

CITY OF DUBOIS, PENNSYLVANIA

December 31, 2020

CITY OF DUBOIS, PENNSYLVANIA

DuBois, Pennsylvania

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2020

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SHARKEY PICCIRILLO & KEEN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of DuBois, Pennsylvania
DuBois, Pennsylvania

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DuBois, Pennsylvania, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government 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 the cash basis of accounting described in Note 2; this includes 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of the City of DuBois, Pennsylvania, as of December 31, 2020, or the changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information of the City of DuBois, Pennsylvania, as of December 31, 2020, and the changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the of the City of DuBois, Pennsylvania, as of December 31, 2020, and the respective changes in cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

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 opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DuBois, Pennsylvania's basic primary government financial statements.

The budgetary comparison information and combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic primary government financial statements.

The budgetary comparison information presented on pages 32 through 33 and combining non-major fund financial statements presented on pages 35 through 36 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic primary government 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 primary government financial statements or to the basic primary government financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and combining non-major fund financial statements are fairly stated, in all material respects, in relation to the basic primary government financial statements as a whole.

Sharkey Piccirillo & Keen, LLP

SHARKEY PICCIRILLO & KEEN, LLP
December 9, 2021

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET POSITION
CASH BASIS

December 31, 2020

		<u>Primary Government</u>		
		<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
		<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>ASSETS</u>				
Cash		\$ 3,090,957	\$ 31,766	\$ 3,122,723
Due from other funds		-	441	441
Investments		807,633	-	807,633
Total Assets		\$ 3,898,590	\$ 32,207	\$ 3,930,797
<u>LIABILITIES</u>				
Liabilities:				
Employee payroll deductions		\$ 10,850	\$ -	\$ 10,850
Due to other funds		441	-	441
Total Liabilities		11,291	-	11,291
<u>NET POSITION</u>				
Restricted for:				
General government		322,297	-	322,297
Public works		27,393	-	27,393
Unrestricted		3,537,609	32,207	3,569,816
Total Net Position		\$ 3,887,299	\$ 32,207	\$ 3,919,506

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF ACTIVITIES
CASH BASIS

For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 2,722,000	\$ 190,588	\$ 291,406	\$ -	\$ (2,240,006)	\$ -	\$ (2,240,006)
Public safety	2,458,063	467,211	-	-	(1,990,852)	-	(1,990,852)
Public works	1,372,301	232,534	549,562	-	(590,205)	-	(590,205)
Community and economic development	839,958	-	2,001	-	(837,957)	-	(837,957)
Culture and recreation	1,582,706	79,170	-	2,535,150	1,031,614	-	1,031,614
Principal on long-term debt	75,578	-	-	-	(75,578)	-	(75,578)
Interest on long-term debt	112,890	-	-	-	(112,890)	-	(112,890)
Total governmental activities	9,163,496	969,503	842,969	2,535,150	(4,815,874)	-	(4,815,874)
Business-type activities:							
Sewer	4,022,977	4,224,688	-	-	-	201,711	201,711
Water	2,495,848	3,462,830	-	-	-	966,982	966,982
Total business-type activities	6,518,825	7,687,518	-	-	-	1,168,693	1,168,693
Total Primary Government	\$ 15,682,321	\$ 8,657,021	\$ 842,969	\$ 2,535,150	(4,815,874)	1,168,693	(3,647,181)
General Revenues:							
Taxes:							
Real estate					1,408,549	-	1,408,549
Residence					22	-	22
Per capita					22	-	22
Real estate transfer					83,960	-	83,960
Earned income					704,762	-	704,762
Local services tax					358,608	-	358,608
Intergovernmental revenues					70,957	-	70,957
Interest					49,736	4	49,740
Miscellaneous					1,362,584	-	1,362,584
Capital asset sales					58,350	-	58,350
Transfers					1,194,153	(1,194,153)	-
Total General Revenues and Transfers					5,291,703	(1,194,149)	4,097,554
Change in Net Position					475,829	(25,456)	450,373
Net Position - Beginning					3,411,470	57,663	3,469,133
Prior period adjustment					-	-	-
Net Position - Beginning, as restated					3,411,470	57,663	3,469,133
Net Position - Ending					\$ 3,887,299	\$ 32,207	\$ 3,919,506

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

BALANCE SHEET
CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2020

<u>ASSETS</u>	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash investments	\$ 2,741,242	\$ 349,715	\$ 3,090,957
Investments	807,633	-	807,633
Total Assets	<u>\$ 3,548,875</u>	<u>\$ 349,715</u>	<u>\$ 3,898,590</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Employee payroll deductions	\$ 10,850	\$ -	\$ 10,850
Due to other funds	441	-	441
Total Liabilities	<u>11,291</u>	<u>-</u>	<u>11,291</u>
 Fund Balances:			
Restricted:			
General government	-	322,297	322,297
Public works	-	27,393	27,393
Culture and recreation	-	-	-
Unassigned	3,537,584	25	3,537,609
Total Fund Balances	<u>3,537,584</u>	<u>349,715</u>	<u>3,887,299</u>
 Total Liabilities and Fund Balances	<u>\$ 3,548,875</u>	<u>\$ 349,715</u>	<u>\$ 3,898,590</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CASH BASIS

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 2,555,923	\$ -	\$ 2,555,923
Intergovernmental	3,159,490	289,499	3,448,989
Charges for services	786,913	-	786,913
Licenses and permits	140,117	-	140,117
Fines and forfeitures	42,473	-	42,473
Interest and rentals	49,736	87	49,823
Miscellaneous	1,362,584	-	1,362,584
Total Revenues	<u>8,097,236</u>	<u>289,586</u>	<u>8,386,822</u>
Expenditures:			
Current:			
General government	1,550,627	141,982	1,692,609
Public safety	2,358,631	-	2,358,631
Public works	1,002,303	306,495	1,308,798
Community and economic development	-	-	-
Culture and recreation	785,118	-	785,118
Debt service:			
Principal	75,578	-	75,578
Interest	112,890	-	112,890
Capital outlay	1,827,913	-	1,827,913
Other	1,001,959	-	1,001,959
Total Expenditures	<u>8,715,019</u>	<u>448,477</u>	<u>9,163,496</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(617,783)</u>	<u>(158,891)</u>	<u>(776,674)</u>
Other Financing Sources (Uses):			
Capital assets sales	58,350	-	58,350
Transfers in	1,390,095	229,500	1,619,595
Transfers out	(425,442)	-	(425,442)
Total Other Financing Sources (Uses)	<u>1,023,003</u>	<u>229,500</u>	<u>1,252,503</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>405,220</u>	<u>70,609</u>	<u>475,829</u>
Fund Balances-Beginning (As originally reported)	3,132,364	279,106	3,411,470
Prior Period Adjustment	-	-	-
Fund Balances-Beginning (Restated)	<u>3,132,364</u>	<u>279,106</u>	<u>3,411,470</u>
Fund Balances-Ending	<u>\$ 3,537,584</u>	<u>\$ 349,715</u>	<u>\$ 3,887,299</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET POSITION
CASH BASIS

PROPRIETARY FUNDS

December 31, 2020

		<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets:				
Cash		\$ 27,875	\$ 3,891	\$ 31,766
Interfund receivables		-	441	441
Total current assets		<u>27,875</u>	<u>4,332</u>	<u>32,207</u>
Total Assets		<u>\$ 27,875</u>	<u>\$ 4,332</u>	<u>\$ 32,207</u>
<u>LIABILITIES</u>				
Current liabilities:				
Interfund payables		\$ -	\$ -	\$ -
Total current liabilities		<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities		<u>-</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>				
Unrestricted		27,875	4,332	32,207
Total Net Position		<u>\$ 27,875</u>	<u>\$ 4,332</u>	<u>\$ 32,207</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

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

PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 4,224,688	\$ 3,462,830	\$ 7,687,518
Total Operating Revenues	<u>4,224,688</u>	<u>3,462,830</u>	<u>7,687,518</u>
Operating Expenses:			
Public works	1,496,232	1,565,527	3,061,759
Total Operating Expenses	<u>1,496,232</u>	<u>1,565,527</u>	<u>3,061,759</u>
Operating Income	<u>2,728,456</u>	<u>1,897,303</u>	<u>4,625,759</u>
Non-Operating Revenues (Expenses):			
Interest income	4	-	4
Debt service principal	(211,853)	(426,291)	(638,144)
Debt service interest	(67,981)	(212,048)	(280,029)
Capital outlay	(2,246,911)	(291,982)	(2,538,893)
Total Non-Operating Revenues (Expenses)	<u>(2,526,741)</u>	<u>(930,321)</u>	<u>(3,457,062)</u>
Income Before Transfers	<u>201,715</u>	<u>966,982</u>	<u>1,168,697</u>
Transfers:			
Transfers In	195,942	-	195,942
Transfers Out	(412,000)	(978,095)	(1,390,095)
Total Transfers	<u>(216,058)</u>	<u>(978,095)</u>	<u>(1,194,153)</u>
Change in Net Position	(14,343)	(11,113)	(25,456)
Total Net Position - Beginning	<u>42,218</u>	<u>15,445</u>	<u>57,663</u>
Total Net Position - Ending	<u>\$ 27,875</u>	<u>\$ 4,332</u>	<u>\$ 32,207</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CASH FLOWS
CASH BASIS

PROPRIETARY FUNDS

For the Year Ended December 31, 2020

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 4,224,688	\$ 3,462,830	\$ 7,687,518
Payments to vendors and suppliers	(1,496,232)	(1,565,527)	(3,061,759)
Net Cash Provided by Operating Activities	<u>2,728,456</u>	<u>1,897,303</u>	<u>4,625,759</u>
Cash Flows from Noncapital Financing Activities:			
Net transfers (to)/from other funds	(216,058)	(978,095)	(1,194,153)
Net Cash Used by Noncapital Financing Activities	<u>(216,058)</u>	<u>(978,095)</u>	<u>(1,194,153)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,246,911)	(291,982)	(2,538,893)
Principal paid on debt	(211,853)	(426,291)	(638,144)
Interest paid	(67,981)	(212,048)	(280,029)
Net Cash Used by Capital and Related Financing Activities	<u>(2,526,745)</u>	<u>(930,321)</u>	<u>(3,457,066)</u>
Cash Flows from Investing Activities:			
Interest	<u>4</u>	<u>-</u>	<u>4</u>
Net Decrease in Cash	(14,343)	(11,113)	(25,456)
Cash:			
Beginning	<u>42,218</u>	<u>15,004</u>	<u>57,222</u>
Ending	<u>\$ 27,875</u>	<u>\$ 3,891</u>	<u>\$ 31,766</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2020

<u>ASSETS</u>	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
Cash and cash equivalents	\$ 529,362	\$ 65,247
Receivables:		
Member contributions	10,714	-
Accrued income	29,930	-
Total receivables	<u>40,644</u>	<u>-</u>
Investment assets, at fair value:		-
Municipal debt	370,760	-
Corporate debt	2,844,036	-
DROP account	24,264	-
Equities	6,260,949	-
Mutual funds - fixed income	3,539,159	-
Mutual funds - balanced	371,730	-
Mutual funds - alternative	287,386	-
Mutual funds - equities	5,733,116	-
Total investments	<u>19,431,400</u>	<u>-</u>
Total Assets	<u>\$ 20,001,406</u>	<u>\$ 65,247</u>
 <u>LIABILITIES</u> 		
Benefits payable	\$ -	\$ -
Escrow liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
 <u>NET POSITION</u> 		
Restricted for:		
Pension Benefits	\$ 20,001,406	\$ -
Individual, organizations, other governments	<u>-</u>	<u>65,247</u>
Total Net Position	<u>\$ 20,001,406</u>	<u>\$ 65,247</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended December 31, 2020

<u>ADDITIONS</u>	<u>Pension Trust Fund</u>	<u>Custodial Funds</u>
Fire Loss Escrow Fund	\$ -	\$ 64,334
Advanced Disposal	-	1,547,797
Contributions:		
Plan members	101,903	-
Employer	489,114	-
State	290,506	-
Total contributions	<u>881,523</u>	<u>1,612,131</u>
Net Investment Income:		
Net appreciation (depreciation) in fair value of investments	2,406,186	-
Interest/dividends	167,467	-
Investment expenses	(88,592)	-
Net investment income	<u>2,485,061</u>	<u>-</u>
Total additions	<u>3,366,584</u>	<u>1,612,131</u>
 <u>DEDUCTIONS</u> 		
Fire Loss Escrow	-	11,410
Sewer Certificate of Compliance	-	23,234
Advanced Disposal	-	1,547,797
Benefits and refunds of member contributions	1,226,247	-
Miscellaneous	-	-
Total deductions	<u>1,226,247</u>	<u>1,582,441</u>
Net increase (decrease) in fiduciary net position	2,140,337	29,690
Net Position-Beginning	<u>17,861,069</u>	<u>35,557</u>
Net Position-Ending	<u>\$ 20,001,406</u>	<u>\$ 65,247</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 1 – Reporting Entity

The City of DuBois, Pennsylvania, a city of the third class, was created by charter granted by the Governor of the Commonwealth of Pennsylvania on December 28, 1914. The City is a municipal corporation governed by an elected mayor and a four-member council. The City provides what are considered general government services including public safety, streets, parks and recreation, community and economic development, planning and zoning, permits and inspection, general administrative, and water and wastewater services.

Consistent with the guidance contained in GASB Statement No. 14, *The Financial Reporting Entity*, the criteria used by the City to evaluate the possible inclusion of related entities (Authorities, Boards, Councils, etc.) within its reporting entity, are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the City reviews the applicability of the following criteria:

The City is financially accountable for:

- (a) Organizations that make up the legal City entity.
- (b) Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City as defined below:

Impose its Will - If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

Financial Benefit or Burden - Exists if the City:

- (1) is entitled to the organization's resources, or
 - (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or
 - (3) is obligated in some manner for the debt of the organization.
- (c) Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the City.

The financial statements include only the primary government of the City, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The primary government financial statements do not include financial data for the City's legally separate component units or joint ventures/jointly governed organizations.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 1 – Reporting Entity

However, based on the foregoing criteria, the organizations listed below have been identified as component units which would otherwise be included in the City's financial reporting entity, or as joint ventures/jointly governed organizations for which disclosure of pertinent financial information is required in accordance with generally accepted accounting principles:

Includible Component Units

Redevelopment Authority of the City of DuBois
DuBois Housing Authority
Hospital Authority of the City of DuBois
DuBois Public Library

Joint Ventures/Jointly Governed Organizations

DuBois, Falls Creek, Sandy Township Joint Transportation Authority

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared on the basis of cash receipts and disbursements (cash basis) of accounting, which differs from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies of the City are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities which report financial information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF DUBOIS, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

The City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. A fund is considered major if it is the primary operating fund of the City, or if the fund meets the following criteria: total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. Nonmajor funds are aggregated and presented in a single column. Fiduciary Funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically 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 purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

The other governmental funds of the City account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income and expenses, changes in net position, financial position, and cash flows. Operating revenues and expenses generally result from providing services and producing or delivering goods or services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's proprietary funds are classified as enterprise funds, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges in a manner similar to private business enterprises. The following are the City's major enterprise funds:

Sewer Fund

The Sewer Fund accounts for the operation and maintenance of the City's sanitary sewer collection and disposal system.

Water Fund

The Water Fund accounts for the operation and maintenance of the City's water supply and distribution system.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trust or custodial capacity for individuals, private organizations, or other governments. Fiduciary funds are not included in the government-wide financial statements.

Pension Trust Fund

The Pension Trust Fund accounts for the revenues received, expenses incurred, and the net assets of the City's Non-Uniformed Employees' Pension and Police Pension plans.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds (Continued)

Custodial Funds

Custodial Funds are used to report fiduciary activities that are not required to be reported in pension and other employee benefit trust funds, investment trust funds, or private-purpose trust funds.

C. Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements and proprietary fund financial statements are reported using the economic resources measurement focus and the cash basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the City are included, within the limitations of the cash basis of accounting, on the statement of net position and the statement of activities present increases (revenues) and decreases (expenses) in total net position.

Governmental and proprietary fund financial statements are reported using the current financial resources measurement focus and are accounted for using the cash basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the balance sheet, within the limitations of the cash basis of accounting, and inflows (revenues and other financing sources) and outflows (expenditures and other financing uses) of expendable financial resources are included on the statement of revenues, expenditures, and changes in fund balance.

Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. Plan liabilities are recognized in the Pension Trust Fund for benefits and refunds to plan members and beneficiaries when due and payable in accordance with the terms of the plan.

The effects on the financial statements of the significant differences between the cash basis of accounting and GAAP are that revenues are recorded when received rather than earned and expenditures are recognized when paid rather than when incurred. Only cash and interfund receivables are recognized as assets while no fixed assets, nor infrastructure assets, are capitalized and depreciated; and, only payroll taxes payable and interfund payables are recognized as liabilities while other long-term obligations, such as notes payable and compensated absences, are not recognized.

If the City utilized GAAP, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the government-wide financial statements and the

CITY OF DUBOIS, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

fund financial statements for proprietary and fiduciary funds would use the accrual basis of accounting.

D. Cash and Equivalents

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

E. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers, as applicable. Loans are amounts provided between funds with a requirement for repayment and are reported as interfund receivables and payables on the fund financial statements. Transfers are flows of resources between funds without requirement for repayment and are reported as transfers in and transfers out on the fund financial statements. Loans and transfers within governmental activities or business-type activities are eliminated on the government-wide financial statements, while loans and transfers between governmental activities and business-type activities are not eliminated.

F. Deferred Outflows/Inflows of Resources

The government-wide statement of net position and the governmental and proprietary funds balance sheets include separate sections for deferred outflows of resources and deferred inflows of resources, when applicable. Deferred outflows of resources represent a consumption of net position or net assets that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows or resources represent an acquisition of net position or net assets that apply to a future period as so will not be recognized as an inflow of resources (revenue) until that time. The City had no deferred outflows of resources or deferred inflows of resources to report in its financial statements for the current year.

G. Net Position

In the government-wide and proprietary fund financial statements, net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

H. Fund Balances

In the governmental fund financial statements, fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific

CITY OF DUBOIS, PENNSYLVANIA
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Fund Balances (Continued)

purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable

Fund balances are reported as nonspendable when amounts cannot be spent because they are not in spendable form (items that are not expected to be converted to cash) or because they are legally or contractually required to be maintained intact.

Restricted

Fund balances are reported as restricted when there are limitations imposed on their use whether through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Committed

Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council through the adoption of a formal resolution or ordinance. Only the City Council may modify or rescind the commitment.

Assigned

Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned

Fund balances are reported as unassigned when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

I. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Cash Deposits and Investments

Commonwealth of Pennsylvania statutes provide for the investment of moneys of governmental and proprietary funds into certain authorized investment types, including United States Treasury bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of 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, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, obligations of any political subdivision of the Commonwealth of Pennsylvania or

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 3 – Cash Deposits and Investments (Continued)

any of it agencies or instrumentalities backed by the full faith and credit of the political subdivision, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes. In addition to the investments authorized for governmental and proprietary funds, investments of the City's Pension Plans may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

The deposit and investment policy of the City adheres to the Commonwealth statutes and prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the Commonwealth statutes or the policy of the City.

Cash Deposits

The City's cash deposits with financial institutions include demand deposit accounts and time and savings deposits, including nonnegotiable certificates of deposit through local financial institutions, which are reported as cash and cash investments in the financial statements. Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2020. Category 1 includes cash deposits which are insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the City or by its agent in the City's name. Category 2 includes cash deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 cash deposits are uninsured and uncollateralized, or collateralized in accordance with Act 72, a Commonwealth statute which permits the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

At December 31, 2020, the carrying amount of the City's cash deposits with financial institutions was \$3,157,604 and the financial institutions balances totaled \$3,470,985, which is categorized as follows:

Category 1	\$ 720,252
Category 3	<u>2,750,733</u>
Total Cash Deposits	<u>\$ 3,470,985</u>

Investments

The investments of the City are reported in the financial statements at cost, and investments of the Non-Uniformed Employees' Pension Plan and the Police Retirement Plan, collectively disclosed as the Pension Trust Fund, are reported at fair value. Fair value reporting and disclosure for securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City does not have a written investment policy on concentration of credit risk. Investments issued or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools, and other pooled investments are excluded from the disclosure of concentration of credit risk identifying investments in any one issuer that represent 5% or more of plan net assets.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 3 – Cash Deposits and Investments (Continued)

Investments (Continued)

The City's government-wide investments had no investments subject to the concentration of credit risk disclosure criteria.

Custodial credit risk is the risk that the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The City does not have a written investment policy on custodial credit risk. The fair value of the City's securities held by a counterparty are as follows:

	<u>Government- wide</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Municipal Debt	\$ -	\$ 370,760	\$ 370,760
Corporate Debt	214,937	2,844,036	3,058,973
Deferred Retirement Option Plan	-	24,264	24,264
Mutual Funds – Fixed Income	-	3,539,159	3,539,159
Mutual Funds – Equities	594,237	5,733,116	6,327,353
Mutual Funds -- Balanced	-	371,730	371,730
Mutual Funds – Alternative Equities	-	287,386	287,386
	-	6,260,949	6,260,949
Total	\$ 809,174	\$ 19,431,400	\$ 20,240,574

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy on credit risk. At December 31, 2020, the credit quality ratings of the debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>		<u>Rating</u>	<u>Organization</u>
	<u>Government- wide</u>	<u>Pension Trust Fund</u>		
Municipal Debt	\$ -	\$ 184,326	Aa	Moody's
Municipal Debt	-	76,403	A	Moody's
Municipal Debt	-	49,998	Baa	Moody's
Municipal Debt	-	60,033	Not Rated	Moody's
Total Municipal Debt	-	370,760		
Corporate Debt/Bonds	-	125,651	Aaa	Moody's
Corporate Debt/Bonds	-	137,659	Aa	Moody's
Corporate Debt/Bonds	-	1,020,192	A	Moody's
Corporate Debt/Bonds	-	1,320,557	Baa	Moody's
Corporate Debt/Bonds	214,937	-	S&P	BBB-
Corporate Debt/Bonds	-	239,977	N/A	
Total Corporate Debt/Bonds	214,937	2,844,036		
Mutual Funds – Fixed Income	-	741,984	B	Morningstar
Mutual Funds – Fixed Income	-	1,942,631	BB	Morningstar
Mutual Funds – Fixed Income	-	854,544	BBB	Morningstar
Total Fixed Income	-	3,539,159		
Total	\$ 214,937	\$ 6,753,955		

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 3 – Cash Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a written investment policy on interest rate risk. The City's investments subject to interest rate risk at December 31, 2020 included the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturities (Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11 or more</u>
Municipal Debt	\$ 370,760	\$ 49,998	\$ 163,046	\$ 157,716	\$ -
Corporate Debt	3,058,973	145,841	1,782,863	1,022,955	107,314
Mutual Funds – Fixed Income	<u>3,539,159</u>	<u>1,018,419</u>	<u>579,112</u>	<u>1,292,706</u>	<u>648,922</u>
Total by Maturity Dates	<u>\$ 6,968,892</u>	<u>\$ 1,214,258</u>	<u>\$ 2,525,021</u>	<u>\$ 2,473,377</u>	<u>\$ 756,236</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

All the investments for the DuBois City Non-Uniformed Pension Plan, presented in the Statement of Fiduciary Net Position, are held by Nationwide Trust Company as custodian. As such they are classified in Level 2 of the fair value hierarchy.

All Investments for the DuBois City Police Retirement Plan, presented in the Statement of Fiduciary Net Position are classified in Level 1 of the fair value hierarchy.

All Investments for the DuBois City, presented in the Governmental Fund Balance Sheet are classified in Level 1 of the fair value hierarchy.

Note 4 – Taxes

Real Estate Property Taxes

Real estate property taxes attach as an enforceable lien on property on January first. Taxes are billed on or about March 1, with a 2% discount through April 30; face amount due from May 1 through June 30; and 10% penalty added after July 1. The Clearfield County Assessment Office calculates the yearly tax levy and distributes the individual tax duplicates to the City's elected tax collector. The tax collector is responsible for tax collections.

The City is permitted by law to levy separate and different rates of taxation for general City purposes on all real estate classified as land, exclusive of the buildings thereon, and on all real estate classified as buildings on land. As a result, higher rates may be levied on land if the respective rates on lands and buildings are so fixed so as not to constitute a greater levy in the

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 4 – Taxes (Continued)

aggregate than a rate of 25 mills on both land and buildings. Additional levies for certain other purposes are permitted at specific maximum millage rates as provided for in the City Code. Assessed value is 25% of market value. The City's net taxable assessed value for 2020 was \$59,984,795. The real estate tax millage rates for 2020 were:

Taxable Assessed Value	Purposes	Millage
Land	General	88.00
Buildings and improvements	General	2.00
Total real estate	Library and Recreation	3.50

Local Services Taxes

Emergency and Municipal Services taxes are also collected at various times by the City tax collector. The amount imposed on taxable residents is \$47.00.

Earned Income Taxes

The City also levies a one-half percent tax on the annual earned income of City residents. The tax is collected at various times throughout the year and remitted to the City by an appointed collection agency.

Tax Abatements

As of December 31, 2020, the City provides tax abatements through the Local Economic Revitalization Tax Assistance (LERTA) program. Property taxes are abated through a reduction of assessed value.

The LERTA program provides tax abatements for improvements to business property located in a deteriorated area. The local tax authority established an exemption schedule not to exceed 10 years and shall specify the portion of improvements to be exempted each year. Savings will be realized on a sliding scale beginning with 100% exempt for year 1. The total property taxes abated under the LERTA program for the year ended December 31, 2020 was \$178.

Note 5 – Interfund Balances

Interfund balances at December 31, 2020 consisted of the following:

Due To	Due From	Amount
Water	General Fund	\$ 441

Interfund balances resulted from the timing differences between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 6 – Interfund Transfers

Interfund transfers for the year ended December 31, 2020 consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Sewer	\$ 412,000
General Fund	Water	978,095
Sewer	General Fund	195,942
Health Insurance Fund	General Fund	<u>229,500</u>
Total		<u>\$ 1,815,537</u>

Transfers are used to move revenues from the fund that statute or budget requires them to be collected in to the fund that statute or budget requires them to be expended and use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7 – Debt

The following presents the changes in long-term debt of the City during the year ended December 31, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Principal Due within One Year</u>
<u>Governmental Activities</u>					
Notes payable	\$ 4,811,152	\$ —	\$ (75,578)	\$ 4,735,574	\$ 3,078,680
<u>Business-Type Activities</u>					
Notes payable	13,243,020	—	(638,144)	12,604,876	667,916
Total long-term debt	<u>\$ 18,054,172</u>	<u>\$ —</u>	<u>\$ (713,722)</u>	<u>\$ 17,340,450</u>	<u>\$ 3,746,596</u>

A summary of long-term debt outstanding at December 31, 2020, follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 1,484,050	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority (Pennvest) for a loan to partially finance a sewer system construction project, dated August 17, 2006 simultaneous with a grant from Pennvest of \$1,642,241 for the project. Interest is 1.252% during the initial sixty-six months which consists of construction time and the first five years of amortization, 2.416% during the remaining one hundred eighty months. Interest only is payable until February 1, 2007, \$6,928 is due monthly beginning March 1, 2007 and ending February 1, 2012 and from March 1, 2012 through February 1, 2027 maturity \$7,532 is payable monthly.	\$ 517,355

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 7 – Debt (Continued)

9,000,000	General Obligation Note issued to S&T Bank, dated December 14, 2012, to satisfy remaining balance of General Obligation Bond Series of 2009 and for funding of capital projects, secured by the full faith, credit and taxing power of the City. The note is repayable in monthly installments of \$37,127 with interest of 1.50% and a maturity date of December 14, 2037. The Sewer Fund is responsible for 21.64% of the debt and the Water Fund is responsible for 78.36% of the debt.	6,662,010
4,664,523	General Obligation Note issued to S&T Bank, dated March 8, 2013, for funding of capital projects, secured by the full faith credit and taxing power of the City. The note is repayable in monthly installments of \$19,205 with a current interest rate of 1.50% and a maturity date of March 8, 2028. The Sewer Fund is responsible for 37.73% of the debt, the Water Fund is responsible for 36.62% of the debt, and the General Fund is responsible for 25.65% of the debt.	3,492,830
4,400,000	General Obligation Note issued to S&T Bank, dated May 7, 2015, to satisfy remaining balance of General Obligation Bond Series of 2011 and to provide funding for capital projects, secured by the full faith, credit, and taxing power of the City. The note is repayable in monthly installments of \$20,482, including interest of 2.79%, and a maturity date of May 7, 2040. The interest rate is set initially at 2.79% and is scheduled to be adjusted after 7 years to a rate equal to tax-free equivalent of the 30-day LIBOR plus 175 basis points, with a maximum rate of 6%. The Water Fund is responsible for 77.10% of the debt and the General Fund is responsible for 22.90% of the debt.	3,668,255
3,000,000	General Obligation Note issued to S&T Bank, dated February 2018, as bridge financing while waiting for R-CAP grant used for capital projects, secured by the full faith credit and taxing power of the City. The note is repayable in interest only monthly installments, with all unpaid principal and accrued interest due in full at maturity of February 1, 2021 with a current interest rate of 2.34%.	3,000,000
	Total Long-Term Debt Outstanding	<u>\$17,340,450</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 7 – Debt (Continued)

The aggregate annual debt service requirements applicable to the City's bonded debt and notes payable is summarized:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,746,596	\$ 277,638	\$ 4,024,234
2022	760,733	251,412	1,012,145
2023	775,160	236,985	1,012,145
2024	789,630	222,515	1,012,145
2025	804,902	207,243	1,012,145
2026-2030	3,898,141	816,108	4,714,249
2031-2035	4,159,678	449,122	4,608,800
2036-2040	<u>2,405,610</u>	<u>89,494</u>	<u>2,495,104</u>
	<u>\$ 17,340,450</u>	<u>\$ 2,550,517</u>	<u>\$18,890,967</u>

Note 8 – Non-Uniformed Pension Plan

Plan Description

The Non-Uniformed Pension Plan is a single-employer defined benefit pension plan that covers all full-time non-uniformed employees of the City and which is controlled by the provisions of Ordinance No. 1776, as amended, adopted pursuant to Act 317. The plan is governed by the City Council which is responsible for the management of plan assets. The City Council has appointed a Committee as the official body to which all related investment matters are delegated. The Pension Board consists of seven members: two administration participants, two union participants, two retired individuals, and one Council member.

The City Council has delegated the authority to manage certain assets to the Girard Pension Services LLC., with Nationwide Financial as custodian. Financial statements of the plan are separately issued and can be obtained by contacting the City.

Membership

Membership of the plan consisted of the following at December 31, 2020:

Retirees and Beneficiaries Receiving Benefits	35
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	2
Active Plan Members	<u>40</u>
Total Membership	<u>77</u>

Contributions

Members are required to contribute 3.5% of their gross compensation, with interest credited to these contributions at 6% per year. For employees hired on or after January 1, 2013, interest is not credited to these contributions. The plan may also receive an annual allocation from the General Municipal Pension System State Aid Program which must be used for plan funding.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 8 – Non-Uniformed Pension Plan (Continued)

Any funding requirements in excess of members' contributions and state aid must be paid by the City in accordance with Act 205.

Benefits Provided

The plan provides retirement, disability, and death benefits. The monthly retirement benefit shall be 2.5% for each year of service, up to a maximum of 90%, times the average monthly salary over the member's highest five consecutive years of employment. For employees hired on or after January 1, 2013, the monthly retirement benefit shall be 50% of the member's average annual salary received during the last or any five years of employment, whichever is higher. Members with 12 years of service are eligible to retire at age 60; members are eligible for voluntary early retirement after 20 years of service, and involuntary retirement after 8 years of service with benefits actuarially reduced for each year or partial year prior to age 60. For employees hired on or after January 1, 2013, members with 20 years of service are eligible to retire at age 60 and a benefit is available prior to attaining age 60 and 20 years of service if the member continues paying monthly employee contributions equal to the last amount due while in active employment until reaching age 60. Members are eligible for service-related monthly disability benefits equal to 50% of salary at the time the disability was incurred, reduced by any available worker's compensation benefits received for the same injuries. After 10 years of service, members, who are certified to be unable to engage in any gainful employment, are eligible for nonservice-related monthly disability benefits equal to 30% of salary at the time the disability was incurred. For employees hired on or after January 1, 2013, an employee who becomes totally and permanently disabled after 10 years of service and before attaining the age of 60 shall be entitled to a benefit equal to a normal retirement benefit with no distinction made between service and non-service related disability. For members eligible to retire at the time of death, a beneficiary will receive death benefits equal to the present value of the accrued benefit. At retirement, the member may select a death benefit for a beneficiary.

Commitment Related to Net Pension Liability

At December 31, 2020, the plan reported a total net pension liability of \$3,506,230. Because of the use of the cash basis of accounting framework in the preparation of the financial statements, this net pension liability is not reported in the City's financial statements, and is instead disclosed herein as a commitment. In accordance with the cash basis of accounting, pension expenditures are only reported when contributions are paid by the City.

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2019. The net pension liability was based on a projection of the City's contributions, plan investment earnings, benefit payments, and other activity in the plan.

Actuarial Assumptions

Actuarial assumptions used in the determination of net pension liability, including mortality rates and life expectancies, long-term expected rate of return, discount rate, and sensitivity of the net pension liability to changes in discount rate are available in the separately issued Non-Uniformed Pension Plan financial report that can be obtained by contacting the City.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 9 – Police Retirement Plan

Plan Description

The Police Retirement Plan is a single-employer defined benefit pension plan that covers all full-time uniformed employees of the City. The plan is governed by the City Council which is responsible for the management of plan assets. The City Council has delegated the authority to manage certain plan assets to S&T Trust. Financial statements of the plan are separately issued and can be obtained by contacting the City.

Membership

Membership of the plan consisted of the following at December 31, 2020:

Retirees and Beneficiaries Receiving Benefits	12
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	2
Active Plan Members	<u>11</u>
Total Membership	<u>25</u>

Contributions

Members are required to contribute 3% of their gross compensation plus \$5 per month to the plan. The plan may also receive an annual allocation from the General Municipal Pension System State Aid Program which must be used for plan funding. Any funding requirements in excess of members' contributions and state aid must be paid by the City in accordance with Act 205.

Benefits Provided

The plan provides retirement, disability, and death benefits. The monthly retirement benefit is equal to 50% of final monthly average salary, defined as the last calendar year of employment or average of highest 5 years, if greater, plus service increment of 1/40 of the retirement benefit for each completed year of service in excess of 20 years up to a maximum of \$500. Service after age 65 is not included. Members with 20 years of service are eligible to retire at age 50. Members are eligible for service-related monthly disability benefits equal to the retirement benefit if hired before January 1, 2004 or the retirement benefit offset by worker's compensation if hired on or after January 1, 2004. There are no nonservice-related disability benefits. For active members that were hired before January 1, 2004, 25% of the member's compensation at the date of death is payable to the member's spouse until death or remarriage for members with less than 10 years of service completed; for members with 10 or more years of service completed, 50% of the member's compensation at the date of death is payable to the member's spouse until death or remarriage. For active members that were hired on or after January 1, 2004, the death benefit is the refund of member contributions for members before retirement eligibility; for members after retirement eligibility or after retirement, the monthly death benefit is equal to 50% of the pension the member was receiving or was entitled to receive on the day of the member's death. Inactive member death benefits payable to the member's spouse for deferred vested members is equal to 50% of the deferred vested benefit commencing at normal retirement date; for retired members, a monthly death benefit equal to 50% of the pension the member was receiving is payable to the member's spouse until death or remarriage.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 9 – Police Retirement Plan (Continued)

Commitment Related to Net Pension Liability

At December 31, 2020, the plan reported a total net pension liability of \$289,195. Because of the use of the cash basis of accounting framework in the preparation of the financial statements, this net pension liability is not reported in the City's financial statements, and is instead disclosed herein as a commitment. In accordance with the cash basis of accounting, pension expenditures are only reported when contributions are paid by the City.

The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2019. The net pension liability was based on a projection of the City's contributions, plan investment earnings, benefit payments, and other activity in the plan.

Actuarial Assumptions

Actuarial assumptions used in the determination of net pension liability, including mortality rates and life expectancies, long-term expected rate of return, discount rate, and sensitivity of the net pension liability to changes in discount rate are available in the separately issued Police Retirement Plan financial statements that can be obtained by contacting the City.

Note 10 – Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City Council believes such disallowances, if any, will be immaterial.

Note 11 – Implementation of New Accounting Pronouncements

Effective January 1, 2020, the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists.

The objective of GASB No. 88 is to improve the information that is disclosed in the notes to financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2020

Note 12 – Commitment - Debt

Ordinances were adopted September 14, 2020 establishing non electoral debt with issuances of General Obligation Notes of \$4,500,000 for improvements to City water system in accordance with a Capital Improvement Plan and Source Water Protection Plan and \$3,500,000 for engineering design services to construct a new waste water treatment plant and rehabilitate interceptors and collection system. Ordinances subsequently adopted December 14, 2020 amended the September 14, 2020 ordinances to clarify and/or add provisions and exhibits related to project descriptions and terms and security for the General Obligation Notes.

The General Obligation Note of \$4,500,000 was purchased by NexTier Bank with a tax exempt interest FHLB 5-year rate of 1.85% adjusted every 5 years not to exceed 6.5%, payable over 180 months. Total repayment will be \$4,500,000 principal and \$2,555,970 interest.

The General Obligation Note of \$3,500,000 was purchased by S&T Bank with a tax exempt interest rate of 2.15%, payable interest only for 36 months, principal and interest for 17 months, and lump sum payment in 54th month. Total repayment is \$3,500,000 principal and \$336,184 interest.

Through November 2021 \$1,272,000 and \$2,905,500 were advanced on the \$4,500,000 and \$3,500,000 loans respectively.

Note 13 – Unexpended Funding

In late December 2020, the City received \$223,819 Highway Transfer Program Funds to perform certain services identified in a Highway Transfer Agreement on two highways at \$24,819 and \$199,000. The expenditures of funds will occur after December 31, 2020.

Note 14 – Subsequent Events

Subsequent events were evaluated through December 9, 2021 which is the date the financial statements were available to be issued.

The City of DuBois and Sandy Township, surrounding the City, will consolidate into one municipality following majority vote of the electorate on November 2, 2021 in both municipalities. The consolidation process is expected to span two to three years. The City expended \$30,400 in 2020 for a consolidation study. Costs and expenses associated with the consolidation are not known.

The spread of the COVID-19 coronavirus outbreak in the United States has caused disruption through voluntary and mandated closings of businesses and other organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. However, the related financial impact and duration cannot be reasonable estimated at this time.

CITY OF DUBOIS, PENNSYLVANIA
BUDGETARY COMPARISON SCHEDULE
CASH BASIS

GENERAL FUND

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 2,529,724	\$ 2,529,724	\$ 2,555,923	\$ 26,199
Intergovernmental	1,838,482	1,838,482	3,159,490	1,321,008
Charges for services	643,919	643,919	786,913	142,994
Licenses and permits	142,025	142,025	140,117	(1,908)
Fines and forfeitures	61,400	61,400	42,473	(18,927)
Interest and rentals	4,700	4,700	49,736	45,036
Miscellaneous	480,525	480,525	1,362,584	882,059
Total Revenues	5,700,775	5,700,775	8,097,236	2,396,461
Expenditures:				
Current:				
General government	1,474,484	1,474,484	1,550,627	(76,143)
Public safety	2,267,224	2,267,224	2,358,631	(91,407)
Public works	1,118,299	1,118,299	1,002,303	115,996
Community and economic development	-	-	-	-
Culture and recreation	514,902	514,902	785,118	(270,216)
Debt service:				
Principal	72,531	72,531	75,578	(3,047)
Interest	116,942	116,942	112,890	4,052
Capital outlay	1,148,020	1,148,020	1,827,913	(679,893)
Other	1,006,965	1,006,965	1,001,959	5,006
Total Expenditures	7,719,367	7,719,367	8,715,019	(995,652)
Excess (Deficiency) of Revenues over Expenditures	(2,018,592)	(2,018,592)	(617,783)	1,400,809
Other Financing Sources (Uses):				
Capital assets sales	-	-	58,350	58,350
Transfers in	2,252,592	2,252,592	1,390,095	(862,497)
Transfers out	(234,000)	(234,000)	(425,442)	(191,442)
Total Other Financing Sources (Uses)	2,018,592	2,018,592	1,023,003	(995,589)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	405,220	405,220
Fund Balance-Beginning	3,132,364	3,132,364	3,132,364	-
Fund Balance-Ending	\$ 3,132,364	\$ 3,132,364	\$ 3,537,584	\$ 405,220

See accompanying notes to budgetary comparison schedules.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2020

Note 1 – Budgetary Information

The City has adopted the following procedures in establishing the budgetary data reflected in the basic financial statements:

- (1) At the last stated meeting in November in each year, the City Manager shall present to Council for first reading a proposed budget ordinance for all funds showing the estimated receipts, expenditures, and liabilities for the ensuing year with the balance of unexpended appropriations and all other information of value as a basis for fixing the levy and tax rate for the next fiscal year. Council shall, upon passing the proposed budget ordinance on first reading, fix a date for adoption thereof, which shall be not later than December 31 of such year.
- (2) The City Clerk shall make the proposed budget ordinance available for public inspection and publish a notice to that effect once in at least one newspaper. Such notice shall state the date fixed by Council for adoption of the proposed budget ordinance and such notice shall be published at least twenty days prior to the time fixed by Council for adoption of the proposed budget ordinance. The proposed budget ordinance shall be available for public inspection at the City Clerk's office for at least ten days after the newspaper notice is published.
- (3) Council shall, after making such changes and modifications therein as appear proper, adopt the budget and any appropriation measures required to put it into effect upon the date fixed for adoption thereof. If, upon any revision of the budget, estimated expenditures are increased more than ten percent in the aggregate or more than twenty five percent in any individual item over the proposed budget, such budget shall not be adopted with any such increases therein unless the same be again made available for public inspection and for protest of such increases for a period of at least ten days after notice to that effect is published.
- (4) During the month of January following any municipal election, Council may amend the budget and the levy and tax rate to conform to the amended budget ordinance. The procedures for adopting an amended budget shall be in accordance with the above, except that the amended budget ordinance must be adopted on or before February 15.

Note 2 – Other Information

GASB Statement No. 34 requires a budgetary comparison schedule to be presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The City had no major special revenue funds for the year ended December 31, 2020.

CITY OF DUBOIS, PENNSYLVANIA

COMBINING BALANCE SHEET
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2020

<u>ASSETS</u>	<u>Community Development Block Grant</u>	<u>Health Insurance</u>	<u>Liquid Fuels Tax</u>	<u>Total Other Governmental Funds</u>
Cash and cash investments	\$ 25	\$ 322,297	\$ 27,393	\$ 349,715
Interfund receivables	-	-	-	-
Total Assets	\$ 25	\$ 322,297	\$ 27,393	\$ 349,715
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Employee payroll deductions	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	-	-	-
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted:				
General government	-	322,297	-	322,297
Public works	-	-	27,393	27,393
Culture and recreation	-	-	-	-
Unassigned	25	-	-	25
Total Fund Balances	25	322,297	27,393	349,715
Total Liabilities and Fund Balances	\$ 25	\$ 322,297	\$ 27,393	\$ 349,715

CITY OF DUBOIS, PENNSYLVANIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2020

	<u>Community Development Block Grant</u>	<u>Health Insurance</u>	<u>Liquid Fuels Tax</u>	<u>Total Other Governmental Funds</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	289,499	289,499
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest and rentals	-	-	87	87
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>289,586</u>	<u>289,586</u>
Expenditures:				
Current:				
General government	-	141,982	-	141,982
Public safety	-	-	-	-
Public works	-	-	306,495	306,495
Community and economic development	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Other	-	-	-	-
Total Expenditures	<u>-</u>	<u>141,982</u>	<u>306,495</u>	<u>448,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(141,982)</u>	<u>(16,909)</u>	<u>(158,891)</u>
Other Financing Sources (Uses):				
Capital assets sales	-	-	-	-
Transfers in	-	229,500	-	229,500
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>229,500</u>	<u>-</u>	<u>229,500</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>87,518</u>	<u>(16,909)</u>	<u>70,609</u>
Fund Balances-Beginning	<u>25</u>	<u>234,779</u>	<u>44,302</u>	<u>279,106</u>
Fund Balances-Ending	<u>\$ 25</u>	<u>\$ 322,297</u>	<u>\$ 27,393</u>	<u>\$ 349,715</u>