

Monroeville Finance Authority

A Component Unit of the Municipality of
Monroeville, Pennsylvania

Financial Statements (Cash Basis)

Year Ended December 31, 2023
with Independent Auditor's Report

MaherDuessel

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MONROEVILLE FINANCE AUTHORITY

YEAR ENDED DECEMBER 31, 2023

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Independent Auditor's Report

**Board of Directors
Monroeville Finance Authority**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying cash basis financial statements (financial statements) of the business-type activities of the Monroeville Finance Authority (Authority), a component unit of the Municipality of Monroeville, Pennsylvania, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's cash basis financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the business-type activities of the Authority, as of December 31, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting as described in Note 2 of the financial statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2 of the financial statements, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the

financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mahe Duessel

Pittsburgh, Pennsylvania
April 3, 2024

MONROEVILLE FINANCE AUTHORITY

STATEMENT OF NET POSITION (CASH BASIS)

DECEMBER 31, 2023

Assets	
Cash	<u><u>\$ 29,051</u></u>
Net Position	
Unrestricted	<u><u>\$ 29,051</u></u>

See accompanying notes to financial statements (cash basis).

MONROEVILLE FINANCE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

Operating Revenues:

Fee income	\$ 145,930
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Operating Expenses:

Contribution to the Municipality of Monroeville	140,000
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Other operating expenses	8,793
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Total operating expenses	148,793
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Operating Income (Loss)	(2,863)
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Change in Net Position	(2,863)
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Net Position:

Beginning of year	31,914
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End of year	\$ 29,051
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See accompanying notes to financial statements (cash basis).

MONROEVILLE FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

1. Reporting Entity

The Monroeville Finance Authority (Authority) is a body organized under the Municipality Authorities Act of 1935, P.L. 463 (Act), as amended and supplemented, having been duly organized under said Act by the Municipality of Monroeville (Municipality). The Authority was formed on June 12, 2012, and at that time the first Board of Directors (Board) was elected. The formation of the Authority was approved by the Commonwealth of Pennsylvania in July 2012. The Authority began to operate and conduct financial transactions in 2012.

The Authority was organized to finance working capital and acquire, hold, construct, finance, improve, maintain and operate, own, or lease projects of the kind and character as set forth in Section 5607 of the Act.

The Authority's Board is made up of five members, all of whom are appointed by the Municipality. The Authority is considered to be a component unit of the Municipality of Monroeville, since there is a financial relationship between the Authority and the Municipality.

2. Summary of Significant Accounting Policies

Basis of Accounting and Measurement Focus

The Authority is considered an Enterprise Fund and utilizes the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, amounts are recognized when received or paid rather than when earned or when obligations are incurred.

Operations that are accounted for as an Enterprise Fund are financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that the costs (expenses) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Authority is financing fee income. Operating expenses include contributions to the Municipality and other administrative expenses incurred to maintain the Authority's

MONROEVILLE FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

existence. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Information

The Authority does not adopt an annual budget.

Cash

For purposes of financial reporting, cash includes all demand and savings accounts or short-term investments with an original maturity of three months or less.

Net Position

The Authority's net position is classified as unrestricted. These resources are used for transactions relating to general operations of the Authority and may be used at the discretion of the governing Board to meet current expenses for any purpose.

Adopted Accounting Standard

The following GASB Statements were adopted for the year ended December 31, 2023: Statement Nos. 94 (Public-Private and Public-Public Partnerships and Availability Payment Arrangements) and 96 (Subscription-Based Information Technology Arrangements). These statements had no significant impact on the Organization's financial statements for the year ended December 31, 2023.

3. Deposits

The deposit policy of the Authority adheres to the state statutes. There were no deposit transactions during the year that were in violation of the state statutes.

The following is a description of the Authority's deposit risk:

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a formal deposit policy for custodial credit risk; however, as of December 31, 2023, all of the Authority's bank balances were covered by federal depository insurance and,

MONROEVILLE FINANCE AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CASH BASIS)

YEAR ENDED DECEMBER 31, 2023

therefore, were free of custodial credit risk. At December 31, 2023, the carrying value and bank balance of the Authority's deposits was \$29,051 .

4. Conduit Debt

The Authority issues tax-exempt and taxable limited-obligation debt through various lending and financial institutions to provide below-market interest rate financing to private-sector entities for eligible projects. The debt is secured by the property financed and is solely funded from the payments received from the entity benefiting from the financing. Neither the Authority, the Commonwealth of Pennsylvania, nor any political subdivision thereof, is obligated in any manner for the repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements. The Authority has not extended any additional commitments for the debt service payment of the bonds. The conduit debt issued by the Authority that is still outstanding as of December 31, 2023 is as follows:

	Principal Outstanding	Issued Amount
Revenue Bonds, Series of 2012	\$ 57,465,000	\$ 356,465,000
Revenue Refunding Bonds, Series of 2013B	-	70,610,000
Revenue Bonds, Series of 2014B	41,635,000	50,000,000
Revenue Bonds, Series of 2022B	170,185,000	172,195,000
Revenue Bonds, Series of 2023C	36,815,000	36,815,000
Total	<u>\$ 306,100,000</u>	<u>\$ 686,085,000</u>