CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999



CITY OF MONESSEN

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CITY OF MONESSEN

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
of the City of Monessen
Westmoreland County, Pennsylvania 15062

We have audited the accompanying general purpose financial statements of the City of Monessen, Pennsylvania, as of and for the year ended December 31, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Monessen, Pennsylvania, 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 auditing standards and the standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 genral purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 appraised value rather than at historical cost as prescribed by 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, Pennsylvania, as of December 31, 2000, and the results of its operations and its cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2001, on our consideration of the City of Monessen, Pennsylvania, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the general purpose financial statements of the City of Monessen, Pennsylvania. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Sarp & Company

Sarp & Company
CERTIFIED PUBLIC ACCOUNTANTS

Greensburg, Pennsylvania
July 23, 2001

CITY OF MONESSEN
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	Governmental Fund Types			
Assets	General	Special Revenue	Debt Service	Capital Projects
Cash and Cash Equivalents	$173,875	$ 46,044	$ 189	$ 50,036
Investments	0	0	0	0
Accounts Receivable:				
Taxes	188,743	0	0	0
Other, (Note F)	43,694	0	0	0
Due from Other Funds	4,107	0	0	0
Due from Other Governments	8,114	11,821	0	0
Loans Receivable, Recipients	0	936,864	0	0
Prepaid Expenses, (Note G)	79,203	0	0	0
Fixed Assets, (Note A-3)	0	0	0	0
Accumulated Depreciation	0	0	0	0
Amount Available in Debt Service Funds	0	0	0	0
Amount to be Provided for the Retirement of Long-Term Debt, (Note E)	0	0	0	0
Accumulated Compensated Absences (Note A-8)	0	0	0	0
Future Lease Rentals Receivable to Retirement of Bonded Debt, (Note B)	0	0	0	0
Total Assets	497,736	994,729	189	50,036
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	12,073	37,485	0	0
Accrued Liabilities	0	0	0	0
Long-Term Debt, Current Portion	0	0	0	0
Notes Payable, Long-Term Portion (Note E)	0	0	0	0
Bonded Debt, Parking Authority:				
Parking Revenue Bonds, Series of 1965, Long-Term Portion (Note B)	0	0	0	0
Due to Other Governments	0	0	0	0
Deferred Revenue (Note H)	188,743	0	0	0
Due to Other Funds	0	4,107	0	0
Accumulated Compensated Absences Payable (Note A-8)	0	0	0	0
Total Liabilities	200,816	41,592	0	0
Fund Balances:				
Unreserved	296,920	953,137	0	50,036
Reserved (Note A-11)	0	0	189	0
Investment in Fixed Assets	0	0	0	0
Retained Earnings	0	0	0	0
Total Fund Balances	296,920	953,137	189	50,036
Total Liabilities and Fund Balances	$497,736	$ 994,729	$189	$ 50,036

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

Proprietary Fund Types Enterprise Funds	Fiduciary Fund Types Trust and Agency	Account Groups General Fixed Assets	Account Groups General Long Term Debt	2000 Total (Memo Only)	1999 Total (Memo Only)
$ 392,110	$ 0	$ 0	$ 0	$ 662,254	$ 1,134,007
155,285	3,967,506	0	0	4,122,791	4,193,162
0	0	0	0	188,743	197,320
36,995	0	0	0	80,689	78,394
0	0	0	0	4,107	11,976
0	0	0	0	19,935	41,398
639,315	0	0	0	1,576,179	1,301,520
0	0	0	0	79,203	65,652
854,259	0	3,510,397	0	4,364,656	4,405,687
(561,665)	0	0	0	(561,665)	(544,412)
0	0	0	189	189	155
0	0	0	357,446	357,446	456,725
0	0	0	118,359	118,359	30,015
62,000	0	0	0	62,000	81,000
1,578,299	3,967,506	3,510,397	475,994	11,074,886	11,452,599
27,774	0	0	0	77,332	73,635
323	0	0	0	323	323
15,000	0	0	102,928	117,928	98,488
0	0	0	254,707	254,707	358,392
47,000	0	0	0	47,000	81,000
0	0	0	0	0	1,994
100,000	0	0	0	288,743	217,057
0	0	0	0	4,107	11,976
0	0	0	118,359	118,359	30,015
190,097	0	0	475,994	908,499	872,880
0	0	0	0	1,300,093	1,524,108
165,748	3,967,506	0	0	4,133,443	4,255,482
0	0	3,510,397	0	3,510,397	3,555,456
1,222,454	0	0	0	1,222,454	1,244,673
1,388,202	3,967,506	3,510,397	0	10,166,387	10,579,719
$ 1,578,299	$3,967,506	$3,510,397	$475,994	$11,074,886	$11,452,599

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$1,977,172	$318,121	$65,699	$ 0
Licenses and Permits	210,653	0	0	0
Fines and Forfeits	38,976	0	0	0
Interest, Rents, and Royalties	26,551	19,125	12	4,877
Intergovernmental Revenues	85,380	588,241	0	0
Charges for Services	467,443	0	0	0
Miscellaneous Revenue	501,475	40,406	0	55,487
Total Revenue	3,307,650	965,893	65,711	60,364
Expenditures:				
General Government	443,534	0	0	159,785
Public Safety	932,318	0	0	0
Health and Welfare	57,166	0	0	0
Public Works:				
Sanitation	301,415	0	0	0
Highways, Roads, and Streets	591,341	185,511	0	0
Other	5,395	0	0	0
Culture, Recreation	192,669	0	0	0
Conservation and Development	69,975	660,417	0	0
Debt Service	54,894	0	65,677	0
Miscellaneous Expenditures	881,045	0	0	0
Lease Bond Payments	0	26,800	0	0
Total Expenditures	3,529,752	872,728	65,677	159,785
Excess of Revenues Over (Under) Expenditures	$ (222,102)	$ 93,165	$ 34	$(99,421)

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

2000 Total (Memo Only)	1999 Total (Memo Only)
$2,360,992	$2,404,965
210,653	149,199
38,976	44,295
50,565	50,488
673,621	604,944
467,443	480,367
597,368	503,393
4,399,618	4,237,651
603,319	502,691
932,318	959,263
57,166	59,090
301,415	300,006
776,852	718,453
5,395	6,169
192,669	191,585
730,392	535,716
120,571	90,668
881,045	887,918
26,800	26,800
4,627,942	4,278,359
$ (228,324)	$ (40,708)

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Other Financing Sources (Uses):				
Proceeds of General Fixed Asset Disposition	$ 4,343	$ 0	$ 0	$ 0
Operating Transfers In	184,431	0	0	0
Operating Transfers Out	0	(184,431)	0	0
Proceeds of Long-Term Debt	0	0	0	0
Total Other Financing Sources (Uses)	188,774	(184,431)	0	0
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(33,328)	(91,266)	34	(99,421)
Fund Balance, January 1	330,248	1,044,403	155	149,457
Fund Balance, December 31	$296,920	$ 953,137	$189	$ 50,036

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

2000 Total (Memo Only)	1999 Total (Memo Only)
$ 4,343	$ 550
184,431	204,102
(184,431)	(204,102)
0	175,000
4,343	175,550
(223,981)	134,842
1,524,263	1,389,421
$1,300,282	$1,524,263

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General			Special Revenue	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
Revenues:					
Taxes	$2,051,145	$1,977,172	$(73,973)	$342,336	$318,121
Licenses and Permits	135,175	210,653	75,478	0	0
Fines and Forfeits	51,500	38,976	(12,524)	0	0
Interest, Rents, and Royalties	23,000	26,551	3,551	5,000	10,125
Intergovernmental Revenue	94,159	85,380	(8,779)	0	0
Charges for Services	518,417	467,443	(50,974)	0	0
Miscellaneous Revenue	510,500	501,475	(9,025)	27,500	20,579
Total Revenue	3,383,896	3,307,650	(76,246)	374,836	348,825
Expenditures:					
General Government	472,286	443,534	28,752	0	0
Public Safety	953,715	932,318	21,397	0	0
Health and Welfare	61,762	57,166	4,596	0	0
Public Works:					
Sanitation	304,000	301,415	2,585	0	0
Highways, Roads, and Streets	580,919	591,341	(10,422)	164,236	185,511
Other	6,550	5,395	1,155	0	0
Culture, Recreation	203,191	192,669	10,522	0	0
Conservation and Development	66,680	69,975	(3,295)	0	0
Debt Service	55,000	54,894	106	0	0
Miscellaneous Expenditures	865,592	881,045	(15,453)	0	0
Lease Bond Payments	0	0	0	26,800	26,800
Total Expenditures	3,569,695	3,529,752	39,943	191,036	212,311
Excess Revenues Over (Under) Expenditures	$ (185,799)	$ (222,102)	$(36,303)	$183,800	$136,514

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

Special Revenue	Debt Service					
Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	2000 Total (Memo Only)	1999 Total (Memo Only)
$ (24,215)	$61,976	$65,699	$3,723	$2,360,992	$2,404,965
0	0	0	0	210,653	149,199
0	0	0	0	38,976	44,295
5,125	0	12	12	36,688	31,651
0	0	0	0	85,380	91,527
0	0	0	0	467,443	480,367
(6,921)	0	0	0	522,054	501,102
(26,011)	61,976	65,711	3,735	3,722,186	3,703,106
0	0	0	0	443,534	424,830
0	0	0	0	932,318	959,263
0	0	0	0	57,166	59,090
0	0	0	0	301,415	300,006
(21,275)	0	0	0	776,852	718,453
0	0	0	0	5,395	6,169
0	0	0	0	192,669	191,585
0	0	0	0	69,975	70,645
0	61,976	65,677	(3,701)	120,571	90,668
0	0	0	0	881,045	887,918
0	0	0	0	26,800	26,800
(21,275)	61,976	65,677	(3,701)	3,807,740	3,735,427
$ (47,286)	$ 0	$ 34	$ 34	$ (85,554)	$ (32,321)

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ALL BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000
(CONTINUED)

	General			Special Revenue	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
Other Financing Sources (Uses):					
Proceeds of General Fixed Asset Disposition	$ 2,000	$ 4,343	$ 2,343	$ 0	$ 0
Operating Transfers In	0	184,431	184,431	0	0
Operating Transfers Out	0	0	0	0	(184,431)
Total Other Financing Sources (Uses)	2,000	188,774	186,774	0	(184,431)
Excess Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$(183,799)	(33,328)	$150,471	$183,800	(47,917)
Fund Balance, January 1		330,248			64,399
Fund Balance, December 31		$296,920			$ 16,482

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

Special Revenue	Debt Service				
Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	2000 Total (Memo Only)	1999 Total (Memo Only)
$ 0	$ 0	$ 0	$ 0	$ 4,343	$ 550
0	0	0	0	184,431	204,102
(184,431)	0	0	0	(184,431)	(204,102)
(184,431)	0	0	0	4,343	550
$(231,717)	$ 0	34	$ 34	(81,211)	(31,771)
		155		394,802	426,573
		$ 189		$313,591	$394,802

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types			
	Monessen Civic Recreation Authority	Monessen Parking Authority	Mon Valley Refuse Disposal Authority	Redevelopment Authority of the City of Monessen
Operating Revenue:				
Interest, Rents, and Royalties	$ 270	$ 30,212	$ 7,263	$ 23,999
Charges for Services	19,254	0	349,896	0
Intergovernmental Revenue	30,000	0	3,658	19,737
Other Revenue	0	0	992	700
Contributions	0	0	0	0
Total Operating Revenue	49,524	30,212	361,809	44,436
Operating Expenses:				
General Government	0	6,878	45,056	70,610
Public Works:				
Sanitation	0	0	316,000	0
Debt Service	0	19,000	0	0
Interest Expense	0	2,983	0	0
Depreciation Expense	2,061	15,192	0	0
Culture and Recreation	44,261	0	0	0
Benefits	0	0	0	0
Other Expenses	0	2,061	0	0
Capital Investment	0	5,930	0	0
Total Operating Expenses	46,322	52,044	361,056	70,610
Revenue Over (Under) Expenses	3,202	(21,832)	753	(26,174)
Retained Earnings/Fund Balance January 1	19,225	187,580	165,677	1,059,771
Retained Earnings/Fund Balance December 31	$22,427	$165,748	$166,430	$1,033,597

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

Nonexpendable Trust Funds				
Police Pension Fund	Fire Truck Drivers Pension Fund	Nonuniformed Pension Fund	2000 Total (Memo Only)	1999 Total (Memo Only)
$ (28,312)	$(11,052)	$(105,911)	$ (83,531)	$ 560,218
0	0	0	369,150	361,771
0	0	0	53,395	191,491
0	0	0	1,692	4,236
264,361	50,386	106,073	420,820	420,816
236,049	39,334	162	761,526	1,538,532
19,977	9,674	0	152,195	213,650
0	0	0	316,000	316,000
0	0	0	19,000	17,000
0	0	0	2,983	3,646
0	0	0	17,253	16,727
0	0	0	44,261	35,035
197,696	46,978	101,460	346,134	253,366
0	0	0	2,061	6,705
0	0	0	5,930	0
217,673	56,652	101,460	905,817	862,129
18,376	(17,318)	(101,298)	(144,291)	676,403
2,072,359	795,691	1,199,697	5,500,000	4,823,597
$2,090,735	$778,373	$1,098,399	$5,355,709	$5,500,000

CITY OF MONESSEN
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types			
	Monessen Civic Recreation Authority	Monessen Parking Authority	Mon Valley Refuse Disposal Authority	Redevelopment Authority of the City of Monessen
Cash Flows from Operating Activities:				
Net Income (Loss)	$3,202	$(21,832)	$ 753	$(26,174)
Adjustment to Reconcile Excess Revenue Over (Under) Expenses to Net Cash Provided by Operating Activities:				
Depreciation Expense	2,061	15,192	0	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Loans Receivable	0	0	0	(191,176)
(Increase) Decrease in Accounts Receivable	0	0	0	0
(Increase) Decrease in Grants Receivable	0	0	6,228	0
Increase (Decrease) in Accounts Payable	0	0	0	(8,248)
Increase (Decrease) in Deferred Revenue	0	0	0	80,263
Total Adjustments	2,061	15,192	6,228	(119,161)
Net Cash Provided (Used) by Operating Activities	5,263	(6,640)	6,981	(145,335)
Cash Flows Capital and Related Financing Activities:				
Purchase of Fixed Assets	(2,634)	0	0	0
Net Cash Provided (Used) by Capital and Relating Financing Activities	(2,634)	0	0	0
Cash Flows from Investing Activities:				
Redemption (Purchase) of Investments, Net	0	6,130	(36,000)	0
Property Acquisitions	0	0	0	(1,395)
Net Cash Provided (Used) by Investing Activities	0	6,130	(36,000)	(1,395)
Net Increase (Decrease) to Cash and Cash Equivalents	2,629	(510)	(29,019)	(146,730)
Cash and Cash Equivalents, January 1	7,051	862	97,487	460,340
Cash and Cash Equivalents, December 31	$ 9,680	$ 352	$ 68,468	$313,610
Supplemental Disclosures of Cash Flow Information:				
Cash Paid During the Year for:				
Interest	$ 0	$2,984	$ 0	$ 0
Income Taxes	$ 0	$ 0	$ 0	$ 0

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

Nonexpendable Trust Funds				
Police Pension Fund	Fire Truck Drivers Pension Fund	Nonuniformed Pension Fund	2000 Total (Memo Only)	1999 Total (Memo Only)
$ 18,376	$(17,318)	$(101,298)	$(144,291)	$ 676,403
0	0	0	17,253	16,727
0	0	0	(191,176)	79,999
0	0	0	0	(23,618)
0	0	0	6,228	(6,228)
0	0	0	(8,248)	3,972
0	0	0	80,263	19,737
0	0	0	(95,680)	90,589
18,376	(17,318)	(101,298)	(239,971)	766,992
0	0	0	(2,634)	0
0	0	0	(2,634)	0
(18,376)	17,318	101,298	70,370	(611,048)
0	0	0	(1,395)	(54,442)
(18,376)	17,318	101,298	68,975	(665,490)
0	0	0	(173,630)	101,502
0	0	0	565,740	464,238
$ 0	$ 0	$ 0	$392,110	$565,740
$ 0	$ 0	$ 0	$2,984	$3,647
$ 0	$ 0	$ 0	$ 0	$ 0

CITY OF MONESSEN
WESTMORELAND COUNTY, PENNSYLVANIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

NOTE A: SUMMARY OF SIGNIFICANT 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.

NOTE A: (CONTINUED)

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.

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.

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.

Based on the foregoing criteria, the financial statements of the following organizations are either included or excluded as indicated in the accompanying financial statements.

Included in the Reporting Entity

The Monessen Parking Authority, the Mon Valley Refuse Disposal Authority, the Monessen Civic Recreation Authority, and the Redevelopment Authority of the City of Monessen are considered component units of the City of Monessen and are included as such for reporting purposes. The City Council of Monessen appoints Parking Authority members. All obligations of the Parking Authority are guaranteed by the full faith and taxing power of the City. The Mon Valley Refuse Disposal Authority was formed by the City of Monessen and the Borough of North Belle Vernon, both of which have voting members on the Authority Board. Four members are from Monessen and three members are from North Belle Vernon. The Monessen Civic Recreation Authority was formed by the City of Monessen, the City appoints board members, and it administers recreation programs benefiting residents of the City of Monessen. The Redevelopment Authority grants low interest loans to citizens and business owners located in the City of Monessen for the purpose of redeveloping areas which have became blighted. Separate financial statements of the component units may be obtained by contacting their offices.

NOTE A: (CONTINUED)

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.

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 Monessen Parking Authority, the Mon Valley Refuse Disposal Authority, the Monessen Civic Recreation Authority, and the Redevelopment Authority of the City of Monessen have been classified as proprietary funds for this report.

NOTE A: (CONTINUED)

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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. Depreciation on fixed assets in proprietary fund types is computed on the straight line basis.

All property, plant, and equipment are valued at appraised value as determined by an independent appraisal service. Donated property, plant, and equipment are valued at their estimated fair value on the date donated. See Note D.

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).

NOTE A: (CONTINUED)

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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE A: (CONTINUED)

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. Proprietary funds account for the City's ongoing activities that are similar to those found in the private sector. The measurement focus is on determination of net income. The City applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

5. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General, certain Special Revenue Funds (Liquid Fuels Fund, Capital Reserve Fund, and Off Street Parking Fund), and Debt Service Funds on the modified accrual basis (GAAP Basis). The Small Community Projects Fund is budgeted by project on a project-length basis.

The budgets presented in the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Budgeted Governmental Fund Types" are as amended through December 31, 2000, by Council.

The applicable columns of the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - All Budgeted Governmental Fund Types" exclude Small Community Projects Fund, and Capital Projects Fund revenues and expenditures of $687,434 and $820,202, respectively.

6. Cash and Cash Equivalents

The City maintains cash accounts for each fund. The City conducts all of its banking and investment transactions through various banks. The City considers all investments with a maturity of three months or less to be cash equivalents

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.

NOTE A: (CONTINUED)

Deposits not exceeding $100,000 are entirely covered by Federal Depository Insurance.

The carrying amount of the City's deposits with financial institutions was $270,144 and the bank balance was $373,531. These amounts do not include the balances of the Mon Valley Refuse Disposal Authority, Monessen Parking Authority, the Monessen Civic Recreation Authority, or the Redevelopment Authority of the City of Monessen whose collateralization information is included in separately issued financial statements at December 31, 2000. The bank balance is categorized as follows:

Amounts insured by FDIC or collateralized with securities held by the City or by its agent in the City's name.	$200,000
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution).	173,531
	$373,531

The City invested only in securities authorized by the Department of Community and Economic Development's Fiscal Management Handbook. Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Investments that are insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Investments that are uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name.

Category 3 - Includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name.

NOTE A: (CONTINUED)

The following amounts do not include the balances of the Mon Valley Refuse Disposal Authority or Monessen Parking Authority whose collateralization information is included in separately issued financial statements at December 31,2000:

Description	Category 1	Category 2	Category 3	Total	Carrying Value	Fair Value
Police Retirement	$ 0	$2,253,869	$ 0	$2,253,869	$2,090,735	$2,090,735
Fire Truck Driver's Retirement	0	838,338	0	838,338	778,372	778,372
Nonuniformed Pension	0	1,098,399	0	1,098,399	1,098,399	1,098,399
	$ 0	$4,190,606	$ 0	$4,190,606	$3,967,506	$3,967,506

8. Accumulated Compensated Absences
The employees of the City are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. Employees are represented by various labor unions and each contract contains different provisions for such employee compensated absences. In addition, management and other nonunion employees also have contracts or agreements with the City that provide for compensated absences. The City has established an amount to be provided for compensated absences in the general long-term debt account group of $118,359 for the year ended December 31, 2000.

9. 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 January 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 allowances for uncollectible taxes are provided.

NOTE A: (CONTINUED)

10. 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 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 C).

11. 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, 2000
Monessen Parking Authority	$ 165,748
Debt Service Fund	189
Pension Trust Funds	3,967,506
Total Reserved Fund Balance	$4,133,443

12. 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 (i.e., 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.

NOTE A: (CONTINUED)

13. Total Columns on Combined Statements - Overview
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.

14. Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: MONESSEN PARKING AUTHORITY: FUTURE LEASE RENTALS RECEIVABLE

The Authority issued parking revenue bonds, Series of 1965, to provide the principal funds to acquire certain additional tracts of land in Monessen and to develop the same as additional off street parking facilities (herein called the "Capital Addition No. 1"), and to refund the old bonds, series of 1956. The aggregate principal amount of the Series of 1965 Bonds is $478,000.

The lease in effect for the year ended December 31, 2000, provides that the City of Monessen shall pay to the Monessen Parking Authority, as rentals hereunder, the sum of $13,400 on March 15, and September 15, thereafter to and including September 15, 2004. Such rentals shall be payable only out of the current revenues of the City for each year during the term of this agreement. The City shall assume the payment of and shall punctually and faithfully pay, as if the City were primarily liable for the same, all taxes and assessments against the Authority.

MONESSEN PARKING AUTHORITY: BONDS OUTSTANDING

The following is a summary of the Authority's long term debt transactions for the year ended December 31, 2000:

Debt Outstanding January 1, 2000	$81,000
Less: Retirements and Repayments	(19,000)
Debt Outstanding December 31, 2000	$62,000

Bonds outstanding at December 31, 2000, consist of the Series of 1965, which has interest payable twice annually at a rate ranging from 3 1/8 percent to 3.90 percent. The principal is due semiannually on May 1 and November 1. Bonds are due to mature November 1, 2004.

NOTE B: (CONTINUED)

Maturities of long term debt at December 31, 2000, in each of the next five years, are as follows:

2001	$ 15,000
2002	15,000
2003	15,000
2004	17,000
	$62,000

NOTE C: PENSION PLANS

Police Pension Plan

A. Description of Plan

1. **General**

The City of Monessen Police Pension Plan is a single-employer defined benefit pension plan. The Plan was established by Ordinance No. 264, enacted February 28, 1945. The Plan was amended and restated by Ordinance No. 6 effective January 1, 2000. The Plan is governed by the City Council of the City of Monessen, which is responsible for the management of Plan assets. The City Council has delegated the authority to manage certain Plan assets to PNC Bank.

2. **Plan Membership**

Actuarial Valuation Report Form PC-201C, which was filed with the Public Employee Retirement Commission and dated January 1, 1999, discloses that pension plan membership consists of:

o Active employees	12
o Retirees and beneficiaries currently receiving benefits	24
o Terminated employees entitled to benefits but not yet receiving them	1
Total	37

NOTE C: (CONTINUED)

3. **Benefit Provisions**
Actuarial Valuation Report Form PC-201C, which was filed with the Public Employee Retirement Commission and dated January 1, 1999, discloses that the pension plan benefit provisions are as follows:

- o Eligibility Requirements
Normal Retirement:
Age 55 and the completion of 20 years of service; or age 50 and the completion of 20 years of service if hired prior to January 1,1984.

  Vesting:
100 percent after the completion of 12 years of service.

- o Retirement Benefit
A monthly benefit equal to 50 percent of the greater of monthly pay at retirement or salary averaged over the final 60 months of employment, plus a service increment of 1/40th of normal retirement benefit for each year of completed service in excess of 20 years up to a maximum increment of $100 per month.

- o Death Benefit
For Members Killed-in-Service:
A monthly benefit equal to 50 percent of the participant's monthly pay, is payable to the participant's spouse until death. In the event of death (or no spouse is alive when participant dies), each of the participant's dependent children will receive an equal share of the benefit until their 18th birthday.

  Non-Service Related Death Before Completion of Ten Years of Service:
A monthly benefit equal to 25 percent of the participant's monthly pay is payable to the spouse until the youngest child attains age 18. After the youngest child attains age 18, the benefit drops to 12.5 percent of monthly pay, 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 percent of monthly pay benefit until the youngest attains age 18, at which time no further benefits will be payable.

NOTE C: (CONTINUED)

Non-Service Related Death After Completion of Ten Years of Service but Before Retirement Eligibility:
A monthly benefit equal to 50 percent of the participant's monthly pay is payable to the spouse until the youngest child attains age 18. After the youngest child attains age 18, the benefit drops to 25 percent of monthly pay, 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 50 percent of monthly pay benefit until the youngest attains age 18, at which time no further benefits will be payable.

Non-Service Related Death After Retirement Eligibility:
A monthly benefit equal to 50 percent 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 until death. In the event of death, each of the participant's dependent children will receive an equal share of the benefit until their 18th birthday.

- Disability Benefit
  Service Related:
  For total and permanent disablement after the completion of ten years of service, a monthly benefit equal to 50 percent of pay (or average compensation as described above) is payable. Prior to the completion of 10 years of service, 25 percent of pay (or average compensation) is payable.

  Non-Service Related:
  Same

- Vesting
  If eligible (see above) benefit is 50 percent of average pay or pay at termination, multiplied by the ratio of service at termination to service that would have been completed at normal retirement.

- Member Contributions
  Amount or Rate:
  4.0 percent of compensation, plus $12 per year for the service increment.

  Interest Rate Credited to Member Contributions:
  0.0 percent

NOTE C: (CONTINUED)

B. Summary of Significant Accounting Policies

1. **Basis of Accounting**
   These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

2. **Valuation of Investments**
   Plan investments are listed at fair value as reported by PNC Bank.

C. Contributions

Act 205 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation (annual valuation for distressed plans). The MMO includes the normal costs, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute 4 percent of covered payroll, plus $12 per year to the plan. This contribution is governed by the plan's governing ordinances and collective bargaining.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through the MMO and/or plan earnings.

D. Investments that Represent 5 Percent or More of Plan Net Assets

At December 31, 2000, the plan had the following investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represent 5 percent or more of Plan Net Assets ($2,090,735 x .05 = $104,537).

Blackrock Funds (PNC Bank):	
Large Cap Value Equity Portfolio	$441,524
Large Cap Growth Equity Portfolio	$316,882
Select Equity Portfolio	$369,737
Core Bond Portfolio	$772,895

NOTE C: (CONTINUED)

CITY OF MONESSEN
Police Pension Plan

NOTES TO THE SUPPLEMENTARY SCHEDULES

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

Actuarial valuation date	January 1, 1999
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	13 years (aggregate)
Asset valuation method	Contract value
Actuarial assumptions:	
Investment rate of return	7.5 percent
Projected salary increases*	5.0 percent
*Includes inflation at	3.0 percent

City of Monessen
Police Pension Plan
Required Supplementary Information
Schedule of Funding Progress
1995-1999

Historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

NOTE C: (CONTINUED)

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 1995, is as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	© Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
01/01/95	$1,179,689	$2,679,413	$1,499,724	44.0%	$439,421	341.3%
*01/01/97	$1,359,915	$3,041,346	$1,681,431	44.7%	$486,350	345.7%
01/01/99	$1,796,306	$3,229,554	$1,433,248	55.6%	$514,223	278.7%

* Revised assumptions due to experience review

City of Monessen
Police Pension Plan
Required Supplementary Information
Schedule of Contributions from the Employer
and Other Contributing Entities
1995-2000

Years Ended December 31,	Annual Required Contribution	Percentage Contributed
1995	$196,245	100%
1996	$202,707	100%
1997	$212,299	100%
1998	$214,188	100%
1999	$235,441	100%
2000	$238,237	101%

The City made the required contribution of $240,729 to the Police Pension Plan, for the year ended December 31, 2000. The net pension obligation of the City at December 31, 2000 is $0.

NOTE C: (CONTINUED)

Fire Truck Driver's Pension Plan

1. **General**
   The City of Monessen Paid Firetruck Driver's Pension Fund is a single-employer defined benefit pension plan. The plan was established by Ordinance No. 2 of 1969, enacted January 31, 1969. The Plan was amended and restated by Ordinance No. 5 effective January 1, 2000. The plan is governed by the City Council of the City of Monessen which may amend plan provisions, and which is responsible for the management of plan assets. The City Council has delegated the authority to manage certain plan assets to PNC Bank.

2. **Plan Membership**
   Actuarial Valuation Report Form PC-202C, which was filed with the Public Employee Retirement Commission and dated January 1, 1999, discloses that pension plan membership consists of:

o Active employees	3
o Retirees and beneficiaries currently receiving benefits	2
o Terminated employees entitled to benefits but not yet receiving them	0
Total	5

3. **Benefit Provisions**
   Actuarial Valuation Report Form PC-202C, which was filed with the Public Employee Retirement Commission and dated January 1, 1999, discloses that the pension plan benefit provisions are as follows:

   o Eligibility Requirements
   Normal Retirement:
   For participants hired on or before January 1, 1984: Later of age 50 and the completion of 20 years of service. For participants hired after January 1, 1984: Later of age 55 and the completion of 20 years of service.

   Vesting:
   100 percent after the completion of 12 years of service.

   o Retirement Benefit
   A monthly benefit equal to 50 percent of final monthly Compensation (or Average Compensation over the highest five years, if greater) plus a service increment of 1/40th of pension benefit for each year of service in excess of 20 years, but excluding service after age 65. Maximum increment is $100.

NOTE C: (CONTINUED)

- Death Benefit
  Before Retirement Eligibility:
  Refund of Contributions without interest.

  After Retirement Eligibility or for Members Killed-in-Service:
  The spouse will receive the amount the participant was receiving or entitled to receive for life or until remarriage. In the event of the spouse's death or remarriage, the participant's children under 18 will share the benefit.

- Disability Benefit
  Service Related:
  For total and permanent disablement, a monthly benefit equal to 50 percent of final monthly compensation (or Average Compensation as above; if greater) will be payable, reduced by any workers' compensation received.

  Non-Service Related:
  None

- Vesting
  If eligible (see above), the benefit is 50 percent of final monthly Compensation (or Average Compensation) at termination, multiplied by the ratio of service at termination to service that would have been completed at normal retirement.

- Member Contributions
  Amount or Rate:
  4.0 percent of compensation plus $1 per month.

  Interest Rate Credited to Member Contributions:
  0.0 percent

NOTE C: (CONTINUED)

B. Summary of Significant Accounting Policies

1. **Basis of Accounting**
   These statements have been prepared on the accrual basis of accounting. Contributions and pension payments are recognized in the period that they are due.

2. **Valuation of Investments**
   Plan investments are listed at fair value as reported by PNC Bank.

C. Contributions

Act 205 (as amended) requires that annual contributions be based upon the Minimum Municipal Obligation (MMO), which is based on the plan's biennial actuarial valuation (annual valuation for distressed plans). The MMO includes the normal costs, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10 percent of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The state provides an allocation of funds which must be used for pension funding. Any financial requirement established by the MMO which exceeds state and member contributions must be funded by the employer.

Employees are required to contribute 4 percent of covered payroll, plus $1 per month to the plan. This contribution is governed by the plan's governing ordinances and collective bargaining.

Administrative costs, which may include but are not limited to investment management fees and actuarial services, are charged to the plan and funded through the MMO and/or plan earnings.

D. Investments that Represent 5 Percent or More of Plan Net Assets

At December 31, 2000, the plan had the following investments (other than U.S. Government and U.S. Government guaranteed obligations), in any one organization that represent 5 percent or more of Plan Net Assets ($778,023 x .05 = $38,901).

Blackrock Funds (PNC Bank):	
Large Cap Value Equity Portfolio	$141,264
Large Cap Growth Equity Portfolio	$107,687
Select Equity Portfolio	$121,688
Core Bond Portfolio	$286,931

NOTE C: (CONTINUED)

CITY OF MONESSEN
Paid Firetruck Driver's Pension Fund

NOTES TO THE SUPPLEMENTARY SCHEDULES

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

Actuarial valuation date	January 1, 1999
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years (aggregate)
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.5 percent
Projected salary increases*	5.0 percent
*Includes inflation at	3.0 percent

City of Monessen
Paid Firetruck Driver's Pension Fund
Required Supplementary Information
Schedule of Funding Progress
1995-1999

Historical trend information about the plan is presented herewith as required supplementary information. It is intended to help users assess the plan's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other state and local government retirement systems.

NOTE C: (CONTINUED)

The actuarial information is required by Act 205 biennially, except for distressed pension plans, which require annual reporting. The historical information required to be disclosed, beginning as of January 1, 1995, is as follows:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	© Covered Payroll	[(b-a)/c] UAAL as a Percentage of Covered Payroll
01/01/95	$422,797	$753,474	$330,677	56.1%	$ 97,957	337.6%
*01/01/97	$501,599	$792,693	$291,094	63.3%	$112,248	259.3%
01/01/99	$700,471	$889,472	$189,001	78.8%	$108,811	173.7%

* Revised assumptions due to experience review

City of Monessen
Paid Firetruck Driver's Pension Fund
Required Supplementary Information
Schedule of Contributions from the Employer
and Other Contributing Entities
1995-2000

Years Ended December 31,	Annual Required Contribution	Percentage Contributed
1995	$50,080	100%
1996	$52,084	100%
1997	$56,108	100%
1998	$58,264	100%
1999	$56,820	100%
2000	$46,055	100%

The City made the required contribution of $46,055 to the Paid Firetruck Driver's Pension Fund for the year ended December 31, 2000. The net pension obligation of the City at December 31, 2000 is $0.

NOTE C: PENSION PLANS

Nonunifored Pension Plan

1. General
   The City of Monessen Nonuniformed Pension Plan is a single-employer defined contribution pension plan effective October 1, 1981, most recently amended January 1, 1989.

   The plan is governed by the Council of the City of Monessen which is responsible for the management of plan assets. The Council has delegated the authority to manage certain plan assets to Capital Retirement Plan Services, Inc.

2. Plan Membership
   As of December 31, 2000, the pension plan's membership consisted of:

Active employees	25
Retirees and beneficiaries currently receiving benefits	0
Terminated employees entitled to benefits but not yet receiving them	2
Total	27

3. Funding Policy
   Participants are required to contribute 5 percent of their compensation to the plan.

   The City makes the required contribution of 8 percent of the participants' compensation. The City's total payroll for the current year was $1,480,043 and the City's contributions were based on a payroll of $648,200. The covered employees made the required contribution of $32,410.

NOTE D: GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is comprised of the following:

	Building	Equipment	Total
Municipal Building	$1,322,753	$201,181	$1,523,934
Hilltop Fire Station	264,963	12,660	277,623
City Garage	415,680	157,836	573,516
Civic Center	725,418	30,707	756,125
Monessen Elementary Center	0	13,090	13,090
City Park	213,583	14,538	228,121
City Park - Comfort Station and Storage Bldg.	93,988	9,564	103,552
City Park - Storage Shed	2,353	0	2,353
City Park - Shelter #1	5,245	0	5,245
City Park - Shelter #2	12,420	0	12,420
City Park - Shelter #3	6,722	0	6,722
City Park - Footbridge	3,603	0	3,603
Shawnee Park	2,513	1,580	4,093
	$3,069,241	$441,156	$3,510,397

A summary of changes in General Fixed Assets for the year ended December 31, 2000, is as follows:

	Balance January 1, 2000	Additions	Disposals	Balance December 31, 2000
Building	$3,069,241	$ 0	$ 0	$3,069,241
Equipment	486,215	33,131	78,190	441,156
	$3,555,456	$ 33,131	$ 78,190	$3,510,397

NOTE G: PREPAID EXPENSES

Prepaid expenses at December 31, 2000, is represented by the following:

Prepaid Employee Benefits - Health Insurance	$28,339
Insurance - Worker Compensation	21,464
Insurance - Life	1,042
Police Professional	10,290
Policy Renewal	312
Equipment	14,336
Umbrella Policy	3,420
	$79,203

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, 2000, consists of the following:

General Fund:	
Real Estate Taxes	$188,743
Redevelopment Authority:	
Deferred Grant Money	100,000
	$288,743

NOTE I: CONTINGENT LIABILITIES

Management is not aware of any threatened litigation, claims, or assessments of any nature involving the City of Monessen.

SUPPLEMENTARY INFORMATION

EXHIBIT 1

CITY OF MONESSEN
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Liquid Fuels	Off Street Parking	Capital Reserve Fund
Revenue:			
Taxes	$177,856	$ 0	$140,265
Interest, Rents, and Royalties	6,575	0	3,550
Intergovernmental Revenue	0	0	0
Miscellaneous	0	20,578	0
Total Revenue	184,431	20,578	143,815
Expenditures:			
Community Redevelopment	0	0	0
Lease Bond Payments	0	26,800	0
Capital Expenditures	0	0	185,511
Total Expenditures	0	26,800	185,511
Excess of Revenues Over (Under) Expenditures	184,431	(6,222)	0
Other Financing Uses:			
Operating Transfers Out	(184,431)	0	0
Total Other Financing Uses	(184,431)	0	(41,696)
Excess Revenue Over (Under) Expenditures and Other Financing Uses	0	(6,222)	(41,696)
Fund Balance, January 1, 1999	0	11,949	52,450
Fund Balance, December 31, 2000	$ 0	$ 5,727	$ 10,754

Small Communities Projects	Total
$ 0	$ 318,121
9,000	19,125
588,241	588,241
19,828	40,406
617,069	965,893
660,417	660,417
0	26,800
0	185,511
660,417	872,728
0	93,165
0	(184,431)
(43,348)	(184,431)
(43,348)	(91,266)
980,004	1,044,403
$936,656	$ 953,137

EXHIBIT 2

CITY OF MONESSEN
COMBINED BALANCE SHEET
ALL PROPRIETARY FUND TYPES
DECEMBER 31, 2000

	Monessen Civic Recreation Authority	Monessen Parking Authority	Mon Valley Refuse Disposal Authority	Redevelopment Authority of the City of Monessen
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 9,680	$ 352	$ 68,468	$ 313,610
Investments	0	54,285	101,000	0
Future Lease Rentals Receivable	0	62,000	0	0
Interest Receivable	0	0	0	13,377
Accounts Receivable, Other	0	0	23,618	0
Total Current Assets	9,680	116,637	193,086	326,987
Noncurrent Assets:				
Loans Receivable	0	0	0	639,315
Total Noncurrent Assets	0	0	0	639,315
Fixed Assets	17,095	607,669	60,759	168,736
Less: Accumulated Depreciation	(4,348)	(496,558)	(60,759)	0
Net Fixed Assets	12,747	111,111	0	168,736
Total Assets	22,427	227,748	193,086	1,135,038
Liabilities and Retained Earnings				
Liabilities:				
Deferred Revenue	0	0	0	100,000
Accounts Payable	0	0	26,333	1,441
Accrued Liabilities	0	0	323	0
Parking Revenue Bonds, Series of 1965	0	62,000	0	0
Total Liabilities	0	62,000	26,656	101,441
Retained Earnings:				
Unreserved	22,427	0	166,430	1,033,597
Reserved by Parking Authority Trust Indenture	0	165,748	0	0
Total Retained Earnings	22,427	165,748	166,430	1,033,597
Total Liabilities and Retained Earnings	$22,427	$227,748	$193,086	$1,135,038

Total
$ 392,110
155,285
62,000
13,377
23,618
646,390
639,315
639,315
854,259
(561,665)
292,594
1,578,299
100,000
27,774
323
62,000
190,097
1,222,454
165,748
1,388,202
$1,578,299

EXHIBIT 3

CITY OF MONESSEN
COMBINED BALANCE SHEET
ALL FIDUCIARY FUND TYPES
DECEMBER 31, 2000

	Nonexpendable Trust Funds			Agency Fund	
	Police Pension Fund	Fire Truck Driver's Pension Fund	Nonuniformed Pension Fund	Fire Escrow Fund	Total
Assets					
Cash	$ 0	$ 0	$ 0	$ 0	$ 0
Investments*	2,090,735	778,372	1,098,399	0	3,967,506
Total Assets	2,090,735	778,372	1,098,399	0	3,967,506
Fund Balance:					
Reserved for Employee Pension Benefits	2,090,735	778,372	1,098,399	0	3,967,506
Total Fund Balance	2,090,735	778,372	1,098,399	0	3,967,506
Total Liabilities and Fund Balance	$2,090,735	$778,372	$1,098,399	$ 0	$3,967,506

* Amounts recorded at fair value.

EXHIBIT 4

CITY OF MONESSEN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor/Pass Through Grantor/Program Title	Source Code	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates
U.S. Department of Housing and Urban Development				
Passed Through the PA Department of Community and Economic Development				
Community Development Block Grant				
Contract Number 20-762-0090	I/F	14.228	S-00-E06-52	05/10/00-05/09/05
Contract Number 99-762-00090	I/F	14.228	S-99-E06-52	05/05/99-05/04/04
Contract Number 98-762-0174	I/F	14.228	S-98-E06-52	01/06/99-01/05/04
Contract Number 97-762-0124	I/F	14.228	S-97-E06-52	07/11/97-07/10/02
TOTAL PASSED THROUGH THE PA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT				
Passed Through Westmoreland County				
HOME Investment Partnership Program				
HOME Investment Partnership Program	I/F	14.239	N/A	06/11/98-06/11/01
TOTAL PASSED THROUGH WESTMORELAND COUNTY				
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Other Federal Awards:				
U.S. Department of Justice				
COPS Universal Hiring Program	D/F	16.710	96-UM-WX-1290	07/01/96-12/31/00
TOTAL EXPENDITURES OF FEDERAL AWARDS				

See accompanying note to Schedule of Expenditures of Federal Awards.

Program or Award Amount	Total Received For Year	Accrued or (Deferred) Revenue @ 12/31/99	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue @ 12/31/00
$421,127	$ 234,591	$ 9,707	$225,023	$225,023	$ 139
417,385	128,812	10,273	118,539	118,539	0
428,375	109,354	1,396	107,958	107,958	0
422,262	37,056	0	48,738	48,738	11,682
	509,813	21,376	500,258	500,258	11,821
195,500	87,982	0	87,982	87,982	0
	87,982	0	87,982	87,982	0
	597,795	21,376	588,240	588,240	11,821
$150,000	39,220	13,795	33,539	33,539	8,114
	$637,015	$35,171	$621,779	$621,779	$19,935

CITY OF MONESSEN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Monessen and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.