CITY OF MONESSEN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)

GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
Revenues:					
Taxes	$ 2,151,386	$ -	$ 2,151,386	$ 1,998,979	$ 152,407
Licenses and permits	300,441	126	300,567	222,000	78,567
Fines and forfeits	56,197	-	56,197	82,000	(25,803)
Interest, rents, and royalties	74	-	74	-	74
Intergovernmental revenue	539,134	195,281	734,415	214,090	520,325
Charges for services	925,349	1,908	927,257	1,035,000	(107,743)
Miscellaneous revenue	32,407	-	32,407	23,000	9,407
Total revenues	4,004,988	197,315	4,202,303	3,575,069	627,234
Expenditures:					
Current:					
General government	1,608,605	(15,755)	1,592,850	1,564,980	(27,870)
Public safety	1,319,371	(471)	1,318,900	1,299,113	(19,787)
Health and welfare	40,953	93	41,046	34,000	(7,046)
Public works:					
Sanitation	440,613	-	440,613	440,789	176
Highways, roads, and streets	553,939	323,375	877,314	668,346	(208,968)
Culture and recreation	3,670	(33)	3,637	-	(3,637)
Conservation and development	26,832	253	27,085	49,791	22,706
Debt service:					
Interest	4,667	-	4,667	5,050	383
Total expenditures	3,998,650	307,462	4,306,112	4,062,069	(244,043)
Excess (Deficiency) of Revenues Over Expenditures	6,338	(110,147)	(103,809)	(487,000)	383,191
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	295,000	(295,000)
Operating transfers out	(40,569)	-	(40,569)	-	(40,569)
Net Change in Fund Balance	(34,231)	$ (110,147)	$ (144,378)	$ (192,000)	$ 47,622
Fund Balance:					
Beginning of year	61,496				
End of year	$ 27,265				

See accompanying note to required budgetary comparison statement.

CITY OF MONESSEN

NOTE TO REQUIRED BUDGETARY COMPARISON STATEMENT

YEAR ENDED DECEMBER 31, 2013

1. NOTE TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL

The budgetary comparison schedule for the General Fund has been prepared on the cash basis of accounting.

The General Fund had expenditures greater than appropriation during 2013 in various departments.

CITY OF MONESSEN

SCHEDULES OF FUNDING PROGRESS

PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (a-b/c)
Police:						
1/1/2009	$ 2,974,633	$ 4,404,911	$ (1,430,278)	67.53%	$ 631,214	-226.59%
1/1/2011	3,353,874	4,693,620	(1,339,746)	71.46%	668,759	-200.33%
1/1/2013	3,581,611	4,967,729	(1,386,118)	72.10%	724,727	-191.26%
Fire Truck Driver's Plan:						
1/1/2009	$ 466,428	$ 469,148	$ (2,720)	99.42%	N/A	0.00%
1/1/2011	408,720	446,300	(37,580)	91.58%	N/A	0.00%
1/1/2013	317,465	423,075	(105,610)	75.04%	N/A	0.00%

Note: State law requires biennial valuations on the odd-numbered years.

See accompanying note to required pension schedules.

CITY OF MONESSEN

SCHEDULES OF CONTRIBUTIONS FROM EMPLOYERS AND OTHER CONTRIBUTING ENTITIES

PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2013

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
Police:		
12/31/2008	$ 258,683	100%
12/31/2009	248,740	100%
12/31/2010	238,973	100%
12/31/2011	281,340	100%
12/31/2012	245,854	100%
12/31/2013	292,522	100%
Fire Truck Drivers' Pension:		
12/31/2008	$ -	0%
12/31/2009	-	0%
12/31/2010	-	0%
12/31/2011	14,258	100%
12/31/2012	16,425	100%
12/31/2013	16,425	100%

See accompanying note to required pension schedules.

CITY OF MONESSEN

NOTE TO REQUIRED PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2013

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	Police	Fire Truck Drivers'
Actuarial valuation date	1/1/2013	1/1/2013
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Open	Level Dollar Open
Amortization period	17 years	10 years
Asset valuation method	4-year smoothing	4-year smoothing
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Projected salary increases	5.00%	5.00%
Underlying inflation rate	3.00%	3.00%

CITY OF MONESSEN

SCHEDULE OF FUNDING PROGRESS

OTHER POSTEMPLOYMENT BENEFIT PLAN

YEAR ENDED DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (a/b)
1/1/2009	$ -	$ 5,518,656	$ (5,518,656)	0.00%
1/1/2012	-	6,013,866	(6,013,866)	0.00%

Note: Valuations are required every three years, since the City has less than 200 participants.

See accompanying note to required other postemployment benefit schedule.

CITY OF MONESSEN

NOTE TO OTHER POSTEMPLOYMENT BENEFIT SCHEDULE

YEAR ENDED DECEMBER 31, 2013

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	01/01/12
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period	30 years
Asset valuation method	N/A - the OPEB is underfunded
Actuarial assumptions:	
Investment rate of return	4.50% (underfunded OPEB Plan)

Health care inflation rate:

Year	Medical/RX	Dental/Vision
2013	7.00%	3.00%
2014	6.50%	3.00%
2015	6.00%	3.00%
2016	5.75%	3.00%
2017	5.50%	3.00%
2018	5.25%	3.00%
2019 and later	5.00%	3.00%

Supplementary Information

CITY OF MONESSEN

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

DECEMBER 31, 2013

	Special Revenue Funds								Total Other Governmental Funds
	Liquid Fuels Fund	Canine Fund	Library Fund	Parks Fund	Debt Service Fund	Small Communities Projects Fund	Line Usage Fee Fund	Capital Projects Fund	
Assets									
Cash and cash equivalents	$ -	$ 9,892	$ 5	63	$ 6,639	$ 10,938	$ 10,435	$ -	$ 37,972
Receivables:									
Interfund receivable	-	-	-	-	8,100	-	-	-	8,100
Garbage fees, net of allowance of $397,578	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	12,951	-	-	12,951
Total Assets	$ -	$ 9,892	$ 5	$ 63	$ 14,739	$ 23,889	$ 10,435	$ -	$ 59,023
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ 17,027	$ 4,770	$ -	$ 21,797
Fund Balance:									
Restricted for:									
Canine	-	9,892	-	-	-	-	-	-	9,892
Library	-	-	5	-	-	-	-	-	5
Park	-	-	-	63	-	-	-	-	63
Small communities projects	-	-	-	-	-	6,862	-	-	6,862
Sewer lines	-	-	-	-	-	-	5,665	-	5,665
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	14,739	-	-	-	14,739
									-
Total Fund Balance	-	9,892	5	63	14,739	6,862	5,665	-	37,226
Total Liabilities and Fund Balance	$ -	$ 9,892	$ 5	$ 63	$ 14,739	$ 23,889	$ 10,435	$ -	$ 59,023

CITY OF MONESSEN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds								Total Other Governmental Funds
	Liquid Fuels Fund	Canine Fund	Library Fund	Parks Fund	Debt Service Fund	Small Communities Projects Fund	Line Usage Fee Fund	Capital Projects Fund	
Revenues:									
Taxes	$ -	$ -	$ 44,469	$ 209,268	$ 374,067	$ -	$ -	$ -	$ 627,804
Interest, rents, and royalties	21	13	2	-	-	3	-	6	45
Intergovernmental revenue	196,814	-	-	-	-	316,776	66,158	-	579,748
Charges for services	-	-	-	6,480	-	13,358	321,607	-	341,445
Miscellaneous revenue	-	19,626	-	-	-	-	-	-	19,626
Total revenues	196,835	19,639	44,471	215,748	374,067	330,137	387,765	6	1,568,668
Expenditures:									
Current:									
Public safety	-	21,644	-	-	-	4,774	-	8,785	35,203
Public works:									
Highways, roads, and streets	178,642	-	-	-	-	-	326,921	-	505,563
Culture and recreation	-	-	50,000	230,425	-	-	-	-	280,425
Conservation and development	-	-	-	-	-	343,848	-	-	343,848
Debt Service:									
Principal	-	-	-	-	151,045	-	-	-	151,045
Interest	1,630	-	-	-	309,709	-	-	-	311,339
Capital outlay	-	-	-	-	-	-	22,076	-	22,076
Total expenditures	180,272	21,644	50,000	230,425	460,754	348,622	348,997	8,785	1,649,499
Excess (Deficiency) of Revenues Over Expenditures	16,563	(2,005)	(5,529)	(14,677)	(86,687)	(18,485)	38,768	(8,779)	(80,831)
Other Financing Sources (Uses):									
Operating transfers in	-	-	5,514	6,283	93,322	401,474	-	-	506,593
Operating transfers out	(16,563)	-	-	-	-	(401,474)	(36,850)	(32,097)	(486,984)
Total other financing sources (uses)	(16,563)	-	5,514	6,283	93,322	-	(36,850)	(32,097)	19,609
Net Change in Fund Balance	-	(2,005)	(15)	(8,394)	6,635	(18,485)	1,918	(40,876)	(61,222)
Fund Balance:									
Beginning of year	-	11,897	20	8,457	8,104	25,347	3,747	40,876	98,448
End of year	$ -	$ 9,892	$ 5	$ 63	$ 14,739	$ 6,862	$ 5,665	$ -	$ 37,226

CITY OF MONESSEN

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Non-Uniformed Pension Fund	Total
Assets				
Investments (at fair value):				
Money market funds	$ 312,196	$ 6,838	$ -	$ 319,034
Mutual funds	3,625,003	307,024	1,697,908	5,629,935
Total Assets	$ 3,937,199	$ 313,862	$ 1,697,908	$ 5,948,969
Net Position Held in Trust for Pension Benefits and Other Purposes	$ 3,937,199	$ 313,862	$ 1,697,908	$ 5,948,969

CITY OF MONESSEN

COMBINING STATEMENT OF CHANGES IN FIDCUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Non-Uniformed Pension Fund	Total
Additions:				
Contributions:				
Employer	$ 292,522	$ 16,425	$ 58,767	$ 367,714
Employee	26,453	-	36,730	63,183
Total contributions	318,975	16,425	95,497	430,897
Investment income:				
Net appreciation (depreciation) in fair value of investment	351,360	30,687	205,772	587,819
Interest and dividends	146,288	12,534	12,294	171,116
Total investment income	497,648	43,221	218,066	758,935
Total additions	816,623	59,646	313,563	1,189,832
Deductions:				
Administration	57,468	9,801	7,504	74,773
Benefits	303,566	53,447	76,495	433,508
Total deductions	361,034	63,248	83,999	508,281
Change in Net Position	455,589	(3,602)	229,564	681,551
Net Position:				
Beginning of year	3,481,610	317,464	1,468,344	5,267,418
End of year	$ 3,937,199	$ 313,862	$ 1,697,908	$ 5,948,969