

CITY OF DUBOIS, PENNSYLVANIA

DuBois, Pennsylvania

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

December 31, 2017

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SHARKEY PICCIRILLO & KEEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DuBois, Pennsylvania, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly, the cash basis financial position of the aggregate discretely presented component units of the City of DuBois, Pennsylvania, as of December 31, 2017, or the changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the effects of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Presented Component Units and Qualified Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of the aggregate remaining fund information of the City of DuBois, Pennsylvania, as of December 31, 2017, and the changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the of the City of DuBois, Pennsylvania, as of December 31, 2017, and the respective changes in cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

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

Other Matters

Supplementary Information

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

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

The budgetary comparison information presented on pages 32 through 33 and combining non-major fund financial statements presented on pages 34 through 35 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic primary government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic primary government financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic primary government financial statements or to the basic primary government financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and combining non-major fund financial statements are fairly stated, in all material respects, in relation to the basic primary government financial statements as a whole.

Sharkey Piccirillo & Keen, LLP

SHARKEY PICCIRILLO & KEEN, LLP

July 11, 2018

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET POSITION
CASH BASIS

December 31, 2017

		<u>Primary Government</u>		
		<u>Governmental</u>	<u>Business-type</u>	
		<u>Activities</u>	<u>Activities</u>	<u>Total</u>
	<u>ASSETS</u>			
Cash		\$ 1,396,236	\$ 312,635	\$ 1,708,871
Investments		3,012,859	-	3,012,859
Internal balances		137,543	165	137,708
Total Assets		\$ 4,546,638	\$ 312,800	\$ 4,859,438
	<u>LIABILITIES</u>			
Liabilities:				
Payroll taxes payable		\$ 36,454	-	\$ 36,454
Internal balances		165	137,543	137,708
Total Liabilities		36,619	137,543	174,162
	<u>NET POSITION</u>			
Restricted for:				
General government		275,235	-	275,235
Public works		5,738	-	5,738
Culture and recreation		-	-	-
Unrestricted		4,229,046	175,257	4,404,303
Total Net Position		\$ 4,510,019	\$ 175,257	\$ 4,685,276

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF ACTIVITIES
CASH BASIS

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 2,374,447	\$ 210,652	\$ 276,196	\$ -	\$ (1,887,599)	\$ -	\$ (1,887,599)
Public safety	1,949,824	241,368	-	-	(1,708,456)	-	(1,708,456)
Public works	1,820,251	-	281,258	8,590	(1,530,403)	-	(1,530,403)
Community and economic development	132,634	-	170,740	-	38,106	-	38,106
Culture and recreation	3,469,198	68,690	-	931,695	(2,468,813)	-	(2,468,813)
Principal on long-term debt	153,395	-	-	-	(153,395)	-	(153,395)
Interest on long-term debt	54,546	-	-	-	(54,546)	-	(54,546)
Total governmental activities	9,954,295	520,710	728,194	940,285	(7,765,106)	-	(7,765,106)
Business-type activities:							
Sewer	2,242,057	4,124,249	-	-	-	1,882,192	1,882,192
Water	2,363,372	2,977,148	-	87,500	-	701,276	701,276
Total business-type activities	4,605,429	7,101,397	-	87,500	-	2,583,468	2,583,468
Total Primary Government	\$ 14,559,724	\$ 7,622,107	\$ 728,194	\$ 1,027,785	(7,765,106)	2,583,468	(5,181,638)
General Revenues:							
Taxes:							
Real estate					1,227,840	-	1,227,840
Residence					99	-	99
Per capita					105	-	105
Real estate transfer					89,795	-	89,795
Earned income					563,323	-	563,323
Local services tax					348,839	-	348,839
Intergovernmental revenues					61,913	-	61,913
Interest					252,854	-	252,854
Miscellaneous					304,374	-	304,374
Capital asset sales					427,712	-	427,712
Transfers					2,377,038	(2,377,038)	-
Total General Revenues and Transfers					5,653,892	(2,377,038)	3,276,854
Change in Net Position					(2,111,214)	206,430	(1,904,784)
Net Position - Beginning (originally reported)					6,621,233	(31,173)	6,590,060
Prior Period Adjustment					-	-	-
Net Position - Beginning (as restated)					6,621,233	(31,173)	6,590,060
Net Position - Ending					\$ 4,510,019	\$ 175,257	\$ 4,685,276

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

BALANCE SHEET
CASH BASIS

GOVERNMENTAL FUNDS

December 31, 2017

<u>ASSETS</u>	General	Other Governmental Funds	Total Governmental Funds
Cash and cash investments	\$ 1,115,238	\$ 280,998	\$ 1,396,236
Investments	3,012,859	-	3,012,859
Interfund receivables	137,543	-	137,543
Total Assets	<u>\$ 4,265,640</u>	<u>\$ 280,998</u>	<u>\$ 4,546,638</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Payroll taxes payable	\$ 36,454	\$ -	\$ 36,454
Interfund payables	165	-	165
Total Liabilities	<u>36,619</u>	<u>-</u>	<u>36,619</u>
Fund Balances:			
Restricted:			
General government	-	275,235	275,235
Public works	-	5,738	5,738
Culture and recreation	-	-	-
Unassigned	4,229,021	25	4,229,046
Total Fund Balances	<u>4,229,021</u>	<u>280,998</u>	<u>4,510,019</u>
 Total Liabilities and Fund Balances	 <u>\$ 4,265,640</u>	 <u>\$ 280,998</u>	 <u>\$ 4,546,638</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, 2017

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ 2,230,001	\$ -	\$ 2,230,001
Intergovernmental	1,326,631	403,540	1,730,171
Charges for services	303,227	-	303,227
Licenses and permits	145,726	-	145,726
Fines and forfeitures	71,757	-	71,757
Interest and rentals	251,106	1,969	253,075
Miscellaneous	304,374	-	304,374
Total Revenues	<u>4,632,822</u>	<u>405,509</u>	<u>5,038,331</u>
Expenditures:			
Current:			
General government	1,435,437	65,689	1,501,126
Public safety	1,929,522	-	1,929,522
Public works	1,186,085	321,495	1,507,580
Community and economic development	-	132,634	132,634
Culture and recreation	392,757	-	392,757
Debt service:			
Principal	153,395	-	153,395
Interest	54,546	-	54,546
Capital outlay	3,518,747	-	3,518,747
Other	763,988	-	763,988
Total Expenditures	<u>9,434,477</u>	<u>519,818</u>	<u>9,954,295</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,801,655)</u>	<u>(114,309)</u>	<u>(4,915,964)</u>
Other Financing Sources (Uses):			
Capital assets sales	427,712	-	427,712
Transfers in	2,829,546	131,910	2,961,456
Transfers out	(131,910)	(452,508)	(584,418)
Total Other Financing Sources (Uses)	<u>3,125,348</u>	<u>(320,598)</u>	<u>2,804,750</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(1,676,307)</u>	<u>(434,907)</u>	<u>(2,111,214)</u>
Fund Balances-Beginning (originally reported)	5,905,328	715,905	6,621,233
Prior Period Adjustment	-	-	-
Fund Balances-Beginning (as restated)	<u>5,905,328</u>	<u>715,905</u>	<u>6,621,233</u>
Fund Balances-Ending	<u>\$ 4,229,021</u>	<u>\$ 280,998</u>	<u>\$ 4,510,019</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF NET POSITION
CASH BASIS

PROPRIETARY FUNDS

December 31, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 308,355	\$ 4,280	\$ 312,635
Interfund receivables	13,175	-	13,175
Total current assets	<u>321,530</u>	<u>4,280</u>	<u>325,810</u>
Total Assets	<u>\$ 321,530</u>	<u>\$ 4,280</u>	<u>\$ 325,810</u>
<u>LIABILITIES</u>			
Current liabilities:			
Interfund payables	\$ -	\$ 150,553	\$ 150,553
Total current liabilities	<u>-</u>	<u>150,553</u>	<u>150,553</u>
Total Liabilities	<u>-</u>	<u>150,553</u>	<u>150,553</u>
<u>NET POSITION</u>			
Unrestricted	<u>321,530</u>	<u>(146,273)</u>	<u>175,257</u>
Total Net Position	<u>\$ 321,530</u>	<u>\$ (146,273)</u>	<u>\$ 175,257</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

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

PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 4,124,210	\$ 2,977,148	\$ 7,101,358
Total Operating Revenues	<u>4,124,210</u>	<u>2,977,148</u>	<u>7,101,358</u>
Operating Expenses:			
Public works	1,491,977	1,610,254	3,102,231
Total Operating Expenses	<u>1,491,977</u>	<u>1,610,254</u>	<u>3,102,231</u>
Operating Income	<u>2,632,233</u>	<u>1,366,894</u>	<u>3,999,127</u>
Non-Operating Revenues (Expenses):			
Capital grants	-	87,500	87,500
Interest income	39	-	39
Debt service principal	(192,229)	(384,813)	(577,042)
Debt service interest	(94,714)	(269,147)	(363,861)
Capital outlay	(463,137)	(99,158)	(562,295)
Total Non-Operating Revenues (Expenses)	<u>(750,041)</u>	<u>(665,618)</u>	<u>(1,415,659)</u>
Income Before Transfers	1,882,192	701,276	2,583,468
Transfers:			
Transfers In	292,508	-	292,508
Transfers Out	(1,971,136)	(698,410)	(2,669,546)
Total Transfers	<u>(1,678,628)</u>	<u>(698,410)</u>	<u>(2,377,038)</u>
Change in Net Position	<u>203,564</u>	<u>2,866</u>	<u>206,430</u>
Total Net Position - Beginning	<u>117,966</u>	<u>(149,139)</u>	<u>(31,173)</u>
Total Net Position - Ending	<u>\$ 321,530</u>	<u>\$ (146,273)</u>	<u>\$ 175,257</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, 2017

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 4,124,210	\$ 2,977,148	\$ 7,101,358
Payments to vendors and suppliers	(1,491,977)	(1,610,254)	(3,102,231)
Net Cash Provided by Operating Activities	<u>2,632,233</u>	<u>1,366,894</u>	<u>3,999,127</u>
Cash Flows from Noncapital Financing Activities:			
Net transfers (to)/from other funds	(1,678,628)	(698,410)	(2,377,038)
Net Cash Used by Noncapital Financing Activities	<u>(1,678,628)</u>	<u>(698,410)</u>	<u>(2,377,038)</u>
Cash Flows from Capital and Related Financing Activities:			
Capital grants	-	87,500	87,500
Acquisition and construction of capital assets	(463,137)	(99,158)	(562,295)
Principal paid on debt	(192,229)	(384,813)	(577,042)
Interest paid	(94,714)	(269,147)	(363,861)
Net Cash Used by Capital and Related Financing Activities	<u>(750,080)</u>	<u>(665,618)</u>	<u>(1,415,698)</u>
Cash Flows from Investing Activities:			
Interest	<u>39</u>	<u>-</u>	<u>39</u>
Net Increase in Cash	203,564	2,866	206,430
Cash:			
Beginning	<u>104,791</u>	<u>1,414</u>	<u>106,205</u>
Ending	<u>\$ 308,355</u>	<u>\$ 4,280</u>	<u>\$ 312,635</u>

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2017

<u>ASSETS</u>	<u>Non-Uniformed Pension Plan</u>	<u>Police Retirement Plan</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 58,508	\$ 510,515	\$ 22,235
Receivables:			
Member contributions	13,033	2,097	-
Accrued income	-	48,114	-
Total receivables	<u>13,033</u>	<u>50,211</u>	<u>-</u>
Investment assets, at fair value:			
Municipal debt	-	500,909	-
Corporate debt	-	2,535,193	-
Equities	-	4,488,099	-
Mutual funds - fixed income	3,172,139	-	-
Mutual funds - balanced	-	368,500	-
Mutual funds - alternative	-	270,421	-
Mutual funds - equities	5,092,655	-	-
Total investments	<u>8,264,794</u>	<u>8,163,122</u>	<u>-</u>
Total Assets	<u>\$ 8,336,335</u>	<u>\$ 8,723,848</u>	<u>\$ 22,235</u>
 <u>LIABILITIES</u>			
Benefits payable	\$ -	\$ 36,156	\$ -
Escrow liabilities	-	-	22,235
Total Liabilities	<u>-</u>	<u>36,156</u>	<u>\$ 22,235</u>
 <u>NET POSITION RESTRICTED FOR PENSION BENEFITS</u>			
Net position restricted for pension benefits	<u>\$ 8,336,335</u>	<u>\$ 8,687,692</u>	

See accompanying notes to basic financial statements.

CITY OF DUBOIS, PENNSYLVANIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended December 31, 2017

<u>ADDITIONS</u>	<u>Non-Uniformed Pension Plan</u>	<u>Police Retirement Plan</u>
Contributions:		
Plan members	\$ 73,214	\$ 28,839
Employer	199,304	92,547
State	-	275,295
Total contributions	<u>272,518</u>	<u>396,681</u>
Net Investment Income:		
Net appreciation (depreciation) in fair value of investments	1,070,968	472,714
Interest/dividends	-	164,576
Investment expenses	(37,760)	(50,329)
Net investment income	<u>1,033,208</u>	<u>586,961</u>
Total Additions	<u>1,305,726</u>	<u>983,642</u>
<u>DEDUCTIONS</u>		
Benefits and refunds of member contributions	<u>768,720</u>	<u>357,323</u>
Change in Net Position	537,006	626,319
Net Position Restricted for Pension Benefits-Beginning	<u>7,799,329</u>	<u>8,061,373</u>
Net Position Restricted for Pension Benefits-Ending	<u>\$ 8,336,335</u>	<u>\$ 8,687,692</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 1 – Reporting Entity

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

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

The City is financially accountable for:

- (a) Organizations that make up the legal City entity.
- (b) Legally separate organizations if City officials appoint a voting majority of the organization's governing body and the City is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City as defined below:
 - Impose its Will - If the City can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
 - Financial Benefit or Burden - Exists if the City:
 - (1) is entitled to the organization's resources, or
 - (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or
 - (3) is obligated in some manner for the debt of the organization.
- (c) Organizations that are fiscally dependent on the City. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the City.

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 1 – Reporting Entity

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

Includible Component Units

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

Joint Ventures/Jointly Governed Organizations

DuBois, Falls Creek, Sandy Township Joint Transportation Authority

Note 2 – Summary of Significant Accounting Policies

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

Significant accounting policies of the City are described below.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The City reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

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

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

Proprietary Funds

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

Sewer Fund

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

Water Fund

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

Fiduciary Funds

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

Pension Trust Fund

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

Agency Funds

Agency Funds are custodial in nature with assets and liabilities being equal and do not involve measurement of results of operation.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Cash and Equivalents

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Interfund Activity

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

F. Deferred Outflows/Inflows of Resources

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

G. Net Position

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

H. Fund Balances

In the governmental fund financial statements, fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

H. Fund Balances (Continued)

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

I. Use of Estimates

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

Note 3 – Cash Deposits and Investments

Commonwealth of Pennsylvania statutes provide for the investment of moneys of governmental and proprietary funds into certain authorized investment types, including United States Treasury bills, short-term obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, obligations of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, obligations of any political subdivision of the Commonwealth of Pennsylvania or 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. In addition to the investments authorized for governmental and proprietary funds, investments of the City's Pension Plans may also be made in corporate stocks and bonds, real estate, and other investments consistent with sound business practice.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 3 – Cash Deposits and Investments (Continued)

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

Cash Deposits

The City's cash deposits with financial institutions include demand deposit accounts and time and savings deposits, including nonnegotiable certificates of deposit through local financial institutions, which are reported as cash and cash investments in the financial statements. Cash deposits are categorized to give an indication of the level of custodial credit risk assumed by the City at December 31, 2017. Category 1 includes cash deposits which are insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the City or by its agent in the City's name. Category 2 includes cash deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 cash deposits are uninsured and uncollateralized, or collateralized in accordance with Act 72, a Commonwealth statute which permits the financial institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name.

At December 31, 2017, the carrying amount of the City's cash deposits with financial institutions was \$1,707,932 and the financial institutions balances totaled \$2,057,971, which is categorized as follows:

Category 1	\$ 1,000,000
Category 3	<u>1,057,971</u>
Total Cash Deposits	<u>\$ 2,057,971</u>

Investments

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

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

<u>Issuer</u>	<u>Amount</u>	<u>Issuer</u>	<u>Amount</u>
Goldman Sachs Bank USA	\$ 278,185	HSBC Bank USA	\$ 249,975
Wells Fargo Bank	296,232	Bank of the West	237,125

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 3 – Cash Deposits and Investments (Continued)

Investments (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 securities held by a counterparty are as follows:

	<u>Government- wide</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Negotiable Certificates of Deposit	\$ 1,061,517	\$ –	\$ 1,061,517
Municipal Debt	–	500,909	500,909
Corporate Debt	1,812,385	2,535,193	4,347,578
Mutual Funds – Fixed Income	–	3,172,139	3,172,139
Mutual Funds – Equities	–	5,092,655	5,092,655
Mutual Funds -- Balanced	–	368,500	368,500
Mutual Funds – Alternative Equities	–	270,421	270,421
	<u>92,250</u>	<u>4,488,099</u>	<u>4,580,349</u>
Total	<u>\$ 2,966,152</u>	<u>\$ 16,427,916</u>	<u>\$ 19,394,068</u>

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, 2017, the credit quality ratings of the debt securities are as follows:

<u>Investment Type</u>	<u>Fair Value</u>		<u>Rating</u>	<u>Organization</u>
	<u>Government- wide</u>	<u>Pension Trust Fund</u>		
Municipal Debt	\$ –	\$ 253,159	Aa	Moody's
Municipal Debt	–	103,499	A	Moody's
Municipal Debt	–	144,251	N/A	
Total Municipal Debt	<u>–</u>	<u>500,909</u>		
Corporate Debt/Bonds	75,272	–	AAA	S&P
Corporate Debt/Bonds	272,864	–	+AA,-AA	S&P
Corporate Debt/Bonds	1,126,748	–	+A,A,-A	S&P
Corporate Debt/Bonds	152,121	–	+BBB,-BBB	S&P
Corporate Debt/Bonds	117,825	–	+BB,BB,-BB	S&P
Corporate Debt/Bonds	67,555	–	+B,B,-B	S&P
Corporate Debt/Bonds	–	262,264	A	Moody's
Corporate Debt/Bonds	–	2,014,660	Baa	Moody's
Corporate Debt/Bonds	–	47,587	Caa	Moody's
Corporate Debt/Bonds	–	210,682	N/A	
Total Corporate Debt/Bonds	<u>1,812,385</u>	<u>2,535,193</u>		
Mutual Funds – Fixed Income	–	189,301	A	Morningstar
Mutual Funds – Fixed Income	–	1,161,592	BBB	Morningstar
Mutual Funds – Fixed Income	–	1,159,696	BB	Morningstar
Mutual Funds – Fixed Income	–	661,550	N/A	
Total Fixed Income	<u>–</u>	<u>3,172,139</u>		
Mutual Funds – Balanced	–	368,500	N/A	
Mutual Funds – Equities	–	5,092,655	N/A	
Mutual Funds – Alternative	–	270,421	N/A	
Total	<u>\$ 1,812,385</u>	<u>\$ 11,939,817</u>		

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 3 – Cash Deposits and Investments (Continued)

Investments (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City does not have a written investment policy on interest rate risk. The City's investments subject to interest rate risk at December 31, 2017 included the following:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Remaining Maturities (Years)</u>					<u>N/A</u>
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>11 or more</u>		
Negotiable Certificates of Deposit	\$ 1,061,517	\$ 296,232	\$ 765,285	\$ -	\$ -	\$ -	
Municipal Debt	500,909	151,915	348,994	-	-	-	
Corporate Debt	4,347,578	550,287	1,993,960	851,714	951,617	-	
Mutual Funds – Balanced	368,500	-	-	-	-	368,500	
Mutual Funds – Alternative	270,421	-	-	-	-	270,421	
Mutual Funds – Fixed Income	3,172,139	581,159	189,301	1,821,246	580,433	-	
Mutual Funds – Equities	<u>5,092,655</u>	-	-	-	-	<u>5,092,655</u>	
Total by Maturity Dates	<u>\$ 14,813,719</u>	<u>\$ 1,579,593</u>	<u>\$ 3,297,540</u>	<u>\$ 2,672,960</u>	<u>\$ 1,532,050</u>	<u>\$ 5,731,576</u>	

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

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

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

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

Note 4 – Taxes

Real Estate Property Taxes

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

The City is permitted by law to levy separate and different rates of taxation for general City purposes on all real estate classified as land, exclusive of the buildings thereon, and on all real estate classified as buildings on land. As a result, higher rates may be levied on land if the respective rates on lands and buildings are so fixed so as not to constitute a greater levy in the aggregate than a rate of 25 mills on both land and buildings. Additional levies for certain other purposes are permitted at specific maximum millage rates as provided for in the City Code.

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 4 – Taxes (Continued)

Assessed value is 25% of market value. The City's net taxable assessed value for 2017 was \$59,479,201. The real estate tax millage rates for 2017 were:

<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

Local Services Taxes

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

Earned Income Taxes

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

Tax Abatements

As of December 31, 2017, the City provides tax abatements through two programs – the Local Economic Revitalization Tax Assistance (LERTA) and Keystone Opportunity Zone (KOZ). The property taxes are abated through a reduction of assessed value.

The LERTA program provides tax abatements for improvements to business property located in a deteriorated area. The local tax authority established an exemption schedule not to exceed 10 years and shall specify the portion of improvements to be exempted each year. Savings will be realized on a sliding scale beginning with 100% exempt for year 1. The total property taxes abated under the LERTA program for the year ended December 31, 2017 was \$443.

The KOZ program provides state and local tax abatement to business and residents locating in one of 12 designated zones in Pennsylvania. The program was established by the Pennsylvania Department of Community and Economic Development to revive economically distressed urban and rural communities. The KOZ exemption is 100% of the assessed value not to exceed 10 years. The total property taxes abated under the KOZ program for the year ended December 31, 2017 was \$11,023.

Note 5 – Interfund Balances

Interfund balances at December 31, 2017 consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water	\$ 137,543
Sewer	General Fund	165
	Water	<u>13,010</u>
Total		<u>\$ 150,718</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 5 – Interfund Balances (Continued)

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, 2017 consisted of the following:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Sewer	\$ 1,971,136
	Water	698,410
	Health Insurance	160,000
Liquid Fuels Tax Fund	General Fund	1,910
Sewer Fund	Capital Reserve Fund	292,508
Health Insurance Fund	General Fund	130,000
Total		<u>\$ 3,253,964</u>

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

Note 7 – Debt

The following presents the changes in long-term debt of the City during the year ended December 31, 2017:

	<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	\$ 2,251,423	\$ —	\$ (153,395)	\$ 2,098,028	\$ 154,375
<u>Business-Type Activities</u>					
Notes payable	15,017,379	—	(577,042)	14,440,337	593,519
Total long-term debt	<u>\$ 17,268,802</u>	<u>\$ —</u>	<u>\$ (730,437)</u>	<u>\$ 16,538,365</u>	<u>\$ 747,894</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 7 – Debt (Continued)

A summary of long-term debt outstanding at December 31, 2017, follows:

<u>Amount of Original Issue</u>		<u>Balance Outstanding</u>
\$ 1,484,050	Guaranteed Revenue Note issued to the Pennsylvania Infrastructure Investment Authority (Pennvest) for a loan to partially finance a sewer system construction project, dated August 17, 2006 simultaneous with a grant from Pennvest of \$1,642,241 for the project. Interest is 1.252% during the initial sixty-six months which consists of construction time and the first five years of amortization, 2.416% during the remaining one hundred eighty months. Interest only is payable until February 1, 2007, \$6,928 is due monthly beginning March 1, 2007 and ending February 1, 2012 and from March 1, 2012 through February 1, 2027 maturity \$7,532 is payable monthly.	\$ 742,526
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% interest and a maturity date of September 9, 2019.	145,009
9,000,000	General Obligation Note issued to S&T Bank, dated December 14, 2012, to satisfy remaining balance of General Obligation Bond Series of 2009 and for funding of capital projects, secured by the full faith, credit and taxing power of the City. The note is repayable in monthly installments of \$39,760 with interest of 2.33% through December 13, 2019 and a maturity date of December 14, 2037. The Sewer Fund is responsible for 21.64% of the debt and the Water Fund is responsible for 78.36% of the debt.	7,598,134
4,664,523	General Obligation Note issued to S&T Bank, dated March 8, 2013, for funding of capital projects, secured by the full faith credit and taxing power of the City. The note is repayable in monthly installments of \$20,609 with a current interest rate of 2.33% and a maturity date of March 8, 2028. The Sewer Fund is responsible for 37.73% of the debt, the Water Fund is responsible for 36.62% of the debt, and the General Fund is responsible for 25.65% of the debt.	3,976,697
\$ 4,400,000	General Obligation Note issued to S&T Bank, dated May 7, 2015, to satisfy remaining balance of General Obligation Bond Series of 2011 and to provide funding for capital projects, secured by the full faith, credit, and taxing power of the City. The note is repayable in monthly installments of \$20,482, including interest of 2.79%, and a maturity date of May 7, 2040. The interest rate is set initially at 2.79% and is scheduled to be adjusted after 7 years to a rate equal to tax-free equivalent of the 30-day LIBOR plus 175 basis points, with a maximum rate of 6%. The Water Fund is responsible for 77.10% of the debt and the General Fund is responsible for 22.90% of the debt.	4,075,999
	Total Long-Term Debt Outstanding	<u>\$16,538,365</u>

CITY OF DUBOIS, PENNSYLVANIA

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

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>
2018	\$ 747,894	\$ 400,950	\$ 1,148,844
2019	736,301	383,128	1,119,429
2020	693,707	366,889	1,060,596
2021	711,979	348,617	1,060,596
2022	729,712	330,884	1,060,596
2023-2027	3,853,613	1,374,050	5,227,663
2028-2032	3,954,644	896,416	4,851,060
2033-2037	4,475,455	375,605	4,851,060
2038-2040	<u>635,060</u>	<u>20,738</u>	<u>655,798</u>
	<u>\$16,538,365</u>	<u>\$ 4,497,277</u>	<u>\$21,035,642</u>

Note 8 – Non-Uniformed Pension Plan

Plan Description

The Non-Uniformed Pension Plan is a single-employer defined benefit pension plan that covers all full-time non-uniformed employees of the City. The plan is governed by the City Council which is responsible for the management of plan assets. The City Council has appointed the Pension Board as the official body to which all related investment matters are delegated. The Pension Board consists of seven members: two administration participants, two union participants, two retired individuals, and one Council member.

The City Council has delegated the authority to manage certain assets to TCG Investment Advisory, Inc., with Nationwide Financial as custodian. Financial statements of the plan are separately issued and can be obtained by contacting the City.

Membership

Membership of the plan consisted of the following at December 31, 2017:

Retirees and Beneficiaries Receiving Benefits	33
Terminated Plan Members Entitled To But Not Yet Receiving Benefits	3
Active Plan Members	<u>41</u>
Total Membership	<u>77</u>

Contributions

Members are required to contribute 3.5% of their gross compensation, with interest credited to these contributions at 6% per year. For employees hired on or after January 1, 2013, interest is not credited to these contributions. The plan may also receive an annual allocation from the General Municipal Pension System State Aid Program which must be used for plan funding. Any funding requirements in excess of members' contributions and state aid must be paid by the City in accordance with Act 205.

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 8 – Non-Uniformed Pension Plan (Continued)

Benefits Provided

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

Commitment Related to Net Pension Liability

At December 31, 2017, the plan reported a total net pension liability of \$2,896,395. Because of the use of the cash basis of accounting framework in the preparation of the financial statements, this net pension liability is not reported in the City's financial statements, and is instead disclosed herein as a commitment. In accordance with the cash basis of accounting, pension expenditures are only reported when contributions are paid by the City.

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2017. The net pension liability was based on a projection of the City's contributions, plan investment earnings, benefit payments, and other activity in the plan.

Actuarial Assumptions

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 9 – Police Retirement Plan

Plan Description

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

Membership

Membership of the plan consisted of the following at December 31, 2017:

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

Contributions

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

Benefits Provided

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

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

Note 9 – Police Retirement Plan (Continued)

Commitment Related to Net Pension Liability

At December 31, 2017, the plan reported a total net pension liability of \$447,584. Because of the use of the cash basis of accounting framework in the preparation of the financial statements, this net pension liability is not reported in the City's financial statements, and is instead disclosed herein as a commitment. In accordance with the cash basis of accounting, pension expenditures are only reported when contributions are paid by the City.

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at January 1, 2017. The net pension liability was based on a projection of the City's contributions, plan investment earnings, benefit payments, and other activity in the plan.

Actuarial Assumptions

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

Note 10 – Grants

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

Note 12 – Subsequent Event

During 2018, the City issued a General Obligation Note, Series of 2018, in the amount of \$3,000,000 for the construction improvement, and remediation capital projects and payment of cost and expenses associated with issuance. The note is secured by a pledge of the full faith, credit and available taxing power of the City. The term of the note and conditions include a rate of a nontaxable 2.34% based on 1 month LIBOR plus 200 basis points for a taxable rate of 3.56%, payable at interest only monthly and note maturity date three years from issuance.

CITY OF DUBOIS, PENNSYLVANIA

BUDGETARY COMPARISON SCHEDULE
CASH BASIS

GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 2,279,465	\$ 2,279,465	\$ 2,230,001	\$ (49,464)
Intergovernmental	2,239,082	2,239,082	1,326,631	(912,451)
Charges for services	426,527	426,527	303,227	(123,300)
Licenses and permits	128,620	128,620	145,726	17,106
Fines and forfeitures	73,182	73,182	71,757	(1,425)
Interest and rentals	10,000	10,000	251,106	241,106
Miscellaneous	421,200	421,200	304,374	(116,826)
Total Revenues	<u>5,578,076</u>	<u>5,578,076</u>	<u>4,632,822</u>	<u>(945,254)</u>
Expenditures:				
Current:				
General government	1,460,981	1,460,981	1,435,437	25,544
Public safety	1,965,718	1,965,718	1,929,522	36,196
Public works	962,501	962,501	1,186,085	(223,584)
Community and economic development	-	-	-	-
Culture and recreation	376,746	376,746	392,757	(16,011)
Debt service:				
Principal	150,939	150,939	153,395	(2,456)
Interest	55,419	55,419	54,546	873
Capital outlay	1,286,414	1,286,414	3,518,747	(2,232,333)
Other	829,823	829,823	763,988	65,835
Total Expenditures	<u>7,088,541</u>	<u>7,088,541</u>	<u>9,434,477</u>	<u>(2,345,936)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,510,465)</u>	<u>(1,510,465)</u>	<u>(4,801,655)</u>	<u>(3,291,190)</u>
Other Financing Sources (Uses):				
Capital assets sales	-	-	427,712	427,712
Transfers in	3,436,534	3,436,534	2,829,546	(606,988)
Transfers out	(1,926,077)	(1,926,077)	(131,910)	1,794,167
Total Other Financing Sources (Uses)	<u>1,510,457</u>	<u>1,510,457</u>	<u>3,125,348</u>	<u>1,614,891</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(8)</u>	<u>(8)</u>	<u>(1,676,307)</u>	<u>(1,676,299)</u>
Fund Balance-Beginning	<u>5,905,328</u>	<u>5,905,328</u>	<u>5,905,328</u>	<u>-</u>
Fund Balance-Ending	<u>\$ 5,905,320</u>	<u>\$ 5,905,320</u>	<u>\$ 4,229,021</u>	<u>\$ (1,676,299)</u>

See accompanying notes to budgetary comparison schedules.

NOTES TO BUDGETARY COMPARISON SCHEDULES

December 31, 2017

Note 1 – Budgetary Information

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

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

Note 2 – Other Information

GASB Statement No. 34 requires a budgetary comparison schedule to be presented for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The City had no major special revenue funds for the year ended December 31, 2017.

CITY OF DUBOIS, PENNSYLVANIA

COMBINING BALANCE SHEET
CASH BASIS

NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special Revenue Funds				Total Other Governmental Funds
	Capital Reserve	Community Development Block Grant	Health Insurance	Liquid Fuels Tax	
<u>ASSETS</u>					
Cash and cash investments	\$ -	\$ 25	\$ 275,235	\$ 5,738	\$ 280,998
Interfund receivables	-	-	-	-	-
Total Assets	\$ -	\$ 25	\$ 275,235	\$ 5,738	\$ 280,998
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Payroll taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payables	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Fund Balances:					
Restricted:					
General government	-	-	275,235	-	275,235
Public works	-	-	-	5,738	5,738
Culture and recreation	-	-	-	-	-
Unassigned	-	25	-	-	25
Total Fund Balances	-	25	275,235	5,738	280,998
Total Liabilities and Fund Balances	\$ -	\$ 25	\$ 275,235	\$ 5,738	\$ 280,998

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

NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	Special Revenue Funds				Total Other Governmental Funds
	Capital Reserve	Community Development Block Grant	Health Insurance	Liquid Fuels Tax	
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	132,634	-	270,906	403,540
Charges for services	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest and rentals	1,748	-	-	221	1,969
Miscellaneous	-	-	-	-	-
Total Revenues	<u>1,748</u>	<u>132,634</u>	<u>-</u>	<u>271,127</u>	<u>405,509</u>
Expenditures:					
Current:					
General government	-	-	65,689	-	65,689
Public safety	-	-	-	-	-
Public works	-	-	-	321,495	321,495
Community and economic development	-	132,634	-	-	132,634
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>132,634</u>	<u>65,689</u>	<u>321,495</u>	<u>519,818</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,748</u>	<u>-</u>	<u>(65,689)</u>	<u>(50,368)</u>	<u>(114,309)</u>
Other Financing Sources (Uses):					
Capital assets sales	-	-	-	-	-
Transfers in	-	-	130,000	1,910	131,910
Transfers out	(292,508)	-	(160,000)	-	(452,508)
Total Other Financing Sources (Uses)	<u>(292,508)</u>	<u>-</u>	<u>(30,000)</u>	<u>1,910</u>	<u>(320,598)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(290,760)</u>	<u>-</u>	<u>(95,689)</u>	<u>(48,458)</u>	<u>(434,907)</u>
Fund Balances-Beginning	<u>290,760</u>	<u>25</u>	<u>370,924</u>	<u>54,196</u>	<u>715,905</u>
Fund Balances-Ending	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 275,235</u>	<u>\$ 5,738</u>	<u>\$ 280,998</u>

SHARKEY PICCIRILLO & KEEN, 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 primary government of the City of DuBois, Pennsylvania as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City of DuBois, Pennsylvania's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 of DuBois, Pennsylvania's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of DuBois, Pennsylvania'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 material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not 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 a certain 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 following deficiency in internal control to be a material weakness:

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)

The personnel responsible for the accounting and reporting functions of the City, who have the level of knowledge and experience to review, approve, and accept responsibility for the financial statements, do not currently possess an appropriate level of technical knowledge and experience of generally accepted accounting principles and Governmental Accounting Standards Board pronouncements to prepare the 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 may not be possible to reduce this risk without incurring additional costs.

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

Sharkey Piccirillo & Keen, LLP

SHARKEY PICCIRILLO & KEEN, LLP

July 11, 2018

SHARKEY PICCIRILLO & KEEN, LLP
CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

July 11, 2018

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 primary government of the City of DuBois, Pennsylvania for the year ended December 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 January 2, 2018. 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 2017. We noted no transactions entered into by the City 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the City of DuBois, Pennsylvania's financial statements was:

Management's estimates of the fair values of investments are determined as the values of the last reported sales price on national or international exchanges at year end. We evaluated the key factors and any assumptions used regarding the fair values of the investments in determining that the fair values are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjustments listed in the attached Adjusting Journal Entries were detected as a result of audit procedures and were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's 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 July 11, 2018.

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 City of DuBois, Pennsylvania's financial statements or a determination of the type of auditor's 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 City of DuBois, Pennsylvania'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.

Other Matters

We were engaged to report on the budgetary comparison information and the combining non-major fund financial statements, which accompany the financial statements but are not required supplementary information (RSI). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

City of DuBois, Pennsylvania
July 11, 2018
Page 3

Restriction on Use

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, LLP

Sharkey Piccirillo & Keen, LLP

CITY OF DUBOIS GENERAL FUND

Adjusting Journal

12/31/2017

Description	Acct#	Debit	Credit
1			
2013 S&T JCI & CAP PROJECTS	GF-471-211	984.25	
WF PRINC S&T 2012 CAP IMP	GF-471-406	186.66	
WF - 2015 S&T CAP PROJ	GF-471-408	12.84	
S&T JCI & CAP PROJECTS INTEREST	GF-472-211	623.25	
SF-04 PENNVEST LINE RPR INT	GF-472-302	143.97	
WF 2015 S&T LOAN INTEREST	GF-472-408	11.74	
2015 S&T CAP PROJECTS	GF-471-212		12.85
SF-04 PENNVEST LINE RPR PRINC	GF-471-302		143.97
SF-96 PENNVEST LOAN PRINC	GF-471-307		186.67
SF PRINC S&T 2012 CAP IMP LOAN	GF-471-308		408.83
WF-2013 S&T JCI & CAP PRINC	GF-471-407		575.40
2015 S&T LOAN INTEREST	GF-472-212		11.73
SF-96 PENNVEST LOAN INT	GF-472-307		116.42
SF 2013 S&T JCI & CAP INT	GF-472-308		258.87
WF 2013 S&T JCI & CAP INT	GF-472-407		364.40
WF INT S&T 2012 CAP IMPROV	GF-472-406	116.43	
To reclassify principal and interest payments.			
2			
2015 S&T LOAN CAP PROJECTS	GF-189-604	8.76	
2013 S&T LOAN CAP PROJECTS/JOHNSON CONTROLS	GF-255-602	984.23	
2013 S&T LOAN CAP PROJECTS/JOHNSON CONTROLS	GF-189-602		984.23
2015 S&T LOAN CAP PROJECTS	GF-255-604		8.76
To adjust to actual.			
3			
RACP GRANT INCOME	GF-380-602	87,500.00	
TRANSFER FROM WATER FUND	GF-395-001		87,500.00
To reclassify RACP wells grant.			
4			
LEASE MANAGEMENT SF	GF-360-200	3,833,193.19	
LEASE MANAGMENT WF	GF-360-300	2,974,015.66	
SEWER PUBLIC WORKS EXPENDITURES	GF-429-999		1,491,977.34
SF - DEBT SERVICE INTEREST	GF-472-399		94,714.13
SF - DEBT SERVICE PRINCIPAL	GF-471-399		192,228.82
W LONG AVE & FRANKLIN ST SEWER LINE REPLACEME	GF-493-003		77,570.00
COPPER TREATMENT SYSTEM	GF-493-014		147,071.24
ACT 537 SEWER PLANT UPGRADES	GF-493-992		229,962.56
STP BOILER	GF-493-996		6,067.32
COPPER SYSTEM STP	GF-493-998		2,465.55
TRANSFER FROM SEWER FUND	GF-395-002		1,591,136.23
WATER PUBLIC WORKS EXPENDITURES	GF-450-999		1,609,987.26
WF - DEBT SERVICE PRINCIPAL	GF-471-499		384,813.33
WF - DEBT SERVICE INTEREST	GF-472-499		269,147.20
WATER LINE LOCATOR	GF-493-005		5,600.00
WTP LAGOON SEDIMENT REMOVAL	GF-493-009		46,080.00
FALLS CREEK WATER LINE	GF-493-980		15,373.50
WTP AUTOMATION	GF-493-994		32,104.75
TRANSFER FROM WATER FUND	GF-395-001		610,909.62

To reclassify sewer and water public works expenditures, debt service and capital outlays.

CITY OF DUBOIS GENERAL FUND

Adjusting Journal

12/31/2017

Description	Acct#	Debit	Credit
5			
S&T INVESTMENT ACCOUNT	GF-103-000	218,688.47	
MISCELLANEOUS EXPENSE	GF-403-480	12,312.78	
REALIZED GAINS ON INVESTMENTS	GF-341-110		78,053.49
INTEREST EARNINGS	GF-341-100		152,947.76
To adjust.			
6			
S&T CD RECYCLING TRUCK	GF-109-029	69.43	
S&T2016 RECYCLING GRANT	GF-109-042	77.08	
S & T 2016 RECYCLING GRAND CD	GF-109-057	27.04	
S & T SEWER CAMERA CD	GF-109-062	414.98	
2016 CBT POLICE LOCKER ROOM	GF-109-044	224.79	
2016 CBT PENSION	GF-109-045	74.93	
2016 CBT ALLEYS	GF-109-046	158.09	
CBT MIRACLE FIELD	GF-109-058	56.12	
FNB THE MIRACLE FIELD	GF-109-059	482.67	
INTEREST EARNINGS	GF-341-100		1,585.13
To record interest earned on account.			
7			
REAL ESTATE TAXES - PRIOR YEAR	GF-301-200	13,669.59	
RECREATION & CULTURE TAX - PRIOR YR	GF-301-400	2,064.94	
EARNED INCOME TAX	GF-310-200		13,669.59
OCCUPATIONAL PRIVILEGE TAX	GF-310-500		2,064.94
To reclass misposted client entry.			
8			
TRANSFER FROM DCNR MIRACLE FIELD GRANT	GF-395-007	100,015.82	
MISCELLANEOUS EXPENSE	GF-403-480	9.18	
TRANSFER TO DCNR MIRACLE FIELD	GF-492-453		25.00
CHALLENGER FIELD GRANT INCOME	GF-380-626		100,000.00
To reclassify.			
9			
RESIDENCE TAXES - PRIOR YEAR	GF-308-200	5.59	
PER CAPITA TAXES - PRIOR YEAR	GF-310-020	5.50	
MISCELLANEOUS EXPENSE	GF-403-480		11.09

To adjust.

CITY OF DUBOIS SEWER FUND

(PROPRIETARY FUND)

Adjusting Journal

12/31/2017

Description	Acct#	Debit	Credit
1			
2013 S&T LOAN CAP PROJECTS & JOHNSON CONTROLS	SF-189-602	408.84	
STP CAP. IMPROV - S&T 2012	SF-189-801	186.70	
2013 S&T LOAN CAP PROJECTS & JOHNSON CONTROLS	SF-255-602		408.84
STP CAP IMPROV. - S&T 2012	SF-255-801		186.70
To adjust.			
2			
CASH - PENNVEST	SF-101-010	3.59	
INTEREST EARNINGS	SF-364-600		3.59
To adjust to actual.			
3			
DEBT SERVICE - PRINCIPAL	SF-427-703	192,228.82	
DEBT SERVICE - INTEREST	SF-427-704	94,714.13	
CAPITAL OUTLAYS	SF-493-999	463,136.67	
TRANSFER TO GENERAL FUND	SF-492-200	1,591,136.23	
ADMINISTRATION FEES	SF-427-530		2,341,215.85
To reclassify expenses.			
4			
FARMERS NATL BNK CD -VACTOR TRK	SF-109-016	292,508.46	
CAPITAL RESERVE TRANSFER	SF-492-300		292,508.46
To transfer CD from capital reserve fund for Vactor Truck and close fund.			

CITY OF DUBOIS WATER FUND

(PROPRIETARY FUND)

Adjusting Journal

12/31/2017

Description	Acct#	Debit	Credit
1			
CAPITAL IMPR. WTP - S&T 2012	WF-255-601	186.69	
2012 S&T REFINANCE WATER TANKS	WF-189-603	575.40	
2015 S&T WATER TANKS AND CAP PROJ	WF-255-604	8.75	
WTP CAP IMP S&T 2012	WF-189-601		186.69
2012 S&T REFINANCE WATER TANKS	WF-255-603		575.40
2015 S&T WATER TANKS AND CAP PROJ	WF-189-604		8.75
To adjust.			
2			
TRANSFERS TO GENERAL FUND	WF-492-000	87,500.00	
RACP GRANT - WELL PROJECT	WF-378-641		87,500.00
To record RCAP Grant for well project.			
3			
DEBT SERVICE - PRINCIPAL PAYMENTS	WF-447-701	384,813.33	
DEBT SERVICE - INTEREST PAYMENTS	WF-447-702	269,147.20	
CAPITAL OUTLAYS	WF-493-999	99,158.25	
TRANSFERS TO GENERAL FUND	WF-492-000	610,909.62	
ADMINISTRATION FEES	WF-447-530		1,364,028.40

To reclassify expenses.

CITY OF DUBOIS CAPITAL RESERVE FUND

(CAPITAL PROJECTS FUND)

Adjusting Journal

12/31/2017

Description	Acct#	Debit	Credit
	1		
CAP RES-MISC WATER	CR-100-102	11.27	
CAP RES-SEWER	CR-100-103	2.26	
CAP RES-SEWER PROJECTS	CR-100-104	3.96	
CAP RES-GENERAL	CR-100-105	5.65	
CAP RES-SEWER LEGAL FEES	CR-100-106	1.13	
CAP RES-WATER VACATION	CR-100-107	1.70	
CAP RES-SEWER VACTOR TRUCK	CR-100-108	1,715.73	
CAP RES-GF VACATION	CR-100-109	5.65	
CAP RES-SF VACATION	CR-100-110	1.13	
INTEREST INCOME	CR-341-100		1,748.48
To record interest earned on account.			
	2		
TRANSFER TO SEWER FUND	CR-492-080	292,508.46	
CAP RES-MISC WATER	CR-100-102		1,885.67
CAP RES-SEWER	CR-100-103		378.19
CAP RES-SEWER PROJECTS	CR-100-104		662.14
CAP RES-GENERAL	CR-100-105		945.86
CAP RES-SEWER LEGAL FEES	CR-100-106		189.01
CAP RES-WATER VACATION	CR-100-107		283.68
CAP RES-SEWER VACTOR TRUCK	CR-100-108		287,029.11
CAP RES-GF VACATION	CR-100-109		945.68
CAP RES-SF VACATION	CR-100-110		189.12

To transfer CD to Sewer Fund and close Capital Reserve Fund.

**2017 MUNICIPAL ANNUAL AUDIT
AND
FINANCIAL REPORT**

170572 DUBOIS CITY, CLEARFIELD COUNTY



BALANCE SHEET

DCED-CLGS-30 (09-09)

DUBOIS CITY, CLEARFIELD County
BALANCE SHEET
December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Assets and Other Debits											
100-120	Cash and Investments	4,128,097	280,999		11,037	301,597		17,082,418			21,804,148
140-144	Tax Receivable										
121-129, 145-149	Accounts Receivable (excluding taxes)										
130.00	Due From Other Funds	137,378				13,010					150,388
131-139, 150-159	Other Current Assets										
160-169	Fixed Assets										
180-189	Other Debits										
Total Assets and Other Debits		4,265,475	280,999		11,037	314,607		17,082,418			21,954,536
Liabilities and Other Credits											
210-229	Payroll Taxes and Other Payroll Withholdings	36,454									36,454
200-209, 231-239	All Other Current Liabilities				7,532			58,391			65,923
230.00	Due To Other Funds					150,388					150,388

DUBOIS CITY, CLEARFIELD County
BALANCE SHEET
 December 31, 2017

		Governmental Funds				Proprietary Funds		Fid. Fund	Account Groups		Total
		General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	Memorandum Only
Liabilities and Other Credits											
280-289	Long-Term-Liabilities										
240-259	Current Portion of Long-Term Debt and Other Credits										
Total Liabilities and Other Credits		36,454			7,532	150,388		58,391			252,765
Fund and Account Group Equity											
281-284	Contributed Capital										
290.00	Investment in General Fixed Assets										
270-289	Fund Balance / Retained Earnings on 12/31	4,229,021	280,999		3,505	164,219		17,024,027			21,701,771
291-299	Other Equity										
Total Fund and Account Group Equity		4,229,021	280,999		3,505	164,219		17,024,027			21,701,771
TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY											21,954,536

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Taxes							
301.00	Real Estate Taxes	1,033,519	194,321				1,227,840
305.00	Occupation Taxes (levied under municipal code)						
308.00	Residence Taxes (levied by cities of the 3rd Class)	99					99
309.00	Regional Asset District Sales Tax (Allegheny County municipalities only)						
310.00	Per Capita Taxes	105					105
310.10	Real Estate Transfer Taxes	89,795					89,795
310.20	Earned Income Taxes / Wage Taxes	563,323					563,323
310.30	Business Gross Receipts Taxes						
310.40	Occupation Taxes (levied under Act 511)						
310.50	Local Services Tax **	348,839					348,839
310.60	Amusement / Admission Taxes						
310.70	Mechanical Device Taxes						
310.90	Other: _____						
	Other: _____						
Total Taxes		2,035,680	194,321				2,230,001

Licenses and Permits							
320-322	All Other Licenses and Permits	7,488					7,488
321.80	Cable Television Franchise Fees	138,238					138,238
Total Licenses and Permits		145,726					145,726

Fines and Forfeits							
330-332	Fines and Forfeits	80,812					80,812
Total Fines and Forfeits		80,812					80,812

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Interest, Rents and Royalties								
341.00	Interest Earnings	241,336	221	1,748	3	35	164,576	407,919
342.00	Rents and Royalties	9,770						9,770
Total Interest, Rents and Royalties		251,106	221	1,748	3	35	164,576	417,689

Federal								
351.03	Highways and Streets							
351.09	Community Development		132,634					132,634
351.00	All Other Federal Capital and Operating Grants							
352.01	National Forest							
352.00	All Other Federal Shared Revenue and Entitlements							
353.00	Federal Payments in Lieu of Taxes							
Total Federal			132,634					132,634

State								
354.03	Highways and Streets							
354.09	Community Development	931,695						931,695
354.15	Recycling / Act 101							
354.00	All Other State Capital and Operating Grants				87,500			87,500
355.01	Public Utility Realty Tax (PURTA)	2,462						2,462
355.02-355.03	Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		270,906					270,906
355.04	Alcoholic Beverage Licenses	3,550						3,550
355.05	General Municipal Pension System State Aid	276,195						276,195
355.07	Foreign Fire Insurance Tax Distribution	38,106						38,106
355.08	Local Share Assessment/Gaming Proceeds							
355.09	Marcellus Shale Impact Fee Distribution	18,309						18,309

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

State							
355.00	All Other State Shared Revenues and Entitlements						
356.00	State Payments in Lieu of Taxes						
Total State		1,270,317	270,906		87,500		1,628,723

Local Government Units							
357.03	Highways and Streets						
357.00	All Other Local Governmental Units Capital and Operating Grants	8,590					8,590
358.00	Local Government Unit Shared Payments for Contracted Intergovernmental Services						
359.00	Local Governmental Units and Authorities Payments in Lieu of Taxes	37,582					37,582
Total Local Government Units		46,182					46,182

Charges for Service							
361.00	General Government	429,614					429,614
362.00	Public Safety	62,632					62,632
363.20	Parking	40,517					40,517
363.00	All Other Charges for Highway & Street Services						
364.10	Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.)				4,124,210		4,124,210
364.30	Solid Waste Collection and Disposal Charge (trash)						
364.60	Host Municipality Benefit Fee for Solid Waste Facility						
364.00	All Other Charges for Sanitation Services						
365.00	Health						
366.00	Human Services						
367.00	Culture and Recreation	75,915					75,915
368.00	Airports						

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (including State Liquid Funds)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Charges for Service							
369.00	Bars						
370.00	Cemeteries						
372.00	Electric System						
373.00	Gas System						
374.00	Housing System						
375.00	Markets						
377.00	Transit Systems						
378.00	Water System				2,977,148		2,977,148
379.00	All Other Charges for Service						
Total Charges for Service		608,876			7,101,358		7,710,036

Unclassified Operating Revenues							
383.00	Special Assessments						
386.00	Escheats (sale of personal property)						
387.00	Contributions and Donations from Private Sectors						
388.00	Fiduciary Fund Pension Contributions					669,199	669,199
389.00	All Other Unclassified Operating Revenues					1,543,682	1,543,682
Total Unclassified Operating Revenues						2,212,881	2,212,881

Other Financing Sources							
391.00	Proceeds of General Fixed Asset Disposition	427,712					427,712
392.00	Interfund Operating Transfers	3,023,867	131,910		577,708		3,733,485
393.00	Proceeds of General Long-Term Debt						
394.00	Proceeds of Short Term-Debt						

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

REVENUES

Other Financing Sources									
395.00	Refunds of Prior Year Expenditures								
Total Other Financing Sources		3,451,579	131,910			577,708			4,161,197

TOTAL REVENUES	7,890,080	729,992	1,748	3	7,766,601		2,377,457	18,765,881
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EXPENDITURES

General Government									
400.00	Legislative (Governing) Body	51,890							51,890
401.00	Executive (Manager or Mayor)	466,159							466,159
402.00	Auditing Services / Financial Administration	239,344							239,344
403.00	Tax Collection	183,046							183,046
404.00	Solicitor / Legal Services	100,485							100,485
405.00	Secretary / Clerk								
406.00	Other General Government Administration	39,544							39,544
407.00	IT-Networking Services-Data Processing								
408.00	Engineering Services	215,344							215,344
409.00	General Government Buildings and Plant	284,986							284,986
Total General Government		1,580,798							1,580,798

Public Safety									
410.00	Police	1,619,052							1,619,052
411.00	Fire	229,246	50,000						279,246
412.00	Ambulance / Rescue								
413.00	UCC and Code Enforcement	98,426							98,426

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Safety							
414.00	Planning and Zoning						
415.00	Emergency Management and Communications	3,100					3,100
416.00	Militia and Armories						
417.00	Examination of Licensed Occupations						
418.00	Public Scales (weights and measures)						
419.00	Other Public Safety						
Total Public Safety		1,949,824	50,000				1,999,824

Health and Human Services							
420.00- 425.00	Health and Human Services						
Total Health and Human Services							

Public Works - Sanitation							
426.00	Recycling Collection and Disposal						
427.00	Solid Waste Collection and Disposal (garbage)						
428.00	Weed Control						
429.00	Wastewater / Sewage Treatment and Collection				1,955,114		1,955,114
Total Public Works - Sanitation					1,955,114		1,955,114

Public Works - Highways and Streets							
430.00	General Services - Administration	1,369,141					1,369,141
431.00	Cleaning of Streets and Gutters						
432.00	Winter Maintenance - Snow Removal						
433.00	Traffic Control Devices	67,789					67,789
434.00	Street Lighting	16,773	41,496				58,269

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Public Works - Highways and Streets							
435.00	Sidewalks and Crosswalks						
436.00	Storm Sewers and Drains						
437.00	Repairs of Tools and Machinery						
438.00	Maintenance and Repairs of Roads and Bridges	42,716					42,716
439.00	Highway Construction and Rebuilding Projects		280,000				280,000
Total Public Works - Highways and Streets		1,496,419	321,496				1,817,915

Other Public Works Enterprises							
440.00	Airports						
441.00	Cemeteries						
442.00	Electric System						
443.00	Gas System						
444.00	Markets						
445.00	Parking	2,337					2,337
446.00	Storm Water and Flood Control						
447.00	Transit System						
448.00	Water System				1,709,412		1,709,412
449.00	Water Transport and Terminals						
Total Other Public Works Enterprises		2,337			1,709,412		1,711,749

Culture and Recreation							
451.00	Culture-Recreation Administration						
452.00	Participant Recreation	118,053					118,053
453.00	Spectator Recreation						
454.00	Parks	3,250,792					3,250,792

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES
 December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Culture and Recreation							
455.00	Shade Trees						
456.00	Libraries	92,852					92,852
457.00	Civil and Military Celebrations						
458.00	Senior Citizens' Centers						
459.00	All Other Culture and Recreation						
Total Culture and Recreation		3,461,697					3,461,697

Community Development							
461.00	Conservation of Natural Resources						
462.00	Community Development and Housing	7,500					7,500
463.00	Economic Development		82,651				82,651
464.00	Economic Opportunity						
485-469	All Other Community Development						
Total Community Development		7,500	82,651				90,151

Debt Service							
471.00	Debt Principal (short-term and long-term)	153,395			577,042		730,437
472.00	Debt Interest (short-term and long-term)	54,546			363,861		418,407
475.00	Fiscal Agent Fees						
Total Debt Service		207,941			940,903		1,148,844

Employer Paid Benefits and Withholding Items							
481.00	Employer Paid Withholding Taxes and Unemployment Compensation						
482.00	Judgments and Losses						
483.00	Pension / Retirement Fund Contributions	567,146					567,146

DUBOIS CITY, CLEARFIELD County
STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2017

Governmental Funds				Proprietary Funds		Fiduciary Fund	Total
General Fund	Special Revenue (including State Liquid Fuels)	Capital Projects	Debt Service	Enterprise	Internal Service	Trust and Agency	Memorandum Only

EXPENDITURES

Employer Paid Benefits and Withholding Items								
484.00	Worker Compensation Insurance							
487.00	Other Group Insurance Benefits							
Total Employer Paid Benefits and Withholding Items		567,148					567,148	
Insurance								
486.00	Insurance, Casualty, and Surety	160,815	65,670				226,485	
Total Insurance		160,815	65,670				226,485	
Unclassified Operating Expenditures								
488.00	Fiduciary Fund Benefits and Refunds Paid					1,126,043	1,126,043	
489.00	All Other Unclassified Expenditures					88,089	88,089	
Total Unclassified Operating Expenditures						1,214,132	1,214,132	
Other Financing Uses								
491.00	Refund of Prior Year Revenues							
492.00	Interfund Operating Transfers	131,910	354,321	292,508	2,954,746		3,733,485	
493.00	All Other Financing Uses							
Total Other Financing Uses		131,910	354,321	292,508	2,954,746		3,733,485	
TOTAL EXPENDITURES		9,566,387	874,138	292,508	7,560,175	1,214,132	19,507,340	
EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES		-1,676,307	-144,146	290,760	3	206,426	1,163,325	-741,459

DUBOIS CITY
December 31, 2017

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

Purpose	Bond (B) Capital Lease (C) Lease Rental (L) Note (N)	Issue Year (yyyy)	Maturity Year (yyyy)	Original Amount of Issue	Outstanding Beginning of Year (1)	Principal Incurred This Year	Principal Paid This Year	Current Year Accretion on Compound Interest Bonds	Outstanding at Year End (1)	Plus (less) Unamortized Premium (Discount)	Total Balance
General Obligation Bonds and Notes											
SEWER	Note	2007	2027	1,484,050	814,032		71,506		742,526		742,526
GENERAL	Note	2009	2019	814,000	230,149		85,140		145,009		145,009
SEWER/WATER	Note	2012	2037	9,000,000	7,891,997		293,863		7,598,134		7,598,134
GENERAL/WATER/SEWER	Note	2013	2038	4,664,523	4,128,117		151,420		3,976,697		3,976,697
GENERAL/WATER	Note	2015	2040	4,400,000	4,204,507		128,508		4,075,999		4,075,999
Revenue Bonds and Notes											
Lease Rental Debt											
Other											

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding	16,538,365
Capitalized lease obligations	0
Net debt	16,538,365

DUBOIN, CLEARFIELD County
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2017

Category	Capital Purchases	Capital Construction	Total
Community Development			
Electric			
Fire			
Gas System			
General Government	227,038	85,448	312,486
Health			
Housing			
Libraries			
Mass Transit			
Parks		3,076,441	3,076,441
Police	20,302		20,302
Recreation	155,604	307,532	463,136
Sewer			
Solid Waste			
Streets / Highways		109,518	109,518
Water	83,785	15,374	99,159
Other: _____			
TOTAL CAPITAL EXPENDITURES	486,729	3,594,313	4,081,042

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

3,136,107

Independent Public Accountant/Certified Public Accountant Submission Page
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed Patrick R Keen Appointed Auditor/CPA

December 31, 2017

NOTES / COMMENTS

SHARKEY PICCIRILLO & KEEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

DuBois, Pennsylvania 15801

INDEPENDENT AUDITORS' REPORT

Honorable City Council
City of DuBois
DuBois, PA 15801

We have audited the balance sheet, statement of revenues and expenditures, debt statement, and statement of capital expenditures, and employee compensation (the Schedules) included in the Annual Audit and Financial Report of the City of DuBois, Pennsylvania, as of and for the year ended December 31, 2017.

Management's Responsibility for the Municipal Annual Audit and Financial Report

Management is responsible for the preparation and fair presentation of these schedules in accordance with the financial reporting provisions of the Pennsylvania Department of Community and Economic Development (DCED). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Schedules 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 Schedules are free from material misstatement.

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

To meet the financial reporting requirements of Pennsylvania, the Schedules are prepared by the City of DuBois, Pennsylvania on the basis of the accounting practices prescribed or permitted by the DCED, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the entity's regulatory basis of accounting and to meet filing requirements in Pennsylvania. These requirements permit the Schedules to be prepared without financial statement disclosures, without cash flows, without component unit financial information, without government-wide financial statements, without management's discussion and analysis, without budgetary comparisons and historical pension information and require all funds to be aggregated by fund type on the Schedules.

The effects on the Schedules of the variances between the regulatory basis of accounting described above and accounting principles generally accepted in the United States of America although not reasonably determinable, are presumed to material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the Schedules referred to in the first paragraph does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of DuBois, Pennsylvania, as of December 31, 2017, and the changes in its financial position, for the year then ended.

Unmodified Opinion on the Financial Reporting Provisions of the DCED

In our opinion, the Schedules referred to above presents fairly, in all material respects, the regulatory basis financial position of each of the funds of the City of DuBois, Pennsylvania as of December 31, 2017, and the regulatory results of its operations for the year then ended in accordance with the financial reporting provisions described in the instructions provided by DCED.

Sharkey Piccirillo & Keen, LLP

SHARKEY PICCIRILLO & KEEN, LLP
July 6, 2018