

**Borough of Oakmont
Financial Statements
December 31, 2014**

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**Borough of Oakmont
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HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - 412-343-9200

FAX - 412-343-9209

HSMW@HSMWCPA.COM

WWW.HSMWCPA.COM

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, 2014, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis 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 December 31, 2014, and the respective changes in financial position on the modified cash basis, for the year then ended in accordance with the basis of accounting as described in Note 1C.

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Borough of Oakmont's basic financial statements. The budgetary comparison information, pension and other post-employment benefit information, combining fund financial statements, and component unit financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information, pension and other post-employment benefit information, combining fund financial statements, and component unit financial statements as listed in the table of contents is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1C.

Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
June 25, 2015

**Borough of Oakmont
Statement of Net Position
Modified Cash Basis
December 31, 2014**

Exhibit 1

	Governmental Activities	Business-Type Activities Sewer Fund	Totals	Component Unit (Oakmont Carnegie Library)
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$1,638,205	\$ 452,028	\$2,090,233	\$ 5,168
Investments	-	-	-	89,930
Internal Balances	113,413	(113,413)	-	-
Prepaid Items	43,767	-	43,767	-
Other Current Assets	<u>15,907</u>	<u>-</u>	<u>15,907</u>	<u>-</u>
TOTAL ASSETS	<u>1,811,292</u>	<u>338,615</u>	<u>2,149,907</u>	<u>95,098</u>
LIABILITIES				
Current Liabilities				
Other Current Liabilities	<u>450,415</u>	<u>-</u>	<u>450,415</u>	<u>-</u>
NET POSITION				
Restricted	3,827	-	3,827	90,312
Unrestricted	<u>1,357,050</u>	<u>338,615</u>	<u>1,695,665</u>	<u>4,786</u>
TOTAL NET POSITION	<u>\$1,360,877</u>	<u>\$ 338,615</u>	<u>\$1,699,492</u>	<u>\$95,098</u>

See Accompanying Notes

Borough of Oakmont
Statement of Activities
Modified Cash Basis
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position			Component Unit (Oakmont Carnegie Library)
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
Governmental Activities	\$ 542,577	\$ 27,520	\$ 28,759	\$ (486,298)	\$ -	\$ (486,298)	\$ -
General Government	1,432,322	117,643	78,847	(1,235,832)	-	(1,235,832)	-
Public Safety	1,370,482	-	143,236	(1,227,246)	-	(1,227,246)	-
Public Works - Highways	688,809	79,841	233,485	(375,483)	-	(375,483)	-
Culture - Recreation	55,070	-	-	(55,070)	-	(55,070)	-
Principal and Interest on Long-Term Debt	4,089,260	225,004	484,327	(3,379,929)	-	(3,379,929)	-
Total Governmental Activities	1,883,984	1,913,383	12,934	-	42,333	42,333	-
Business-Type Activities	\$5,973,244	\$2,138,387	\$497,261	(3,379,929)	42,333	(3,337,596)	-
Sewer	479,412	23,043	406,461	-	-	-	(49,908)
Total Primary Government	1,883,984	1,913,383	12,934	(3,379,929)	42,333	(3,337,596)	-
Component Unit							
Oakmont Carnegie Library							(49,908)
General Receipts and Transfers							
Taxes							
Property Taxes Levied for General Purposes, Net				1,600,546		1,600,546	-
Earned Income Taxes				1,091,758		1,091,758	-
Real Estate Transfer Tax				185,276		185,276	-
Other Taxes Levied for General Purposes, Net				240,112		240,112	-
Grants, Subsidies, and Contributions not Restricted				8,007		8,007	-
Investment Earnings				876	231	1,107	3,587
Miscellaneous Income				258,817		258,817	-
Transfers				30,000	(30,000)	-	-
Total General Receipts and Transfers				3,415,392	(29,769)	3,385,623	3,587
Changes in Net Position				35,463	12,564	48,027	(46,321)
Net Position - January 1, 2014				1,325,414	326,051	1,651,465	141,419
Net Position - December 31, 2014				\$1,360,877	\$338,615	\$1,699,492	\$95,098

Borough of Oakmont
Balance Sheet
Modified Cash Basis
Governmental Funds
December 31, 2014

Exhibit 3

	General Fund	Kerr Museum Fund	Capital Reserve Fund	Capital Projects - Roads Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$300,131	\$265,131	\$866,144	\$16,613	\$190,186	\$1,638,205
Due from Other Funds	113,413	-	-	-	-	113,413
Prepaid Items	43,767	-	-	-	-	43,767
Other Current Assets	<u>15,907</u>	-	-	-	-	<u>15,907</u>
TOTAL ASSETS	<u>\$473,218</u>	<u>\$265,131</u>	<u>\$866,144</u>	<u>\$16,613</u>	<u>\$190,186</u>	<u>\$1,811,292</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Other Current Liabilities	\$ 4,093	\$ -	\$446,322	\$ -	\$ -	\$ 450,415
Fund Balances						
Restricted	-	-	-	-	3,827	3,827
Assigned	-	265,131	419,822	16,613	186,359	887,925
Unassigned	<u>469,125</u>	-	-	-	-	<u>469,125</u>
Total Fund Balances	<u>469,125</u>	<u>265,131</u>	<u>419,822</u>	<u>16,613</u>	<u>190,186</u>	<u>1,360,877</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$473,218</u>	<u>\$265,131</u>	<u>\$866,144</u>	<u>\$16,613</u>	<u>\$190,186</u>	<u>\$1,811,292</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, 2014

	General Fund	Kerr Museum Fund	Capital Reserve Fund	Capital Projects - Roads Fund	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	\$3,117,692	-	-	-	-	\$3,117,692
Licenses and Permits	158,260	-	-	-	-	158,260
Fines and Forfeits	42,783	-	-	-	-	42,783
Interest, Rents and Royalties	13,378	158	244	95	60,071	73,946
Intergovernmental	114,152	-	-	3,991	278,906	397,049
Charges for Services	171,577	-	-	-	-	171,577
Miscellaneous	<u>33,593</u>	<u>67,542</u>	<u>-</u>	<u>-</u>	<u>27,743</u>	<u>128,878</u>
Total Revenues	<u>3,651,435</u>	<u>67,700</u>	<u>244</u>	<u>4,086</u>	<u>366,720</u>	<u>4,090,185</u>
Expenditures						
Current:						
General Government	489,722	50,970	-	65	-	540,757
Public Safety	1,432,322	-	-	-	-	1,432,322
Public Works - Highways	728,551	-	-	502,626	139,305	1,370,482
Culture - Recreation	506,282	33,315	-	-	149,212	688,809
Miscellaneous	1,650	-	-	-	-	1,650
Debt Service:						
Principal	35,000	-	-	-	-	35,000
Interest	<u>20,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,240</u>
Total Expenditures	<u>3,213,767</u>	<u>84,285</u>	<u>-</u>	<u>502,691</u>	<u>288,517</u>	<u>4,089,260</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>437,668</u>	<u>(16,585)</u>	<u>244</u>	<u>(498,605)</u>	<u>78,203</u>	<u>925</u>
Other Financing Sources (Uses)						
Transfers In	30,000	10,000	52,500	500,000	80,000	672,500
Sale/Compensation for Capital Assets	4,538	-	-	-	-	4,538
Transfers Out	<u>(642,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(642,500)</u>
Total Other Financing Sources (Uses)	<u>(607,962)</u>	<u>10,000</u>	<u>52,500</u>	<u>500,000</u>	<u>80,000</u>	<u>34,538</u>
Net Changes in Fund Balances	<u>(170,294)</u>	<u>(6,585)</u>	<u>52,744</u>	<u>1,395</u>	<u>158,203</u>	<u>35,463</u>
Fund Balance - January 1, 2014	<u>639,419</u>	<u>271,716</u>	<u>367,078</u>	<u>15,218</u>	<u>31,983</u>	<u>1,325,414</u>
Fund Balance - December 31, 2014	<u>\$ 469,125</u>	<u>\$265,131</u>	<u>\$419,822</u>	<u>\$ 16,613</u>	<u>\$190,186</u>	<u>\$1,360,877</u>

See Accompanying Notes

Borough of Oakmont
Statement of Net Position
Modified Cash Basis
Proprietary Fund
December 31, 2014

Exhibit 5

Sewer
Fund

ASSETS

Current Assets

Cash and Cash Equivalents

\$452,028

LIABILITIES

Current Liabilities

Due to Other Funds

113,413

NET POSITION

Unrestricted

\$338,615

See Accompanying Notes

Borough of Oakmont
Statement of Revenues, Expenses and
Changes in Net Position
Modified Cash Basis
Proprietary Fund
Year Ended December 31, 2014

Exhibit 6

	Sewer Fund
Operating Revenues	
Charges for Services	<u>\$1,913,383</u>
Operating Expenses	
Personal Services	289,053
Supplies	65,440
Other Services and Charges	<u>1,025,421</u>
Total Operating Expenses	<u>1,379,914</u>
Operating Income	<u>533,469</u>
Nonoperating Revenues (Expenses)	
Investment Income	231
Debt Principal	(440,000)
Debt Interest	(64,070)
Intergovernmental Revenues	<u>12,934</u>
Total Nonoperating Revenues (Expenses)	<u>(490,905)</u>
Income Before Transfers	42,564
Transfers Out	<u>(30,000)</u>
Change in Net Position	12,564
Net Position - January 1, 2014	<u>326,051</u>
Net Position - December 31, 2014	<u>\$ 338,615</u>

See Accompanying Notes

**Borough of Oakmont
Statement of Net Position
Modified Cash Basis
Fiduciary Funds
December 31, 2014**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 132,886
Investments	
Common Stock	1,648,881
Fixed Income	<u>2,651,450</u>
TOTAL ASSETS	<u>4,433,217</u>
LIABILITIES	<u>-</u>
NET POSITION	
Net Position Restricted for Pensions	<u>\$4,433,217</u>

See Accompanying Notes

Borough of Oakmont
Statement of Changes in Net Position
Modified Cash Basis
Fiduciary Funds
Year Ended December 31, 2014

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 189,099
Plan Members	<u>27,957</u>
Total Contributions	<u>217,056</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	76,404
Interest and Dividends	125,825
Less Investment Expense	<u>(39,257)</u>
Net Investment Income	<u>162,972</u>
Total Additions	<u>380,028</u>
Deductions	
Benefits	251,822
Administrative Expenses	<u>20,964</u>
Total Deductions	<u>272,786</u>
Net Increase (Decrease) in Net Position	107,242
Net Position Restricted for Pensions	
Beginning of Year	<u>4,325,975</u>
End of Year	<u>\$4,433,217</u>

See Accompanying Notes

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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 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, 2014

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

A. Basic Financial Statements - Government-Wide Statements (Cont'd)

The government-wide statement of activities reports both the gross and net cost of each of the Borough's functions. The functions are also supported by general government receipts (certain intergovernmental revenues, charges for services, etc.). The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works - sanitation, public works - highways, culture and recreation, etc.). Operating grants include operating-specific and discretionary (either operating or capital).

The governmental activities net costs by function are normally covered by general receipts including real estate taxes, earned income taxes, intergovernmental receipts, interest income and rents. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are sewer and sanitation charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government-wide focus is more on the Borough as an entity and the change in the Borough's net position resulting from the current year's activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payment-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.

B. Basic Financial Statements - Fund Financial Statements

Fund financial statements of the Borough 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. Funds are organized into three categories: governmental, proprietary and fiduciary.

The emphasis in fund financial statements is on the major funds in the governmental and proprietary categories. Nonmajor funds are summarized into a single column. GASBS No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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 and Capital Projects - Roads 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, 2014

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

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

3. Fiduciary Funds (Cont'd)

Fiduciary funds are not incorporated into the government-wide financial statements.

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 position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in the basis of accounting note below.

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 as appropriate.

- a. 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.
- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

In the government-wide statement of net position, the statement of activities and the fund financial statements, governmental, business-type activities and fiduciary fund types are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/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.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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, 2014

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

D. Financial Statement Amounts (Cont'd)

3. Government-wide Net Position (Cont'd)

Unrestricted - all other net position is reported in this category.

4. Fund Financial Statements - Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained 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.

Proprietary Funds - the difference among assets and liabilities of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

5. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Borough's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Borough's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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, 2014

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

D. Financial Statement Amounts (Cont'd)

6. Internal and Interfund Balances and Activities (Cont'd)

Government-wide Financial Statements (Cont'd)

- c. Primary government and component unit activity and balances - resource flows between the primary government (the Borough) and the discretely-presented component unit (the Oakmont Carnegie Library) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Note 2 - 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, 2014

Note 3 - Net Position/Fund Balance Classifications

The purposes of the fund balance classifications as of December 31, 2014, are as follows:

The restricted fund balance of \$3,827 in the nonmajor funds is restricted for highway maintenance, rebuilding and construction.

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

1. Kerr Museum	\$265,131
2. Future fire truck purchases	50,500
3. Future capital expenditures	6,657
4. Future traffic signal	27,665
5. Reserve funds	300,000
6. Generator	35,000
7. Future road maintenance	16,613
8. Oakmont Boulevard improvements	106,296
9. Park Improvements	80,063

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, 2014

Note 4 - Deposits and Investments (Cont'd)

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, 2014, \$1,917,983 of the Borough's bank balance of \$2,167,983 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Banks'	
Agent Not in the Borough's Name	<u>\$1,917,983</u>

As of December 31, 2014, the component unit's bank balance of \$6,364 was not exposed to custodial credit risk.

As of December 31, 2014, the Borough had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Funds		
State Street Inst. Liquid Reserves	\$ 132,886	
Common Stock	1,648,881	
U. S. Agencies	1,733,265	4.80
U. S. Treasuries	327,788	2.09
Corporate Bonds	<u>590,397</u>	4.39
	<u>\$4,433,217</u>	
Portfolio Weighted Average Maturity		4.37

The investments above are reported in the Borough's fiduciary funds.

As of December 31, 2014, the component unit's investments of \$89,930 were comprised entirely of mutual funds.

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

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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		Percentage
	S&P	Moody's	
Money Market Funds	AAAm	N/A	3.00%
U. S. Treasuries	N/A	Aaa	7.39%
U. S. Government Agencies	AA	-	34.09%
U. S. Government Agencies	N/A	-	5.01%
U. S. Government Agencies	-	Aaa	36.44%
U. S. Government Agencies	-	N/A	2.66%
Corporate Obligations	A	-	9.80%
Corporate Obligations	-	A	9.85%
Corporate Obligations	BBB	-	3.52%
Corporate Obligations	-	Baa	3.47%

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, 2014, 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, 2014 were:

	Interfund Receivable	Interfund Payable
General Fund	\$113,413	\$ -

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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

	Interfund Receivable	Interfund Payable
Proprietary Fund		
Sewer Fund	\$ <u> -</u>	\$ <u>113,413</u>
	<u>\$113,413</u>	<u>\$113,413</u>

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, 2014, interfund transfers consisted of the following:

	Transfer From		
Transfer To	General Fund	Proprietary Fund	Totals
General Fund	\$ -	\$30,000	\$ 30,000
Kerr Museum Fund	10,000	-	10,000
Capital Reserve Fund	52,500	-	52,500
Capital Projects - Roads Fund	500,000	-	500,000
Nonmajor Funds	<u>80,000</u>	<u>-</u>	<u>80,000</u>
	<u>\$642,500</u>	<u>\$30,000</u>	<u>\$672,500</u>

The transfers from the general fund to the Oakmont Boulevard project fund (\$80,000) and the Kerr Museum fund (\$10,000) were approved per the annual budget for annual funding.

Of the \$500,000 that was transferred from the general fund to the capital projects - roads fund, \$300,000 was approved per the annual budget. The remaining balance of \$200,000 was approved by Council from the 2013 fund balance.

The transfer from the general fund to the capital reserve fund (\$52,500) was for assorted future capital projects.

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

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

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 2014 was 3.40 mills (\$3.40 per \$1,000 assessed valuation). The tax calendar for real estate taxes levied for 2014 is as follows:

Tax Levy Date	April 1, 2014
2% Discount Period	April 1 to May 31, 2014
Face Payment Period	June 1 to July 31, 2014
10% Penalty Period	August 1, 2014 until lien

Note 7 - Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Balance 01/01/14	Additions	Retirements	Balance 12/31/14	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	<u>\$1,525,000</u>	<u>\$ -</u>	<u>\$115,000</u>	<u>\$1,410,000</u>	<u>\$120,000</u>
Business-Type Activities					
Bonds Payable					
General Obligation Bonds	<u>\$2,585,000</u>	<u>\$ -</u>	<u>\$440,000</u>	<u>\$2,145,000</u>	<u>\$450,000</u>

General Obligation Bonds - Governmental Activities

Series of 2012 in the amount of \$1,075,000; payable semi-annually on May 15 and November 15 from the component unit; interest fluctuates from 1.0% to 2.7% through 2024. The debt service source for this issue is the library.

\$ 895,000

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.

515,000

\$1,410,000

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 7 - Long-Term Liabilities (Cont'd)

General Obligation Bonds - Business-Type Activities

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

\$2,145,000

The annual debt service requirements to maturity, including principal and interest, for the long-term debt as of December 31, 2014, 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	
2015	\$ 120,000	\$ 37,867	\$ 450,000	\$ 54,325	\$ 662,192
2016	120,000	36,282	465,000	41,725	663,007
2017	120,000	34,217	480,000	28,510	662,727
2018	125,000	32,065	490,000	15,165	662,230
2019	130,000	29,125	260,000	4,030	423,155
2020-2024	690,000	89,875	-	-	779,875
2025-2026	<u>105,000</u>	<u>6,880</u>	<u>-</u>	<u>-</u>	<u>111,880</u>
	<u>\$1,410,000</u>	<u>\$266,311</u>	<u>\$2,145,000</u>	<u>\$143,755</u>	<u>\$3,965,066</u>

Note 8 - 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.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2014**

Note 8 - Defined Benefit Pension Plans (Cont'd)

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

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	\$105,979	\$82,381
Plan Members	2.5% 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	100% after completion of 12 years of service	100% after completion of 12 years of credited service

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 8 - Defined Benefit Pension Plans (Cont'd)

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

	<u>PPP</u>	<u>GEPP</u>
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 for non-union employees
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, 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.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 8 - Defined Benefit Pension Plans (Cont'd)

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	\$105,979	\$ 82,381
Interest on Net Pension Obligation	(1,462)	(947)
Adjustment to Annual Required Contribution	<u>2,499</u>	<u>2,893</u>
Annual Pension Cost	107,016	84,327
Contributions Made	<u>105,979</u>	<u>82,381</u>
Increase (Decrease) in Net Pension Obligation	1,037	1,946
Beginning of Year	<u>(19,758)</u>	<u>(17,160)</u>
End of Year	<u>\$(18,721)</u>	<u>\$(15,214)</u>

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

At December 31, 2014, the Police Pension Plan investments consisted of 10% in U.S. treasury notes, 37% in U.S. agencies, 14% in corporate bonds, and 39% in common stocks, and the General Employees' Pension Plan investments consisted of 3% in U.S. treasury notes, 46% in U.S. agencies, 13% in corporate bonds, and 38% in common stocks.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 8 - Defined Benefit Pension Plans (Cont'd)

C. Trend Information

Year Ended December 31,	Police Pension			General Employees		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset) NPO	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset) NPO
2012	\$ 78,034	99%	\$(20,795)	\$62,927	97%	\$(13,523)
2013	106,775	99%	(19,758)	82,154	104%	(17,160)
2014	107,016	99%	(18,721)	84,327	98%	(15,214)

The following is funded status information for each Plan as of January 1, 2013, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued 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]
Police	\$2,692,957	\$3,067,112	\$374,155	88%	\$526,464	71%
General Employees	1,501,007	1,853,363	352,356	81%	357,106	99%

D. Net Pension Liability

The components of the net pension liability at December 31, 2014 are as follow:

	<u>PPP</u>	<u>GEPP</u>
Total Pension Liability	\$3,326,706	\$1,940,807
Plan Fiduciary Net Position	<u>2,859,613</u>	<u>1,573,604</u>
Net Pension Liability	<u>\$ 467,093</u>	<u>\$ 367,203</u>

Plan fiduciary net position as a percentage of the total pension liability 85.96%PPP and 81.08% for GEPP.

**Borough of Oakmont
Notes to Financial Statements
December 31, 2014**

Note 8 - Defined Benefit Pension Plans (Cont'd)

D. Net Pension Liability (Cont'd)

Actuarial Assumptions: The total pension liability for both plans was determined by an actuarial valuation as of January 1, 2013 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation:	3.0%
Salary Increases:	4.5%
Mortality:	RP-2000 combined health mortality table with blue collar adjustment, with rates set forward 5 years for disabled members
Expected Long-Term Rate of Return:	6.5%

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected Returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
Equities	6.3%
Fixed Income	2.0%
Cash and Equivalents	0.0%

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 8 - Defined Benefit Pension Plans (Cont'd)

D. Net Pension Liability (Cont'd)

Discount Rate: The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following shows effect of a 1% change in the discount rate on the net pension liability:

	1.0% Decrease <u>5.5%</u>	Current Rate <u>6.5%</u>	1.0% Increase <u>7.5%</u>
Net Pension Liability			
PPP	<u>\$821,948</u>	<u>\$467,093</u>	<u>\$167,948</u>
GEPP	<u>\$535,586</u>	<u>\$367,203</u>	<u>\$220,721</u>

Note 9 - 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 10 - 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, 2014:

**Borough of Oakmont
Notes to Financial Statements
December 31, 2014**

Note 10 - Operating Leases - Component Unit (Cont'd)

Year Ended December 31,	
2015	\$10,890
2016	10,890
2017	7,027
2018	3,165
2019	<u>2,110</u>
	<u>\$34,082</u>

For the year ended December 31, 2014, the rental expense for the operating leases was \$12,310.

Note 11 - 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 2014 was \$32,427.

Note 12 - 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>
a. Normal Retirement	Age 55 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.

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 12 - Post-Employment Benefits Other Than Pensions (Cont'd)

B. Funding Policy (Cont'd)

- 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 remainder of the COBRA premium above and beyond the retiree contribution 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.

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>

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 12 - Post-Employment Benefits Other Than Pensions (Cont'd)

B. Funding Policy (Cont'd)

For the year ended December 31, 2014, 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	(52)
Adjustment to Annual Required Contribution	<u>83</u>
 Annual OPEB Cost (Expense)	 9,070
Contributions Made	<u>-</u>
 Increase (Decrease) in OPEB Obligation	 9,070
 Net OPEB Obligation - Beginning of Year	 <u>(1,291)</u>
 Net OPEB Obligation - End of Year	 <u>\$ 7,779</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, 2014, 2013 and 2012, is as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
12/31/14	\$9,070	0%	\$ 7,779
12/31/13	8,992	136%	(1,291)
12/31/12	8,631	274%	1,988

Borough of Oakmont
Notes to Financial Statements
December 31, 2014

Note 12 - Post-Employment Benefits Other Than Pensions (Cont'd)

D. Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$71,053, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$482,772 and the ratio of unfunded actuarial accrued liability to the covered payroll was 14.7%.

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, 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

**Borough of Oakmont
Notes to Financial Statements
December 31, 2014**

Note 12 - Post-Employment Benefits Other Than Pensions (Cont'd)

E. Actuarial Methods and Assumptions (Cont'd)

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, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$1,539,145	\$1,539,145	\$1,525,394	\$ (13,751)
Delinquent	30,000	30,000	6,780	(23,220)
Liened	20,000	20,000	68,372	48,372
Regional Asset District Sales Tax	110,000	110,000	115,224	5,224
Real Estate Transfer Tax	150,000	150,000	185,276	35,276
Earned Income Taxes/Wage Taxes	1,015,000	1,015,000	1,091,758	76,758
Local Services Taxes	<u>123,000</u>	<u>123,000</u>	<u>124,888</u>	<u>1,888</u>
Total Taxes	<u>2,987,145</u>	<u>2,987,145</u>	<u>3,117,692</u>	<u>130,547</u>
Licenses and Permits				
Cable Television Franchise	140,000	140,000	147,616	7,616
All Other Licenses and Permits	<u>9,600</u>	<u>9,600</u>	<u>10,644</u>	<u>1,044</u>
Total Licenses and Permits	<u>149,600</u>	<u>149,600</u>	<u>158,260</u>	<u>8,660</u>
Fines and Forfeits	<u>43,500</u>	<u>43,500</u>	<u>42,783</u>	<u>(717)</u>
Interest, Rents and Royalties				
Interest Earnings	500	500	278	(222)
Rents and Royalties	<u>13,000</u>	<u>13,000</u>	<u>13,100</u>	<u>100</u>
Total Interest, Rents and Royalties	<u>13,500</u>	<u>13,500</u>	<u>13,378</u>	<u>(122)</u>
Intergovernmental				
Federal				
All Other Fed. Shared Rev. & Entitlements	100	100	-	100
State				
Public Utility Realty Tax	3,700	3,700	3,746	46
General Municipal Pension Sys. State Aid	88,587	88,587	65,755	(22,832)
Alcoholic Beverage Taxes (Bev. Lic.)	2,800	2,800	2,800	-
Foreign Fire Insurance Tax Distribution	<u>44,000</u>	<u>44,000</u>	<u>41,851</u>	<u>(2,149)</u>
Total Intergovernmental Revenues	<u>139,187</u>	<u>139,187</u>	<u>114,152</u>	<u>(25,035)</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, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues (Cont'd)				
Charges for Services				
General Government	\$ 16,000	\$ 16,000	\$ 16,876	\$ 876
Public Safety	58,000	58,000	60,903	2,903
All Other Charges for Hwys. & Street Svcs.	10,800	10,800	13,957	3,157
Culture and Recreation	<u>47,500</u>	<u>47,500</u>	<u>79,841</u>	<u>32,341</u>
Total Charges for Services	<u>132,300</u>	<u>132,300</u>	<u>171,577</u>	<u>39,277</u>
Miscellaneous Revenues				
Other Miscellaneous Revenues	39,000	39,000	30,192	(8,808)
Refunds of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>3,401</u>	<u>3,401</u>
Total Miscellaneous Revenues	<u>39,000</u>	<u>39,000</u>	<u>33,593</u>	<u>(5,407)</u>
Total Revenues	<u>3,504,232</u>	<u>3,504,232</u>	<u>3,651,435</u>	<u>147,203</u>
Expenditures				
Current:				
General Government				
Executive				
Personal Services	205,642	205,642	202,678	2,964
Supplies	11,500	11,500	15,896	(4,396)
Other Services and Charges	32,620	32,620	36,089	(3,469)
Capital Purchase	2,000	2,000	2,705	(705)
Financial Administrative				
Personal Services	47,000	47,000	43,185	3,815
Other Services and Charges	16,525	16,525	16,505	20
Tax Collection				
Other Services and Charges	17,500	17,500	15,061	2,439
Law				
Other Services and Charges	58,500	58,500	85,976	(27,476)
Data Processing				
Supplies	6,500	6,500	15,375	(8,875)
Other Services and Charges	9,000	9,000	7,150	1,850

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2014

	<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)				
Engineer				
Other Services and Charges	\$ 17,000	\$ 17,000	\$ 6,678	\$ 10,322
General Gov't. Bldgs. and Plant				
Other Services and Charges	34,275	34,275	40,253	(5,978)
Capital Purchase	<u>52,500</u>	<u>52,500</u>	<u>2,171</u>	<u>50,329</u>
Total General Government	<u>510,562</u>	<u>510,562</u>	<u>489,722</u>	<u>20,840</u>
Public Safety				
Police				
Personal Services	1,127,678	1,127,678	1,106,795	20,883
Supplies	51,500	51,500	42,268	9,232
Other Services and Charges	70,000	70,000	62,133	7,867
Capital Purchase	40,000	40,000	35,043	4,957
Fire				
Personal Services	17,500	17,500	17,703	(203)
Supplies	2,500	2,500	3,324	(824)
Other Services and Charges	43,000	43,000	51,218	(8,218)
Contributions, Grants and Subs.	46,500	46,500	44,351	2,149
Capital Purchase	10,000	10,000	6,735	3,265
UCC and Code Enforcement				
Other Services and Charges	35,000	35,000	41,999	(6,999)
Capital Purchase	-	-	887	(887)
Planning and Zoning				
Other Services and Charges	24,750	24,750	17,816	6,934
Capital Purchase	<u>10,000</u>	<u>10,000</u>	<u>2,050</u>	<u>7,950</u>
Total Public Safety	<u>1,478,428</u>	<u>1,478,428</u>	<u>1,432,322</u>	<u>46,106</u>
Public Works - Highways				
General Service - Administration				
Personal Services	314,306	314,306	306,190	8,116
Supplies	39,600	39,600	39,251	349
Other Services and Charges	72,400	72,400	103,812	(31,412)
Capital Purchase	78,000	78,000	71,716	6,284

Borough of Oakmont
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Modified Cash Basis
General Fund - Budget and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Highways (Cont'd)				
Winter Maintenance - Snow Removal				
Supplies	\$ 85,000	\$ 85,000	\$ 100,040	\$ (15,040)
Traffic Control Devices				
Other Services and Charges	22,000	22,000	24,408	(2,408)
Street Lighting				
Other Services and Charges	90,000	90,000	82,534	7,466
Sidewalks and Crosswalks				
Other Services and Charges	<u>750</u>	<u>750</u>	<u>600</u>	<u>150</u>
Total Public Works - Highways	<u>702,056</u>	<u>702,056</u>	<u>728,551</u>	<u>(26,495)</u>
Public Works - Other Services				
Storm Water and Flood Control				
Other Services and Charges	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Public Works	<u>727,056</u>	<u>727,056</u>	<u>728,551</u>	<u>(1,495)</u>
Culture - Recreation				
Parks				
Personal Services	101,200	101,200	96,464	4,736
Supplies	17,000	17,000	16,234	766
Other Services and Charges	58,300	58,300	60,252	(1,952)
Capital Purchase	37,500	37,500	32,075	5,425
Shade Trees				
Supplies	10,000	10,000	1,710	8,290
Other Services and Charges	65,000	65,000	60,100	4,900
Libraries				
Contributions, Grants and Subs.	225,000	225,000	225,000	-
Civil and Military Celebrations				
Other Services and Charges	5,500	5,500	4,447	1,053
Senior Citizens' Centers				
Contributions, Grants and Subs.	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Culture - Recreation	<u>529,500</u>	<u>529,500</u>	<u>506,282</u>	<u>23,218</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, 2014

	<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	\$ <u>1,700</u>	\$ <u>1,700</u>	\$ <u>1,650</u>	\$ <u>50</u>
Debt Service:				
Debt				
Principal	35,000	35,000	35,000	-
Interest	20,070	20,070	20,070	-
Fiscal Agent Fee	<u>100</u>	<u>100</u>	<u>170</u>	<u>(70)</u>
Total Debt Service	<u>55,170</u>	<u>55,170</u>	<u>55,240</u>	<u>(70)</u>
Total Expenditures	<u>3,302,416</u>	<u>3,302,416</u>	<u>3,213,767</u>	<u>88,649</u>
Excess of Revenues Over (Under)				
Expenditures	<u>201,816</u>	<u>201,816</u>	<u>437,668</u>	<u>235,852</u>
Other Financing Sources (Uses)				
Proceeds of General Fixed Assets Distribution	7,000	7,000	4,538	(2,462)
Transfers In	182,076	182,076	30,000	(152,076)
Transfers Out				
Special Revenue Fund	(10,000)	(10,000)	(10,000)	-
Capital Projects Fund	<u>(597,500)</u>	<u>(597,500)</u>	<u>(632,500)</u>	<u>(35,000)</u>
Total Other Financing Sources (Uses)	<u>(418,424)</u>	<u>(418,424)</u>	<u>(607,962)</u>	<u>(189,538)</u>
Net Change in Fund Balance	(216,608)	(216,608)	(170,294)	46,314
Fund Balance - January 1, 2014	<u>639,419</u>	<u>639,419</u>	<u>639,419</u>	<u>-</u>
Fund Balance - December 31, 2014	<u>\$ 422,811</u>	<u>\$ 422,811</u>	<u>\$ 469,125</u>	<u>\$ 46,314</u>

Borough of Oakmont
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014

1. Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

	2014	
	Police Pension Plan	General Employees' Pension Plan
Total Pension Liability		
Service Cost	\$ 69,982	\$ 43,599
Interest	208,186	122,762
Changes - Benefit Terms	-	-
Differences Between Expected and Actual Experience	-	-
Benefit Payments	<u>(134,442)</u>	<u>(117,380)</u>
Net Change in Total Pension Liability	143,726	48,981
Total Pension Liability - Beginning	<u>3,182,980</u>	<u>1,891,826</u>
Total Pension Liability - Ending (a)	<u>3,326,706</u>	<u>1,940,807</u>
Plan Fiduciary Net Position		
Contributions - Employer	106,718	82,381
Contributions - Member	14,167	13,790
Net Investment Income	100,922	62,050
Benefit Payments	(134,442)	(117,380)
Administrative Expenses	<u>(12,571)</u>	<u>(8,393)</u>
Net Change in Plan Fiduciary Net Position	74,794	32,448
Plan Fiduciary Net Position - Beginning	<u>2,784,819</u>	<u>1,541,156</u>
Plan Fiduciary Net Position - Ending (b)	<u>2,859,613</u>	<u>1,573,604</u>
Borough's Net Pension Liability (a-b)	<u>\$ 467,093</u>	<u>\$ 367,203</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.96%	81.08%

**Borough of Oakmont
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

1. Schedule of Changes in the Borough's Net Pension Liability and Related Ratios (Cont'd)

	2014	
	Police Pension Plan	General Employees' Pension Plan
Plan Fiduciary Net Position (Cont'd)		
Covered Employee Payroll	<u>\$571,143</u>	<u>\$394,005</u>
Borough's Net Position as a Percentage of Covered Employee Payroll	81.78%	93.20%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

2. Schedule of Contributions

Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2007	\$ 39,154	\$ 39,154	\$ -	\$469,097	8.3%
2008	44,837	44,837	-		
2009	44,988	44,988	-	488,700	9.2%
2010	58,327	58,327	-		
2011	83,266	83,266	-	525,775	15.8%
2012	77,142	77,142	-		
2013	115,738	115,738	-	526,464	22.0%
2014	105,979	105,979	-		

**Borough of Oakmont
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

2. Schedule of Contributions (Cont'd)

General Employees' Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2007	\$ 30,615	\$ 25,104	\$(5,511)	\$312,862	8.0%
2008	36,651	36,651	-		
2009	44,082	44,082	-	302,311	14.6%
2010	45,108	45,108	-		
2011	66,239	66,239	-	337,258	19.6%
2012	61,108	61,108	-		
2013	80,208	85,791	5,583	357,106	24.0%
2014	82,381	82,381	-		

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

3. Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense not funded through the MMO was not available for the year ended December 31, 2014.

4. 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%

**Borough of Oakmont
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

4. Schedules of Funding Progress (Cont'd)

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.

5. 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, 2013	January 1, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	12	10
Asset Valuation Method	4-Year Smoothing	4-Year Smoothing
Actuarial Assumptions		
Investment Rate of Return	6.5%	6.5%
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, 2014**

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 Balance Sheet
Modified Cash Basis
Nonmajor Governmental Funds
December 31, 2014

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>		
	Liquid Fuels Fund	Parks Fund	Oakmont Boulevard Project Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	<u>\$3,827</u>	<u>\$80,063</u>	<u>\$106,296</u>	<u>\$190,186</u>
LIABILITIES AND FUND BALANCES				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Restricted	3,827	-	-	3,827
Assigned	-	<u>80,063</u>	<u>106,296</u>	<u>186,359</u>
Total Fund Balances	<u>3,827</u>	<u>80,063</u>	<u>106,296</u>	<u>190,186</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$3,827</u>	<u>\$80,063</u>	<u>\$106,296</u>	<u>\$190,186</u>

Borough of Oakmont
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Modified Cash Basis
Nonmajor Governmental Funds
Year Ended December 31, 2014

	Special Revenue Funds	Capital Projects Funds		
	Liquid Fuels Fund	Parks Fund	Oakmont Boulevard Project Fund	Total Nonmajor Governmental Funds
Revenues				
Interest, Rents and Royalties	\$ 8	\$ 60,000	\$ 63	\$ 60,071
Intergovernmental	139,245	139,661	-	278,906
Miscellaneous	<u>-</u>	<u>6,488</u>	<u>21,255</u>	<u>27,743</u>
Total Revenues	<u>139,253</u>	<u>206,149</u>	<u>21,318</u>	<u>366,720</u>
Expenditures				
Current:				
Public Works - Highways	139,305	-	-	139,305
Culture - Recreation	<u>-</u>	<u>52,664</u>	<u>96,548</u>	<u>149,212</u>
Total Expenditures	<u>139,305</u>	<u>52,664</u>	<u>96,548</u>	<u>288,517</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(52)</u>	<u>153,485</u>	<u>(75,230)</u>	<u>78,203</u>
Other Financing Sources (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>80,000</u>	<u>80,000</u>
Net Changes in Fund Balances	(52)	153,485	4,770	158,203
Fund Balances - January 1, 2014	<u>3,879</u>	<u>(73,422)</u>	<u>101,526</u>	<u>31,983</u>
Fund Balances - December 31, 2014	<u>\$ 3,827</u>	<u>\$ 80,063</u>	<u>\$106,296</u>	<u>\$190,186</u>

Borough of Oakmont
Combining Statement of Net Position
Modified Cash Basis
Fiduciary Funds
December 31, 2014

	Pension Trust Funds		
	Police Pension Fund	General Employees' Pension Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 108,885	\$ 24,001	\$ 132,886
Investments			
Common Stock	1,063,857	585,024	1,648,881
Fixed Income	<u>1,686,871</u>	<u>964,579</u>	<u>2,651,450</u>
TOTAL ASSETS	<u>2,859,613</u>	<u>1,573,604</u>	<u>4,433,217</u>
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$2,859,613</u>	<u>\$1,573,604</u>	<u>\$4,433,217</u>

Borough of Oakmont
Combining Statement of Changes in Net Position
Modified Cash Basis
Fiduciary Funds
Year Ended December 31, 2014

	Pension Trust Funds		Totals
	Police Pension Fund	General Employees' Pension Fund	
Additions			
Contributions			
Employer	\$ 106,718	\$ 82,381	\$ 189,099
Plan Members	<u>14,167</u>	<u>13,790</u>	<u>27,957</u>
Total Contributions	<u>120,885</u>	<u>96,171</u>	<u>217,056</u>
Investment Income			
Net Appreciation (Depreciation) in			
Fair Value of Investments	44,258	32,146	76,404
Interest and Dividends	81,899	43,926	125,825
Less Investment Expense	<u>(25,235)</u>	<u>(14,022)</u>	<u>(39,257)</u>
Net Investment Income	<u>100,922</u>	<u>62,050</u>	<u>162,972</u>
Total Additions	<u>221,807</u>	<u>158,221</u>	<u>380,028</u>
Deductions			
Benefits	134,442	117,380	251,822
Administrative Expenses	<u>12,571</u>	<u>8,393</u>	<u>20,964</u>
Total Deductions	<u>147,013</u>	<u>125,773</u>	<u>272,786</u>
Net Increase (Decrease) in Net Position	74,794	32,448	107,242
Net Position Restricted for Pensions			
Beginning of Year	<u>2,784,819</u>	<u>1,541,156</u>	<u>4,325,975</u>
End of Year	<u>\$2,859,613</u>	<u>\$1,573,604</u>	<u>\$4,433,217</u>

**Borough of Oakmont
Balance Sheet
Modified Cash Basis
Oakmont Carnegie Library - Component Unit
December 31, 2014**

ASSETS	
Cash and Cash Equivalents	\$ 5,168
Investments	<u>89,930</u>
TOTAL ASSETS	<u>\$95,098</u>
LIABILITIES AND FUND BALANCES	
Liabilities	\$ _____
Fund Balances	
Restricted	90,312
Unassigned	<u>4,786</u>
Total Fund Balances	<u>95,098</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$95,098</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, 2014

Revenues	
Fines and Forfeits	\$ 15,671
Interest, Rents and Royalties	3,587
Intergovernmental	
State Aid	22,924
Allegheny County Library Association	101,850
Contributions from the Borough of Oakmont	225,000
Other State Grants	4,062
Charges for Services	7,372
Contributions	<u>52,625</u>
Total Revenues	<u>433,091</u>
Expenditures	
Current:	
Culture - Recreation	
Libraries	
Personal Services	241,714
Collections	25,075
Office and Computer Supplies	1,801
Supplies	3,336
Programs	2,742
Postage and Printing	1,281
Professional Services	500
Maintenance of Building and Equipment	48,426
Utilities	44,039
Insurance	5,264
Capital Purchases	2,633
Miscellaneous	2,446
Debt Service:	
Principal	80,000
Interest	<u>20,155</u>
Total Expenditures	<u>479,412</u>
Net Change in Fund Balance	(46,321)
Fund Balance - January 1, 2014	<u>141,419</u>
Fund Balance - December 31, 2014	<u>\$ 95,098</u>

BOROUGH OF OAKMONT
ALLEGHENY COUNTY, PENNSYLVANIA
COMBINED STATEMENT OF NET POSITION
MODIFIED CASH BASIS
DECEMBER 31, 2014

Assets	
Cash and Cash Equivalents	\$2,223,119
Investments	4,300,331
Other Assets	<u>59,674</u>
Total Assets	<u>\$6,583,124</u>
Liabilities	
Other Liabilities	<u>\$ 450,415</u>
Net Position	
Restricted	5,324,969
Unrestricted	<u>807,740</u>
Total Net Position	<u>6,132,709</u>
Total Liabilities and Net Position	<u>\$6,583,124</u>

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS - YEAR ENDED DECEMBER 31, 2014

Revenues and Other Financing Sources	
Real Estate Taxes	\$1,600,546
Other Taxes	1,517,146
Licenses and Permits	158,260
Fines and Forfeits	42,783
Interest, Rents and Royalties	73,946
Intergovernmental	397,049
Charges for Services	2,084,960
Miscellaneous	508,906
Other Financing Sources	<u>17,703</u>
Total Revenues and Other Financing Sources	<u>6,401,299</u>
Expenditures and Other Financing Uses	
Governmental	540,757
Public Safety	1,432,322
Public Works	1,370,482
Culture - Recreation	688,809
Miscellaneous	1,654,350
Debt Service	55,240
Other Financing Uses	<u>504,070</u>
Total Expenditures and Other Financing Uses	<u>6,246,030</u>
Excess of Revenues and Other Financing Sources	
Over (Under) Expenditures and Other Financing Uses	155,269
Net Position - January 1, 2014	<u>5,977,440</u>
Net Position - December 31, 2014	<u>\$6,132,709</u>

ASSESSED VALUATION - The assessed valuation of the taxable property in the Borough of Oakmont for the year ended December 31, 2014 was \$477,194,900.

NOTICE OF AUDITOR'S REPORT OF THE BOROUGH OF OAKMONT

The above concise financial statements were prepared to comply with the Borough Code and consequently do not conform to U. S. generally accepted accounting principles.

HOSACK, SPECHT, MUETZEL & WOOD LLP



