City of Monessen

Financial Statements and
Required Supplementary
and Supplementary Information

Year Ended December 31, 2014
with Independent Auditor's Report

MaherDuessel
Certified Public Accountants

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City of Monessen

Financial Statements and
Required Supplementary
and Supplementary Information

Year Ended December 31, 2014
with Independent Auditor's Report

CITY OF MONESSEN

YEAR ENDED DECEMBER 31, 2014

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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, 2014, 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 entity'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 entity'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, 2014, and the respective

changes in financial position, and, where applicable, cash flows 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 v, 48 through 49, 50 through 55, and 56 through 57, 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
September 24, 2015

CITY OF MONESSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

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, 2014. 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, 2014.

FINANCIAL HIGHLIGHTS

- The City has adopted Governmental Accounting Standards Board (GASB) Statement No. 67, *"Financial Reporting for Pension Plans."* The objective of this statement is to improve financial reporting by state and local governmental pension plans. As a result of this statement, additional schedules and information have been added to the footnotes and required supplementary information.

- The City's net position, as presented, was $4,624,965 at December 31, 2014, a decrease of $112,983 from 2013.

- At the end of the current fiscal year, the City had total bonds and notes outstanding of $7,315,000.

- The real estate tax millage rate remained at 35.85 mills for 2014.

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 2014. 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 47 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 48 through 57 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. These can be found on pages 58 through 61 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 $4,624,965 at the close of the fiscal year.

A condensed summary of the City's net position at December 31, 2014 and 2013 is as follows.

	2014	2013	Variance
Assets			
Current assets	$ 1,208,732	$ 1,212,866	$ (4,134)
Capital non-current assets	12,988,606	13,020,630	(32,024)
Non-current assets	-	731	(731)
Total Assets	$ 14,197,338	$ 14,234,227	$ (36,889)
Liabilities and Net Position			
Liabilities:			
Current and other liabilities	$ 420,932	$ 538,791	$ (117,859)
Non-current liabilities	9,151,441	8,957,488	193,953
Total Liabilities	9,572,373	9,496,279	76,094
Net Position:			
Net investment in capital assets	5,792,861	5,648,174	144,687
Restricted	263,248	37,226	226,022
Unrestricted	(1,431,144)	(947,452)	(483,692)
Total Net Position	4,624,965	4,737,948	(112,983)
Total Liabilities and Net Position	$ 14,197,338	$ 14,234,227	$ (36,889)

Assets remained relatively consistent with the prior year.

The City has short-term obligations and they include accounts payable, 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 accrued liabilities, accounts payable, and current portion of capital leases payable.

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, 2014 and 2013 for all funds is as follows:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	$ 1,545,008	$ 1,623,432	$ 155,849	$ 181,621	$ 1,700,857	$ 1,805,053
Operating grants and contributions	689,173	785,088	-	-	689,173	785,088
Capital grant and contributions	221,900	333,794	-	-	221,900	333,794
General revenues and transfers:						
Real estate taxes	2,106,351	2,072,380 *	-	-	2,106,351	2,072,380
Earned income taxes and other taxes	786,978	775,947 *	-	-	786,978	775,947
Investment earnings	54	119	-	-	54	119
Miscellaneous income	114,183	52,033	-	318	114,183	52,351
Transfers	(50,093)	(20,960)	50,093	20,960	-	-
Total revenues	5,413,554	5,621,833	205,942	202,899	5,619,496	5,824,732
Program expenses:						
General government	1,399,299	1,740,172	-	-	1,399,299	1,740,172
Public safety	1,551,388	1,573,745	-	-	1,551,388	1,573,745
Health and welfare	50,441	55,641	242,686	305,234	293,127	360,875
Public works - sanitation	457,685	480,391	-	-	457,685	480,391
Public works - roads	873,093	1,156,987	-	-	873,093	1,156,987
Public works - other	-	17,679	-	-	-	17,679
Culture and recreation	365,130	318,593	-	-	365,130	318,593
Capital	117,401	22,076	-	-	117,401	22,076
Conservation and development	361,973	401,618	-	-	361,973	401,618
Interest on long-term debt	313,383	328,158	-	-	313,383	328,158
Total program expenses	5,489,793	6,095,060	242,686	305,234	5,732,479	6,400,294
Change in Net Position	(76,239)	(473,227)	(36,744)	(102,335)	(112,983)	(575,562
Net position - beginning	3,213,761	3,686,988	1,524,187	1,626,522	4,737,948	5,313,510
Net position - ending	$ 3,137,522	$ 3,213,761	$ 1,487,443	$ 1,524,187	$ 4,624,965	$ 4,737,948

* Certain items presented above were reclassified from the prior year to conform to the current year presentation

Overall, the City had a decline in revenue, as fewer grants and contributions were received and there were also fewer charges for services in 2014. Expenses decreased in 2014 as a result of a decrease in general government expenses and less expenses used for road improvements.

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 2014, the City's governmental funds reported combined ending net position of $33,765. ($266,901) of this amount constitutes *unassigned fund balance.*

BUDGETARY HIGHLIGHTS

During the year, actual General Fund revenues were 0.4%, or $13,979, less than budgetary estimates; expenditures were greater than budgetary estimates by $56,011 or 1.4%. The net change in fund balance had a negative variance of ($183,863) (actual versus budget) after calculating other financing sources (uses).

A detailed budgetary comparison statement for the General Fund can be found on page 48 of this report.

Total actual revenue was consistent with total budget revenue. Expenditure variances are the result of the City not including culture and recreation projects in the budget that were paid for by grant revenue.

DEBT ADMINISTRATION

Long-Term Debt - At the end of the current fiscal year, the City had total bonds and loans outstanding of $7,315,000. 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, 2014

Assets	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets:			
Cash and cash equivalents	$ 129,337	$ 29,600	$ 158,937
Taxes receivable	889,449	-	889,449
Garbage fees, net of allowance of $478,200	-	-	-
Other receivables	63,177	54,278	117,455
Intergovernmental receivables	5,473	-	5,473
Prepaid expenses	37,418	-	37,418
Total current assets	1,124,854	83,878	1,208,732
Noncurrent assets:			
Loans receivable, recipients, net of allowance of $582,411	-	-	-
Land and land improvements, net of depreciation	1,098,737	42,803	1,141,540
Infrastructure, net of depreciation	5,102,011	-	5,102,011
Building and building improvements, net of depreciation	4,435,414	1,372,718	5,808,132
Fixtures and equipment, net of depreciation	173,108	-	173,108
Vehicles, net of depreciation	311,710	-	311,710
Construction in progress	452,105	-	452,105
Total noncurrent assets	11,573,085	1,415,521	12,988,606
Total Assets	$ 12,697,939	$ 1,499,399	$ 14,197,338

(Continued)

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

CITY OF MONESSEN

STATEMENT OF NET POSITION

DECEMBER 31, 2014
(Continued)

	Governmental Activities	Business-Type Activities	Total Primary Government
Liabilities and Net Position			
Liabilities:			
Current liabilities:			
Accounts payable	$ 5,430	$ 6,483	$ 11,913
Accrued liabilities	41,651	-	41,651
Escrow liabilities	2,395	-	2,395
Intergovernmental payable	-	5,473	5,473
Accrued interest payable	25,336	-	25,336
Current portion of long-term liabilities	170,000	-	170,000
Current portion of compensated absences	12,000	-	12,000
Unearned revenue	152,164	-	152,164
Total current liabilities	408,976	11,956	420,932
Noncurrent liabilities:			
Net pension obligation	73,392	-	73,392
Long-term liabilities	7,145,000	-	7,145,000
Bond discount, net of amortization	(119,255)	-	(119,255)
Compensated absences	120,473	-	120,473
Other postemployment benefits	1,931,831	-	1,931,831
Total noncurrent liabilities	9,151,441	-	9,151,441
Total Liabilities	9,560,417	11,956	9,572,373
Net Position:			
Net investment in capital assets	4,377,340	1,415,521	5,792,861
Restricted for:			
Capital projects	30,000	-	30,000
Small communities projects	17,496	-	17,496
Canine	10,895	-	10,895
Sewage lines	196,163	-	196,163
Park	581	-	581
Debt service	8,113	-	8,113
Unrestricted	(1,503,066)	71,922	(1,431,144)
Total Net Position	3,137,522	1,487,443	4,624,965
Total Liabilities and Net Position	$ 12,697,939	$ 1,499,399	$ 14,197,338

(Concluded)

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

CITY OF MONESSEN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2014

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	$ 1,399,299	$ 343,573	$ -	$ -	$ (1,055,726)	$ -	$ (1,055,726)
Public safety	1,551,388	193,326	180,452	-	(1,177,610)	-	(1,177,610)
Health and welfare	50,441	-	-	-	(50,441)	-	(50,441)
Public works - sanitation	457,685	619,287	-	-	161,602	-	161,602
Public works - highways, roads, and streets	873,093	36,788	508,721	-	(327,584)	-	(327,584)
Culture and recreation	365,130	352,034	-	221,900	208,804	-	208,804
Conservation and development	361,973	-	-	-	(361,973)	-	(361,973)
Capital	117,401	-	-	-	(117,401)	-	(117,401)
Interest	313,383	-	-	-	(313,383)	-	(313,383)
Total governmental activities	5,489,793	1,545,008	689,173	221,900	(3,033,712)	-	(3,033,712)
Business-type activities:							
Monessen municipal complex	242,686	155,849	-	-	-	(86,837)	(86,837)
Total business-type activities	242,686	155,849	-	-	-	(86,837)	(86,837)
Total	$ 5,732,479	$ 1,700,857	$ 689,173	$ 221,900	(3,033,712)	(86,837)	(3,120,549)
General revenues:							
Real estate taxes					2,106,351	-	2,106,351
Earned income and other taxes					786,978	-	786,978
Interest and investment income					54	-	54
Miscellaneous income					114,183	-	114,183
Transfers					(50,093)	50,093	-
Total general revenues and transfers					2,957,473	50,093	3,007,566
Change in Net Position					(76,239)	(36,744)	(112,983)
Net Position:							
Beginning of year					3,213,761	1,524,187	4,737,948
Ending of year					$ 3,137,522	$ 1,487,443	$ 4,624,965

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

CITY OF MONESSEN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2014

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	$ -	$ 129,337	$ 129,337
Receivables:			
Taxes	889,449	-	889,449
Garbage fees, net of allowance of $478,200	-	-	-
Loans receivable, recipients, net of allowance of $582,411	-	-	-
Interfund receivable	-	103,911	103,911
Other	63,177	-	63,177
Intergovernmental receivables	5,473	-	5,473
Prepaid expenses	37,418	-	37,418
Total Assets	$ 995,517	$ 233,248	$ 1,228,765
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	$ 5,430	$ -	$ 5,430
Accrued liabilities	41,651	-	41,651
Escrow liabilities	2,395	-	2,395
Interfund payable	103,911	-	103,911
Unearned revenue	152,164	-	152,164
Total Liabilities	305,551	-	305,551
Deferred Inflows of Resources:			
Unavailable revenue - taxes	889,449	-	889,449
Fund Balance:			
Non-spendable	37,418	-	37,418
Restricted for:			
Capital projects	30,000	-	30,000
Small communities projects	-	17,496	17,496
Canine	-	10,895	10,895
Sewer lines	-	196,163	196,163
Park	-	581	581
Debt service	-	8,113	8,113
Unassigned	(266,901)	-	(266,901)
Total Fund Balance	(199,483)	233,248	33,765
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 995,517	$ 233,248	$ 1,228,765

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, 2014

Total Fund Balance - Governmental Funds		$ 33,765
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 $15,444,711 and the accumulated depreciation is $3,871,626.		11,573,085
Taxes receivable are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		889,449
The net pension obligation is not due and payable in the current period and, therefore, is not reported as a liability in the fund.		(73,392)
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	$ (7,315,000)	
Accrued interest on notes	(25,336)	
Bond discount, net of amortization	119,255	
Other postemployment benefits	(1,931,831)	
Compensated absences	(132,473)	(9,285,385)
Total Net Position - Governmental Activities		$ 3,137,522

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, 2014

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	$ 2,174,330	$ 656,963	$ 2,831,293
Licenses and permits	225,152	-	225,152
Fines and forfeits	56,182	-	56,182
Interest, rents, and royalties	19	35	54
Intergovernmental revenue	402,352	508,721	911,073
Charges for services	911,640	352,034	1,263,674
Miscellaneous revenue	105,473	8,710	114,183
Total revenues	3,875,148	1,526,463	5,401,611
Expenditures:			
Current:			
General government	1,404,994	-	1,404,994
Public safety	1,254,636	13,881	1,268,517
Health and welfare	37,126	-	37,126
Public works:			
Sanitation	469,060	-	469,060
Highways, roads, and streets	545,211	210,969	756,180
Culture and recreation	254,251	270,894	525,145
Conservation and development	11,373	319,116	330,489
Debt service:			
Principal	-	165,000	165,000
Interest	3,272	305,060	308,332
Capital outlay	-	117,401	117,401
Total expenditures	3,979,923	1,402,321	5,382,244
Excess (Deficiency) of Revenues Over Expenditures	(104,775)	124,142	19,367
Other Financing Sources (Uses):			
Operating transfers in	19,700	181,372	201,072
Operating transfers out	(141,673)	(109,492)	(251,165)
Total financing sources (uses)	(121,973)	71,880	(50,093)
Net Change in Fund Balance	(226,748)	196,022	(30,726)
Fund Balance:			
Beginning of year	27,265	37,226	64,491
End of year	$ (199,483)	$ 233,248	$ 33,765

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, 2014

Net Change in Fund Balance - Governmental Funds			$ (30,726)
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	$ 508,457		
Less: depreciation expense	(449,772)		58,685
The net pension obligation is not due in the current period and, therfore, is not reported as a liability in the fund statements. The value of this item changed by this amount during the year.			(74,123)
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.			62,036
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	16,752		
Repayment of note principal	165,000		
Amortization of bond discount	(5,041)		176,711
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.			(10)
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.			16,073
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.			(284,885)
Change in Net Position of Governmental Activities			$ (76,239)

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

CITY OF MONESSEN

STATEMENT OF NET POSITION
PROPRIETARY FUND

DECEMBER 31, 2014

	Mon Valley Health and Welfare Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 29,600
Other receivables	54,278
Total current assets	83,878
Noncurrent assets:	
Capital assets:	
Land	42,803
Building and building improvements	1,825,468
Equipment	104,423
Less: accumulated depreciation	(557,173)
Total capital assets	1,415,521
Total noncurrent assets	1,415,521
Total Assets	$ 1,499,399
Liabilities and Net Position	
Liabilities:	
Accounts payable	$ 6,483
Due to other funds	5,473
Total current liabilities	11,956
Net Position:	
Net investment in capital assets	1,415,521
Unrestricted	71,922
Total Net Position	1,487,443
Total Liabilities and Net Position	$ 1,499,399

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

CITY OF MONESSEN

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

YEAR ENDED DECEMBER 31, 2014

	Mon Valley Health and Welfare Fund
Operating Revenues:	
Rentals	$ 203,992
Telephone equipment rental	1,950
Total operating revenues	205,942
Operating Expenses:	
Personnel services	72,639
Occupancy	94,354
Communications and copying	8,211
Supplies and equipment	23,277
Contract services	1,990
Other operating expenses	1,599
Depreciation	90,709
Total operating expenses	292,779
Excess (Deficiency) of Revenues Over Expenditures Before Transfers	(86,837)
Transfers in (out)	50,093
Change in Net Position	(36,744)
Net Position:	
Beginning of year	1,524,187
End of year	$ 1,487,443

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, 2014

	Mon Valley Health and Welfare Fund
Cash Flows From Operating Activities:	
Cash received from tenants	$ 174,670
Cash payments to employees for services	(72,639)
Other operating payments	(123,958)
Net cash provided by (used in) operating activities	(21,927)
Cash Flows From Noncapital Financing Activities:	
Interfund receipts	50,093
Net Increase (Decrease) in Cash and Cash Equivalents	28,166
Cash and Cash Equivalents:	
Beginning of year	1,434
End of year	$ 29,600
Reconciliation of Change in Net Position to Net Cash Provided by (Used In) Operating Activities:	
Change in net position before transfers	$ (86,837)
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Depreciation	90,709
Changes in operating assets and liabilities:	
Accounts receivable	(31,272)
Due to other funds	5,473
Net cash provided by (used in) operating activities	$ (21,927)

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

CITY OF MONESSEN

STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS

DECEMBER 31, 2014

Assets		
Prepaid benefits	$	101,333
Investments (at fair value):		
Money market funds		175,201
Mutual funds		4,945,037
Exchange traded funds		789,365
Total Assets	$	6,010,936
Net Position Restricted for Pension Benefits	$	6,010,936

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, 2014

Additions:		
Contributions:		
Employer	$	358,925
Employee		66,790
Total contributions		425,715
Investment income:		
Net appreciation (depreciation) in fair value of investment		27,779
Interest and dividends		163,902
Total investment income		191,681
Total additions		617,396
Deductions:		
Administration		66,101
Benefits		489,328
Total deductions		555,429
Net Increase (Decrease) in Plan Net Position		61,967
Net Position:		
Beginning of year		5,948,969
End of year	$	6,010,936

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 2014 and 2013.

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.

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.

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)	$ (183,863)
Adjustments:	
To adjust revenues and other financing sources to the modified accrual basis	24,468
To adjust expenditures and other financing uses to the modified accrual basis	(67,353)
Deficiency of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	$ (226,748)

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.

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.

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:

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
Capital projects	$ 30,000
Small communities projects expenses	17,496
Canine	10,895
Sewage lines	196,163
Parks	581
Debt service	8,113
	$ 263,248

- 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 Pronouncements

The requirements of the following Governmental Accounting Standards Board (GASB) Statements were adopted for the City's 2014 financial statements:

GASB Statement No. 67, *"Financial Reporting for Pension Plans."* The objective of this statement is to improve financial reporting by state and local governmental pension plans.

GASB Statement No. 69, *"Government Combinations and Disposals of Government Operations."* This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold.

GASB Statement No. 70, *"Accounting and Financial Reporting for Nonexchange Financial Guarantees."* 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.

Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below:

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* effective for fiscal years beginning after June 15, 2014 (the City's December 31, 2015 financial statements) and Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date,"* effective for fiscal years beginning after June 15, 2014 (the City's December 31, 2015 financial statements). 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 Statement No. 72, *"Fair Value Measurement and Application,"* effective for fiscal years beginning after June 15, 2015 (the City's financial statements for the year ending December 31, 2016). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,"* effective for fiscal years beginning after June 15, 2015 (the City's financial statements for the year ending December 31, 2016) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (the City's financial statements for the year ending December 31, 2017). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by Statement Nos. 67 and 68).

GASB Statement No. 74, *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,"* effective for fiscal years beginning after June 15, 2016 (the City's financial statements for the year ending December 31, 2017). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces Statement No. 43.

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* effective for fiscal years beginning after June 15, 2017 (the City's financial statements for the year ending December 31, 2018). This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of Statement No. 45.

GASB Statement No. 76, *"Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,"* effective for fiscal years beginning after June 15, 2015 (the City's financial statements for the year ending December 31, 2016). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative

and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55.

Management has not yet determined the effect of these statements on the City's financial statements.

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The carrying amount of cash, cash equivalents, and investments at December 31, 2014 consist of the following:

Demand deposit accounts	$	111,430
Pooled cash and investments		47,226
Petty cash		281
	$	158,937

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, 2014, the carrying amount of the City's deposits was $111,430 and the bank balance was $106,008. Of the bank balance, $106,008 was covered by federal depository insurance and $0 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, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of $1 per share; it is rated by a nationally recognized statistical rating organization, and it is subject to an independent annual audit. The carrying amount and bank balance amount was $47,226.

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, 2014, 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, 2014, the City had the following investments in its pension trust funds:

Police

Cash or Investment Type	Fair Market Value
Money market funds	$ 146,712
Mutual funds	3,009,027
Exchange traded assets	735,717
	$ 3,891,456

Fire Truck Drivers'

Cash or Investment Type	Fair Market Value
Money market funds	$ 28,489
Mutual funds	222,257
Exchange traded assets	53,648
	$ 304,394

Non-Uniformed

Cash of Investment Type	Fair Market Value
Equity mutual funds	$ 1,713,753

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, 2014. 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 2014 and unpaid are recorded as receivables, net of estimated uncollectible amounts. The net receivables available at December 31, 2014 have not been recognized as revenue in 2014. 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 2014 levy was based was $59,973,830.

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, 2014 was as follows:

Governmental Activities	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ -	$ 452,105	$ -	$ 452,105
Capital assets being depreciated:				
Land improvements	1,822,291	-	-	1,822,291
Infrastructure	5,498,823	56,352	-	5,555,175
Building and improvements	5,648,445	-	-	5,648,445
Fixtures and equipment	804,084	-	-	804,084
Vehicles	1,183,227	-	(20,616)	1,162,611
Total capital assets being depreciated	14,956,870	56,352	(20,616)	14,992,606
Less accumulated depreciation for:				
Land improvements	655,231	68,323	-	723,554
Infrastructure	314,607	138,557	-	453,164
Building and improvements	1,116,888	96,143	-	1,213,031
Fixtures and equipment	587,894	43,082	-	630,976
Vehicles	767,850	103,667	(20,616)	850,901
Total accumulated depreciation	3,442,470	449,772	(20,616)	3,871,626
Total capital assets being depreciated, net	11,514,400	(393,420)	-	11,120,980
Governmental activities, capital assets, net	$ 11,514,400	$ 58,685	$ -	$ 11,573,085

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	1,825,468	-	-	1,825,468
Fixtures and equipment	104,423	-	-	104,423
Total capital assets being depreciated	1,929,891	-	-	1,929,891
Less accumulated depreciation for:				
Buildings and improvements	378,980	73,769	-	452,749
Fixtures and equipment	87,484	16,940	-	104,424
Total accumulated depreciation	466,464	90,709	-	557,173
Total capital assets being depreciated, net	1,463,427	(90,709)	-	1,372,718
Business-type activities, capital assets, net	$ 1,506,230	$ (90,709)	$ -	$ 1,415,521

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

General government	$ 130,433
Public safety	116,941
Health and welfare	4,498
Public works - sanitation	44,977
Public works - highways, roads, and streets	71,964
Culture and recreation	49,475
Conservation and development	31,484
	$ 449,772

Depreciation expense was charged to functions/programs of the business-type activities in the amount of $90,709.

6. LOANS AND FEES RECEIVABLE

Loans and fees receivable at December 31, 2014 consist of the following:

	Communities Projects	General Fund
Rehabilitation Loans Outstanding - Small Communities Projects	$ 582,411	$ -
Garbage fees receivable	-	478,200
Allowance	(582,411)	(478,200)
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 2014 by approximately $40,000 for payments the City received.

Garbage fees receivable represent delinquent garbage fees owed to the City by its residents. Allowance was increased in 2014 to be conservative based on past collection history.

7. UNEARNED REVENUE

Unearned revenue at December 31, 2014 consists of $152,164 of 2015 garbage fees collected in 2014.

8. DEBT

In January 2014, the City borrowed $500,000 under a tax anticipation note for cash flow purposes at an interest rate of 2.62 percent. The note was repaid in 2014. 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, 2014 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.	$ 10,000
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.	4,810,000
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.	2,495,000
	$ 7,315,000

The annual requirement to pay principal and interest on all long-term notes and bonds outstanding at December 31, 2014 is as follows:

	Principal	Interest
2015	$ 170,000	$ 300,789
2016	170,000	296,408
2017	175,000	291,395
2018	180,000	285,965
2019	190,000	280,180
2020 - 2024	1,050,000	1,289,535
2025 - 2029	1,290,000	1,050,183
2030 - 2034	1,605,000	735,130
2035 - 2039	2,020,000	344,578
2040	465,000	17,649
	$ 7,315,000	$ 4,891,812

The gross amount of assets in the statement of net position recorded under capital leases and the accumulated depreciation of vehicles at December 31, 2014 was $64,900 and $49,757, 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 2014 are as follows:

Balance at Beginning of Year	Additions	Deductions	Balance at End of Year	Due in One Year
$ 148,546	$ -	$ 16,073	$ 132,473	$ 12,000

	Balance at Beginning of Year	Additions	Deductions	Balance at End of Year	Due in One Year
Governmental activities:					
Notes payable	$ 20,000	$ -	$ (10,000)	$ 10,000	$ 10,000
Bonds payable	7,460,000	-	(155,000)	7,305,000	160,000
Capital leases	16,752	-	(16,752)	-	-
Compensated absences	148,546	-	(16,073)	132,473	12,000
	$ 7,645,298	$ -	$ (197,825)	$ 7,447,473	$ 182,000

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

Summary of Significant Accounting Policies

Financial information of the City's retirement plans is 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. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The plans did not have any investment transactions with related parties during the year.

Plan Description

The City sponsors and administers two single-employer, 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 of the City's Council 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. The City Council acts as the Pension Board, and the plan provisions and contribution requirements are established and may be amended by the City Council.

Significant Provisions of the Plans

Participation - Any individual employed by the City on a regular, full-time basis is covered by the Plan from the participant's date of hire. At December 31, 2014, there were 22 employees participating in the Non-uniformed Pension Plan, broken out as follows: 16 active, 2 inactive and receiving benefits, and 4 inactive but not yet receiving benefits. At January 1, 2015, 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 plan members	10	0
Inactive plan members (or their beneficiaries) currently receiving benefits	21	2
Inactive plan members entitled to but not yet receiving benefits	0	0
Total plan members	31	2

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

The Police Plan provides the following benefits:

Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing 20 years of service and attaining age 50. The scheduled monthly retirement benefit is 50% of the participant's average compensation at retirement, plus a Service Increment of 1/40 of Normal Retirement Benefit for each year of completed service in excess of 20 years, up to a maximum increment of $100 per month.

Disability Benefit - If a participant becomes totally and permanently disabled occurring in the line of duty, the participant will receive a monthly benefit equal to 50% of average compensation. If participant becomes disabled by something not occurring in the line of duty and after 10 years of service, the participant will receive a monthly benefit equal to 50% of compensation payable. Prior to 10 years of service, 25% of compensation is the monthly benefit received.

Death Benefit - If a participant's death occurs in the line of duty, a monthly benefit equal to 50% of average compensation is payable to the participant's spouse until death. Upon death of spouse (or no spouse is alive when participant dies), each of the participant's dependent children will receive an equal share of the benefit until age 18. If a participant's death is non-service related and occurs before completion of 10 years of service, a monthly benefit equal to 25% of average compensation is payable to the spouse until the youngest child attains age 18, then the benefit drops to one-half of that amount, and is payable until the spouse's death. If the spouse dies prior to the youngest child attaining age 18, the children will share the 25% of average compensation benefit until the youngest attains age 18, at which time no further benefits will be payable. If a participant's death is non-service related and occurs before retirement eligibility but after 10 years of service, it is the same policy as a death before 10 years of service except the benefit is 50% of average compensation instead of 25%. If the participant's death is non-service related and occurs after retirement eligibility, a monthly benefit equal to 50% of the pension the participant was receiving or entitled to receive on the day of the participant's death is payable to the participant's spouse

for life. Upon death of the spouse, each of the participant's dependent children will receive an equal share of the benefit until age 18.

Cost-of-Living Adjustments – Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The adjustments determined by Council.

The Fire Truck Drivers' Plan provides the following benefits:

Retirement Benefit - A participant is entitled to begin receiving retirement benefits after completing 20 years of service and attaining age 55. The scheduled monthly retirement benefit is 50% of the participant's final monthly compensation (or average compensation over the highest continuous five years, if greater), plus a Service Increment of 1/40 of pension benefit for each Year of Service in excess of 20 years, but excluding service after age 65. Maximum increment is $100.

Disability Benefit - If a participant becomes totally and permanently disabled in the line of duty, the participant will receive a monthly benefit equal to 50% of final monthly compensation (or average compensation, if greater) will be payable, reduced by any disability benefits received. For disability occurring outside the line of duty, the participant is not entitled to any benefits.

Death Benefit - If a participant's death occurs before retirement eligibility, the participant's estate receives a refund of contributions made by the participant without interest. If a participant's death occurs in the line of duty or after retirement eligibility, the spouse will receive the amount the participant was receiving or entitled to receive for life. In the event of the spouse's death, the participant's children under 18 will share the benefit.

Cost-of-Living Adjustments – Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The adjustments determined by Council.

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 plans are funded by the City, whose 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	4.5% plus $1 per month	5%
Annual pension cost	$ 269,190	$ 23,928	$ 58,907
Contributions made	276,090	23,928	58,907

Net Pension Liability

The components of the net pension liability of the Plans at December 31, 2014 were as follows:

	Police	Fire Truck Drivers'
Total pension liability	$ 5,266,204	$ 343,960
Plan fiduciary net position	(3,992,789)	(304,394)
Net pension liability	$ 1,273,415	$ 39,566
Plan fiduciary net position as a percentage of the total pension liability	75.82%	88.50%

Actuarial Methods and Assumptions

The total pension liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods in the measurement:

	Police	Fire Truck Drivers'
Valuation date	1/1/2015	1/1/2015
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, open	Level dollar, open
Remaining amortization period	10 years	10 years
Asset valuation method	Four-year smoothing	Fair Value
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	5.0%	5.0%
Includes inflation - at	3.0%	3.0%

Actuarial assumptions based on actuarial experience study for the period January 1, 2013 to December 31, 2014

RP-2000 Healthy Annuitant Mortality Table, with adjustmenst for mortality improvements based on Scale AA

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

Investment Policy – The Plan's policies in regard to the allocation of invested assets is established and may be amended by the Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Long-Term Expected Rate of Return – The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The following was the asset allocation policy and best estimates of arithmetic real rates of return for each major asset class included in the Plans' target asset allocation as of December 31, 2014:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	Fire Truck Drivers'	Police	Fire Truck Drivers'	Police
Cash	2.0%	2.0%	0.0%	0.0%
Corporate Bonds	28.0%	28.0%	2.0%	2.0%
U.S. Gov Bonds	5.0%	5.0%	2.0%	2.0%
Foreign Bonds	5.0%	5.0%	2.0%	2.0%
Large Stocks	11.0%	11.0%	6.3%	6.3%
Mid Stocks	14.0%	14.0%	6.3%	6.3%
Small Stocks	9.0%	9.0%	6.3%	6.3%
Foreign Stocks	6.0%	6.0%	6.3%	6.3%
Real Estate	10.0%	10.0%	6.3%	6.3%
Preferred Stock	10.0%	10.0%	6.3%	6.3%
	100.0%	100.0%		

Rate of Return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended December 31, 2014, the annual money-weighted rate of return on the Fire Truck Drivers' and Police Plan investments, net of investment expense, was 3.71% and 3.74%, respectively.

Concentrations – Neither the Fire Truck Drivers' Plan nor the Police Plan had any investments that composed greater than 5% of the Plans' fiduciary net position at December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability for the Fire Truck Drivers' Plan and Police Plan was 7.5% and 7.5%, respectively. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that the Township's contributions will be made based on the yearly MMO calculation. Based on those assumptions, the Plans; fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plans calculated using the discount rates described above, as well as what the Plans' net pension liabilities would be if they were calculated

using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rates:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Fire Truck Drivers' Plan	$ 64,550	$ 39,566	$ 16,779

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police Plan	$ 1,827,422	$ 1,273,415	$ 804,561

The City's annual pension cost, percentage of the annual pension costs contributed, and net pension obligation (asset) for the past three years is as follows:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
12/31/2012	$ 262,464	99.9%	$ 80,477
12/31/2013	308,982	100.0%	80,292
12/31/2014	293,118	102.4%	73,392

The City's net pension liability for the Police Plan and Fire Truck Drivers' Plan as of December 31, 2014 is calculated as follows:

	Police	Fire Truck Drivers'
Annual required contribution	$ 276,090	$ 23,928
Interest on NPO	6,022	-
Adjustment to the ARC	(12,922)	-
Annual pension cost	269,190	23,928
Adjustment to NPO	81,023	
Contribution made	(276,090)	(23,928)
Change in NPO	74,123	-
NPO, 12/31/2013	(731)	-
NPO, 12/31/2014	$ 73,392	$ -

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

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net Pension Liability
Police:			
2012	$ 245,854	100%	$ 80,477
2013	292,522	100%	80,292
2014	276,090	100%	73,392
Fire Truck Drivers':			
2012	$ 16,425	100%	$ -
2013	16,425	100%	-
2014	23,928	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, 2015. The next actuarial valuation will be performed as of January 1, 2017 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, 2014:

	Interfund Receivables	Interfund Payables
Governmental Activities:		
Major Funds:		
General Fund	$ 5,473	$ 103,911
Other Governmental Funds	103,911	-
Proprietary Fund	-	5,473
	$ 109,384	$ 109,384

The City had operating transfers in and out for the following amounts at December 31, 2014:

	Operating Transfers In	Operating Transfers Out
Governmental Activities:		
Major Funds:		
General Fund	$ 19,700	$ 141,673
Other Governmental Funds	181,372	109,492
Proprietary Fund	50,093	-
	$ 251,165	$ 251,165

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		74,113
Adjustment to the ARC		(101,109)
Annual OPEB cost		500,285
Contribution made		(215,400)
Change in OPEB obligation		284,885
Net OPEB obligation, December 31, 2013		1,646,946
Net OPEB obligation December 31, 2014	$	1,931,831

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)
12/31/2014	$ 500,285	43.1%	$ 1,931,831
12/31/2013	505,105	41.8%	1,646,946
12/31/2012	510,083	40.5%	1,352,909

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:

2015	$	88,309
2016		55,519
2017		30,076
2018		9,708
	$	183,612

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, 2014 is $1,370,000.

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, 2014 is $2,968,000.

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, 2014, 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, 2014 totaled $29,651. 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, 2014

	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Original and Final Budget	Variance
Revenues:					
Taxes	$ 2,174,330	$ 1,084	$ 2,175,414	$ 2,054,719	$ 120,695
Licenses and permits	225,152	(28,851)	196,301	278,350	(82,049)
Fines and forfeits	56,182	-	56,182	74,000	(17,818)
Interest, rents, and royalties	19	-	19	-	19
Intergovernmental revenue	402,352	(5,473)	396,879	221,500	175,379
Charges for services	911,640	8,772	920,412	674,090	246,322
Miscellaneous revenue	105,473	-	105,473	562,000	(456,527)
Total revenues	3,875,148	(24,468)	3,850,680	3,864,659	(13,979)
Expenditures:					
Current:					
General government	1,404,994	(92,641)	1,312,353	1,457,068	144,715
Public safety	1,254,636	86,787	1,341,423	1,220,759	(120,664)
Health and welfare	37,126	(53,399)	(16,273)	34,250	50,523
Public works:					
Sanitation	469,060	-	469,060	469,018	(42)
Highways, roads, and streets	545,211	-	545,211	636,781	91,570
Culture and recreation	254,251	-	254,251	-	(254,251)
Conservation and development	11,373	-	11,373	41,783	30,410
Debt service:					
Principal	-	-	-	-	-
Interest	3,272	-	3,272	5,000	1,728
Total expenditures	3,979,923	(59,253)	3,920,670	3,864,659	(56,011)
Excess (Deficiency) of Revenues Over Expenditures	(104,775)	34,785	(69,990)	-	(69,990)
Other Financing Sources (Uses):					
Operating transfers in	19,700	-	19,700	-	19,700
Operating transfers out	(141,673)	8,100	(133,573)	-	(133,573)
Total other financing sources (uses)	(121,973)	8,100	(113,873)	-	(113,873)
Net Change in Fund Balance	(226,748)	$ 42,885	$ (183,863)	$ -	$ (183,863)
Fund Balance:					
Beginning of year	27,265				
End of year	$ (199,483)				

See accompanying note to required budgetary comparison statement.

CITY OF MONESSEN

NOTE TO REQUIRED BUDGETARY COMPARISON STATEMENT

YEAR ENDED DECEMBER 31, 2014

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 2014 in various departments.

CITY OF MONESSEN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

YEAR ENDED DECEMBER 31, 2014

Total Pension Liability:		
Service cost	$	188,247
Interest		747,551
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(637,323)
Net Changes in Total Pension Liability		298,475
Total Pension Liability - Beginning		4,967,729
Total Pension Liability - Ending (a)	$	5,266,204
Plan Fiduciary Net Position:		
Contributions - employer	$	276,090
Contributions - member		29,972
Net investment income		135,786
Benefit payments, including refunds of member contributions		(334,134)
Administrative expense		(52,124)
Other		-
Net Change in Plan Fiduciary Net Position		55,590
Plan Fiduciary Net Position - Beginning		3,937,199
Plan Fiduciary Net Position - Ending (b)	$	3,992,789
Net Pension Liability - Ending (a-b)	$	1,273,415
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		75.82%
Covered Employee Payroll	$	656,595
Net Pension Liability as a Percentage of Covered Employee Payroll		194%

See accompanying note to required pension schedules.

CITY OF MONESSEN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

FIRE TRUCK DRIVERS' PENSION PLAN

YEAR ENDED DECEMBER 31, 2014

Total Pension Liability:		
Service cost	$	-
Interest		12,126
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		-
Benefit payments, including refunds of member contributions		(91,241)
Net Changes in Total Pension Liability		(79,115)
Total Pension Liability - Beginning		423,075
Total Pension Liability - Ending (a)	$	343,960
Plan Fiduciary Net Position:		
Contributions - employer	$	23,928
Contributions - member		-
Net investment income		10,506
Benefit payments, including refunds of member contributions		(38,360)
Administrative expense		(5,542)
Other		-
Net Change in Plan Fiduciary Net Position		(9,468)
Plan Fiduciary Net Position - Beginning		313,862
Plan Fiduciary Net Position - Ending (b)	$	304,394
Net Pension Liability - Ending (a-b)	$	39,566
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		88.50%
Covered Employee Payroll	$	-
Net Pension Liability as a Percentage of Covered Employee Payroll		n/a

See accompanying note to required pension schedules.

CITY OF MONESSEN

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION - PENSION TRUST FUNDS

SCHEDULES OF PLAN CONTRIBUTIONS AND INVESTMENT RETURNS

YEAR ENDED DECEMBER 31, 2014

POLICE PLAN:

Schedule of Contributions

Actuarially determined contribution	$	276,090
Contributions in relation to the actuarially determined contribution		276,090
Contribution deficiency (excess)	$	-
Covered employee payroll	$	656,595
Contributions as a percentage of covered employee payroll		42.05%

Investment Returns

Annual money-weighted rate of return, net of investment expense	3.74%

FIRE TRUCK DRIVERS' PLAN:

Schedule of Contributions

Actuarially determined contribution	$	23,928
Contributions in relation to the actuarially determined contribution		23,928
Contribution deficiency (excess)	$	-
Covered employee payroll	$	-
Contributions as a percentage of covered employee payroll		n/a

Investment Returns

Annual money-weighted rate of return, net of investment expense	3.71%

See accompanying note to required pension schedules.

CITY OF MONESSEN

SCHEDULES OF FUNDING PROGRESS

PENSION TRUST FUNDS

YEAR ENDED DECEMBER 31, 2014

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, 2014

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage Contributed
Police:		
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%
12/31/2014	276,090	100%
Fire Truck Drivers' Pension:		
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%
12/31/2014	23,928	100%

See accompanying note to required pension schedules.

CITY OF MONESSEN

NOTE TO REQUIRED PENSION SCHEDULES

YEAR ENDED DECEMBER 31, 2014

Actuarial Methods and Assumptions under GASB Statement No. 67

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	1/1/2015	1/1/2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar Open	Level Dollar Open
Amortization period	10 years	10 years
Asset valuation method	4-year smoothing	Fair Value
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, 2014

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 REQUIRED OTHER POSTEMPLOYMENT BENEFIT SCHEDULE

YEAR ENDED DECEMBER 31, 2014

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
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, 2014

	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	$ -	$ 10,895	$ -	$ 109	$ 13	$ 17,496	$ 100,824	$ -	$ 129,337
Receivables:									
Interfund receivable	-	-	-	472	8,100	-	95,339	-	103,911
Garbage fees, net of allowance of $397,578	-	-	-	-	-	-	-	-	-
Intergovernmental receivables	-	-	-	-	-	-	-	-	-
Total Assets	$ -	$ 10,895	$ -	$ 581	$ 8,113	$ 17,496	$ 196,163	$ -	$ 233,248
Liabilities and Fund Balance									
Liabilities:									
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund Balance:									
Restricted for:									
Canine	-	10,895	-	-	-	-	-	-	10,895
Park	-	-	-	581	-	-	-	-	581
Small communities projects	-	-	-	-	-	17,496	-	-	17,496
Sewer lines	-	-	-	-	-	-	196,163	-	196,163
Capital projects	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	8,113	-	-	-	8,113
									-
Total Fund Balance	-	10,895	-	581	8,113	17,496	196,163	-	233,248
Total Liabilities and Fund Balance	$ -	$ 10,895	$ -	$ 581	$ 8,113	$ 17,496	$ 196,163	$ -	$ 233,248

CITY OF MONESSEN

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

YEAR ENDED DECEMBER 31, 2014

	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	$ -	$ -	$ 43,276	$ 187,704	$ 425,983	$ -	$ -	$ -	$ 656,963
Interest, rents, and royalties	23	10	1	-	-	1	-	-	35
Intergovernmental revenue	211,793	-	-	-	-	296,928	-	-	508,721
Charges for services	-	-	-	3,050	-	38,985	309,999	-	352,034
Miscellaneous revenue	-	8,710	-	-	-	-	-	-	8,710
Total revenues	211,816	8,720	43,277	190,754	425,983	335,914	309,999	-	1,526,463
Expenditures:									
Current:									
Public safety	-	7,717	-	-	-	6,164	-	-	13,881
Public works:									
Highways, roads, and streets	210,969	-	-	-	-	-	-	-	210,969
Culture and recreation	-	-	50,000	220,894	-	-	-	-	270,894
Conservation and development	-	-	-	-	-	319,116	-	-	319,116
Debt Service:									
Principal	-	-	-	-	165,000	-	-	-	165,000
Interest	847	-	-	-	304,213	-	-	-	305,060
Capital outlay	-	-	-	-	-	-	117,401	-	117,401
Total expenditures	211,816	7,717	50,000	220,894	469,213	325,280	117,401	-	1,402,321
Excess (Deficiency) of Revenues Over Expenditures	-	1,003	(6,723)	(30,140)	(43,230)	10,634	192,598	-	124,142
Other Financing Sources (Uses):									
Operating transfers in	-	-	6,718	125,850	36,604	-	12,200	-	181,372
Operating transfers out	-	-	-	(95,192)	-	-	(14,300)	-	(109,492)
Total other financing sources (uses)	-	-	6,718	30,658	36,604	-	(2,100)	-	71,880
Net Change in Fund Balance	-	1,003	(5)	518	(6,626)	10,634	190,498	-	196,022
Fund Balance:									
Beginning of year	-	9,892	5	63	14,739	6,862	5,665	-	37,226
End of year	$ -	$ 10,895	$ -	$ 581	$ 8,113	$ 17,496	$ 196,163	$ -	$ 233,248

CITY OF MONESSEN

COMBINING STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Non-Uniformed Pension Fund	Total
Assets				
Prepaid benefits	$ 91,025	$ 10,308	$ -	$ 101,333
Due from Fire Truck Drivers' Pension Fund	10,308	-	-	10,308
Investments (at fair value):				
Money market funds	146,712	28,489	-	175,201
Mutual funds	3,009,027	222,257	1,713,753	4,945,037
Exchange traded funds	735,717	53,648	-	789,365
Total Assets	3,992,789	314,702	1,713,753	6,021,244
Liabilities				
Due to Police Pension Fund	-	10,308	-	10,308
Net Position Restricted For				
Pension benefits	$ 3,992,789	$ 304,394	$ 1,713,753	$ 6,010,936

CITY OF MONESSEN

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2014

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Non-Uniformed Pension Fund	Total
Additions:				
Contributions:				
Employer	$ 276,090	$ 23,928	$ 58,907	$ 358,925
Employee	29,972	-	36,818	66,790
Total contributions	306,062	23,928	95,725	425,715
Investment income:				
Net appreciation (depreciation) in fair value of investment	(3,415)	(185)	31,379	27,779
Interest and dividends	139,201	10,691	14,010	163,902
Total investment income	135,786	10,506	45,389	191,681
Total additions	441,848	34,434	141,114	617,396
Deductions:				
Administration	52,124	5,542	8,435	66,101
Benefits	334,134	38,360	116,834	489,328
Total deductions	386,258	43,902	125,269	555,429
Net Increase (Decrease) in Plan Net Position	55,590	(9,468)	15,845	61,967
Net Position:				
Beginning of year	3,937,199	313,862	1,697,908	5,948,969
End of year	$ 3,992,789	$ 304,394	$ 1,713,753	$ 6,010,936