

**Borough of Oakmont
Financial Statements
December 31, 2011**

**Borough of Oakmont
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Independent Auditor's Report

Members of Council
Borough of Oakmont
Oakmont, Pennsylvania

Dear Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Borough of Oakmont, as of and for the year ended December 31, 2011, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1C, the Borough prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As further discussed in Note 1C to the financial statements, management has not recorded capital assets and related accumulated depreciation and depreciation expense on those assets. Accounting principles generally accepted in the United States of America, when applied to such cash basis of accounting, require that those capital assets be capitalized and depreciated, which would increase the assets and expenses of the governmental activities. The amount by which this departure would affect the modified cash basis assets and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1C, the modified cash basis financial position of the governmental activities of the Borough of Oakmont, as of December 31, 2011, and the changes in modified cash basis financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly in all material respects, the respective modified cash basis financial position of each major fund and the aggregate remaining fund information of the Borough of Oakmont, and the respective changes in modified cash basis financial position thereof, for the year then ended in conformity with the basis of accounting described in Note 1C.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The budgetary comparison information, pension information, post-employment benefit information, combining nonmajor fund financial statements and component unit financial statements are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
July 19, 2012

**Borough of Oakmont
Statement of Net Assets
Modified Cash Basis
December 31, 2011**

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals	Component Unit (Oakmont Carnegie Library)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$1,384,615	\$ 118,041	\$1,502,656	\$163,029
Investments	211,676	-	211,676	24,782
Internal Balances	143,420	(143,420)	-	-
Due from Component Unit	2,284	-	2,284	-
Other Current Assets	<u>26,638</u>	<u>-</u>	<u>26,638</u>	<u>-</u>
TOTAL ASSETS	<u>\$1,768,633</u>	<u>\$ (25,379)</u>	<u>\$1,743,254</u>	<u>\$187,811</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Current Liabilities				
Due to Primary Government	\$ -	\$ -	\$ -	\$ 2,284
Payroll Deductions and Withholdings	641	-	641	-
Other Current Liabilities	<u>56,004</u>	<u>-</u>	<u>56,004</u>	<u>-</u>
Total Liabilities	<u>56,645</u>	<u>-</u>	<u>56,645</u>	<u>2,284</u>
Net Assets				
Restricted	553,864	-	553,864	73,971
Unrestricted	<u>1,158,124</u>	<u>(25,379)</u>	<u>1,132,745</u>	<u>111,556</u>
Total Net Assets	<u>1,711,988</u>	<u>(25,379)</u>	<u>1,686,609</u>	<u>185,527</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,768,633</u>	<u>\$ (25,379)</u>	<u>\$1,743,254</u>	<u>\$187,811</u>

See Accompanying Notes

**Borough of Oakmont
Statement of Activities
Modified Cash Basis
Year Ended December 31, 2011**

Exhibit 2

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		Component Unit (Oakmont Carnegie Library)
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Like Activities	
Governmental Activities						
General Government	\$ 630,325	\$ 71,570	\$ -	\$ (558,755)	\$ -	\$ (558,755)
Public Safety	1,314,188	148,340	175,768	(990,080)	-	(990,080)
Public Works - Sanitation	32,412	110,924	-	78,512	-	78,512
Public Works - Highways	1,148,440	-	218,847	(929,593)	-	(929,593)
Public Works - Other	98,900	-	-	(98,900)	-	(98,900)
Culture - Recreation	918,582	76,606	-	(841,976)	-	(841,976)
Principal and Interest on Long-Term Debt Payment to Refunded Bond Escrow Agent	82,215	-	-	(82,215)	-	(82,215)
	<u>3,691,345</u>	<u>-</u>	<u>-</u>	<u>(3,691,345)</u>	<u>-</u>	<u>(3,691,345)</u>
Total Governmental Activities	<u>7,916,407</u>	<u>407,440</u>	<u>394,615</u>	<u>(7,114,352)</u>	<u>-</u>	<u>(7,114,352)</u>
Business-Type Activities						
Sewer	1,803,327	1,778,514	3,770	-	(21,043)	(21,043)
Total Primary Government	<u>\$9,719,734</u>	<u>\$2,185,954</u>	<u>\$398,385</u>	<u>(7,114,352)</u>	<u>(21,043)</u>	<u>(7,135,395)</u>
Component Unit						
Oakmont Carnegie Library	\$ 453,518	\$ 22,397	\$ 347,500	-	-	(83,621)
General Revenues and Transfers						
Taxes						
Property Taxes, Levied for General Purposes (Net)				1,561,053	-	1,561,053
Earned Income Taxes				812,200	-	812,200
Other Taxes Levied for General Purposes, (Net)				320,040	-	320,040
Investment Earnings				76,472	250	76,722
Miscellaneous Income				431,475	-	431,475
Refunding Bond Proceeds				4,520,000	-	4,520,000
Premiums on Bonds Issued				8,301	-	8,301
Transfers				(118,299)	118,299	-
Total General Revenues and Transfers				<u>7,611,242</u>	<u>118,549</u>	<u>7,729,791</u>
Changes in Net Assets				496,890	97,506	594,396
Net Assets - January 1, 2011 (Restated - See Note 10)				<u>1,215,098</u>	<u>(122,885)</u>	<u>1,092,213</u>
Net Assets - December 31, 2011				<u>\$ 1,711,988</u>	<u>\$ (25,379)</u>	<u>\$ 1,686,609</u>

See Accompanying Notes

**Borough of Oakmont
Balance Sheet
Modified Cash Basis
Governmental Funds
December 31, 2011**

Exhibit 3

	General Fund	Kerr Museum Fund	Capital Reserve Fund	Capital Projects - Roads Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$357,761	\$120,798	\$693,007	\$41,902	\$171,147	\$1,384,615
Investments	211,676	-	-	-	-	211,676
Due from Other Funds	143,420	100,917	-	-	-	244,337
Due from Component Unit	2,284	-	-	-	-	2,284
Other Current Assets	<u>26,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,638</u>
TOTAL ASSETS	<u>\$741,779</u>	<u>\$221,715</u>	<u>\$693,007</u>	<u>\$41,902</u>	<u>\$171,147</u>	<u>\$1,869,550</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Due to Other Funds	\$100,917	\$ -	\$ -	\$ -	\$ -	\$ 100,917
Payroll Deductions and Withholdings	641	-	-	-	-	641
Other Current Liabilities	<u>-</u>	<u>-</u>	<u>56,004</u>	<u>-</u>	<u>-</u>	<u>56,004</u>
Total Liabilities	<u>101,558</u>	<u>-</u>	<u>56,004</u>	<u>-</u>	<u>-</u>	<u>157,562</u>
Fund Balances						
Restricted	-	-	531,299	-	22,565	553,864
Assigned	29,931	221,715	105,704	41,902	148,582	547,834
Unassigned	<u>610,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,290</u>
Total Fund Balances	<u>640,221</u>	<u>221,715</u>	<u>637,003</u>	<u>41,902</u>	<u>171,147</u>	<u>1,711,988</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$741,779</u>	<u>\$221,715</u>	<u>\$693,007</u>	<u>\$41,902</u>	<u>\$171,147</u>	<u>\$1,869,550</u>

See Accompanying Notes

Borough of Oakmont
Statement of Revenues, Expenditures and
Changes in Fund Balances
Modified Cash Basis
Governmental Funds
Year Ended December 31, 2011

Exhibit 4

	General Fund	Kerr Museum Fund	Capital Reserve Fund	Capital Projects - Roads Fund	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	\$2,711,608	\$ -	\$ -	\$ -	\$ -	\$ 2,711,608
Licenses and Permits	141,895	-	-	-	-	141,895
Fines and Forfeits	71,330	-	-	-	-	71,330
Interest, Rents and Royalties	11,481	1,151	714	156	71,970	85,472
Intergovernmental	221,374	-	-	41,898	137,774	401,046
Charges for Services	217,386	-	105,000	-	-	322,386
Miscellaneous	<u>56,723</u>	<u>84,227</u>	<u>-</u>	<u>-</u>	<u>142,923</u>	<u>283,873</u>
Total Revenues	<u>3,431,797</u>	<u>85,378</u>	<u>105,714</u>	<u>42,054</u>	<u>352,667</u>	<u>4,017,610</u>
Expenditures						
Current:						
General Government	509,336	30,172	-	-	88,657	628,165
Public Safety	1,314,188	-	-	-	-	1,314,188
Public Works - Sanitation	32,412	-	-	-	-	32,412
Public Works - Highways	501,287	-	-	485,099	162,054	1,148,440
Public Works - Other Services	-	-	-	98,900	-	98,900
Culture Recreation	430,258	31,788	-	-	456,536	918,582
Miscellaneous	2,150	-	10	-	-	2,160
Refunds of Prior Year's Receipts	18,315	-	-	-	-	18,315
Debt Service:						
Principal	66,661	-	-	-	-	66,661
Interest	<u>15,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,554</u>
Total Expenditures	<u>2,890,161</u>	<u>61,960</u>	<u>10</u>	<u>583,999</u>	<u>707,247</u>	<u>4,243,377</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>541,636</u>	<u>23,418</u>	<u>105,704</u>	<u>(514,945)</u>	<u>(354,580)</u>	<u>(225,767)</u>
Other Financing Sources (Uses)						
Refunding Bond Proceeds	-	-	-	-	4,520,000	4,520,000
(Discount) Premium on Bonds Issued	-	-	-	-	8,301	8,301
Transfers In	31,300	10,000	600,000	529,000	85,882	1,256,182
Sale/Compensation for Fixed Assets	4,000	-	-	-	-	4,000
Payment to Refunded Bond Escrow Agent	-	-	-	-	(3,691,345)	(3,691,345)
Transfers Out	<u>(556,181)</u>	<u>-</u>	<u>(70,001)</u>	<u>-</u>	<u>(748,299)</u>	<u>(1,374,481)</u>
Total Other Financing Sources (Uses)	<u>(520,881)</u>	<u>10,000</u>	<u>529,999</u>	<u>529,000</u>	<u>174,539</u>	<u>722,657</u>
Net Change in Fund Balances	20,755	33,418	635,703	(12,945)	(180,041)	496,890
Fund Balance - January 1, 2011 (Restated -						
See Note 11)	<u>619,466</u>	<u>188,297</u>	<u>1,300</u>	<u>54,847</u>	<u>351,188</u>	<u>1,215,098</u>
Fund Balance - December 31, 2011	<u>\$ 640,221</u>	<u>\$221,715</u>	<u>\$637,003</u>	<u>\$ 41,902</u>	<u>\$ 171,147</u>	<u>\$ 1,711,988</u>

See Accompanying Notes

Borough of Oakmont
Statement of Net Assets
Modified Cash Basis
Proprietary Fund
December 31, 2011

Exhibit 5

	Sewer Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	<u>\$118,041</u>
TOTAL ASSETS	<u>\$118,041</u>
LIABILITIES AND NET ASSETS	
Current Liabilities	
Due to Other Funds	<u>\$143,420</u>
Net Assets	
Unrestricted	<u>(25,379)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$118,041</u>

See Accompanying Notes

Borough of Oakmont
Statement of Revenues, Expenses and
Changes in Net Assets
Modified Cash Basis
Proprietary Fund
Year Ended December 31, 2011

Exhibit 6

	Sewer Fund
Operating Revenues	
Charges for Services	<u>\$1,778,514</u>
Operating Expenses	
Personal Services	262,336
Supplies	61,826
Other Services and Charges	902,961
Other Operating Expenditures	<u>68,982</u>
Total Operating Expenses	<u>1,296,105</u>
Operating Income	<u>482,409</u>
Nonoperating Revenues (Expenses)	
Investment Income	250
Bond Principal	(455,000)
Bond Interest	(52,222)
State Sources	<u>3,770</u>
Total Nonoperating Revenues (Expenses)	<u>(503,202)</u>
Income (Loss) Before Transfers	(20,793)
Transfers In	148,299
Transfers Out	<u>(30,000)</u>
Change in Net Assets	97,506
Net Assets - January 1, 2011	<u>(122,885)</u>
Net Assets - December 31, 2011	<u>\$ (25,379)</u>

See Accompanying Notes

Borough of Oakmont
Statement of Net Assets
Modified Cash Basis
Fiduciary Funds
December 31, 2011

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 121,607
Investments	
Fixed Income	2,867,540
Equities	995,501
Other Current Assets	<u>77</u>
TOTAL ASSETS	<u>\$3,984,725</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Other Current Liabilities	\$ <u>77</u>
Net Assets	
Held in Trust for Pension Benefits	<u>3,984,648</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,984,725</u>

See Accompanying Notes

Borough of Oakmont
Statement of Changes in Net Assets
Modified Cash Basis
Fiduciary Funds
Year Ended December 31, 2011

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 149,505
Plan Members	<u>25,978</u>
Total Contributions	<u>175,483</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(7,191)
Interest and Dividends	<u>122,959</u>
Net Investment Income	<u>115,768</u>
Total Additions	<u>291,251</u>
Deductions	
Benefits	253,765
Administrative Expenses	<u>40,608</u>
Total Deductions	<u>294,373</u>
Change in Net Assets	(3,122)
Net Assets - January 1, 2011	<u>3,987,770</u>
Net Assets - December 31, 2011	<u>\$3,984,648</u>

See Accompanying Notes

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies

The Borough of Oakmont was incorporated in 1889 under the provisions of Article 9, Section I of the Constitution of the Commonwealth of Pennsylvania, as amended. The Borough operates under a Council/Manager form of government.

As discussed further in Note 1C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

A. Financial Reporting Entity

In evaluating how to define a government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by the Governmental Accounting Standards Board (GASB) in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the Borough (the primary government) has the following component unit.

Discretely Presented Component Unit

Oakmont Carnegie Library

Oakmont Carnegie Library (Library) is a non-profit organization supporting the educational and intellectual needs of the community. The Library Board of Trustees consists of seven (7) members appointed by Council of the Borough of Oakmont. In addition, the Library Director and all other paid employees, are employees of the Borough of Oakmont and Borough Council retains the right to hire and set the salary and benefits. The Library makes an annual report of the monies received from the Borough and the dispositions made thereof to Borough Council.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, the proprietary fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the entity or meets certain criteria.

The Borough reports the following major governmental funds:

The *general fund* is the Borough's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Kerr Museum Fund is considered a major special revenue fund.

Capital projects funds account for revenues and expenditures used for capital purchases in the Borough. The Capital Reserve Fund and Capital Projects - Roads Fund are considered major capital projects funds.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Cont'd)

B. Basis of Presentation (Cont'd)

The Borough reports the following major proprietary fund:

The *sewer fund* is used to account for resources derived from sewer billings to residents and related disbursements.

Additionally, the Borough reports the following fund type:

The *pension trust fund(s)* account for the activities of the police and general employees' pension plans, which accumulate resources for pension benefit payments to covered employees.

The Borough also reports as nonmajor governmental funds the following:

The *debt service fund* is used to account for debt service expenditures of the Borough.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Liquid Fuels Fund is considered a nonmajor special revenue fund.

Capital projects funds account for revenues and expenditures used for capital purchases in the Borough. The Capital Projects - Parks Fund and Oakmont Boulevard Project Fund are considered nonmajor capital projects funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide statement of net assets and the statement of activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used.

All governmental and fiduciary funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

The Borough has not recorded capital assets and infrastructure arising from cash transactions or the provision for accumulated depreciation and depreciation expense in the government-wide statements in the governmental activities, which should be included to be in conformity with the modified cash basis of accounting.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

Basis of Accounting (Cont'd)

Outside debt and other long-term liabilities have not been recognized in the government-wide statement of net assets and the fund financial statements.

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

D. Budgets and Budgetary Accounting

Budgets are adopted, on a modified cash basis of accounting, for all funds, except the pension trust funds. Budgetary control for the pension trust funds is maintained by the provisions of the funds as implemented by their respective governing boards.

The Borough uses the following procedures in establishing the budgetary data reflected in the financial statements as prescribed in the Borough's Code:

1. The budget is prepared in any manner designated by Members of Council (Council).
2. The Borough must prepare the budget not less than 30 days before adoption.
3. Notice that the proposed budget is available for inspection must be published by the secretary in a newspaper of general circulation, and the proposed budget must be kept on file with and made available for public inspection by the secretary for a period of 10 days after the notice and prior to adoption.
4. On or before December 31, Council must finally adopt the budget. Upon completion of the budget, Council shall adopt the real estate tax ordinance.

Adoption of the budget by Council constitutes approximations of the expenditures for the fiscal year, and the budget is employed as a management control device during the year. Under the Borough Code, the expenditure budget may be amended by Council after a public hearing. Within the general fund accounts, the Borough Manager is authorized to transfer budgeted amounts between operating departments provided that such transfers do not alter total expenditures approved by Council. Therefore, in the general fund, as in all other funds that have legally adopted budgets, the legal level of control over expenditures is the surplus or deficit of the funds as a whole. Operating departments are charged with the maintenance of the budget for the department as a whole; however, operating departments may exceed the appropriation with the approval of the Borough Manager. Any excess appropriations at the end of the fiscal year are not carried forward; but, instead, lapse.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Cont'd)

E. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the Borough classifies governmental fund balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payments and includes a legally enforceable requirement on the use of these funds.

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Borough's highest level of authority, Borough Council. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the Borough's intent to use the money for a specific purpose, but is not considered restricted or committed. Fund balance may be assigned by management.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 1 - Summary of Significant Accounting Policies (Cont'd)

E. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

The Borough's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the fund balance classifications as of December 31, 2011, are as follows:

The restricted fund balance of \$531,299 in the capital reserve is restricted for future capital projects. The restricted fund balance of \$22,565 in the nonmajor funds is restricted for highway maintenance, rebuilding and construction. These balances are also restricted on the statement of net assets in addition to \$73,971 restricted for the component unit's capital campaign.

The assigned fund balances in the general fund, Kerr Museum, capital reserve, capital projects - roads and nonmajor funds are for the following purposes:

1. Future police expenditures	\$ 18,519
2. Future road maintenance	11,412
3. Kerr Museum	221,715
4. Future capital expenditures	105,704
5. Future road maintenance	41,902
6. Future parks projects	70,533
7. Oakmont Boulevard improvements	78,049

Net assets in the sewer fund reflect a deficit balance of \$25,379 as of December 31, 2011, due to the amount owed the general fund being larger than the available cash balance. The Borough increased sewer rates in 2012 to help rectify this deficit position.

Note 2 - Deposits and Investments

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, 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 investment, authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Borough adheres to state statutes and or prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or highly liquid money market funds

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 2 - Deposits and Investments (Cont'd)

and are captioned as cash in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. 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. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2011, \$1,281,861 of the Borough's bank balance of \$1,839,554 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Banks' Agent Not in the Borough's Name	<u>\$1,281,861</u>
---	--------------------

As of December 31, 2011, the component unit's bank balance of \$164,931 was not exposed to custodial credit risk.

As of December 31, 2011, the Borough had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Funds		
State Street Inst. Liquid Reserves	\$ 121,607	
Common Stock	995,501	
U. S. Agencies	1,180,386	12.57
U. S. Treasuries	64,775	6.63
Corporate Bonds	1,622,379	3.37
Certificate of Deposit	<u>211,676</u>	0.53
	<u>\$4,196,324</u>	
Portfolio Weighted Average Maturity		23.1

Of the total investments above, \$3,984,648 are reported in the Borough's fiduciary funds. The balance is reported in its governmental funds.

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

As of December 31, 2011, the component unit's investments of \$24,782 were comprised entirely of common stock.

Interest Rate Risk - The Borough does not have policy related to investment rate risk.

Credit Risk - Pennsylvania statutes authorize the type of investments allowed and are described above. The Borough has no investment policy that would further limit its investment choices. The Borough's investments, excluding its common stock, mutual funds and U. S. Government guaranteed obligations, are rated by the nationally recognized statistical rating organization, Standard and Poor's (S&P) and Moody's as follows:

Credit Quality Distribution of Securities
with Credit Exposure as a Percentage of Total Investments

Investment Type	Credit Rating		Percent
	S&P	Moody's	
Money Market Funds	AAAm	N/A	2.9%
U. S. Treasuries	AA+	Aaa	1.5%
U. S. Government Agencies	A	Aaa	22.8%
U. S. Government Agencies	N/A	N/A	5.4%
Corporate Obligations	A	A2	3.9%
Corporate Obligations	A	A3	0.7%
Corporate Obligations	A	Aa3	0.5%
Corporate Obligations	A	Aaa	2.0%
Corporate Obligations	A-	A2	1.3%
Corporate Obligations	A-	A3	2.0%
Corporate Obligations	A-	Aaa	16.0%
Corporate Obligations	A-	Baa1	0.8%
Corporate Obligations	A-	Baa2	1.4%
Corporate Obligations	A+	A1	1.2%
Corporate Obligations	A+	A2	0.7%
Corporate Obligations	AA	A1	1.3%
Corporate Obligations	AA+	Aaa	2.5%
Corporate Obligations	BBB	A3	1.2%
Corporate Obligations	BBB	Baa2	1.4%
Corporate Obligations	BB+	Baa1	1.2%
Corporate Obligations	N/A	A3	0.6%
Certificate of Deposit	N/A	N/A	5.0%

Custodial Credit Risk Investments - This is the risk that in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments. The Borough does not have an investment

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

policy for custodial credit risk. None of the Borough's investments are subject to custodial risk.

Concentration of Credit Risk - At December 31, 2011, the Borough does not have a policy for concentration of credit risk.

Note 3 - Interfund Balances/Transfers

Interfund balances at December 31, 2011 were:

	Interfund Receivable	Interfund Payable
General Fund	\$143,420	\$100,917
Centennial Fund	100,917	-
Proprietary Fund		
Sewer Fund	-	143,420
	<u>\$244,337</u>	<u>\$244,337</u>

In addition, the general fund has an amount due from Oakmont Carnegie Library, a component unit of the Borough, in the amount of \$2,284.

Balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All balances above are expected to be collected in the subsequent year, except for the balance between the general fund and centennial fund, which will be eliminated when the certificate of deposit held by the general fund matures and the centennial fund's portion of the balance is distributed.

For the year ended December 31, 2011, interfund transfers consisted of the following:

	Transfer From				
	General Fund	Capital Reserve Fund	Nonmajor Funds	Proprietary Fund	
Transfer To					
General Fund	\$ -	\$ 1,300	\$ -	\$30,000	\$ 31,300
Centennial Fund	10,000	-	-	-	10,000
Capital Reserve Fund	-	-	600,000	-	600,000
Capital Projects - Roads Fund	460,299	68,701	-	-	529,000

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 3 - Interfund Balances/Transfers (Cont'd)

Transfer To	Transfer From				Totals
	General Fund	Capital Reserve Fund	Nonmajor Funds	Proprietary Fund	
Nonmajor Funds					
Capital Projects - Parks Fund	\$ 4,787	\$ -	\$ -	\$ -	\$ 4,787
Oakmont Boulevard Project Fund	81,095	-	-	-	81,095
Proprietary Fund					
Sewer Fund	<u>-</u>	<u>-</u>	<u>148,299</u>	<u>-</u>	<u>148,299</u>
	<u>\$556,181</u>	<u>\$70,001</u>	<u>\$748,299</u>	<u>\$30,000</u>	<u>\$1,404,481</u>

The transfers from the general fund to the Oakmont Boulevard project fund and the centennial fund were approved per the annual budget for annual funding.

Of the \$460,299 that was transferred from the general fund to the capital projects - roads fund, \$312,000 was approved per the annual budget. The remaining balance of \$148,299 was approved as part of the refinancing of the Series of 2003.

The transfer from the general fund to the capital projects - parks fund was for assorted capital projects.

The transfers from the capital reserve fund to the general fund and capital projects - roads fund were for road repair projects.

The transfers from the nonmajor funds were from the debt service fund. The transfer to the capital reserve fund represented new bond proceeds for future capital projects. The transfer to the sewer fund represented the future savings of the refinancing of the Series of 2003.

The transfer from the sewer fund to the general fund was to reimburse the general fund for expenditures.

Note 4 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2011 was 4.50 mills (\$4.50 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2011 is as follows:

Tax Levy Date	April 1, 2011
2% Discount Period	April 1 to May 31, 2011

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 4 - Real Estate Taxes (Cont'd)

Face Payment Period	June 1 to July 31, 2011
10% Penalty Period	August 1, 2011 until liened

Note 5 - Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Balance 01/01/11	Additions	Retirements	Deceased	Balance 12/31/11	Due Within One Year
Governmental Activities						
Bonds Payable						
General Obligation Bonds	\$1,065,000	\$ 620,000	\$ 60,000	\$ -	\$1,625,000	\$ 95,000
Capital Leases	<u>-</u>	<u>194,551</u>	<u>66,661</u>	<u>-</u>	<u>127,890</u>	<u>62,361</u>
Governmental Activities						
Long-Term Liabilities	<u>\$1,065,000</u>	<u>\$ 814,551</u>	<u>\$126,661</u>	<u>\$ -</u>	<u>\$1,752,890</u>	<u>\$157,361</u>
Business-Type Activities						
Bonds Payable						
General Obligation Bonds	<u>\$3,635,000</u>	<u>\$3,900,000</u>	<u>\$455,000</u>	<u>\$3,635,000</u>	<u>\$3,445,000</u>	<u>\$425,000</u>

General Obligation Bonds - Governmental Activities

Series of 2003A in the amount of \$1,400,000; payable semi-annually on May 15 and November 15 from the component unit; interest fluctuates from 1.35% to 4.2% through 2024. The debt service source for this issue is the library.

\$1,005,000

Series of 2011 is broken into two parts, the refunding portion (business-type activities) and the new money portion (governmental activities). New money portion is in the amount of \$620,000; payable semi-annually on May 15 and November 15 from the general fund; interest fluctuates from 2.0% to 4.3% through 2026.

620,000

\$1,625,000

General Obligation Bonds - Business-Type Activities

Series of 2011 is broken into two parts, the refunding portion (business-type activities) and the new money

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 5 - Long-Term Liabilities (Cont'd)

General Obligation Bonds - Business-Type Activities (Cont'd)

portion (governmental activities). Refunding portion is in the amount of \$3,900,000; payable semi-annually on May 15 and November 15 from the sewer fund; interest fluctuates from 2.0% to 3.1% through 2019.

\$3,445,000

The annual debt service requirements to maturity, including principal and interest, for the long-term debt as of December 31, 2011, are as follows:

Year Ended December 31,	<u>Governmental Activities</u> General Obligation Bonds		<u>Business-Type Activities</u> General Obligation Bonds		Totals
	Principal	Interest	Principal	Interest	
2012	\$ 95,000	\$ 60,782	\$ 425,000	\$ 79,940	\$ 660,722
2013	100,000	58,132	435,000	71,340	664,472
2014	100,000	55,256	440,000	63,470	658,726
2015	105,000	52,192	450,000	54,325	661,517
2016	105,000	48,832	465,000	41,725	660,557
2017-2021	595,000	184,730	1,230,000	47,705	2,057,435
2022-2026	<u>525,000</u>	<u>56,411</u>	<u>-</u>	<u>-</u>	<u>581,411</u>
	<u>\$1,625,000</u>	<u>\$516,335</u>	<u>\$3,445,000</u>	<u>\$358,505</u>	<u>\$5,944,840</u>

On April 5, 2011, the Borough issued \$4,520,000 Series of 2011 bonds with interest rates from 2.0% to 4.3% to currently refund the outstanding Series 2003 bonds (\$3,635,000) with interest rates ranging from 2.0% to 4.4% and to finance certain capital improvements. The net proceeds of \$4,439,644 (after payments of issuance costs) were used to currently refund the outstanding 2003 bonds and interest due on those bonds through the refunding date and provide additional funds of \$748,299, representing \$600,000 of new funds and \$148,299 of upfront savings on refinancing. As a result, the old bonds are considered defeased, and the liability for those bonds has been removed as a liability in the above schedule.

The Borough advance refunded the Series of 2003 to reduce its total debt service payments over the next eight years by \$139,773 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$137,995.

Note 6 - Capital Leases

The Borough entered into lease agreements as lessee for financing the acquisition of two police vehicles and a street sweeper. The future minimum lease obligations and the net present value of these minimum lease payments, as of December 31, 2011, are as follows:

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 6 - Capital Leases (Cont'd)

Year Ended December 31,	Governmental Activities
2012	\$ 68,857
2013	<u>68,857</u>
Total Minimum Lease Payments	137,714
Less: Amount Representing Interest	<u>(9,824)</u>
Present Value of Minimum Lease Payments	<u>\$127,890</u>

Note 7 - Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Borough of Oakmont contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective Plans.

Borough of Oakmont Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough as a member of the police force is eligible to participate in the Plan.

General Employees' Pension Plan (GEPP) - The General Employees' Pension Plan is a single-employer defined benefit Trust Fund Plan. Any municipal employee person employed on a full-time salaried basis by the Borough is eligible to participate in the Plan.

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see notes 1C and 2. The Plans do not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>GEPP</u>
Date Established	July 12, 1949	July 12, 1949
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 7 - Defined Benefit Pension Plans (Cont'd)

A. Plan Descriptions, Contribution Information, and Funding Policies (Cont'd)

	<u>PPP</u>	<u>GEPP</u>
Determination of Contribution Requirements	Actuarially determined	Actuarially determined
Employer	\$83,266	\$66,239
Plan Members	3.0% of compensation	3.5% of compensation
Funding of Administrative Costs	Investment earnings	Investment earnings
Eligibility Requirements		
Normal Retirement	Age 55 with 25 years of aggregate service	Earliest of the following: a. age 65 and 20 years of credited service b. age 62 and 25 years of credited service c. age 55 and 35 years of credited service
Early Retirement	None	None
Vesting	12 years of service	100% after completion of 12 years of credited service
Retirement Benefit	50% of final 36 months average salary, plus service increment, if any	50% of final 36 months average salary, plus service increment, if any
Service Increment	Additional monthly benefit of \$100 for completion of each year of service in excess of 26 years up to a maximum of \$200	Additional monthly benefit of \$100 for completion of 41 years of credited service

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 7 - Defined Benefit Pension Plans (Cont'd)

A. Plan Descriptions, Contribution Information, and Funding Policies (Cont'd)

	<u>PPP</u>	<u>GEPP</u>
Post Retirement Benefit Increases	No	No
Provisions for Disability Benefits	Yes	No
Provisions for Death Benefits	Yes	Yes

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2011:

	<u>PPP</u>	<u>GEPP</u>
Deferred Vested Members	-	1
Nonvested Active Members	3	3
Fully Vested Active Members	4	4
Retirees and Beneficiaries Currently Receiving Benefits	<u>5</u>	<u>5</u>
Total	<u>12</u>	<u>13</u>

Actuarial assumptions and other information used to determine the annual required contributions (ARC) are located in the Supplementary Information Section of this report.

B. Annual Pension Cost, Net Pension Obligation, and Reserves

Current year annual pension costs for the Police and General Employees' Plans are shown in the trend information provided below. Annual required contributions were made by both Plans. The net pension obligations (assets) for the Police Pension Plan and the General Employees' Pension Plan are also shown below.

The annual pension costs and net pension obligations (assets) for the Plans for the current year are as follows:

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 7 - Defined Benefit Pension Plans (Cont'd)

B. Annual Pension Cost, Net Pension Obligation, and Reserves (Cont'd)

	<u>PPP</u>	<u>GEPP</u>
Annual Required Contribution	\$ 83,266	\$ 66,239
Interest on Net Pension Obligation	(1,576)	(1,193)
Adjustment to Annual Required Contribution	<u>2,410</u>	<u>2,893</u>
Annual Pension Cost	84,100	67,939
Contributions Made	<u>83,266</u>	<u>66,239</u>
Increase (Decrease) in Net Pension Obligation	834	1,700
Beginning of Year (Restated)	<u>(22,521)</u>	<u>(17,042)</u>
End of Year	<u>\$(21,687)</u>	<u>\$(15,342)</u>

The net pension obligation for the general employees' pension fund at the beginning of the year was restated to agree to the most recent actuarial valuation.

There are no assets legally reserved for purposes other than the payment of Plan member benefits for either Plan.

At December 31, 2011, the Police Pension Plan investments consisted of 31% in U.S. agencies, 43% in corporate bonds, and 26% in common stocks, and the General Employees' Pension Plan investments consisted of 34% U.S. agencies, 41% corporate bonds, and 25% common stocks.

C. Trend Information

Year Ended December 31,	<u>Police Pension</u>			<u>General Employees</u>		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset) NPO	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset) NPO
2009	\$45,770	98%	\$(23,277)	\$45,410	97%	\$(14,921)
2010	59,083	99%	(22,521)	45,593	99%	(17,042)
2011	84,100	99%	(21,687)	67,939	97%	(15,342)

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 7 - Defined Benefit Pension Plans (Cont'd)

B. Trend Information (Cont'd)

The following is funded status information for each Plan as of January 1, 2011, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) Excess of Assets over AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of Assets over AAL) as a Covered Payroll [(b-a)/c]
General Employees	\$1,425,333	\$1,720,484	\$295,151	83 %	\$337,258	88 %
Police	2,563,197	2,891,173	327,976	89 %	525,775	62 %

Note 8 - Risk Management

The Borough of Oakmont is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Borough also purchases commercial insurance for its employee health and accident insurance coverage. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

Note 9 - Operating Leases

The Borough of Oakmont is committed under lease agreements for various computer equipment. These leases are considered for accounting purposes to be operating leases. The following is a schedule by years of future minimum payments required under these operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2011:

Year Ended December 31,	
2012	\$12,974
2013	12,641
2014	8,668
2015	<u>5,160</u>
	<u>\$39,443</u>

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 9 - Operating Leases (Cont'd)

For the year ended December 31, 2011, the rental expense for the operating leases was \$8,737.

Note 10 - Restatement of Beginning Net Assets

The beginning net assets on the statement of activities was restated due to Oakmont Carnegie Library being classified as a component unit for 2011.

	Governmental Activities	Component Unit
Net Assets, 12/31/10	\$1,468,325	\$ -
Reclassified - Component Unit	<u>(253,227)</u>	<u>253,227</u>
Net Assets, 01/01/11	<u>\$1,215,098</u>	<u>\$253,227</u>

Note 11 - Restatement of Fund Balance

The Borough implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions in the year ended December 31, 2011. The Statement, in addition to establishing criteria for classifying fund balances into specifically defined classifications as described above, also clarifies the exiting governmental fund type definitions. As a result of this Statement, certain funds were reclassified to meet the fund type definitions in GASB Statement No. 54. The reclassifications are effective January 1, 2011. As such, certain funds have been reclassified to the general fund as follows. These funds were previously reported as special revenue funds.

	General Fund
Fund Balance, 12/31/10	\$498,192
Reclassified - Operating Reserve Fund	<u>121,274</u>
Fund Balance, 01/01/11	<u>\$619,466</u>

Note 12 - Lease Agreement

The Borough, as lessor, entered into a lease agreement whereby the Borough leased a parcel of land for communication facilities. The lease terminates in 2035. The total rent received in 2011 was \$32,481.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 13 - Post-Employment Benefits Other Than Pensions

A. Plan Description

The Borough of Oakmont administers a single-employer defined benefit post-employment benefit plan. The plan provides medical premium reimbursement and life insurance benefits to police and public works retirees. Benefit provisions are mostly established through negotiations between the Borough and union or group representing the employees. The plan does not issue a publicly available financial report.

B. Funding Policy

• Retirement Plan Eligibility	<u>Police</u>	<u>Public Works</u>
Normal Retirement	Age 50 and 25 years of service.	Earliest of the following: a. age 65 and 20 years of service; b. age 62 and 25 years of service; c. age 55 and 35 years of service.
• Post-Retirement Health Insurance		
a. Eligibility for Benefit	Benefit is provided at normal retirement as defined under the retirement plan.	No benefit offered.
b. Benefit at Retirement	The Borough will pay the COBRA premium for coverage for a maximum of 18 months after retirement.	None
• Post-Retirement Life Insurance		
a. Eligibility for Benefit	Benefit is provided at normal retirement as defined under the retirement plan.	Benefit is provided at normal retirement as defined under retirement plan.
b. Benefit at Retirement	The Borough will provide a paid-up life insurance policy in the amount of \$1,000. Paid while employed, no OPEB obligation.	The Borough will provide a paid-up life insurance policy in the amount of \$5,000. Paid while employed, no OPEB obligation.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 13 - Post-Employment Benefits Other Than Pensions (Cont'd)

B. Funding Policy (Cont'd)

Memberships of the plan are as follows, based on the latest actuarial evaluation reports dated January 1, 2009:

Active Members	8
Retired Participants	
Retirees	1
Spouses with coverage	-
Total	<u>9</u>

For the year ended December 31, 2011, the Borough contributed \$0 toward reimbursement of healthcare premium costs for retired participants. The plan is currently funded on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The Borough's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess) over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the Plan and changes in the Borough's net OPEB obligation.

Annual Required Contribution	\$ 11,979
Interest on Net OPEB Obligation	863
Adjustment to Annual Required Contribution	<u>(1,294)</u>
Annual OPEB Cost (Expense)	11,548
Contributions Made	<u>(13,740)</u>
Decrease in OPEB Obligation	(2,192)
Net OPEB Obligation - Beginning of Year	<u>19,186</u>
Net OPEB Obligation - End of Year	<u>\$ 16,994</u>

The Borough's OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the years ended December 31, 2011, 2010 and 2009, is as follows.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2011**

Note 13 - Post-Employment Benefits Other Than Pensions (Cont'd)

C. Annual OPEB Cost and Net OPEB Obligation (Cont'd)

The Borough implemented the statement prospectively.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$11,548	119%	\$16,994
12/31/10	11,814	0%	19,186
12/31/09	11,979	38%	7,372

D. Funded Status and Funding Progress

As of January 1, 2009, the actuarial accrued liability for benefits was \$76,420, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$488,700 and the ratio of unfunded actuarial accrued liability to the covered payroll was 15.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of volatility on actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The following is a summary of the actuarial method and assumptions based on the latest actuarial valuation report dated January 1, 2009:

Borough of Oakmont
Notes to Financial Statements
December 31, 2011

Note 13 - Post-Employment Benefits Other Than Pensions (Cont'd)

E. Actuarial Methods and Assumptions (Cont'd)

Data	Furnished by the Borough as of January 1, 2009
Interest Rate	4.5%
Mortality Rates	Pre-retirement - None Post-retirement - 1994 Group Annuity Mortality Table
Termination Rates	None
Retirements Rates	100% at normal retirement age
Disability Rates	60% of the rates of disablement from advanced pension tables
Trend for Healthcare Reimbursement	15.74% beginning January 2009 decreasing to an ultimate rate of 5%
Reimbursement of Medical Premiums	2% load over 2009 premiums
Cost Method	Projected unit credit
Amortization Method	30-year level dollar
Funding Policy	Pay as you go

Note 14 - Subsequent Event

On May 14, 2012, the Borough authorized the issuance of the Series of 2012 general obligation bonds in the amount of \$1,075,000 to currently refund the outstanding Series of 2003 and pay the costs of issuing the bonds.

OTHER INFORMATION

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$1,508,400	\$1,508,400	\$1,483,750	\$ (24,650)
Delinquent	20,000	20,000	44,559	24,559
Liened	35,000	35,000	51,059	16,059
Regional Asset District Sales Tax	100,000	100,000	104,636	4,636
Real Estate Transfer Tax	85,000	85,000	99,682	14,682
Earned Income Taxes/Wage Taxes	825,000	825,000	812,200	(12,800)
Local Services Taxes	<u>111,000</u>	<u>111,000</u>	<u>115,722</u>	<u>4,722</u>
Total Taxes	<u>2,684,400</u>	<u>2,684,400</u>	<u>2,711,608</u>	<u>27,208</u>
Licenses and Permits				
Cable Television Franchise	120,000	120,000	128,171	8,171
All Other Licenses and Permits	<u>15,100</u>	<u>15,100</u>	<u>13,724</u>	<u>(1,376)</u>
Total Licenses and Permits	<u>135,100</u>	<u>135,100</u>	<u>141,895</u>	<u>6,795</u>
Fines and Forfeits	<u>82,500</u>	<u>82,500</u>	<u>71,330</u>	<u>(11,170)</u>
Interest, Rents and Royalties				
Interest Earnings	3,000	3,000	2,481	(519)
Rents and Royalties	<u>11,500</u>	<u>11,500</u>	<u>9,000</u>	<u>(2,500)</u>
Total Interest, Rents and Royalties	<u>14,500</u>	<u>14,500</u>	<u>11,481</u>	<u>(3,019)</u>
Intergovernmental				
State				
Public Utility Realty Tax	3,000	3,000	3,631	631
General Municipal Pension Sys. State Aid	74,000	74,000	117,525	43,525
Foreign Fire Insurance Tax Distribution	40,000	40,000	67,848	27,848
Alcoholic Beverage Taxes (Bev. Lic.)	3,000	3,000	2,800	(200)
All Other Shared Revenues and Entitlements	<u>-</u>	<u>-</u>	<u>29,570</u>	<u>29,570</u>
Total Intergovernmental Revenues	<u>120,000</u>	<u>120,000</u>	<u>221,374</u>	<u>101,374</u>

**Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Charges for Services				
General Government	\$ 16,000	\$ 16,000	\$ 57,846	\$ 41,846
Public Safety	27,250	27,250	64,430	37,180
Parking/Parking Meters, Permits	10,450	10,450	12,580	2,130
Solid Waste Collection/Trash	-	-	4,527	4,527
Other Charges for Sanitation Services	30,000	30,000	1,397	(28,603)
Culture and Recreation	<u>42,000</u>	<u>42,000</u>	<u>76,606</u>	<u>34,606</u>
Total Charges for Services	<u>125,700</u>	<u>125,700</u>	<u>217,386</u>	<u>91,686</u>
Miscellaneous Revenues				
Contributions and Donations from				
Private Sources	3,200	3,200	3,825	625
Other Miscellaneous Revenues	25,250	25,250	38,160	12,910
Refunds of Prior Year's Expenditures	<u>5,000</u>	<u>5,000</u>	<u>14,738</u>	<u>9,738</u>
Total Miscellaneous Revenues	<u>33,450</u>	<u>33,450</u>	<u>56,723</u>	<u>23,273</u>
Total Revenues	<u>3,195,650</u>	<u>3,195,650</u>	<u>3,431,797</u>	<u>236,147</u>
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	232,213	232,213	236,805	(4,592)
Supplies	17,500	17,500	14,974	2,526
Other Services and Charges	43,050	37,050	29,943	7,107
Capital Purchase	12,000	3,500	4,957	(1,457)
Financial Administrative				
Personal Services	25,277	25,277	23,613	1,664
Other Services and Charges	32,500	23,500	17,096	6,404
Tax Collection				
Other Services and Charges	39,500	39,500	32,202	7,298
Law				
Other Services and Charges	72,800	72,800	70,847	1,953

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd):				
General Government (Cont'd)				
Data Processing				
Supplies	\$ 13,000	\$ 13,000	\$ 7,781	\$ 5,219
Other Services and Charges	7,000	7,000	5,017	1,983
Engineer				
Other Services and Charges	15,000	15,000	28,051	(13,051)
General Gov't. Bldgs. and Plant				
Other Services and Charges	39,750	39,750	37,474	2,276
Capital Purchase	<u>2,500</u>	<u>2,500</u>	<u>576</u>	<u>1,924</u>
Total General Government	<u>552,090</u>	<u>528,590</u>	<u>509,336</u>	<u>19,254</u>
Public Safety				
Police				
Personal Services	1,000,191	1,000,191	1,007,969	(7,778)
Supplies	44,500	44,500	46,550	(2,050)
Other Services and Charges	74,600	74,600	81,112	(6,512)
Capital Purchase	44,880	44,880	5,445	39,435
Fire				
Personal Services	11,000	11,000	11,567	(567)
Supplies	2,000	2,000	3,160	(1,160)
Other Services and Charges	48,000	48,000	48,118	(118)
Contributions, Grants and Subs.	42,500	42,500	70,348	(27,848)
Capital Purchase	5,000	5,000	1,349	3,651
UUC and Code Enforcement				
Other Services and Charges	17,500	17,500	19,545	(2,045)
Planning and Zoning				
Other Services and Charges	<u>17,500</u>	<u>17,500</u>	<u>19,025</u>	<u>(1,525)</u>
Total Public Safety	<u>1,307,671</u>	<u>1,307,671</u>	<u>1,314,188</u>	<u>(6,517)</u>
Public Works - Sanitation				
Solid Waste Collection and Disposal				
Other Services and Charges	-	-	<u>32,412</u>	<u>(32,412)</u>

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Highways				
General Service - Administration				
Personal Services	\$ 281,530	\$ 281,530	\$ 314,780	\$(33,250)
Supplies	33,500	33,500	42,642	(9,142)
Other Services and Charges	158,800	126,800	75,555	51,245
Capital Purchase	6,000	6,000	5,036	964
Sidewalks and Crosswalks				
Personal Services	-	-	10,767	(10,767)
Supplies	-	-	24,090	(24,090)
Other Services and Charges	<u>77,359</u>	<u>77,359</u>	<u>28,417</u>	<u>48,942</u>
Total Highways	<u>557,189</u>	<u>525,189</u>	<u>501,287</u>	<u>23,902</u>
Total Public Works	<u>557,189</u>	<u>525,189</u>	<u>533,699</u>	<u>(8,510)</u>
Culture - Recreation				
Parks				
Personal Services	98,000	98,000	92,558	5,442
Supplies	16,000	16,000	16,909	(909)
Other Services and Charges	12,700	10,200	8,536	1,664
Capital Purchase	9,000	9,000	7,794	1,206
Shade Trees				
Other Services and Charges	77,500	77,500	72,061	5,439
Libraries				
Contributions, Grants and Subs.	225,000	225,000	225,000	-
Civil and Military Celebrations				
Other Services and Charges	400	400	400	-
Senior Citizens' Centers				
Contributions, Grants and Subs.	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Total Culture - Recreation	<u>445,600</u>	<u>443,100</u>	<u>430,258</u>	<u>12,842</u>
Miscellaneous				
Other Employee Benefits	1,700	1,700	1,650	50
Refunds of Prior Year's Revenues	<u>5,000</u>	<u>5,000</u>	<u>18,315</u>	<u>(13,315)</u>
Total Miscellaneous	<u>6,700</u>	<u>6,700</u>	<u>19,965</u>	<u>(13,265)</u>

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Debt Service:				
Debt				
Principal	\$ -	\$ -	\$ 66,661	\$ (66,661)
Interest	18,000	14,000	15,554	(1,554)
Fiscal Agent Fee	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Total Debt Service	<u>18,000</u>	<u>14,000</u>	<u>82,715</u>	<u>(68,715)</u>
Total Expenditures	<u>2,887,250</u>	<u>2,825,250</u>	<u>2,890,161</u>	<u>(64,911)</u>
Excess of Revenues Over (Under) Expenditures	<u>308,400</u>	<u>370,400</u>	<u>541,636</u>	<u>171,236</u>
Other Financing Sources (Uses)				
Proceeds of General Fixed Assets Distribution	4,000	4,000	4,000	-
Transfers In	-	-	31,300	31,300
Transfers Out				
Special Revenue Fund	(10,000)	(10,000)	(10,000)	-
Capital Projects Fund	<u>(330,000)</u>	<u>(392,000)</u>	<u>(546,181)</u>	<u>(154,181)</u>
Total Other Financing Sources (Uses)	<u>(336,000)</u>	<u>(398,000)</u>	<u>(520,881)</u>	<u>(122,881)</u>
Net Change in Fund Balance	(27,600)	(27,600)	20,755	48,355
Fund Balance - January 1, 2011 (Restated - See Note 11)	<u>27,600</u>	<u>27,600</u>	<u>619,466</u>	<u>591,866</u>
Fund Balance - December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,221</u>	<u>\$ 640,221</u>

Borough of Oakmont
Schedule of Revenues, Expenditures and
Changes in Fund Balance
Modified Cash Basis
Special Revenue Fund
Kerr Museum Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Interest, Rents and Royalties	\$ 500	\$ 500	\$ 1,151	\$ 651
Miscellaneous Revenue	<u>64,000</u>	<u>64,000</u>	<u>84,227</u>	<u>20,227</u>
Total Revenues	<u>64,500</u>	<u>64,500</u>	<u>85,378</u>	<u>20,878</u>
Expenditures				
Current:				
General Government	56,075	56,075	30,172	25,903
Culture - Recreation	<u>35,000</u>	<u>35,000</u>	<u>31,788</u>	<u>3,212</u>
Total Expenditures	<u>91,075</u>	<u>91,075</u>	<u>61,960</u>	<u>29,115</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,575)</u>	<u>(26,575)</u>	<u>23,418</u>	<u>49,993</u>
Other Financing Sources (Uses)				
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(16,575)	(16,575)	33,418	49,993
Fund Balance - January 1, 2011	<u>16,575</u>	<u>16,575</u>	<u>188,297</u>	<u>171,722</u>
Fund Balance - December 31, 2011	\$ <u>-</u>	\$ <u>-</u>	<u>\$221,715</u>	<u>\$221,715</u>

**Borough of Oakmont
Other Information
Defined Benefit Pension Trust Funds
December 31, 2011**

1. Schedules of Funding Progress

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/07	\$2,434,090	\$2,366,925	\$(67,165)	103%	\$469,097	N/A
01/01/09	2,517,760	2,508,967	(8,793)	100%	488,700	N/A
01/01/11	2,563,197	2,891,173	327,976	89%	525,775	62%

General Employees' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/07	\$1,456,134	\$1,526,282	\$ 70,148	95%	\$312,862	22%
01/01/09	1,443,334	1,661,155	217,821	87%	302,311	72%
01/01/11	1,425,333	1,720,484	295,151	83%	337,258	88%

Actuarial valuations are only performed biannually; therefore, data for each year is not available.

2. Schedules of Employer's Contributions

Year Ended December 31,	Police Pension Plan		General Employees' Pension Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2006	\$ -	100%	\$42,246	100%
2007	39,154	100%	30,615	82%
2008	44,837	100%	36,651	100%
2009	44,988	100%	44,082	100%
2010	58,327	100%	45,108	100%
2011	83,266	100%	66,239	100%

Borough of Oakmont
Other Information
Defined Benefit Pension Trust Funds
December 31, 2011

3. Notes to Required Supplementary Information

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

	<u>Police Pension Plan</u>	<u>General Employees' Pension Plan</u>
Valuation Date	January 1, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	13	12
Asset Valuation Method	4 Year Smoothing	4 Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	7.0%	7.0%
Projected Salary Increases	4.5%	4.5%
Underlying Inflation Rate	3.0%	3.0%

**Borough of Oakmont
Other Information
Other Post-Employment Benefits
December 31, 2011**

Schedule of Funding Progress for Retiree Health and Welfare Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
01/01/09	\$ -	\$76,420	\$76,420	0.0%	\$488,700	15.6%

Note: December 31, 2009 was the first year of implementation of the new standards for accounting and reporting of post-employment benefits; therefore, only one actuarial valuation has been completed. (Future reports will include additional valuations as they are performed.)

Borough of Oakmont
Combining Balance Sheet
Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2011

Exhibit A

	Special Revenue Funds	Capital Projects Funds		Total
	Liquid Fuels Fund	Capital Projects - Parks Fund	Oakmont Boulevard Project Fund	Nonmajor Govern- mental Funds
ASSETS				
Cash and Cash Equivalents	<u>\$22,565</u>	<u>\$70,533</u>	<u>\$78,049</u>	<u>\$171,147</u>
 LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
 Fund Balances				
Restricted	22,565	-	-	22,565
Assigned	<u>-</u>	<u>70,533</u>	<u>78,049</u>	<u>148,582</u>
Total Fund Balances	<u>22,565</u>	<u>70,533</u>	<u>78,049</u>	<u>171,147</u>
 TOTAL LIABILITIES AND FUND BALANCES				
	<u>\$22,565</u>	<u>\$70,533</u>	<u>\$78,049</u>	<u>\$171,147</u>

Borough of Oakmont
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Modified Cash Basis
Nonmajor Governmental Funds
Year Ended December 31, 2011

Exhibit B

	Special Revenue Funds	Capital Projects Funds	Debt Service Fund		Total Nonmajor Govern- mental Funds
	Liquid Fuels Fund	Capital Projects - Parks Fund	Oakmont Boulevard Project Fund	Debt Service Fund	
Revenue					
Interest, Rents and Royalties	\$ 84	\$ 71,795	\$ 91	\$ -	\$ 71,970
Intergovernmental	137,774	-	-	-	137,774
Miscellaneous	-	<u>125,583</u>	<u>17,340</u>	-	<u>142,923</u>
Total Revenues	<u>137,858</u>	<u>197,378</u>	<u>17,431</u>	-	<u>352,667</u>
Expenditures					
General Government	-	-	-	88,657	88,657
Public Works - Highways	162,054	-	-	-	162,054
Culture - Recreation	-	<u>380,556</u>	<u>75,980</u>	-	<u>456,536</u>
Total Expenditures	<u>162,054</u>	<u>380,556</u>	<u>75,980</u>	<u>88,657</u>	<u>707,247</u>
Excess (Deficiency) or Revenues Over Expenditures	<u>(24,196)</u>	<u>(183,178)</u>	<u>(58,549)</u>	<u>(88,657)</u>	<u>(354,580)</u>
Other Financing Sources (Uses)					
Refunding Bond Proceeds	-	-	-	4,520,000	4,520,000
(Discount) Premium on Bonds Issued	-	-	-	8,301	8,301
Transfers In	-	4,787	81,095	-	85,882
Payment to Refunded Bond Escrow Agent	-	-	-	(3,691,345)	(3,691,345)
Transfers Out	-	-	-	<u>(748,299)</u>	<u>(748,299)</u>
Total Other Financing Sources (Uses)	-	<u>4,787</u>	<u>81,095</u>	<u>88,657</u>	<u>174,539</u>
Net Change in Fund Balances	(24,196)	(178,391)	22,546	-	(180,041)
Fund Balances - January 1, 2011	<u>46,761</u>	<u>248,924</u>	<u>55,503</u>	-	<u>351,188</u>
Fund Balances - December 31, 2011	<u>\$ 22,565</u>	<u>\$ 70,533</u>	<u>\$ 78,049</u>	<u>\$ -</u>	<u>\$ 171,147</u>

Borough of Oakmont
Combining Statement of Net Assets
Modified Cash Basis
Fiduciary Funds
Pension Trust Funds
December 31, 2011

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	General Employees' Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 77,420	\$ 44,187	\$ 121,607
Investments			
Fixed Income	1,826,824	1,040,716	2,867,540
Equities	648,021	347,480	995,501
Other Current Assets	-	77	77
TOTAL ASSETS	<u>\$2,552,265</u>	<u>\$1,432,460</u>	<u>\$3,984,725</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Other Current Liabilities	\$ 77	\$ -	\$ 77
Net Assets			
Held in Trust for Pension Benefits	<u>2,552,188</u>	<u>1,432,460</u>	<u>3,984,648</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,552,265</u>	<u>\$1,432,460</u>	<u>\$3,984,725</u>

Borough of Oakmont
Combining Statement of Changes in Net Assets
Modified Cash Basis
Fiduciary Funds
Pension Trust Funds
Year Ended December 31, 2011

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	General Employees' Pension Fund	
Additions			
Contributions			
Employer	\$ 83,266	\$ 66,239	\$ 149,505
Plan Members	<u>14,544</u>	<u>11,434</u>	<u>25,978</u>
Total Contributions	<u>97,810</u>	<u>77,673</u>	<u>175,483</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(3,889)	(3,302)	(7,191)
Interest and Dividends	<u>77,562</u>	<u>45,397</u>	<u>122,959</u>
Net Investment Income	<u>73,673</u>	<u>42,095</u>	<u>115,768</u>
Total Additions	<u>171,483</u>	<u>119,768</u>	<u>291,251</u>
Deductions			
Benefits	146,279	107,486	253,765
Administrative Expenses	<u>26,253</u>	<u>14,355</u>	<u>40,608</u>
Total Deductions	<u>172,532</u>	<u>121,841</u>	<u>294,373</u>
Changes in Net Assets	(1,049)	(2,073)	(3,122)
Net Assets - January 1, 2011	<u>2,553,237</u>	<u>1,434,533</u>	<u>3,987,770</u>
Net Assets - December 31, 2011	<u>\$2,552,188</u>	<u>\$1,432,460</u>	<u>\$3,984,648</u>

**Borough of Oakmont
Balance Sheet
Modified Cash Basis
Oakmont Carnegie Library - Component Unit
December 31, 2011**

ASSETS	
Cash and Cash Equivalents	\$163,029
Investments	<u>24,782</u>
TOTAL ASSETS	<u>\$187,811</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Due to Primary Government	\$ <u>2,284</u>
Fund Balances	
Restricted	73,971
Unassigned	<u>111,556</u>
Total Fund Balances	<u>185,527</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$187,811</u>

Borough of Oakmont
Statement of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
Oakmont Carnegie Library - Component Unit
Year Ended December 31, 2011

Revenues	
Fines and Forfeits	\$ 15,621
Interest, Rents and Royalties	402
Intergovernmental	
State Aid	22,924
DCED Grants	5,000
Allegheny County Library Association	94,576
Contributions from the Borough of Oakmont	225,000
Program Service Charges	6,776
Contributions	13,880
Miscellaneous	<u>1,639</u>
 Total Revenues	 <u>385,818</u>
Expenditures	
Current:	
Culture - Recreation	
Libraries	
Personal Services	205,607
Collections	38,310
Office and Computer Supplies	1,733
Supplies	4,045
Programs	9,516
Postage and Printing	329
Professional Services	2,500
Maintenance of Building and Equipment	44,693
Utilities	32,888
Insurance	5,467
Miscellaneous	7,228
Debt Service:	
Principal	60,000
Interest	<u>41,202</u>
 Total Expenditures	 <u>453,518</u>
 Net Change in Fund Balance	 (67,700)
 Fund Balance - January 1, 2011	 <u>253,227</u>
 Fund Balance - December 31, 2011	 <u>\$185,527</u>

