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Office of Open Records

Standard Right-to-Know Law Request Form

Please read carefully. Complete this form and retain a copy of **both** pages; this copy may be required if an appeal is filed. You have 15 business days to appeal after a request is denied or deemed denied. More information about the RTKL is available at <https://www.openrecords.pa.gov>. In most cases, a completed RTKL request form is a public record.

SUBMITTED TO AGENCY NAME: City of DuBois PA (Attn: AORO)

Date Request Submitted: 11/4/20 Submitted via:  Email  U.S. Mail  Fax  In Person

PERSON MAKING REQUEST:

Full Name: Theresa Suplizio

Company (if applicable): \_\_\_\_\_

Please send response via:  Email  U.S. Mail

*If you wish to obtain records that only exist in hard copy, or must be provided on an electronic storage device, you may be required to provide a mailing address to the agency. See Section 703.*

Email: [REDACTED]

Mailing Address: 314 Hamor St

City: DuBois State: PA Zip: 15801 Telephone: [REDACTED]

How do you prefer to be contacted if the agency has questions?  Telephone  Email  U.S. Mail

**By checking this box, I affirm that my full name and contact information is true and correct, and that I am a legal resident of the United States. I understand that failure to check this box may result in the denial of my request and the dismissal of any appeal filed with the Office of Open Records.**

RECORDS REQUESTED: *Provide as much detail as possible, including subject matter, time frame, and type of record sought. RTKL requests must seek records, not ask questions. Use additional pages if necessary.*

Audits for the following years:

- 2008
- 2009
- 2010

Form continues on page 2. Retain a copy of **both** pages.

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**RECORDS REQUESTED (continued):**

**DO YOU WANT COPIES?**    Yes, printed    Yes, electronic    No, in-person inspection

*Records shall be provided in the medium requested if they exist in that medium; otherwise, they shall be provided in the medium in which they exist. See Section 701. Your request may require payment or prepayment of fees. View the Official RTKL Fee Schedule for more details.*

**I understand that my request may incur fees. Notify me before further processing if fees will be more than**    \$100 (or)    \$10.00 \_\_\_\_\_.

Do you want certified copies?    Yes (*may be subject to additional costs*)    No

**ITEMS BELOW THIS LINE FOR AGENCY USE ONLY**

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Tracking: \_\_\_\_\_ Date Received: \_\_\_\_\_ Response Due (5 bus. days): \_\_\_\_\_

30-Day Ext.?    Yes    No (If Yes, Final Due Date: \_\_\_\_\_) Actual Response Date: \_\_\_\_\_

Request was:    Granted    Partially Granted & Denied    Denied   Cost to Requester: \$ \_\_\_\_\_

Appropriate third parties notified and given an opportunity to object to the release of requested records.

***Retain a copy of both pages of this Form.***





## CITY OF DuBOIS, PENNSYLVANIA

P.O. BOX 408

16 W. SCRIBNER AVE.

DuBOIS, PENNSYLVANIA 15801

TELEPHONE: (814) 371-2000

FAX: (814) 371-1290

November 8, 2024

VIA EMAIL

Ms. Theresa Suplizio  
314 Hamor Street  
DuBois, PA 15801



Dear Ms. Suplizio,

Thank you for writing the City of DuBois with your request for information pursuant to the Pennsylvania Right-To-Know law.

On November 4, 2024, you requested audits for 2008, 2009, and 2010.

Your request is granted, and the responsive documents are enclosed.

Respectfully,

Shawn Arbaugh  
City Manager  
City of DuBois, Clearfield County

*"Gateway To Big Game Country"*

[REDACTED]

CITY OF DUBOIS, PENNSYLVANIA

December 31, 2008

**CITY OF DUBOIS, PENNSYLVANIA**

DuBois, Pennsylvania

**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT INCLUDING REPORTS REQUIRED  
BY THE SINGLE AUDIT ACT AMENDMENTS OF 1996  
AND OMB CIRCULAR A-133**

December 31, 2008



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## SHARKEY PICCIRILLO KEEN & HANZELY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

### INDEPENDENT AUDITORS' REPORT

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

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 DuBois, Pennsylvania, as of and for the year ended December 31, 2008, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of DuBois, Pennsylvania's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the City of DuBois, Pennsylvania, prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the 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 assets, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, 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, 2008, or the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In addition, in our opinion, except for the effects of omitting blended component units, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information for the primary government of the City of DuBois, Pennsylvania, as of December 31, 2008, and the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

Further, 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 primary government of the City of DuBois, Pennsylvania, as of December 31, 2008, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the City of DuBois, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 31 through 32 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of DuBois, Pennsylvania, has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DuBois, Pennsylvania's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of DuBois, Pennsylvania. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sharkey Piccirillo Keen + Hanzely, LLP*

SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 11, 2009

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

December 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 2,020,914	\$ 2,201,380	\$ 4,222,294
Internal balances	553,231	83,034	636,265
Total Assets	<u>\$ 2,574,145</u>	<u>\$ 2,284,414</u>	<u>\$ 4,858,559</u>
<u>LIABILITIES AND NET ASSETS</u>			
Liabilities:			
Payroll taxes payable	\$ 11,395	\$ -	\$ 11,395
Internal balances	83,034	553,231	636,265
Total Liabilities	<u>94,429</u>	<u>553,231</u>	<u>647,660</u>
Net Assets:			
Restricted for:			
Other purposes	2,771,433	-	2,771,433
Unrestricted	(291,717)	1,731,183	1,439,466
Total Net Assets	<u>2,479,716</u>	<u>1,731,183</u>	<u>4,210,899</u>
Total Liabilities and Net Assets	<u>\$ 2,574,145</u>	<u>\$ 2,284,414</u>	<u>\$ 4,858,559</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF ACTIVITIES  
CASH BASIS

For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business- type Activities	
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 922,763	\$ 142,029	\$ -	\$ -	\$ (780,734)	\$ -	\$ (780,734)
Public safety	1,629,564	298,837	-	-	(1,330,727)	-	(1,330,727)
Public works	1,335,617	-	-	-	(1,335,617)	-	(1,335,617)
Community and economic development	1,092,027	13,000	504,590	422,582	(151,855)	-	(161,855)
Culture and recreation	244,514	61,077	-	-	(183,437)	-	(183,437)
Principal on long-term debt	195,094	-	-	-	(195,094)	-	(195,094)
Interest on long-term debt	14,838	-	-	-	(14,838)	-	(14,838)
<b>Total governmental activities</b>	<b>5,434,417</b>	<b>514,943</b>	<b>504,590</b>	<b>422,682</b>	<b>(3,992,302)</b>	<b>-</b>	<b>(3,992,302)</b>
<b>Business-type activities:</b>							
Sewer	4,392,828	2,554,941	-	720,722	-	(1,117,165)	(1,117,165)
Water	5,678,356	1,626,563	-	-	-	(4,051,793)	(4,051,793)
<b>Total business-type activities</b>	<b>10,071,184</b>	<b>4,181,504</b>	<b>-</b>	<b>720,722</b>	<b>-</b>	<b>(5,168,958)</b>	<b>(5,168,958)</b>
<b>Total Primary Government</b>	<b>\$ 15,505,601</b>	<b>\$ 4,696,447</b>	<b>\$ 504,590</b>	<b>\$ 1,143,304</b>	<b>(3,992,302)</b>	<b>(5,168,958)</b>	<b>(9,161,260)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Real estate					1,269,612	-	1,269,612
Residence					21,661	-	21,661
Per capita					21,871	-	21,871
Real estate transfer					57,198	-	57,198
Earned income					602,079	-	602,079
Local services tax					275,733	-	275,733
Intergovernmental revenues					481,803	-	481,803
Proceeds from borrowings					348,600	6,212,304	6,560,904
Interest					93,634	93,059	186,693
Sales of capital assets					28,855	-	28,855
Miscellaneous					178,249	-	178,249
Transfers					1,182,837	(1,182,837)	-
<b>Total General Revenues and Transfers</b>					<b>4,562,032</b>	<b>5,122,526</b>	<b>9,684,558</b>
<b>Change in Net Assets</b>					<b>569,730</b>	<b>(46,432)</b>	<b>523,298</b>
<b>Net Assets - Beginning</b>					<b>1,909,986</b>	<b>1,777,615</b>	<b>3,687,601</b>
<b>Net Assets - Ending</b>					<b>\$ 2,479,716</b>	<b>\$ 1,731,183</b>	<b>\$ 4,210,899</b>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

BALANCE SHEET  
CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2008

<u>ASSETS</u>	<u>General</u>	<u>Brewery Grant</u>	<u>Capital Reserve</u>	<u>Johnson Controls</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash investments	\$ 9,663	\$ -	\$ 861,808	\$ 592,261	\$ 557,282	\$ 2,020,914
Interfund receivables	70,488	-	830,570	-	50,072	951,130
<b>Total Assets</b>	<b>\$ 80,051</b>	<b>\$ -</b>	<b>\$ 1,692,378</b>	<b>\$ 592,261</b>	<b>\$ 607,354</b>	<b>\$ 2,972,044</b>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Payroll taxes payable	\$ 11,395	\$ -	\$ -	\$ -	\$ -	\$ 11,395
Interfund payables	380,373	119,112	-	-	1,448	480,933
<b>Total Liabilities</b>	<b>371,768</b>	<b>119,112</b>	<b>-</b>	<b>-</b>	<b>1,448</b>	<b>492,328</b>
Fund Balances:						
Unreserved, reported in:						
General fund	(291,717)	-	-	-	-	(291,717)
Special revenue funds	-	(119,112)	1,692,378	592,261	605,906	2,771,433
<b>Total Fund Balances</b>	<b>(291,717)</b>	<b>(119,112)</b>	<b>1,692,378</b>	<b>592,261</b>	<b>605,906</b>	<b>2,479,716</b>
 <b>Total Liabilities and Fund Balances</b>	 <b>\$ 80,051</b>	 <b>\$ -</b>	 <b>\$ 1,692,378</b>	 <b>\$ 592,261</b>	 <b>\$ 607,354</b>	 <b>\$ 2,972,044</b>

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, 2008

	<u>General</u>	<u>Brewery Grant</u>	<u>Capital Reserve</u>	<u>Johnson Controls</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
Taxes	\$ 2,240,054	\$ -	\$ -	\$ -	\$ -	\$ 2,240,054
Intergovernmental	202,406	-	-	-	1,126,569	1,408,975
Charges for services	368,218	-	-	-	-	368,218
Licenses and permits	76,378	-	-	-	-	76,378
Fines and forfeitures	70,347	-	-	-	-	70,347
Interest and rentals	63,894	-	27,277	2,261	7,475	100,907
Miscellaneous	95,976	-	-	-	75,000	170,976
<b>Total Revenues</b>	<b>3,205,273</b>	<b>-</b>	<b>27,277</b>	<b>2,261</b>	<b>1,209,044</b>	<b>4,443,855</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	641,797	-	-	-	32,681	574,478
Public safety	1,530,614	-	-	-	4,132	1,534,746
Public works	772,950	-	-	-	228,116	1,001,066
Community and economic development	-	119,112	-	100,000	872,915	1,092,027
Culture and recreation	244,514	-	-	-	-	244,514
<b>Debt service:</b>						
Principal	195,094	-	-	-	-	195,094
Interest	14,838	-	-	-	-	14,838
Capital outlay	438,615	-	-	-	-	438,615
Other	339,039	-	-	-	-	339,039
<b>Total Expenditures</b>	<b>4,077,461</b>	<b>119,112</b>	<b>-</b>	<b>100,000</b>	<b>1,137,844</b>	<b>5,434,417</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(872,188)</b>	<b>(119,112)</b>	<b>27,277</b>	<b>(97,739)</b>	<b>71,200</b>	<b>(990,562)</b>
<b>Other Financing Sources (Uses):</b>						
Capital assets sales	28,855	-	-	-	-	28,855
Proceeds from borrowings	348,600	-	-	-	-	348,600
Transfers in	436,104	-	119,687	690,000	94,973	1,340,764
Transfers out	(154,954)	-	-	-	(2,973)	(157,927)
<b>Total Other Financing Sources (Uses)</b>	<b>658,605</b>	<b>-</b>	<b>119,687</b>	<b>690,000</b>	<b>92,000</b>	<b>1,560,292</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(213,583)</b>	<b>(119,112)</b>	<b>146,964</b>	<b>592,261</b>	<b>163,200</b>	<b>569,730</b>
<b>Fund Balances-Beginning</b>	<b>(78,134)</b>	<b>-</b>	<b>1,545,414</b>	<b>-</b>	<b>442,706</b>	<b>1,909,986</b>
<b>Fund Balances-Ending</b>	<b>\$ (291,717)</b>	<b>\$ (119,112)</b>	<b>\$ 1,692,378</b>	<b>\$ 592,261</b>	<b>\$ 605,906</b>	<b>\$ 2,479,718</b>

See accompanying notes to basic financial statements.



CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

PROPRIETARY FUNDS

December 31, 2008

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 2,137,740	\$ 63,640	\$ 2,201,380
Interfund receivables	2,034	81,000	83,034
Total current assets	<u>2,139,774</u>	<u>144,640</u>	<u>2,284,414</u>
Total Assets	<u>\$ 2,139,774</u>	<u>\$ 144,640</u>	<u>\$ 2,284,414</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Interfund payables	\$ 220,656	\$ 332,575	\$ 553,231
Total current liabilities	<u>220,656</u>	<u>332,575</u>	<u>553,231</u>
Total Liabilities	<u>220,656</u>	<u>332,575</u>	<u>553,231</u>
Net assets:			
Unrestricted	<u>1,919,118</u>	<u>(187,935)</u>	<u>1,731,183</u>
Total net assets	<u>1,919,118</u>	<u>(187,935)</u>	<u>1,731,183</u>
Total Liabilities and Net Assets	<u>\$ 2,139,774</u>	<u>\$ 144,640</u>	<u>\$ 2,284,414</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

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

PROPRIETARY FUNDS

For the Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Operating Revenues:			
Charges for services	\$ 2,554,941	\$ 1,626,563	\$ 4,181,504
Miscellaneous	-	-	-
Total Operating Revenues	<u>2,554,941</u>	<u>1,626,563</u>	<u>4,181,504</u>
Operating Expenses:			
Public works	1,764,992	1,306,822	3,071,814
Total Operating Expenses	<u>1,764,992</u>	<u>1,306,822</u>	<u>3,071,814</u>
Operating Income	<u>789,949</u>	<u>319,741</u>	<u>1,109,690</u>
Non-Operating Revenues (Expenses):			
Grants	720,722	-	720,722
Proceeds from borrowings	1,721,997	4,490,307	6,212,304
Interest income	89,965	3,094	93,059
Capital outlay	(1,034,931)	(878,547)	(1,913,478)
Debt service principal	(1,499,061)	(3,291,811)	(4,790,872)
Debt service interest	(93,844)	(201,176)	(295,020)
Total Non-Operating Revenues (Expenses)	<u>(95,152)</u>	<u>121,867</u>	<u>26,715</u>
Income Before Transfers	694,797	441,608	1,136,405
Transfers In	-	13,075	13,075
Transfers Out	<u>(712,332)</u>	<u>(483,580)</u>	<u>(1,195,912)</u>
Change in Net Assets	<u>(17,535)</u>	<u>(28,897)</u>	<u>(46,432)</u>
Total Net Assets - Beginning	<u>1,936,653</u>	<u>(159,038)</u>	<u>1,777,615</u>
Total Net Assets - Ending	<u>\$ 1,919,118</u>	<u>\$ (187,935)</u>	<u>\$ 1,731,183</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, 2008

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,554,941	\$ 1,626,563	\$ 4,181,504
Payments to suppliers	(1,178,984)	(741,947)	(1,920,931)
Payments to employees	(586,008)	(564,875)	(1,150,883)
Net Cash Provided by Operating Activities	<u>789,949</u>	<u>319,741</u>	<u>1,109,690</u>
Cash Flows from Noncapital Financing Activities:			
Transfers in	-	13,075	13,075
Transfers out	(712,332)	(483,580)	(1,195,912)
(Increase) decrease in interfund receivables	-	(81,000)	(81,000)
Increase (decrease) in interfund payables	85,000	(82,054)	2,946
Net Cash Used by Noncapital Financing Activities	<u>(627,332)</u>	<u>(633,559)</u>	<u>(1,260,891)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(1,034,931)	(878,547)	(1,913,478)
Proceeds from capital grants	720,722	-	720,722
Proceeds from borrowings	1,721,997	4,490,307	6,212,304
Principal paid on debt	(1,499,061)	(3,291,811)	(4,790,872)
Interest paid	(93,844)	(201,176)	(295,020)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(185,117)</u>	<u>118,773</u>	<u>(66,344)</u>
Cash Flows from Investing Activities:			
Interest	<u>89,965</u>	<u>3,094</u>	<u>93,059</u>
Net Increase (Decrease) in Cash	67,465	(191,951)	(124,486)
Cash:			
Beginning	<u>2,070,275</u>	<u>255,591</u>	<u>2,325,866</u>
Ending	<u>\$ 2,137,740</u>	<u>\$ 63,640</u>	<u>\$ 2,201,380</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA  
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2008

<u>ASSETS</u>	Non-Uniformed Employees Pension Plan	Police Pension Plan	Agency Funds
Cash	\$ -	\$ -	\$ 64,375
Investments:			
Investment assets with PMRS, at fair value	5,430,395	-	-
Insurance contracts, at contract value	-	4,219,824	-
Unallocated separate accounts, at fair value	-	500,038	-
Total Investments	<u>5,430,395</u>	<u>4,719,862</u>	<u>-</u>
 Total Assets	 <u>\$ 5,430,395</u>	 <u>\$ 4,719,862</u>	 <u>\$ 64,375</u>
 <u>LIABILITIES</u>			
Escrow liabilities	\$ -	\$ -	\$ 64,375
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>\$ 64,375</u>
 <u>NET ASSETS</u>			
Held in trust for pension benefits	<u>\$ 5,430,395</u>	<u>\$ 4,719,862</u>	

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the Year Ended December 31, 2008

	<u>ADDITIONS</u>	Non-Uniformed Employees Pension Plan	Police Pension Plan
Contributions:			
Plan members		\$ 57,484	\$ 21,132
Employer		40	76,447
State		74,669	146,490
Total contributions		<u>132,193</u>	<u>244,069</u>
Net Investment Income:			
Net appreciation (depreciation) in fair value of investments		-	(958,723)
Interest		305,106	-
Contract investment income		-	214,336
Total investment income		<u>305,106</u>	<u>(744,387)</u>
Less investment expenses		-	-
Net investment income		<u>305,106</u>	<u>(744,387)</u>
Total Additions		<u>437,299</u>	<u>(500,318)</u>
	<u>DEDUCTIONS</u>		
Refunds of member contributions		21,850	-
Benefits		311,705	254,587
Administrative expenses		1,520	16,955
Allocated insurance premiums		1,859	-
Total Deductions		<u>336,934</u>	<u>271,542</u>
Change in Net Assets		100,365	(771,860)
Net Assets-Beginning		<u>5,330,030</u>	<u>5,491,722</u>
Net Assets-Ending		<u>\$ 5,430,395</u>	<u>\$ 4,719,862</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

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 four member council.

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.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, 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. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989 to its business-type activities or enterprise funds. The financial statements include government-wide financial statements prepared on the basis of cash receipts and disbursements and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The more 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display 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 generally are financed through taxes, intergovernmental revenues, and other nonexchange 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, 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets 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. Funds are organized into three categories: governmental, proprietary, and fiduciary. 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 meets the following criteria: total assets, liabilities, 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, liabilities, 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 of the City are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The following are the City's major governmental funds:

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

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.

Brewery Grant Fund

The Brewery Grant Fund accounts for the infrastructure improvements and development project at the former DuBois Brewery Complex.

Capital Reserve Fund

The Capital Reserve Fund accounts for resources accumulated and reserved for capital projects and expenditures and to fund projects financed by Intergovernmental grants and revenues.

Johnson Controls Fund

The Johnson Controls Fund accounts for transaction related to the Flexnet meter system installation project.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose and the accumulation of resources for, and the payment of debt.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds

Enterprise funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewage and Water Funds are the City's major enterprise funds.

Fiduciary Funds

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

Pension Trust Fund

The Pension Trust Fund accounts for the assets of the City's Non-Uniformed Employees' Pension and Police Pension plans.



CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds (Continued)

Agency Funds

Agency Funds are custodial in nature with assets and liabilities being equal and do not involve measurement of results of operation. The City's Fire Loss Escrow Fund is an agency fund.

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 are reported using the economic resources measurement focus and the cash receipts and disbursements basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the statement of activities present increases (revenues) and decreases (expenses) in net total assets. Under the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, revenues are recognized when received and expenses are recognized when paid.

Governmental and proprietary fund financial statements are reported using the current financial resources measurement focus and are accounted for using the cash receipts and disbursements basis of accounting. The current financial resources measurement focus means only current financial assets and liabilities are included on the balance sheet and inflows (revenues and other financing sources) and outflows (expenditures and other financing uses) of expendable financial resources are included on the statements of revenues, expenditures, and changes in fund balances.

As a result of the use of the cash receipts and disbursements basis of accounting, certain assets and their revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Notes Disclosures for Defined Contribution Plans*, requires that plan liabilities be 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers, as applicable. Loans are reported as interfund receivables and payables on the fund financial statements. Interfund receivables and payables are eliminated on the government-wide statement of net assets. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activity is treated as transfers.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their 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. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

F. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect 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 any of its 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 3 – Cash Deposits and Investments (Continued)

In addition to the investments authorized for governmental and proprietary funds, investments of the City's Pension Plans may also be made in legal investments permitted under the Pennsylvania Fiduciaries 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

Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2008. 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 includes cash deposits which are uninsured and uncollateralized, or were 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, 2008, the carrying amount of the City's cash deposits with financial institutions was \$4,286,669 and the financial institutions balances totaled \$4,621,837, which is categorized as follows:

Category 1	\$ 825,506
Category 3	<u>3,796,331</u>
Total Cash Deposits	<u>\$ 4,621,837</u>

Investments – Non-Uniformed Employees Pension Plan

The investments of the Non-Uniformed Employees Pension Plan are reported at fair value, and do not represent specific identifiable investment securities, as they are pooled for investment purposes with the Pennsylvania Municipal Retirement System (PMRS). Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS's separately issued Comprehensive Annual Financial Report.

Investments – Police Pension Plan

The Police Pension Plan investments include unallocated insurance contracts, which are valued at contract value, and unallocated separate accounts, which are valued at fair value.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2008, the Police Pension Plan's investments of \$4,719,862 were held by a counterparty in the name of the City.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 3 – Cash Deposits and Investments (Continued)

Investments – Police Pension Plan (Continued)

Credit risk is the risk that an issuer in debt securities will not fulfill its obligation. At December 31, 2008, the Police Pension Plan's unallocated separate accounts were commingled pools rather than individual securities, and, as a result, these accounts are not rated.

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investments in the Police Pension Plan subject to interest rate risk at December 31, 2008 included:

<u>Investment Type</u>	<u>Value</u>	<u>Effective Duration</u>
Insurance Contracts, at contract value	\$ 4,219,824	4.96 years

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single organization. Investments of the Police Pension Plan in any one organization that represent 5 percent or more of total investments are as follows:

<u>Organization</u>	<u>Value</u>
Principal Financial Group	\$ 4,719,862

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. At December 31, 2008, investments of the Police Pension Plan were not subject to foreign currency risk.

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 aggregate than a rate of 25 mills on both land and buildings. Additional levies for certain other purposes are permitted at specific maximum millages as provided for in the City Code.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 4 – Taxes (Continued)

Real Estate Property Taxes (Continued)

Assessed value is 25% of market value. The City's net taxable assessed value for 2008 was \$55,849,388. The real estate tax millage rates for 2008 was:

<u>Taxable Assessed Value</u>	<u>Purposes</u>	<u>Millage</u>
Land	General	89.00
Buildings and Improvements	General	3.00
Total real estate	Library and Recreation	3.50

Residence and Per Capita Taxes

Residence and per capita taxes are collected at various times during the year by the City tax collector. Each tax is in the amount of \$5.00 per taxpayer. Various income and age provisions determine individual tax liability.

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.

Note 5 – Interfund Balances

Interfund balances at December 31, 2008 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant Fund	\$ 925
	Community Revitalization Fund	523
	Brewery Grant Fund	69,040
Capital Reserve Fund	General Fund	277,339
	Sewer Fund	220,656
	Water Fund	332,575
Urban Development Fund	Brewery Grant Fund	50,072
Sewer Fund	General Fund	2,034
Water Fund	General Fund	81,000
Total		<u>\$ 1,034,164</u>

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, 2008

Note 6 – Interfund Transfers

Interfund transfers for the year ended December 31, 2008 consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 268,224
	Water Fund	167,880
Capital Reserve Fund	General Fund	6,354
	Sewer Fund	113,333
Johnson Controls Fund	General Fund	96,600
	Sewer Fund	296,700
	Water Fund	296,700
Community Revitalization Fund	Urban Development Fund	2,973
Health Insurance Fund	General Fund	52,000
	Sewer Fund	21,000
	Water Fund	19,000
Water Fund	Sewer Fund	<u>13,075</u>
Total		<u>\$1,353,839</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them 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

Short-Term Debt

The City has received short-term interim financing from S&T Bank for a Sewer Replacement Project to be permanently financed with a loan and grant from Pennsylvania Infrastructure Investment Authority. The approved amount of the interim financing was \$3,126,291, with a maturity date of November 3, 2009. At December 31, 2008, the outstanding balance was \$0 and the interest rate was 3.9875 percent.

Short-term debt activity during the year ended December 31, 2008 was:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Interest Paid</u>
Interim financing	<u>\$ 1,332,604</u>	<u>\$ —</u>	<u>\$ (1,332,604)</u>	<u>\$ —</u>	<u>\$ 7,651</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 7 – Debt (Continued)

Long-Term Debt

The following presents the changes in long-term debt of the City during the year ended December 31, 2008:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Principal Due within One Year</u>
Notes and bonds payable:					
Notes payable	\$ 142,449	\$ 348,600	\$ (30,094)	\$ 460,955	\$ 39,494
Bonds payable	165,000	—	(165,000)	—	—
Governmental activities long-term debt	<u>307,449</u>	<u>348,600</u>	<u>(195,094)</u>	<u>460,955</u>	<u>39,494</u>
<u>Business-Type Activities</u>					
Notes payable	3,119,805	6,212,304	(229,913)	9,102,196	374,140
Bonds payable	<u>3,228,355</u>	—	<u>(3,228,355)</u>	—	—
Business-type activities long-term debt	<u>6,348,160</u>	<u>6,212,304</u>	<u>(3,458,268)</u>	<u>9,102,196</u>	<u>374,140</u>
Total long term debt	<u>\$ 6,655,609</u>	<u>\$ 6,560,904</u>	<u>\$ (3,653,362)</u>	<u>\$ 9,563,151</u>	<u>\$ 413,634</u>

A summary of long-term debt outstanding at December 31, 2008, follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 100,000	Pennsylvania Emergency Management Agency loan to assist in the purchase of fire apparatus, repayable at \$644 monthly May 1, 1996 through April 1, 2011 with 2 percent interest.	\$ 17,589
2,490,000	General Obligation Note to S&T Bank dated September 22, 2008 for an unsecured loan for the Flexnet meter system installation project. Repayable at \$18,834 monthly with a current interest rate of 4.27% and a maturity date of September 22, 2023. The Sewer Fund is responsible for 43% of the debt, the Water Fund is responsible for 43% of the debt and the General Fund is responsible for 14% of the debt.	2,460,263
\$ 126,010	General Obligation Note issued to Pennsylvania Infrastructure Investment Authority April 22, 1997, street construction loan, repayable monthly at \$728 with 1.00 percent interest until May 1, 2002, and \$739 with 1.28 percent interest through May 1, 2013 maturity.	\$ 38,072
753,150	Guaranteed Revenue Note to Pennsylvania Infrastructure Investment Authority, April 22, 1997 for sewage treatment plant improvements, principal reduced to \$654,937 by Confirmation and Ratification Agreement of May 4, 2002, repayable monthly at \$3,748 through May 1, 2002 with one percent interest and at \$3,819 monthly with 1.28 percent interest from June 1, 2002 through June 1, 2013 and a \$1,607 payment on July 1, 2013.	201,862

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 7 –Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
3,300,000	General Obligation Note to S&T Bank dated December 23, 2008 to satisfy the remaining balance of the Guaranteed Water Revenue Bond to United States Department of Agriculture, Rural Economic and Community Development Service relating to the upgrade of the water distribution center. Secured by receipts and revenues from its water system. Repayable at \$17,598 monthly with interest currently at 4.04% and a maturity date of December 23, 2033.	3,287,630
100,000	Commonwealth of Pennsylvania, Emergency Management Agency, June 21, 2002 loan for partial cost of fire apparatus, repayable in monthly installments of \$644 with 2 percent interest for fifteen years from August 1, 2002.	60,858
182,207	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, October 3, 2002 to finance sewer system improvements, funds of \$9,110 were not advanced, interest through January 31, 2008 was 1.0 percent, and monthly payments are \$841, at February 1, 2008, interest increased to 1.269 percent and monthly payments are \$858 through December 1, 2022.	122,314
434,723	Guaranteed Revenue Note Issued to the Pennsylvania Infrastructure Investment Authority, July 12, 2006 to finance water supply system construction and replacement (Backwash Tank Project), interest at 1.35 percent during six months construction and the first sixty months of amortization and 2.622 percent during the remaining one hundred months of the loan term. Interest only payments through January 1, 2007, \$2,146 due monthly from February 1, 2007 through January 1, 2012 and \$2,340 per month is payable from February 1, 2012 until March 1, 2026 maturity. Loan advances of \$119,607 were made in 2008.	361,745
\$ 1,728,413	General Obligation Note to S&T Bank dated September 28, 2007 for an unsecured loan to satisfy the remaining balance of the Washington County Authority Capital Funding Revenue Bonds relating to prior year water and wastewater projects. Repayable at \$11,389 monthly with interest of 4.91 percent through maturity date of September 28, 2027. The Sewer Fund is responsible for 65% of the debt with the Water fund being responsible for the remaining 35% of debt.	\$ 1,662,675



CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 7 – Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 1,484,050	Guaranteed Revenue Note to 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 percent during the initial sixty six months which consists of construction time and the first five years of amortization, 2.416 percent during the remaining one hundred eighty months. Interest only is payable until February 1, 2007, \$6,993 is due monthly beginning March 1, 2007 and ending February 1, 2012 and from March 1, 2012 through February 1, 2027 maturity \$7,603 is payable monthly. Loan advances totaling \$651,297 were made in 2008.	\$ 1,350,143
	Total Long-Term Debt Outstanding	<u>\$ 9,563,151</u>

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>
2009	\$ 413,634	\$ 347,313	\$ 760,947
2010	427,213	333,734	760,947
2011	436,159	319,639	755,798
2012	441,855	319,356	761,211
2013	430,255	305,855	736,110
2014-2018	2,252,565	1,275,566	3,528,131
2019-2023	2,636,405	786,148	3,422,553
2024-2028	1,572,633	339,681	1,912,314
2039-2033	<u>952,432</u>	<u>103,469</u>	<u>1,055,901</u>
	<u>\$ 9,563,151</u>	<u>\$ 4,130,761</u>	<u>\$13,693,912</u>

Note 8 – Non-Uniformed Employees' Pension Plan

Plan Description

The Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained by contacting the PMRS accounting office. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Vesting occurs for permanent employees after twelve years of credited service.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 8 – Non-Uniformed Employees' Pension Plan (Continued)

Membership

Membership of the plan consisted of the following at December 31, 2008:

Retired Members and Beneficiaries	30
Terminated plan members entitled to but not yet receiving benefits	4
Active Members	<u>38</u>
Total Membership	<u>72</u>

Funding Policy

Members are required to contribute 3.5% of gross pay. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements.

Note 9 – Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan established by the City to provide retirement, disability, and death benefits to plan members and their beneficiaries. All full-time members of the police force join the plan upon hire. The City has delegated to Principal Life Insurance Company the authority to manage certain plan assets. Principal Life Insurance Company issues separate financial statements of the Police Pension Plan. The Police Pension Plan financial statements can be obtained by contacting Principal Life Insurance Company.

Membership

Membership of the plan consisted of the following at January 1, 2007, the date of the latest actuarial valuation:

Retired Members and Beneficiaries	10
Terminated plan members entitled to but not yet receiving benefits	1
Active Members	<u>13</u>
Total Membership	<u>24</u>

Funding Policy

Members are required to contribute 3% of gross pay plus a \$5 per month police increment to the plan. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 10 – Commitments and Contingencies

During 2002, the City entered into a consent order and agreement with the Pennsylvania Department of Environmental Protection (DEP) as a result of a bypass violation at the City's sewage treatment plant. Under the consent order and agreement, the City agreed to construct flow equalization facilities, which was completed in a prior year, and perform sewage collection diagnostic and rehabilitative work on the sewage collection system. Funding for the diagnostic and rehabilitative work on the sewage collection system is being financed through an interim loan, with permanent financing through PENNVEST, which is discussed in Note 7.

During 2004, the City entered into a consent order and agreement with the DEP in connection with wetlands violations within the Beaver Meadow Industrial Park. As a result, the City was to construct and adequately monitor replacement wetlands at the DuBois Wetlands Mitigation Site. The construction of the replacement wetlands was completed during a prior year, and annual performance monitoring reports are to be completed through 2007. If the City fails to comply with the provisions of the consent order and agreement, a \$1,000 civil penalty may be assessed each month the City is noncompliant.

During 2008, the City commenced the Flexnet water meter system installation project. The total cost of the project is estimated at \$2,495,000, funded through a loan of \$2,490,000 (discussed in Note 7) and City operating funds of \$5,000. Through December 31, 2008, \$1,900,000 has been paid on the project. The project is expected to be completed during 2009.

Note 11 – Litigation

The City, in the normal course of its activities, is involved in various claims and litigation. The City currently has claims and lawsuits pending, which could ultimately result in liability for the City over the next few years. The amount of these claims cannot be reasonably estimated at this time and management estimates that any claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Note 12 – 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.

CITY OF DUBOIS, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

NON-UNIFORMED EMPLOYEES' PENSION PLAN

For the Year Ended December 31, 2008

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) —Entry Age	(c) Unfunded AAL (UAAL) (b) - (a)	(d) Funded Ratio (a)+(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)+(e)
1/1/01	\$ 6,068,680	\$ 5,979,204	\$ (89,476)	101.50%	\$ 1,404,821	-6.37%
1/1/03	6,807,166	6,345,728	(461,438)	107.27%	1,530,185	-30.16%
1/1/05	7,369,919	7,003,697	(366,222)	105.23%	1,496,806	-24.47%
1/1/07	7,855,596	7,680,127	(175,469)	102.28%	1,616,592	-10.85%

Schedule of Employer Contributions

Year	Annual Required Contribution	Actuarial Valuation Date for Contributions	Percentage Contributed
1997	\$ 48,852	1995	100%
1998	48,070	1995	100%
1999	151,796	1997	100%
2000	143,139	1997	100%
2001	129,772	1999	100%
2002	131,465	1999	100%
2003	85,652	2001	100%
2004	50,850	2001	100%
2005	47,505	2003	100%
2006	46,676	2003	100%
2007	67,898	2005	100%
2008	74,669	2005	100%

Notes to the Required Schedules

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

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Amortization Method	Level Dollar Closed
Remaining Amortization Period	14.33 Years

Actuarial Assumptions:	
Investment Rate of Return	6.00%
Projected Salary Increases	5.20%

**CITY OF DUBOIS, PENNSYLVANIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**POLICE PENSION PLAN**

For the Year Ended December 31, 2008

Schedule of Funding Progress

(a)	(b)	(c)	(d)	(e)	(f)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) —Entry Age	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)+(b)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll (c)+(e)
1/1/01	\$ 2,869,327	\$ 3,132,796	\$ 263,469	92%	\$ 482,477	55%
1/1/03	3,742,399	3,841,530	99,131	97%	483,774	20%
1/1/05	4,280,073	4,574,354	294,281	94%	640,559	46%
1/1/07	5,037,128	5,396,440	359,312	93%	734,757	49%
1/1/09	5,625,615	6,067,630	415,015	93%	763,059	54%

Schedule of Employer Contributions

Year	Annual Required Contribution	Employer Contributions	Percentage Contributed
2001	\$ 75,443	\$ 75,443	100%
2002	64,923	64,923	100%
2003	109,900	117,357	107%
2004	129,468	140,620	109%
2005	142,823	153,882	108%
2006	219,483	221,133	101%
2007	230,582	230,582	100%
2008	222,937	222,937	100%

Notes to the Required Schedules

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

Valuation Date	January 1, 2009
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method:	
FPI Grouped Accounts	Market Value is adjusted by spreading the expected value minus the actual value over four years. Actuarial value equals market value in the first year.
Amortization Method	Level Dollar Closed
Actuarial Assumptions:	
Investment Rate of Return	6.75%
Projected Salary Increases	4.50%
Cost-of-Living Increase	6.666% or 7.500% (based on retirement date)

CITY OF DUBOIS, PENNSYLVANIA  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS

GENERAL FUND

For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,195,323	\$ 2,195,323	\$ 2,248,064	\$ 52,731
Intergovernmental	77,280	77,280	282,406	205,126
Charges for services	363,406	363,406	368,218	4,812
Licenses and permits	74,070	74,070	76,378	2,308
Fines and forfeitures	64,647	64,647	70,347	5,700
Interest and rentals	185,177	185,177	63,894	(121,283)
Miscellaneous	130,000	130,000	95,976	(34,024)
<b>Total Revenues</b>	<b>3,089,903</b>	<b>3,089,903</b>	<b>3,205,273</b>	<b>115,370</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	628,094	628,094	541,797	86,297
Public safety	1,618,425	1,618,425	1,530,614	87,811
Public works	789,733	789,733	772,950	16,783
Community and economic development	5,000	5,000	-	5,000
Culture and recreation	201,671	201,671	244,614	(42,843)
<b>Debt service:</b>				
Principal	177,357	177,357	195,094	(17,737)
Interest	9,373	9,373	14,838	(5,465)
Capital outlay	36,720	36,720	438,615	(401,895)
Other	142,825	142,825	338,039	(196,214)
<b>Total Expenditures</b>	<b>3,609,198</b>	<b>3,609,198</b>	<b>4,077,461</b>	<b>(468,263)</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(519,295)</b>	<b>(519,295)</b>	<b>(872,188)</b>	<b>(352,893)</b>
<b>Other Financing Sources (Uses):</b>				
Capital assets sales	83,200	83,200	28,855	(54,345)
Proceeds from borrowings	-	-	348,600	348,600
Transfers in	436,104	436,104	436,104	-
Transfers out	-	-	(154,954)	(154,954)
<b>Total Other Financing Sources (Uses)</b>	<b>519,304</b>	<b>519,304</b>	<b>658,605</b>	<b>139,301</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>9</b>	<b>9</b>	<b>(213,583)</b>	<b>(213,592)</b>
<b>Fund Balance-Beginning</b>	<b>(78,134)</b>	<b>(78,134)</b>	<b>(78,134)</b>	<b>-</b>
<b>Fund Balance-Ending</b>	<b>\$ (78,125)</b>	<b>\$ (78,125)</b>	<b>\$ (291,717)</b>	<b>\$ (213,592)</b>

See accompanying notes to budgetary comparison schedules.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2008

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 did not adopt budgets for the Brewery Grant, Jonson Controls, and Capital Reserve Funds (major special revenue funds) and, therefore, presentation of budgetary comparison information is not required.

CITY OF DUBOIS, PENNSYLVANIA

COMBINING BALANCE SHEET  
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2008

	Special Revenue Funds					
	<u>Community Development Block Grant</u>	<u>Community Revitalization</u>	<u>EDA Grant</u>	<u>Farmers National</u>	<u>Footbridge Grant</u>	<u>Growing Greener Grant</u>
<u>ASSETS</u>						
Cash and cash investments	\$ 25	\$ 8,172	\$ 8,646	\$ 75,506	\$ 50,311	\$ 227,204
Interfund receivables	-	-	-	-	-	-
Total Assets	<u>\$ 25</u>	<u>\$ 8,172</u>	<u>\$ 8,646</u>	<u>\$ 75,506</u>	<u>\$ 50,311</u>	<u>\$ 227,204</u>
 <u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	925	523	-	-	-	-
Total Liabilities	<u>925</u>	<u>523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Unreserved	(900)	7,649	8,646	75,506	50,311	227,204
Total Liabilities and Fund Balances	<u>\$ 25</u>	<u>\$ 8,172</u>	<u>\$ 8,646</u>	<u>\$ 75,506</u>	<u>\$ 50,311</u>	<u>\$ 227,204</u>



**Special Revenue Funds**

<u>Health Insurance</u>	<u>Land Sale</u>	<u>Liquid Fuels Tax</u>	<u>PEMA Grant</u>	<u>Public Safety</u>	<u>Urban Development</u>	<u>Total Other Governmental Funds</u>
\$ 33,798	\$ 63,814	\$ 47,405	\$ 2,415	\$ 5,912	\$ 34,074	\$ 557,282
-	-	-	-	-	50,072	50,072
<u>\$ 33,798</u>	<u>\$ 63,814</u>	<u>\$ 47,405</u>	<u>\$ 2,415</u>	<u>\$ 5,912</u>	<u>\$ 84,146</u>	<u>\$ 607,354</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	1,448
-	-	-	-	-	-	1,448
<u>33,798</u>	<u>63,814</u>	<u>47,405</u>	<u>2,415</u>	<u>5,912</u>	<u>84,146</u>	<u>605,906</u>
<u>\$ 33,798</u>	<u>\$ 63,814</u>	<u>\$ 47,405</u>	<u>\$ 2,415</u>	<u>\$ 5,912</u>	<u>\$ 84,146</u>	<u>\$ 607,354</u>

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, 2008

	Special Revenue Funds					
	Community Development Block Grant	Community Revitalization	EDA Grant	Farmers National	Footbridge Grant	Growing Greener Grant
<b>Revenues:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	504,590	91,632	-	-	70,950	250,000
Charges for services	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest and rentals	-	39	615	508	290	-
Miscellaneous	-	-	-	76,000	-	-
<b>Total Revenues</b>	<b>504,590</b>	<b>91,671</b>	<b>615</b>	<b>76,508</b>	<b>71,240</b>	<b>250,000</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community and economic development	505,408	82,482	130,250	-	20,929	22,796
Culture and recreation	-	-	-	-	-	-
<b>Debt service:</b>						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>505,408</b>	<b>82,482</b>	<b>130,250</b>	<b>-</b>	<b>20,929</b>	<b>22,796</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(818)</b>	<b>9,189</b>	<b>(129,635)</b>	<b>76,508</b>	<b>50,311</b>	<b>227,204</b>
<b>Other Financing Sources (Uses):</b>						
Capital assets sales	-	-	-	-	-	-
Transfers in	-	2,973	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>2,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(818)</b>	<b>12,162</b>	<b>(129,635)</b>	<b>76,508</b>	<b>50,311</b>	<b>227,204</b>
<b>Fund Balances-Beginning</b>	<b>(82)</b>	<b>(4,513)</b>	<b>138,281</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ (900)</b>	<b>\$ 7,649</b>	<b>\$ 8,646</b>	<b>\$ 76,508</b>	<b>\$ 60,311</b>	<b>\$ 227,204</b>

**Special Revenue Funds**

<u>Health Insurance</u>	<u>Land Sale</u>	<u>Liquid Fuels Tax</u>	<u>PEMA Grant</u>	<u>Public Safety</u>	<u>Urban Development</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	199,397	-	-	10,000	1,126,569
-	-	-	-	-	-	-
-	-	-	-	-	-	-
157	2,306	1,338	57	23	2,144	7,475
-	-	-	-	-	-	75,000
<u>157</u>	<u>2,306</u>	<u>200,735</u>	<u>57</u>	<u>23</u>	<u>12,144</u>	<u>1,209,044</u>
32,681	-	-	-	-	-	32,681
-	-	-	-	4,132	-	4,132
25,678	-	202,438	-	-	-	228,116
-	-	-	-	-	111,050	872,915
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>58,359</u>	<u>-</u>	<u>202,438</u>	<u>-</u>	<u>4,132</u>	<u>111,050</u>	<u>1,137,844</u>
(58,202)	2,306	(1,703)	57	(4,109)	(98,906)	71,200
-	-	-	-	-	-	-
92,000	-	-	-	-	-	94,973
-	-	-	-	-	(2,973)	(2,973)
<u>92,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,973)</u>	<u>92,000</u>
33,798	2,306	(1,703)	57	(4,109)	(101,879)	163,200
-	61,508	49,108	2,358	10,021	186,025	442,708
<u>\$ 33,798</u>	<u>\$ 63,814</u>	<u>\$ 47,405</u>	<u>\$ 2,415</u>	<u>\$ 5,912</u>	<u>\$ 84,146</u>	<u>\$ 605,906</u>

CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2008

<u>Federal Grantor Agency/ Program Title</u>	<u>Pass-Through Grantor (If Applicable)</u>	<u>Federal CFDA Number</u>	<u>Grant Title/Number</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Community Development Block Grant/State's Program	PA DCED	14.228	C000014671
Community Development Block Grant/State's Program	PA DCED	14.228	C000020787
Community Development Block Grant/State's Program	PA DCED	14.228	C000029559
Community Development Block Grant/State's Program	PA DCED	14.228	C000034139
Total Community Development Block Grant/State's Program			
Emergency Shelter Grants Program	PA DCED	14.231	C000020976
HOME Investment Partnerships Program	PA DCED	14.239	C000007691
HOME Investment Partnerships Program	PA DCED	14.239	C000016657
HOME Investment Partnerships Program	PA DCED	14.239	C000022631
Total HOME Investment Partnerships Program			
Total U.S. Department of Housing and Urban Development			
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Bulletproof Vest Partnership Program	N/A	16.607	Bulletproof Vest Partnership Program
Total Expenditures of Federal Awards			

The accompanying notes are an integral part of this statement.

<u>Cash Balance</u> <u>1/1/2008</u>	<u>Federal</u> <u>Receipts</u>	<u>Federal</u> <u>Expenditures</u>	<u>Other</u>	<u>Cash Balance</u> <u>12/31/2008</u>
-	4,528	4,526	-	-
(106)	13,839	13,733	-	-
-	296,798	296,798	-	-
-	125,423	126,348	-	(925)
<u>(106)</u>	<u>440,586</u>	<u>441,405</u>	<u>-</u>	<u>(925)</u>
-	30,564	30,564	-	-
-	2,952	2,952	-	-
-	30,487	30,487	-	-
-	-	-	-	-
-	33,439	33,439	-	-
<u>(106)</u>	<u>504,589</u>	<u>505,408</u>	<u>-</u>	<u>(925)</u>
-	5,891	5,891	-	-
<u>\$ (106)</u>	<u>\$ 610,480</u>	<u>\$ 611,299</u>	<u>\$ -</u>	<u>\$ (925)</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of DuBois, Pennsylvania and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the 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, 2008, which collectively comprise the basic financial statements of the City of DuBois, Pennsylvania's primary government and have issued our report thereon dated December 11, 2009. The report on the aggregate remaining fund information was qualified because of the effects of omitting blended component units. The report on the aggregate discretely presented component units was adverse because the primary government financial statements do not include financial data for the City's legally separate component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of DuBois, Pennsylvania's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the primary government financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of DuBois, Pennsylvania's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the City of DuBois, Pennsylvania's primary government financial statements that is more than inconsequential will not be prevented or detected by the City of DuBois, Pennsylvania's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs, listed as Item 08-01, to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the primary government financial statements will not be prevented or detected by the City of DuBois, Pennsylvania's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency above, Item 08-01, to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DuBois, Pennsylvania's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of DuBois, Pennsylvania's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of DuBois, Pennsylvania's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 11, 2009



**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the City of DuBois, Pennsylvania, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City of DuBois, Pennsylvania's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of DuBois, Pennsylvania's management. Our responsibility is to express an opinion on the City of DuBois, Pennsylvania's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DuBois, Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of DuBois, Pennsylvania's compliance with those requirements.

In our opinion, the City of DuBois, Pennsylvania complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### Internal Control Over Compliance

The management of the City of DuBois, Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of DuBois, Pennsylvania's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Sharkey, Piccirillo Keen & Hanzely, LLP*

SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 11, 2009

CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2008

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government financial statements of the City of DuBois, Pennsylvania in conformity with the cash receipts and disbursements basis of accounting. The auditors' report expresses an adverse opinion on the aggregate discretely presented component units because the primary government financial statements do not include financial data for the City's legally separate component units.
2. One significant deficiency related to the audit of the primary government financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The condition is reported as a material weakness.
3. No instances of noncompliance material to the primary government financial statements of the City of DuBois, Pennsylvania were disclosed during the audit.
4. No control deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of DuBois, Pennsylvania expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major federal programs included:

<u>Program</u>	<u>CFDA No.</u>
Community Development Block Grants/State's Program	14.228
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of DuBois, Pennsylvania was determined not to be a low-risk auditee.

CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2008

FINDINGS – INTERNAL CONTROL OVER FINANCIAL REPORTING

SIGNIFICANT DEFICIENCIES

MATERIAL WEAKNESS:

08-1. Financial Reporting Duties of the City

Statement of Condition

The City's personnel responsible for the accounting and reporting functions of the City do not currently possess an appropriate level of technical knowledge and experience of generally accepted accounting principles (GAAP) and Government Accounting Standards Board's (GASB) pronouncements and certain Financial Accounting Standards Board's (FASB) pronouncements to prepare the City's financial statements, including note disclosures, in accordance with the reporting requirements of those principles and pronouncements. GAAP is the standard framework of guidelines for financial accounting used in the preparation of financial statements and note disclosures, while GASB and FASB are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles used by state and local governments.

Criteria

Internal control over financial reporting includes controls over financial statement preparation, which would prevent or detect a misstatement in the financial statements, including note disclosures.

Effect of Condition

This condition increases the risk of possible misstatements in the financial statements.

Recommendation

An ideal internal control system over financial reporting would include an individual within an organization that would have technical knowledge and experience of the reporting requirements of generally accepted accounting principles and the Government Accounting Standards Board.

Response

The City Council and management are aware of the existence of the material weakness and agree that an ideal internal control system over financial reporting would include an individual described in the recommendation, which would reduce the risk of possible misstatements in the financial statements. The personnel responsible for the accounting and reporting functions of the City currently possess suitable skill, knowledge, and experience to perform the daily accounting functions of the City. Therefore, the City Council and management have made a conscious decision to accept the degree of risk resulting from the material weakness, as the benefit of the reduced risk does not justify the additional costs necessary to reduce this risk.

CITY OF DUBOIS, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2008

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.



**CITY OF DUBOIS, PENNSYLVANIA**

**December 31, 2009**

**CITY OF DUBOIS, PENNSYLVANIA**

DuBois, Pennsylvania

**FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT**

December 31, 2009



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**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

**INDEPENDENT AUDITORS' REPORT**

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

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 DuBois, Pennsylvania, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of DuBois, Pennsylvania's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the City of DuBois, Pennsylvania, prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the 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 assets, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, 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, 2009, or the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In addition, in our opinion, except for the effects of omitting blended component units, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information for the City of DuBois, Pennsylvania, as of December 31, 2009, and the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

Further, 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 City of DuBois, Pennsylvania, as of December 31, 2009, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

Accounting principles generally accepted in the United States of America require that the historical pension information and budgetary comparison information on pages 30 through 33 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 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DuBois, Pennsylvania's primary government basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the primary government financial statements as a whole.

  
SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 8, 2010

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

December 31, 2009

		<u>Primary Government</u>		
		<u>Governmental</u>	<u>Business-type</u>	
		<u>Activities</u>	<u>Activities</u>	<u>Total</u>
	<u>ASSETS</u>			
Cash				
Internal balances		\$ 4,074,387	\$ 3,691,060	\$ 7,765,447
		854,564	2,034	856,598
Total Assets		<u>\$ 4,928,951</u>	<u>\$ 3,693,094</u>	<u>\$ 8,622,045</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Payroll taxes payable		\$ 11,640	\$ -	\$ 11,640
Internal balances		2,034	854,564	856,598
Total Liabilities		<u>13,674</u>	<u>854,564</u>	<u>868,238</u>
Net Assets:				
Restricted for:				
Other purposes		2,857,797	-	2,857,797
Unrestricted		2,057,480	2,838,530	4,896,010
Total Net Assets		<u>4,915,277</u>	<u>2,838,530</u>	<u>7,753,807</u>
Total Liabilities and Net Assets		<u>\$ 4,928,951</u>	<u>\$ 3,693,094</u>	<u>\$ 8,622,045</u>

See accompanying notes to basic financial statements.

**CITY OF DUBOIS, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES  
CASH BASIS**

For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business- type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 896,979	\$ 119,592	\$ -	\$ -	\$ (777,387)	\$ -	\$ (777,387)
Public safety	1,960,929	299,719	-	-	(1,661,210)	-	(1,661,210)
Public works	1,529,541	-	-	-	(1,529,541)	-	(1,529,541)
Community and economic development	872,988	386,900	365,342	429,239	308,493	-	308,493
Culture and recreation	257,515	45,110	-	-	(212,405)	-	(212,405)
Principal on long-term debt	64,558	-	-	-	(64,558)	-	(64,558)
Interest on long-term debt	20,813	-	-	-	(20,813)	-	(20,813)
<b>Total governmental activities</b>	<b>5,603,323</b>	<b>851,321</b>	<b>365,342</b>	<b>429,239</b>	<b>(3,957,421)</b>	<b>-</b>	<b>(3,957,421)</b>
<b>Business-type activities:</b>							
Sewer	3,580,156	2,607,923	-	-	-	(972,233)	(972,233)
Water	5,625,259	2,249,498	-	-	-	(3,375,761)	(3,375,761)
<b>Total business-type activities</b>	<b>9,205,415</b>	<b>4,857,421</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,347,994)</b>	<b>(4,347,994)</b>
<b>Total Primary Government</b>	<b>\$ 14,808,738</b>	<b>\$ 5,708,742</b>	<b>\$ 365,342</b>	<b>\$ 429,239</b>	<b>(3,957,421)</b>	<b>(4,347,994)</b>	<b>(8,305,415)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Real estate					1,229,656	-	1,229,656
Residence					20,087	-	20,087
Per capita					20,076	-	20,076
Real estate transfer					60,803	-	60,803
Earned Income					618,726	-	618,726
Local services tax					338,657	-	338,657
Intergovernmental revenues					477,614	-	477,614
Proceeds from borrowings					814,000	7,645,000	8,459,000
Interest					196,332	5,755	202,087
Sales of capital assets					287,822	-	287,822
Miscellaneous					133,795	-	133,795
<b>Transfers</b>					<b>2,195,414</b>	<b>(2,195,414)</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>6,392,982</b>	<b>5,455,341</b>	<b>11,848,323</b>
<b>Change in Net Assets</b>					<b>2,435,561</b>	<b>1,107,347</b>	<b>3,542,908</b>
<b>Net Assets - Beginning</b>					<b>2,478,716</b>	<b>1,731,183</b>	<b>4,210,899</b>
<b>Net Assets - Ending</b>					<b>\$ 4,915,277</b>	<b>\$ 2,838,530</b>	<b>\$ 7,753,807</b>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

BALANCE SHEET  
CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2009

<u>ASSETS</u>	<u>General</u>	<u>Capital Reserve</u>	<u>Pentz Run Bridges</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash investments	\$ 2,230,857	\$ 454,820	\$ 814,001	\$ 574,709	\$ 4,074,387
Interfund receivables	192,268	1,021,852	-	-	1,214,120
<b>Total Assets</b>	<b><u>\$ 2,423,125</u></b>	<b><u>\$ 1,476,672</u></b>	<b><u>\$ 814,001</u></b>	<b><u>\$ 574,709</u></b>	<b><u>\$ 5,288,507</u></b>
 <u>LIABILITIES AND FUND BALANCES</u>					
<b>Liabilities:</b>					
Payroll taxes payable	\$ 11,640	\$ -	\$ -	\$ -	\$ 11,640
Interfund payables	354,005	-	-	7,585	361,590
<b>Total Liabilities</b>	<b><u>365,645</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>7,585</u></b>	<b><u>373,230</u></b>
 <b>Fund Balances:</b>					
<b>Unreserved, reported in:</b>					
General fund	2,057,480	-	-	-	2,057,480
Special revenue funds	-	1,476,672	814,001	567,124	2,857,797
<b>Total Fund Balances</b>	<b><u>2,057,480</u></b>	<b><u>1,476,672</u></b>	<b><u>814,001</u></b>	<b><u>567,124</u></b>	<b><u>4,915,277</u></b>
 <b>Total Liabilities and Fund Balances</b>	 <b><u>\$ 2,423,125</u></b>	 <b><u>\$ 1,476,672</u></b>	 <b><u>\$ 814,001</u></b>	 <b><u>\$ 574,709</u></b>	 <b><u>\$ 5,288,507</u></b>

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, 2009

	General	Capital Reserve	Pentz Run Bridges	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 2,288,005	\$ -	\$ -	\$ -	\$ 2,288,005
Intergovernmental	285,512	-	-	986,683	1,272,195
Charges for services	695,892	-	-	-	695,892
Licenses and permits	75,352	-	-	-	75,352
Fines and forfeitures	80,077	-	-	-	80,077
Interest and rentals	184,968	9,294	1	4,586	198,849
Miscellaneous	131,278	-	-	-	131,278
<b>Total Revenues</b>	<b>3,741,084</b>	<b>9,294</b>	<b>1</b>	<b>991,269</b>	<b>4,741,648</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	670,788	-	-	23,226	694,014
Public safety	1,907,101	-	-	-	1,907,101
Public works	895,919	-	-	169,981	1,065,900
Community and economic development	-	-	-	819,270	819,270
Culture and recreation	257,515	-	-	-	257,515
<b>Debt service:</b>					
Principal	64,658	-	-	-	64,658
Interest	20,813	-	-	-	20,813
Capital outlay	689,855	-	-	-	689,855
Other	194,297	-	-	-	194,297
<b>Total Expenditures</b>	<b>4,600,848</b>	<b>-</b>	<b>-</b>	<b>1,002,477</b>	<b>5,603,323</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(859,762)</b>	<b>9,294</b>	<b>1</b>	<b>(11,208)</b>	<b>(861,676)</b>
<b>Other Financing Sources (Uses):</b>					
Capital assets sales	287,822	-	-	-	287,822
Proceeds from borrowings	814,000	-	-	-	814,000
Transfers in	3,054,265	-	814,000	94,260	3,962,515
Transfers out	(947,128)	(225,000)	-	(594,973)	(1,767,101)
<b>Total Other Financing Sources (Uses)</b>	<b>3,208,969</b>	<b>(225,000)</b>	<b>814,000</b>	<b>(500,723)</b>	<b>3,297,236</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,349,197</b>	<b>(215,706)</b>	<b>814,001</b>	<b>(511,931)</b>	<b>2,435,561</b>
<b>Fund Balances-Beginning</b>	<b>(291,717)</b>	<b>1,692,378</b>	<b>-</b>	<b>1,079,065</b>	<b>2,479,716</b>
<b>Fund Balances-Ending</b>	<b>\$ 2,057,480</b>	<b>\$ 1,476,672</b>	<b>\$ 814,001</b>	<b>\$ 567,124</b>	<b>\$ 4,915,277</b>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

PROPRIETARY FUNDS

December 31, 2009

	<u>ASSETS</u>	<u>Business-Type Activities - Enterprise Funds</u>		
		<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Current assets:				
Cash		\$ 608,007	\$ 3,083,053	\$ 3,691,060
Interfund receivables		14,634	-	14,634
Total current assets		<u>622,641</u>	<u>3,083,053</u>	<u>3,705,694</u>
Total Assets		<u>\$ 622,641</u>	<u>\$ 3,083,053</u>	<u>\$ 3,705,694</u>
	<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:				
Interfund payables		\$ 390,309	\$ 476,855	\$ 867,164
Total current liabilities		<u>390,309</u>	<u>476,855</u>	<u>867,164</u>
Total Liabilities		<u>390,309</u>	<u>476,855</u>	<u>867,164</u>
Net assets:				
Unrestricted		232,332	2,606,198	2,838,530
Total net assets		<u>232,332</u>	<u>2,606,198</u>	<u>2,838,530</u>
Total Liabilities and Net Assets		<u>\$ 622,641</u>	<u>\$ 3,083,053</u>	<u>\$ 3,705,694</u>

See accompanying notes to basic financial statements.



CITY OF DUBOIS, PENNSYLVANIA

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

PROPRIETARY FUNDS

For the Year Ended December 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 2,607,923	\$ 2,249,498	\$ 4,857,421
Total Operating Revenues	<u>2,607,923</u>	<u>2,249,498</u>	<u>4,857,421</u>
Operating Expenses:			
Public works	1,773,542	1,737,521	3,511,063
Total Operating Expenses	<u>1,773,542</u>	<u>1,737,521</u>	<u>3,511,063</u>
Operating Income	<u>834,381</u>	<u>511,977</u>	<u>1,346,358</u>
Non-Operating Revenues (Expenses):			
Proceeds from borrowings	1,529,000	6,116,000	7,645,000
Interest income	2,950	2,805	5,755
Capital outlay	(1,423,568)	(3,276,932)	(4,700,500)
Debt service principal	(207,165)	(168,437)	(375,602)
Debt service interest	(175,881)	(442,369)	(618,250)
Total Non-Operating Revenues (Expenses)	<u>(274,664)</u>	<u>2,231,067</u>	<u>1,956,403</u>
Income Before Transfers	559,717	2,743,044	3,302,761
Transfers in	296,412	371,176	667,588
Transfers Out	<u>(2,542,915)</u>	<u>(320,087)</u>	<u>(2,863,002)</u>
Change in Net Assets	<u>(1,686,786)</u>	<u>2,794,133</u>	<u>1,107,347</u>
Total Net Assets - Beginning	<u>1,919,118</u>	<u>(187,935)</u>	<u>1,731,183</u>
Total Net Assets - Ending	<u>\$ 232,332</u>	<u>\$ 2,606,198</u>	<u>\$ 2,838,530</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, 2009

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 2,607,923	\$ 2,249,498	\$ 4,857,421
Payments to suppliers	(1,201,565)	(1,168,366)	(2,369,931)
Payments to employees	(571,977)	(569,155)	(1,141,132)
Net Cash Provided by Operating Activities	<u>834,381</u>	<u>511,977</u>	<u>1,346,358</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers in	296,412	371,176	667,588
Transfers out	(2,542,915)	(320,087)	(2,863,002)
(Increase) decrease in interfund receivables	(12,600)	81,000	68,400
Increase (decrease) in interfund payables	169,653	144,280	313,933
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,089,450)</u>	<u>276,369</u>	<u>(1,813,081)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(1,423,568)	(3,276,932)	(4,700,500)
Proceeds from borrowings	1,529,000	6,116,000	7,645,000
Principal paid on debt	(207,165)	(168,437)	(375,602)
Interest paid	(175,881)	(442,369)	(618,250)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(277,614)</u>	<u>2,228,262</u>	<u>1,950,648</u>
<b>Cash Flows from Investing Activities:</b>			
Interest	<u>2,950</u>	<u>2,805</u>	<u>5,755</u>
<b>Net Increase (Decrease) in Cash</b>	<b>(1,529,733)</b>	<b>3,019,413</b>	<b>1,489,680</b>
<b>Cash:</b>			
Beginning	<u>2,137,740</u>	<u>63,640</u>	<u>2,201,380</u>
Ending	<u>\$ 608,007</u>	<u>\$ 3,083,053</u>	<u>\$ 3,691,060</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2009

	<u>ASSETS</u>	<u>Non-Uniformed Employees Pension Plan</u>	<u>Police Retirement Plan</u>	<u>Agency Funds</u>
Cash and cash equivalents		\$ -	\$ 1,162,188	\$ 66,935
Investments:				
Investment assets with PMRS, at fair value		5,533,692	-	-
Investment assets, at fair value		-	3,429,918	-
Total investments		<u>5,533,692</u>	<u>3,429,918</u>	-
Total Assets		<u>\$ 5,533,692</u>	<u>\$ 4,592,106</u>	<u>\$ 66,935</u>
	<u>LIABILITIES</u>			
Escrow liabilities		\$ -	\$ -	\$ 66,935
Total Liabilities		-	-	<u>\$ 66,935</u>
	<u>NET ASSETS</u>			
Held in trust for pension benefits		<u>\$ 5,533,692</u>	<u>\$ 4,592,106</u>	

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the Year Ended December 31, 2009

	<u>ADDITIONS</u>	Non-Uniformed Employees Pension Plan	Police Retirement Plan
Contributions:			
Plan members		\$ 56,831	\$ 24,295
Employer		60	99,404
State		68,798	148,762
Total contributions		<u>125,689</u>	<u>272,461</u>
Net Investment Income:			
Investment return		-	(454,660)
Interest		311,762	-
Investment expenses		-	(34,137)
Total Investment Income		<u>311,762</u>	<u>(488,797)</u>
Less Investment expenses		-	-
Net Investment Income		<u>311,762</u>	<u>(488,797)</u>
Total Additions		<u>437,451</u>	<u>(216,336)</u>
	<u>DEDUCTIONS</u>		
Benefits		332,109	255,471
Administrative expenses		1,620	-
Allocated insurance premiums		525	-
Total Deductions		<u>334,154</u>	<u>255,471</u>
Change In Net Assets		103,297	(471,807)
Net Assets-Beginning		<u>5,430,395</u>	<u>5,083,913</u>
Net Assets-Ending		<u>\$ 5,533,692</u>	<u>\$ 4,612,106</u>

See accompanying notes to basic financial statements.

## CITY OF DUBOIS, PENNSYLVANIA

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

#### 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 four member council.

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.

#### Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, 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. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989 to its business-type activities or enterprise funds. The financial statements include government-wide financial statements prepared on the basis of cash receipts and disbursements and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The more 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

##### Government-Wide Financial Statements

The statement of net assets and the statement of activities display 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 generally are financed through taxes, intergovernmental revenues, and other nonexchange 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, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets 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. Funds are organized into three categories: governmental, proprietary, and fiduciary. 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 meets the following criteria: total assets, liabilities, 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, liabilities, 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 of the City are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The following are the City's major governmental funds:

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

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.

Capital Reserve Fund

The Capital Reserve Fund accounts for resources accumulated and reserved for capital projects and expenditures and to fund projects financed by intergovernmental grants and revenues.

Pentz Run Bridges Fund

The Pentz Run Bridges Fund accounts for infrastructure improvements in the demolition and construction of two bridges within the City.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose and the accumulation of resources for, and the payment of debt.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds

Enterprise funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewage and Water Funds are the City's major enterprise funds.

Fiduciary Funds

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

Pension Trust Fund

The Pension Trust Fund accounts for the assets of the City's Non-Uniformed Employees' Pension and Police Pension plans.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds (Continued)

Agency Funds

Agency Funds are custodial in nature with assets and liabilities being equal and do not involve measurement of results of operation. The City's Fire Loss Escrow Fund is an agency fund.

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 are reported using the economic resources measurement focus and the cash receipts and disbursements basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the statement of activities present increases (revenues) and decreases (expenses) in net total assets. Under the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, revenues are recognized when received and expenses are recognized when paid.

Governmental and proprietary fund financial statements are reported using the current financial resources measurement focus and are accounted for using the cash receipts and disbursements basis of accounting. The current financial resources measurement focus means only current financial assets and liabilities are included on the balance sheet and inflows (revenues and other financing sources) and outflows (expenditures and other financing uses) of expendable financial resources are included on the statements of revenues, expenditures, and changes in fund balances.

As a result of the use of the cash receipts and disbursements basis of accounting, certain assets and their revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Notes Disclosures for Defined Contribution Plans*, requires that plan liabilities be 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.



CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers, as applicable. Loans are reported as interfund receivables and payables on the fund financial statements. Interfund receivables and payables are eliminated on the government-wide statement of net assets. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activity is treated as transfers.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their 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. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

F. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect 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 any of its 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 3 – Cash Deposits and Investments (Continued)

In addition to the investments authorized for governmental and proprietary funds, investments of the City's Pension Plans may also be made in legal investments permitted under the Pennsylvania Fiduciaries 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

Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2009. 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 includes cash deposits which are uninsured and uncollateralized, or were 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, 2009, the carrying amount of the City's cash deposits with financial institutions was \$7,832,382 and the financial institutions balances totaled \$8,473,710, which is categorized as follows:

Category 1	\$ 748,491
Category 3	<u>7,725,219</u>
Total Cash Deposits	<u>\$ 8,473,710</u>

Investments – Non-Uniformed Employees Pension Plan

The investments of the Non-Uniformed Employees Pension Plan are reported at fair value, and do not represent specific identifiable investment securities, as they are pooled for investment purposes with the Pennsylvania Municipal Retirement System (PMRS). Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS's separately issued Comprehensive Annual Financial Report.

Investments – Police Retirement Plan

The investments of the Police Retirement Plan are reported at fair value. 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 3 – Cash Deposits and Investments (Continued)

Investments – Police Retirement Plan (Continued)

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 Police Retirement Plan securities held by a counterparty, not in the retirement plan's name, are as follows:

US Government Debt	\$ 148,219
Corporate Debt	1,145,244
Equities	<u>1,410,804</u>
Total	<u>\$ 2,704,267</u>

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 in the Police Retirement Plan subject to interest rate risk at December 31, 2009 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>More than 10</u>
US Agencies	\$ 148,219	\$ -	\$ 74,789	\$ -	\$ 73,430
Municipal Bonds	523,232	-	292,776	155,011	75,445
Corporate Bonds	<u>1,145,244</u>	<u>74,366</u>	<u>553,390</u>	<u>370,105</u>	<u>147,383</u>
Total by Maturity Dates	<u>\$ 1,816,695</u>	<u>\$ 74,366</u>	<u>\$ 920,955</u>	<u>\$ 525,116</u>	<u>\$ 298,258</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County does not have a written investment policy on credit risk. At December 31, 2009, the credit quality ratings of the Pension Trust Fund's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Money Market	\$ 1,142,922	N/A
US Agencies	148,219	N/A
Municipal Debt	146,622	AA
Municipal Debt	221,599	A
Municipal Debt	<u>155,011</u>	N/A
Total Municipal Debt	<u>523,232</u>	
Corporate Debt	147,383	AAA
Corporate Debt	75,932	AA
Corporate Debt	128,881	A
Corporate Debt	718,682	BBB
Corporate Debt	<u>74,366</u>	N/A
Total Corporate Debt	<u>1,145,244</u>	
Total	<u>\$ 2,959,617</u>	

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. There were no investments, other than US Government and US Government guaranteed obligations, mutual funds, or other pooled investments, in any one issuer that represented 5 percent or more of total investments at December 31, 2009.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

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 aggregate than a rate of 25 mills on both land and buildings. Additional levies for certain other purposes are permitted at specific maximum millages as provided for in the City Code.

Assessed value is 25% of market value. The City's net taxable assessed value for 2009 was \$56,383,304. The real estate tax millage rates for 2009 was:

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

Residence and Per Capita Taxes

Residence and per capita taxes are collected at various times during the year by the City tax collector. Each tax is in the amount of \$5.00 per taxpayer. Various income and age provisions determine individual tax liability.

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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 5 – Interfund Balances

Interfund balances at December 31, 2009 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant Fund	\$ 7,082
	Community Revitalization Fund	523
	Sewer Fund	53,003
	Water Fund	131,680
Capital Reserve Fund	General Fund	351,971
	Sewer Fund	337,306
	Water Fund	332,575
Sewer Fund	General Fund	2,034
	Water Fund	12,800
Total		<u>\$1,228,754</u>

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.

Note 6 – Interfund Transfers

Interfund transfers for the year ended December 31, 2009 consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Johnson Controls Fund	\$ 230,886
	Sewer Fund	2,523,776
	Water Fund	299,823
Community Revitalization Fund	PEMA Grant Fund	2,417
Pentz Run Bridges Fund	General Fund	814,000
Health Insurance Fund	General Fund	52,430
	Sewer Fund	19,139
	Water Fund	20,284
Sewer Fund	General Fund	40,467
	Johnson Controls Fund	180,945
	Capital Reserve Fund	75,000
Water Fund	General Fund	40,231
	Johnson Controls Fund	180,945
	Capital Reserve Fund	150,000
Total		<u>\$4,630,103</u>

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

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 7 –Debt

Short-Term Debt

The City has received short-term interim financing from S&T Bank for a Sewer Replacement Project to be permanently financed with a loan and grant from Pennsylvania Infrastructure Investment Authority. The approved amount of the interim financing was \$3,126,291, with a maturity date of November 3, 2009. The note was amended on October 5, 2009 to a non-revolving straight line Credit Note in the original available principal of \$3,126,291 with \$108,750 undisbursed principal reserved for the funding of Letter of Credit. The maturity date has been extended to November 3, 2010. At December 31, 2009, the outstanding balance was \$0 and the interest rate was 3.25 percent.

Short-term debt activity during the year ended December 31, 2009 was:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Interest Paid</u>
Interim financing	\$ —	\$ —	\$ —	\$ —	\$ —

Long-Term Debt

The following presents the changes in long-term debt of the City during the year ended December 31, 2009:

	<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	\$ 460,955	\$ 814,000	\$ (64,558)	\$ 1,210,397	\$ 116,629
Governmental activities long-term debt	<u>460,955</u>	<u>814,000</u>	<u>(64,558)</u>	<u>1,210,397</u>	<u>116,629</u>
<u>Business-Type Activities</u>					
Notes payable	9,102,196	—	(375,602)	8,726,594	386,484
Bonds payable	—	7,645,000	—	7,645,000	145,000
Business-type activities long-term debt	<u>9,102,196</u>	<u>7,645,000</u>	<u>(375,602)</u>	<u>16,371,594</u>	<u>531,484</u>
Total long term debt	<u>\$ 9,563,151</u>	<u>\$ 8,459,000</u>	<u>\$ (440,160)</u>	<u>\$17,581,991</u>	<u>\$ 648,113</u>

A summary of long-term debt outstanding at December 31, 2009, follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 100,000	Pennsylvania Emergency Management Agency loan to assist in the purchase of fire apparatus, repayable at \$644 monthly May 1, 1996 through April 1, 2011 with 2 percent interest.	\$ 10,160
\$ 126,010	General Obligation Note Issued to Pennsylvania Infrastructure Investment Authority April 22, 1997, street construction loan, repayable monthly at \$728 with 1.00 percent interest until May 1, 2002, and \$739 with 1.28 percent interest through May 1, 2013 maturity.	\$ 29,640

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 7 - Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 2,490,000	General Obligation Note to S&T Bank dated September 22, 2008 for an unsecured loan for the Flexnet meter system installation project. Repayable at \$18,834 monthly with a current interest rate of 4.27% and a maturity date of September 22, 2023. The Sewer Fund is responsible for 43% of the debt, the Water Fund is responsible for 43% of the debt and the General Fund is responsible for 14% of the debt.	\$ 2,338,370
753,150	Guaranteed Revenue Note to Pennsylvania Infrastructure Investment Authority, April 22, 1997 for sewage treatment plant improvements, principal reduced to \$654,937 by Confirmation and Ratification Agreement of May 4, 2002, repayable monthly at \$3,748 through May 1, 2002 with one percent interest and at \$3,819 monthly with 1.28 percent interest from June 1, 2002 through June 1, 2013 and a \$1,607 payment on July 1, 2013.	158,352
3,300,000	General Obligation Note to S&T Bank dated December 23, 2008 to satisfy the remaining balance of the Guaranteed Water Revenue Bond to United States Department of Agriculture, Rural Economic and Community Development Service relating to the upgrade of the water distribution center. Secured by receipts and revenues from its water system. Repayable at \$17,598 monthly with interest currently at 4.04% and a maturity date of December 23, 2033.	3,209,659
100,000	Commonwealth of Pennsylvania, Emergency Management Agency, June 21, 2002 loan for partial cost of fire apparatus, repayable in monthly installments of \$644 with 2 percent interest for fifteen years from August 1, 2002.	54,293
182,207	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, October 3, 2002 to finance sewer system improvements, funds of \$9,110 were not advanced, interest through January 31, 2008 was 1.0 percent, and monthly payments are \$841, at February 1, 2008, interest increased to 1.269 percent and monthly payments are \$858 through December 1, 2022.	113,528
434,723	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, July 12, 2006 to finance water supply system construction and replacement (Backwash Tank Project), interest at 1.35 percent during six months construction and the first sixty months of amortization and 2.622 percent during the remaining one hundred months of the loan term. Interest only payments through January 1, 2007, \$2,146 due monthly from February 1, 2007 through January 1, 2012 and \$2,340 per month is payable from February 1, 2012 until March 1, 2026 maturity. Loan advances of \$119,607 were made in 2008.	342,995

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 7 – Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 1,728,413	General Obligation Note to S&T Bank dated September 28, 2007 for an unsecured loan to satisfy the remaining balance of the Washington County Authority Capital Funding Revenue Bonds relating to prior year water and wastewater projects. Repayable at \$11,389 monthly with interest of 4.91 percent through maturity date of September 28, 2027. The Sewer Fund is responsible for 65% of the debt with the Water fund being responsible for the remaining 35% of debt.	\$ 1,607,527
1,484,050	Guaranteed Revenue Note to 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 percent during the initial sixty six months which consists of construction time and the first five years of amortization, 2.416 percent during the remaining one hundred eighty months. Interest only is payable until February 1, 2007, \$6,993 is due monthly beginning March 1, 2007 and ending February 1, 2012 and from March 1, 2012 through February 1, 2027 maturity \$7,603 is payable monthly.	1,283,635
814,000	Commonwealth of Pennsylvania, Department of Transportation, August 5, 2009 loan for infrastructure improvements, repayable in monthly installments of \$7,354 with 1.625 percent interest and a maturity date of September 9, 2019.	788,942
7,645,000	General Obligation Bond Series of 2009 used for capital projects, including improvements to the reservoir and City's water system, dated February 19, 2009 are secured the full faith, credit and taxing power of the City. The bonds are scheduled to mature at various times through December 15, 2034 and bear interest rates varying from 2.000% to 5.375%.	7,645,000
	<b>Total Long-Term Debt Outstanding</b>	<b><u>\$17,581,991</u></b>



CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

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>
2010	\$ 648,113	\$ 704,667	\$ 1,352,780
2011	658,304	686,066	1,344,370
2012	670,265	681,617	1,351,882
2013	664,951	663,644	1,328,595
2014	654,024	642,665	1,296,689
2015-2019	3,581,048	2,855,625	6,436,673
2020-2024	3,643,102	2,146,482	5,789,584
2025-2029	3,394,908	1,386,195	4,781,103
2030-2034	<u>3,667,276</u>	<u>558,182</u>	<u>4,225,458</u>
	<u>\$17,681,991</u>	<u>\$10,325,143</u>	<u>\$27,907,134</u>

Note 8 – Non-Uniformed Employees' Pension Plan

Plan Description

The Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained by contacting the PMRS accounting office. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Vesting occurs for permanent employees after twelve years of credited service.

Membership

Membership of the plan consisted of the following at December 31, 2009:

Retired Members and Beneficiaries	31
Terminated plan members entitled to but not yet receiving benefits	4
Active Members	<u>40</u>
Total Membership	<u>75</u>

Funding Policy

Members are required to contribute 3.5% of gross pay. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 8 – Non-Uniformed Employees' Pension Plan (Continued)

Actuarial Valuation Information

Actuarial valuations are performed biannually. The following methods and assumptions as of the latest actuarial valuation date were used to determine the Annual Required Contribution for 2009:

Valuation Date	January 1, 2007
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Amortization Method	Level Dollar Closed
Remaining Amortization Period	14.33 Years
Actuarial Assumptions:	
Investment Rate of Return	6.00%
Projected Salary Increases	5.20%

Schedule of Annual Required Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Actuarial Valuation Date for Contributions</u>	<u>Percentage Contributed</u>
2005	\$ 47,505	2003	100%
2006	46,676	2003	100%
2007	67,898	2005	100%
2008	74,669	2005	100%
2009	69,798	2007	100%

Note 9 – Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan established by the City to provide retirement, disability, and death benefits to plan members and their beneficiaries. All full-time members of the police force join the plan upon hire. The Police Pension Plan was amended and restated effective January 1, 2008. The City has delegated to Mockenhaupt Benefits Group the authority to manage certain plan assets. Mockenhaupt Benefits Group issues separate financial statements of the Police Pension Plan. The Police Pension Plan financial statements can be obtained by contacting Mockenhaupt Benefits Group.

Membership

Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retired Members and Beneficiaries	11
Terminated plan members entitled to but not yet receiving benefits	1
Active Members	<u>13</u>
Total Membership	<u>25</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 9 – Police Pension Plan (Continued)

Funding Policy

Members are required to contribute 3% of gross pay plus a \$5 per month police increment to the plan. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements.

Actuarial Valuation Information

Actuarial valuations are performed annually. The following methods and assumptions were used in the actuarial valuation performed for the Plan as of December 31, 2009:

Valuation Date	January 1, 2009
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	4-year smoothing
Amortization Method	Level Dollar Closed
Remaining amortization period	7 years (aggregate)
Actuarial Assumptions:	
Investment Rate of Return	6.75%
Projected Salary Increases (Includes inflation at 3%)	4.50%

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police Pension Plan for the year ended December 31, 2009 were as follows:

Annual required contribution	\$ 248,166
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>248,166</u>
Contributions made	<u>248,166</u>
Change in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	<u>\$ -</u>

Historical Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/08	\$ 226,346	98.49%	\$ (64,144)
12/31/07	234,172	98.47%	(67,553)
12/31/06	223,173	99.08%	(71,143)

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2009

Note 10 – Litigation

The City, in the normal course of its activities, is involved in various claims and litigation. The City currently has claims and lawsuits pending, which could ultimately result in liability for the City over the next few years. The amount of these claims cannot be reasonably estimated at this time and management estimates that any claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Note 11 – 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 12 – Subsequent Events

Subsequent events were evaluated through December 8, 2010, which is the date the financial statements were available to be issued. There were no events subsequent to the balance sheet date that were required to be disclosed.

CITY OF DUBOIS, PENNSYLVANIA

REQUIRED SUPPLEMENTARY INFORMATION

NON-UNIFORMED EMPLOYEES' PENSION PLAN

For the Year Ended December 31, 2009

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL) —Entry Age</u>	(c) <u>Unfunded AAL (UAAL) (b) - (a)</u>	(d) <u>Funded Ratio (a)+(b)</u>	(e) <u>Annual Covered Payroll</u>	(f) <u>UAAL as a Percentage of Covered Payroll (c)+(e)</u>
1/1/01	\$ 6,068,680	\$ 5,979,204	\$ (89,476)	101.50%	\$ 1,404,821	-6.37%
1/1/03	6,807,166	6,345,728	(461,438)	107.27%	1,530,185	-30.16%
1/1/05	7,369,919	7,003,697	(366,222)	105.23%	1,496,806	-24.47%
1/1/07	7,855,596	7,680,127	(175,469)	102.28%	1,616,592	-10.85%
1/1/09	8,561,358	8,233,630	(327,728)	103.98%	1,683,282	-19.47%

The schedule of funding progress presents the change in the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

CITY OF DUBOIS, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION PLAN

For the Year Ended December 31, 2009

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) —Entry Age	(c) Unfunded AAL (UAAL) (b) - (a)	(d) Funded Ratio (a)+(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)+(e)
1/1/01	\$ 2,869,327	\$ 3,132,796	\$ 263,469	92%	\$ 482,477	55%
1/1/03	3,742,399	3,841,530	99,131	97%	483,774	20%
1/1/05	4,280,073	4,574,354	294,281	94%	640,559	46%
1/1/07	5,037,128	5,396,440	359,312	93%	734,757	49%
1/1/09	5,652,615	6,067,630	415,015	93%	763,059	54%

The schedule of funding progress presents the change in the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

CITY OF DUBOIS, PENNSYLVANIA  
BUDGETARY COMPARISON SCHEDULE  
CASH BASIS

GENERAL FUND

For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,203,766	\$ 2,203,756	\$ 2,288,005	\$ 84,249
Intergovernmental	78,462	78,462	285,512	207,050
Charges for services	378,926	378,926	695,892	316,966
Licenses and permits	78,543	76,543	75,352	(1,191)
Fines and forfeitures	66,216	66,215	80,077	13,862
Interest and rentals	200,456	200,456	184,968	(15,488)
Miscellaneous	462,580	462,580	131,278	(331,302)
<b>Total Revenues</b>	3,466,938	3,466,938	3,741,084	274,146
<b>Expenditures:</b>				
<b>Current:</b>				
General government	663,022	663,022	670,788	(7,766)
Public safety	1,752,709	1,752,709	1,907,101	(154,392)
Public works	827,694	827,694	895,919	(68,225)
Community and economic development	5,000	5,000	-	5,000
Culture and recreation	236,538	236,538	257,515	(20,977)
<b>Debt service:</b>				
Principal	25,712	25,712	64,558	(38,846)
Interest	14,800	14,800	20,813	(6,013)
Capital outlay	224,354	224,354	569,855	(365,501)
Other	126,668	126,668	194,297	(67,629)
<b>Total Expenditures</b>	3,876,497	3,876,497	4,600,846	(724,349)
<b>Excess (Deficiency) of Revenues over Expenditures</b>	(409,559)	(409,559)	(859,762)	(450,203)
<b>Other Financing Sources (Uses):</b>				
Capital assets sales	-	-	287,822	287,822
Proceeds from borrowings	-	-	814,000	814,000
Transfers in	481,559	481,559	3,054,285	2,572,708
Transfers out	(72,000)	(72,000)	(947,128)	(875,128)
<b>Total Other Financing Sources (Uses)</b>	409,559	409,559	3,208,959	2,799,400
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	2,349,197	2,349,197
<b>Fund Balance-Beginning</b>	(291,717)	(291,717)	(291,717)	-
<b>Fund Balance-Ending</b>	\$ (291,717)	\$ (291,717)	\$ 2,057,480	\$ 2,349,197

See accompanying notes to budgetary comparison schedules.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2009

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 did not adopt budgets for the Capital Reserve Funds and Pentz Run Bridges Fund, major special revenue funds, and, therefore, presentation of budgetary comparison information is not required.



CITY OF DUBOIS, PENNSYLVANIA

COMBINING BALANCE SHEET  
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2009

	Special Revenue Funds						
	<u>Brewery Grant</u>	<u>Community Development Block Grant</u>	<u>Community Revitalization</u>	<u>EDA Grant</u>	<u>Elm Street Grant</u>	<u>Farmers National</u>	<u>Footbridge Grant</u>
<b>ASSETS</b>							
Cash and cash Investments	\$ 104,561	\$ 25	\$ 10,629	\$ 8,663	\$ 25,000	\$ 76,616	\$ 330
Interfund receivables	-	-	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 104,561</u>	<u>\$ 25</u>	<u>\$ 10,629</u>	<u>\$ 8,663</u>	<u>\$ 25,000</u>	<u>\$ 76,616</u>	<u>\$ 330</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	7,062	523	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>7,062</u>	<u>523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>							
Unreserved	104,561	(7,037)	10,106	8,663	25,000	76,616	330
<b>Total Liabilities and Fund Balances</b>	<u>\$ 104,561</u>	<u>\$ 25</u>	<u>\$ 10,629</u>	<u>\$ 8,663</u>	<u>\$ 25,000</u>	<u>\$ 76,616</u>	<u>\$ 330</u>

**Special Revenue Funds**

<u>Growing Greener Grant</u>	<u>Health Insurance</u>	<u>Johnson Controls</u>	<u>Land Sale</u>	<u>Liquid Fuels Tax</u>	<u>PEMA Grant</u>	<u>Public Safety</u>	<u>Urban Development</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ 85,038	\$ -	\$ 65,730	\$ 97,738	\$ -	\$ 5,923	\$ 94,456	\$ 574,709
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 85,038</u>	<u>\$ -</u>	<u>\$ 65,730</u>	<u>\$ 97,738</u>	<u>\$ -</u>	<u>\$ 5,923</u>	<u>\$ 94,456</u>	<u>\$ 574,709</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	7,585
-	-	-	-	-	-	-	-	7,585
-	85,038	-	65,730	97,738	-	5,923	94,456	567,124
<u>\$ -</u>	<u>\$ 85,038</u>	<u>\$ -</u>	<u>\$ 65,730</u>	<u>\$ 97,738</u>	<u>\$ -</u>	<u>\$ 5,923</u>	<u>\$ 94,456</u>	<u>\$ 574,709</u>

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, 2009

	Special Revenue Funds						
	Brewery Grant	Community Development Block Grant	Community Revitalization	EDA Grant	Elm Street Grant	Farmers National	Footbridge Grant
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	250,000	365,342	75,000	-	25,000	-	69,239
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest and rentals	-	-	40	17	-	1,110	40
Miscellaneous	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>250,000</b>	<b>365,342</b>	<b>75,040</b>	<b>17</b>	<b>25,000</b>	<b>1,110</b>	<b>69,279</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community and economic development	26,327	371,479	75,000	-	-	-	119,260
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>26,327</b>	<b>371,479</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,260</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>223,673</b>	<b>(6,137)</b>	<b>40</b>	<b>17</b>	<b>25,000</b>	<b>1,110</b>	<b>(49,981)</b>
<b>Other Financing Sources (Uses):</b>							
Capital assets sales	-	-	-	-	-	-	-
Transfers in	-	-	2,417	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>2,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>223,673</b>	<b>(6,137)</b>	<b>2,457</b>	<b>17</b>	<b>25,000</b>	<b>1,110</b>	<b>(49,981)</b>
<b>Fund Balances-Beginning</b>	<b>(119,112)</b>	<b>(900)</b>	<b>7,649</b>	<b>8,646</b>	<b>-</b>	<b>75,506</b>	<b>50,311</b>
<b>Fund Balances-Ending</b>	<b>\$ 104,561</b>	<b>\$ (7,037)</b>	<b>\$ 10,106</b>	<b>\$ 8,663</b>	<b>\$ 25,000</b>	<b>\$ 76,616</b>	<b>\$ 330</b>

**Special Revenue Funds**

<b>Growing Greener Grant</b>	<b>Health Insurance</b>	<b>Johnson Controls</b>	<b>Land Sale</b>	<b>Liquid Fuels Tax</b>	<b>PEMA Grant</b>	<b>Public Safety</b>	<b>Urban Development</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	192,102	-	-	10,000	986,683
-	-	-	-	-	-	-	-	-
-	154	295	1,916	691	2	11	310	4,586
-	154	295	1,916	192,793	2	11	10,310	991,269
-	23,226	-	-	-	-	-	-	23,226
227,204	17,521	-	-	142,460	-	-	-	159,981
-	-	-	-	-	-	-	-	819,270
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
227,204	40,747	-	-	142,460	-	-	-	1,002,477
(227,204)	(40,593)	295	1,916	50,333	2	11	10,310	(11,208)
-	91,833	-	-	-	-	-	-	94,250
-	-	(592,558)	-	-	(2,417)	-	-	(594,973)
-	91,833	(592,558)	-	-	(2,417)	-	-	(500,723)
(227,204)	51,240	(592,261)	1,916	50,333	(2,415)	11	10,310	(511,931)
227,204	33,798	592,261	83,814	47,405	2,415	5,912	84,146	1,079,055
\$ -	\$ 85,036	\$ -	\$ 66,730	\$ 97,738	\$ -	\$ 5,923	\$ 94,456	\$ 567,124

## SHARKEY PICCIRILLO KEEN & HANZELY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

### COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

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

In planning and performing our audit of the 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, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the City's internal control to be material weaknesses:

#### Financial reporting duties of the City

Internal control over financial reporting includes controls over financial statement preparation, which would prevent, or detect and correct a misstatement in the financial statements, including note disclosures. An ideal control system over financial reporting would include an individual within an organization that would have knowledge and experience of the reporting requirements of generally accepted accounting principles and the Governmental Accounting Standards Board.

Financial reporting duties of the City (Continued)

We noted the personnel responsible for the accounting and reporting functions of the City do not currently possess an appropriate level of technical knowledge and experience of generally accepted accounting principles and Governmental Accounting Standards Board pronouncements and certain Financial Accounting Standards Board pronouncements to prepare the City's financial statements, including note disclosures, in accordance with the reporting requirements of those principles and pronouncements. This condition increases the risk of possible misstatements; however, it is not possible to reduce this risk without incurring additional costs.

This communication is for the purpose of reporting certain conditions relating to the City's internal control that we have identified during our audit, as required by Statement on Auditing Standards (SAS) No. 115, *Communication of Internal Control Related Matters Identified in an Audit*. As stated in SAS No. 115, the existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept the degree of risk associated with the deficiencies because of cost or other considerations. Management is responsible for making decisions concerning costs to be incurred and related benefits. The auditor's responsibility to communicate significant deficiencies and material weaknesses exists regardless of management's decisions.

This communication is intended solely for the information and use of management, City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

  
SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 8, 2010

**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
DuBois, Pennsylvania 15801

SUPPLEMENTAL LETTER TO MANAGEMENT

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

In planning and performing our audit of the 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, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.


However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The item discussed below summarizes our comments and suggestions regarding the matter. A separate letter dated December 8, 2010, contains our communication of significant deficiencies and material weaknesses identified in the City's internal control. This letter does not affect our report dated December 8, 2010, on the financial statements of the City of DuBois, Pennsylvania.

Proper Classification of Expenditures

During our audit it was noted that certain public safety expenditures were incorrectly posted to expenditure accounts within public works funds. Upon discussion with management, it was determined that certain goods and services ordered by the City were for both public works and public safety. The expenditures for these goods and services were not properly segregated on the Invoices or the disbursements, which resulted in the public works expenditures being overstated and public safety expenditures being understated in the City's general ledger.

We suggest that the City prepare separate purchase orders and checks for goods and services ordered for different expenditure classifications, which will decrease the likelihood of incorrect posting of expenditures.

This letter is intended for the information and use of management. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
December 8, 2010

**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

December 8, 2010

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

We have audited the 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 for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 3, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of DuBois, Pennsylvania are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjustments listed in the attached Adjusting Journals were detected as a result of audit procedures and were corrected by management.



*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 8, 2010.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.


*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Additionally, we have communicated certain internal control related matters noted during our audit in our *Communication of Significant Deficiencies and Material Weaknesses*, which accompanies this letter.

This information is intended solely for the information and use of the City Council and management of the City of DuBois, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Sharkey Piccinillo Keen & Hanzely, LLP

CITY OF DUBOIS 2008 CDBG FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
DUE TO OTHER FUNDS	C8-230-000	924.64	
MISC. ADMINISTRATION	C8-401-100		924.64
TO ADJUST.			

CITY OF DUBOIS BREWERY FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
	1		
DUE TO OTHER FUNDS	BG-230-000	119,111.84	
GRANT EXPENSES	BG-480-100		119,111.84
TO RECLASSIFY AMOUNTS DUE TO UDAG FUND AND GENERAL FUND.			



CITY OF DUBOIS COMM REVITALIZATION FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
PEMA FUNDS LEFT OVER	CO-380-400	2,416.91	
TRANSEFER FROM PEMA ACCOUNT	CO-395-400		2,416.91

TO RECLASSIFY TRANSFER OF FUNDS TO CLOSE ACCOUNT.

**CITY OF DUBOIS GENERAL FUND**

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
	<b>1</b>		
1996 PEMA FIRE TRUCK LOAN	GF-255-204	1.91	
1996 PEMA FIRE TRUCK LOAN	GF-189-200		1.91
TO ADJUST.			
	<b>2</b>		
FIRETRUCK LOANS - INTEREST	GF-472-300	1,441.04	
FIRETRUCK LOANS - PRINCIPAL	GF-471-300	14,003.20	
CONTRIBUTION TO FIRE DEPARTMENT	GF-411-540		15,444.24
TO RECLASSIFY LOAN PAYMENTS.			
	<b>3</b>		
TRANSFER TO PENTS RUN FUND	GF-492-600	814,000.00	
PROCEEDS FROM LONG TERM DEBT	GF-391-200		814,000.00
TO RECORD GENERAL OBLIGATION NOTE THATS PAYABLE BY THE GENERAL FUND.			
	<b>4</b>		
TRANSFER TO SEWER FUND	GF-492-700	236.02	
PENNVEST LOAN - PRINCIPAL - NEW ST.	GF-471-208		58.72
PENNVEST LOAN - INTEREST - NEW ST.	GF-472-208		177.30
TO ADJUST FOR INCORRECT PENNVEST PAYMENTS FEB & MARCH MODE OUT OF WRONG FUND.			
	<b>5</b>		
PIB LOAN WASH. & WEBER BRIDGES	GF-471-210	5,174.80	
PIB LOAN INTEREST	GF-472-210		5,174.80
TO ADJUST.			
	<b>6</b>		
PIB LOAN	GF-189-900	788,942.41	
PIB LOAN	GF-255-050		788,942.41
TO RECORD PIB LOAN.			
	<b>7</b>		
TRANSFER TO WATER FUND	GF-492-800	40,230.89	
TRANSFER TO SEWER FUND	GF-492-700	40,230.88	
MISCELLANEOUS REVENUES	GF-380-100	150,203.81	
TRANSFER FROM JOHNSON CONTROL	GF-395-800		230,886.58
TO RECLASS OPERATING TRANSFERS.			
	<b>8</b>		
REAL ESTATE TAX - CURRENT YEAR	GF-301-100	20,958.24	
RECREATION & CULTURE TAX	GF-301-300	3,030.40	
RESIDENCE TAXES - CURRENT YEAR	GF-308-100	797.50	
PER CAPITA TAXES - CURRENT YEAR	GF-310-010	797.50	
REAL ESTATE TAXES - PRIOR YEAR	GF-301-200		20,958.24
RECREATION & CULTURE TAX - PRIOR YR	GF-301-400		3,030.40
PER CAPITA TAXES - PRIOR YEAR	GF-310-020		797.50
RESIDENCE TAXES - PRIOR YEAR	GF-308-200		797.50
TO RECLASS PRIOR YEAR REAL ESTATE AND PER CAPITA TAXES TO PROPER ACCOUNT.			
	<b>9</b>		
PER CAPITA TAXES - CURRENT YEAR	GF-310-010	120.00	
RESIDENCE TAXES - CURRENT YEAR	GF-308-100		120.00
TO RECLASSIFY.			

**CITY OF DUBOIS GENERAL FUND**

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
	10		
CONTRACTUAL SERVICES - CENTAX	GF-403-452	26.10	
OCCUPATIONAL PRIVILEGE TAX	GF-310-500		26.10
TO ADJUST FOR CORRECT COMMISSIONS.			
	11		
PA UNEMPLOYMENT - EMPLOYER	GF-216-100	288.00	
EMS TAX WITHHELD	GF-219-000	40.00	
MISCELLANEOUS EXPENSE	GF-400-480		328.00
TO ADJUST.			
	12		
INTEREST EARNINGS	GF-341-100	21.12	
CHECKING - GENERAL FUND	GF-100-010		21.12
To correct interest earnings recorded.			
	13		
REFUNDS OF PRIOR YEAR EXPENDITURES	GF-394-100	7,183.52	
DUE FROM DUBOIS BREWERY PROJECT	GF-130-430		7,183.52
TO RECLASSIFY REIMBURSEMENT FROM THE BREWERY FUND.			
	14		
DUE FROM LITTLE LEAGUE	GF-130-410	20,000.00	
REIMBURSEMENT LITTLE LEAGUE	GF-380-405		20,000.00
TO RECLASSIFY.			
	15		
VIOLATION OF ORDINANCES	GF-331-120	20.00	
RENT OF LAND	GF-342-100		20.00
To reclassify misposting of \$20 which is part of Osburn Rent.			
	16		
DUE FROM OTHER FUNDS	GF-130-000	4,735.80	
OPERATING SUPPLIES	GF-430-245		4,735.80
To reclassify ck #34334 posted incorrectly 8/28/09.			
	17		
PUBLIC SAFETY - FIRE DEPT	GF-411-745	72,675.00	
PAYMENTS FROM WATER FUND	GF-392-080		30,360.00
PAYMENTS FROM SEWER FUND	GF-392-080		42,315.00
To record repair work done for the Fire department paid by the Water and Sewer Fund.			

CITY OF DUBOIS GROWING GREENER FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
GRANT EXPENSES	GG-380-100	77,497.02	
GRANT DRAWDOWN	GG-354-100		77,497.02
TO RECLASSIFY.			



CITY OF DUBOIS HEALTH INSURANCE FUND

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
PRIOR YEAR EXPENSES	HI-400-481	246.82	
EBDS DRAWDOWN	HI-480-100	7,500.00	
TRANSFERS FROM OTHER FUNDS	HI-395-000		7,500.00
DEDUCTIBLE TRANSFER IN	HI-380-100		246.82

TO RECLASSIFY.

CITY OF DUBOIS JOHNSON CONTROLS FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
TRANFER TO GENERAL FUND	JC-495-000	230,665.58	
TRANFER TO WATER FUND	JC-495-010	180,945.00	
TRANFER TO SEWER FUND	JC-495-020	180,945.00	
LOAN PROCEEDS PAYABLE	JC-250-000		381,890.00
LOAN PAYOUTS TO JOHNSON CONTROLS	JC-480-100		230,665.58

TO RECLASSIFY OPERATING TRANFERS AND CLOSE ACCOUNT.

CITY OF DUBOIS LAND SALE FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2008

Description		Acct#	Debit	Credit
	1			
LAND SALE ACCOUNT		LS-100-010	944.48	
FUND BALANCE		LS-279-000		944.48
TO ADJUST BEGINNING BALANCES.				
	2			
LAND SALE ACCOUNT		LS-100-010	1,915.83	
INTEREST INCOME		LS-341-100		1,915.83
TO RECORD INTEREST EARNED ON CD.				

CITY OF DUBOIS PEMA FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
TRANSF TO COMM REV. FUND	PM-492-200	2,416.91	
PRIOR YEAR EXPENSE	PM-400-481		2,416.91
TO RECLASSIFY.			

CITY OF DUBOIS PENTZ RUN BRIDGES FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Run: Dec 9 2010 @ 09:01 AM

Description	Acct#	Debit	Credit
MISCELLANEOUS REVENUE	PR-380-100	814,000.00	
TRANSFER FROM GENERAL FUND	PR-392-100		814,000.00

TO RECLASSIFY INTERFUND TRANSFER.

**CITY OF DUBOIS SEWER FUND**

**(PROPRIETARY FUND)**

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
<b>1</b>			
1996 PENNVEST LOAN - INTEREST	SF-427-708	46.41	
1996 PENNVEST LOAN - PRINCIPAL	SF-427-707		46.41
TO ADJUST.			
<b>2</b>			
2002 PENNVEST LOAN - SS INTERCEPTOR	SF-189-400	0.02	
2002 PENNVEST LINE REPAIR LOAN PRIN	SF-427-713	49.37	
2002 PENNVEST LINE REPAIR LOAN INT	SF-427-714	186.65	
2002 PENNVEST LOAN - SS INTERCEPTOR	SF-252-200		0.02
TRANSFER FROM GENERAL FUND	SF-395-070		236.02
TO ADJUST FOR INCORRECT PENNVEST PAYMENTS FEB & MARCH MADE OUT OF WRONG FUNDS.			
<b>3</b>			
2004 PENNVEST LINE REPAIR INTEREST #74114	SF-427-716	139.65	
PENNVEST LINE REPAIR PRINCIPAL #74114	SF-427-716		139.65
TO ADJUST.			
<b>4</b>			
BOND ISSUE INTEREST EXPENSE	SF-427-723	57,172.22	
BOND ISSUANCE COST	SF-427-540	600.01	
CAPITALIZED INTEREST SINKING FUND	SF-110-000		57,772.23
TO RECORD INTEREST PAYMENTS ON 2009 BOND SERIES AND RECORD BOND EXPENSES FROM SINKING FUND.			
<b>5</b>			
2009 BOND ISSUE CAPITAL IMPROV	SF-189-900	3,058,000.00	
2009 BOND ISSUE CAPITAL IMPROV	SF-255-900		3,058,000.00
TO RECLASSIFY TO PROPER ACCOUNTS.			
<b>6</b>			
2006- CENTRIFUGE LEASE	SF-252-700	199,021.92	
2006 - CENTRIFUGE LEASE	SF-189-700		199,021.92
TO ADJUST.			
<b>7</b>			
JOHNSON CONTROL LN PROCEEDS	SF-364-660	221,175.88	
TRANSFER FROM JOHNSON CONTROLS	SF-395-090		180,945.00
TRANSFER FROM GENERAL FUND	SF-395-070		40,230.88
TO RECLASS OPERATING TRANSFERS.			
<b>8</b>			
CASH - PENNVEST	SF-101-010	19.37	
INTEREST EARNINGS	SF-364-800		19.37
TO ADJUST.			
<b>9</b>			
TRANSFER TO HEALTH INSURANCE FUND	SF-492-460	17,416.74	
HOSPITALIZATION - BC/BS	SF-427-166		468.37
HEALTH INSURANCE - SANITARY SEWERS	SF-428-166		6,875.00
HEALTH INSURANCE - STP	SF-429-156		10,083.37
TO RECLASSIFY TRANSFERS TO HEALTH INSURANCE FUND.			

CITY OF DUBOIS SEWER FUND  
 (PROPRIETARY FUND)  
 Adjusting Journal  
 12/31/2009

Description		Acct#	Debit	Credit
	10			
TRANSFER TO GENERAL FUND		SF-492-200	2,025,210.85	
PRIOR YEAR EXPENSE		SF-400-481		2,025,210.85
TO RECLASSIFY OPERATING TRANSFERS.				
	11			
DUE FROM OTHER FUNDS		SF-130-000	7,300.00	
NEW SEWER GARAGE		SF-493-832		7,300.00
Reclass Moore & Kyler Ck 34747 posted Incorrectly.				
	12			
DUE FROM OTHER FUNDS		SF-130-000	3,832.80	
OPERATING SUPPLIES		SF-428-245		3,832.80
Reclassify Catalone Ck 34334 posted Incorrectly.				
	13			
DUE FROM OTHER FUNDS		SF-130-000	1,466.97	
OPERATING SUPPLIES		SF-428-245		1,466.97
Reclassify Catalone Ck 34639 posted Incorrectly.				
	14			
TRANSFER TO GENERAL FUND		SF-492-200	42,315.00	
NEW SEWER GARAGE		SF-493-832		42,315.00
To reclass expenses paid by the sewer fund for Public Safety Fire Dept.				

CITY OF DUBOIS SURCHARGE ACCOUNT FUND

(PROPRIETARY FUND)

Adjusting Journal

Run: Dec 9 2010 @ 09:06 AM

12/31/2009

Description	Acct#	Debit	Credit
	1		
WATER SURCHARGES	SA-250-000	126,054.84	
SEWER SURCHARGES	SA-280-000	27,217.62	
TRANSFER FROM WATER FUND	SA-392-100		126,054.84
TRANSFER FROM SEWER FUND	SA-392-200		27,217.62

TO RECLASSIFY TRANSFERS.



CITY OF DUBOIS UDAG FUND

(SPECIAL REVENUE FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
	1		
MISCELLANEOUS INCOME	RV-380-100	54,095.86	
BREWERY LAND PURCHASE	RV-480-800		4,024.37
DUE FROM BREWERY PROJECT GRANT	RV-130-500		50,071.49
TO RECLASSIFY DUE TO/ DUE FROM TO PROPER ACCOUNTS.			
	2		
MISCELLANEOUS INCOME	RV-380-100	10,000.00	
DCNR GRANT	RV-380-200		10,000.00
TO RECLASSIFY DCNR GRANT.			

CITY OF DUBOIS VEOLIA ENVIRON. ACCT FUND

(AGENCY FUND)

Adjusting Journal

12/31/2009

Description	Acct#	Debit	Credit
VEOLIA ENVIRONMENTAL ACCOUNT	VE-100-010	842.97	
INTEREST INCOME	VE-341-100		842.97
TO RECORD INTEREST EARNED ON CD.			

CITY OF DUBOIS WATER FUND  
(PROPRIETARY FUND)

Adjusting Journal

Run: Dec 9 2010 @ 09:08 AM

12/31/2009

Description	Acct#	Debit	Credit
1			
2007 - S&T LOAN - WTP INSTRUMENTATION	WF-189-220	0.02	
2007 - S&T LOAN - WTP INSTRUMENTATION	WF-265-220		0.02
TO ADJUST.			
2			
PENNVEST-BACKWASH TANK INTEREST	WF-447-708	21.10	
PENNVEST- BACKWASH TANK PRINCIPAL	WF-447-707		21.10
TO ADJUST.			
3			
BOND ISSUE INTEREST EXP	WF-447-716	228,888.86	
BOND ISSUANCE COST	WF-447-640	2,400.06	
CAPITALIZED INT SINKING FUND	WF-110-000		231,088.92
TO RECORD INTEREST PAYMENTS ON 2009 BOND SERIES AND RECORD ADMIN EXPENSES FROM SINKING FUND.			
4			
JOHNSON CONTROLS LN PROCEEDS	WF-378-680	221,175.89	
TRANSFER FROM JOHNSON CONTROL	WF-395-070		180,945.00
TRANSFER FROM GENERAL FUND	WF-395-080		40,230.89
TO RECLASS OPERATING TRANSFERS.			
5			
PENNVEST CHECKING	WF-101-010	1.83	
INTEREST EARNINGS	WF-378-600		1.83
TO ADJUST.			
6			
TRANSFERS TO GENERAL FUND	WF-492-000	81,000.00	
LEASE OF LAND	WF-447-531		81,000.00
TO RECLASSIFY.			
7			
BUILDING REPAIR & MAINTENANCE	WF-450-373	7,300.00	
DUE TO OTHER FUNDS	WF-230-000		7,300.00
To reclass Moore & Kyler ck 34747 posted incorrectly.			
8			
OPERATING SUPPLIES	WF-450-245	8,568.60	
DUE TO OTHER FUNDS	WF-230-000		8,568.60
Reclassify Catalone ck 34334 posted incorrectly.			
9			
OPERATING SUPPLIES	WF-450-245	1,466.97	
DUE TO OTHER FUNDS	WF-230-000		1,466.97
Reclassify Catalone ck 34639 posted incorrectly.			
10			
TRANSFERS TO GENERAL FUND	WF-492-000	30,360.00	
NEW GARAGE	WF-493-843		30,360.00
To reclass expenses paid by the water fund for Public Safety - Fire Dept.			



CITY OF DUBOIS, PENNSYLVANIA

DuBois, Pennsylvania

FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITORS' REPORT INCLUDING REPORTS REQUIRED  
BY THE SINGLE AUDIT ACT AMENDMENTS OF 1996  
AND OMB CIRCULAR A-133

December 31, 2010

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**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

**INDEPENDENT AUDITORS' REPORT**

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

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 DuBois, Pennsylvania, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of DuBois, Pennsylvania's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the City of DuBois, Pennsylvania, prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the 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 assets, revenues, and expenses of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, 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, 2010, or the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In addition, in our opinion, except for the effects of omitting blended component units, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information for the primary government of the City of DuBois, Pennsylvania, as of December 31, 2010, and the changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

Further, 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 primary government of the City of DuBois, Pennsylvania, as of December 31, 2010, and the respective changes in cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2012, on our consideration of the City of DuBois, Pennsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the historical pension information and budgetary comparison information on pages 30 through 33 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 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 historic context. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DuBois, Pennsylvania's primary government financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the primary government financial statements. The combining nonmajor fund financial statements, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the primary government financial statements as a whole.



SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
March 2, 2012



CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

December 31, 2010

		Primary Government		
		Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>				
Cash		\$ 4,857,743	\$ 2,058,488	\$ 6,914,231
Investments		281,269	-	281,269
Internal balances		990,097	2,034	992,131
<b>Total Assets</b>		<b>\$ 6,129,109</b>	<b>\$ 2,058,522</b>	<b>\$ 8,187,631</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Liabilities:</b>				
Payroll taxes payable		\$ 8,971	\$ -	\$ 8,971
Internal balances		2,034	990,097	992,131
<b>Total Liabilities</b>		<b>11,005</b>	<b>990,097</b>	<b>1,001,102</b>
 <b>Net Assets:</b>				
<b>Restricted for:</b>				
Other purposes		1,794,564	-	1,794,564
Unrestricted		4,323,540	1,068,425	5,391,965
<b>Total Net Assets</b>		<b>6,118,104</b>	<b>1,068,425</b>	<b>7,186,529</b>
 <b>Total Liabilities and Net Assets</b>		 <b>\$ 6,129,109</b>	 <b>\$ 2,058,522</b>	 <b>\$ 8,187,631</b>

See accompanying notes to basic financial statements.

**CITY OF DUBOIS, PENNSYLVANIA**

**STATEMENT OF ACTIVITIES  
CASH BASIS**

For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
<b>Primary Government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,200,892	\$ 136,557	\$ -	\$ -	\$ (1,064,335)	\$ -	\$ (1,064,335)
Public safety	1,915,704	498,854	-	40,000	(1,376,850)	-	(1,376,850)
Public works	1,434,434	-	-	-	(1,434,434)	-	(1,434,434)
Community and economic development	1,777,089	12,000	733,409	900,519	(131,141)	-	(131,141)
Culture and recreation	733,587	58,768	-	-	(674,819)	-	(674,819)
Principal on long-term debt	116,638	-	-	-	(116,638)	-	(116,638)
Interest on long-term debt	27,565	-	-	-	(27,565)	-	(27,565)
<b>Total governmental activities</b>	<b>7,205,889</b>	<b>706,179</b>	<b>733,409</b>	<b>940,519</b>	<b>(4,825,782)</b>	<b>-</b>	<b>(4,825,782)</b>
<b>Business-type activities:</b>							
Sewer	3,062,185	2,487,140	-	496,450	-	(78,595)	(78,595)
Water	3,435,273	3,034,429	-	-	-	(400,844)	(400,844)
<b>Total business-type activities</b>	<b>6,497,458</b>	<b>5,521,569</b>	<b>-</b>	<b>496,450</b>	<b>-</b>	<b>(479,439)</b>	<b>(479,439)</b>
<b>Total Primary Government</b>	<b>\$ 13,703,347</b>	<b>\$ 6,227,748</b>	<b>\$ 733,409</b>	<b>\$ 1,436,969</b>	<b>(4,825,782)</b>	<b>(479,439)</b>	<b>(5,305,221)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Real estate					1,240,897	-	1,240,897
Residence					18,802	-	18,802
Per capita					18,803	-	18,803
Real estate transfer					56,482	-	56,482
Earned income					599,329	-	599,329
Local services tax					332,148	-	332,148
Intergovernmental revenues					477,325	-	477,325
Interest					162,320	1,288	163,608
Sales of capital assets					216,894	2,159	219,053
Miscellaneous					1,611,496	-	1,611,496
Transfers					1,294,113	(1,294,113)	-
<b>Total General Revenues and Transfers</b>					<b>8,028,609</b>	<b>(1,290,666)</b>	<b>4,737,943</b>
<b>Change in Net Assets</b>					<b>1,202,827</b>	<b>(1,770,106)</b>	<b>(567,278)</b>
<b>Net Assets - Beginning</b>					<b>4,915,277</b>	<b>2,838,530</b>	<b>7,753,807</b>
<b>Net Assets - Ending</b>					<b>\$ 6,118,104</b>	<b>\$ 1,068,425</b>	<b>\$ 7,186,529</b>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

BALANCE SHEET  
CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2010

<u>ASSETS</u>	<u>General</u>	<u>Capital Reserve</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and cash investments	\$ 4,023,852	\$ 518,691	\$ 25	\$ 315,375	\$ 4,857,743
Investments	281,269	-	-	-	281,269
Interfund receivables	367,671	967,280	-	-	1,334,951
Total Assets	<u>\$ 4,672,592</u>	<u>\$ 1,485,971</u>	<u>\$ 25</u>	<u>\$ 315,375</u>	<u>\$ 6,473,963</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Payroll taxes payable	\$ 8,971	\$ -	\$ -	\$ -	\$ 8,971
Interfund payables	340,081	-	1,159	5,648	346,888
Total Liabilities	<u>349,052</u>	<u>-</u>	<u>1,159</u>	<u>5,648</u>	<u>355,859</u>
Fund Balances:					
Unreserved, reported in:					
General fund	4,323,540	-	-	-	4,323,540
Special revenue funds	-	1,485,971	(1,134)	309,727	1,794,564
Total Fund Balances	<u>4,323,540</u>	<u>1,485,971</u>	<u>(1,134)</u>	<u>309,727</u>	<u>6,118,104</u>
Total Liabilities and Fund Balances	<u>\$ 4,672,592</u>	<u>\$ 1,485,971</u>	<u>\$ 25</u>	<u>\$ 315,375</u>	<u>\$ 6,473,963</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, 2010

	<u>General</u>	<u>Capital Reserve</u>	<u>Community Development Block Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 2,266,461	\$ -	\$ -	\$ -	\$ 2,266,461
Intergovernmental	763,519	-	733,409	654,325	2,151,263
Charges for services	557,155	-	-	-	557,155
Licenses and permits	74,590	-	-	-	74,590
Fines and forfeitures	74,434	-	-	-	74,434
Interest and rentals	152,592	9,299	-	1,417	163,308
Miscellaneous	1,610,508	-	-	2	1,610,508
<b>Total Revenues</b>	<b>5,499,257</b>	<b>9,299</b>	<b>733,409</b>	<b>655,744</b>	<b>6,897,709</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	690,244	-	-	24,896	715,140
Public safety	1,853,673	-	-	-	1,853,673
Public works	1,095,931	-	-	301,525	1,397,456
Community and economic development	-	-	727,506	375,438	1,102,944
Culture and recreation	526,843	-	-	180,001	706,844
<b>Debt service:</b>					
Principal	116,638	-	-	-	116,638
Interest	27,565	-	-	-	27,565
Capital outlay	922,567	-	-	-	922,567
Other	363,062	-	-	-	363,062
<b>Total Expenditures</b>	<b>5,596,523</b>	<b>-</b>	<b>727,506</b>	<b>881,860</b>	<b>7,205,889</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(97,266)</b>	<b>9,299</b>	<b>5,903</b>	<b>(226,116)</b>	<b>(308,180)</b>
<b>Other Financing Sources (Uses):</b>					
Capital assets sales	216,894	-	-	-	216,894
Transfers in	2,224,863	-	-	147,487	2,372,350
Transfers out	(78,431)	-	-	(999,806)	(1,078,237)
<b>Total Other Financing Sources (Uses)</b>	<b>2,363,326</b>	<b>-</b>	<b>-</b>	<b>(852,319)</b>	<b>1,511,007</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>2,266,060</b>	<b>9,299</b>	<b>5,903</b>	<b>(1,078,435)</b>	<b>1,202,827</b>
<b>Fund Balances-Beginning</b>	<b>2,057,480</b>	<b>1,476,672</b>	<b>(7,037)</b>	<b>1,388,162</b>	<b>4,915,277</b>
<b>Fund Balances-Ending</b>	<b>\$ 4,323,540</b>	<b>\$ 1,485,971</b>	<b>\$ (1,134)</b>	<b>\$ 309,727</b>	<b>\$ 6,118,104</b>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET ASSETS  
CASH BASIS

PROPRIETARY FUNDS

December 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 233,986	\$ 1,822,502	\$ 2,056,488
Interfund receivables	15,044	692	15,736
Total current assets	<u>249,030</u>	<u>1,823,194</u>	<u>2,072,224</u>
Total Assets	<u>\$ 249,030</u>	<u>\$ 1,823,194</u>	<u>\$ 2,072,224</u>
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Interfund payables	\$ 519,520	\$ 484,279	\$ 1,003,799
Total current liabilities	<u>519,520</u>	<u>484,279</u>	<u>1,003,799</u>
Total Liabilities	<u>519,520</u>	<u>484,279</u>	<u>1,003,799</u>
Net assets:			
Unrestricted	(270,490)	1,338,915	1,068,425
Total net assets	<u>(270,490)</u>	<u>1,338,915</u>	<u>1,068,425</u>
Total Liabilities and Net Assets	<u>\$ 249,030</u>	<u>\$ 1,823,194</u>	<u>\$ 2,072,224</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

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

PROPRIETARY FUNDS

For the Year Ended December 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 2,487,140	\$ 3,034,429	\$ 5,521,569
Total Operating Revenues	<u>2,487,140</u>	<u>3,034,429</u>	<u>5,521,569</u>
Operating Expenses:			
Public works	1,785,226	1,598,838	3,384,064
Total Operating Expenses	<u>1,785,226</u>	<u>1,598,838</u>	<u>3,384,064</u>
Operating Income	<u>701,914</u>	<u>1,435,591</u>	<u>2,137,505</u>
Non-Operating Revenues (Expenses):			
Grants	496,450	-	496,450
Capital asset sales	-	2,159	2,159
Interest income	738	550	1,288
Capital outlay	(850,969)	(1,053,849)	(1,904,818)
Debt service principal	(241,818)	(291,248)	(533,066)
Debt service interest	(184,172)	(491,338)	(675,510)
Total Non-Operating Revenues (Expenses)	<u>(779,771)</u>	<u>(1,833,726)</u>	<u>(2,613,497)</u>
Income Before Transfers	<u>(77,857)</u>	<u>(398,135)</u>	<u>(475,992)</u>
Transfers In	-	-	-
Transfers Out	<u>(420,667)</u>	<u>(873,446)</u>	<u>(1,294,113)</u>
Change in Net Assets	<u>(498,524)</u>	<u>(1,271,581)</u>	<u>(1,770,105)</u>
Total Net Assets - Beginning	<u>228,034</u>	<u>2,610,496</u>	<u>2,838,530</u>
Total Net Assets - Ending	<u>\$ (270,490)</u>	<u>\$ 1,338,915</u>	<u>\$ 1,068,425</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, 2010

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,487,140	\$ 3,034,429	\$ 5,521,569
Payments to suppliers	(1,238,404)	(1,012,152)	(2,250,556)
Payments to employees	(546,822)	(586,686)	(1,133,508)
Net Cash Provided by Operating Activities	<u>701,914</u>	<u>1,435,591</u>	<u>2,137,505</u>
Cash Flows from Noncapital Financing Activities:			
Transfers out	(420,667)	(873,446)	(1,294,113)
(Increase) decrease in interfund receivables	(410)	(692)	(1,102)
Increase (decrease) in interfund payables	129,211	7,424	136,635
Net Cash Used by Noncapital Financing Activities	<u>(291,866)</u>	<u>(866,714)</u>	<u>(1,158,580)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(850,969)	(1,053,849)	(1,904,818)
Capital asset sales	-	2,159	2,159
Grants	496,450	-	496,450
Principal paid on debt	(241,818)	(291,248)	(533,066)
Interest paid	(184,172)	(491,338)	(675,510)
Net Cash Used by Capital and Related Financing Activities	<u>(780,509)</u>	<u>(1,834,276)</u>	<u>(2,614,785)</u>
Cash Flows from Investing Activities:			
Interest	<u>738</u>	<u>550</u>	<u>1,288</u>
Net Decrease in Cash	(369,723)	(1,264,849)	(1,634,572)
Cash:			
Beginning	<u>603,709</u>	<u>3,087,351</u>	<u>3,691,060</u>
Ending	<u>\$ 233,986</u>	<u>\$ 1,822,502</u>	<u>\$ 2,056,488</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA  
STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

December 31, 2010

<u>ASSETS</u>	Non-Uniformed Employees Pension Plan	Police Retirement Plan	Agency Funds
Cash and cash equivalents	\$ -	\$ 268,475	\$ 44,772
Investments:			
Investment assets with PMRS, at fair value	5,226,839	-	-
Investment assets, at fair value	-	4,855,683	-
Total investments	<u>5,226,839</u>	<u>4,855,683</u>	<u>-</u>
 Total Assets	 <u>\$ 5,226,839</u>	 <u>\$ 5,124,058</u>	 <u>\$ 44,772</u>
 <u>LIABILITIES</u>			
Escrow liabilities	\$ -	\$ 18,620	\$ 44,772
 Total Liabilities	 <u>-</u>	 <u>18,620</u>	 <u>\$ 44,772</u>
 <u>NET ASSETS</u>			
Held in trust for pension benefits	<u>\$ 5,226,839</u>	<u>\$ 5,105,438</u>	

See accompanying notes to basic financial statements.



CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

For the Year Ended December 31, 2010

	<u>ADDITIONS</u>	<u>Non-Uniformed Employees Pension Plan</u>	<u>Police Retirement Plan</u>
Contributions:			
Plan members		\$ 72,005	\$ 56,859
Employer		20	26,769
State		58,803	184,163
Miscellaneous		3,902	-
Total contributions		<u>134,730</u>	<u>267,791</u>
Net investment income:			
Net appreciation (depreciation) in fair value of investments		-	434,624
Interest/dividends		309,704	142,713
Investment expenses		-	(34,298)
Total investment income		<u>309,704</u>	<u>542,939</u>
Less investment expenses		-	-
Net investment income		<u>309,704</u>	<u>542,939</u>
Total Additions		<u>444,434</u>	<u>810,730</u>
	<u>DEDUCTIONS</u>		
Benefits		749,353	299,190
Administrative expenses		1,460	-
Allocated insurance premiums		474	-
Total Deductions		<u>751,287</u>	<u>299,190</u>
Change in Net Assets		(306,853)	511,540
Net Assets-Beginning		<u>5,533,692</u>	<u>4,593,898</u>
Net Assets-Ending		<u>\$ 5,226,839</u>	<u>\$ 5,105,438</u>

See accompanying notes to basic financial statements.

## CITY OF DUBOIS, PENNSYLVANIA

### NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

#### 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 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.

#### Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared on the basis of cash receipts and disbursements, 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.

Private sector standards of accounting and financial reporting issued prior to December 31, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private sector guidance.

The financial statements include government-wide financial statements prepared on the basis of cash receipts and disbursements and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The more 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

##### Government-Wide Financial Statements

The statement of net assets and the statement of activities display 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 generally are financed through taxes, intergovernmental revenues, and other nonexchange 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, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of net assets 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. Funds are organized into three categories: governmental, proprietary, and fiduciary. 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, liabilities, 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, liabilities, 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 of the City are financed. The measurement focus of governmental funds is on the sources, uses, and balances of current financial resources. The following are the City's major governmental funds:

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

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.

Capital Reserve Fund

The Capital Reserve Fund accounts for resources accumulated and reserved for capital projects and expenditures and to fund projects financed by intergovernmental grants and revenues.

Community Block Grant Fund

The Community Development Block Grant fund accounts for federal aid revenues received from the Pennsylvania Department of Community and Economic Development pursuant to the Community Development Block Grants/States Program administered by the United States Department of Housing and Urban Development.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose and the accumulation of resources for, and the payment of debt.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

Enterprise Funds

Enterprise funds are used to account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Sewage and Water Funds are the City's major enterprise funds.

Fiduciary Funds

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

Pension Trust Fund

The Pension Trust Fund accounts for the assets of the City's Non-Uniformed Employees' Pension and Police Pension plans.

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Fiduciary Funds (Continued)

Agency Funds

Agency Funds are custodial in nature with assets and liabilities being equal and do not involve measurement of results of operation. The City's Fire Loss Escrow Fund is an agency fund.

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 are reported using the economic resources measurement focus and the cash receipts and disbursements basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the statement of activities present increases (revenues) and decreases (expenses) in net total assets. Under the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, revenues are recognized when received and expenses are recognized when paid.

Governmental and proprietary fund financial statements are reported using the current financial resources measurement focus and are accounted for using the cash receipts and disbursements basis of accounting. The current financial resources measurement focus means only current financial assets and liabilities are included on the balance sheet and inflows (revenues and other financing sources) and outflows (expenditures and other financing uses) of expendable financial resources are included on the statements of revenues, expenditures, and changes in fund balances.

As a result of the use of the cash receipts and disbursements basis of accounting, certain assets and their revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities of defined benefit pension plans. GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Notes Disclosures for Defined Contribution Plans*, requires that plan liabilities be 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers, as applicable. Loans are reported as interfund receivables and payables on the fund financial statements. Interfund receivables and payables are eliminated on the government-wide statement of net assets. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund activity is treated as transfers.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their 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. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

F. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect 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 any of its 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 3 – Cash Deposits and Investments (Continued)

In addition to the investments authorized for governmental and proprietary funds, investments of the City's Pension Plans may also be made in legal investments permitted under the Pennsylvania Fiduciaries 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

Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2010. 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 includes cash deposits which are uninsured and uncollateralized, or were 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, 2010, the carrying amount of the City's cash deposits with financial institutions was \$6,959,003 and the financial institutions balances totaled \$8,272,568, which is categorized as follows:

Category 1	\$ 622,564
Category 3	<u>7,650,004</u>
Total Cash Deposits	<u>\$ 8,272,568</u>

Investments – Non-Uniformed Employees' Pension Plan

The investments of the Non-Uniformed Employees' Pension Plan are reported at fair value, and do not represent specific identifiable investment securities, as they are pooled for investment purposes with the Pennsylvania Municipal Retirement System (PMRS). Disclosures required by GASB Statement No. 3 for aggregate PMRS investments are included in PMRS's separately issued Comprehensive Annual Financial Report.

Investments – Government-wide and Police Retirement Plan

The investments of the City are reported at cost. Fair value reporting 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.

The investments of the Police Retirement Plan are reported at fair value. 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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 3 – Cash Deposits and Investments (Continued)

Investments – Government-wide and Police Retirement Plan (Continued)

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 government-wide securities and the Police Retirement Plan securities held by a counterparty are as follows:

	<u>Government- wide</u>	<u>Police Retirement</u>	<u>Total</u>
FDIC Insured Deposits	\$ 1,265	\$ –	\$ 1,265
Certificates of Deposit	299,180	–	299,180
Municipal Debt	–	911,515	911,515
Corporate Debt	–	1,272,134	1,272,134
Equities	–	2,191,683	2,191,683
Convertible Bonds	–	154,588	154,588
Exchange-traded Funds	–	325,663	325,663
<b>Total</b>	<b><u>\$ 300,445</u></b>	<b><u>\$ 4,855,583</u></b>	<b><u>\$ 5,156,028</u></b>

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, 2010 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>More than 10</u>
Certificates of Deposit	\$ 299,180	\$ –	\$ 299,180	\$ –	\$ –
Municipal Debt	911,515	–	362,615	472,440	76,460
Corporate Debt	<u>1,272,134</u>	–	<u>623,502</u>	<u>488,271</u>	<u>160,281</u>
<b>Total by Maturity Dates</b>	<b><u>\$ 2,482,829</u></b>	<b><u>\$ –</u></b>	<b><u>\$ 1,285,377</u></b>	<b><u>\$ 960,711</u></b>	<b><u>\$ 236,741</u></b>

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, 2010, the credit quality ratings of the Pension Trust Fund's debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Municipal Debt	\$ 199,613	AA
Municipal Debt	432,252	A
Municipal Debt	<u>279,650</u>	N/A
<b>Total Municipal Debt</b>	<b><u>911,515</u></b>	
Corporate Debt	85,495	AAA
Corporate Debt	78,641	AA
Corporate Debt	264,172	A
Corporate Debt	769,040	BBB
Corporate Debt	<u>74,786</u>	N/A
<b>Total Corporate Debt</b>	<b><u>1,272,134</u></b>	
<b>Total</b>	<b><u>\$ 2,183,649</u></b>	



CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 3 – Cash Deposits and Investments (Continued)

Investments – Government-wide and Police Retirement Plan (Continued)

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. There were no investments other than certificates of deposit, US Government and US Government guaranteed obligations, mutual funds, or other pooled investments, in any one issuer that represented 5 percent or more of total investments at December 31, 2010.

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 aggregate than a rate of 25 mills on both land and buildings. Additional levies for certain other purposes are permitted at specific maximum millages as provided for in the City Code.

Assessed value is 25% of market value. The City's net taxable assessed value for 2010 was \$56,550,365. The real estate tax millage rates for 2010 was:

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

Residence and Per Capita Taxes

Residence and per capita taxes are collected at various times during the year by the City tax collector. Each tax is in the amount of \$5.00 per taxpayer. Various income and age provisions determine individual tax liability.

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.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 5 – Interfund Balances

Interfund balances at December 31, 2010 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development Block Grant	\$ 1,159
	Fire Training School	5,648
	Sewer	176,670
	Water	184,194
Capital Reserve	General Fund	338,047
	Sewer	342,158
	Water	287,075
Sewer	General Fund	2,034
	Water	13,010
Water	Sewer	<u>692</u>
Total		<u>\$ 1,350,687</u>

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.

Note 6 – Interfund Transfers

Interfund transfers for the year ended December 31, 2010 consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Land Sale Fund	\$ 66,100
	Pentz Run Bridges Fund	814,001
	Sewer Fund	400,000
	Urban Development Grant Fund	94,483
	Water Fund	850,279
Community Revitalization Fund	General Fund	523
Farmers National Fund	Community Revitalization Fund	10,632
	EDA Grant Fund	8,665
	Public Safety Fund	5,925
Health Insurance Fund	General Fund	45,583
	Sewer Fund	20,667
	Water Fund	23,167
Liquid Fuels Tax Fund	General Fund	<u>32,325</u>
Total		<u>\$ 2,372,350</u>

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

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 7 –Debt

Short-Term Debt

The City has received short-term interim financing from S&T Bank for a Sewer Replacement Project to be permanently financed with a loan and grant from Pennsylvania Infrastructure Investment Authority. The approved amount of the interim financing was \$3,126,291, with a maturity date of November 3, 2009. The note was amended on October 5, 2009 to a non-revolving straight line Credit Note in the original available principal of \$3,126,291, with \$108,750 indisbursed principal reserved for the funding of Letter of Credit, together with a variable interest rate, which was 3.25 percent at December 31, 2010. The amendment also extended the maturity date to November 3, 2011. There was no outstanding balance on the short-term note at December 31, 2010, and no advances or payments during the year then ended.

Long-Term Debt

The following presents the changes in long-term debt of the City during the year ended December 31, 2010:

	<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	\$ 1,210,397	\$ —	\$ (116,638)	\$ 1,093,759	\$ 112,550
Governmental activities long-term debt	<u>1,210,397</u>	<u>—</u>	<u>(116,638)</u>	<u>1,093,759</u>	<u>112,550</u>
<u>Business-Type Activities</u>					
Notes payable	8,726,594	—	(388,067)	8,338,527	400,648
Bonds payable	7,645,000	—	(145,000)	7,500,000	145,000
Business-type activities long-term debt	<u>16,371,594</u>	<u>—</u>	<u>(533,067)</u>	<u>15,838,527</u>	<u>545,648</u>
Total long term debt	<u>\$17,581,991</u>	<u>\$ —</u>	<u>\$ (649,705)</u>	<u>\$16,932,286</u>	<u>\$ 658,198</u>

A summary of long-term debt outstanding at December 31, 2010, follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 100,000	Pennsylvania Emergency Management Agency loan for assistance with the purchase of fire apparatus, repayable at \$644 monthly May 1, 1996 through April 1, 2011 with 2 percent interest.	\$ 2,562
126,010	General Obligation Note to Pennsylvania Infrastructure Investment Authority April 22, 1997, street construction loan, repayable monthly at \$728 with 1.00 percent interest until May 1, 2002, and \$739 with 1.28 percent interest through May 1, 2013 maturity.	21,098

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 7 –Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 753,150	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, April 22, 1997 for sewage treatment plant improvements, principal reduced to \$654,937 by Confirmation and Ratification Agreement of May 4, 2002, repayable monthly at \$3,748 through May 1, 2002 with one percent interest and at \$3,819 monthly with 1.28 percent interest from June 1, 2002 through June 1, 2013 and a \$1,607 payment on July 1, 2013.	\$ 114,280
100,000	Commonwealth of Pennsylvania, Emergency Management Agency, June 21, 2002 loan for partial cost of fire apparatus, repayable in monthly installments of \$644 with 2 percent interest for fifteen years from August 1, 2002.	47,595
182,207	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, October 3, 2002 to finance sewer system improvements, funds of \$9,110 were not advanced, interest through January 31, 2008 was 1.0 percent, and monthly payments are \$841, at February 1, 2008, interest increased to 1.269 percent and monthly payments are \$858 through December 1, 2022.	104,631
434,723	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority, July 12, 2006 to finance water supply system construction and replacement (Backwash Tank Project), interest at 1.35 percent during six months construction and the first sixty months of amortization and 2.622 percent during the remaining one hundred months of the loan term. Interest only payments through January 1, 2007, \$2,146 due monthly from February 1, 2007 through January 1, 2012 and \$2,340 per month is payable from February 1, 2012 until March 1, 2026 maturity. Loan advances of \$119,607 were made in 2008.	323,991
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 percent during the initial sixty six months which consists of construction time and the first five years of amortization, 2.416 percent during the remaining one hundred eighty months. Interest only is payable until February 1, 2007, \$6,993 is due monthly beginning March 1, 2007 and ending February 1, 2012 and from March 1, 2012 through February 1, 2027 maturity \$7,603 is payable monthly.	1,216,088

CITY OF DUBOIS, PENNSYLVANIA  
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 7 - Debt (Continued)

Long-Term Debt (Continued)

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 1,728,413	General Obligation Note Issued to S&T Bank, dated September 28, 2007, for an unsecured loan to satisfy the remaining balance of the Washington County Authority Capital Funding Revenue Bonds relating to prior year water and wastewater projects. Repayable at \$11,389 monthly with interest of 4.91 percent through maturity date of September 28, 2027. The Sewer Fund is responsible for 65% of the debt with the Water fund being responsible for the remaining 35% of debt.	\$ 1,549,570
2,490,000	General Obligation Note Issued to S&T Bank, dated September 22, 2008 for an unsecured loan for the Flexnet meter system installation project. Repayable at \$18,834 monthly with a current interest rate of 4.27% and a maturity date of September 22, 2023. The Sewer Fund is responsible for 43% of the debt, the Water Fund is responsible for 43% of the debt and the General Fund is responsible for 14% of the debt.	2,211,089
3,300,000	General Obligation Note to S&T Bank dated December 23, 2008 to satisfy the remaining balance of the Guaranteed Water Revenue Bond to United States Department of Agriculture, Rural Economic and Community Development Service relating to the upgrade of the water distribution center. Secured by receipts and revenues from its water system. Repayable at \$17,598 monthly with interest currently at 4.04% and a maturity date of December 23, 2033.	3,128,431
7,645,000	General Obligation Bond, Series of 2009, used for capital projects, including improvements to the reservoir and City's water system, dated February 19, 2009 are secured the full faith, credit and taxing power of the City. The bonds are scheduled to mature at various times through December 15, 2034 and bear interest rates varying from 2.000% to 5.375%.	7,500,000
814,000	Commonwealth of Pennsylvania, Department of Transportation, loan for Infrastructure Improvements, dated August 5, 2009, repayable in monthly installments of \$7,354 with 1.625 percent interest and a maturity date of September 9, 2019.	712,951
	Total Long-Term Debt Outstanding	<u>\$16,932,286</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

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>
2011	\$ 658,198	\$ 686,172	\$ 1,344,370
2012	670,160	681,722	1,351,882
2013	664,847	663,747	1,328,594
2014	653,921	642,768	1,296,689
2015	676,807	620,723	1,297,530
2016-2020	3,614,505	2,725,758	6,340,263
2021-2025	3,649,110	1,996,832	5,645,942
2026-2030	3,364,950	1,230,192	4,595,142
2031-2034	<u>2,979,788</u>	<u>374,153</u>	<u>3,353,941</u>
	<u>\$16,932,286</u>	<u>\$ 9,622,067</u>	<u>\$26,554,353</u>

Note 8 – Non-Uniformed Employees' Pension Plan

Plan Description

The Non-Uniformed Employees' Pension Plan is a single-employer defined benefit pension plan. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. PMRS issues a separate Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained by contacting the PMRS accounting office. The plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Vesting occurs for permanent employees after twelve years of credited service.

Membership

Membership of the plan consisted of the following at December 31, 2010:

Retired Members and Beneficiaries	32
Terminated plan members entitled to but not yet receiving benefits	3
Active Members	<u>39</u>
Total Membership	<u>74</u>

Funding Policy

Members are required to contribute 3.5% of their gross compensation, with the City providing annual contributions sufficient to satisfy the actuarially determined contribution requirements.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 8 – Non-Uniformed Employees' Pension Plan (Continued)

Actuarial Valuation Information

Actuarial valuations are performed biannually. The following methods and assumptions as of the latest actuarial valuation date were used to determine the Annual Required Contribution for 2010:

Valuation Date	January 1, 2009
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Amortization Method	Level Dollar Closed
Remaining Amortization Period	14.33 Years
Actuarial Assumptions:	
Investment Rate of Return	6.00%
Projected Salary Increases	5.20%

Schedule of Annual Required Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Actuarial Valuation Date for Contributions</u>	<u>Percentage Contributed</u>
2006	\$ 46,676	2003	100%
2007	67,898	2005	100%
2008	74,669	2005	100%
2009	69,798	2007	100%
2010	58,803	2007	100%

Note 9 – Police Pension Plan

Plan Description

The Police Pension Plan is a single-employer defined benefit pension plan established by the City to provide retirement, disability, and death benefits to plan members and their beneficiaries. All full-time members of the police force join the plan upon hire. The Police Pension Plan was amended and restated effective April 12, 2010. The City has delegated to Mockenhaupt Benefits Group the authority to manage certain plan assets. Mockenhaupt Benefits Group issues separate financial statements of the Police Pension Plan. The Police Pension Plan financial statements can be obtained by contacting Mockenhaupt Benefits Group.

Membership

Membership of the plan consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

Retired Members and Beneficiaries	11
Terminated plan members entitled to but not yet receiving benefits	1
Active Members	<u>13</u>
Total Membership	<u>25</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 9 – Police Pension Plan (Continued)

Funding Policy

Members are required to contribute 3% of their gross compensation plus a \$5 per month police increment to the plan. Additionally, the City must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements.

Actuarial Valuation Information

Actuarial valuations are performed annually. The following methods and assumptions were used in the latest actuarial valuation performed for the Plan:

Valuation Date	January 1, 2009
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	4-year smoothing
Amortization Method	Level Dollar Closed
Remaining amortization period	7 years (aggregate)
Actuarial Assumptions:	
Investment Rate of Return	6.75%
Projected Salary Increases (Includes Inflation at 3%)	4.50%

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police Pension Plan for the year ended December 31, 2010 were as follows:

Annual required contribution	\$ 210,932
Interest on net pension obligation	—
Adjustment to annual required contribution	—
Annual pension cost	<u>210,932</u>
Contributions made	<u>210,932</u>
Change in net pension obligation	—
Net pension obligation beginning of year	—
Net pension obligation end of year	<u><u>\$ —</u></u>

Schedule of Annual Required Contributions

<u>Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 219,483	100.00%
2007	230,582	100.00%
2008	222,937	100.00%
2009	248,166	100.00%
2010	210,932	100.00%



CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2010

Note 10 – Litigation

The City, in the normal course of its activities, is involved in various claims and litigation. The City currently has claims and lawsuits pending, which could ultimately result in liability for the City over the next few years. The amount of these claims cannot be reasonably estimated at this time and management estimates that any claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

Note 11 – 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 12 – Subsequent Events

Subsequent events were evaluated through March 2, 2012, which is the date the financial statements were available to be issued. There were no events subsequent to the balance sheet date that were required to be disclosed.

CITY OF DUBOIS, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
NON-UNIFORMED EMPLOYEES' PENSION PLAN

For the Year Ended December 31, 2010

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) —Entry Age	(c) Unfunded AAL (UAAL) (b) - (a)	(d) Funded Ratio (a)+(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)+(e)
1/1/01	\$ 6,068,680	\$ 5,979,204	\$ (89,476)	101.50%	\$ 1,404,821	-6.37%
1/1/03	6,807,166	6,345,728	(461,438)	107.27%	1,530,185	-30.16%
1/1/05	7,369,919	7,003,697	(366,222)	105.23%	1,496,808	-24.47%
1/1/07	7,855,596	7,680,127	(175,469)	102.28%	1,616,592	-10.85%
1/1/09	8,561,358	8,233,630	(327,728)	103.98%	1,683,282	-19.47%

The schedule of funding progress presents the change in the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

CITY OF DUBOIS, PENNSYLVANIA  
REQUIRED SUPPLEMENTARY INFORMATION  
POLICE PENSION PLAN

For the Year Ended December 31, 2010

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) —Entry Age	(c) Unfunded AAL (UAAL) (b) - (a)	(d) Funded Ratio (a)+(b)	(e) Annual Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c)+(e)
1/1/01	\$ 2,869,327	\$ 3,132,796	\$ 263,469	92%	\$ 482,477	55%
1/1/03	3,742,399	3,841,530	99,131	97%	483,774	20%
1/1/05	4,280,073	4,574,354	294,281	94%	640,559	46%
1/1/07	5,037,128	5,396,440	359,312	93%	734,757	49%
1/1/09	5,652,615	6,067,630	415,015	93%	763,059	54%

The schedule of funding progress presents the change in the actuarial value of plan assets over time relative to the actuarial accrued liability for benefits.

CITY OF DUBOIS, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE  
CASH BASIS

GENERAL FUND

For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 2,234,191	\$ 2,234,191	\$ 2,266,461	\$ 32,270
Intergovernmental	274,397	274,397	763,519	489,122
Charges for services	332,639	332,639	557,155	224,516
Licenses and permits	76,543	76,543	74,690	(1,953)
Fines and forfeitures	65,880	65,880	74,434	8,554
Interest and rentals	185,000	185,000	152,592	(32,408)
Miscellaneous	233,420	233,420	1,610,508	1,377,088
Total Revenues	<u>3,402,070</u>	<u>3,402,070</u>	<u>6,499,257</u>	<u>2,097,187</u>
<b>Expenditures:</b>				
Current:				
General government	646,136	646,136	690,244	(44,108)
Public safety	1,704,936	1,704,936	1,853,873	(148,737)
Public works	789,802	789,802	1,095,931	(306,129)
Community and economic development	5,000	5,000	-	5,000
Culture and recreation	265,206	265,206	626,843	(271,637)
Debt service:				
Principal	102,042	102,042	116,638	(14,596)
Interest	24,769	24,769	27,565	(2,796)
Capital outlay	148,333	148,333	922,567	(774,234)
Other	353,846	353,846	363,082	(9,218)
Total Expenditures	<u>4,030,070</u>	<u>4,030,070</u>	<u>6,598,523</u>	<u>(1,566,453)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(628,000)</u>	<u>(628,000)</u>	<u>(97,266)</u>	<u>530,734</u>
Other Financing Sources (Uses):				
Capital assets sales	-	-	216,894	216,894
Transfers in	700,000	700,000	2,224,863	1,524,863
Transfers out	(72,000)	(72,000)	(78,431)	(6,431)
Total Other Financing Sources (Uses)	<u>628,000</u>	<u>628,000</u>	<u>2,363,326</u>	<u>1,735,326</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>2,266,060</u>	<u>2,266,060</u>
Fund Balance-Beginning	<u>2,057,480</u>	<u>2,057,480</u>	<u>2,057,480</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 2,057,480</u>	<u>\$ 2,057,480</u>	<u>\$ 4,323,540</u>	<u>\$ 2,266,060</u>

See accompanying notes to budgetary comparison schedules.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2010

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 did not adopt budgets for the Capital Reserve Funds and Community Development Block Grant Fund, major special revenue funds, and, therefore, presentation of budgetary comparison information is not required.

CITY OF DUBOIS, PENNSYLVANIA

COMBINING BALANCE SHEET  
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2010

	Special Revenue Funds						
	Brewery Grant	Community Revitalization	EDA Grant	Elm Street Grant	Energy Efficiency Grant	Farmers National	Fire Training School Fund
<b><u>ASSETS</u></b>							
Cash and cash investments	\$ 1,600		\$ -	\$ 8,500	\$ -	\$ 102,160	\$ 40,001
Interfund receivables	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,500</b>	<b>\$ -</b>	<b>\$ 102,160</b>	<b>\$ 40,001</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>							
<b>Liabilities:</b>							
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	-	-	-	-	-	5,648
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,648</b>
<b>Fund Balances:</b>							
Unreserved	1,600	-	-	8,500	-	102,160	34,353
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,500</b>	<b>\$ -</b>	<b>\$ 102,160</b>	<b>\$ 40,001</b>

**Special Revenue Funds**

<u>Footbridge Grant</u>	<u>Health Insurance</u>	<u>Land Sale</u>	<u>Liquid Fuels Tax</u>	<u>Orange Alley Grant</u>	<u>Pentz Run Bridges</u>	<u>Public Safety</u>	<u>Urban Development</u>	<u>Total Other Governmental Funds</u>
\$ -	\$ 125,679	\$ -	\$ 37,352	\$ 83	\$ -	\$ -	\$ -	\$ 315,376
-	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 125,679</u>	<u>\$ -</u>	<u>\$ 37,352</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,376</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	5,648
-	-	-	-	-	-	-	-	5,648
-	125,679	-	37,352	83	-	-	-	309,727
<u>\$ -</u>	<u>\$ 125,679</u>	<u>\$ -</u>	<u>\$ 37,352</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,376</u>

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, 2010

	Special Revenue Funds						
	Brewery Grant	Community Revitalization	EDA Grant	Elm Street Grant	Energy Efficiency Grant	Farmers National	Fire Training School
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	180,000	-	40,000
Charges for services	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Interest and rentals	-	3	2	-	-	322	-
Miscellaneous	-	-	-	-	1	-	1
<b>Total Revenues</b>	<b>-</b>	<b>3</b>	<b>2</b>	<b>-</b>	<b>180,001</b>	<b>322</b>	<b>40,001</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community and economic development	102,961	-	-	16,500	-	-	5,648
Culture and recreation	-	-	-	-	180,001	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>102,961</b>	<b>-</b>	<b>-</b>	<b>16,500</b>	<b>180,001</b>	<b>-</b>	<b>5,648</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(102,961)</b>	<b>3</b>	<b>2</b>	<b>(16,500)</b>	<b>-</b>	<b>322</b>	<b>34,353</b>
<b>Other Financing Sources (Uses):</b>							
Capital assets sales	-	-	-	-	-	-	-
Transfers In	-	523	-	-	-	25,222	-
Transfers out	-	(10,632)	(8,665)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(10,109)</b>	<b>(8,665)</b>	<b>-</b>	<b>-</b>	<b>25,222</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(102,961)</b>	<b>(10,106)</b>	<b>(8,663)</b>	<b>(16,500)</b>	<b>-</b>	<b>25,544</b>	<b>34,353</b>
<b>Fund Balances-Beginning</b>	<b>104,661</b>	<b>10,108</b>	<b>8,663</b>	<b>25,000</b>	<b>-</b>	<b>76,616</b>	<b>-</b>
<b>Fund Balances-Ending</b>	<b>\$ 1,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,500</b>	<b>\$ -</b>	<b>\$ 102,160</b>	<b>\$ 34,353</b>



**Special Revenue Funds**

<b>Foolbridge Grant</b>	<b>Health Insurance</b>	<b>Land Sale</b>	<b>Liquid Fuels Tax</b>	<b>Orange Alley Grant</b>	<b>Pentz Run Bridges</b>	<b>Public Safety</b>	<b>Urban Development</b>	<b>Total Other Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	184,325	250,000	-	-	-	654,325
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	69	370	550	82	-	2	27	1,417
-	-	-	-	-	-	-	-	2
-	69	370	184,675	250,082	-	2	27	655,744
-	24,896	-	-	-	-	-	-	24,896
-	-	-	-	-	-	-	-	-
-	23,939	-	277,586	-	-	-	-	301,525
330	-	-	-	249,999	-	-	-	375,438
-	-	-	-	-	-	-	-	180,001
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
330	48,835	-	277,586	249,999	-	-	-	881,860
(330)	(48,776)	370	(92,711)	83	-	2	27	(226,116)
-	-	-	-	-	-	-	-	-
-	89,417	-	32,325	-	-	-	-	147,487
-	-	(66,100)	-	-	(814,001)	(5,925)	(94,483)	(999,806)
-	89,417	(66,100)	32,325	-	(814,001)	(5,925)	(94,483)	(852,319)
(330)	40,641	(65,730)	(60,386)	83	(814,001)	(5,923)	(94,456)	(1,078,435)
330	85,036	65,730	97,738	-	814,001	5,923	94,456	1,388,162
\$ -	\$ 125,679	\$ -	\$ 37,362	\$ 83	\$ -	\$ -	\$ -	\$ 309,727

CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2010

Federal Grantor Agency/ Program Title	Pass-Through Grantor (If Applicable)	Federal CFDA Number	Grant Title/Number
<u>DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT</u>			
Community Facilities Loans and Grants		10.780	OMB #0575-0173
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Community Development Block Grant/State's Program	PA DCED	14.228	C000029559
Community Development Block Grant/State's Program	PA DCED	14.228	C000034139
Community Development Block Grant/State's Program	PA DCED	14.228	C000046110
Community Development Block Grant/State's Program	PA DCED	14.228	C000049970
Total Community Development Block Grant/State's Program			
Emergency Shelter Grants Program	PA DCED	14.231	C000036134
Emergency Shelter Grants Program	PA DCED	14.231	C000049484
HOME Investment Partnerships Program	PA DCED	14.239	C000022631
HOME Investment Partnerships Program	PA DCED	14.239	C000046787
Total HOME Investment Partnerships Program			
ARRA-Community Development Block Grant/State's Program	PA DCED	14.255	C000046321
Total U.S. Department of Housing and Urban Development			
<u>ENERGY</u>			
ARRA-State Energy Program	PA DEP	81.041	Document #4100051183
Total Expenditures of Federal Awards			

The accompanying notes are an integral part of this statement.

Cash Balance 1/1/2010	Federal Receipts	Federal Expenditures	Other	Cash Balance 12/31/2010
-	100,000	100,000	-	-
-	14,756	14,756	-	-
-	38,690	38,690	-	-
(6,640)	296,634	289,894	-	-
-	32,260	36,409	-	(4,159)
(5,640)	381,230	379,749	-	(4,159)
-	36,421	36,421	-	-
-	-	18,808	-	(18,808)
-	36,421	65,229	-	(18,808)
-	296,933	296,933	-	-
-	9,887	9,887	-	-
-	306,820	306,820	-	-
(1,422)	8,938	7,516	-	-
(7,062)	733,409	749,314	-	(22,967)
-	180,000	180,000	-	-
\$ (7,062)	\$ 1,013,409	\$ 1,029,314	\$ -	\$ (22,967)

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of DuBois, Pennsylvania and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
DuBois, Pennsylvania 15801

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the 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, 2010, which collectively comprise the basic financial statements of the City of DuBois, Pennsylvania's primary government and have issued our report thereon dated March 2, 2012. The report on the aggregate remaining fund information was qualified because of the effects of omitting blended component units. The report on aggregate discretely presented component units was adverse because the primary government financial statements do not include financial data for the City's legally separate component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of DuBois, Pennsylvania's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the primary government financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs, listed as item 10-01, to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DuBois, Pennsylvania's primary government financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of DuBois, Pennsylvania's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of DuBois, Pennsylvania's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
March 2, 2012

**SHARKEY PICCIRILLO KEEN & HANZELY, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the City of DuBois, Pennsylvania, compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of DuBois, Pennsylvania's major federal programs for the year ended December 31, 2010. The City of DuBois, Pennsylvania's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of DuBois, Pennsylvania's management. Our responsibility is to express an opinion on the City of DuBois, Pennsylvania's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of DuBois, Pennsylvania's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of DuBois, Pennsylvania's compliance with those requirements.

In our opinion, the City of DuBois, Pennsylvania complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

### Internal Control Over Compliance

Management of the City of DuBois, Pennsylvania is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of DuBois, Pennsylvania's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of DuBois, Pennsylvania's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
SHARKEY PICCIRILLO KEEN & HANZELY, LLP  
March 2, 2012



CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2010

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the primary government financial statements of the City of DuBois, Pennsylvania. The auditors' report expresses an adverse opinion on the aggregate discretely presented component units because the primary government financial statements do not include financial data for the City's legally separate component units.
2. One material weakness related to the audit of the primary government financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the primary government financial statements of the City of DuBois, Pennsylvania, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the City of DuBois, Pennsylvania expresses an unqualified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major federal programs included:

<u>Program</u>	<u>CFDA No.</u>
Community Development Block Grants/State's Program	14.228
HOME Investment Partnership Program	14.239

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of DuBois, Pennsylvania was determined not to be a low-risk auditee.

CITY OF DUBOIS, PENNSYLVANIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2010

FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL OVER FINANCIAL REPORTING

MATERIAL WEAKNESS:

10-1. Financial Reporting Duties of the City

Statement of Condition

The City's personnel responsible for the accounting and reporting functions of the City do not currently possess an appropriate level of technical knowledge and experience of generally accepted accounting principles (GAAP) and Government Accounting Standards Board's (GASB) pronouncements and certain Financial Accounting Standards Board's (FASB) pronouncements to prepare the City's financial statements, including note disclosures, in accordance with the reporting requirements of those principles and pronouncements. GAAP is the standard framework of guidelines for financial accounting used in the preparation of financial statements and note disclosures, while GASB and FASB are the accepted standard-setting bodies for establishing governmental accounting and financial reporting principles used by state and local governments.

Criteria

Internal control over financial reporting includes controls over financial statement preparation, which would prevent, or detect and correct a misstatement in the financial statements, including note disclosures.

Effect of Condition

This condition increases the risk of possible misstatements in the financial statements.

Recommendation

An ideal internal control system over financial reporting would include an individual within an organization that would have technical knowledge and experience of the reporting requirements of generally accepted accounting principles and the Government Accounting Standards Board.

Response

The City Council and management are aware of the existence of the material weakness and agree that an ideal internal control system over financial reporting would include an individual described in the recommendation, which would reduce the risk of possible misstatements in the financial statements. The personnel responsible for the accounting and reporting functions of the City currently possess suitable skill, knowledge, and experience to perform the daily accounting functions of the City. Therefore, the City Council and management have made a conscious decision to accept the degree of risk resulting from the material weakness, as the benefit of the reduced risk does not justify the additional costs necessary to reduce this risk.

CITY OF DUBOIS, PENNSYLVANIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2010

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

