



**Borough of Oakmont
Financial Statements
December 31, 2013**

**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 modified cash basis financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements 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 modified cash basis of accounting described in Note 1C; this includes determining that the modified 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 financial statements that are free from material misstatement, whether due to error or fraud.

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 Borough'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 Borough'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.

**Borough of Oakmont
Statement of Net Position
Modified Cash Basis
December 31, 2013**

Exhibit 1

	Governmental Activities	Business-Type Activities	Totals	Component Unit (Oakmont Carnegie Library)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$1,343,602	\$ 439,471	\$1,783,073	\$109,185
Investments	-	-	-	32,234
Internal Balances	113,420	(113,420)	-	-
Other Current Assets	<u>16,271</u>	<u>-</u>	<u>16,271</u>	<u>-</u>
TOTAL ASSETS	<u>1,473,293</u>	<u>326,051</u>	<u>1,799,344</u>	<u>141,419</u>
 LIABILITIES				
Current Liabilities				
Payroll Deductions and Withholdings	1,646	-	1,646	-
Other Current Liabilities	<u>146,233</u>	<u>-</u>	<u>146,233</u>	<u>-</u>
TOTAL LIABILITIES	<u>147,879</u>	<u>-</u>	<u>147,879</u>	<u>-</u>
 NET POSITION				
Restricted	3,879	306,000	309,879	46,597
Unrestricted	<u>1,321,535</u>	<u>20,051</u>	<u>1,341,586</u>	<u>94,822</u>
TOTAL NET POSITION	<u>\$1,325,414</u>	<u>\$ 326,051</u>	<u>\$1,651,465</u>	<u>\$141,419</u>

See Accompanying Notes

Borough of Oakmont
Balance Sheet
Modified Cash Basis
Governmental Funds
December 31, 2013

Exhibit 3

	General Fund	Kerr Museum Fund	Capital Reserve Fund	Capital Projects - Roads Fund	Capital Projects - Parks Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	\$358,893	\$271,716	\$513,311	\$15,218	\$78,654	\$105,810	\$1,343,602
Due from Other Funds	265,901	-	-	-	-	-	265,901
Other Current Assets	<u>16,271</u>	-	-	-	-	-	<u>16,271</u>
TOTAL ASSETS	<u>\$641,065</u>	<u>\$271,716</u>	<u>\$513,311</u>	<u>\$15,218</u>	<u>\$78,654</u>	<u>\$105,810</u>	<u>\$1,625,774</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$152,076	\$ 405	\$ 152,481
Payroll Deductions and Withholdings	1,646	-	-	-	-	-	1,646
Other Current Liabilities	-	-	<u>146,233</u>	-	-	-	<u>146,233</u>
Total Liabilities	<u>1,646</u>	-	<u>146,233</u>	-	<u>152,076</u>	<u>405</u>	<u>300,360</u>
Fund Balances							
Restricted	-	-	-	-	-	3,879	3,879
Assigned	-	271,716	367,078	15,218	-	101,526	755,538
Unassigned	<u>639,419</u>	-	-	-	<u>(73,422)</u>	-	<u>565,997</u>
Total Fund Balances	<u>639,419</u>	<u>271,716</u>	<u>367,078</u>	<u>15,218</u>	<u>(73,422)</u>	<u>105,405</u>	<u>1,325,414</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$641,065</u>	<u>\$271,716</u>	<u>\$513,311</u>	<u>\$15,218</u>	<u>\$78,654</u>	<u>\$105,810</u>	<u>\$1,625,774</u>

See Accompanying Notes

**Borough of Oakmont
Statement of Net Position
Modified Cash Basis
Proprietary Fund
December 31, 2013**

Exhibit 5

	Sewer Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	<u>\$439,471</u>
LIABILITIES	
Current Liabilities	
Due to Other Funds	<u>113,420</u>
NET POSITION	
Restricted	306,000
Unrestricted	<u>20,051</u>
Total Net Position	<u>\$326,051</u>

See Accompanying Notes

**Borough of Oakmont
Statement of Net Position
Modified Cash Basis
Fiduciary Funds
December 31, 2013**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 136,183
Investments	
Common Stock	1,145,150
Fixed Income	<u>3,044,642</u>
TOTAL ASSETS	<u>4,325,975</u>
LIABILITIES	<u>-</u>
NET POSITION	
Held in Trust for Pension Benefits	<u>\$4,325,975</u>

See Accompanying Notes

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

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.

The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable.

The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. The discretely presented component unit has a December 31 year-end.

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.

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). The more significant accounting policies used by the Borough are discussed below.

A. Basic Financial Statements - Government-Wide Statements

The Borough's basic financial statements include both government-wide (reporting the Borough as a whole) and fund financial statements (reporting the Borough's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Borough's police, highway, sanitation, parks and general administrative services are all classified as governmental activities. The Borough's sewer fund is accounted for as a business-type activity.

In the government-wide statement of net position, governmental activities and business-type activities are presented on a consolidated basis by column.

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

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

B. Basic Financial Statements - Fund Financial Statements (Cont'd)

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Borough reports these major governmental funds and fund types:

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, Capital Projects - Roads Fund and Capital Projects - Parks Fund are considered major capital projects funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

2. Proprietary Fund - Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

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

3. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support Borough programs. The reporting focus is on net position and changes in net position. The Borough's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The Borough reports the following fund type:

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

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

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

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

Basis of Accounting (Cont'd)

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 or proprietary fund statements.

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

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

D. Financial Statement Amounts

1. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the government are reported at fair value.

3. Government-wide Net Position

Government-wide net position is divided into two components:

Restricted - consist of 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.

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

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

D. Financial Statement Amounts (Cont'd)

6. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity resulting from cash transactions or events, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- c. Interfund reimbursements - repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- d. Interfund transfers - flow of assets from one fund to another when repayment is not expected and reported as transfers in and out.

Government-wide Financial Statements

Interfund activity and balances resulting from cash transaction or events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental" and "Business-Type Activities" columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
- b. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities, except for the net amount of transfers between governmental and business-type activities, which are reported as transfers - internal activities. The effects of interfund services between funds, if any, are not eliminated in the statement of activities.

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

Note 3 - Net Position/Fund Balance Classifications

The purposes of the fund balance classifications as of December 31, 2013, are as follows:

The restricted fund balance of \$3,879 in the nonmajor funds is restricted for highway maintenance, rebuilding and construction. The restricted net position in the business-type activities, sewer fund in the amount of \$306,000, is for future plant upgrade and this amount represents tap fees collected since 2011. These balances are also restricted on the statement of net position in addition to \$46,597 restricted for the component unit's capital campaign.

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

1. Kerr Museum	\$271,716
2. Future fire truck purchases	33,000
3. Future capital expenditures	6,413
4. Future traffic signal	27,665
5. Future road maintenance	15,218
6. Oakmont Boulevard improvements	101,526
7. Reserve funds	300,000

Note 4 - 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 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.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2013**

Note 4 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

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	3.1%
U. S. Treasuries	N/A	Aaa	3.6%
U. S. Government Agencies	AA	-	44.1%
U. S. Government Agencies	N/A	-	7.5%
U. S. Government Agencies	-	Aaa	48.1%
U. S. Government Agencies	-	N/A	3.5%
Corporate Obligations	A	-	10.7%
Corporate Obligations	-	A	9.7%
Corporate Obligations	BBB	-	4.35%
Corporate Obligations	-	Baa	5.5%
Corporate Obligations	N/A	-	0.1%

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

Concentration of Credit Risk - At December 31, 2013, the Borough and the component unit do not have a policy for concentration of credit risk.

Note 5 - Interfund Balances/Transfers

Interfund balances at December 31, 2013 were:

	Interfund Receivable	Interfund Payable
General Fund	\$265,901	\$ -
Capital Projects - Parks Fund	-	152,076

**Borough of Oakmont
Notes to Financial Statements
December 31, 2013**

Note 5 - Interfund Balances/Transfers (Cont'd)

The transfer from the general fund to the capital reserve fund (\$60,665) was for assorted future capital projects.

The transfer from the general fund to the proprietary fund (\$88,630) was for that fund's share of state pension aid from prior years.

The transfer from the capital reserve fund to the general fund (\$12,000) was for reimbursement of the police costs incurred in prior years and the transfer from the capital reserve fund to the capital projects - roads fund (\$358,029) was for various road paving projects.

The transfer from the sewer fund to the general fund (\$30,000) was to reimburse the general fund for expenditures.

Note 6 - 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 2013 was 3.40 mills (\$3.40 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2013 is as follows:

Tax Levy Date	April 1, 2013
2% Discount Period	April 1 to May 31, 2013
Face Payment Period	June 1 to July 31, 2013
10% Penalty Period	August 1, 2013 until lien

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Balance 01/01/13	Additions	Retirements	Balance 12/31/13	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$1,640,000	\$ -	\$115,000	\$1,525,000	\$115,000
Capital Leases	<u>15,135</u>	<u>-</u>	<u>15,135</u>	<u>-</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$1,655,135</u>	<u>\$ -</u>	<u>\$130,135</u>	<u>\$1,525,000</u>	<u>\$115,000</u>
Business-Type Activities					
Bonds Payable					
General Obligation Bonds	<u>\$3,020,000</u>	<u>\$ -</u>	<u>\$435,000</u>	<u>\$2,585,000</u>	<u>\$440,000</u>

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

Note 8 - Capital Leases

The Borough entered into lease agreements as lessee for financing the acquisition of two police vehicles. These leases were paid off in 2013.

Note 9 - 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 4. 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
Determination of Contribution Requirements	Actuarially determined	Actuarially determined
Employer	\$105,738	\$80,208
Plan Members	2.5% of compensation	3.5% of compensation
Funding of Administrative Costs	Investment earnings	Investment earnings

**Borough of Oakmont
Notes to Financial Statements
December 31, 2013**

Note 9 - Defined Benefit Pension Plans (Cont'd)

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

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2013:

	<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:

	<u>PPP</u>	<u>GEPP</u>
Annual Required Contribution	\$105,738	\$ 80,208
Interest on Net Pension Obligation	(1,462)	(947)
Adjustment to Annual Required Contribution	<u>2,499</u>	<u>2,893</u>
Annual Pension Cost	106,775	82,154
Contributions Made	<u>105,738</u>	<u>85,791</u>
Increase (Decrease) in Net Pension Obligation	1,037	(3,637)

Borough of Oakmont
Notes to Financial Statements
December 31, 2013

Note 10 - 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 11 - Operating Leases - Component Unit

The Oakmont Carnegie Library 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, 2013:

Year Ended December 31,	
2014	\$ 8,668
2015	<u>4,500</u>
	<u>\$13,168</u>

For the year ended December 31, 2013, the rental expense for the operating leases was \$12,641.

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 2013 was \$34,948.

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.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2013**

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, 2012:

Active Members	7
Retired Participants	=
Total	<u>7</u>

For the year ended December 31, 2013, 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	\$ 9,039
Interest on Net OPEB Obligation	80
Adjustment to Annual Required Contribution	<u>(127)</u>
Annual OPEB Cost (Expense)	8,992
Contributions Made	<u>(12,271)</u>
Decrease in OPEB Obligation	(3,279)
Net OPEB Obligation - Beginning of Year	<u>1,988</u>
Net OPEB Obligation - End of Year	<u>\$ (1,291)</u>

**Borough of Oakmont
Notes to Financial Statements
December 31, 2013**

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

E. Actuarial Methods and Assumptions (Cont'd)

The following is a summary of the actuarial method and assumptions based on the latest actuarial valuation report dated January 1, 2012:

Data	Furnished by the Borough as of January 1, 2012
Interest Rate	4.0%
Retirements Rates	100% at normal retirement age
Disability Rates	60% of the rates of disablement from advanced pension tables
Trend for Healthcare Reimbursement	4.0% for 2012 and 5.0% thereafter
Cost Method	Entry Age Normal
Amortization Method	25-year level dollar open period
Funding Policy	Pay as you go

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, 2013

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$1,574,266	\$1,574,266	\$1,487,357	\$ (86,909)
Delinquent	30,000	30,000	8,670	(21,330)
Liened	25,000	25,000	87,258	62,258
Regional Asset District Sales Tax	110,000	110,000	110,656	656
Real Estate Transfer Tax	115,000	115,000	183,317	68,317
Earned Income Taxes/Wage Taxes	851,000	851,000	1,039,133	188,133
Local Services Taxes	<u>116,000</u>	<u>116,000</u>	<u>128,087</u>	<u>12,087</u>
Total Taxes	<u>2,821,266</u>	<u>2,821,266</u>	<u>3,044,478</u>	<u>223,212</u>
Licenses and Permits				
Cable Television Franchise	130,000	130,000	143,706	13,706
All Other Licenses and Permits	<u>12,600</u>	<u>12,600</u>	<u>9,771</u>	<u>(2,829)</u>
Total Licenses and Permits	<u>142,600</u>	<u>142,600</u>	<u>153,477</u>	<u>10,877</u>
Fines and Forfeits	<u>58,000</u>	<u>58,000</u>	<u>44,939</u>	<u>(13,061)</u>
Interest, Rents and Royalties				
Interest Earnings	400	400	671	271
Rents and Royalties	<u>9,000</u>	<u>9,000</u>	<u>13,100</u>	<u>4,100</u>
Total Interest, Rents and Royalties	<u>9,400</u>	<u>9,400</u>	<u>13,771</u>	<u>4,371</u>
Intergovernmental				
State				
Public Utility Realty Tax	3,000	3,000	3,661	661
General Municipal Pension Sys. State Aid	71,000	71,000	67,976	(3,024)
Alcoholic Beverage Taxes (Bev. Lic.)	2,400	2,400	2,800	400
Foreign Fire Insurance Tax Distribution	<u>40,000</u>	<u>40,000</u>	<u>44,007</u>	<u>4,007</u>
Total Intergovernmental Revenues	<u>116,400</u>	<u>116,400</u>	<u>118,444</u>	<u>2,044</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, 2013

	<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	\$ 16,500	\$ 16,500	\$ 3,182	\$ 13,318
Other Services and Charges	6,500	6,500	8,073	(1,573)
Engineer				
Other Services and Charges	43,000	43,000	22,234	20,766
General Gov't. Bldgs. and Plant				
Other Services and Charges	33,250	33,250	27,111	6,139
Capital Purchase	<u>4,500</u>	<u>4,500</u>	<u>14,098</u>	<u>(9,598)</u>
Total General Government	<u>540,335</u>	<u>540,335</u>	<u>463,405</u>	<u>76,930</u>
Public Safety				
Police				
Personal Services	1,098,482	1,098,482	1,084,944	13,538
Supplies	51,850	51,850	47,100	4,750
Other Services and Charges	64,400	64,400	84,869	(20,469)
Capital Purchase	38,000	38,000	3,105	34,895
Fire				
Personal Services	15,500	15,500	18,128	(2,628)
Supplies	2,000	2,000	2,688	(688)
Other Services and Charges	46,200	46,200	42,313	3,887
Contributions, Grants and Subs.	42,500	42,500	46,507	(4,007)
Capital Purchase	10,000	10,000	-	10,000
UCC and Code Enforcement				
Other Services and Charges	33,000	33,000	28,180	4,820
Planning and Zoning				
Other Services and Charges	20,500	20,500	23,565	(3,065)
Capital Purchase	<u>1,200</u>	<u>1,200</u>	<u>1,524</u>	<u>(324)</u>
Total Public Safety	<u>1,423,632</u>	<u>1,423,632</u>	<u>1,382,923</u>	<u>40,709</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, 2013

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Miscellaneous				
Other Employee Benefits	\$ 1,700	\$ 1,700	\$ 1,650	\$ 50
Debt Service:				
Debt				
Principal	35,000	35,000	50,133	(15,133)
Interest	20,770	20,770	22,757	(1,987)
Fiscal Agent Fee	-	-	170	(170)
Total Debt Service	<u>55,770</u>	<u>55,770</u>	<u>73,060</u>	<u>(17,290)</u>
Total Expenditures	<u>3,105,585</u>	<u>3,105,585</u>	<u>3,017,519</u>	<u>88,066</u>
Excess of Revenues Over (Under)				
Expenditures	<u>203,781</u>	<u>203,781</u>	<u>534,866</u>	<u>331,085</u>
Other Financing Sources (Uses)				
Sale/Compensation for Capital Assets	15,000	15,000	10,589	(4,411)
Transfers In	42,000	42,000	42,000	-
Transfers Out				
Special Revenue Fund	(36,000)	(36,000)	(10,000)	26,000
Capital Projects Fund	(210,000)	(210,000)	(460,665)	(250,665)
Sewer Fund	-	-	(88,630)	(88,630)
Total Other Financing Sources (Uses)	<u>(189,000)</u>	<u>(189,000)</u>	<u>(506,706)</u>	<u>(317,706)</u>
Net Change in Fund Balance	14,781	14,781	28,160	13,379
Fund Balance - January 1, 2013	-	-	<u>611,259</u>	<u>611,259</u>
Fund Balance - December 31, 2013	<u>\$ 14,781</u>	<u>\$ 14,781</u>	<u>\$ 639,419</u>	<u>\$ 624,638</u>

**Borough of Oakmont
Other Information
Defined Benefit Pension Trust Funds
December 31, 2013**

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]
01/01/09	\$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%
01/01/13	2,692,957	3,067,112	374,155	88%	526,464	71%

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]
01/01/09	\$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%
01/01/13	1,501,007	1,853,363	352,356	81%	357,106	99%

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
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%
2012	77,142	100%	61,108	100%
2013	105,738	100%	80,208	107%

**Borough of Oakmont
Other Information
Other Post-Employment Benefits
December 31, 2013**

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%
01/01/12	-	71,053	71,053	0.0%	482,772	14.7%

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

Borough of Oakmont
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Modified Cash Basis
Nonmajor Governmental Funds
Year Ended December 31, 2013

Exhibit B

	Special Revenue Funds	Capital Projects Funds	
	Liquid Fuels Fund	Oakmont Boulevard Project Fund	Total Nonmajor Governmental Funds
Revenues			
Interest, Rents and Royalties	\$ 74	\$ 121	\$ 195
Intergovernmental	129,328	-	129,328
Miscellaneous	<u> -</u>	<u>19,400</u>	<u>19,400</u>
Total Revenues	<u>129,402</u>	<u>19,521</u>	<u>148,923</u>
Expenditures			
Current:			
Public Works - Highways	150,774	-	150,774
Culture - Recreation	<u> -</u>	<u>104,626</u>	<u>104,626</u>
Total Expenditures	<u>150,774</u>	<u>104,626</u>	<u>255,400</u>
Excess (Deficiency) of Revenues Over Expenditures	(21,372)	(85,105)	(106,477)
Other Financing Sources (Uses)			
Transfers In	<u> -</u>	<u>80,000</u>	<u>80,000</u>
Net Changes in Fund Balances	(21,372)	(5,105)	(26,477)
Fund Balances - January 1, 2013	<u>25,251</u>	<u>106,631</u>	<u>131,882</u>
Fund Balances - December 31, 2013	<u>\$ 3,879</u>	<u>\$101,526</u>	<u>\$ 105,405</u>

Borough of Oakmont
Combining Statement of Changes in Net Position
Modified Cash Basis
Fiduciary Funds
Year Ended December 31, 2013

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	General Employees' Pension Fund	
Additions			
Contributions			
Employer	\$ 105,738	\$ 85,791	\$ 191,529
Plan Members	<u>14,456</u>	<u>13,616</u>	<u>28,072</u>
Total Contributions	<u>120,194</u>	<u>99,407</u>	<u>219,601</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	100,897	46,551	147,448
Interest and Dividends	<u>78,417</u>	<u>43,430</u>	<u>121,847</u>
Net Investment Income	<u>179,314</u>	<u>89,981</u>	<u>269,295</u>
Total Additions	<u>299,508</u>	<u>189,388</u>	<u>488,896</u>
Deductions			
Benefits	134,442	111,874	246,316
Administrative Expenses	<u>27,625</u>	<u>16,142</u>	<u>43,767</u>
Total Deductions	<u>162,067</u>	<u>128,016</u>	<u>290,083</u>
Changes in Net Position	137,441	61,372	198,813
Net Position - January 1, 2013	<u>2,647,378</u>	<u>1,479,784</u>	<u>4,127,162</u>
Net Position - December 31, 2013	<u><u>\$2,784,819</u></u>	<u><u>\$1,541,156</u></u>	<u><u>\$4,325,975</u></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, 2013

Revenues	
Fines and Forfeits	\$ 16,967
Interest, Rents and Royalties	10,365
Intergovernmental	
State Aid	22,924
Allegheny County Library Association	97,908
Contributions from the Borough of Oakmont	225,000
Charges for Services	4,152
Contributions	<u>50,389</u>
 Total Revenues	 <u>427,705</u>
Expenditures	
Current:	
Culture - Recreation	
Libraries	
Personal Services	221,713
Collections	28,395
Office and Computer Supplies	2,563
Supplies	1,823
Programs	2,803
Postage and Printing	535
Professional Services	500
Maintenance of Building and Equipment	48,317
Utilities	38,131
Insurance	5,199
Miscellaneous	4,138
Debt Service:	
Principal	80,000
Interest	<u>20,185</u>
 Total Expenditures	 <u>454,302</u>
 Net Change in Fund Balance	 (26,597)
 Fund Balance - January 1, 2013	 <u>168,016</u>
 Fund Balance - December 31, 2013	 <u>\$141,419</u>