CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 1989 AND 1988

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
of the City of Monessen
Westmoreland County, Pennsylvania

We have audited the accompanying general purpose financial statements of the City of Monessen, Pennsylvania, as of and for the year ended December 31, 1989, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our examination did not include the accounts of the wage tax collector. Also, as described in Note A-3, the City of Monessen has valued the assets in the general fixed asset account group at the estimated historical cost if historical cost information was not available. This is a departure from generally accepted accounting principles.

In our opinion, except as noted in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Monessen, as of December 31, 1989, and the results of its operations and changes in financial position of its proprietary and similar trust fund for the year then ended in conformity with generally accepted accounting principles.

Jerome R. Yasher CPA
Sarp & Company
Jerome R. Yasher, CPA
Sarp & Company
CERTIFIED PUBLIC ACCOUNTANTS

Greensburg, Pennsylvania
February 28, 1990

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1989

	Governmental Fund Types			
Assets	General	Special Revenue	Debt Service	Capital Projects
Cash and temporary cash investments	$534,814	$ 799,802	$1,981	$ -0-
Accounts Receivable:				
Taxes	235,034	-0-	-0-	-0-
Other, Note F	27,579	-0-	-0-	-0-
Due from other funds	16,549	-0-	-0-	-0-
Loans receivable, recipients	-0-	822,812	-0-	-0-
Prepaid expenses, Note G	17,198	-0-	-0-	-0-
Fixed assets, Note A-3	-0-	-0-	-0-	-0-
Amount to be provided for retirement of long-term debt, Note D	-0-	-0-	-0-	-0-
Total Assets	831,174	1,622,614	1,981	-0-
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	45,283	-0-	-0-	-0-
Accrued payroll taxes withheld	-0-	-0-	-0-	-0-
Bonds payable and lease debt, Note D	-0-	-0-	-0-	-0-
Due to other funds	-0-	13,400	-0-	-0-
Deferred revenue, Note H	-0-	435,425	-0-	-0-
Total Liabilities	45,283	448,825	-0-	-0-
Fund Balances (Deficit):				
Reserved	-0-	3,149	-0-	-0-
Unreserved	785,891	1,170,640	1,981	-0-
Investment in fixed assets, Note A-3	-0-	-0-	-0-	-0-
Total Fund Balances	785,891	1,173,789	1,981	-0-
Total Liabilities and Fund Balances	$831,174	$1,622,614	$1,981	$ -0-

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

Fiduciary Fund Types	Account Groups		1989	1988
Trust and Agency	General Fixed Assets	General Long Term Debt	Total (Memo Only)	Total (Memo Only)
$241,775	$ -0-	$ -0-	$1,578,372	$ 791,832
-0-	-0-	-0-	235,034	688,776
-0-	-0-	-0-	27,579	27,693
-0-	-0-	-0-	16,549	-0-
-0-	-0-	-0-	822,812	472,643
-0-	-0-	-0-	17,198	-0-
-0-	2,206,605	-0-	2,206,605	2,154,184
-0-	-0-	266,570	266,570	766,517
241,775	2,206,605	266,570	5,170,719	4,901,645
-0-	-0-	-0-	45,283	316,660
-0-	-0-	-0-	-0-	881
-0-	-0-	266,570	266,570	766,517
-0-	-0-	-0-	13,400	-0-
-0-	-0-	-0-	435,425	234,210
-0-	-0-	266,570	760,678	1,318,268
241,775	-0-	-0-	244,924	22,430
-0-	-0-	-0-	1,958,512	1,406,763
-0-	2,206,605	-0-	2,206,605	2,154,184
241,775	2,206,605	-0-	4,410,041	3,583,377
$241,775	$2,206,605	$266,570	$5,170,719	$4,901,645

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$1,961,251	$ -0-	$396,292	$ -0-
Licenses and permits	31,038	-0-	-0-	-0-
Fines and forfeits	24,924	-0-	-0-	-0-
Interest, rents and royalties	68,104	49,859	17,672	-0-
Intergovernmental revenues	61,775	869,204	-0-	-0-
Charges for services	358,477	-0-	-0-	-0-
Miscellaneous revenues	281,835	85,882	-0-	-0-
Financing Sources	2,787,404	1,004,945	413,964	-0-
Expenditures:				
General government	278,272	102,303	-0-	-0-
Public safety	587,392	-0-	-0-	-0-
Health and welfare	21,338	-0-	-0-	-0-
Public Works:				
Sanitation	270,997	-0-	-0-	-0-
Highways, roads, streets	365,036	-0-	-0-	-0-
Other public works and enterprises	37,518	216,052	-0-	-0-
Culture, recreation	170,140	-0-	-0-	-0-
Conservation and development	44,043	-0-	-0-	-0-
Debt service	-0-	-0-	544,785	-0-
Miscellaneous expenditures	782,376	67,949	-0-	-0-
Total Expenditures	2,557,112	386,304	544,785	-0-
Excess of Revenues Over (Under) Expenditures	230,292	618,641	(130,821)	-0-
Other Financing Sources (Uses)				
Proceeds of General Fixed Asset Disposition	912	-0-	-0-	-0-
Operating Transfers In	51,858	124,447	133,999	-0-
Operating Transfers Out	(1,213)	(271,133)	(37,958)	-0-
Total Other Financing Sources (Uses)	$ 51,557	$(146,686)	$ 96,041	$ -0-

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

Fiduciary Fund Types Expendable Trust	1989 Total (Memo Only)	1988 Total (Memo Only)
$ -0-	$2,357,543	$1,852,416
-0-	31,038	27,481
-0-	24,924	9,144
-0-	135,635	26,970
-0-	930,979	483,849
-0-	358,477	356,724
-0-	367,717	381,631
-0-	4,206,313	3,138,215
-0-	380,575	293,748
-0-	587,392	548,853
-0-	21,338	11,971
-0-	270,997	207,878
-0-	365,036	334,140
-0-	253,570	269,832
-0-	170,140	125,524
-0-	44,043	30,540
-0-	544,785	492,920
-0-	850,325	656,671
-0-	3,488,201	2,972,077
-0-	718,112	166,138
-0-	912	329
-0-	310,304	1,548,296
-0-	(310,304)	(998,845)
$ -0-	$ 912	$ 549,780

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ 281,849	$ 471,955	$(34,780)	$ -0-
Prior Period Adjustment	-0-	-0-	-0-	-0-
Fund Balance, January 1, 1989	504,042	701,834	36,761	-0-
Fund Balance, December 31, 1989	$ 785,891	$1,173,789	$ 1,981	$ -0-

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

Fiduciary Fund Types Expendable Trust	1989 Total (Memo Only)	1988 Total (Memo Only)
$ -0-	$ 719,024	$ 715,918
-0-	-0-	(210)
-0-	1,242,637	526,929
$ -0-	$1,961,661	$1,242,637

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989

	General Fund			Special Revenue	
	Budget	Actual	Variance (Unfavorable)	Budget	Actual
Revenues:					
Taxes	$1,601,731	$1,961,251	$ 359,520	$ -0-	$ -0-
Licenses and permits	29,902	31,038	1,136	-0-	-0-
Fines and forfeits	11,500	24,924	13,424	-0-	-0-
Interest, rents and royalties	5,200	68,104	62,904	-0-	49,859
Intergovernmental	65,782	61,775	(4,007)	-0-	869,204
Charges for services	345,215	358,477	13,262	-0-	-0-
Miscellaneous	271,285	281,835	10,550	-0-	85,882
Total Revenues	2,330,615	2,787,404	456,789	-0-	1,004,945
Expenditures:					
General government	249,346	278,272	(28,926)	-0-	102,303
Public safety	601,423	587,392	14,031	-0-	-0-
Health and welfare	15,500	21,338	(5,838)	-0-	-0-
Public Works:					
Sanitation	268,600	270,997	(2,397)	-0-	-0-
Highways	387,006	365,036	21,970	-0-	-0-
Other	46,350	37,518	8,832	-0-	216,052
Culture, recreation	130,426	170,140	(39,714)	-0-	-0-
Conservation and development	31,914	44,043	(12,129)	-0-	-0-
Debt service	-0-	-0-	-0-	-0-	-0-
Miscellaneous expenditures	779,786	782,376	(2,590)	-0-	67,949
Capital outlay	-0-	-0-	-0-	-0-	-0-
Total Expenditures	2,510,351	2,557,112	(46,761)	-0-	386,304
Excess Revenues Over (Under) Expenditures	(179,736)	230,292	410,028	-0-	618,641
Other Financing Sources (Uses):					
Proceeds of General Fixed Asset Disposition	-0-	912	912	-0-	-0-
Operating Transfers In	179,736	51,858	(127,878)	-0-	124,447
Operating Transfers Out	$ -0-	$ (1,213)	$ (1,213)	$ -0-	$(271,133)

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

Fund	Debt Service Fund			1989	1988
Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)	Total (Memo Only)	Total (Memo Only)
$ -0-	$400,564	$396,292	$ (4,272)	$2,357,543	$1,852,416
-0-	-0-	-0-	-0-	31,038	27,481
-0-	-0-	-0-	-0-	24,924	9,144
49,859	-0-	17,672	17,672	135,635	26,970
869,204	-0-	-0-	-0-	930,979	483,849
-0-	-0-	-0-	-0-	358,477	356,724
85,882	-0-	-0-	-0-	367,717	381,631
1,004,945	400,564	413,964	13,400	4,206,313	3,138,215
(102,303)	-0-	-0-	-0-	380,575	293,748
-0-	-0-	-0-	-0-	587,392	548,853
-0-	-0-	-0-	-0-	21,338	11,971
-0-	-0-	-0-	-0-	270,997	207,878
-0-	-0-	-0-	-0-	365,036	334,140
(216,052)	-0-	-0-	-0-	253,570	269,832
-0-	-0-	-0-	-0-	170,140	125,524
-0-	-0-	-0-	-0-	44,043	30,540
-0-	400,564	544,785	(144,221)	544,785	492,920
(67,949)	-0-	-0-	-0-	850,325	656,671
-0-	-0-	-0-	-0-	-0-	-0-
(386,304)	400,564	544,785	(144,221)	3,488,201	2,972,077
618,641	-0-	(130,821)	(130,821)	718,112	166,138
-0-	-0-	-0-	-0-	912	329
124,447	-0-	133,999	133,999	310,304	1,548,296
$(271,133)	$ -0-	$(37,958)	$(37,958)	$ (310,304)	$ (339,309)

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989
(Continued)

	General Fund			Special Revenue	
	Budget	Actual	Variance (Unfavorable)	Budget	Actual
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ -0-	$ 281,849	$ 281,849	$ -0-	$471,955
Prior Period Adjustment		-0-			-0-
Fund Balance, January 1, 1989		504,042			701,834
Fund Balance, December 31, 1989		$ 785,891			$1,173,789

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

Fund	Debt Service Fund			1989	1988
Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)	Total (Memo Only)	Total (Memo Only)
$471,955	$ -0-	$(34,780)	$(34,780)	$ 719,024	$1,375,454
		-0-		-0-	(210)
		36,761		1,242,637	(132,607)
		$ 1,981		$1,961,661	$1,242,637

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Proprietary Fund Types	Fiduciary Fund Types		
		Insured Paid Fire Truck Drivers' Pension Fund	Payroll Fund	Total 1989 (Memo Only)
Operating Revenues:				
Interest	$ -0-	$ 14,931	$ -0-	$ 14,931
Foreign Fire Insurance Tax	-0-	17,092	-0-	17,092
Contributions:				
Employer	-0-	44,418	-0-	44,418
Members	-0-	4,018	-0-	4,018
Total Operating Revenues	-0-	80,459	-0-	80,459
Operating Expenses:				
Direct Pension Payments and Administrative Charges	-0-	26,121	-0-	26,121
Total Operating Expenses	-0-	26,121	-0-	26,121
Operating Income (Loss) Before Transfers	-0-	54,338	-0-	54,338
Operating Transfers In (Out)	-0-	-0-	881	881
Net Income	-0-	54,338	881	55,219
Retained Earnings/Fund Balance, Beginning of Year	-0-	187,437	(881)	186,556
Retained Earnings/ Fund Balance, End of Year	$ -0-	$241,775	$ -0-	$241,775

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

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Proprietary Fund Types	Fiduciary Fund Types		
		Insured Paid Fire Truck Drivers' Pension Fund	Payroll Fund	Total 1989 (Memo Only)
Sources of Working Capital from Operations				
Net Income	$ -0-	$ 54,338	$ 881	$ 55,219
Charges to Operations not Using Working Capital	-0-	-0-	-0-	-0-
Working Capital Provided from Operations	-0-	54,338	881	55,219
Total Revenues Reported	-0-	-0-	-0-	-0-
Total Resources Applied	-0-	-0-	-0-	-0-
Increase (Decrease) in Working Capital	-0-	54,338	881	55,219
Working Capital, Beginning of Year	-0-	187,437	(881)	186,556
Working Capital, End of Year	-0-	241,775	-0-	241,775
Changes in Components of Working Capital				
Increase (Decrease) in Current Assets:				
Cash	$ -0-	$ 54,338	$ -0-	$ 54,338
Increase (Decrease) in Current Liabilities:				
Payroll Taxes Payable	-0-	-0-	(881)	(881)
Increase (Decrease) in Working Capital	$ -0-	$ 54,338	$ 881	$ 55,219

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

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989

NOTE A: SUMMARY OF ACCOUNTING POLICIES

The City of Monessen, Westmoreland County, Pennsylvania (the City) 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, as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

1. The Reporting Entity
Consistent with the guidance contained in Section 2100 of the "Codification of Governmental Accounting and Financial Reporting Standards", the basic criterion used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity is the exercise of "oversight responsibility" by the City over such entities. In determining the extent of oversight responsibility exercised in a given case, the City reviews the applicability of the following specific criteria:

a. Financial Interdependency - When a separate agency produces a financial benefit or imposes a financial burden on a unit of government, that agency is part of the reporting entity. Manifestations of financial interdependency include responsibility for financing deficits, entitlement to surpluses and guarantees of, or "moral responsibility" for, debt.

b. Selection of Governing Authority - An authoritative appointment is one where the entity's elected officials maintain a significant continuing relationship with the appointed officials with respect to carrying out important public functions.

c. Designation of Management - When management is appointed by and held accountable to a governing authority that is included in the entity, the activity being managed falls within the entity.

d. Ability to Significantly Influence Operations - This ability includes, but is not limited to, the authority to review and approve budgetary requests, adjustments and amendments.

e. Accountability for Fiscal Matters - Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds and maintenance of title to assets.

NOTE A: (Continued)

A second criterion considered was scope of public service. This criterion for determining whether the statements of a specific agency should be included in the financial statements of a reporting entity considers the following aspects:

1. Whether the activity is for the benefit of the reporting entity and/or its residents, and

2. Whether the activity is conducted within the geographic boundaries of the reporting entity and is generally available to the citizens of that entity.

Based on the foregoing criteria, the reporting entity has been defined to include all the fund types and account groups associated with the City's elected and appointed government offices, as well as the various City operated programs.

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Monessen. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Monessen.

2. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into seven fund types and three broad fund categories as follows:

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

NOTE A: (Continued)

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Project Funds - Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

Proprietary Fund Types
Proprietary fund types are used to account for operations that are financed and operated in a manner similar to private business enterprises. The City has no proprietary fund types.

Fiduciary Fund Types
Trust and Agency Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governments and/or other funds. These include pension trust and agency funds. Pension trust funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing services on a continuing basis be financed primarily through member, employer and state contributions and interest earnings. The pension trust represents the Insured Paid Fire Truck Drivers' Pension Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency fund represents the Payroll Fund.

3. Property, Plant, and Equipment and Long Term Liabilities
The accounting and reporting treatment applied to property, plant and equipment and long term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (not current assets) is considered a measure of "available spendable resources. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on such property, plant and equipment.

NOTE A: (Continued)

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated.

The City has adopted the accounting policy of not capitalizing "infrastructure" general fixed assets (roads, bridges, curbs and gutters, streets and sidewalks, lighting systems and similar assets that are immovable and of value only to the City). The City expended no funds for infrastructure during the current year.

Long term liabilities expected to be financed from governmental fund types are accounted for in the General Long Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Special reporting treatments are also applied to governmental fund inventories and prepaid expenses to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Such amounts are generally offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts, represented by noncurrent liabilities. Since they do not affect net current assets, such long term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are, instead, reported as liabilities in the General Long Term Debt Account Group.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual.

NOTE A: (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include; (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued (Note A-7), and (2) principal and interest on general long term debt which is recognized when due.

All proprietary funds and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

5. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

a. Formal budgetary integration is employed as a management control device during the year for the General and Debt Service funds. These budgets are adopted on a basis consistent with generally accepted accounting principles.
b. Budgetary data for the Special Revenue Funds are budgeted over the life of the respective project and not on an annual basis.
c. The City Council approves total budget appropriations, by ordinance, and any budget revisions required throughout the year.
d. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

6. Cash and Temporary Investments

Deposits - At year end, the carrying amount of the City's deposits (checking and savings accounts and certificates of deposit) was $1,578,372 and the bank balance was $1,580,097. Of the bank balance, $235,749 was covered by federal depository insurance. As required by Act 72, public deposits not covered by federal depository insurance must be secured by collateral of the financial institution. Uncollateralized deposits of $1,344,348 were secured by a pool of pledged assets as collateral. At December 31, 1989, Mellon Bank held public deposits of $199,855,831.28 secured by assets valued in the pool of $277,232,084.37 held by its trust department or by its agent in the bank's name. At December 31, 1989, Pittsburgh National Bank held public deposits of $228,152,854.72 secured by assets valued in a pool of $228,152,854.72 held by its trust department or by its agent in the bank's name.

NOTE A: (Continued)

Temporary Investments - Statutes authorize the City to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that approved securities are pledged to secure those funds as required by Act 72. In addition, the City can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. As of the report date, the City's temporary investments consisted of certificates of deposit and various types of savings accounts.

7. Accumulated Compensated Absences
It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from City's service. In the governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. No accrual is made to record this liability.

8. Revenue Recognition - Property Taxes
Taxes are levied on March 1 and are due and payable at that time. All unpaid taxes levied March 1 become delinquent March 1 of the following year.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

9. Pension Plans
The City has pension plans covering all full time employees and elected officials. The Monessen Employees' Pension Plan covers all nonuniform employees and elected officials and is funded by contributions by the employee and the City. The Monessen Library employees also participate in this pension plan. The uniform employees are covered under the Paid Fire Truck Drivers' Pension Plan or the Police Pension Plan, and these plans are funded by employee contributions and state funded pension aid (See Note B).

10. Reserves of Fund Equity
The City records reserves to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves used by the City.

	Balance at December 31, 1989
a. Special Revenue	
1. Reserved for Interfund Payable	$3,149

NOTE A: (Continued)

11. Comparative Data
Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data (ie., presentation of prior year totals by fund type in each of the statements) have not been presented since their inclusion would make the statements unduly complex and difficult to read.

12. Total Columns on Combined Statements - Overview
Total Columns on Combined Statements - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable in consolidation. Interfund eliminations have not been made in aggregation of this data.

NOTE B: PENSION PLANS

1. Nonuniformed Employees Pension Plan
The City and the Monessen Public Library provides pension benefits for all its full-time employees and elected officials with the exception of the paid fire truck drivers and police, through a joint contributory, defined contribution plan with funds being held and invested by Connecticut General Life Insurance Company, through contracts. Participants are required to contribute four percent of their compensation to the plan and may voluntarily contribute an additional six percent. The City makes the required contribution of four percent of the participants' compensation. The City's total payroll for the current year was $895,445 and the City's contributions were based on a payroll of $392,875. Both the City and the covered employees made the required contributions, amounting to $15,715 each. Both the Library and their covered employees made the required contributions amounting to $3,041 each. The net assets available for benefits as of January 1, 1989, consist of investments at market value held by Connecticut General Life Insurance Company of $231,033.

NOTE B: (Continued)

2. Paid Fire Truck Drivers' Pension Plan

The City has a defined contribution pension plan with defined covering substantially all members of its paid fire department. The funds are included in the fiduciary funds as the Paid Fire Truck Drivers' Pension Trust. The plan is funded by employees' contributions of four percent of their compensation, the City's defined contribution and state pension aid allocated by the Commonwealth of Pennsylvania. Contributions to the plan for the year ended December 31, 1989, were $65,528. The City has met all of its minimum municipal obligations as of December 31, 1989.

According to the last actuarial study of the plan on January 1, 1989, a summary of actuarial data is as follows:

	Amount
Actuarial present value of future benefits	$695,258
Actuarial present value of future normal cost	189,921
Actuarial accrued liability	505,337
Actuarial value of assets	208,966
Unfunded actuarial accrued liability	$296,371

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was seven and one half percent.

3. Police Pension Plan

The City has a defined contribution pension plan covering substantially all members of its police department. The plan's funds are being held and invested by Connecticut General Life Insurance Company. The plan is funded by employees' contributions of four percent of their compensation, the City's defined contribution and state pension aid allocated by the Commonwealth of Pennsylvania. The City's total payroll for the current year was $895,445 and the City's contributions were based on a payroll of $338,342. Contributions to the plan for the year ended December 31, 1989, were $206,939. The City has met all of its minimum municipal obligations as of December 31, 1989.

According to the last actuarial study of the plan on January 1, 1989, a summary of actuarial data is as follows:

NOTE B: (Continued)

	Amount
Actuarial present value of future benefits	$2,567,035
Actuarial present value of future normal costs	429,873
Actuarial Accrued Liability	2,137,162
Actuarial value of assets	974,857
Unfunded Actuarial Accrued Liability	$1,162,305

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was seven and one half percent.

NOTE C: GENERAL FIXED ASSETS ACCOUNT GROUP

The activities of the General Fixed Assets Account Group are as follows (Note A-3):

	Balance at January 1, 1989	Additions	Disposals	Balance at December 31, 1989
Land and land improvements	$ 147,921	$38,391	$-0-	$ 186,312
Buildings	548,778	-0-	-0-	548,778
Machinery and equipment	1,457,485	14,030	-0-	1,471,515
	$2,154,184	$52,421	$-0-	$2,206,605

NOTE D: CHANGES IN GENERAL LONG TERM DEBT ACCOUNT GROUP

The general long term debt as of December 31, 1989, consists of:

Description	Original Amount of Issue	Interest Rate	Balance Out-standing 01/01/89	Issued (Retired) During Year	Balance Out-standing 12/31/89
Electorial:					
1968 Series - Library Expansion	$200,000	4 7/8%	$ 10,000	$ (10,000)	$ -0-
Nonelectorial:					
1971 Series - General Improvement	1,000	6%	1,000	(1,000)	-0-
1984 Series - Grand Boulevard	933,000	74% of prime	399,856	(133,286)	266,570
1988 Series - General Obligation	410,000	8%	340,000	(340,000)	-0-
Lease Debt - Issued 1985	32,000	11.5%	15,661	(15,661)	-0-
	$1,576,000		$766,517	$(499,947)	$266,570

The total principal and interest paid during current year is $483,286 and $61,499, respectively.

The annual requirements to retire the general long term debt as of December 31, 1989, are as follows:

Year Ending December 31,	Principal	Interest	Total
1990	$133,286	*	$133,286
1991	133,284	*	133,284
	$266,570	*	$266,570

NOTE E: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds:

	Due From	Due To
General Fund:		
Off Street Parking Fund	$13,400	$ -0-
Jobs Bill Fund	3,149	-0-
Total General Fund	16,549	-0-
Special Revenue Funds:		
General Fund	-0-	16,549*
Total Special Revenue Funds	-0-	-0-
Total All Funds	$16,549	$16,549

* $3,149 of this amount is presented as reserved fund balance rather than due to other funds.

NOTE F: ACCOUNTS RECEIVABLE, OTHER

Accounts receivable, other, at December 31, 1989, is represented by the following:

Sanitation Collection Fees Receivable:

Current	$ 19,023	
Delinquent	8,556	
Total Accounts Receivable, Other		$27,579

NOTE G: PREPAID EXPENSES

Prepaid expenses at December 31, 1989, is represented by the following:

Prepaid Employee Benefits - Blue Cross/Blue Shield	$17,198

NOTE H: DEFERRED REVENUE

The City receives lump sum distributions through various grant programs administered by the Pennsylvania Department of Community Affairs. The funds received are for operation of various programs as authorized by the grant contracts. The unexpended balance of these funds are recorded as deferred revenue. The deferred revenue will be recognized as it is expended throughout the term of the program. Deferred revenue, at December 31, 1989, consists of the following:

Special Revenue Funds:	
Enterprise Zone Fund	$254,710
HUD Assistance Fund	180,715
	$435,425

NOTE I: PROPERTY TAXES HELD IN ESCROW

On April 28, 1989, Beth Rail Acquisition Corporation paid their 1989 property taxes in the amount of $112,815, under protest due to the value of the property. Upon advice of their solicitor, the City was required to deposit twenty five percent (25%) of $112,815 or $28,204 in a segregated account and hold in escrow until the tax protest is resolved. The City purchased a certificate of deposit to satisfy these requirements. The value of this certificate of deposit at December 31, 1989, was $29,669.

NOTE J: FUND BALANCE, DEFICIT

The Off Street Parking Fund, a special revenue fund, has a fund balance deficit of $2,534 resulting from total expenditures and other financing uses of $27,332 exceeding the total available of $24,798.

SUPPLEMENTARY INFORMATION

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ACCOUNTANTS' OPINION ON SUPPLEMENTARY INFORMATION

Our examination of the general purpose financial statements presented in a separate report was made primarily to form an opinion on such financial statements taken as a whole. Supplementary information, contained in the following pages, is not considered essential for the fair presentation of the financial position of the City of Monessen or the results of its operations. However, the following data was subjected to the audit procedures applied in the examination of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to such statements taken as a whole.

Jerome R Yasher C.P.A
Sarp & Company

Sarp & Company
CERTIFIED PUBLIC ACCOUNTANTS

Greensburg, Pennsylvania
February 28, 1990

MEMBER: PENNSYLVANIA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT I

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1989

	Liquid Fuels	DCA Jobs Bill	General Improvement Fund	Off Street Parking
Revenue:				
Interest, rents and royalties	$ 757	$ -0-	$ -0-	$ 490
Intergovernmental revenues	132,674	-0-	-0-	-0-
Other revenues	-0-	-0-	-0-	18,816
Total Revenue	133,431	-0-	-0-	19,306
Expenditures:				
General government	-0-	-0-	-0-	-0-
Public Works:				
Other	-0-	-0-	-0-	-0-
Miscellaneous expenditures	-0-	19,281	-0-	13,932
Total Expenditures	-0-	19,281	-0-	13,932
Excess (Deficiency) of Revenues over Expenditures	133,431	(19,281)	-0-	5,374
Other Financing Sources (Uses):				
Operating Transfers In	-0-	-0-	-0-	-0-
Operating Transfers Out	(133,286)	-0-	-0-	(13,400)
Total Other Financing Sources (Uses)	(133,286)	-0-	-0-	(13,400)
Excess Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	145	(19,281)	-0-	(8,026)
Prior Period Adjustment	-0-	-0-	(3,299)	-0-
Fund Balance (Deficit), January 1, 1989	203	22,430	3,299	5,492
Fund Balance, December 31, 1989	$ 348	$ 3,149	$ -0-	$ (2,534)

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

Mon-Valley Health Fund	Civic Center Fund	Community Devel. Rehab. Fund	Small Community Projects	Revital-ization Project	Enter-prise Zone	HUD Assis-tance	Total (Memorandum Only)
$ -0-	$ 2,194	$ 157	$ 12,682	$ -0-	$ 28,635	$ 4,944	$ 49,859
31,420	-0-	-0-	376,763	-0-	288,689	39,658	869,204
-0-	-0-	-0-	67,066	-0-	-0-	-0-	85,882
31,420	2,194	157	456,511	-0-	317,324	44,602	1,004,945
-0-	-0-	-0-	-0-	-0-	57,701	44,602	102,303
-0-	14,326	-0-	201,726	-0-	-0-	-0-	216,052
31,420	-0-	7	-0-	10	-0-	-0-	64,650
31,420	14,326	7	201,726	10	57,701	44,602	383,005
-0-	(12,132)	150	254,785	(10)	259,623	-0-	621,940
-0-	-0-	-0-	124,447	-0-	-0-	-0-	124,447
-0-	-0-	(124,410)	-0-	(37)	-0-	-0-	(271,133)
-0-	-0-	(124,410)	124,447	(37)	-0-	-0-	(146,686)
-0-	(12,132)	(124,260)	379,232	(47)	259,623	-0-	475,254
-0-	-0-	-0-	-0-	-0-	-0-	-0-	(3,299)
16	42,478	124,260	482,523	47	21,086	-0-	701,834
$ 16	$30,346	$ -0-	$861,755	$ -0-	$280,709	$ -0-	$1,173,789