

**HOSACK, SPECHT, MUETZEL & WOOD LLP**

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May 28, 2008

Mr. George Zboyovsky, Manager  
Borough of Brentwood  
3624 Brownsville Road  
Pittsburgh, PA 15227

Dear Mr. Zboyovsky:

Enclosed, please find your copy of the Annual Audit and Financial Report for the year ended December 31, 2007. We filed one copy with the Department of Community and Economic Development on May 28, 2008 and will file one copy with the Prothonotary of Allegheny County.

Also enclosed, please find a draft of the financial statements for your review and approval.

Very sincerely yours,



Peter J. Vancheri, CPA  
HOSACK, SPECHT, MUETZEL & WOOD LLP

PJV:pj

Enclosures

## Management Letter

Members of Council  
Borough of Brentwood  
Allegheny County, Pennsylvania

Dear Members:

In planning and performing our audit of the financial statements of the Borough of Brentwood for the year ended December 31, 2007, we considered the Borough's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding these matters:

### Real Estate Tax

During the course of our audit, we noted that the Real Estate Tax Collector did not turn over to the Borough a TIF payment until a month after the payment was received by the Tax Collector.

We recommend that the Real Estate Tax Collector turn over any collections to the Borough in a timely manner.

### Fixed Asset Accounting

Generally accepted accounting principles require that fixed assets be recorded at either historical cost or estimated historical cost. The Borough has not maintained fixed asset historical cost records.

Under GASB Statement No. 34, fixed assets are required to be reported at their historical cost and depreciation expense will be recorded in the financial statements. Also, infrastructure assets, which include roads, bridges, tunnels, drainage systems, water and sewer systems and street lighting systems, will need to be reported.

We recommend the Borough take the necessary steps to implement a fixed asset accounting system as required by GASB Statement No. 34.

Fixed Asset Accounting (Cont'd)

This letter does not affect our report dated \_\_\_\_\_ on the financial statements of the Borough of Brentwood.

We will review these status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully submitted,

HOSACK, SPECHT, MUETZEL & WOOD LLP

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## 2007 MUNICIPAL ANNUAL AUDIT AND FINANCIAL REPORT

ph: 888-223-6837 | fax: 717-783-1402

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City of: \_\_\_\_\_

County: \_\_\_\_\_

Borough of \_\_\_\_\_ Brentwood

County: Allegheny

Township of: \_\_\_\_\_

County: \_\_\_\_\_

Municipality of: \_\_\_\_\_

County: \_\_\_\_\_

**BALANCE SHEET**

December 31, 2007

GOVERNMENTAL FUNDS					
Special Revenue					
(Including State					
<i>Liquid Fuels</i> )					
ASSETS AND OTHER DEBITS	General Fund	Capital Projects	Debt Service		
100-120 Cash and Investments	1,482,760	1,901,120	2,241,779		
140-144 Tax Receivable					
121-129					
145-149 Accounts Receivable (excluding taxes)	9,582				
130 Due from Other Funds	54,002	7,681			
131-139					
150-159 Other Current Assets					
160-169 Fixed Assets					
180-189 Other Debits					
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>1,546,344</b>	<b>1,908,801</b>	<b>2,241,779</b>		
<b>LIABILITIES AND OTHER CREDITS</b>					
210-229 Payroll Taxes & Other Payroll Withholdings	2,834				
200-209					
231-239 All Other Current Liabilities	6,476				
230 Due to Other Funds	7,967	54,002			
260-269 Long Term Liabilities					
240-259 Current Portion of Long Term Debt & Other Credits					
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>	<b>17,277</b>	<b>54,002</b>			
<b>FUND AND ACCOUNT GROUP EQUITY</b>					
281-284 Contributed Capital					
290 Investment in General Fixed Assets					
270-289 Fund Balance/ Retained Earnings on 12/31	1,529,067	1,854,799	2,241,779		
291-299 Other Equity					
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY</b>	<b>1,529,067</b>	<b>1,854,799</b>	<b>2,241,779</b>		

	PROPRIETARY FUNDS		FIDUCIARY FUND	ACCOUNT GROUPS		TOTAL
	Enterprise	Internal Service	Trust & Agency	General	General	Memorandum Only
				Fixed Assets	Long Term Debt	
<b>ASSETS AND OTHER DEBITS</b>						
100-120 Cash and Investments			5,410,839			11,036,498
140-144 Tax Receivable						
121-129						
145-149 Accounts Receivable (excluding taxes)						9,582
130 Due from Other Funds			286			61,969
131-139						
150-159 Other Current Assets						
160-169 Fixed Assets				9,081,816		9,081,816
180-189 Other Debits					5,500,102	5,500,102
<b>TOTAL ASSETS AND OTHER DEBITS</b>			5,411,125	9,081,816	5,500,102	25,689,967

<b>LIABILITIES AND OTHER CREDITS</b>						
210-229 Payroll Taxes & Other Payroll Withholdings						2,834
200-209						
231-239 All Other Current Liabilities						6,476
230 Due to Other Funds						61,969
260-269 Long Term Liabilities					5,500,102	5,500,102
240-259 Current Portion of Long Term Debt & Other Credits						
<b>TOTAL LIABILITIES AND OTHER CREDITS</b>					5,500,102	5,571,381

<b>FUND AND ACCOUNT GROUP EQUITY</b>						
281-284 Contributed Capital						
290 Investment in General Fixed Assets				9,081,816		9,081,816
270-289 Fund Balance/ Retained Earnings on 12/31			5,411,125			11,036,770
291-299 Other Equity						
<b>TOTAL FUND AND ACCOUNT GROUP EQUITY</b>			5,411,125	9,081,816		20,118,586

**TOTAL LIABILITIES AND FUND AND ACCOUNT GROUP EQUITY**

25,689,967
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STATEMENT OF REVENUES AND EXPENDITURES

December 31, 2007

REVENUES	GOVERNMENTAL FUNDS			
	Special Revenue <i>(Including State Liquid Fuels)</i>		Capital Projects	Debt Service
<b>TAXES</b>	General Fund			
301.00 Real Estate Taxes	2,640,081			
305.00* Occupation Taxes (levied under municipal code)				
308.00 Residence Taxes (levied by cities of the 3rd Class)				
309.00* Regional Asset District Sales Tax (Allegheny County municipalities only)	265,683			
310.00 Per Capita Taxes				
310.10 Real Estate Transfer Taxes	69,292			
310.20 Earned Income Taxes/Wage Taxes	798,031			
310.30* Business Gross Receipts Taxes				
310.40* Occupation Taxes (levied under Act 511)				
310.50* Emergency & Municipal Services Tax**	86,960			
310.60 Amusement/Admission Taxes				
310.70 Mechanical Device Taxes	40,100			
310.90 Other Local Tax Enabling Act/ Act 511/Taxes				
_____				
_____				
_____				
<b>TOTAL TAXES</b>	<b>3,900,147</b>			

  

LICENSES & PERMITS				
320-322 All Other Licenses and Permits	17,480			
321.80* Cable Television Franchise Fees	169,296			
<b>TOTAL LICENSES &amp; PERMITS</b>	<b>186,776</b>			

  

FINES AND FORFEITS				
330-332 Fines and Forfeits	105,118			
<b>TOTAL FINES AND FORFEITS</b>	<b>105,118</b>			

  

INTEREST,RENTS AND ROYALTIES				
341.00 Interest Earnings	84,332	82,559	132,305	155
342.00 Rents and Royalties	59,187			
<b>TOTAL INTEREST,RENTS AND ROYALTIES</b>	<b>143,519</b>	<b>82,559</b>	<b>132,305</b>	<b>155</b>

\*\* Formerly Occupational Privilege Tax (OPT)

REVENUES	PROPRIETARY FUNDS	FIDUCIARY FUND	TOTAL	
	Enterprise	Internal Service	Trust & Agency	Memorandum Only
301.00 Real Estate Taxes				2,640,081
305.00* Occupation Taxes (levied under municipal code)				
308.00 Residence Taxes (levied by cities of the 3rd Class)				
309.00* Regional Asset District Sales Tax (Allegheny County municipalities only)				265,683
310.00 Per Capita Taxes				
310.10 Real Estate Transfer Taxes				69,292
310.20 Earned Income Taxes/Wage Taxes				798,031
310.30* Business Gross Receipts Taxes				
310.40* Occupation Taxes (levied under Act 511)				
310.50* Emergency & Municipal Services Tax**				86,960
310.60 Amusement/Admission Taxes				
310.70 Mechanical Device Taxes				40,100
310.90 Other Local Tax Enabling Act/ Act 511/Taxes				
_____				
_____				
<b>TOTAL TAXES</b>				<b>3,900,147</b>

<b>LICENSES &amp; PERMITS</b>			
320-322 All Other Licenses and Permits			17,480
321.80* Cable Television Franchise Fees			169,296
<b>TOTAL LICENSES &amp; PERMITS</b>			<b>186,776</b>

<b>FINES AND FORFEITS</b>			
330-332 Fines and Forfeits			105,118
<b>TOTAL FINES AND FORFEITS</b>			<b>105,118</b>

<b>INTEREST,RENTS AND ROYALTIES</b>			
341.00 Interest Earnings		333,644	632,995
342.00 Rents and Royalties			59,187
<b>TOTAL INTEREST,RENTS AND ROYALTIES</b>		<b>333,644</b>	<b>692,182</b>

INTERGOVERNMENTAL REVENUES		GOVERNMENTAL FUNDS			
		Special Revenue <i>(Including State Liquid Fuels)</i>		Capital Projects	Debt Service
<b>FEDERAL</b>		General Fund			
351 03	Highways and Streets				
351 09	Community Development				
351 00*	All Other Federal Capital and Operating Grants				
352 01	National Forest				
352 00*	All Other Federal Shared Revenue and Entitlements				
353 00	Federal Payments in Lieu of Taxes				
<b>TOTAL FEDERAL</b>					

<b>STATE</b>					
354 03	Highways and Streets				
354 09	Community Development		177,661		
354 15	Recycling/Act 101				
354 00*	All Other State Capital and Operating Grants				
355 01	Public Utility Realty Tax (PURTA)	5,490			
355 02-	355 03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback		179,048		
355 04	Alcoholic Beverage Licenses	3,900			
355 05	General Municipal Pension System State Aid	126,590			
355 00*	All Other State Shared Revenues & Entitlements	58,054			
356 00	State Payments in Lieu of Taxes				
<b>TOTAL STATE</b>		194,034	356,709		

<b>LOCAL GOVERNMENT UNITS</b>					
357 03	Highways and Streets				
357 00*	All Other Local Governmental Units Capital and Operating Grants				
358 00*	Local Government Unit Shared Payments for Contracted Intergovernmental Services				
359 00	Local Government Units, Authorities Payments and payments in Lieu of Taxes		150,000		
<b>Total Local Government Units</b>			150,000		

INTERGOVERNMENTAL REVENUES		PROPRIETARY FUNDS	FIDUCIARY FUND	TOTAL	
		Enterprise	Internal Service	Trust & Agency	Memorandum Only
<b>FEDERAL</b>					
351 03	Highways and Streets				
351 09	Community Development				
351 00*	All Other Federal Capital and Operating Grants				
352 01	National Forest				
352 00*	All Other Federal Shared Revenue and Entitlements				
353 00	Federal Payments in Lieu of Taxes				
<b>TOTAL FEDERAL</b>					

<b>STATE</b>					
354 03	Highways and Streets				
354 09	Community Development				177,661
354 15	Recycling/Act 101				
354 00*	All Other State Capital and Operating Grants				
355 01	Public Utility Realty Tax (PURTA)				5,490
355 02-	355 03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback				179,048
355 04	Alcoholic Beverage Licenses				3,900
355 05	General Municipal Pension System State Aid				126,590
355 00*	All Other State Shared Revenues & Entitlements				58,054
356.00	State Payments in Lieu of Taxes				
<b>TOTAL STATE</b>					550,743

<b>LOCAL GOVERNMENT UNITS</b>					
357 03	Highways and Streets				
357 00*	All Other Local Governmental Units Capital and Operating Grants				
358 00*	Local Government Unit Shared Payments for Contracted Intergovernmental Services				
359 00	Local Government Units, Authorities Payments and payments in Lieu of Taxes				150,000
<b>Total Local Government Units</b>					150,000

<b>TOTAL INTERGOVERNMENTAL REVENUES</b>	<b>\$700,743</b>
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REVENUES	GOVERNMENTAL FUNDS			
CHARGES FOR SERVICE	Special Revenue (Including State Liquid Fuels)		Capital Projects	Debt Service
	General Fund			
361 00 General Government	6,286			
362 00 Public Safety	89,222			
363 20* Parking	50,290			
363 00 All Other Charges for Highway & Street Services				
364 10* Wastewater/ Sewage Charges		1,767,954		
364 30 Solid Waste Collection & Disposal Charge (trash)				
364 60 Host Municipality Benefit Fee for Solid Waste Facility				
364 00* All Other Charges for Sanitation Services				
365 00 Health				
366 00 Human Services				
367 00 Culture and Recreation	43,052	18,153		
368 00 Airports				
369 00 Bars				
370 00 Cemeteries				
372 00 Electric System				
373 00 Gas System				
374 00 Housing System				
375 00 Markets				
377 00 Transit Systems				
378 00 Water System				
379 00* All Other Charges for Service				
<b>TOTAL CHARGES FOR SERVICE</b>	<b>188,850</b>	<b>1,786,107</b>		
<b>UNCLASSIFIED OPERATING REVENUES</b>				
383 00* Assessments	650	24,324		
386 00 Escheats (sale of personal property)				
387 00 Contributions & Donations from Private Sectors				
388 00* Fiduciary Fund Pension Contributions				
389 00 All Other Unclassified Operating Revenues	49,470	1,445		
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b>	<b>50,120</b>	<b>25,769</b>		
<b>OTHER FINANCING SOURCES</b>				
391 00* Proceeds of General Fixed Asset Disposition				75,054
392 00* Interfund Operating Transfers				
393 00 Proceeds of General Long-Term Debt		597,625	4,020,000	
394 00* Proceeds of Short-Term Debt				
395 00* Refunds of Prior Year Expenditures	36,035			
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>36,035</b>	<b>597,625</b>	<b>4,020,000</b>	<b>75,054</b>
<b>TOTAL REVENUES</b>	<b>4,804,599</b>	<b>2,998,769</b>	<b>4,152,305</b>	<b>75,209</b>

REVENUES	PROPRIETARY FUNDS	FIDUCIARY FUND	TOTAL	
	Enterprise	Internal Service	Trust & Agency	Memorandum Only
<b>CHARGES FOR SERVICE</b>				
361 00 General Government				6,286
362 00 Public Safety				89,222
363 20* Parking				50,290
363 00 All Other Charges for Highway & Street Services				
364 10* Wastewater/ Sewage Charges				1,767,954
364 30 Solid Waste Collection & Disposal Charge (trash)				
364 60 Host Municipality Benefit Fee for Solid Waste Facility				
364 00* All Other Charges for Sanitation Services				
365 00 Health				
366 00 Human Services				
367 00 Culture and Recreation				61,205
368 00 Airports				
369 00 Bars				
370 00 Cemeteries				
372 00 Electric System				
373 00 Gas System				
374 00 Housing System				
375 00 Markets				
377 00 Transit Systems				
378 00 Water System				
379 00* All Other Charges for Service				
<b>TOTAL CHARGES FOR SERVICE</b>				<b>1,974,957</b>
<b>UNCLASSIFIED OPERATING REVENUES</b>				
383 00* Assessments				24,974
386 00 Escheats (sale of personal property)				
387 00 Contributions & Donations from Private Sectors				
388 00* Fiduciary Fund Pension Contributions	<del>                    </del>	<del>                    </del>		
389 00 All Other Unclassified Operating Revenues			186,493	237,408
<b>TOTAL UNCLASSIFIED OPERATING REVENUES</b>			<b>186,493</b>	<b>262,382</b>
<b>OTHER FINANCING SOURCES</b>				
391 00* Proceeds of General Fixed Asset Disposition				75,054
392 00* Interfund Operating Transfers				4,617,625
393 00 Proceeds of General Long-Term Debt				
394 00* Proceeds of Short-Term Debt				
395 00* Refunds of Prior Year Expenditures			5,368	41,403
<b>TOTAL OTHER FINANCING SOURCES</b>			<b>5,368</b>	<b>4,734,082</b>
<b>TOTAL REVENUES</b>			<b>525,505</b>	<b>12,556,387</b>

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>GENERAL GOVERNMENT</b>				
400 00 Legislative (Governing) Body	59,522			
401 00 Executive (Manager or Mayor)	4,381			
402 00 Auditing Services / Financial Administration				
403 00 Tax Collection	37,648			
404 00 Solicitor / Legal Services	132,832			
405 00 Secretary / Clerk	162,171			
406 00 Other General Government Administration				
407 00 IT-Networking Services-Data Processing				
408 00+ Engineering Services	59,442		174,429	
409 00 General Government Buildings and Plant	128,077			
<b>TOTAL GENERAL GOVERNMENT</b>	<b>584,073</b>		<b>174,429</b>	

<b>PUBLIC SAFETY</b>				
410 00 Police	1,467,063			
411 00+ Fire	168,537			
412 00+ Ambulance / Rescue	54,781			
413 00+ UCC & Code Enforcement	19,539			
414 00 Planning and Zoning	91,957			
415 00 Emergency Management & Communications	97,806			
416 00 Militia and Armories				
417 00 Examination of Licensed Occupations				
418 00 Public Scales (weights and measures)				
419 00+ Other Public Safety	85,552			
<b>TOTAL PUBLIC SAFETY</b>	<b>1,985,235</b>			

<b>HEALTH AND HUMAN SERVICES</b>				
420 00- 425 00 Health and Human Services				

<b>PUBLIC WORKS-SANITATION</b>				
426 00 Recycling Collection and Disposal	12,664			
427 00+ Solid Waste Collection and Disposal (trash)	6,370			
428 00 Weed Control				
429 00+ Wastewater / Sewage Collection and Treatment		2,273,169		
<b>TOTAL PUBLIC WORKS-SANITATION</b>	<b>19,034</b>	<b>2,273,169</b>		

EXPENDITURES	PROPRIETARY FUNDS		FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust & Agency	Memorandum Only
<b>GENERAL GOVERNMENT</b>				
400.00 Legislative (Governing) Body				59,522
401.00 Executive (Manager or Mayor)				4,381
402.00 Auditing Services / Financial Administration				
403.00 Tax Collection				37,648
404.00 Solicitor / Legal Services				132,832
405.00 Secretary / Clerk				162,171
406.00 Other General Government Administration				
407.00 IT-Networking Services-Data Processing				
408.00+ Engineering Services				233,871
409.00 General Government Buildings and Plant				128,077
<b>TOTAL GENERAL GOVERNMENT</b>				<b>758,502</b>

<b>PUBLIC SAFETY</b>				
410.00 Police				1,467,063
411.00+ Fire				168,537
412.00+ Ambulance / Rescue				54,781
413.00+ UCC & Code Enforcement				19,539
414.00 Planning and Zoning				91,957
415.00 Emergency Management & Communications				97,806
416.00 Militia and Armories				
417.00 Examination of Licensed Occupations				
418.00 Public Scales (weights and measures)				
419.00+ Other Public Safety				85,552
<b>TOTAL PUBLIC SAFETY</b>				<b>1,985,235</b>

<b>HEALTH AND HUMAN SERVICES</b>				
420.00- 425.00 Health and Human Services				

<b>PUBLIC WORKS-SANITATION</b>				
426.00 Recycling Collection and Disposal				12,664
427.00+ Solid Waste Collection and Disposal (trash)				6,370
428.00 Weed Control				
429.00+ Wastewater / Sewage Collection and Treatment				2,273,169
<b>TOTAL PUBLIC WORKS-SANITATION</b>				<b>2,292,203</b>

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>PUBLIC WORKS-HIGHWAYS &amp; STREETS</b>				
430 00 General Services-Administration	486,428		80	
431 00 Cleaning of Streets and Gutters				
432 00 Winter Maintenance-Snow Removal		58,959		
433 00 Traffic Control Devices	1,242	4,440		
434 00 Street Lighting	1,240	122,263		
435 00 Sidewalks and Crosswalks				
436 00 Storm Sewers and Drains				
437 00 Repairs of Tools and Machinery				
438 00 Maintenance & Repairs of Roads & Bridges			1,717,595	
439 00 Highway Construction and Rebuilding Projects				
<b>TOTAL PUBLIC WORKS-HIGHWAYS &amp; STREETS</b>	<b>488,910</b>	<b>185,662</b>	<b>1,717,675</b>	
<b>PUBLIC WORKS-OTHER SERVICES</b>				
440 00 Airports				
441 00 Cemeteries				
442 00 Electric System				
443 00 Gas System				
444 00 Markets				
445 00 Parking Facilities				
446 00 Storm Water and Flood Control				
447 00 Transit System				
448 00 Water System				
449 00 Water Transport and Terminals				
<b>TOTAL PUBLIC WORKS-OTHER SERVICES</b>				
<b>CULTURE AND RECREATION</b>				
451 00 Culture-Recreation Administration	9,939			
452.00+ Participant Recreation	100,548			
453.00+ Spectator Recreation	19,441			
454 00 Parks	173,440	16,479		
455 00 Shade Trees				
456 00 Libraries	200,005	344,273		
457.00+ Civil and Military Celebrations				
458 00 Senior Citizens' Centers				
459 00 All Other Culture and Recreation	9,421			
<b>TOTAL CULTURE AND RECREATION</b>	<b>512,794</b>	<b>360,752</b>		
<b>COMMUNITY DEVELOPMENT</b>				
461.00+ Conservation of Natural Resources				
462 00 Community Development and Housing				
463 00 Economic Development	28,500			
464 00 Economic Opportunity				
460 00 All Other Community Development				
<b>TOTAL COMMUNITY DEVELOPMENT</b>	<b>28,500</b>			

EXPENDITURES	PROPRIETARY FUNDS			FIDUCIARY FUND	TOTAL
	Enterprise	Internal Service	Trust & Agency	Memorandum Only	
<b>PUBLIC WORKS-HIGHWAYS &amp; STREETS</b>					
430 00 General Services-Administration					486,508
431 00 Cleaning of Streets and Gutters					
432 00 Winter Maintenance-Snow Removal					58,959
433 00 Traffic Control Devices					5,682
434 00 Street Lighting					123,503
435 00 Sidewalks and Crosswalks					
436 00 Storm Sewers and Drains					
437 00 Repairs of Tools and Machinery					
438 00 Maintenance & Repairs of Roads & Bridges					1,717,595
439 00 Highway Construction and Rebuilding Projects					
<b>TOTAL PUBLIC WORKS-HIGHWAYS &amp; STREETS</b>					<b>2,392,247</b>
<b>PUBLIC WORKS-OTHER SERVICES</b>					
440 00 Airports					
441 00 Cemeteries					
442 00 Electric System					
443 00 Gas System					
444 00 Markets					
445 00 Parking Facilities					
446 00 Storm Water and Flood Control					
447 00 Transit System					
448 00 Water System					
449 00 Water Transport and Terminals					
<b>TOTAL PUBLIC WORKS-OTHER SERVICES</b>					
<b>CULTURE AND RECREATION</b>					
451 00 Culture-Recreation Administration					9,939
452 00+ Participant Recreation					100,548
453 00+ Spectator Recreation					19,441
454 00 Parks					189,919
455 00 Shade Trees					
456 00 Libraries					544,278
457 00+ Civil and Military Celebrations					
458 00 Senior Citizens' Centers					
459 00 All Other Culture and Recreation					9,421
<b>TOTAL CULTURE AND RECREATION</b>					<b>873,546</b>
<b>COMMUNITY DEVELOPMENT</b>					
461 00+ Conservation of Natural Resources					
462 00 Community Development and Housing					
463 00 Economic Development					28,500
464 00 Economic Opportunity					
460 00 All Other Community Development					
<b>TOTAL COMMUNITY DEVELOPMENT</b>					<b>28,500</b>

EXPENDITURES	GOVERNMENTAL FUNDS			
	General Fund	Special Revenue (Including State Liquid Fuels)	Capital Projects	Debt Service
<b>DEBT SERVICE</b>				
471 00+ Debt Principal (short-term and long-term)	81,752	79,785		58,488
472 00+ Debt Interest (short-term and long-term)	49,611	12,379		16,961
475 00+ Fiscal Agent Fees				
<b>TOTAL DEBT SERVICE</b>	131,363	92,164		75,449

EMPLOYER PAID BENEFITS & WITHHOLDING ITEMS				
Employer Paid Withholding Taxes and Unemployment Compensation				
481 00				
482 00 Judgments and Losses				
483 00 Pension / Retirement Fund Contributions	126,875			
484 00 Worker Compensation Insurance	191,400			
487 00 Group Insurance and other Benefits				
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>	318,275			

INSURANCE				
486 00+ Insurance, Casualty, and Surety	66,883			

UNCLASSIFIED OPERATING EXPENDITURES				
488 00+ Fiduciary Fund Benefits and Refunds Paid				
489 00+ All Other Unclassified Expenditures	3,470			
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b>	3,470			

OTHER FINANCING USES				
491 00+ Refund of Prior Year Revenues	10,848	278		
492 00+ Interfund Operating Transfers	75,054			
493 00 All Other Financing Uses			18,422	
<b>TOTAL OTHER FINANCING USES</b>	85,902	278	18,422	

<b>TOTAL EXPENDITURES</b>	4,224,439	2,912,025	1,910,526	75,449
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>	580,160	86,744	2,241,779	(240)
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EXPENDITURES	PROPRIETARY FUNDS	FIDUCIARY FUND	TOTAL	
	Enterprise	Internal Service	Trust & Agency	Memorandum Only
<b>DEBT SERVICE</b>				
471 00+ Debt Principal (short-term and long-term)				220,025
472 00+ Debt Interest (short-term and long-term)				78,951
475 00+ Fiscal Agent Fees				
<b>TOTAL DEBT SERVICE</b>				<b>298,976</b>

<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>				
Employer Paid Withholding Taxes and Unemployment Compensation				
481 00				
482 00 Judgments and Losses				
483 00 Pension / Retirement Fund Contributions				126,875
484 00 Worker Compensation Insurance				191,400
487 00 Group Insurance and other Benefits				
<b>EMPLOYER PAID BENEFITS &amp; WITHHOLDING ITEMS</b>				<b>318,275</b>

<b>INSURANCE</b>				
486 00+ Insurance, Casualty, and Surety				66,883

<b>UNCLASSIFIED OPERATING EXPENDITURES</b>				
488 00+ Fiduciary Fund Benefits and Refunds Paid	<del>                    </del>	<del>                    </del>	285,386	285,386
489 00+ All Other Unclassified Expenditures				3,470
<b>TOTAL UNCLASSIFIED OPERATING EXPENDITURES</b>			<b>285,386</b>	<b>288,856</b>

<b>OTHER FINANCING USES</b>				
491 00+ Refund of Prior Year Revenues				11,126
492 00+ Interfund Operating Transfers				75,054
493 00 All Other Financing Uses				18,422
<b>TOTAL OTHER FINANCING USES</b>				<b>104,602</b>

<b>TOTAL EXPENDITURES</b>			<b>285,386</b>	<b>9,407,825</b>
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<b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b>			<b>240,119</b>	<b>3,148,562</b>
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### Independent Auditor's Report

Members of Council  
Borough of Brentwood  
Allegheny County, Pennsylvania

Dear Members:

We have audited the Balance Sheet, Statement of Revenues and Expenditures, Debt Statement, Statement of Capital Expenditures, and Other Information (the Schedules) included in the Annual Audit and Financial Report of the Borough of Brentwood, Pennsylvania, as of and for the year ended December 31, 2007 as described in the instructions provided by the Pennsylvania Department of Community and Economic Development (DCED). The Schedules are the responsibility of the Borough's management. Our responsibility is to express an opinion on the Schedules based on our audit.

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

As described in the instructions referred to above, these Schedules were prepared using the modified cash basis of accounting which is permitted by the DCED which practices differ from accounting principles generally accepted in the United States of America. These requirements permit the Schedules to be prepared without the presentation of the Management's Discussion and Analysis, the government-wide financial statements, the financial statement disclosures, and component unit financial information, as required by U. S. generally accepted accounting principles. The effects on the financial statements of the significant differences between the cash basis of accounting and auditing principles generally accepted in the United States of America are that revenues are recorded when received rather than earned and expenditures are recognized when paid rather than when incurred. The effects on the Schedules of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the Schedules referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Brentwood as of December 31, 2007, or changes in financial position for the year then ended.

In our opinion, the Schedules referred to above present fairly, in all material respects, the assets, liabilities and fund equity of the Borough of Brentwood as of December 31, 2007, and its revenues, expenditures, and other financing sources and uses for the year then ended on the basis of accounting described in the third paragraph above.

This report is intended solely for the information and use of the governing body and management of the Borough of Brentwood and for filing with the various local and state departments or offices and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Hosack, Specht, Muetzel & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP  
May 13, 2008

**DRAFT**

**Borough of Brentwood  
Financial Statements  
December 31, 2007**

**Borough of Brentwood  
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**Borough of Brentwood  
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## Independent Auditor's Report

Members of Council  
Borough of Brentwood  
Allegheny County, Pennsylvania

Dear Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brentwood, as of and for the year ended December 31, 2007, which collectively comprise the Borough's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Borough's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1C, the modified cash basis financial position of the governmental activities of the Borough of Brentwood, as of December 31, 2007, and the changes in modified cash basis financial position thereof for the year then ended.

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

The budgetary comparison information and pension information as shown in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Borough of Brentwood has not presented the management's discussion and analysis that the Governmental Accounting Standards Board also requires to supplement, although not to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Brentwood's basic financial statements. The combining nonmajor and fiduciary fund financial statements and additional information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor and fiduciary fund financial statements and additional information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

HOSACK, SPECHT, MUETZEL & WOOD LLP

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**Borough of Brentwood**  
**Statement of Net Assets - Modified Cash Basis**  
**December 31, 2007**

**DRAFT** Exhibit 1

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$5,400,131
Investments	225,529
Due from Other Governments	<u>9,582</u>
<b>TOTAL ASSETS</b>	<b><u>\$5,635,242</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Payroll Deductions and Withholdings	\$ 2,834
Other Current Liabilities	<u>6,761</u>
<b>Total Current Liabilities</b>	<b><u>9,595</u></b>
Net Assets	
Restricted for Capital Projects	2,241,780
Unrestricted	<u>3,383,867</u>
<b>Total Net Assets</b>	<b><u>5,625,647</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$5,635,242</u></b>

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Activities - Modified Cash Basis**  
**Year Ended December 31, 2007**

Exhibit 2

**DRAFT**

Functions/Programs	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Net (Disburse- ments) Receipts and Changes in Net Assets
Governmental Activities				
General Government	\$ 758,502	\$ 221	\$ 3,902	\$ (754,379)
Public Safety	1,985,235	145,577	162,208	(1,677,450)
Public Works - Sanitation	2,292,203	1,784,266	-	(507,937)
Public Works - Highways	2,392,246	-	197,582	(2,194,664)
Culture - Recreation	873,546	61,205	177,661	(634,680)
Community Development	28,500	-	-	(28,500)
Principal and Interest on Indebtedness	298,976	-	-	(298,976)
Miscellaneous	<u>399,754</u>	<u>-</u>	<u>-</u>	<u>(399,754)</u>
Total Governmental Activities	<u>\$9,028,962</u>	<u>\$1,991,269</u>	<u>\$541,353</u>	<u>(6,496,340)</u>
General Receipts and Special Items				
Taxes				
Property Taxes, Levied for General Purposes (Net)				2,640,081
Earned Income Taxes				798,031
Other Taxes, Levied for General Purposes (Net)				462,035
Investment Earnings				299,351
Miscellaneous				606,084
Proceeds from the Issuance of Debt				<u>4,599,203</u>
Total General Receipts and Special Items				<u>9,404,785</u>
Change in Net Assets				2,908,445
Net Assets - January 1, 2007				<u>2,717,202</u>
Net Assets - December 31, 2007				<u>\$ 5,625,647</u>

See Accompanying Notes

**Borough of Brentwood  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
December 31, 2007**

**DRAFT** Exhibit 3

	General Fund	Highway Aid Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$1,377,391	\$88,037	\$1,666,825	\$2,241,780	\$ 26,098	\$5,400,131
Investments	105,369	-	-	-	120,160	225,529
Due from Other Funds	54,002	-	2,250	-	5,431	61,683
Due from Other Governments	<u>9,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,582</u>
<b>TOTAL ASSETS</b>	<u><b>\$1,546,344</b></u>	<u><b>\$88,037</b></u>	<u><b>\$1,669,075</b></u>	<u><b>\$2,241,780</b></u>	<u><b>\$151,689</b></u>	<u><b>\$5,696,925</b></u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Due to Other Funds	\$ 7,966	\$54,002	\$ -	\$ -	\$ -	\$ 61,968
Payroll Deductions and Withholdings	2,834	-	-	-	-	2,834
Other Current Liabilities	<u>6,476</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,476</u>
<b>Total Liabilities</b>	<u><b>17,276</b></u>	<u><b>54,002</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>71,278</b></u>
<b>Fund Balances</b>						
Reserved for Capital Projects	-	-	-	2,241,780	-	2,241,780
Unreserved - Undesignated						
General Fund	1,529,068	-	-	-	-	1,529,068
Special Revenue Fund	<u>-</u>	<u>34,035</u>	<u>1,669,075</u>	<u>-</u>	<u>151,689</u>	<u>1,854,799</u>
<b>Total Fund Balances</b>	<u><b>1,529,068</b></u>	<u><b>34,035</b></u>	<u><b>1,669,075</b></u>	<u><b>2,241,780</b></u>	<u><b>151,689</b></u>	<u><b>5,625,647</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$1,546,344</b></u>	<u><b>\$88,037</b></u>	<u><b>\$1,669,075</b></u>	<u><b>\$2,241,780</b></u>	<u><b>\$151,689</b></u>	<u><b>\$5,696,925</b></u>

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**Year Ended December 31, 2007**

**DRAFT** Exhibit 4

	General Fund	Highway Aid Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$3,900,147	\$ -	\$ -	\$ -	\$ -	\$ 3,900,147
Licenses & Permits	186,776	-	-	-	-	186,776
Fines & Forfeits	105,118	-	-	-	-	105,118
Interest, Rents & Royalties	143,519	5,547	71,170	132,305	5,997	358,538
Intergovernmental	194,034	179,048	-	-	324,661	697,743
Charges for Services	188,850	-	1,767,954	-	18,153	1,974,957
Miscellaneous	<u>86,156</u>	<u>-</u>	<u>24,324</u>	<u>-</u>	<u>4,445</u>	<u>114,925</u>
<b>Total Revenues</b>	<u>4,804,600</u>	<u>184,595</u>	<u>1,863,448</u>	<u>132,305</u>	<u>353,256</u>	<u>7,338,204</u>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	584,073	-	-	174,429	-	758,502
Public Safety	1,985,235	-	-	-	-	1,985,235
Public Works - Sanitation	19,034	-	2,273,169	-	-	2,292,203
Public Works - Highways	488,910	185,662	-	1,717,674	-	2,392,246
Culture - Recreation	512,794	-	-	-	360,752	873,546
Conservation & Development	28,500	-	-	-	-	28,500
Miscellaneous	399,476	-	278	-	-	399,754
<b>Debt Service:</b>						
Principal	-	-	79,785	-	58,488	138,273
Interest	<u>131,363</u>	<u>-</u>	<u>12,379</u>	<u>-</u>	<u>16,961</u>	<u>160,703</u>
<b>Total Expenditures</b>	<u>4,149,385</u>	<u>185,662</u>	<u>2,365,611</u>	<u>1,892,103</u>	<u>436,201</u>	<u>9,028,962</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>655,215</u>	<u>(1,067)</u>	<u>(502,163)</u>	<u>(1,759,798)</u>	<u>(82,945)</u>	<u>(1,690,758)</u>
<b>Other Financing Sources (Uses)</b>						
Bond Proceeds	-	-	-	4,020,000	-	4,020,000
Proceeds from Extended Term Financing	-	-	597,625	-	-	597,625
(Discount) Premium on Bonds Issued	-	-	-	(18,422)	-	(18,422)
Operating Transfers In	-	-	-	-	75,054	75,054
Operating Transfers Out	<u>(75,054)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,054)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(75,054)</u>	<u>-</u>	<u>597,625</u>	<u>4,001,578</u>	<u>75,054</u>	<u>4,599,203</u>
<b>Net Changes in Fund Balances</b>	530,161	(1,067)	95,462	2,241,780	(7,891)	2,908,445
<b>Fund Balances - January 1, 2007</b>	<u>948,907</u>	<u>35,102</u>	<u>1,573,613</u>	<u>-</u>	<u>159,580</u>	<u>2,717,202</u>
<b>Fund Balances - December 31, 2007</b>	<u>\$1,529,068</u>	<u>\$ 34,035</u>	<u>\$1,669,075</u>	<u>\$ 2,241,780</u>	<u>\$151,689</u>	<u>\$ 5,625,647</u>

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Net Assets - Modified Cash Basis**  
**Fiduciary Funds**  
**December 31, 2007**

**DRAFT Exhibit 5**

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 158,988
Investments	
Mutual Funds	5,251,852
Due from Other Funds	<u>285</u>
TOTAL ASSETS	<u>\$5,411,125</u>
NET ASSETS	
Held in Trust for Pension Benefits	<u>\$5,411,125</u>

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Changes in Net Assets**  
**Fiduciary Funds - Modified Cash Basis**  
**Year Ended December 31, 2007**

**DRAFT** Exhibit 6

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 126,876
Plan Members	49,836
Other	<u>15,149</u>
Total Contributions	<u>191,861</u>
Investment Income	
Net Depreciation	
in Fair Value of Investments	(39,133)
Interest, Dividends and Gains	<u>372,777</u>
Net Investment Income	<u>333,644</u>
Total Additions	<u>525,505</u>
Deductions	
Benefits	240,404
Administrative Expenses	<u>44,982</u>
Total Deductions	<u>285,386</u>
Change in Net Assets	240,119
Net Assets - January 1, 2007	<u>5,171,006</u>
Net Assets - December 31, 2007	<u>\$5,411,125</u>

See Accompanying Notes

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

**DRAFT**

**Note 1 - Summary of Significant Accounting Policies**

The Borough of Brentwood was incorporated in 1915 under the provisions of Article 9, Section I of the Constitution of the Commonwealth of Pennsylvania, as amended. The Borough operates under a Mayor/Council form of government.

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

**A. Financial Reporting Entity**

In evaluating how to define a government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP) and more specifically, the provisions of Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The following summarizes the guidance provided by the Governmental Accounting Standards Board (GASB) in determining the governmental activities, organizations, functions and component units that should be included in the governing entity's financial statements. The criterion for inclusion of a component unit is if the primary government is financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization; or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, it has been determined that the Borough (the primary government) has no potential component units to be included in its financial reporting entity.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

**DRAFT**

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements

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

The Borough reports the following major governmental funds:

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

The *sewer fund*, a special revenue fund, accounts for revenues and expenditures related to sanitation services provided to Borough residents.

The *highway aid fund* accounts for revenues from proceeds of special revenue sources that are legally restricted to expenditures for certain purposes.

The *capital projects fund* accounts for revenues and expenditures related to capital improvement projects throughout the Borough.

Additionally, the Borough reports the following fund type:

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

The Borough also reports as nonmajor governmental funds the following:

*Special revenue funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Library and DCED Grant and Development Funds are considered special revenue funds.

*Debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements (Cont'd)

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

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide statement of net assets and the statement of activities, the governmental 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:

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

Basis of Accounting

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

**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 statements, which should be included to be in conformity with the modified cash basis of accounting.

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

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

**Note 2 - Budgets and Budgetary Accounting**

Budgets are adopted on a cash basis for the general fund and the sewer fund, a special revenue fund. Expenditures may not legally exceed budget appropriations at the fund level. As a matter of policy, all budget transfers are approved by Council.

The budgetary procedures utilized by the Borough are prescribed in the Borough Code. These procedures are as follows:

- A. The budget is prepared in any manner designated by Council.
- B. Boroughs must prepare the budget not less than thirty days before adoption.
- C. 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 be made available for public inspection by the Secretary for a period of ten days after notice and prior to adoption.
- D. On or before December 31, Council must finally adopt the budget. Upon completion of the budget, Council shall adopt the real estate tax ordinance.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 3 - Interfund Receivable and Payable Balances**

Individual fund interfund receivable and payable balances at December 31, 2007 were:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$54,002	\$ 7,966
Sewer Fund	2,250	54,002
Nonmajor Fund	5,431	-
Fiduciary Funds		
Pension Trust Funds	<u>285</u>	<u>-</u>
	<u>\$61,968</u>	<u>\$61,968</u>

**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 deposits. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental 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 prudent business practice. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Borough.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all governments and have the collateral held by an approved custodian in the institution's name. As of December 31, 2007, \$3,424,890 of the Borough's bank balance of \$3,795,477 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$3,424,890</u>
---	--------------------

As of December 31, 2007, the Borough had the following investments:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 4 - Deposits and Investments (Cont'd)**

Investments	Fair Value
PA Invest	\$1,899,592
RMA Money Market Funds	158,988
Mutual Funds	<u>5,251,851</u>
	<u>\$7,310,431</u>

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

Interest Rate Risk - The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 investments choices. The Borough's RMA money market funds and PA Invest are rated AAAM by Standard and Poor's.

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, 2007, the Borough did not have a policy for concentration of credit risk.

**Note 5 - Real Estate Taxes**

At the time of the adoption of the budget, Council also enacts an ordinance which levies the property tax for the upcoming year. Property taxes become due as of July 1. Between the period of July 1 and August 31, they are payable at a 2% discount. After September 1 until October 31, they are due at the face amount of the tax. Following October 31, a 10% penalty is assessed against all outstanding property taxes. The real estate tax rate of 8.5 mills is allocated to the general fund.

**Note 6 - Long-Term Debt**

The following is a summary of general long-term debt transactions for the year ended December 31, 2007:

	Balance 01/01/07	Additions	Retirements	Balance 12/31/07	Due Within One Year
Governmental Activities					
General Obligation Note	\$ -	\$4,020,000	\$ -	\$4,020,000	\$135,000

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2007**

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**Note 6 - Long-Term Debt (Cont'd)**

	Balance 01/01/07	Additions	Retirements	Balance 12/31/07	Due Within One Year
<b>Governmental Activities (Cont'd)</b>					
Loan Payable - Pennvest	\$ -	\$ 597,625	\$ -	\$ 597,625	\$ 41,047
Loan Payable - Pennvest	150,073	-	19,593	130,480	20,457
Loan Payable - PWSA	340,119	-	17,193	322,926	17,501
Loan Payable - Fire Truck Obligation	505,981	-	58,489	447,492	60,593
Capital Lease Obligations	<u>77,874</u>	<u>-</u>	<u>77,874</u>	<u>-</u>	<u>-</u>
<b>Total Governmental Activities</b>	<b><u>\$1,074,047</u></b>	<b><u>\$4,617,625</u></b>	<b><u>\$173,149</u></b>	<b><u>\$5,518,523</u></b>	<b><u>\$274,598</u></b>

As of December 31, 2007, the long-term debt arising from cash transactions payable from governmental fund resources consisted of the following:

**Note Payable**

General Obligation Note of 2007, due in annual principal and semi-annual interest installment due on March 1 and a semi-annual only interest installment due on September 1, with interest rates from 3.625% - 4.20%.

\$4,020,000

**Loans Payable**

Pennvest loan of 2007, due in interest-only monthly installments of \$636 from January 1, 2008 through September 1, 2008; monthly installments of principal and interest of \$14,304 will begin on October 1, 2008 through September 1, 2028. The loan approved totaled \$3,027,945; however, only \$597,625 was drawn since the loan is drawn by an application for payment after a project payment is made.

597,625

Pennvest loan of 1995, due in monthly installments of \$2,141 including principal and interest through September 1, 2013; interest rate of 4.324%.

130,480

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 6 - Long-Term Debt (Cont'd)**

Loans Payable (Cont'd)

PWSA loan of 2005, due in monthly installments of \$1,925 including principal and interest from September 1, 2006 to January 2024; interest rate of 1.8%.

\$ 322,926

Brentwood Bank fire truck loan of 2004; due in monthly installments of \$6,288 including principal and interest through August 2014; interest rate of 3.49%.

447,492

\$5,518,523

The annual requirements to amortize all debt outstanding as of December 31, 2007 are as follows:

Year Ended December 31,	Governmental Activities										Totals
	Note Payable GON		Loan Payable Pennvest - 2007		Loan Payable Pennvest - 1995		Loan Payable PWSA		Loan Payable Brentwood Bank		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 135,000	\$ 157,672	\$ 41,047	\$ 7,594	\$ 20,457	\$ 5,247	\$ 17,501	\$ 5,599	\$ 60,593	\$ 14,858	\$ 465,568
2009	140,000	152,670	165,503	6,146	21,359	4,345	16,423	8,544	62,772	12,679	590,441
2010	145,000	147,432	167,631	4,018	22,301	3,403	16,780	8,356	65,029	10,421	590,371
2011	150,000	141,975	169,786	1,863	23,286	2,418	17,285	7,851	67,368	8,083	589,915
2012	155,000	136,294	53,658	137	24,312	1,392	17,805	7,331	69,791	5,660	471,380
2013-2017	885,000	585,376	-	-	18,765	256	97,397	28,280	121,939	3,811	1,740,824
2018-2022	1,080,000	391,757	-	-	-	-	112,970	12,710	-	-	1,597,437
2023-2027	<u>1,330,000</u>	<u>143,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,765</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>1,500,918</u>
	<u>\$4,020,000</u>	<u>\$1,856,863</u>	<u>\$597,625</u>	<u>\$19,758</u>	<u>\$130,480</u>	<u>\$17,061</u>	<u>\$322,926</u>	<u>\$79,137</u>	<u>\$447,492</u>	<u>\$55,512</u>	<u>\$7,546,854</u>

**Note 7 - Short-Term Debt - Tax Anticipation Notes**

The Borough issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its General Fund. These notes are necessary because the Borough's payments for operating and debt expenditures are made beginning January 1, whereas tax collections are normally received starting in July.

Short-term debt activity for the year ended December 31, 2007, was as follows:

	Balance 01/01/07	Issued	Redeemed	Balance 12/31/07
Tax Anticipation Notes	\$ -	<u>\$1,300,000</u>	<u>\$1,300,000</u>	\$ -

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 8 - Defined Benefit Pension Plans**

A. Plan Descriptions, Contribution Information, and Funding Policies

The Borough of Brentwood 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 Plans.

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 Police Department is eligible to participate in the Plan.

Non-Police Pension Plan (NPPP) - The Non-Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough, excluding any uniformed employee, 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>NPPP</u>
Date Established	December 11, 1954	February 15, 1958
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances
Determination of Contribution Requirements	Actuarially Determined	Actuarially Determined
Employer	\$103,037	\$18,820
Plan Members	5.0% of salary currently reduced to 3.5%	3.0% of compensation
Funding of Administrative Costs	Investment Earnings	Investment Earnings

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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

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

Eligibility Requirements

	<u>PPP</u>	<u>NPPP</u>																
Normal Retirement	Age 55 and completion of 25 years of service	Attainment of age 62 for Public Works' Department Employees, age 65 for all others																
Early Retirement	None	Later of age 55 or completion of 25 years of service for Public Works Department Employees, age 62 for all others																
Vesting	12 years of service	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Completed Years of Service</u></th> <th style="text-align: center;"><u>Vested Percentage</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-4</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">80%</td> </tr> <tr> <td style="text-align: center;">9</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">10 or more</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Completed Years of Service</u>	<u>Vested Percentage</u>	0-4	0%	5	50%	6	60%	7	70%	8	80%	9	90%	10 or more	100%
<u>Completed Years of Service</u>	<u>Vested Percentage</u>																	
0-4	0%																	
5	50%																	
6	60%																	
7	70%																	
8	80%																	
9	90%																	
10 or more	100%																	
Retirement Benefit	50% of final 36 months' average salary plus service increment	A monthly benefit payable for life, equal to the actuarial equivalent of the sum of all account balances on the date of determination																
Service Increment	\$25 times years of service in excess of 25; maximum \$100 per month	N/A																
Post Retirement Benefit Increases	None	None																

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2007**

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

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

	<u>PPP</u>	<u>NPPP</u>
Provisions for Disability Benefits	Yes	Yes
Provisions for Death Benefits	Yes	Yes

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2007:

	<u>PPP</u>	<u>NPPP</u>
Nonvested Active Members	10	3
Fully Vested Active Members	5	10
Retirees and Beneficiaries		
Currently Receiving Benefits	<u>10</u>	<u>1</u>
Total	<u>25</u>	<u>14</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 and net pension obligations (assets) to the Plans are as follows:

	<u>Police Pension</u>	<u>Non-Police Pension</u>
Annual Required Contributions (ARC)	\$103,037	\$18,820
Interest on Net Pension Obligations	(5,728)	(3,696)
Adjustment to Annual Required Contributions	<u>8,755</u>	<u>6,158</u>
Annual Pension Cost	106,064	21,282
Contributions Made	<u>108,056</u>	<u>18,820</u>
Change in Net Pension Obligation	(1,992)	2,462

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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

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

Net Pension Obligations (Assets)

Beginning of Year	\$(81,823)	\$(57,885)
End of Year	\$(83,815)	\$(55,423)

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

At December 31, 2007, the Police Pension Plan and Non-Police Pension Plan assets were with Paine-Webber in the form of mutual funds.

There are no long-term contracts for contributions.

**C. Trend Information**

Year Ended December 31,	Police Pension			Non-Police Pension		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2005	\$111,712	97%	\$(70,735)	\$23,354	96%	\$(61,156)
2006	117,354	95%	(81,823)	23,385	86%	(57,885)
2007	106,064	102%	(83,815)	21,282	88%	(55,423)

**Note 9 - Post Employment Benefits**

In addition to the pension benefits described in Note 8, the Borough provides post-employment health care. The Borough of Brentwood police contract, January 1, 2005 to December 31, 2007, states that any police officer who retires will be entitled to 50% of the monthly premium as long as the retiree remains eligible under the then existing contract.

During 2007, expenditures of \$4,920 were recognized for post-employment health care for one (1) retiree. The Borough records these as expenditures when paid in the general fund.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 10 - Risk Management**

The Borough of Brentwood 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 - Interfund Reimbursement Agreement**

The Borough and the Library have come to an agreement whereby the Library will make annual installment payments to the Borough at a rate of one-half of the collectible portion of one mill of real estate property taxation. The reimbursement payments by the Library shall continue until the Borough is reimbursed for the total cost of construction services, materials, labor and the principal and interest of the Library construction loan, as specified in the agreement. The Library paid \$25,187 to the general fund in 2007 under this agreement.

**Note 12 - Lease Rental Revenue**

The Borough's athletic stadium located in Brentwood Park is leased to the Brentwood School District. The Borough is to receive semi-annual payments from the School District on January 31 and July 31 of each year. The lease is for the period July 1, 2006 through June 30, 2009. The rental payments will be as follows:

July 1, 2007 to June 30, 2008	\$35,000
July 1, 2008 to June 30, 2009	<u>37,000</u>
	<u>\$72,000</u>

For the year ended December 31, 2007, the Borough received \$33,000 from the School District under this lease.

**Note 13 - Tax Increment Financing Plan**

The Borough has entered into a Tax Increment Financing Plan with the Brentwood School District and Allegheny County where the Redevelopment Authority of Allegheny County issued notes with tax-exempt and taxable portions generating proceeds totaling approximately \$3.7 million, of which approximately \$3.6 million was used to fund the Brentwood Towne Square Project. This note is repaid by portions of the real estate tax increment realized by Brentwood Borough, Brentwood School District and Allegheny County over 20 years.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2007**

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**Note 14 - Construction Commitment**

As of December 31, 2007, the Borough had construction commitments of approximately \$\_\_\_\_\_ for various capital projects throughout the Borough. It is anticipated the projects will be completed in 2008.

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**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION**

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2007**

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	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
<b>Revenues</b>				
<b>Taxes</b>				
Real Estate Taxes				
Current	\$2,550,000	\$2,550,000	\$2,557,193	\$ 7,193
Delinquent	50,000	50,000	82,888	32,888
Regional Asset District Sales Taxes	257,000	257,000	265,683	8,683
Real Estate Transfer Taxes	30,000	30,000	69,292	39,292
Earned Income Taxes/Wage Taxes	700,000	700,000	798,031	98,031
Emergency & Municipal Services Taxes	75,000	75,000	86,960	11,960
Mechanical Device Taxes	<u>45,000</u>	<u>45,000</u>	<u>40,100</u>	<u>(4,900)</u>
<b>Total Taxes</b>	<u>3,707,000</u>	<u>3,707,000</u>	<u>3,900,147</u>	<u>193,147</u>
<b>Licenses and Permits</b>				
Cable Television Franchise	120,000	120,000	169,296	49,296
All Other Licenses and Permits	<u>11,000</u>	<u>11,000</u>	<u>17,480</u>	<u>6,480</u>
<b>Total Licenses and Permits</b>	<u>131,000</u>	<u>131,000</u>	<u>186,776</u>	<u>55,776</u>
<b>Fines and Forfeits</b>	<u>100,000</u>	<u>100,000</u>	<u>105,118</u>	<u>5,118</u>
<b>Interest, Rents and Royalties</b>				
Interest Earnings	12,000	12,000	84,332	72,332
Rents and Royalties	<u>45,000</u>	<u>45,000</u>	<u>59,187</u>	<u>14,187</u>
<b>Total Interest, Rents and Royalties</b>	<u>57,000</u>	<u>57,000</u>	<u>143,519</u>	<u>86,519</u>
<b>Intergovernmental</b>				
<b>State</b>				
Public Utility Realty Tax	5,500	5,500	5,490	(10)
Gen. Muni. Pension System State Aid	131,000	131,000	126,590	(4,410)
Alcoholic Beverage Taxes	4,500	4,500	3,900	(600)
All Other State Shared Rev. & Entitl.	<u>61,000</u>	<u>61,000</u>	<u>58,054</u>	<u>(2,946)</u>
<b>Total Intergovernmental Revenues</b>	<u>202,000</u>	<u>202,000</u>	<u>194,034</u>	<u>(7,966)</u>
<b>Charges for Services</b>				
General Government	3,650	3,650	6,286	2,636
Public Safety	84,750	84,750	89,222	4,472

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2007**

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	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues (Cont'd)				
Charges for Services (Cont'd)				
Parking/Parking Meters, Permits	\$ 48,000	\$ 48,000	\$ 50,290	\$ 2,290
Culture - Recreation	<u>43,000</u>	<u>43,000</u>	<u>43,052</u>	<u>52</u>
Total Charges for Services	<u>179,400</u>	<u>179,400</u>	<u>188,850</u>	<u>9,450</u>
Miscellaneous Revenue				
Special Assessments	1,000	1,000	650	(350)
Other Miscellaneous Revenues	50,000	50,000	49,470	(530)
Refunds of Prior Year's Expenditures	<u>30,000</u>	<u>30,000</u>	<u>36,036</u>	<u>6,036</u>
Total Miscellaneous Revenue	<u>81,000</u>	<u>81,000</u>	<u>86,156</u>	<u>5,156</u>
Total Revenues	<u>4,457,400</u>	<u>4,457,400</u>	<u>4,804,600</u>	<u>347,200</u>
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,600	18,600	16,686	1,914
Supplies	250	250	2,034	(1,784)
Other Services & Charges	35,000	35,000	31,508	3,492
Contributions, Grants & Subs.	7,500	7,500	9,294	(1,794)
Executive				
Personal Services	3,675	3,675	3,767	(92)
Supplies	250	250	318	(68)
Other Services & Charges	1,200	1,200	296	904
Tax Collection				
Personal Services	5,000	5,000	5,026	(26)
Supplies	1,500	1,500	1,916	(416)
Other Services & Charges	28,000	28,000	30,706	(2,706)
Law				
Other Services & Charges	88,000	88,000	132,832	(44,832)
Clerk/Secretary				
Personal Services	153,710	153,710	73,551	80,159
Supplies	7,000	7,000	8,248	(1,248)
Other Services & Charges	70,500	70,500	76,944	(6,444)
Capital Construction	-	-	3,428	(3,428)

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2007**

**DRAFT**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
General Government (Cont'd)				
Engineer				
Other Services & Charges	\$ 80,000	\$ 80,000	\$ 59,442	\$ 20,558
General Gov't. Buildings & Plant				
Personal Services	44,745	44,745	41,933	2,812
Supplies	8,500	8,500	6,889	1,611
Other Services & Charges	64,500	64,500	54,009	10,491
Capital Construction	1,500	1,500	25,246	(23,746)
Capital Purchase	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
 Total General Government	 <u>621,430</u>	 <u>621,430</u>	 <u>584,073</u>	 <u>37,357</u>
 Public Safety				
Police				
Personal Services	1,435,300	1,435,300	1,280,150	155,150
Supplies	51,000	51,000	64,602	(13,602)
Other Services & Charges	113,400	113,400	93,395	20,005
Capital Purchase	37,500	37,500	28,916	8,584
Fire				
Supplies	5,500	5,500	3,154	2,346
Other Services & Charges	34,700	34,700	36,231	(1,531)
Contr., Grants & Subs.	130,000	130,000	129,152	848
Ambulance/Rescue				
Supplies	11,000	11,000	10,484	516
Other Services & Charges	-	-	3,197	(3,197)
Contr., Grants & Subs.	41,100	41,100	41,100	-
UCC & Code Enforcement				
Personal Services	-	-	19,479	(19,479)
Supplies	-	-	60	(60)
Planning and Zoning				
Personal Services	64,870	64,870	62,358	2,512
Supplies	4,000	4,000	1,607	2,393
Other Services & Charges	7,000	7,000	27,992	(20,992)
Emergency Management & Communication				
Personal Services	103,244	103,244	97,806	5,438
Other Public Safety				
Personal Services	<u>85,130</u>	<u>85,130</u>	<u>85,552</u>	<u>(422)</u>
 Total Public Safety	 <u>2,123,744</u>	 <u>2,123,744</u>	 <u>1,985,235</u>	 <u>138,509</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2007**

**DRAFT**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Sanitation				
Recycling Collection and Disposal				
Supplies	\$ -	\$ 6,000	\$ -	\$ 6,000
Other Services & Charges	6,000	6,000	12,664	(6,664)
Solid Waste Collection and Disposal				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>6,370</u>	<u>(3,870)</u>
Total Sanitation	<u>8,500</u>	<u>14,500</u>	<u>19,034</u>	<u>(4,534)</u>
Public Works - Highways				
General Services - Administration				
Personal Services	467,890	467,890	360,688	107,202
Supplies	59,750	59,750	53,631	6,119
Other Services & Charges	20,650	20,650	6,538	14,112
Capital Construction	100,000	60,000	27,835	32,165
Capital Purchase	65,000	65,000	37,736	27,264
Traffic Control Devices				
Other Services & Charges	12,750	12,750	1,242	11,508
Street Lighting				
Other Services & Charges	<u>-</u>	<u>-</u>	<u>1,240</u>	<u>(1,240)</u>
Total Highways	<u>726,040</u>	<u>686,040</u>	<u>488,910</u>	<u>197,130</u>
Total Public Works	<u>734,540</u>	<u>700,540</u>	<u>507,944</u>	<u>192,596</u>
Culture - Recreation				
Administration				
Personal Services	-	-	198	(198)
Contr. Grants & Subs.	7,500	7,500	9,741	(2,241)
Participant Recreation				
Swimming Pool				
Personal Services	62,800	62,800	81,966	(19,166)
Supplies	32,500	32,500	15,964	16,536
Other Services & Charges	7,500	7,500	1,890	5,610
Capital Construction	20,000	20,000	728	19,272
Spectator Recreation				
Supplies	3,150	3,150	4,549	(1,399)
Other Services & Charges	5,250	5,250	14,892	(9,642)

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2007**

**DRAFT**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Parks				
Personal Services	\$ 117,405	\$ 117,405	\$ 115,901	\$ 1,504
Supplies	13,000	13,000	7,993	5,007
Other Services & Charges	59,450	59,450	49,546	9,904
Libraries				
Supplies	7,500	7,500	4,148	3,352
Other Services & Charges	43,500	43,500	26,696	16,804
Contributions, Grants & Subs.	150,000	150,000	150,000	-
Capital Construction	2,000	42,000	19,161	22,839
Other				
Supplies	10,000	10,000	8,462	1,538
Other Services & Charges	<u>11,500</u>	<u>11,500</u>	<u>959</u>	<u>10,541</u>
Total Culture - Recreation	<u>553,055</u>	<u>593,055</u>	<u>512,794</u>	<u>80,261</u>
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	<u>28,500</u>	<u>28,500</u>	<u>28,500</u>	<u>-</u>
Miscellaneous				
Retirement Fund Contributions	125,000	125,000	126,875	(1,875)
Workers Comp. Contrib.	227,000	227,000	191,400	35,600
Insurance, Casualty & Surety	102,000	102,000	66,883	35,117
Other Misc. Expenditures	-	-	3,470	(3,470)
Refunds of Prior Year's Revenues	<u>8,250</u>	<u>8,250</u>	<u>10,848</u>	<u>(2,598)</u>
Total Miscellaneous	<u>462,250</u>	<u>462,250</u>	<u>399,476</u>	<u>62,774</u>
Debt Service:				
Debt				
Interest	-	-	81,752	(81,752)
Tax Anticipation Loan				
Interest	<u>-</u>	<u>-</u>	<u>49,611</u>	<u>(49,611)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>131,363</u>	<u>(131,363)</u>
Total Expenditures	<u>4,523,519</u>	<u>4,529,519</u>	<u>4,149,385</u>	<u>380,134</u>

**Borough of Brentwood  
 Schedule of Revenues, Expenditures  
 and Changes in Fund Balance  
 Modified Cash Basis  
 General Fund - Budget and Actual  
 Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Excess of Revenues Over (Under) Expenditures	\$ <u>(66,119)</u>	\$ <u>(72,119)</u>	\$ <u>655,215</u>	\$ <u>727,334</u>
Other Financing Sources (Uses)				
Interfund Operating Transfers Out				
Debt Service Fund	(74,150)	(74,150)	\$ (75,054)	(904)
Other	<u>(109,731)</u>	<u>(109,731)</u>	<u>-</u>	<u>109,731</u>
Total Other Financing Sources (Uses)	<u>(183,881)</u>	<u>(183,881)</u>	<u>(75,054)</u>	<u>108,827</u>
Net Change in Fund Balance	(250,000)	(256,000)	580,161	836,161
Fund Balance - January 1, 2007	<u>250,000</u>	<u>256,000</u>	<u>948,907</u>	<u>692,907</u>
Fund Balance - December 31, 2007	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,529,068</u></u>	\$ <u><u>1,529,068</u></u>

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**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Modified Cash Basis**  
**Major Fund - Sewer Fund**  
**Budget and Actual**  
**Year Ended December 31, 2007**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest, Rents & Royalties				
Interest Earnings	\$ 25,000	\$ 25,000	\$ 71,170	\$ 46,170
Charges for Services				
Sewage Charges	1,725,000	1,725,000	1,767,954	42,954
Miscellaneous Revenue				
Municipal Lien Letters	2,500	2,500	15,662	13,162
Other Miscellaneous Revenues	<u>5,000</u>	<u>5,000</u>	<u>8,662</u>	<u>3,662</u>
<b>Total Revenues</b>	<u>1,757,500</u>	<u>1,757,500</u>	<u>1,863,448</u>	<u>105,948</u>
<b>Expenditures</b>				
Current:				
Public Works - Sanitation				
Other Services & Charges	1,202,750	1,202,750	2,273,169	(1,070,419)
Miscellaneous	<u>2,500</u>	<u>2,500</u>	<u>278</u>	<u>2,222</u>
<b>Total Public Works - Sanitation</b>	<u>1,205,250</u>	<u>1,205,250</u>	<u>2,273,447</u>	<u>(1,068,197)</u>
Debt Service:				
Principal	85,725	85,725	79,785	5,940
Interest	<u>156,125</u>	<u>156,125</u>	<u>12,379</u>	<u>143,746</u>
<b>Total Debt Service</b>	<u>241,850</u>	<u>241,850</u>	<u>92,164</u>	<u>149,686</u>
<b>Total Expenditures</b>	<u>1,447,100</u>	<u>1,447,100</u>	<u>2,365,611</u>	<u>(918,511)</u>
<b>Excess of Revenues Over (Under)</b>				
Expenditures	<u>310,400</u>	<u>310,400</u>	<u>(502,163)</u>	<u>(812,563)</u>
Other Financing Sources (Uses)				
Proceeds from Extended Term Financing	<u>-</u>	<u>-</u>	<u>597,625</u>	<u>597,625</u>
<b>Net Change in Fund Balance</b>	310,400	310,400	95,462	(214,938)
Fund Balance - January 1, 2007	<u>686,750</u>	<u>686,750</u>	<u>1,573,613</u>	<u>886,863</u>
Fund Balance - December 31, 2007	<u>\$ 997,150</u>	<u>\$ 997,150</u>	<u>\$ 1,669,075</u>	<u>\$ 671,925</u>

**Borough of Brentwood  
Required Supplementary Information  
Defined Benefit Pension Trust Funds  
December 31, 2007**

**DRAFT**

**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)
01/01/03	\$3,263,444	\$3,350,915	\$ 87,471	97.39%	\$ 793,064	11.03%
01/01/05	3,774,255	3,559,559	(214,696)	106.03%	891,012	N/A
01/01/07	4,176,829	4,024,226	(152,603)	103.79%	1,020,153	N/A

Non-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)
01/01/03	\$888,697	\$930,522	\$41,825	95.51%	\$645,671	6.48%
01/01/05	914,921	869,500	(45,421)	105.22%	524,592	N/A
01/01/07	977,258	951,777	(25,481)	102.68%	534,616	N/A

Source: Actuarial Reports

Note: State law requires biennial valuations on the odd numbered years.

**2. Schedules of Employer's Contributions**

Year Ended December 31,	<u>Police Pension Plan</u>		<u>Non-Police Pension Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2003	\$ 55,136	106%	\$20,893	100%
2004	56,385	160%	21,747	134%
2005	106,376	102%	20,083	112%
2006	112,018	100%	20,114	100%
2007	103,037	105%	18,820	100%

Note: Contributions include state pension aid.

**Borough of Brentwood  
Required Supplementary Information  
Defined Benefit Pension Trust Funds  
December 31, 2007**

**DRAFT**

**3. Notes to Required Supplementary Information**

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

	<u>Police Pension Plan</u>	<u>Non-Police Pension Plan</u>
Actuarial Valuation Date	January 1, 2007	January 1, 2007
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Open	Level Dollar - Open
Remaining Amortization Period	16 Years	17 Years
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions		
Investment Rate of Return	7.00%	7.50%
Projected Salary Increases	5.00%	4.50%
Underlying Inflation Rate	3.00%	3.00%

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**SUPPLEMENTARY  
INFORMATION SECTION**

**Borough of Brentwood**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Modified Cash Basis**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2007**

**DRAFT** Exhibit A

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	Total
	Library Fund	DCED Grant & Dev. Fund	Debt Service Fund	Nonmajor Governmental Funds
<b>Revenues</b>				
Interest, Rents and Royalties	\$ 5,842	\$ -	\$ 155	\$ 5,997
Intergovernmental	324,661	-	-	324,661
Charges for Services	18,153	-	-	18,153
Miscellaneous	<u>4,445</u>	<u>-</u>	<u>-</u>	<u>4,445</u>
<b>Total Revenues</b>	<u>353,101</u>	<u>-</u>	<u>155</u>	<u>353,256</u>
<b>Expenditures</b>				
Current:				
Culture - Recreation	344,273	16,479	-	360,752
Debt Service:				
Principal	-	-	58,488	58,488
Interest	<u>-</u>	<u>-</u>	<u>16,961</u>	<u>16,961</u>
<b>Total Expenditures</b>	<u>344,273</u>	<u>16,479</u>	<u>75,449</u>	<u>436,201</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>8,828</u>	<u>(16,479)</u>	<u>(75,294)</u>	<u>(82,945)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>75,054</u>	<u>75,054</u>
<b>Net Changes in Fund Balances</b>	8,828	(16,479)	(240)	(7,891)
Fund Balances - January 1, 2007	<u>142,861</u>	<u>16,479</u>	<u>240</u>	<u>159,580</u>
Fund Balances - December 31, 2007	<u>\$151,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$151,689</u>

**Borough of Brentwood**  
**Combining Statement of Net Assets**  
**Fiduciary Funds - Modified Cash Basis**  
**Pension Trust Funds**  
**December 31, 2007**

**DRAFT** Exhibit B

	Police Pension Fund	Non-Police Pension Fund	Totals
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 119,124	\$ 39,864	\$ 158,988
Investments			
Mutual Funds	4,208,426	1,043,426	5,251,852
Due from Other Funds	<u>          -</u>	<u>          285</u>	<u>          285</u>
<b>TOTAL ASSETS</b>	<b><u>\$4,327,550</u></b>	<b><u>\$1,083,575</u></b>	<b><u>\$5,411,125</u></b>
<b>NET ASSETS</b>			
Held in Trust for Pension Benefits	<b><u>\$4,327,550</u></b>	<b><u>\$1,083,575</u></b>	<b><u>\$5,411,125</u></b>

**Borough of Brentwood**  
**Combining Statement of Changes in Net Assets**  
**Fiduciary Funds - Modified Cash Basis**  
**Pension Trust Funds**  
**Year Ended December 31, 2007**

**DRAFT** Exhibit C

	Police Pension Fund	Non-Police Pension Fund	Totals
<b>Additions</b>			
Contributions			
Employer	\$ 108,056	\$ 18,820	\$ 126,876
Plan Members	34,712	15,124	49,836
Other	<u>7,769</u>	<u>7,380</u>	<u>15,149</u>
<b>Total Contributions</b>	<u>150,537</u>	<u>41,324</u>	<u>191,861</u>
<b>Investment Income</b>			
Net Depreciation			
in Fair Value of Investments	(32,005)	(7,128)	(39,133)
Interest, Dividends & Gains	<u>297,343</u>	<u>75,434</u>	<u>372,777</u>
<b>Net Investment Income</b>	<u>265,338</u>	<u>68,306</u>	<u>333,644</u>
<b>Total Additions</b>	<u>415,875</u>	<u>109,630</u>	<u>525,505</u>
<b>Deductions</b>			
Benefits	239,266	1,138	240,404
Administrative Expenses	<u>36,687</u>	<u>8,295</u>	<u>44,982</u>
<b>Total Deductions</b>	<u>275,953</u>	<u>9,433</u>	<u>285,386</u>
<b>Changes in Net Assets</b>	139,922	100,197	240,119
<b>Net Assets - January 1, 2007</b>	<u>4,187,628</u>	<u>983,378</u>	<u>5,171,006</u>
<b>Net Assets - December 31, 2007</b>	<u>\$4,327,550</u>	<u>\$1,083,575</u>	<u>\$5,411,125</u>

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**ADDITIONAL INFORMATION**

**Borough of Brentwood**  
**Schedule of Brentwood Library Fund**  
**Receipts and Disbursements**  
**Included in the Special Revenue Fund**  
**Year Ended December 31, 2007**

**DRAFT**

Receipts

Regional Asset District Tax Funds	\$ 73,362
passed through ACLA	24,864
Regional Use Reimbursement	61,435
State Library Aid & Access	150,000
Payments in Lieu of Taxes - Borough Contribution	5,842
Interest Earned	24,529
Grants and Donations	<u>13,069</u>
Fines and Miscellaneous	
 Total Receipts	 <u>\$353,101</u>

Disbursements

Salaries	\$184,262
Benefits	26,824
Utilities	2,056
Office Supplies	9,484
Insurance	3,980
Rental of Equipment	2,351
Library Books	44,637
Adult Programs	3,541
Equipment Maintenance	4,169
Borough Reimbursement	25,187
Technology	6,189
Grant Expenditures	9,907
Miscellaneous	<u>21,686</u>
 Total Disbursements	 <u>\$344,273</u>