

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

		Primary Government		
		Governmental	Business-type	
		Activities	Activities	Total
<u>ASSETS</u>				
Cash		\$ 4,074,387	\$ 3,691,060	\$ 7,765,447
Internal balances		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
Primary Government:							
Governmental activities:							
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)
Total governmental activities	5,603,323	851,321	365,342	429,239	(3,957,421)	-	(3,957,421)
Business-type activities:							
Sewer	3,580,156	2,607,923	-	-	-	(972,233)	(972,233)
Water	5,625,259	2,249,498	-	-	-	(3,375,761)	(3,375,761)
Total business-type activities	9,205,415	4,857,421	-	-	-	(4,347,994)	(4,347,994)
Total Primary Government	\$ 14,808,738	\$ 5,708,742	\$ 365,342	\$ 429,239	(3,957,421)	(4,347,994)	(8,305,415)
General Revenues:							
Taxes:							
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
Transfers					2,195,414	(2,195,414)	-
Total General Revenues and Transfers					6,392,982	5,455,341	11,848,323
Change in Net Assets					2,435,561	1,107,347	3,542,908
Net Assets - Beginning					2,479,716	1,731,183	4,210,899
Net Assets - Ending					\$ 4,915,277	\$ 2,838,530	\$ 7,753,807

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
Total Assets	\$ 2,423,125	\$ 1,476,672	\$ 814,001	\$ 574,709	\$ 5,288,507
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Payroll taxes payable	\$ 11,640	\$ -	\$ -	\$ -	\$ 11,640
Interfund payables	354,005	-	-	7,585	361,590
Total Liabilities	365,645	-	-	7,585	373,230
Fund Balances:					
Unreserved, reported in:					
General fund	2,057,480	-	-	-	2,057,480
Special revenue funds	-	1,476,672	814,001	567,124	2,857,797
Total Fund Balances	2,057,480	1,476,672	814,001	567,124	4,915,277
Total Liabilities and Fund Balances	\$ 2,423,125	\$ 1,476,672	\$ 814,001	\$ 574,709	\$ 5,288,507

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

	<u>General</u>	<u>Capital Reserve</u>	<u>Pentz Run Bridges</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
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
Total Revenues	3,741,084	9,294	1	991,269	4,741,648
Expenditures:					
Current:					
General government	670,788	-	-	23,226	694,014
Public safety	1,907,101	-	-	-	1,907,101
Public works	895,919	-	-	159,981	1,055,900
Community and economic development	-	-	-	819,270	819,270
Culture and recreation	257,515	-	-	-	257,515
Debt service:					
Principal	64,558	-	-	-	64,558
Interest	20,813	-	-	-	20,813
Capital outlay	589,855	-	-	-	589,855
Other	194,297	-	-	-	194,297
Total Expenditures	4,600,846	-	-	1,002,477	5,603,323
Excess (Deficiency) of Revenues over Expenditures	(859,762)	9,294	1	(11,208)	(861,675)
Other Financing Sources (Uses):					
Capital assets sales	287,822	-	-	-	287,822
Proceeds from borrowings	814,000	-	-	-	814,000
Transfers in	3,054,265	-	814,000	94,250	3,962,515
Transfers out	(947,128)	(225,000)	-	(594,973)	(1,767,101)
Total Other Financing Sources (Uses)	3,208,959	(225,000)	814,000	(500,723)	3,297,236
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,349,197	(215,706)	814,001	(511,931)	2,435,561
Fund Balances-Beginning	(291,717)	1,692,378	-	1,079,055	2,479,716
Fund Balances-Ending	\$ 2,057,480	\$ 1,476,672	\$ 814,001	\$ 567,124	\$ 4,915,277

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

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash Flows from Operating Activities:			
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>
Cash Flows from Noncapital Financing Activities:			
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>
Cash Flows from Capital and Related Financing Activities:			
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>
Cash Flows from Investing Activities:			
Interest	<u>2,950</u>	<u>2,805</u>	<u>5,755</u>
Net Increase (Decrease) in Cash	(1,529,733)	3,019,413	1,489,680
Cash:			
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>	<u>-</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>-</u>	<u>-</u>	<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>	<u>Non-Uniformed Employees Pension Plan</u>	<u>Police Retirement Plan</u>
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		1,520	-
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>5,063,913</u>
Net Assets-Ending		<u>\$ 5,533,692</u>	<u>\$ 4,592,106</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 PRMS'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>\$ 296,258</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	\$ 7,062
	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	12,600
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	\$ 230,666
	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	20,264
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.	\$ 10,150
\$ 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.	1,283,535
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
	Total Long-Term Debt Outstanding	<u>\$17,581,991</u>

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>\$17,581,991</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	248,166
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 Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension 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 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

<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	\$ 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		
Revenues:				
Taxes	\$ 2,203,756	\$ 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	76,543	76,543	75,352	(1,191)
Fines and forfeitures	66,215	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)
Total Revenues	<u>3,466,938</u>	<u>3,466,938</u>	<u>3,741,084</u>	<u>274,146</u>
Expenditures:				
Current:				
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)
Debt service:				
Principal	25,712	25,712	64,558	(38,846)
Interest	14,800	14,800	20,813	(6,013)
Capital outlay	224,354	224,354	589,855	(365,501)
Other	126,668	126,668	194,297	(67,629)
Total Expenditures	<u>3,876,497</u>	<u>3,876,497</u>	<u>4,600,846</u>	<u>(724,349)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(409,559)</u>	<u>(409,559)</u>	<u>(859,762)</u>	<u>(450,203)</u>
Other Financing Sources (Uses):				
Capital assets sales	-	-	287,822	287,822
Proceeds from borrowings	-	-	814,000	814,000
Transfers in	481,559	481,559	3,054,265	2,572,706
Transfers out	(72,000)	(72,000)	(947,128)	(875,128)
Total Other Financing Sources (Uses)	<u>409,559</u>	<u>409,559</u>	<u>3,208,959</u>	<u>2,799,400</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>2,349,197</u>	<u>2,349,197</u>
Fund Balance-Beginning	<u>(291,717)</u>	<u>(291,717)</u>	<u>(291,717)</u>	<u>-</u>
Fund Balance-Ending	<u>\$ (291,717)</u>	<u>\$ (291,717)</u>	<u>\$ 2,057,480</u>	<u>\$ 2,349,197</u>

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>
<u>ASSETS</u>							
Cash and cash investments	\$ 104,561	\$ 25	\$ 10,629	\$ 8,663	\$ 25,000	\$ 76,616	\$ 330
Interfund receivables	-	-	-	-	-	-	-
Total Assets	\$ 104,561	\$ 25	\$ 10,629	\$ 8,663	\$ 25,000	\$ 76,616	\$ 330
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	7,062	523	-	-	-	-
Total Liabilities	-	7,062	523	-	-	-	-
Fund Balances:							
Unreserved	104,561	(7,037)	10,106	8,663	25,000	76,616	330
Total Liabilities and Fund Balances	\$ 104,561	\$ 25	\$ 10,629	\$ 8,663	\$ 25,000	\$ 76,616	\$ 330

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
Revenues:							
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	-	-	-	-	-	-	-
Total Revenues	250,000	365,342	75,040	17	25,000	1,110	69,279
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Community and economic development	26,327	371,479	75,000	-	-	-	119,260
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Expenditures	26,327	371,479	75,000	-	-	-	119,260
Excess (Deficiency) of Revenues Over Expenditures	223,673	(6,137)	40	17	25,000	1,110	(49,981)
Other Financing Sources (Uses):							
Capital assets sales	-	-	-	-	-	-	-
Transfers in	-	-	2,417	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	2,417	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	223,673	(6,137)	2,457	17	25,000	1,110	(49,981)
Fund Balances-Beginning	(119,112)	(900)	7,649	8,646	-	75,506	50,311
Fund Balances-Ending	\$ 104,561	\$ (7,037)	\$ 10,106	\$ 8,663	\$ 25,000	\$ 76,616	\$ 330

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	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
-	17,521	-	-	142,460	-	-	-	159,981
227,204	-	-	-	-	-	-	-	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
-	-	(592,556)	-	-	(2,417)	-	-	(594,973)
-	91,833	(592,556)	-	-	(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	63,814	47,405	2,415	5,912	84,146	1,079,055
\$ -	\$ 85,038	\$ -	\$ 65,730	\$ 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

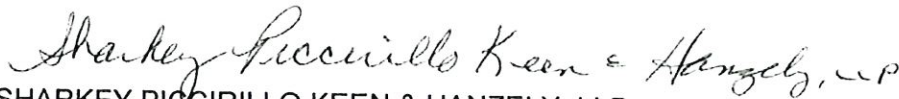
Internal control over financial reporting includes controls over financial statement preparation, which would prevent, or detect and correct a misstatement in the financial statements, including note disclosures. An ideal control system over financial reporting would include an individual within an organization 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.

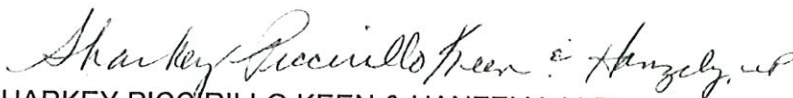
However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The item discussed below summarizes our comments and suggestions regarding the matter. A separate letter dated December 8, 2010, contains our communication of significant 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 Piccirillo 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
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
	1		
1996 PEMA FIRE TRUCK LOAN	GF-255-204	1.91	
1996 PEMA FIRE TRUCK LOAN	GF-189-200		1.91
TO ADJUST.			
	2		
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.			
	3		
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.			
	4		
TRANSFER TO SEWER FUND	GF-492-700	236.02	
PENNVEST LOAN - PRINCIPAL - NEW ST.	GF-471-206		58.72
PENNVEST LOAN - INTEREST - NEW ST.	GF-472-206		177.30
TO ADJUST FOR INCORRECT PENNVEST PAYMENTS FEB & MARCH MODE OUT OF WRONG FUND.			
	5		
PIB LOAN WASH. & WEBER BRIDGES	GF-471-210	5,174.80	
PIB LOAN INTEREST	GF-472-210		5,174.80
TO ADJUST.			
	6		
PIB LOAN	GF-189-900	788,942.41	
PIB LOAN	GF-255-850		788,942.41
TO RECORD PIB LOAN.			
	7		
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		230,665.58
TO RECLASS OPERATING TRANSFERS.			
	8		
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.			
	9		
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-392-060		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 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
			1
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		361,890.00
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

12/31/2009

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

Run: Dec 9 2010 @ 09:01 AM

12/31/2009

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
1			
1996 PENNVEST LOAN - INTEREST	SF-427-708	46.41	
1996 PENNVEST LOAN - PRINCIPAL	SF-427-707		46.41
TO ADJUST.			
2			
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.			
3			
2004 PENNVEST LINE REPAIR INTEREST #74114	SF-427-716	139.65	
PENNVEST LINE REPAIR PRINCIPAL #74114	SF-427-715		139.65
TO ADJUST.			
4			
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.			
5			
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.			
6			
2006- CENTRIFUGE LEASE	SF-252-700	199,021.92	
2006 - CENTRIFUGE LEASE	SF-189-700		199,021.92
TO ADJUST.			
7			
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.			
8			
CASH - PENNVEST	SF-101-010	19.37	
INTEREST EARNINGS	SF-364-600		19.37
TO ADJUST.			
9			
TRANSFER TO HEALTH INSURANCE FUND	SF-492-450	17,416.74	
HOSPITALIZATION - BC/BS	SF-427-156		458.37
HEALTH INSURANCE - SANITARY SEWERS	SF-428-156		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 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

12/31/2009

Run: Dec 9 2010 @ 09:06 AM

Description	Acct#	Debit	Credit
	1		
2007 - S&T LOAN - WTP INSTRUMENTATION	WF-189-220	0.02	
2007 - S&T LOAN - WTP INSTRUMENTATION	WF-255-220		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	228,688.86	
BOND ISSUANCE COST	WF-447-540	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	
TRANFSER 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.