CITY OF MONESSEN

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

City of Monessen
Annual Report
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City of Monessen

Annual Report

I

Independent Auditors' Report

McCLURE & WOLF, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1926

538 MORGANTOWN STREET
UNIONTOWN, PA 15401-5412

TELEPHONE 724-437-2000
FAX 724-438-8566

www.mcclurewolfcpas.com

JEFFREY W. McCABE, CPA
ELI T. ELIAS, JR., CPA
CLAYTON E. GREGG IV, CPA
AMANDA J. SMITH, CPA
DREW D. DuPONT, CPA

-RETIRED-
DAVID E. PRIEST, CPA

INDEPENDENT AUDITORS' REPORT

Mayor and Members of Council
City of Monessen
557 Donner Avenue
Monessen, PA 15062

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monessen (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison on page 42 and the supplementary pension disclosures on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor governmental fund financial statements on pages 47 and 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

McClure & Wolf, LLP

McClure & Wolf, LLP
Uniontown, Pennsylvania
July 15, 2021

City of Monessen

Annual Report

II

Basic Financial Statements

City of Monessen
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	$ 731,263	$ 281	$ 731,544
Investments	467,650	-	467,650
Receivables, net	1,385,105	6,759	1,391,864
Internal balances	5,474	(5,474)	-
Prepaid expenses	-	-	-
TOTAL CURRENT ASSETS	2,589,492	1,566	2,591,058
NONCURRENT ASSETS			
Capital assets:			
Land and buildings	7,547,803	-	7,547,803
Infrastructure	6,887,939	-	6,887,939
Vehicles and equipment	2,099,259	-	2,099,259
Less accumulated depreciation	(5,575,530)	-	(5,575,530)
TOTAL CAPITAL ASSETS	10,959,471	-	10,959,471
Other noncurrent assets:			
Notes receivable	-	190,000	190,000
TOTAL NONCURRENT ASSETS	10,959,471	190,000	11,149,471
TOTAL ASSETS	13,548,963	191,566	13,740,529
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	480,180	-	480,180
OPEB related	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	480,180	-	480,180
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	616,968	5,204	622,172
Accrued expenses	42,975	6,482	49,457
Other liabilities	12,925	-	12,925
Portion of notes payable due within one year	317,771	-	317,771
TOTAL CURRENT LIABILITIES	990,639	11,686	1,002,325
LONG-TERM LIABILITIES			
OPEB obligations	8,707,397	-	8,707,397
Compensated absences	127,983	-	127,983
Net pension liability	1,650,457	-	1,650,457
Portion of notes payable due after one year	6,661,300	-	6,661,300
TOTAL LONG-TERM LIABILITIES	17,147,137	-	17,147,137
TOTAL LIABILITIES	18,137,776	11,686	18,149,462
DEFERRED INFLOWS OF RESOURCES			
Pension related	611,718	-	611,718
OPEB related	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	611,718	-	611,718
NET POSITION			
Net investment in capital assets	3,980,400	-	3,980,400
Restricted	1,021,092	-	1,021,092
Unrestricted	(9,721,843)	179,880	(9,541,963)
TOTAL NET POSITION	$ (4,720,351)	$ 179,880	$ (4,540,471)

See accompanying auditors' report.

City of Monessen
Statement of Activities
For the Year Ended December 31, 2019

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Totals
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 595,947	$ 124,336	$ 16,205	$ -	$ (455,406)	$ -	$ (455,406)
Public safety	1,001,349	78,379	30,402	329	(892,239)	-	(892,239)
Public works	900,196	1,034,530	743,752	17,392	895,478	-	895,478
Health and sanitation	402,412	1,575	-	-	(400,837)	-	(400,837)
Culture and recreation	103,439	-	-	-	(103,439)	-	(103,439)
Community development	461,886	-	94,376	147,000	(220,510)	-	(220,510)
Employee benefits and insurance	2,055,174	-	153,615	-	(1,901,559)	-	(1,901,559)
Interest on long-term liabilities	229,874	-	-	-	(229,874)	-	(229,874)
TOTAL GOVERNMENTAL ACTIVITIES	5,750,277	1,238,820	1,038,350	164,721	(3,308,386)	-	(3,308,386)
Business-type activities:							
Municipal Complex Fund	-	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	$ 5,750,277	$ 1,238,820	$ 1,038,350	$ 164,721	$ (3,308,386)	$ -	$ (3,308,386)
GENERAL REVENUES							
Property taxes					$ 2,209,996	$ -	$ 2,209,996
Earned income taxes					626,281	-	626,281
Local services tax					76,147	-	76,147
Mercantile tax					27,099	-	27,099
Licenses and permits					306,524	-	306,524
Real estate transfer tax					52,942	-	52,942
Fines and forfeits					42,490	-	42,490
Investment income					37,452	-	37,452
Public utility realty tax					2,597	-	2,597
Alcoholic beverage licenses					2,350	-	2,350
Miscellaneous					105,163	-	105,163
TRANSFERS					-	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					3,489,041	-	3,489,041
CHANGE IN NET POSITION					180,655	-	180,655
NET POSITION–BEGINNING OF YEAR					(4,901,006)	179,880	(4,721,126)
NET POSITION–END OF YEAR					$ (4,720,351)	$ 179,880	$ (4,540,471)

See accompanying auditors' report.

City of Monessen
Balance Sheet
Governmental Funds
December 31, 2019

	General Fund	Line Usage Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 179,203	$ 87,058	101,972	$ 363,030	$ 731,263
Investments	211,119	97,067	-	159,464	467,650
Taxes receivable	1,489,016	-	-	-	1,489,016
Accounts receivable	-	-	-	-	-
Due from other funds	51,178	239,938	-	17,820	308,936
Other receivables	-	-	-	451	451
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	$ 1,930,516	$ 424,063	$ 101,972	$ 540,765	$ 2,997,316
LIABILITIES					
Accounts payable	$ 616,965	$ -	$ -	$ 3	$ 616,968
Accrued expenses	25,089	-	-	-	25,089
Due to other funds	257,757	-	45,705	-	303,462
Other liabilities	12,925	-	-	-	12,925
Deferred revenues	1,585,159	-	-	-	1,585,159
TOTAL LIABILITIES	2,497,895	-	45,705	3	2,543,603
FUND BALANCES					
Restricted for:					
Public works	-	-	-	49,400	49,400
Capital projects	-	-	56,267	-	56,267
Public safety	-	-	-	22,114	22,114
Community development	-	-	-	172,702	172,702
Sewer repair and maintenance	-	424,063	-	-	424,063
Culture and recreation	-	-	-	169,359	169,359
Debt Service	-	-	-	127,187	127,187
Unassigned	(567,379)	-	-	-	(567,379)
TOTAL FUND BALANCES	(567,379)	424,063	56,267	540,762	453,713
TOTAL LIABILITIES AND FUND BALANCES	$ 1,930,516	$ 424,063	$ 101,972	$ 540,765	$ 2,997,316

See accompanying auditors' report.

City of Monessen
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

TOTAL GOVERNMENTAL FUNDS BALANCES		$ 453,713
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Land and buildings	$ 7,547,803	
Infrastructure	6,887,939	
Vehicles and equipment	2,099,259	
Accumulated depreciation	(5,575,530)	
		10,959,471
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of the following:		
OPEB obligations	(8,707,397)	
Notes payable in future years	(6,979,071)	
Compensated absences	(127,983)	
		(15,814,451)
Deferred inflows of resources and deferred outflows of resources applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities or deferred inflows of resources or deferred outflows of resources. Recognition of pension expense on the accrual basis also includes recognition of deferred inflows of resources, deferred outflows of resources, and the net pension liability (or asset) in the government-wide statements, but the governmental funds recognize these amounts on the modified accrual basis.		(1,781,995)
Some of the City's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds. This is the amount that the deferrals exceed allowances for doubtful accounts.		1,462,911
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (4,720,351)

City of Monessen
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Line Usage Fund	Capital Projects Fund	Other Government Funds	Total Government Funds
REVENUES					
Taxes	$ 2,164,676	$ -	$ -	$ 747,879	$ 2,912,555
Licenses and permits	304,174	-	-	2,350	306,524
Intergovernmental	485,695	-	-	722,323	1,208,018
Fines	42,490	-	-	-	42,490
Charges for services	848,965	389,855	-	-	1,238,820
Investment earnings	16,618	2,003	1,223	17,608	37,452
Miscellaneous	49,308	-	-	-	49,308
TOTAL REVENUES	3,911,926	391,858	1,223	1,490,160	5,795,167
EXPENDITURES					
Current:					
General government	482,821	-	-	301	483,122
Public safety	1,001,349	-	-	-	1,001,349
Public works	444,252	447,094	-	211,254	1,102,600
Sanitation	402,412	-	-	-	402,412
Culture and recreation	-	-	-	103,439	103,439
Community development	186,998	-	9,335	265,553	461,886
Employee benefits and insurance	1,789,135	-	-	-	1,789,135
Debt service:					
Interest	8,204	-	-	221,670	229,874
Principal	-	-	-	299,188	299,188
TOTAL EXPENDITURES	4,315,171	447,094	9,335	1,101,405	5,873,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(403,245)	(55,236)	(8,112)	388,755	(77,838)
OTHER FINANCING SOURCES (USES)					
Proceeds of long-term debt	-	-	-	-	-
Sale of fixed assets	27,684	-	-	-	27,684
Other sources (uses)	31,895	-	-	(3,724)	28,171
Transfers in	144,799	-	-	98,424	243,223
Transfers out	-	-	(98,424)	(144,799)	(243,223)
TOTAL OTHER FINANCING SOURCES (USES)	204,378	-	(98,424)	(50,099)	55,855
NET CHANGE IN FUND BALANCES	(198,867)	(55,236)	(106,536)	338,656	(21,983)
FUND BALANCES–BEGINNING	(368,512)	479,299	162,803	202,106	475,696
PRIOR-PERIOD ADJUSTMENT	-	-	-	-	-
FUND BALANCES–ENDING	$ (567,379)	$ 424,063	$ 56,267	$ 540,762	$ 453,713

See accompanying auditors' report.

City of Monessen
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2019

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS	$ (21,983)
Because some revenues will not be collected for several months after the City's year end, they are not considered as available revenues in the Governmental Funds.	127,296
Repayment of note principal is an expenditure in the Governmental Funds, but repayment reduces long-term liabilities on the statement of net position.	299,188
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.	(313,425)
Capital outlays are reported in the Governmental Funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount that depreciation exceeds capital outlays in the current period.	89,579
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 180,655

See accompanying auditors' report.

City of Monessen
Statement of Net Position
Proprietary Funds
December 31, 2019

	Municipal Complex Fund
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 281
Accounts receivable, net	6,759
TOTAL CURRENT ASSETS	7,040
NONCURRENT ASSETS	
Notes receivable	190,000
Machinery and equipment	-
TOTAL NONCURRENT ASSETS	190,000
TOTAL ASSETS	197,040
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	5,204
Accrued expenses	6,482
Due to other funds	5,474
TOTAL CURRENT LIABILITIES	17,160
TOTAL LIABILITIES	17,160
NET POSITION	
Net investment in capital assets	-
Unrestricted	179,880
TOTAL NET POSITION	$ 179,880

See accompanying auditors' report.

City of Monessen
Statement of Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Municipal Complex Fund
OPERATING REVENUES	
Rent revenues	$ -
TOTAL OPERATING REVENUES	-
OPERATING EXPENSES	
Administrative	-
Supplies and maintenance	-
Occupancy	-
Depreciation expense	-
TOTAL OPERATING EXPENSES	-
NET OPERATING REVENUE (EXPENSE)	-
NONOPERATING REVENUE (EXPENSE)	
Interest income	-
Interest expense	-
Other income	-
Grants	-
NET NONOPERATING REVENUE (EXPENSE)	-
INCOME (LOSS) BEFORE TRANSFERS	-
INTERFUND TRANSFERS	
Interfund transfers in	-
Interfund transfers out	-
NET INTERFUND TRANSFERS	-
CHANGE IN NET POSITION	-
PRIOR-PERIOD ADJUSTMENTS	-
NET POSITION–BEGINNING	179,880
NET POSITION–ENDING	$ 179,880

See accompanying auditors' report.

City of Monessen
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Municipal Complex Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ -
Payments for administration	-
Payments for operations	-
Other receipts (payments)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from (to) other funds	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grants and other receipts	-
Capital acquisitions	-
Proceeds from long term debt	-
Principal paid on capital debt	-
Interest paid on capital debt	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
BALANCES–BEGINNING OF YEAR	281
BALANCES–END OF YEAR	$ 281
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ -
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	-
Change in assets, liabilities, and deferred resources:	
Receivables, net	-
Due from other funds	-
Prepaid expenses	-
Accounts payable	-
Accrued expenses	-
Compensated absences	-
Unearned revenues	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ -

See accompanying auditors' report.

City of Monessen
Statement of Net Position
Fiduciary Funds
December 31, 2019

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Nonuniformed Pension Fund	Agency Funds
ASSETS				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Receivables	446,782	-	8,585	-
Due from other funds	-	-	-	-
Investments, at fair value	4,271,521	197,236	1,713,167	-
TOTAL ASSETS	4,718,303	197,236	1,721,752	-
LIABILITIES				
Accrued benefits	-	-	-	-
Unsettled trades	-	-	-	-
Due to other funds	-	-	-	-
Due to property owners	-	-	-	-
Due to component units	-	-	-	-
TOTAL LIABILITIES	-	-	-	-
NET POSITION				
HELD IN TRUST FOR PENSION BENEFITS	$ 4,718,303	$ 197,236	$ 1,721,752	$ -

See accompanying auditors' report.

City of Monessen
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Police Pension Fund	Fire Truck Drivers' Pension Fund	Nonuniformed Pension Fund
ADDITIONS			
Contributions:			
Employer	$ 232,504	$ -	$ -
Plan members	26,416	-	132,349
State aid	153,615	-	-
TOTAL CONTRIBUTIONS	412,535	-	132,349
Investment earnings:			
Investment income	72,970	4,313	2,681
Net increase (decrease) in fair value of investments	548,465	25,861	232,265
TOTAL ADDITIONS	1,033,970	30,174	367,295
DEDUCTIONS			
Benefits	352,390	44,714	109,799
Administrative expenses	14,643	4,073	6,676
TOTAL DEDUCTIONS	367,033	48,787	116,475
CHANGE IN NET ASSETS	666,937	(18,613)	250,820
NET POSITION–BEGINNING OF YEAR	4,051,366	215,849	1,470,932
NET ASSETS–END OF YEAR	$ 4,718,303	$ 197,236	$ 1,721,752

See accompanying auditors' report.

NOTE 1: REPORTING ENTITY:

The City of Monessen (the City) was incorporated September 16, 1921, and operates under the Third Class City Code of the Commonwealth of Pennsylvania. The City operates with a Mayor/Council form of government. It is located near the southwestern corner of Pennsylvania in Westmoreland County.

Generally accepted accounting principles require government financial statements to include the primary government and its component units in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, "The Financial Reporting Entity". Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the City has no potential component units.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounts of the City are organized on the basis of funds, 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 equity, revenues, and expenditures or expenses, as appropriate. Governmental 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.

A. GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The City government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total

primary government column. In the statement of activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

B. GOVERNMENTAL FUND FINANCIAL STATEMENTS:

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements. The City has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures, and changes in fund balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

A description of the City's governmental funds follows:

1. Governmental Funds:

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The General Fund, Line Usage Fee Fund, and Capital Projects Fund are the City's major governmental funds.

a. General Fund:

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

b. Line Usage Fee Fund:

The Line Usage Fee Fund accounts for fees levied for the purpose of maintaining and repairing sanitary sewer lines, as well as grants for the same purpose.

c. Capital Projects Fund:

Capital projects fund accounts for resources which are expended for various projects.

The other governmental funds of the City are used to account for other resources. These include the Library Fund, the Small Community Projects Fund, the Canine Fund, the Debt Service Fund, the Liquid Fuels Fund, and the Park Fund whose uses are restricted to particular purposes.

C. PROPRIETARY FUND FINANCIAL STATEMENTS:

Proprietary fund financial statements include a statement of net position, a statement of changes in fund net position, and a statement of cash flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

A description of the City's proprietary funds follows:

1. Enterprise Funds:

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation of providing goods or services to the general public on a continuing basis) be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains one enterprise fund.

a. Municipal Complex Fund:

The Municipal Complex Fund accounted for rents received from the tenants in the City's Municipal Complex prior to its sale in 2017. The fund accounts for all operational costs of the building, as well as any repairs and maintenance on the building. This fund is the City's only enterprise fund and it is reported as a major fund.

D. FIDUCIARY FUND FINANCIAL STATEMENTS:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are no available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City maintains three pension trust funds.

1. Pension Trust Funds:

   a. Policemen's Pension Fund

   b. Fire Truck Drivers' Pension Fund

   c. Non-Uniformed Pension Fund

   These are trust funds established to account for revenues and pension expenditures to the City's defined benefit plans and defined contribution plan. Pension trust funds are accounted for in essentially the same manner as governmental funds.

E. 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 Funds and Fiduciary 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. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

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; and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary 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.

F. USE OF ESTIMATES:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. BUDGETS AND BUDGETARY ACCOUNTING:

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

Prior to December 31, the budget is legally enacted through passage of a resolution.

Formal budgetary integration is employed as a management control device during the year for the General Fund.

The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.

The City is not permitted to amend the budget during the year to change the original appropriation. The control level at which the budget must report is function and object. The General Fund is the only fund for which a budget is required to be adopted.

At December 31 of each year, appropriations lapse and may not be carried forward.

Encumbrances are utilized to the extent necessary for the City to maintain proper control over the budget. Open encumbrances at year-end lapse and are reappropriated in the next year's budget.

H. CASH AND INVESTMENTS:

For purposes of the statement of cash flows, the proprietary fund considers all liquid investments with a maturity of three months or less when purchased and pooled fund investments subject to daily withdrawal to be cash equivalents.

Custodial Credit Risk—The City is permitted to invest funds consistent with sound business practices in the following types of investments, certain money market mutual funds, and deposit accounts:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Act 20, a Pennsylvania law enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Interest Rate Risk—The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk—The City places no limit on the amount it may invest in any one issue.

Method to Estimate Fair Value—Investments are stated at fair market value.

I. CAPITAL ASSETS:

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at $2,500. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	20–50 years
Sewer system	30–50 years
Machinery and equipment	5–10 years
Improvements	10–20 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements.

J. LONG-TERM LIABILITIES:

Long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statements and the government-wide statements (either governmental activities or business-type activities, as applicable). Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premiums and discounts. Issuance costs are reported as deferred charges.

In the governmental fund financial statements, bond premiums, discounts, and issuance costs are recognized during the current period. The face amount of debt issued and any premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

K. INTERFUND RECEIVABLES/PAYABLES:

During the course of operations, transactions sometime occur between individual funds for goods provided or services rendered. These receivables and payables, to the extent they exist, are classified as "Interfund Receivable" or "Interfund Payable" on the balance sheet.

L. FUND BALANCES:

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City classifies governmental fund balances as follows:

Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. All amounts reported as non-spendable at December 31, 2019, by the City are non-spendable in form.

Restricted—includes amounts that are restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to formal action taken by the Board of Supervisors, the City's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Supervisors.

Assigned—includes amounts that the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the Administration and/or the Board of Supervisors.

Unassigned—Includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Board of Supervisors has provided otherwise in its commitment or assignment actions.

M. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

The Government Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

GASB has issued Statement No. 87, "Leases". The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and enhancing the relevance, reliability and consistency of information about the leasing activities of government. The provisions of this statement are effective for the City's December 31, 2022, financial statements.

The City has not yet completed the analysis necessary to determine the actual financial statement impact of this new pronouncement.

NOTE 3: PROPERTY TAXES:

Property taxes attach as an enforceable lien on property as of January 15 of the following year. Taxes are levied on April 1 of the prior year and are payable in one installment. The City bills and collects its own property taxes through a locally elected tax collector. The tax levy for 2018 was based on assessed values on January 1, 2019, of $58,593,650. The City tax rate for the year ended December 31, 2019, of 43.11 mills as levied by the City, was allocated as follows: 27.98 mills for the General Fund, 9.48 mills for Debt Service, 0.95 mills for the Library, and 4.7 mills for the Parks Fund.

Taxes may be paid at a 2% discount until June 1, at face until August 1, and at a 10% penalty until January 15 of the following year, at that time, they will be liened with the County, who then are responsible for their collections.

The City, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements. This balance of uncollected taxes from prior years is $1,385,105, net of allowances of $104,362.

NOTE 4: CASH:

The deposit policy of the City adheres to state statutes and prudent business practice. Governmental funds' amounts are either maintained in demand deposits or highly liquid money market funds and are captioned as "cash and cash equivalents" in the combined balance sheet. These amounts are stated at cost that approximates market. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the City.

Below is a summary of the City's deposits which are insured by the Federal Depository Insurance Company, and those which are not insured or collateralized in the City's name, but collateralized in accordance with Act 72 of the Pennsylvania State Legislature, which requires the financial institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name.

	FDIC Insured	Pooled Collateral	Bank Balance	Carrying Amount
Cash and Deposits	$385,740	$445,498	$831,238	$731,544

NOTE 5: INVESTMENTS:

The investments of the City have been categorized to indicate the level of risk assumed by the City. All investments are either investments, signifying that all are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name; or pooled investment funds which cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form.

Because the investment securities below are uninsured, unregistered, and in the possession of the counterparty or its safekeeping department, the investment securities are subject to custodial credit risk.

The City's investments at December 31, 2019, consist of:

	Carrying Amount	Fair Value/Contract Value
Pennsylvania Local Government Investment Trust	$ 467,650	$ 467,650
Huntington Bank	4,468,757	4,468,757
Voya Financial	1,641,156	1,641,156
Valic Investments	72,011	72,011
Total	$6,649,574	$6,649,574

The City Council has designated Voya Financial, Valic Investments, and Fusion Investment Group as custodial and trustee of the City's retirement assets. The City Council also has designated the Pennsylvania Local Government Investment Trust to hold non-retirement assets for the City.

The Council has authorized investments in U.S. Government and agency securities, foreign government bonds denominated in U.S. dollars and rated "AA," corporate bonds rated "A" or better, equity securities, direct real estate, and real estate commingled funds allowing for equity participation. The Council specifically prohibits investments in commodities, mineral rights, and options. Additionally, short-selling and margin purchase transactions are prohibited.

Valic Investments

For the portion of city pension assets invested with Valic Investments, the valuation method of investments have been derived from the Valic Audit Guide which measures its investments at contract value. GASB Statement No. 72 explicitly states that investments measured at contract value are not to be measured at fair value. The contract value is the account value at the end of the year without any market value adjustments applied.

Voya Financial and Fusion Investment Group

For the portion of city pension assets invested with Voya Financial and Fusion Investment Group, the market valuation method is used. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1 inputs—Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets. A quoted price for an identical asset or liability in an active market (e.g., an equity security traded on a major exchange) provides the most reliable fair value measurement and, if available, should be used to measure the fair value in that particular market.

Level 2 inputs—The categorization of an asset/liability as Level 1 requires that it is traded in an active market. If an instrument is not traded in an active market, it may fall to Level 2. Level 2 inputs are inputs that are observable, either directly or indirectly, but do not qualify as Level 1.

Level 3 inputs—Reporting entities may use unobservable inputs to measure fair value if relevant observable inputs are not available, thereby allowing for situations in which there is little, if any market activity for the asset or liability at the measurement date. These unobservable inputs are considered Level 3.

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Short-term investments are reported at amortized cost.

At December 31, 2019, the following table reflects the City's total investment portfolio as well as the valuation methods used:

Monessen Investment Portfolio
As of December 31, 2019

	2019	Level 1	Level 2	Level 3
FAIR VALUE MEASURMENTS USING				
INVESTMENTS BY FAIR VALUE LEVEL:				
Mutual funds (Voya Financial)	$1,641,156	$1,641,156	$ -	$ -
Exchange traded products (Huntington Bank)	4,271,836	4,271,836	-	-
Total Investments by Fair Value Level	5,912,992	5,912,992	-	-
INVESTMENTS MEASURED AT CONTRACT VALUE:				
Mutual fund (Valic Financial)	72,011	-	-	-
Total Investments Measured at Contract Value	72,011	-	-	-
INVESTMENTS AT OTHER THAN FAIR VALUE:				
Cash equivalents	664,571	-	-	-
Total Investments at Other than Fair Value	664,571	-	-	-
Total Investments	$6,649,574	$5,912,992	$ -	$ -

Custodial Credit Risk

Custodial credit risk is the risk of loss resulting from the failure of the custodian such that the trustee would not be able to recover the value of its investments or collateral securities in the possession of the custodian.

The trustee is exposed to the risk of loss of investments due to errors and omissions on behalf of its advisors is covered by the contractual obligation for the advisors to maintain errors and omissions insurance. The investment managers also must provide proof of a fidelity bond covering the advisor, the office, and its employees.

Credit Risk Concentration

Credit risk concentration is the risk of loss attributed to investments (other than those issued or guaranteed by the U.S. Government) in any one organization that represented 5 percent or more of the plan's net position. The City had no single issuer that exceeded 5 percent of total investments at December 31, 2019. Investment in mutual funds, external investment pools and other pooled investments were excluded in accordance with GASB.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a fixed income investment. The City had no actively managed long-term fixed income investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment.

NOTE 6: LOANS AND FEES RECEIVABLE:

Loans and fees receivable at December 31, 2019 consist of the following:

	Community Projects	General Fund	Municipal Complex Fund
Rehabilitation loans outstanding-small communities projects	$483,793	$ -	$ -
Garbage fees receivable	-	703,859	-
Installment sales	-	-	190,000
Allowance	(483,793)	(703,589)	-
Net Loan Receivable	$ -	$ -	$190,000

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

Garbage fees receivable represent delinquent garbage fees owed to the City by its residents. Allowance was increased in 2018 to be conservative based on past collection history.

The installment sale in the Municipal Complex Fund is the amount owed to the City for the sale of the Eastgate 8 building on May 1, 2017. The sale price of the building is $425,000, with $5,000 of earnest money paid upon signing the agreement, $230,000 to be received at closing and the remaining $190,000 to be paid over a five (5) year period at 2% interest. The balance of this receivable as of December 31, 2019, is $190,000.

NOTE 7: CHANGES IN CAPITAL ASSETS:

The following schedule summarizes the changes to the City's capital assets during the year ended December 31, 2019:

	Balance December 31, 2018	Increase	Decrease	Balance December 31, 2019
Land Improvements	$ 1,839,847	$ -	$ -	$ 1,839,847
Buildings	5,707,956	-	-	5,707,956
Infrastructure	6,685,535	202,404	-	6,887,939
Equipment	824,333	-	-	824,333
Vehicles	1,274,926	-	-	1,274,926
Subtotal	16,332,597	202,404	-	16,535,001
Construction in progress	-	-	-	-
Total Fixed Assets	16,332,597	202,404	-	16,535,001
Less accumulated depreciation	(5,462,705)	(112,825)	-	(5,575,530)
Net Fixed Assets	$ 10,869,892	$ 89,579	$ -	$ 10,959,471

In the 2019 year, infrastructure upgrades and equipment purchases added $202,404 to the historical cost of governmental activities and $0 to the historical cost of business-type activities. Depreciation expense for that same time period was $112,825 and $0 for governmental activities and business-type activities, respectively. No assets were disposed of during the year. This resulted in a total net book value increase of $89,579 for the governmental activities and no change for the business-type activities.

NOTE 8: GENERAL LONG-TERM LIABILITIES:

Changes in the City's long-term obligations during the year 2019 were as follows:

	Beginning Balance	Principal Incurred	Principal Paid	Ending Balance	Amount Due in One Year
General Obligation Bonds:					
Series A of 2018	$ 4,567,000	$ -	$ (221,000)	$ 4,346,000	$ 231,400
Series B of 2018	2,611,200	-	(34,500)	2,576,700	30,000
Lease Purchase Agreements:					
KS State Bank	10,718	-	(10,718)	-	-
Ford Credit	89,341	-	(32,970)	56,371	56,371
Compensated Absences	127,983	-	-	127,983	-
OPEB liability	8,707,397	-	-	8,707,397	-
Net Pension Liability	1,650,457	-	-	1,650,457	-
Total	$ 17,764,096	$ -	$ (299,188)	$ 17,464,908	$ 317,771

A. General Obligation Bonds:

The City issued general obligation bonds, Series A of 2018, with 2.990% interest payable through 2027 and 4.500% interest payable through 2035. Bond proceeds were used for refunding the Series of 2010 and Series of 2012 bonds, including all costs of refinancing and issuance, with the remaining proceeds to be deposited into the City of Monessen Construction Fund and Debt Service reserve account. The balance of these bonds on December 31, 2019, are $4,346,000.

The City issued general obligation bonds, Series B of 2018, with 2.990% interest payable through 2027 and 4.250% interest payable through 2040. Bond proceeds were used for refunding the Series of 2010 and Series of 2012 bonds, including all costs of refinancing and issuance, with the remaining proceeds to be deposited into the City of Monessen Construction Fund and Debt Service reserve account. The balance of these bonds on December 31, 2019, are $2,576,700.

The amounts necessary to amortize these outstanding notes payable to maturity are:

	Principal	Interest	Total
2020	$ 261,400	$ 206,989	$ 468,389
2021	267,100	199,173	466,273
2022	277,500	191,197	468,697
2023	287,500	182,889	470,389
2024	291,600	174,293	465,893
2025-2029	1,479,600	860,447	2,340,047
2030-2034	1,591,900	748,340	2,340,240
2035-2039	2,002,200	362,378	2,364,578
2040	463,900	19,716	483,616
	$ 6,922,700	$ 2,945,422	$ 9,868,122

B. Lease Purchase Agreements:

The City entered into a lease purchase agreement with Ford Credit on October 23, 2015 for the purchase of four (4) 2016 Ford F550 Trucks in the amount of $256,600 with interest at the rate of 4.50%. The lease includes six equal principal and interest payments of $47,708 with the final payment due October 23, 2020. This lease has a balance of $56,371 at December 31, 2019.

The City entered into a lease purchase agreement with KS State Bank on February 21, 2017 for the purchase of a 2017 Ford Explorer Police Interceptor in the amount of $37,715 with interest at the rate of 5.79%. The lease includes an initial payment of $15,000 paid March 2017 and two additional payments in the amount of $11,433.14 due January 2018 and 2019 of the two subsequent years. This lease has a balance of $0 at December 31, 2019.

The amounts necessary to amortize the outstanding lease purchase agreements to maturity are:

	Principal	Interest	Total
2020	$56,371	$2,055	$58,426
Total	$56,371	$2,055	$58,426

NOTE 9: COMPENSATED ABSENCES:

The City has made retirement benefits available to certain employees. The benefit is payment for unused sick days at retirement. With respect to other employees that do not meet the criteria established by the City for retirement, these employees are not eligible to receive payment for their unused sick days at retirement. The General Fund has been used to accumulate funds to provide for the payment of these liabilities. The estimated value of the benefits as of December 31, 2019 are as follows:

	Sick Day Liability	Total
December 31, 2018 balance	$122,024	$122,024
Increase/(Decrease) in value	5,959	5,959
December 31, 2019 Balance	$127,983	$127,983

NOTE 10: PENSION-DEFINED BENEFIT PLANS:

Summary of Significant Accounting Policies:

Financial information of the City's retirement plans is presented on the accrual basis of accounting. Employer contributions to the plans are recognized when due as required by Act 205 and Act 600. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Investments of the plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The plans did not have any investment transactions with related parties during the year.

Plan Description:

The City sponsors and administers two single-employer, contributory defined benefit pension plans. These two plans are known as the Police Pension Plan (covers all of the City's police officers) and the Fire Truck Drivers' Pension Plan (covers retired fire truck drivers-this plan is closed to new entrants). The financial statements of these plans are included as fiduciary funds in the City's financial statements. No separate financial statements are issued for the plans.

Plan provisions are established by ordinance of the City's Council with the authority for contributions required by Act 205 of 1984 of the Commonwealth of Pennsylvania. Under the Act, the City is eligible to receive state aid to fund the amortization of its unfunded accrued actuarial liability over a 40-year period. The City Council acts as the Pension Board, and the plan provisions arid contribution requirements are established and may be amended by the City Council. For both plans, the City has delegated authority to manage certain assets to Fusion Investment Management.

Participation

Any police officer employed by the City on a regular, full-time basis is covered by the Police Plan from the participant's date of hire. Participants in the Police Plan and Fire Truck Drivers' Plan Retirement Benefit are entitled to begin receiving retirement benefits after completing 20 years of service and attaining age 50. The scheduled monthly retirement benefit is 50% of the participant's average compensation at retirement, plus a Service Increment of 1/40 of Normal Retirement Benefit for each year of completed service in excess of 20 years, up to a maximum increment of $100 per month.

A. POLICEMEN'S PENSION FUND:

1. Plan Description:

Plan Membership:

Membership of the Plan consisted of the following at December 31, 2019, the date of the latest actuarial valuation:

Active plan members	12
Retirees and beneficiaries currently receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	1
Total	31

Vesting:

Participants are 100% vested after twelve years of service.

Retirement Benefit:

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

Disability Benefit:

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

Death Benefit:

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

the benefit is 50% of average compensation instead of 25%. If the participant's death is non-service related and occurs after retirement eligibility, a monthly benefit equal to 50% of the pension the participant was receiving or entitled to receive on the day of the participant's death is payable to the participant's spouse for life. Upon death of the spouse, each of the participant's dependent children will receive an equal share of the benefit until age 18. If there is no spouse or children under age 18 at the time of death, then a refund of contributions is payable to the beneficiary (less any benefits already paid, if the participant is retired).

Cost-of-Living Adjustments:

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

2. Investments:

Methods Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment Policy:

The Plan is governed by the Pension Board who is responsible for the management of plan assets. The Pension Board has delegated authority to manage certain plan assets to Raylient Asset Management. Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Percentage
Equities	54.1%
Bonds	35.2%
Money Markets	10.7%

Concentrations:

As of December 31, 2019, there were no investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one issuer that represent 5.00% or more of net assets available for benefits ($4,718,303 x .05 = $235,915).

Rate of Return:

For the year ended December 31, 2019, the annual money-weighted rate of return on plan investments, net of investment expense, was 18.68%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. Net Pension Liability:

The components of the net pension liability of participating entities at December 31, 2019, were as follows:

Total pension liability	$6,290,596
Less plan fiduciary net position	4,718,303
Net pension liability	$1,572,293
Plan fiduciary net position as a percentage of total pension liability	75.0%

Deferred Outflows of Resources and Deferred Inflows of Resources:

At December 31, 2019, the Plan reports the following deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	$ -	$ 191,901
Change of assumptions	126,012	-
Net difference between projected and actual earnings on pension plan investments	324,422	407,743
Total	$ 450,434	$ 599,644

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	4.25%
Investment rate of return	7.25%
Pre-retirement mortality	RP-2014 Blue Collar
Post-retirement mortality	RP-2006 Blue Collar

As required by Paragraph 202(b) of *Act 205 of 1984,* all actuarial assumptions were determined based on agreement between the Plan's actuary and the municipality. Additionally, the Plan's investment manager's input was solicited in determining the rate of return assumption.

Discount Rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore

the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	Information as of December 31, 2019		
Discount rate	6.25%	7.25%	8.25%
Net pension liability	$2,251,827	$1,572,293	$1,000,773

B. FIRE TRUCK DRIVERS' PENSION FUND:

1. Plan Description:

General:

The City of Monessen's Fire Truck Drivers' Pension Plan is a single-employer defined benefit pension plan.

Plan Membership:

Membership of the Plan consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

Active plan members	-
Retirees and beneficiaries currently receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Total	2

Vesting:

Participants are 100% vested after twelve years of service.

Retirement Benefit:

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

Disability Benefit:

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

Death Benefit:

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

Cost-of-Living Adjustments:

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

2. Investments:

Methods Used to Value Investments:

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Investment Policy:

The Plan is governed by the Pension Board who is responsible for the management of plan assets. The Pension Board has delegated authority to manage certain plan assets to Raylient Asset Management. Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Target Percentage
Equities	54.1%
Bonds	35.2%
Money Markets	10.7%

Concentrations:

As of December 31, 2018, there were no investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one issuer that represent 5.00% or more of net assets available for benefits ($219,285 x .05 = $10,964).

Rate of Return:

For the year ended December 31, 2018, the annual money-weighted rate of return on plan investments, net of investment expense, was (5.54%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. Net Pension Liability:

The components of the net pension liability of participating entities at December 31, 2019, were as follows:

Total pension liability	$290,146
Less plan fiduciary net position	211,982
Net Pension Liability	$ 78,164
Plan fiduciary net position as a percentage of total pension liability	73.1%

Deferred Outflows of Resources and Deferred Inflows of Resources:

At December 31, 2019, the Plan reports the following deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial experience	$ -	$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	29,946	12,074
Total	$ 29,946	$ 12,074

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75%
Salary increases	5%
Investment rate of return	7.5%
Pre-retirement mortality	1994 Uninsured Pensioner Mortality
Post-retirement mortality	1994 Uninsured Pensioner Mortality

As required by Paragraph 202(b) of *Act 205 of 1984,* all actuarial assumptions were determined based on agreement between the Plan's actuary and the municipality. Additionally, the Plan's investment manager's input was solicited in determining the rate of return assumption.

Discount Rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan will continue to be funded based on the Minimum Municipal Obligation as determined in accordance with Act 205. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	Information as of December 31, 2018		
Discount rate	6.25%	7.25%	8.25%
Net pension liability	$98,884	$78,164	$59,866

NOTE 11: PENSION-DEFINED CONTRIBUTION PLAN:

Summary of Significant Accounting Policies:

Financial information of the City's defined contribution retirement plan (the Plan) is presented on the accrual basis of accounting. Employer contributions to the plans are recognized when due as required by Act 205 and Act 600. Refunds are recognized when due and payable in accordance with the terms of the Plan. Investments of the plans are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. The Plan did not have any investment transactions with related parties during the year.

Plan Description:

The City sponsors and administers one single-employer, defined contribution pension plan covering substantially all the City's employees except for those covered under the Police Pension Plan and the Fire Truck Drivers' Pension Plan. This Plan is known as the Non-uniformed Pension Plan. The financial statements of this Plan are included as a fiduciary fund in the City's financial statements. No separate financial statements are issued for the Plan.

Plan provisions are established by ordinance of the City's Council with the authority for contributions required by Act 205 of 1984 of the Commonwealth of Pennsylvania. The City Council acts as the Pension Board, and the plan provisions and contribution requirements are established and may be amended by the City Council. For the Plan, the City has delegated authority to manage certain assets to VOYA Financial Advisors.

Participation:

Any individual employed by the City on a regular, full-time basis (not covered under the Police Plan or the Fire Truck Drivers' Plan) is covered by the Plan from the participant's date of hire.

Contributions:

PA Act 205 and City Council ordinances assign the authority to establish and amend the benefit provisions of the Plan. The Plan is funded by the City, whose contribution rate is 8% of participating employees' compensation. Employees are required to contribution 5% of compensation. The City recognized pension expense of $36,949 for the year ended December 31, 2019.

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS:

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

Funding Policy:

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

Projection of Changes in the Net OPEB Liability:

This schedule shows the projected changes in the OPEB liability as of January 1, 2019, the date of the most recent actuarial valuation.

Fiscal Year Beginning	January 1, 2019
Total OPEB Liability:	
Service cost	$ 346,369
Benefits payments	(318,031)
Interest	279,128
Changes in benefit terms	-
Changes in assumptions or other inputs	-
Difference between expected and actual experience	-
Net change in total OPEB Liability	307,466
Total OPEB Liability—Fiscal Year Beginning	8,399,931
Total OPEB Liability—Fiscal Year Ending	8,707,397
Plan Fiduciary Net Position	-
Net OPEB Liability	$8,707,397

Funded Status and Funding Progress:

As of January 1, 2019, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $8,707,397 for the City and the actuarial value of assets was $0 for each plan, resulting in an unfunded actuarial accrued liability (UAAL) of $8,707,397 for the City.

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

Actuarial Methods and Assumptions:

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

The following are the actuarial assumptions used for the January 1, 2019 valuation:

1. Annual Trend Rates:

Year	Medical/RX	Dental/Vision
2019	6.75%	3.0%
2020	6.50%	3.0%
2021	6.25%	3.0%
2022	6.00%	3.0%
2023	5.75%	3.0%
2024	5.50%	3.0%
2025	5.25%	3.0%
2026 and later	5.00%	3.0%

2. Inflation: 2.75%

3. Discount Rate: 3.25% per year
The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

4. Mortality: RP-2014 Mortality Table, with 50% of the Blue Collar adjustment and rates set forward 5 years for disabled police lives.

5. Mortality Improvement: Rates projected to improve with rates derived from the Long-Range Demographic Assumptions for the 2015 Social Security Administration's Trustee Report.

6. Withdrawal: Police: None assumed Non-Uniformed: Table T-2, Actuary Pension Handbook.

7. Disablement: Police: Rates of disablement based on the Social Security Administration's 2010 projections of disability incidence (ultimate rates only) Non-Uniformed: None assumed.

8. Retirement Age: Service are assumed to retire based on the following rates:

Age	Percentage
50-54	30%
55-57	30%
58+	100%

9. Participation: 100%

10. Coverage Election
Future Retirees: 90% husband/wife; 10% individual
Current Retirees: Continuation of current coverage level for duration of eligibility. Retirees with family coverage are assumed to have one child; with coverage for

police until retiree attains age 65; for non-uniformed coverage until spouse attains age 65.

11. Spouse Age: Female spouse assumed to be 3 years younger than male spouse.

12. Current Premium Schedules: The following are the reported applicable annual rates for medical (including prescription drug), dental and vision coverage:

Medical PPO: Rates vary based on age and coverage level

Teamsters Dental/Vision: $780.00 for all levels

AFSCME Dental/Vision: $958.80 for all levels

2018 Post-65 Security Blue single premium: $3,300

13. Age Adjustments: A table of age-based rates was provided by the carried. The following amounts represent the cost of pre-65 medical coverage at select ages:

Children	$1,931
Age 45	$4,392
Age 50	$5,432
Age 55	$6,782
Age 60	$8,254
Age 64	$9,124

Premiums for post-65 medical benefits, dental, vision are not age-dependent, and therefore not age-adjusted.

14. Employer Funded Deductible: To approximate the cost of self-funding the deductible and other out-of-pocket costs, it is assumed that the City pays an additional $2,200 per pre-age 65 adult participants. This amount is assumed to increase annual based on medical trend rates.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

The following presents the net OPES liability of the City, as well as what the City's net OPES liability would be if it were calculated using a discount rate that is 1% higher or lower than the current rate.

	December 31, 2019
Current Discount Rate	$ 8,707,397
1% Decrease	$10,088,589
1% Increase	$ 7,598,422

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% higher or lower than the current rate.

	December 31, 2019
Current Trends Rates	$ 8,707,397
1% Decrease	$ 7,491,883
1% Increase	$10,253,971

NOTE 13: DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan (plan) created in accordance with Internal Revenue Code Section 457. (Deferred compensation plans with respect to service for State and Local Governments), which is considered a defined contribution pension plan. As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator.

The plan, available to all employees, permits them to defer a portion of their salary until future years. The City does not contribute to the plan or match employees' contributions. Participation in the plan is optional. The funds are not available to employees until termination, retirement, death, or unforeseeable emergency. At December 31, 2019, all amounts of compensation deferred under the plan were held in trust solely for the benefit of the participants. Investments are managed by the Plan's trustee under several investment options selected by the participant. Deferred compensation assets at December 31, 2019 totaled $31,216. Under the provisions of GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," the Plan is not required to be included in the City's financial statements.

NOTE 14: INTERFUND BALANCES:

Individual fund interfund receivable and payable balances at December 31, 2019 were:

Interfund Receivable	Amount	Interfund Payable	Amount
General Fund	$ 51,178	General Fund	$257,757
Library Fund	613	Municipal Complex Fund	5,474
Park Fund	3,035	Capital Projects Fund	45,705
Debt Service Fund	6,125		
Small Community Projects Fund	8,047		
Line Usage Fund	239,938		
	$308,936		$308,936

During the year ended December 31, 2019, the following fund level transfers were made:

Expending Fund	Amount	Receiving Fund	Amount
Capital Projects Fund	$ 98,424	Debt Service Fund	$ 98,424
	$ 98,424		$ 98,424

Expending Fund	Amount	Receiving Fund	Amount
Debt Service Fund	$ 94,799	General Fund	$ 94,799
	$ 94,799		$ 94,799

Expending Fund	Amount	Receiving Fund	Amount
Parks Fund	$ 50,000	General Fund	$ 50,000
	$ 50,000		$ 50,000

Transfers between these funds were necessary to reimburse the General Fund and other governmental funds for expenses paid for them by other funds. The transfer in the amount of $98,424 from the Capital Projects Fund to the Debt Service Fund was to correct the classification of the account used as collateral and payment of debt service on the Series 2018 bonds.

NOTE 15: CONDUIT DEBT:

During 2007, the City, through its Small Communities Projects Fund, was party to a conduit debt transaction in the amount of $2 million between the U.S. Department of Housing and Urban Development (HUD) and a local business. In the transaction, HUD loaned $2 million to the City, which the City in turn loaned to the local business for use in its Riverfront Industrial Park project. Principal payments are due in the amount of $100,000 each August 1, beginning in 2009, through August 1, 2027 and the loan bears interest at LIBOR plus 20 basis points. Interest is due semiannually each February 1 and August 1. The loan payments are due from the local developer, and the City has no obligation. The balance at December 31, 2019, is $945,000.

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

In 2011, the City, through its Small Communities Projects Fund, was party to a conduit debt transaction in the amount of $3.49 million between HUD and a local business. In the transaction, HUD loaned $3.49 million to the City, which the City in turn loaned to the local business for use in rehabilitating a rail mill to be used as an aluminum recycling facility and purchasing new equipment. Principal payments are due in the amount of $174,000 each August 1, beginning in 2012 through 2029, and in the amount of $179,000 for August 1, 2030 and 2031. The loan bears interest at LIBOR plus 20 basis points. Interest is due quarterly each February 1, May 1, August 1, and November 1. The loan payments are due from the local business, and the City has no obligation. The balance at December 31, 2019, is $2,446,000.

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

NOTE 16: RISK MANAGEMENT AND LITIGATION:

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets: errors and omissions; injuries to employees; and natural disasters. The City manages most risk through the general fund with the purchase of commercial insurance coverage. There has been no reduction in insurance coverage from the previous year, nor have amounts of settlements exceeded coverage levels in the past three years.

The City estimates that the amount of actual or potential claims against the City as of December 31, 2019, will not materially affect the financial condition of the City and will be covered under the present insurance coverage.

NOTE 17: CONTINGENT LIABILITIES:

The City of Monessen participates in grant programs sponsored by other governments. The programs are subject to program compliance audits by the grantor agencies or their representatives. The audits of some of these programs for and including the year ended December 31, 2019, have not yet been conducted. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts to be immaterial.

NOTE 18: GENERAL FUND LIQUIDITY:

The General Fund ended December 31, 2019, with a negative balance of $(567,379). The City is working with Grass Root Solutions and is developing a plan to address this deficit.

NOTE 19: SUBSEQUENT EVENTS:

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 (COVID-19) as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The COVID-19 pandemic has led to volatility in financial markets and has affected, and may continue to affect, the value of investments held by the City. The potential economic impact brought by, and the duration of, COVID-19 is difficult to assess or predict and will depend on future developments that are highly uncertain and cannot be predicted.

Subsequent events were evaluated through July 15, 2021, which is the date the financial statements were available to be issued. Based upon this evaluation, no additional events subsequent to December 31, 2019, were required to be recorded or disclosed in the financial statements.

City of Monessen

Annual Report

III

Required Supplemental Information

City of Monessen
Combined Statement of Revenues Collected, Expenditures Paid, and Related Changes in Fund Balance–Budget to Actual
General Fund
For the Year Ended December 31, 2019

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes:			
Real estate tax	$ 1,577,638	$ 1,382,207	$ (195,431)
Mercantile tax	26,000	27,099	1,099
Real estate transfer	35,000	52,942	17,942
Earned income	550,000	626,281	76,281
Local services tax	74,000	76,147	2,147
TOTAL TAXES	2,262,638	2,164,676	(97,962)
Licenses and permits	261,450	304,174	42,724
Fines and forfeits	43,500	42,490	(1,010)
Interest	2,200	16,618	14,418
Intergovernmental grants	261,500	485,695	224,195
Charges for services	846,200	848,965	2,765
Miscellaneous	71,000	49,308	(21,692)
TOTAL REVENUES	3,748,488	3,911,926	163,438
EXPENDITURES			
General government	447,575	482,821	(35,246)
Public safety	1,001,040	1,001,349	(309)
Public works	512,500	444,252	68,248
Sanitation	528,000	402,412	125,588
Community development	25,000	186,998	(161,998)
Employee benefits and insurance	1,573,873	1,789,135	(215,262)
Debt service	5,000	8,204	(3,204)
TOTAL EXPENDITURES	4,092,988	4,315,171	(222,183)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(344,500)	(403,245)	(58,745)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of property	98,000	27,684	125,684
Other sources/ (uses)	72,500	31,895	(40,605)
Operating transfers in (out)	174,000	144,799	(29,201)
TOTAL OTHER FINANCING SOURCES (USES)	344,500	204,378	55,878
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(198,867)	(198,867)
BEGINNING FUND BALANCE	(368,512)	(368,512)	-
ENDING FUND BALANCE	$ (368,512)	$ (567,379)	$ (198,867)

See accompanying auditors' report.

City of Monessen
Policemen's Pension Plan
Required Supplementary Disclosures
December 31, 2019

Schedule of Changes in Net Pension Liability and Related Ratios
For the Years Ended December 31,

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	$ 129,552	$ 136,546	$ 130,979	$ 123,904	$ 118,004	$ 96,419
Interest	437,699	440,422	428,108	407,894	398,953	379,262
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(220,042)	-	(76,219)	-	132,422	-
Changes of assumptions	-	-	396,042	-	-	-
Benefits payments, including refunds of member contributions	(362,333)	(411,774)	(378,408)	(405,580)	(401,777)	(333,757)
Net change in total pension liability	(15,124)	165,194	500,502	126,218	247,602	141,924
Total pension liability-beginning	6,305,720	6,140,526	5,640,024	5,513,806	5,266,204	5,124,280
Total pension liability-ending (a)	$ 6,290,596	$ 6,305,720	$ 6,140,526	$5,640,024	$5,513,806	$5,266,204
Plan fiduciary net position						
Contributions-employer	$ 405,474	$ 336,702	$ 294,954	$ 232,385	$ 276,263	$ 276,090
Contributions-employee	26,416	23,009	27,324	26,835	28,539	27,768
State aid	-	-	-	-	-	-
Net investment income	623,889	(238,059)	592,952	289,358	(80,748)	140,298
Benefit payments, including refunds of employee contributions	(362,333)	(411,774)	(378,408)	(405,580)	(401,777)	(333,757)
Administrative expense	(26,508)	(23,483)	(43,248)	(44,589)	(41,061)	(57,557)
Other	(528)	-	-	-	-	-
Net change in plan fiduciary position	$ 666,410	(313,605)	493,574	98,409	(218,784)	52,842
Plan fiduciary net position-beginning	4,051,893	4,365,498	3,871,924	3,773,515	3,992,299	3,939,457
Plan fiduciary net position-ending (b)	$ 4,718,303	$ 4,051,893	$ 4,365,498	$3,871,924	$3,773,515	$3,992,299
City's net pension liability-ending (a)-(b)	$ 1,572,293	$ 2,253,827	$ 1,775,028	$1,768,100	$1,740,291	$1,273,905
Plan fiduciary net position as a percentage of the total pension liability	75.0%	64.3%	71.1%	68.7%	68.4%	75.8%
Covered-employee payroll	$ 626,774	$ 656,335	$ 673,839	$ 646,191	$ 663,990	$ 656,595
City net pension liability as a percentage of covered-employee payroll	250.9%	343.4%	263.4%	273.6%	262.1%	194.0%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Monessen
Policemen's Pension Plan
Required Supplementary Disclosures
December 31, 2019

Schedule of Employer Contributions-Last 10 Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 380,908	$ 323,534	$ 294,954	$ 232,385	$ 276,263	$ 276,090	$ 292,522	$ 291,417	$ 281,340	$ 238,973
Contributions in relation to the actuarially determined contribution	-	141,385	294,954	232,385	276,263	276,090	292,522	245,854	236,266	238,973
Contribution deficiency (excess)	$ 380,908	$ 182,149	$ -	$ -	$ -	$ -	$ -	$ 45,563	$ 45,074	$ -
Covered-employee payroll	$ 626,774	$ 656,335	$ 673,839	$ 646,191	$ 663,990	$ 656,595	$ -	$ 724,727	$ -	$ 668,759
Contributions as a percentage of covered-employee payroll	0.0%	21.5%	43.8%	36.0%	41.6%	42.0%	0.0%	33.9%	0.0%	35.7%

Notes to Schedule:

Valuation date: January 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Asset valuation method	4-year smoothing
Inflation	2.75%
Salary increases	4.25% plus an additional 10% increase in final year of employment.
Investment rate of return	7.25%
Pre-retirement mortality	RP-2014 Blue Collar
Post-retirement mortality	RP-2006 Blue Collar

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Schedules of Investment Returns

	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	18.68%	-5.86%	16.49%	8.27%	-2.15%	3.74%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Monessen
Fire Truck Drivers' Pension Plan
Required Supplementary Disclosures
December 31, 2019

Schedule of Changes in Net Pension Liability and Related Ratios
For the Years Ended December 31,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ -	$ -	$ -	$ -	$ -
Interest	21,150	22,621	23,007	24,279	28,562
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	17,985	-	-	-
Changes of assumptions	-	5,500	-	-	-
Benefits payments, including refunds of member contributions	(44,666)	(41,230)	(41,230)	(41,230)	(37,795)
Net change in total pension liability	(23,516)	4,876	(18,223)	(16,951)	(9,233)
Total pension liability-beginning	313,662	308,786	327,009	343,960	353,193
Total pension liability-ending (a)	$ 290,146	$ 313,662	$ 308,786	$ 327,009	$ 343,960
Plan fiduciary net position					
Contributions-employer	$ 13,200	$ 13,200	$ 13,200	$ 23,928	$ 23,928
Contributions-employee	-	-	-	-	-
State aid	-	-	-	-	-
Net investment income	(13,107)	37,033	19,160	(5,956)	10,889
Benefit payments, including refunds of employee contributions	(44,666)	(41,230)	(41,230)	(41,230)	(37,795)
Administrative expense	(6,568)	(5,393)	(4,799)	(8,438)	(6,007)
Other	-	-	-	-	-
Net change in plan fiduciary position	(51,141)	3,610	(13,669)	(31,696)	(8,985)
Plan fiduciary net position-beginning	263,123	259,513	273,182	304,878	313,863
Plan fiduciary net position-ending (b)	$ 211,982	$ 263,123	$ 259,513	$ 273,182	$ 304,878
City's net pension liability-ending (a)-(b)	$ 78,164	$ 50,539	$ 49,273	$ 53,827	$ 39,082
Plan fiduciary net position as a percentage of the total pension liability	73.1%	83.9%	84.0%	83.5%	88.6%
Covered-employee payroll	$ -	$ -	$ -	$ -	$ -
City net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Monessen
Fire Truck Drivers' Pension Plan
Required Supplementary Disclosures
December 31, 2019

Schedule of Employer Contributions-Last 10 Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 13,200	$ 13,200	$ 13,200	$ 23,928	$ 23,928	$ 16,425	$ 16,425	$ 14,258	$ -
Contributions in relation to the actuarially determined contribution	13,200	13,200	13,200	23,928	23,928	16,425	16,425	14,258	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Valuation date: January 1, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open
Asset valuation method	Fair-Market value
Inflation	2.75%
Salary increases	5.00%
Investment rate of return	7.50%
Pre-retirement mortality	1994 Uninsured Pensioner Mortality Table
Post-retirement mortality	1994 Uninsured Pensioner Mortality Table

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

Schedules of Investment Returns

	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	-5.54%	16.04%	7.99%	-2.21%	3.71%	0.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, pension plans should present information for those years for which information is available.

City of Monessen

Annual Report

IV

Other Information

City of Monessen
Combined Balance Sheet
Other Governmental Funds
December 31, 2019

	Special Revenue Funds							
	Liquid Fuels Fund	Canine Fund	Library Fund	Parks Fund	Small Communities Projects Fund	Recreation Board Fund	Debt Service Fund	Total Other Governmental Funds
ASSETS								
Cash and cash equivalents	$ -	$ 22,114	$ -	$ 156,575	$ 164,319	$ 8,353	$ 11,669	$ 363,030
Investments	49,400	-	335	-	336	-	109,393	159,464
Grants receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	613	3,035	8,047	-	6,125	17,820
Other receivables	-	-	-	-	-	451	-	451
Prepaid expenses	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 49,400	$ 22,114	$ 948	$ 159,610	$ 172,702	$ 8,804	$ 127,187	$ 540,765
LIABILITIES								
Accounts payable	$ -	$ -	$ 3	$ -	$ -	$ -	$ -	$ 3
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	3	-	-	-	-	3
FUND BALANCES								
Restricted for:								
Public works	49,400	-	-	-	-	-	-	49,400
Canine	-	22,114	-	-	-	-	-	22,114
Community development	-	-	-	-	172,702	-	-	172,702
Culture and recreation	-	-	945	159,610	-	8,804	-	169,359
Debt Service	-	-	-	-	-	-	127,187	127,187
Unreserved	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	49,400	22,114	945	159,610	172,702	8,804	127,187	540,762
TOTAL LIABILITIES AND FUND BALANCES	$ 49,400	$ 22,114	$ 948	$ 159,610	$ 172,702	$ 8,804	$ 127,187	$ 540,765

City of Monessen
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
Other Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue Funds							
	Liquid Fuels Fund	Canine Fund	Library Fund	Parks Fund	Small Communities Projects Fund	Recreation Board Fund	Debt Service Fund	Total Other Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ 47,472	$ 231,711	$ -	$ -	$ 468,696	$ 747,879
Licenses and permits	-	-	-	2,350	-	-	-	2,350
Rents	-	-	-	-	-	12,055	-	12,055
Intergovernmental	302,593	-	-	-	419,730	-	-	722,323
Fines	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Investment earnings	2,840	22	131	-	-	-	2,560	5,553
Miscellaneous	-	-	-	-	-	-	-	-
TOTAL REVENUES	305,433	22	47,603	234,061	419,730	12,055	471,256	1,490,160
EXPENDITURES								
Current:								
General government	-	301	-	-	-	-	-	301
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Public works	211,254	-	-	-	-	-	-	211,254
Culture and recreation	-	-	46,860	41,489	-	15,090	-	103,439
Community development	-	-	-	-	265,553	-	-	265,553
Miscellaneous	-	-	-	-	-	-	-	-
Debt service:								
Interest	4,020	-	-	-	-	-	217,650	221,670
Principal	43,688	-	-	-	-	-	255,500	299,188
TOTAL EXPENDITURES	258,962	301	46,860	41,489	265,553	15,090	473,150	1,101,405
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	46,471	(279)	743	192,572	154,177	(3,035)	(1,894)	388,755
OTHER FINANCING SOURCES (USES)								
Other sources (uses)	-	-	-	(1,524)	-	-	(2,200)	(3,724)
Transfers in	-	-	-	-	-	-	98,424	98,424
Transfers out	-	-	-	(50,000)	-	-	(94,799)	(144,799)
TOTAL OTHER FINANCING SOURCES (USES	-	-	-	(51,524)	-	-	1,425	(50,099)
NET CHANGE IN FUND BALANCES	46,471	(279)	743	141,048	154,177	(3,035)	(469)	338,656
FUND BALANCES–BEGINNING	2,929	22,393	202	18,562	18,525	11,839	127,656	202,106
PRIOR-PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-
FUND BALANCES–ENDING	$ 49,400	$ 22,114	$ 945	$ 159,610	$ 172,702	$ 8,804	$ 127,187	$ 540,762

See accompanying auditors' report.