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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, 2008, 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

Per the Pennsylvania Department of Community and Economic Development's Tax Collector manual, the Real Estate Tax Collector is required to report the activity and make deposits for tax collections by the tenth day of each month for the previous month's activity. We noted that there were two instances where deposits were made during the month but the balance of taxes due per the monthly reports were not always made by the tenth of the following month.

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

Pension Funds

During the course of our audit, we noted that investment income activity was not consistently reported during the current year. As a result, the Paine Weber account balances did not agree to unadjusted pension trial balances.

We recommend that the Borough record all investment activity and reconcile to the Paine Weber statements.

Highway Aid Fund

During the course of our audit, we noted that highway aid fund expenditures originally paid from the general fund were reimbursed twice to the general fund by the highway aid fund. The double reimbursement caused an overstatement of highway aid expenditures on the Penn Dot Actual Use Report of State Funds. As a result of this double reimbursement, the state had a finding against the Borough.

We recommend that the Borough carefully examine its expenditures paid by the general fund before reimbursing it for highway aid expenditures.

This letter does not affect our report dated December 15, 2009 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

HOSACK, SPECHT, MUETZEL & WOOD LLP
December 15, 2009

BOROUGH OF BRENTWOOD
ALLEGHENY COUNTY, PENNSYLVANIA
COMBINED BALANCE SHEET - ALL FUND TYPES
DECEMBER 31, 2008

ASSETS

Cash & Cash Equivalents	$ 5,535,930
Investments	4,265,363
Taxes Receivable	562,390
Other Receivables	332,559
Prepaid Items	67,931
Total Assets	$10,764,173

LIABILITIES AND FUND EQUITY

Liabilities	
Accounts Payable	$ 364,462
Other Liabilities	49,303
Deferred Revenues	496,464
Total Liabilities	910,229
Fund Equity	
Fund Equity - Reserved	4,493,005
Fund Equity - Unreserved	5,360,939
Total Fund Equity	9,853,944
Total Liabilities and Fund Equity	$10,764,173

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - ALL FUND TYPES - YEAR ENDED DECEMBER 31, 2008

Revenues and Other Financing Sources	
Real Estate Taxes	$ 2,669,245
Other Taxes	1,234,464
Licenses and Permits	158,479
Fines and Forfeits	111,727
Interest, Rents and Royalties	210,097
Intergovernmental	724,662
Charges for Services	2,128,133
Miscellaneous	(645,882)
Other Financing Sources	1,034,588
Total Revenues and Other Financing Sources	7,625,513
Expenditures	
Governmental	799,011
Public Safety	2,110,234
Public Works	3,866,090
Culture - Recreation	884,579
Conservation & Development	28,500
Miscellaneous	559,651
Debt Service	503,697
Total Expenditures	8,751,762
Excess of Revenues & Other Financing Sources Over (Under) Expenditures	(1,126,249)
Fund Equity - January 1, 2008	10,980,193
Fund Equity - December 31, 2008	$ 9,853,944

LONG-TERM DEBT

At December 31, 2008, the Borough had debt payable of:

	Issue	Rate	Final Maturity	
Outstanding				
Notes	2007	3.625%-4.200%	2027	$3,885,000
Loans	2007	1.278%	2019	1,581,322
Loans	2005	1.800%	2024	305,425
Loans	2004	3.490%	2014	386,945
Loans	1995	4.324%	2013	110,023
				$6,268,715

ASSESSED VALUATION

The assessed valuation of the taxable property in the Borough for the year ended December 31, 2008 was $353,631,860.

NOTICE OF AUDITOR'S REPORT OF THE BOROUGH OF BRENTWOOD

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.

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Members of Council
Borough of Brentwood
Allegheny County, Pennsylvania

Dear Members:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Borough of Brentwood for the year ended December 31, 2008, and have issued our report thereon dated December 15, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 30, 2006, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on December 15, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Borough of Brentwood are described in Note 1 to the financial statements. During 2008, the Borough converted its accounting records from modified cash basis to modified accrual basis on its governmental accounts. The Borough obtained an appraisal for its fixed assets as of the beginning of the current year. As a result, the Borough is GASB 34 compliant. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Audit Findings (Cont'd)

Qualitative Aspects of Accounting Practices (Cont'd)

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

> Management's estimate of the depreciation expense is based on useful lives of various capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2009.

Significant Audit Findings (Cont'd)

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Council and management of the Borough of Brentwood and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
December 15, 2009

Borough of Brentwood
Financial Statements
December 31, 2008

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, 2008, which collectively comprise the Borough of Brentwood's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Borough of Brentwood'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brentwood as of December 31, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information and the 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 accounting principles generally accepted in the United States of America. 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.

Borough of Brentwood
Management's Discussion and Analysis
December 31, 2008

The discussion and analysis of the Borough of Brentwood's financial performance provides an overall review of the Borough's financial activities for the fiscal year ended December 31, 2008. The intent of this discussion and analysis is to look at the Borough's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Borough's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year and that GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Borough has elected to exclude the information from this report. Subsequent reports, however, will include the comparative information.

Financial Highlights

- General fund revenues totaled $4,769,167 and general fund expenditures totaled $4,381,075, yielding an operating position ratio of .92.

- Significant general fund expenditure outlays continued in the following areas: public safety - $2,097,865; general government operations - $644,991; and public works activities of $626,604.

- Major components of the Borough's general fund revenue include real estate taxes of $2,669,245, or 56% of all revenue received and earned income taxes of $785,632, or 16% of the general fund revenues received.

- The taxation rate for the general fund was 8.5 mills.

  Additionally, the general fund balance increased by $388,092 to $2,159,085. The increase in the general fund balance was lower compared to the prior year of $580,162.

Using the Annual Financial Report

The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements) and other financial information including required pension supplementary information, combining and individual fund statements with detailed budgetary comparison schedules, and other additional information. The basic financial statements present two different views of the Borough through the use of government-wide financial statements and fund financial statements.

Using the Annual Financial Report (Cont'd)

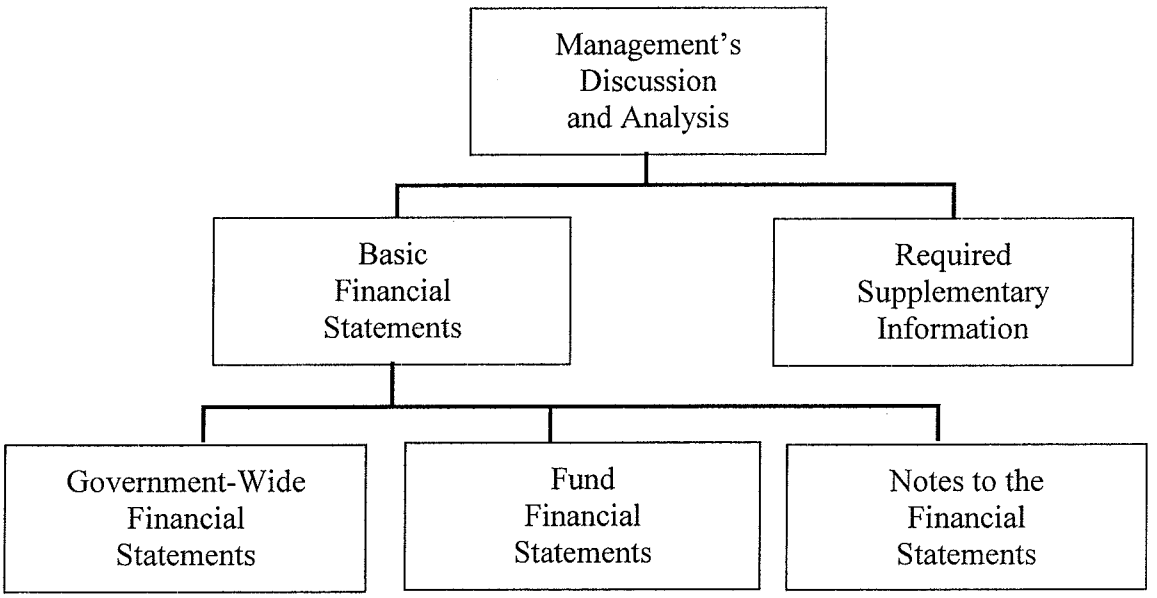
The first two statements are government-wide financial statements – the statement of net assets and the statement of activities. These provide both long-term and short-term information about the Borough's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Borough's operations in more detail than the government-wide statements. The governmental funds statements tell how general Borough services were financed in the short term as well as what remains for future spending. Fiduciary fund statements provide information about financial relationships where the Borough acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes to explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the financial section are arranged and relate to one another:

Figure A-1
Required Components of
Borough of Brentwood's
Financial Report



Using the Annual Financial Report (Cont'd)

Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of the Borough of Brentwood
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Municipal Government (except fiduciary funds)	The activities of the Borough that are not proprietary or fiduciary, such as education, administration and community services	Instances in which the Borough is the trustee or agent to someone else's resources - pension funds
Required financial statements	Statement of net assets; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets; statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term
Type of in-flow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the

Overview of Financial Statements (Cont'd)

Government-Wide Statements (Cont'd)

government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Borough's net assets and how they have changed. Net assets, the difference between the Borough's assets and liabilities, are one way to measure the Borough's financial health or position.

Over time, increases or decreases in the Borough's net assets are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base services provided to its taxpayers.

The government-wide financial statements of the Borough consist of the following:

- Governmental activities – All of the Borough's basic services are included here, such as general government, public safety, public works and culture and recreation. Property and other local taxes finance most of these activities.

Fund Financial Statements

The Borough's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds – not the Borough as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds – The Borough is the trustee, or fiduciary, for two single-employee pension plans for the police and non-police employees. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net assets on Exhibit 7 and changes in net assets on Exhibit 8. We exclude these activities from the Borough's other financial statement because the Borough cannot use these assets to finance its operations.

Financial Analysis of the Borough as a Whole

The Borough's total net assets were $2,330,981 at December 31, 2008.

Table A-1
Year Ended June 30, 2008
Net Assets

	Governmental Activities
Current and Other Assets	$ 6,426,792
Capital Assets	2,756,881
Total Assets	$ 9,183,673
Current and Other Liabilities	$ 950,579
Long-Term Liabilities	5,902,113
Total Liabilities	6,852,692
Net Assets	
Invested in Capital Assets, Net of Related Debt	(3,511,837)
Restricted	11,168
Unrestricted	5,831,650
Total Net Assets	2,330,981
Total Liabilities and Net Assets	$ 9,183,673

Most of the Borough's net assets are invested in capital assets (buildings, land, and equipment). The remaining net assets are restricted and unrestricted amounts. The restricted balances are amounts set aside to fund debt service.

The results of this year's operations as a whole are reported in the statement of activities on Exhibit 2. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Borough's activities that are supported by other general revenues. The largest general revenues are the local taxes assessed to community taxpayers.

Financial Analysis of the Borough as a Whole (Cont'd)

Table A-2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

Table A-2
Year Ended December 31, 2008
Changes in Net Assets

	Governmental Activities
Revenues	
Program Revenues	
Charges for Services	$2,260,329
Operating Grants and Contributions	565,662
General Revenues	
Property Taxes	2,804,525
Earned Income Taxes	785,632
In Lieu of Taxes	150,000
RAD	281,092
Other Taxes	172,576
Investment Earnings	145,810
Miscellaneous Income	204,618
Loss on Sale of Fixed Assets	(6,872)
Total Revenues	7,363,372
Expenses	
General Government	787,140
Public Safety	2,437,703
Public Works - Sanitation	1,839,946
Public Works - Highways	1,680,782
Public Works - Other	27,593
Culture - Recreation	965,451
Community Development	28,500
Interest on Long-Term Debt	233,632
Total Expenses	8,000,747
Decrease in Net Assets	(637,375)
Net Assets - Beginning	2,968,356
Net Assets - Ending	$2,330,981

Borough Finances

In order to provide for adequate service levels, as due many mature and mostly developed communities in Allegheny County, the Borough of Brentwood conservatively estimates revenue streams and expenditure levels.

Overall general fund revenues and other financing sources totaled $4,769,167 and general fund expenditures and other financing uses totaled $4,381,075.

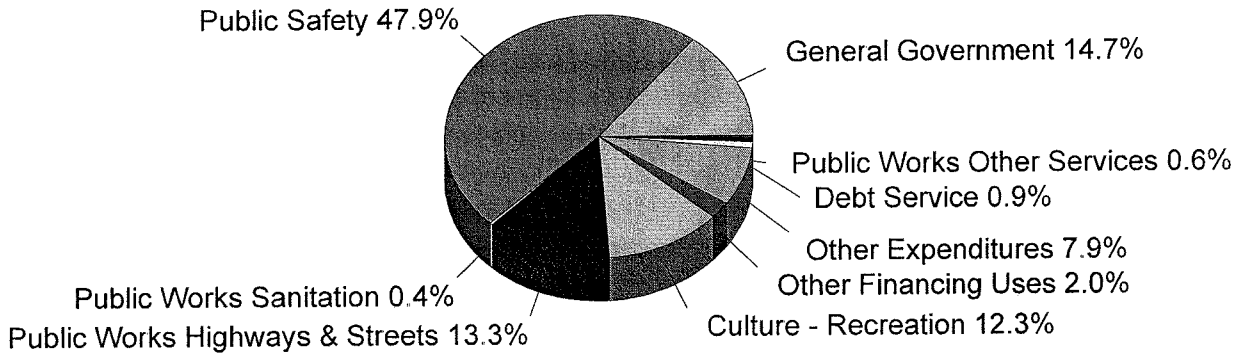
Major expenditure categories continued to be in the following areas listed below:

2008 Major General Fund Expenditure Categories

General Government	$ 644,991
Public Safety	2,097,865
Public Works - Sanitation	16,764
Public Works - Highways and Streets	582,247
Public Works - Other Services	27,593
Culture - Recreation	539,693
Conservation & Development	28,500
Miscellaneous	316,951
Debt Service	38,177
Other Financing Uses	88,294
Total Expenditures & Other Financing Uses	$4,381,075

The chart below illustrates the above expenditure categories as a percentage of the general fund:

Borough of Brentwood
2008 General Fund Expenditures and Other Financing Uses



Borough Finances (Cont'd)

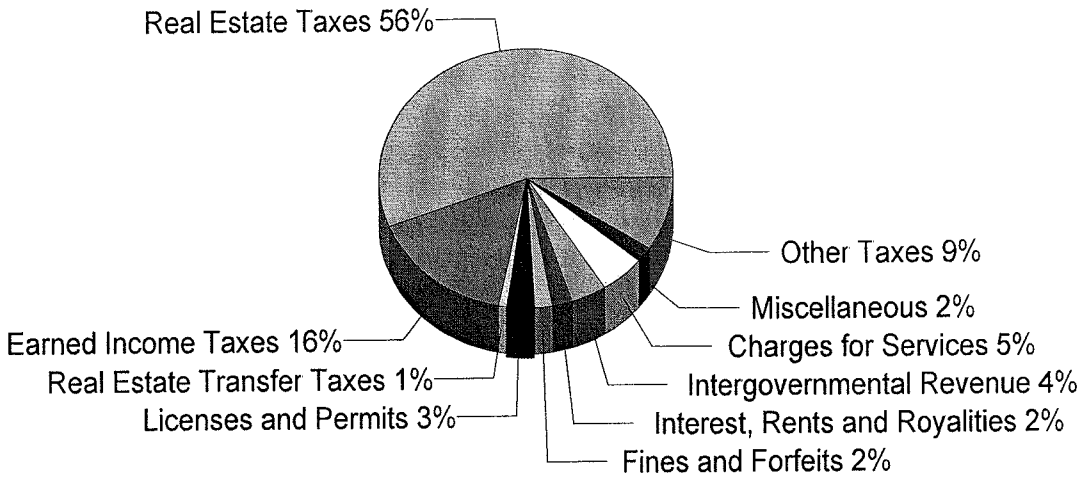
Major revenue streams include: taxes; licenses and permits; interest, rents and royalties; fines and forfeits; intergovernmental transfers; charges for services; miscellaneous revenues; and other financing sources.

2008 Major General Fund Revenue Categories

Taxes	$3,903,709
Licenses and Permits	158,479
Fines and Forfeits	111,727
Interest, Rents and Royalties	115,832
Intergovernmental	191,733
Charges for Services	253,079
Miscellaneous	23,528
Other Financing Sources	11,080
Total Revenues & Other Financing Sources	$4,769,167

Again, the chart below illustrates the various revenue stream categories as a percent of the overall general fund.

Borough of Brentwood
2008 General Fund Revenues



Borough Finances (Cont'd)

The Borough of Brentwood, for all intents and purposes, is a fully-developed community. With limited property available for either large scale residential or commercial development and with a current appreciation freeze on property assessments, revenue streams are generally stable.

The overall real estate tax rate was 8.5 mills for 2008.

2008 Highlighted Budget Components

Like previous years, 2008 saw a number of significant accomplishments.

2008 Capital Assets

The Borough is currently involved in nearly $2 million worth of capital projects in 2008, which include the following:

- East Bellecrest Avenue Reconstruction Project was contracted at $515,373 after accounting for change orders. The completed portion of this project as of December 31, 2008, was $318,126. The balance of the project will be completed during 2009.

- Salt Storage Facility was completed during 2008 at a cost of $295,396. There were some major improvements completed in the park area, beginning with the tearing down of the old salt shed and replacing it with a new, environmentally friendly and aesthetically pleasing, salt dome.

- Wainwright Avenue Wall Repair Project was contracted at $154,111 after accounting for change orders. The completed portion of this project as of December 31, 2008, was $109,258. The balance of the project will be completed during 2009.

- A main pedestrian corridor leading to Brownsville Road was repaired. This project involved the demolition of the existing walkway and top of the wall along a portion of Wainwright Avenue near the intersection with Brownsville Road and replaced with a new walkway.

- Dailey Road Construction Project was contracted at $78,334 after accounting for change orders. The project was completed during 2008; however, there is retainage of $3,917 that the Borough is still holding as of December 31, 2008.

- A section of Dailey Road from Pointview Road to the Stadium Field has also been reconstructed. This is a major corridor to the stadium for bus and emergency vehicles.

- Purchase of one (1) ten-ton dump truck for a total of $53,104.

- Purchase of one (1) ten-ton dump truck for a total of $52,882 from the Sanitary Sewer Fund.

2008 Highlighted Budget Components (Cont'd)

2008 Capital Assets (Cont'd)

- The Borough of Brentwood's Sewage Fund and their related projects are vital components of the services provided to the Brentwood community. The Environmental Protection Agency (EPA) Consent Decree Order requires the implementation of various projects to keep sewers running efficiently. Such projects include:

  Lining and repairs of sewer lines

  Closed Circuit Television (CCTV) Inspection of the sewer lines

  Inlet Testing

  Manhole Inspections

In 2008, these projects resulted in approximately $117,656 of related expenditures.

Contacts for Borough Financial Management Information

This report provides a snapshot to our citizens, taxpayers, customers and creditors with a general overview of the Borough's finances and demonstrates the Borough's accountability for the money it received.

If you have any questions about this report or need additional information, please contact George Zboyovsky, Borough Manager, Borough of Brentwood, 3624 Brownsville Road, Pittsburgh, Pennsylvania 15227.

Borough of Brentwood
Statement of Net Assets
December 31, 2008

Exhibit 1

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 5,167,297
Investments	159,740
Taxes Receivable (Net)	562,390
Accounts Receivable	201,083
Other Receivables	131,476
Prepaid Expenses	204,806
Total Current Assets	6,426,792
Noncurrent Assets	
Land	243,460
Land Improvements (Net)	58,426
Buildings and Building Improvements	1,466,222
Furniture and Equipment	896,948
Other Long-Term Receivables	91,825
Total Noncurrent Assets	2,756,881
TOTAL ASSETS	$ 9,183,673
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	$ 364,462
Contracts Payable	40,234
Current Portion of Long-Term Debt	374,714
Accrued Interest	51,886
Payroll Deductions and Withholdings	2,593
Deferred Revenues	102,633
Other Current Liabilities	14,057
Total Current Liabilities	950,579
Noncurrent Liabilities	
Notes Payable	3,745,000
Bonds Payable	2,149,001
Long-Term Portion of Compensated Absences	8,112
Total Noncurrent Liabilities	5,902,113
Total Liabilities	6,852,692
Net Assets	
Invested in Capital Assets (Net of Related Debt)	(3,511,837)
Restricted for Library Scholarship	11,168
Unrestricted	5,831,650
Total Net Assets	2,330,981
TOTAL LIABILITIES AND NET ASSETS	$ 9,183,673

See Accompanying Notes

Borough of Brentwood
Statement of Activities
Year Ended December 31, 2008

Exhibit 2

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities				
General Government	$ 787,140	$ 155	$ -	$ (786,985)
Public Safety	2,437,703	286,072	175,481	(1,976,150)
Public Works - Sanitation	1,839,946	1,850,814	-	10,868
Public Works - Highways	1,680,782	-	217,484	(1,463,298)
Public Works - Other	27,593	56,714	-	29,121
Culture - Recreation	965,451	66,574	172,697	(726,180)
Community Development	28,500	-	-	(28,500)
Interest on Long-Term Debt	233,632	-	-	(233,632)
Total Governmental Activities	$8,000,747	$2,260,329	$565,662	(5,174,756)
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes, Net				2,804,525
Earned Income Taxes				785,632
In Lieu of Taxes				150,000
RAD				281,092
Other Taxes Levied for General Purposes, Net				172,576
Investment Earnings				145,810
Miscellaneous Income				204,618
Loss on Sale of Fixed Assets				(6,872)
Total General Revenues				4,537,381
Change in Net Assets				(637,375)
Net Assets - January 1, 2008 (Restated - See Note 2)				2,968,356
Net Assets - December 1, 2008				$ 2,330,981

See Accompanying Notes

Exhibit 3

Borough of Brentwood
Balance Sheet
Governmental Funds
December 31, 2008

	General Fund	Sewer Fund	GOB Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$1,819,445	$2,495,072	$704,635	$148,145	$5,167,297
Investments	108,589	-	-	51,151	159,740
Taxes Receivable (Net)	562,390	-	-	-	562,390
Due from Other Funds	-	3,775	-	6,132	9,907
Accounts Receivable	-	201,083	-	-	201,083
Other Receivables	131,476	-	-	-	131,476
Prepaid Items	67,931	-	-	-	67,931
TOTAL ASSETS	$2,689,831	$2,699,930	$704,635	$205,428	$6,299,824
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	$ 17,488	$ -	$ -	$ -	$ 17,488
Accounts Payable	55,358	254,193	54,911	-	364,462
Contracts Payable	-	-	40,234	-	40,234
Payroll Deductions and Withholdings	2,593	-	-	-	2,593
Deferred Revenues	448,831	-	-	47,633	496,464
Other Current Liabilities	6,476	-	-	-	6,476
Total Liabilities	530,746	254,193	95,145	47,633	927,717
Fund Balances					
Reserve for Library Scholarships	-	-	-	11,168	11,168
Unreserved - Undesignated					
General Fund	2,159,085	-	-	-	2,159,085
Special Revenue Fund	-	2,445,737	-	145,993	2,591,730
Capital Projects Fund	-	-	609,490	-	609,490
Debt Service Fund	-	-	-	634	634
Total Fund Balances	2,159,085	2,445,737	609,490	157,795	5,372,107
TOTAL LIABILITIES AND FUND BALANCES	$2,689,831	$2,699,930	$704,635	$205,428	$6,299,824

See Accompanying Notes

Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2008

Exhibit 4

Total Fund Balances - Governmental Funds		$ 5,372,107
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $6,747,333, and the accumulated depreciation is $4,082,277.		2,665,056
Property taxes receivable will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds.		393,831
Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net assets		91,825
The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements.		136,875
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds Payable	$(3,885,000)	
Accrued Interest on the Bonds	(51,885)	
Notes Payable	(2,383,716)	
Compensated Absences	(8,112)	(6,328,713)
Total Net Assets - Governmental Activities		$ 2,330,981

See Accompanying Notes

Exhibit 5

Borough of Brentwood
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2008

	General Fund	Sewer Fund	GOB Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	$3,903,709	$ -	$ -	$ -	$ 3,903,709
Licenses & Permits	158,479	-	-	-	158,479
Fines & Forfeits	111,727	-	-	-	111,727
Interest, Rents & Royalties	115,832	42,530	44,098	7,637	210,097
Intergovernmental	191,733	-	-	532,929	724,662
Charges for Services	253,079	1,852,548	-	22,506	2,128,133
Miscellaneous	23,528	18,912	-	-	42,440
Total Revenues	4,758,087	1,913,990	44,098	563,072	7,279,247
Expenditures					
Current:					
General Government	644,991	-	154,020	-	799,011
Public Safety	2,097,865	-	-	12,369	2,110,234
Public Works - Sanitation	16,764	1,874,578	-	-	1,891,342
Pubic Works - Highways	582,247	-	1,141,438	223,470	1,947,155
Public Works - Other Services	27,593	-	-	-	27,593
Culture - Recreation	539,693	-	-	344,886	884,579
Conservation & Development	28,500	-	-	-	28,500
Miscellaneous	316,951	1,734	-	-	318,685
Debt Service:					
Principal	-	77,769	135,000	60,547	273,316
Interest	38,177	19,674	157,626	14,904	230,381
Total Expenditures	4,292,781	1,973,755	1,588,084	656,176	8,510,796
Excess (Deficiency) of Revenues Over Expenditures	465,306	(59,765)	(1,543,986)	(93,104)	(1,231,549)
Other Financing Sources (Uses)					
Bond Proceeds	-	1,023,508	-	-	1,023,508
Transfers In	-	-	12,343	75,951	88,294
Sale/Compensation for Fixed Assets	11,080	-	-	-	11,080
Transfers Out	(88,294)	-	-	-	(88,294)
Total Other Financing Sources (Uses)	(77,214)	1,023,508	12,343	75,951	1,034,588
Net Changes in Fund Balances	388,092	963,743	(1,531,643)	(17,153)	(196,961)
Fund Balances - (Restated - See Note 19) January 1, 2008	1,770,993	1,481,994	2,141,133	174,948	5,569,068
Fund Balances - December 31, 2008	$2,159,085	$2,445,737	$ 609,490	$157,795	$ 5,372,107

See Accompanying Notes

Borough of Brentwood
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended December 31, 2008

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds		$ (196,961)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation Expense	$(275,321)	
Capital Outlays	466,943	191,622
Because some property taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.		140,109
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		273,315
Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The proceeds were:		
Penn Vest Note Payable		(1,023,508)
In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Compensated Absences		1,613

Borough of Brentwood
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
to the Statement of Activities
Year Ended December 31, 2008

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
Net Change in Accrued Interest on the Bonds		$ 1,781
Bond issuance costs and bond discount are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.		
Bond Issuance Costs	$(4,118)	
Bond Discount	(913)	(5,031)
Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and in the government-wide statements are recognized based on the annual pension cost.		(2,363)
Proceeds from the sale of fixed assets are reported in the statement of revenues and expenditures of governmental funds as revenues but are recorded as a loss in the statement of activities. The fixed asset sold was removed from the statement of net assets.		
Proceeds from the Sale of Fixed Assets	(11,080)	
Loss on Sale of Fixed Assets	(6,872)	(17,952)
Change in Net Assets of Governmental Activities		$(637,375)

See Accompanying Notes

Exhibit 7

Borough of Brentwood
Statement of Net Assets
Fiduciary Funds
December 31, 2008

	Totals
ASSETS	
Cash and Cash Equivalents	$ 368,633
Investments	4,105,623
Due from Other Funds	7,581
TOTAL ASSETS	$4,481,837
NET ASSETS	
Held in Trust for Pension Benefits	$4,481,837

See Accompanying Notes

Exhibit 8

Borough of Brentwood
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended December 31, 2008

	Pension Trust Funds
Additions	
Contributions	
Employer	$ 127,453
Plan Members	53,434
Other	324
Total Contributions	181,211
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(1,156,588)
Interest and Dividends	287,055
Net Investment Income	(869,533)
Total Additions	(688,322)
Deductions	
Benefits	189,844
Administrative Expenses	51,122
Total Deductions	240,966
Changes in Net Assets	(929,288)
Net Assets - January 1, 2008	5,411,125
Net Assets - December 31, 2008	$ 4,481,837

See Accompanying Notes

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.

The Borough of Brentwood's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Borough are discussed below.

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.

Borough of Brentwood Library

The Library is included in the Borough's reporting entity as the Borough provides financial support to the Library through transfers to pay operating expenses. In addition, the Library operates from a building owned and maintained by the Borough. The Library is included in these financial statements as a special revenue fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Borough. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which

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

B. Government-Wide and Fund Financial Statements (Cont'd)

normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Borough has no business-type activities.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, net of any uncollectible amounts, are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes levied but collected beyond 60 days after year end are recorded as deferred revenue to be recognized as revenue when the taxes are collected. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenues (state and federal sources), the legal and contractual requirements of the

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont'd)

individual programs are used as guidance. There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Borough; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 *GOB fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities or equipment.

The *sewer fund* is a special revenue fund that accounts for the revenues and expenditures related to providing sewer service to residents.

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 a 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 Highway Aid, Library, K-9 and DCR Funds are considered special revenue funds.

The *debt service fund* is used to pay for the fire truck note payable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

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)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (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.

D. Cash and Cash Equivalents

The Borough's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Budgets

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:

1) The budget is prepared in any manner designated by Council.

2) Boroughs must prepare the budget not less than thirty 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 be made available for public inspection by the Secretary for a period of ten days after 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.

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

G. Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There were no material inventory balances as of December 31, 2008.

H. Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

I. Capital Assets

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Borough as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,500 as composite groups for financial reporting purposes.

In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. In accordance with GASB Statement No. 34, infrastructure has been prospectively capitalized, beginning January 1, 2004. The Borough did not elect retroactive reporting of infrastructure in the year of adoption of GASB Statement No. 34.

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

I. Capital Assets (Cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building Improvements	20-30
Land Improvements	10-30
Furniture	8-20
Vehicles	8
Equipment	8-20
Computer Software	3

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discount and issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discount, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discount on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Compensated Absences

The Borough's policies regarding vacation time under various contracts, provide for employees to accumulate sick days which they are paid for upon retirement or termination of service. The amount the employee is compensated and the number of days varies based on their contract and their years of service. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

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

L. Equity Classifications

Government-Wide Statements

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

Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

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

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - Changes in Accounting Principles and Restatement of Fund Balance

A. Changes in Accounting Principles

For the year ended December 31, 2008, the Borough has implemented No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and additional statements amending the above statement.

GASB 34 creates new basic financial statements for reporting on the Borough's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2007, caused by the conversion to the accrual basis of accounting.

Note 2 - Changes in Accounting Principles and Restatement of Fund Balance (Cont'd)

B. Restatement of Net Assets

The transition from governmental fund types fund balance to net assets of the governmental activities is as follows:

Adjusted Fund Balance - December 31, 2007	$5,625,647
Adjustments	
Taxes Receivable	400,055
Accounts Receivable	289,311
Prepaid Expenses	206,094
Capital Assets, Net	2,491,386
Bond Costs, Net of Amortization	96,856
Accounts Payable	(529,079)
Accrued Interest Payable	(53,666)
Deferred Revenues	(30,000)
Long-Term Liabilities	(5,528,248)
Governmental Activities Net Assets - January 1, 2008	$ 2,968,356

Note 3 - 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

Note 3 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits (Cont'd)

government deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2008, $4,244,161 of the Borough's bank balance of $4,808,890 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	$4,474,256

As of December 31, 2008, the Borough had the following investments:

Investment Type	Fair Value
PA Investment	$ 692,422
RMA Money Market Funds	368,633
Mutual Funds	4,105,623
Certificates of Deposit	100,972
	$5,267,650

All of the above investments are reported in the Borough's fiduciary funds except for the Pennsylvania Investment account.

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 Risks - Pennsylvania statutes authorize the types of investments allowed and are described above. The Borough has no investment policy that would further limit its investment choices. The Borough's investments that are rated by nationally recognized statistical organizations disclosed above are from Standard and Poor's. The Borough does have investment policy guidelines it has adopted relating to its police and employee pension funds' investments. The purpose of the policy is to provide a framework within which the investment advisor will make investment decisions.

Concentration of Credit Risk - The Borough places no limit on the amount it may invest in any one issue.

Note 4 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2008 was 8.5 mills ($8.50 per $1,000 assessed valuation). The tax calendar for real estate taxes levied for 2008 is as follows:

Note 4 - Real Estate Taxes (Cont'd)

Tax Levy Date	July 1
2% Discount Period	July 1 - August 31
Face Payment Period	September 1 - October 31
10% Penalty Period	November 1 - December 31
Lien Filing Date	January 1

The amounts shown as delinquent real estate taxes receivable have not been recorded as revenue on the fund statements. These taxes are, however, recorded as deferred revenue on the balance sheet until they are received. The amounts reported for this receivable are reported on the balance sheet in the amount of $393,831 along with other taxes receivable of $168,559.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	Balance 01/01/08	Additions	Disposals	Balance 12/31/08
Governmental Activities				
Capital Assets not Being Depreciated				
Land	$ 243,460	$ -	$ -	$ 243,460
Capital Assets, Being Depreciated				
Land Improvements	497,053	-	-	497,053
Buildings & Building Improvements	2,883,935	326,086	20,481	3,189,540
Furniture & Equipment	2,746,108	140,857	69,685	2,817,280
Total Capital Assets Being Depreciated	6,127,096	466,943	90,166	6,503,873
Less Accumulated Depreciation				
Land Improvements	432,379	6,248	-	438,627
Buildings & Building Improvements	1,680,247	63,552	20,481	1,723,318
Furniture & Equipment	1,766,544	205,521	51,733	1,920,332
Total Accumulated Depreciation	3,879,170	275,321	72,214	4,082,277
Total Capital Assets Being Depreciated, Net	2,247,926	191,622	17,952	2,421,596
Governmental Activities Capital Assets, Net	$2,491,386	$191,622	$17,952	$2,665,056

Note 5 - Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	$ 11,544
Public Safety	138,241
Sanitation	2,975
Public Works	51,138
Culture - Recreation	71,423
Total Depreciation Expense	$275,321

Note 6 - Interfund Balances

Interfund balances at December 31, 2008, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ -	$17,488
Nonmajor Governmental	6,132	-
Sewer Fund	3,775	-
Pension Trust Funds	7,581	-
	$17,488	$17,488

Balances resulted from the time lag between the 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 the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended December 31, 2008, interfund transfers consisted of the following:

Note 7 - Interfund Transfers (Cont'd)

Transfer To	Transfer From General Fund
GOB Fund	$12,343
Nonmajor Governmental	75,951
	$88,294

The transfer from the general fund to the GOB Fund was to help fund the capital needs of the Borough. The transfer from the general fund to the library fund (nonmajor governmental) in the amount of $75,951 was to pay for debt service obligations.

Note 8 - Long-Term Debt

The following are changes in the long-term liabilities for the year ended December 31, 2008:

	Balance 01/01/08	Additions	Retirements	Balance 12/31/08	Due Within One Year
Governmental Activities					
General Obligation Note	$4,020,000	$ -	$135,000	$3,885,000	$140,000
Loan Payable - Pennvest	597,625	1,023,508	39,811	1,581,322	134,161
Loan Payable - Pennvest	130,480	-	20,457	110,023	21,359
Loan Payable - PWSA	322,926	-	17,501	305,425	16,423
Loan Payable - Fire Truck	447,492	-	60,547	386,945	62,771
Compensated Absences	9,725	-	1,613	8,112	-
	$5,528,248	$1,023,508	$274,929	$6,276,827	$374,714

As of December 31, 2008, the long-term debt arising from loans 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

Note 8 - Long-Term Debt (Cont'd)

Note Payable (Cont'd)

only interest installment due on September 1; interest rates from 3.625% - 4.20%.	$3,885,000

Loans Payable

Pennvest loan of 2007, monthly installments of principal and interest of $14,304 through September 1, 2008. The loan approved totaled $3,027,945; however, only $1,621,122 was drawn since the loan is drawn by an application for payment after a project payment is made.	1,581,322
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%.	305,425
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%.	386,945
Pennvest loan of 1995, due in monthly installments of $2,141 including principal and interest through September 1, 2013; interest rate of 4.324%.	110,023
	$6,268,715

The annual requirements of the Borough funds to amortize all debt outstanding (excluding compensated absences) as of December 31, 2008, are as follows:

	Governmental Activities										
Year Ended December 31,	Note Payable GON		Loan Payable Pennvest - 2007		Loan Payable PWSA		Loan Payable Brentwood Bank		Loan Payable Pennvest - 1995		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2009	$ 140,000	$ 152,670	$ 134,161	$ 37,488	$ 16,423	$ 8,544	$ 62,772	$12,679	$ 21,359	$ 4,345	$ 590,441
2010	145,000	147,432	135,886	35,763	16,780	8,356	65,029	10,421	22,301	3,403	590,371
2011	150,000	141,975	137,633	34,016	17,285	7,851	67,368	8,083	23,286	2,418	589,915
2012	155,000	136,294	139,402	32,247	17,805	7,331	69,791	5,660	24,312	1,392	589,234
2013	165,000	130,294	142,786	28,864	18,341	6,794	72,301	3,150	18,765	256	586,551
2014-2018	920,000	550,450	793,098	65,147	100,330	25,348	49,684	615	-	-	2,504,672
2019-2023	1,125,000	346,783	98,356	649	116,371	9,309	-	-	-	-	1,696,468
2024-2027	1,085,000	93,293	-	-	2,090	5	-	-	-	-	1,180,388
	$3,885,000	$1,699,191	$1,581,322	$234,174	$305,425	$73,538	$386,945	$40,608	$110,023	$11,814	$8,328,040

Note 9 - 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 expenditures are made beginning January 1, whereas tax collections are normally received starting in April.

Short-term debt activity for the year ended December 31, 2008, was as follows:

	Balance 01/01/08	Issued	Redeemed	Balance 12/31/08
Tax Anticipation Notes	$ -	$1,100,000	$1,100,000	$ -

Note 10 - 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 respective Plans.

Borough of Brentwood 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 Brentwood 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 salaried basis by the Borough (excluding police officers, councilmen and the mayor) are eligible to participate in the plan.

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

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

	PPP	NPPP
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

Note 10 - Defined Benefit Pension Plans (Cont'd)

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

	PPP	NPPP
Determination of (Cont'd)		
Employer	$105,646	$18,681
Plan Members	35% of salary	3.0% of compensation
Funding of Administrative Costs	Investment Earnings	Investment Earnings
Eligibility Requirements		
Normal Retirement	Age 55 and completion of 25 years of service	Attainment of age 62 for Public Works' Dept. 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	Completed Years of Service / Vested Percentage 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

Note 10 - Defined Benefit Pension Plans (Cont'd)

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

	PPP	NPPP
Service Increment	$25 times years of service in excess of 25; maximum $100 per month	N/A
Post-Retirement Benefit Increases	None	None
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:

	PPP	NPPP
Nonvested Active Members	10	3
Fully Vested Active Members	5	10
Retirees and Beneficiaries Currently Receiving Benefits	10	1
Total	25	14

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:

	Police Pension	Non-Police Pension
Annual Required Contributions (ARC)	$105,646	$18,681
Interest on Net Pension Obligations	(5,728)	(3,696)

Note 10 - Defined Benefit Pension Plans (Cont'd)

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

	Police Pension	Non-Police Pension
Adjustment to Annual Required Contributions	$ 8,755	$ 6,158
Annual Pension Cost	108,673	21,143
Contributions Made	107,834	19,619
Change in Net Pension Obligation	839	1,524
Beginning of Year	(83,815)	(55,423)
End of Year	$(82,976)	$(53,899)

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

At December 31, 2008, 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

	Police Pension			Non-Police Pension		
Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2006	$117,354	95%	$(81,823)	$23,385	86%	$(57,885)
2007	106,064	102%	(83,815)	21,282	88%	(55,423)
2008	108,673	99%	(82,976)	21,143	93%	(53,899)

D. Funded Status and Funding Progress

The following is funded status information for each Plan as of January 1, 2007, the most recent actuarial valuation date:

Note 10 - Defined Benefit Pension Plans (Cont'd)

D. Funded Status and Funding Progress (Cont'd)

	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 Percentage of Covered Payroll [(b-a)/c]
Non-Police	$ 977,258	$ 951,777	$ (25,481)	103%	$ 534,616	5%
Police	4,176,829	4,024,226	(152,603)	104%	1,020,153	15%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the AAL for benefits.

Note 11- Post Employment Benefits

In addition to the pension benefits described in Note 10, the Borough provides post-employment health care. The Borough of Brentwood police contract 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 2008, expenditures of $4,259 were recognized for post-employment health care for one (1) retiree. The Borough records these as expenditures when paid in the general fund.

Note 12 - 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 13 - 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

Note 13 - Interfund Reimbursement Agreement (Cont'd)

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 2008 under this agreement.

Note 14 - 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 from July 1, 2008 to June 30, 2009 will be $18,500.

For the year ended December 31, 2008, the Borough received $36,500 from the School District under this lease.

Note 15 - 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.

Note 16 - Construction Commitment

As of December 31, 2008, the Borough had construction commitments of $353,508 from various capital projects in the Borough. It is anticipated the projects will be completed in 2009.

Note 17 - Fund Balance Reserve

At December 31, 2008, the Library reserved $11,168 of its fund balance for future expenditures for the James Joyce Memorial Scholarship.

Note 18 - Operating Leases - Equipment

The Brentwood Library leases various computer and copier equipment. Total lease expense for 2008 was $6,320. As of December 31, 2008, future minimum rental payments under these leases are as follows:

Note 18 - Operating Leases - Equipment (Cont'd)

Year Ended December 31,	Amount
2009	$12,320
2010	12,320
2011	7,120
2012	1,920
2013	800
	$34,480

Note 19 - Restatement of Beginning Fund Balances

The following fund balances were restated as a result of the change from modified cash basis to modified accrual basis of accounting during 2008:

Fund	Ending Fund Balance 2007	Beginning Fund Balance 2008	Increase (Decrease)
General Fund	$1,529,067	$1,770,993	$ 241,926
Special Revenue Fund	1,669,075	1,481,994	(187,081)
GOB Fund	2,241,779	2,141,133	(100,646)
Nonmajor Funds	185,723	174,948	(10,775)
	$5,625,644	$5,569,068	$ (56,576)

Note 20 - Contingency

The Borough is currently in litigation involving an Unfair Labor Practice Charge filed by members of the Teamsters Local Union on behalf of the members of the Police Department of the Borough of Brentwood alleging that the Borough committed an Unfair Labor Practice by refusing to follow a police schedule mandated by Act 111 Arbitration Award. This case is pending before the PA Labor Relations Board and if a ruling is entered adversely against the Borough of Brentwood, the Borough could be liable for significant money damages for committing Unfair Labor Practices.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	$2,500,000	$2,500,000	$2,556,946	$ 56,946
Delinquent	50,000	50,000	112,299	62,299
Regional Asset District Sales Taxes	260,000	260,000	285,256	25,256
Real Estate Transfer Taxes	45,000	45,000	59,060	14,060
Earned Income Taxes/Wage Taxes	700,000	700,000	785,632	85,632
Local Services Taxes	80,000	80,000	61,166	(18,834)
Mechanical Device Taxes	40,000	40,000	43,350	3,350
Total Taxes	3,675,000	3,675,000	3,903,709	228,709
Licenses and Permits				
Cable Television Franchise	140,000	140,000	136,276	(3,724)
All Other Licenses and Permits	12,000	12,000	22,203	10,203
Total Licenses and Permits	152,000	152,000	158,479	6,479
Fines and Forfeits	90,000	90,000	111,727	21,727
Interest, Rents and Royalties				
Interest Earnings	15,000	15,000	51,545	36,545
Rents and Royalties	55,000	55,000	64,287	9,287
Total Interest, Rents and Royalties	70,000	70,000	115,832	45,832
Intergovernmental				
State				
Public Utility Realty Tax	4,500	4,500	4,800	300
Gen. Muni. Pension System State Aid	126,000	126,000	127,453	1,453
Alcoholic Beverage Taxes	4,000	4,000	4,200	200
All Other State Shared Rev. & Entitl.	54,000	54,000	55,280	1,280
Total Intergovernmental Revenues	188,500	188,500	191,733	3,233
Charges for Services				
General Government	4,250	4,250	2,720	(1,530)
Public Safety	81,675	81,675	149,577	67,902

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Charges for Services (Cont'd)				
Parking/Parking Meters, Permits	$ 48,000	$ 48,000	$ 56,714	$ 8,714
Culture - Recreation	42,000	42,000	44,068	2,068
Total Charges for Services	175,925	175,925	253,079	77,154
Miscellaneous Revenue				
Other Miscellaneous Revenues	25,000	25,000	4,055	(20,945)
Refunds of Prior Year's Expenditures	30,000	30,000	19,473	(10,527)
Total Miscellaneous Revenue	55,000	55,000	23,528	(31,472)
Total Revenues	4,406,425	4,406,425	4,758,087	351,662
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,600	18,600	18,105	495
Supplies	500	500	416	84
Other Services & Charges	35,500	35,500	8,715	26,785
Contributions, Grants & Subs.	1,250	1,250	2,060	(810)
Executive				
Personal Services	3,675	3,675	3,660	15
Supplies	250	250	271	(21)
Other Services & Charges	1,200	1,200	3,047	(1,847)
Tax Collection				
Personal Services	5,000	5,000	5,000	-
Other Services & Charges	30,325	30,325	44,335	(14,010)
Law				
Personal Services	90,000	90,000	91,489	(1,489)
Clerk/Secretary				
Personal Services	160,800	160,800	174,100	(13,300)
Supplies	11,100	11,100	10,855	245
Other Services & Charges	66,800	66,800	76,124	(9,324)
Capital Construction	2,500	2,500	2,035	465

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
General Government (Cont'd)				
Personnel Administration				
Other Services & Charges	$ 12,000	$ 12,000	$ 11,613	$ 387
Engineer				
Other Services & Charges	60,000	60,000	56,844	3,156
General Gov't. Buildings & Plant				
Personal Services	47,325	47,325	44,330	2,995
Supplies	7,500	7,500	8,736	(1,236)
Other Services & Charges	83,000	83,000	79,956	3,044
Contr., Grants & Subs.	-	-	3,300	(3,300)
Capital Construction	53,500	53,500	-	53,500
Total General Government	690,825	690,825	644,991	45,834
Public Safety				
Police				
Personal Services	1,440,000	1,440,000	1,444,208	(4,208)
Supplies	70,500	70,500	64,077	6,423
Other Services & Charges	91,000	91,000	69,277	21,723
Capital Purchase	30,000	30,000	30,972	(972)
Fire				
Supplies	3,500	3,500	7,829	(4,329)
Other Services & Charges	35,000	35,000	36,962	(1,962)
Contr., Grants & Subs.	129,000	129,000	130,280	(1,280)
Ambulance/Rescue				
Supplies	10,500	10,500	6,968	3,532
Other Services & Charges	3,500	3,500	3,653	(153)
Contr., Grants & Subs.	41,100	41,100	41,100	-
Planning and Zoning				
Personal Services	64,560	64,560	67,952	(3,392)
Supplies	2,000	2,000	2,197	(197)
Other Services & Charges	12,750	12,750	10,458	2,292
Emergency Management & Communication				
Personal Services	103,175	103,175	105,758	(2,583)
Supplies	200	200	15	185

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Other Public Safety (Cont'd)				
Personal Services	$ 95,200	$ 95,200	$ 76,159	$ 19,041
Other Services & Charges	500	500	-	500
Total Public Safety	2,132,485	2,132,485	2,097,865	34,620
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	4,000	4,000	8,258	(4,258)
Solid Waste Collection and Disposal				
Other Services & Charges	2,000	2,000	8,506	(6,506)
Total Sanitation	6,000	6,000	16,764	(10,764)
Public Works - Highways				
General Services - Administration				
Personal Services	501,225	501,225	430,341	70,884
Supplies	56,500	56,500	56,873	(373)
Other Services & Charges	31,750	31,750	16,092	15,658
Capital Construction	10,000	10,000	-	10,000
Capital Purchase	45,000	45,000	53,104	(8,104)
Traffic Control Devices				
Other Services & Charges	25,360	25,360	15,621	9,739
Street Lighting				
Other Services & Charges	2,500	2,500	10,216	(7,716)
Total Highways	672,335	672,335	582,247	90,088
Public Works - Other Services				
Parking Facilities				
Personal Services	27,550	27,550	27,458	92
Supplies	-	-	135	(135)
Total Other Services	27,550	27,550	27,593	(43)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Total Public Works	$ 705,885	$ 705,885	$ 626,604	$ 79,281
Culture - Recreation				
Administration				
Other Services & Charges	3,000	3,000	12,383	(9,383)
Participant Recreation				
Swimming Pool				
Personal Services	69,750	69,750	95,965	(26,215)
Supplies	22,500	22,500	13,715	8,785
Other Services & Charges	6,550	6,550	14,952	(8,402)
Spectator Recreation				
Supplies	4,500	4,500	3,985	515
Other Services & Charges	8,500	8,500	25,877	(17,377)
Parks				
Personal Services	113,925	113,925	135,584	(21,659)
Supplies	15,000	15,000	8,432	6,568
Other Services & Charges	71,200	71,200	27,739	43,461
Libraries				
Supplies	4,000	4,000	4,424	(424)
Other Services & Charges	41,000	41,000	37,372	3,628
Contributions, Grants & Subs.	150,000	150,000	150,000	-
Capital Construction	25,000	25,000	539	24,461
Other				
Supplies	7,500	7,500	3,758	3,742
Other Services & Charges	13,500	13,500	4,968	8,532
Total Culture - Recreation	555,925	555,925	539,693	16,232
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	28,500	28,500	28,500	-
Miscellaneous				
Judgments & Losses	10,000	10,000	15,241	(5,241)
Retirement Fund Contributions	126,000	126,000	127,453	(1,453)
Workers Comp. Contrib.	112,000	112,000	107,256	4,744
Insurance, Casualty & Surety	70,000	70,000	58,006	11,994
Other Misc. Expenditures	7,000	7,000	4,164	2,836

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Miscellaneous (Cont'd)				
Refunds of Prior Year's Revenues	$ 6,000	$ 6,000	$ 4,831	$ 1,169
Total Miscellaneous	331,000	331,000	316,951	14,049
Debt Service:				
Tax Anticipation Loan Interest	36,000	36,000	38,177	(2,177)
Total Expenditures	4,480,620	4,480,620	4,292,781	187,839
Excess of Revenues Over (Under) Expenditures	(74,195)	(74,195)	465,306	539,501
Other Financing Sources (Uses)				
Proceeds of General Fixed Assets Distribution	-	-	11,080	11,080
Interfund Operating Transfers Out				
Debt Service Fund	(75,500)	(75,500)	(75,951)	(451)
Capital Projects Fund	(292,675)	(292,675)	(12,343)	280,332
Other	(107,630)	(107,630)	-	107,630
Total Other Financing Sources (Uses)	(475,805)	(475,805)	(77,214)	398,591
Net Change in Fund Balance	(550,000)	(550,000)	388,092	938,092
Fund Balance - January 1, 2008 (Restated - See Note 19)	550,000	550,000	1,770,993	1,220,993
Fund Balance - December 31, 2008	$ -	$ -	$2,159,085	$2,159,085

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund - Budget and Actual
Year Ended December 31, 2008

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest Rents & Royalties				
Interest Earnings	$ 17,500	$ 17,500	$ 42,530	$ 25,030
Charges for Services				
Sewage Charges	1,530,000	1,530,000	1,852,548	322,548
Miscellaneous Revenues				
Municipal Lien Letters	5,000	5,000	10,475	5,475
Other Miscellaneous Revenues	1,000	1,000	8,437	7,437
Total Revenues	1,553,500	1,553,500	1,913,990	360,490
Expenditures				
Current:				
Public Works - Sanitation				
Other Services & Charges	1,140,050	1,140,050	1,017,837	122,213
Capital Construction	2,042,225	2,042,225	803,859	1,238,366
Capital Purchases	45,000	45,000	52,882	(7,882)
Miscellaneous	200	200	1,734	(1,534)
Total Public Works - Sanitation	3,227,475	3,227,475	1,876,312	1,351,163
Debt Service:				
Principal	214,550	214,550	77,768	136,782
Interest	20,450	20,450	19,675	775
Total Debt Service	235,000	235,000	97,443	137,557
Total Expenditures	3,462,475	3,462,475	1,973,755	1,488,720
Excess of Revenues Over (Under) Expenditures	(1,908,975)	(1,908,975)	(59,765)	1,849,210
Other Financing Sources (Uses)				
Proceeds from Extended Term Financing	235,000	235,000	1,023,508	788,508
Net Change in Fund Balance	(1,673,975)	(1,673,975)	963,743	2,637,718
Fund Balance - January 1, 2008 (Restated - See Note 19)	1,673,975	1,673,975	1,481,994	(191,981)
Fund Balance - December 31, 2008	$ -	$ -	$2,445,737	$2,445,737

Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2008

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

	Police Pension Plan		Non-Police Pension Plan	
Year Ended December 31,	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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%
2008	105,646	102%	18,681	113%

Note: Contributions include state pension aid.

Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2008

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:

	Police Pension Plan	Non-Police Pension Plan
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%

SUPPLEMENTARY INFORMATION SECTION

Exhibit A

Borough of Brentwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Highway Aid Fund	Library Fund	K-9 Fund	DCR Fund	Debt Service Fund	Total Nonmajor Gov. Funds
ASSETS						
Cash and Cash Equivalents	$146	$ 26,925	$7,640	$40,000	$634	$ 75,345
Investments	-	123,951	-	-	-	123,951
Due from Other Funds	701	5,431	-	-	-	6,132
TOTAL ASSETS	$847	$156,307	$7,640	$40,000	$634	$205,428
LIABILITIES AND FUND BALANCES						
Liabilities						
Deferred Revenues	$ -	$ -	$7,633	$40,000	$ -	$ 47,633
Fund Balances						
Reserve for Library Scholarship	-	11,168	-	-	-	11,168
Unreserved-Undesignated						
Special Revenue Fund	847	145,139	7	-	-	145,993
Debt Service Fund	-	-	-	-	634	634
Total Fund Balances	847	156,307	7	-	634	157,795
TOTAL LIABILITIES AND FUND BALANCES	$847	$156,307	$7,640	$40,000	$634	$205,428

Exhibit B

Borough of Brentwood
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2008

	Highway Aid Fund	Library Fund	K-9 Fund	Debt Service Fund	Total Nonmajor Gov. Funds
Revenues					
Interest, Rents & Royalties	$ 3,192	$ 4,301	$ 9	$ 135	$ 7,637
Intergovernmental	197,865	322,697	12,367	-	532,929
Charges for Services	-	22,506	-	-	22,506
Total Revenues	201,057	349,504	12,376	135	563,072
Expenditures					
Current:					
Public Safety	-	-	12,369	-	12,369
Public Works - Highways	223,470	-	-	-	223,470
Culture - Recreation	-	344,886	-	-	344,886
Debt Service:					
Principal	-	-	-	60,547	60,547
Interest	-	-	-	14,904	14,904
Total Expenditures	223,470	344,886	12,369	75,451	656,176
Excess (Deficiency) of Revenues Over Expenditures	(22,413)	4,618	7	(75,316)	(93,104)
Other Financing Sources (Uses)					
Transfers In	-	-	-	75,951	75,951
Net Changes in Fund Balances	(22,413)	4,618	7	635	(17,153)
Fund Balances - January 1, 2008 (Restated - See Note 19)	23,260	151,689	-	(1)	174,948
Fund Balances - December 31, 2008	$ 847	$156,307	$ 7	$ 634	$157,795

Exhibit C

Borough of Brentwood
Combining Statement of Net Assets
Fiduciary Funds
December 31, 2008

	Pension Trust Funds		
	Police Pension Fund	Non-Police Pension Fund	Totals
ASSETS			
Cash and Cash Equivalents	$ 289,349	$ 79,284	$ 368,633
Investments	3,253,585	852,038	4,105,623
Due from Other Funds	7,010	571	7,581
TOTAL ASSETS	$3,549,944	$931,893	$4,481,837
NET ASSETS			
Held in Trust for Pension Benefits	$3,549,944	$931,893	$4,481,837

Exhibit D

Borough of Brentwood
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended December 31, 2008

	Pension Trust Funds		
	Police Pension Fund	Non-Police Pension Fund	Totals
Additions			
Contributions			
Employer	$ 107,834	$ 19,619	$ 127,453
Plan Members	37,626	15,808	53,434
Other	-	324	324
Total Contributions	145,460	35,751	181,211
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(930,027)	(226,561)	(1,156,588)
Interest and Dividends	234,772	52,283	287,055
Net Investment Income	(695,255)	(174,278)	(869,533)
Total Additions	(549,795)	(138,527)	(688,322)
Deductions			
Benefits	188,707	1,137	189,844
Administrative Expenses	39,104	12,018	51,122
Total Deductions	227,811	13,155	240,966
Changes in Net Assets	(777,606)	(151,682)	(929,288)
Net Assets - January 1, 2008	4,327,550	1,083,575	5,411,125
Net Assets - December 31, 2008	$3,549,944	$ 931,893	$ 4,481,837

ADDITIONAL INFORMATION

Borough of Brentwood
Schedule of Brentwood Library Fund
Statement of Activities
Included in the Special Revenue Fund
Year Ended December 31, 2008

Revenues	
Regional Asset District Tax Funds passed through ACLA	$ 87,438
Regional Use Reimbursement	23,881
State Library Aid & Access	61,378
Payments in Lieu of Taxes - Borough Contribution	150,000
Interest Earned	4,301
Grants and Donations	7,840
Fines and Miscellaneous	14,666
Total Revenues	$349,504
Expenditures	
Salaries	$194,184
Benefits	29,430
Utilities	910
Office Supplies	7,627
Insurance	3,365
Rental of Equipment	2,458
Library Books	39,138
Adult Programs	4,218
Equipment Maintenance	5,552
Borough Reimbursement	25,187
Technology	17,055
Miscellaneous	15,762
Total Expenditures	$344,886