

## HOSACK, SPECHT, MUETZEL & WOOD LLP

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C. A. MUETZEL (1934-1983)

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, each major fund, and the aggregate remaining fund information of the Borough of Brentwood for the year ended December 31, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

### 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. No new accounting policies were adopted with the exception of the implementation of GASB 45, Other Post-Employment Benefits and the application of existing policies was not changed during 2009. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 Borough of Brentwood's financial statements was:

Management's estimate of the depreciation expense is based on 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.

Significant Audit Findings (Cont'd)

*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 each opinion unit's 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 July 28, 2010.

*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.

Members of Council  
Borough of Brentwood  
Page 3

This information is intended solely for the use of the Members 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  
July 28, 2010

# HOSACK, SPECHT, MUETZEL & WOOD LLP

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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, 2009, 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.

This letter does not affect our report dated July 28, 2010 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

July 28, 2010

**Borough of Brentwood  
Financial Statements  
December 31, 2009**

**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, 2009, 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, 2009, 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 and other post-employment benefit 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.

Members of Council  
Borough of Brentwood  
Page 2

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

Respectfully submitted,

*Hosack, Specht, Muetzal & Wood LLP*

HOSACK, SPECHT, MUETZEL & WOOD LLP

July 28, 2010

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

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, 2009. 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 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.

**Financial Highlights**

2009

- General fund revenues totaled \$4,791,389 and general fund expenditures totaled \$4,467,036, yielding an operating position ratio of .93.
- General fund liabilities totaled \$471,871 and general fund assets totaled \$2,609,256, yielding a liability to asset ratio of 0.18.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,117,992; general government operations - \$581,328; and public works activities of \$637,453.
- Major components of the Borough's general fund revenue include real estate taxes of \$2,664,337, or 56% of all revenue received and earned income taxes of \$813,949, or 17% of the general fund revenues received.
- The real estate taxation rate for the general fund was 8.0 mills and 0.5 for the library fund. There has been no increase in the millage rate in a number of years.
- The Borough was committed to \$399,151 in new capital leases.
- The general fund was responsible for \$44,584 of the pension fund costs in order to meet the pensions MMO requirements.

Additionally, the general fund balance decreased by \$21,700 to \$2,137,385. The decrease in the general fund balance was the first decrease in several years.

2008

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

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Financial Highlights (Cont'd)**

2008 (Cont'd)

- 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 decreased 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.

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:

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Using the Annual Financial Report (Cont'd)**

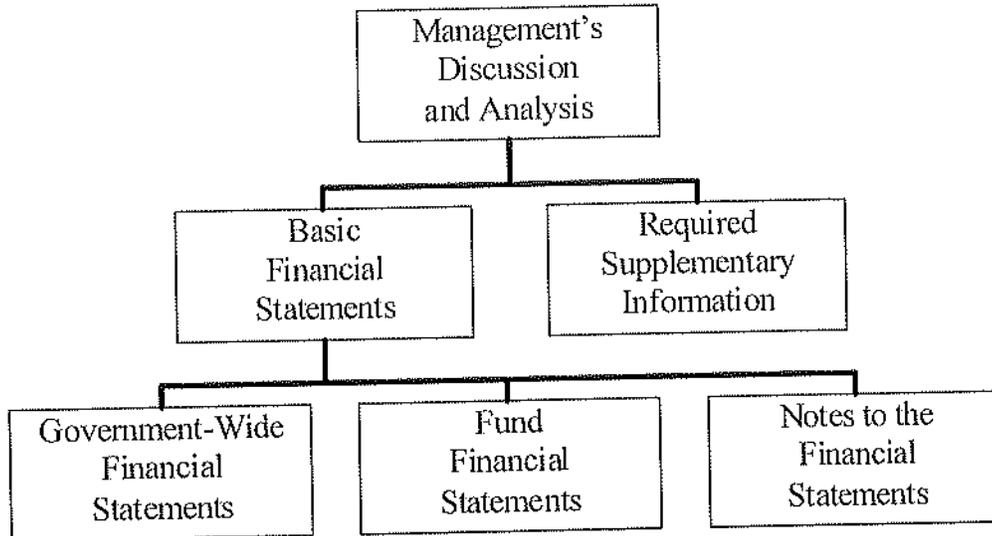


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Using the Annual Financial Report (Cont'd)**

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, admin- istration 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; expend- itures when goods or services have been received and pay- ment 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 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.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Overview of Financial Statements (Cont'd)**

**Government-Wide Statements (Cont'd)**

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.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Financial Analysis of the Borough as a Whole**

The Borough's total net assets were \$2,961,765 at December 31, 2009 and \$2,330,981 at December 31, 2008.

Table A-1  
Years Ended December 31, 2009 and 2008  
Net Assets

	Governmental Activities	
	2009	2008
Current and Other Assets	\$ 6,823,793	\$ 6,426,792
Capital Assets	<u>2,995,495</u>	<u>2,756,881</u>
Total Assets	<u>\$ 9,819,288</u>	<u>\$ 9,183,673</u>
Current and Other Liabilities	\$ 1,049,445	\$ 950,579
Long-Term Liabilities	<u>5,858,153</u>	<u>5,902,113</u>
Total Liabilities	<u>6,907,598</u>	<u>6,852,692</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	(3,230,549)	(3,511,837)
Restricted	11,444	11,168
Unrestricted	<u>6,130,795</u>	<u>5,831,650</u>
Total Net Assets	<u>2,911,690</u>	<u>2,330,981</u>
Total Liabilities and Net Assets	<u>\$ 9,819,288</u>	<u>\$ 9,183,673</u>

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 a scholarship.

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, 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.

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

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

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

Table A-2  
Years Ended December 31, 2009 and 2008  
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
Program Revenues	\$2,493,322	\$2,260,329
Charges for Services	566,124	565,662
Operating Grants and Contributions	289,608	-
Capital Grants and Contributions		
General Revenues	2,742,460	2,804,525
Property Taxes	813,949	785,632
Earned Income Taxes	-	150,000
In Lieu of Taxes	280,111	281,092
RAD	161,006	172,576
Other Taxes	38,211	145,810
Investment Earnings	222,516	204,618
Miscellaneous Income	-	(6,872)
Loss on Sale of Fixed Assets	<u>-</u>	<u>-</u>
Total Revenues	<u>7,607,307</u>	<u>7,363,372</u>
Expenses	686,290	787,140
General Government	2,542,088	2,437,703
Public Safety	1,199,784	1,839,946
Public Works - Sanitation	1,512,267	1,680,782
Public Works - Highways	35,260	27,593
Public Works - Other	803,404	965,451
Culture - Recreation	-	28,500
Community Development	<u>247,505</u>	<u>233,632</u>
Interest on Long-Term Debt		
Total Expenses	<u>7,026,598</u>	<u>8,000,747</u>
Increase (Decrease) in Net Assets	580,709	(637,375)
Net Assets - Beginning	<u>2,330,981</u>	<u>2,968,356</u>
Net Assets - Ending	<u>\$2,911,690</u>	<u>\$2,330,981</u>

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Borough Finances**

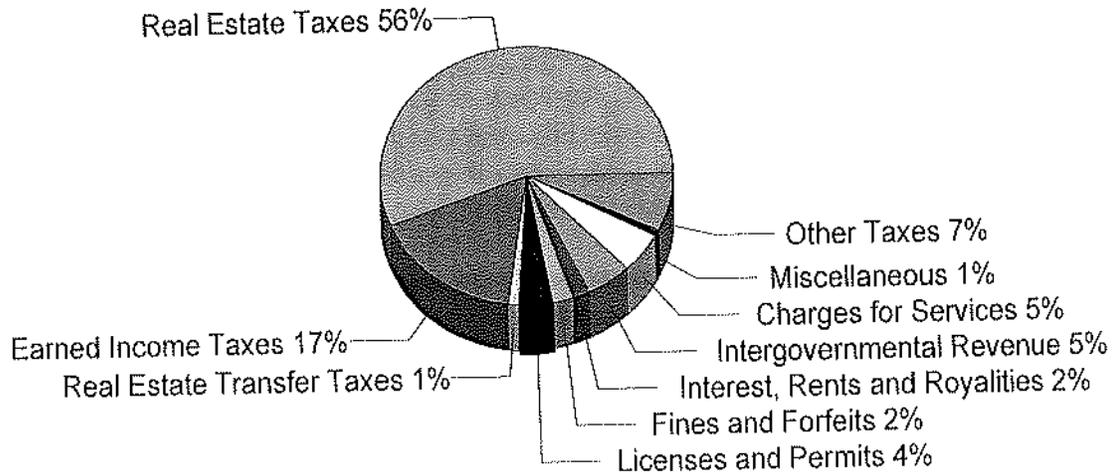
In order to provide for adequate service levels, as due many mature and mostly developed communities in Allegheny County, the Borough of Brentwood conservatively estimates revenue streams and expenditure levels.

Overall general fund revenues and other financing sources totaled \$4,791,389 and general fund expenditures and other financing uses totaled \$4,813,089.

**Major General Fund Revenue Categories**

	2009	2008
Taxes	\$3,923,407	\$3,903,709
Licenses and Permits	172,893	158,479
Fines and Forfeits	112,437	111,727
Interest, Rents and Royalties	81,900	115,832
Intergovernmental	231,966	191,733
Charges for Services	222,619	253,079
Miscellaneous	46,167	23,528
Other Financing Sources	<u>-</u>	<u>11,080</u>
 Total Revenues and Other Financing Sources	 <u>\$4,791,389</u>	 <u>\$4,769,167</u>

**Borough of Brentwood  
2008 General Fund Revenues**



**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**Borough Finances (Cont'd)**

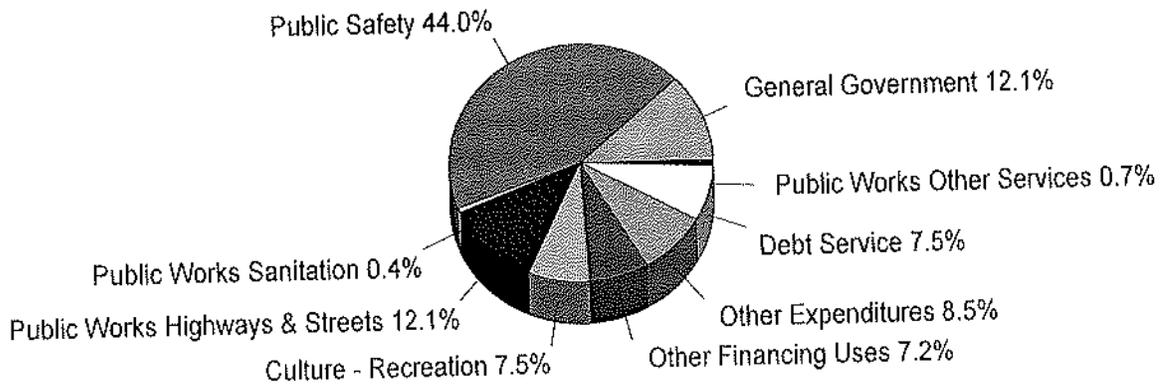
Major expenditure categories continued to be in the following areas listed below:

Major General Fund Expenditure Categories

	2009	2008
General Government	\$ 581,328	\$ 644,991
Public Safety	2,117,992	2,097,865
Public Works - Sanitation	20,096	16,764
Public Works - Highways and Streets	582,097	582,247
Public Works - Other Services	35,260	27,593
Culture - Recreation	362,011	539,693
Conservation and Development	-	28,500
Miscellaneous	406,687	316,951
Refunds of Prior Year's Receipts	1,454	-
Debt Service	360,111	38,177
Other Financing Uses	<u>346,053</u>	<u>88,294</u>
<b>Total Expenditures and Other Financing Uses</b>	<b><u>\$4,813,089</u></b>	<b><u>\$4,381,075</u></b>

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

**Borough of Brentwood  
2009 General Fund Expenditures and Other Financing Uses**



**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**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 2009.

**2009 Highlighted Budget Components**

Like previous years, 2009 saw a number of significant accomplishments.

**2009 Capital Improvement Program**

The Borough completed nearly \$1 million worth of capital projects and purchases in 2009 which included the following:

- Two (2) new Police Cruisers were leased (\$25,000)

Through a grant provided by State Representative Harry Reidshaw, the Borough was able to obtain two (2) police vehicles.

- One (1) Bucket Truck for DPW (\$70,000)

Through a \$70,000 donation from the Brentwood Business Owners Association (BBOA), the Borough was able to purchase a much-needed bucket truck to be utilized by the Department of Public Works.

- 2009 Energy Savings Audit and Equipment (\$347,918)

Prior to the announcement of the stimulus funding, the Borough took the initiative to save energy costs by having an Energy Audit performed on the Borough's Municipal Building, Library, Civic Center and Street Lighting. The results were the purchase of new high energy HVAC units for the Borough Library and Civic Center, as well as the replacing and updating of Borough lighting and high efficiency LED lighting.

- Purchase of fourteen (14) Police Radios (\$12,808)

Through a Justice Assistance Grant (JAG), the Borough was able to purchase fourteen (14) new Motorola portable radios with speaker microphones.

- Brentwood Stairway Replacement Project (\$344,676)

Partially funded with a \$163,628 Safeways to School Grant, the Borough was able to complete the nearly four year-old project of renovating East Francis steps, West Bellecrest steps and Brentridge Avenue steps.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2009**

**2009 Highlighted Budget Components (Cont'd)**

- Brentwood Park Site and Replacement Master Plan (\$40,000)

Funded through a \$40,000 DCNR Grant, the Borough completed a year-long study and subsequent preparation of a Park Master Plan. This plan includes additions, improvements and funding plan associated with Brentwood Park, Pool, Civic Center and Stadium.

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 to sewer lines
- Closed Circuit Television (CCTV) Inspection of sewer lines
- Inlet Testing
- Manhole Inspections

In 2009, nearly \$100,000 will have been expended on these projects.

**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, 2009**

**Exhibit 1**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 5,541,886
Investments	109,896
Taxes Receivable (Net)	593,269
Other Receivables	355,518
Prepaid Items	<u>223,224</u>
Total Current Assets	<u>6,823,793</u>
Noncurrent Assets	
Land	243,460
Land Improvements (Net)	421,621
Buildings and Building Improvements	1,397,236
Furniture and Equipment	846,383
Other Long-Term Receivables	<u>86,795</u>
Total Noncurrent Assets	<u>2,995,495</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,819,288</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 496,827
Current Portion of Long-Term Debt	433,041
Accrued Interest	53,305
Payroll Deductions and Withholdings	3,278
Deferred Revenues	60,230
Other Current Liabilities	<u>2,764</u>
Total Current Liabilities	<u>1,049,445</u>
Noncurrent Liabilities	
Bonds Payable	3,600,000
Notes Payable	1,872,558
Lease Purchase Obligations	320,445
Long-Term Portion of Compensated Absences	15,075
Other Post-Employment Benefit Obligations	<u>50,075</u>
Total Noncurrent Liabilities	<u>5,858,153</u>
Total Liabilities	<u>6,907,598</u>
Net Assets	
Invested in Capital Assets (Net of Related Debt)	(3,230,549)
Restricted for Library Scholarship	11,444
Unrestricted	<u>6,130,795</u>
Total Net Assets	<u>2,911,690</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 9,819,288</u></b>

See Accompanying Notes

Borough of Brentwood  
Statement of Activities  
Year Ended December 31, 2009

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities			Capital Grants and Contributions	Governmental Activities
General Government	\$ 686,290	\$ 5,509	\$ -	\$ (680,781)
Public Safety	2,542,088	323,395	25,000	(2,046,140)
Public Works - Sanitation	1,199,784	2,108,913	-	912,455
Public Works - Highways	1,512,267	-	243,708	(1,051,682)
Public Works - Other	35,260	-	-	(35,260)
Culture - Recreation	803,404	55,505	20,900	(528,631)
Interest on Long-Term Debt	247,505	-	-	(247,505)
Total Governmental Activities	\$7,026,598	\$2,493,322	\$289,608	(3,677,544)
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes (Net)				2,742,460
Earned Income Taxes				813,949
RAD				280,111
Other Taxes, Levied for General Purposes (Net)				161,006
Investment Earnings				38,211
Miscellaneous Income				222,516
Total General Revenues				4,258,253
Change in Net Assets				580,709
Net Assets - January 1, 2009				2,330,981
Net Assets - December 31, 2009				\$ 2,911,690

See Accompanying Notes

**Borough of Brentwood  
Balance Sheet  
Governmental Funds  
December 31, 2009**

**Exhibit 3**

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$1,670,958	\$3,302,734	\$320,404	\$247,790	\$5,541,886
Investments	109,896	-	-	-	109,896
Taxes Receivable (Net)	593,269	-	-	-	593,269
Due from Other Funds	53,322	-	-	-	53,322
Other Receivables	90,629	233,856	31,033	-	355,518
Prepaid Items	<u>91,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,182</u>
<b>TOTAL ASSETS</b>	<b><u>\$2,609,256</u></b>	<b><u>\$3,536,590</u></b>	<b><u>\$351,437</u></b>	<b><u>\$247,790</u></b>	<b><u>\$6,745,073</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds	\$ 2,764	\$ 51,915	\$ -	\$ 1,407	\$ 56,086
Accounts Payable	84,458	313,695	98,674	-	496,827
Payroll Deductions and Withholdings	3,278	-	-	-	3,278
Deferred Revenues	<u>381,371</u>	<u>-</u>	<u>-</u>	<u>9,155</u>	<u>390,526</u>
<b>Total Liabilities</b>	<b><u>471,871</u></b>	<b><u>365,610</u></b>	<b><u>98,674</u></b>	<b><u>10,562</u></b>	<b><u>946,717</u></b>
<b>Fund Balances</b>					
Reserve for Library Scholarships	-	-	-	11,444	11,444
Unreserved - Undesignated					
General Fund	2,137,385	-	-	-	2,137,385
Special Revenue Fund	-	3,170,980	-	144,852	3,315,832
Capital Projects Fund	-	-	252,763	-	252,763
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,932</u>	<u>80,932</u>
<b>Total Fund Balances</b>	<b><u>2,137,385</u></b>	<b><u>3,170,980</u></b>	<b><u>252,763</u></b>	<b><u>237,228</u></b>	<b><u>5,798,356</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$2,609,256</u></b>	<b><u>\$3,536,590</u></b>	<b><u>\$351,437</u></b>	<b><u>\$247,790</u></b>	<b><u>\$6,745,073</u></b>

See Accompanying Notes

**Borough of Brentwood  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
December 31, 2009**

**Exhibit 4**

Total Fund Balances - Governmental Funds		\$ 5,798,356
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>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 \$7,250,768, and the accumulated depreciation is \$4,342,068.</p>		2,908,700
<p>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.</p>		330,296
<p>Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net assets.</p>		86,795
<p>The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements.</p>		132,042
<p>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:</p>		
Bonds Payable	\$(3,745,000)	
Accrued Interest on the Bonds	(53,305)	
Notes Payable	(2,130,956)	
Capital Leases Payable	(350,088)	
Other Post-Employment Benefit Obligation (OPEB)	(50,075)	
Compensated Absences	(15,075)	<u>(6,344,499)</u>
Total Net Assets - Governmental Activities		<u>\$ 2,911,690</u>

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2009**

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$3,923,407	\$ -	\$ -	\$143,162	\$4,066,569
Licenses and Permits	172,893	-	-	-	172,893
Fines and Forfeits	112,437	-	-	-	112,437
Interest, Rents and Royalties	81,900	18,488	3,605	2,556	106,549
Intergovernmental	231,966	-	243,708	389,078	864,752
Charges for Services	222,619	2,108,809	-	21,722	2,353,150
Miscellaneous	<u>46,167</u>	<u>6,457</u>	<u>-</u>	<u>56</u>	<u>52,680</u>
Total Revenues	<u>4,791,389</u>	<u>2,133,754</u>	<u>247,313</u>	<u>556,574</u>	<u>7,729,030</u>
Expenditures					
Current:					
General Government	581,328	-	254,148	-	835,476
Public Safety	2,117,992	-	66,127	108	2,184,227
Public Works - Sanitation	20,096	1,186,145	-	-	1,206,241
Public Works - Highways	582,097	-	691,788	190,185	1,464,070
Public Works - Other Services	35,260	-	-	-	35,260
Culture - Recreation	362,011	-	156,521	367,057	885,589
Miscellaneous	406,687	-	-	-	406,687
Refunds of Prior Year's Receipts	1,454	50	-	-	1,504
Debt Service:					
Principal	164,063	189,944	25,000	62,817	441,824
Interest	<u>196,048</u>	<u>32,372</u>	<u>-</u>	<u>12,634</u>	<u>241,054</u>
Total Expenditures	<u>4,467,036</u>	<u>1,408,511</u>	<u>1,193,584</u>	<u>632,801</u>	<u>7,701,932</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>324,353</u>	<u>725,243</u>	<u>(946,271)</u>	<u>(76,227)</u>	<u>27,098</u>
Other Financing Sources (Uses)					
Bond Proceeds	-	-	399,151	-	399,151
Transfers In	-	-	190,393	155,660	346,053
Transfers Out	<u>(346,053)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,053)</u>
Total Other Financing Sources (Uses)	<u>(346,053)</u>	<u>-</u>	<u>589,544</u>	<u>155,660</u>	<u>399,151</u>
Net Changes in Fund Balances	(21,700)	725,243	(356,727)	79,433	426,249
Fund Balances - January 1, 2009	<u>2,159,085</u>	<u>2,445,737</u>	<u>609,490</u>	<u>157,795</u>	<u>5,372,107</u>
Fund Balances - December 31, 2009	<u>\$2,137,385</u>	<u>\$3,170,980</u>	<u>\$ 252,763</u>	<u>\$237,228</u>	<u>\$5,798,356</u>

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, 2009**

Total Net Change in Fund Balances - Governmental Funds \$ 426,249

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	\$(259,791)	
Capital Outlays	<u>503,435</u>	243,644

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 decreased by this amount this year. (63,535)

Repayment of bond principal, notes payable and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 441,824

Capital lease 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: (399,151)

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) and other post-retirement benefit obligation 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 accrued).

Compensated Absences	(6,963)	
Other Post-Employment Benefit Obligation (OPEB)	<u>(50,075)</u>	(57,038)

**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, 2009**

**Exhibit 6**

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

\$ (1,420)

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  
 Bond Discount

\$ (4,118)  
(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.

(4,833)

Change in Net Assets of Governmental Activities

\$ 580,709

See Accompanying Notes

**Borough of Brentwood  
Statement of Net Assets  
Fiduciary Funds  
December 31, 2009**

Exhibit 7

	Totals
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 606,177
Investments	4,661,819
Due from Other Funds	<u>3,505</u>
<b>TOTAL ASSETS</b>	<b><u>\$5,271,501</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities	
Due from Other Funds	\$ <u>741</u>
Net Assets	
Held in Trust for Pension Benefits	<u>5,270,760</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$5,271,501</u></b>

See Accompanying Notes

**Borough of Brentwood  
Statement of Changes in Net Assets  
Fiduciary Funds  
Year Ended December 31, 2009**

**Exhibit 8**

	Pension Trust Funds
Additions	
Contributions	\$ 169,705
Employer	59,120
Plan Members	<u>          </u>
Total Contributions	<u>228,825</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	489,165
Interest and Dividends	<u>289,442</u>
Net Investment Income	<u>778,607</u>
Total Additions	<u>1,007,432</u>
Deductions	167,581
Benefits	50,928
Administrative Expenses	<u>          </u>
Total Deductions	<u>218,509</u>
Changes in Net Assets	788,923
Net Assets - January 1, 2009	<u>4,481,837</u>
Net Assets - December 31, 2009	<u>\$5,270,760</u>

See Accompanying Notes

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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 *capital projects 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, Sewer 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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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, 2009.

**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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**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.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**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 - 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/or prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or highly liquid money market funds and are captioned as cash in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The investments in fixed income do not

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 2 - Deposits and Investments (Cont'd)**

have a readily trading market and the estimated market value approximates the original cost of the investments. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2009, \$4,233,474 of the Borough's bank balance of \$5,555,405 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$4,233,474</u>
---	--------------------

As of December 31, 2009, the Borough had the following investments:

Investment Type	Fair Value
RMA Money Market Funds	\$5,252,796
Certificates of Deposit	<u>109,896</u>
	<u>\$5,362,692</u>

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

Credit Risks - Pennsylvania statutes authorize the types of investments allowed and are described above. The Borough's investments that are rated by nationally recognized statistical organizations disclosed above are from Standard and Poor's.

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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 3 - 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 2009 was 8.5 mills (\$8.50 per \$1,000 assessed valuation). The tax rate is allocated to the general fund at 8 mills and the Library at .5 mills. The tax calendar for real estate taxes levied for 2009 is as follows:

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 \$330,296 along with other taxes receivable of \$262,973.

**Note 4 - Capital Assets**

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance 01/01/09	Additions	Disposals	Balance 12/31/09
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ <u>243,460</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>243,460</u>
Capital Assets, Being Depreciated				
Land Improvements	497,053	378,915	-	875,968
Buildings and Building Improvements	3,189,540	-	-	3,189,540
Furniture and Equipment	<u>2,817,280</u>	<u>124,520</u>	<u>-</u>	<u>2,941,800</u>
Total Capital Assets Being Depreciated	<u>6,503,873</u>	<u>503,435</u>	<u>-</u>	<u>7,007,308</u>
Less Accumulated Depreciation				
Land Improvements	438,627	15,720	-	454,347
Buildings and Building Improvements	1,723,318	68,986	-	1,792,304
Furniture and Equipment	<u>1,920,332</u>	<u>175,085</u>	<u>-</u>	<u>2,095,417</u>
Total Accumulated Depreciation	<u>4,082,277</u>	<u>259,791</u>	<u>-</u>	<u>4,342,068</u>

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 4 - Capital Assets (Cont'd)**

	Balance 01/01/09	Additions	Disposals	Balance 12/31/09
Total Capital Assets Being Depreciated, Net	<u>\$2,421,596</u>	<u>\$243,644</u>	\$ -	<u>\$2,665,240</u>
Governmental Activities Capital Assets, Net	<u>\$2,665,056</u>	<u>\$243,644</u>	\$ -	<u>\$2,908,700</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 17,645
Public Safety	106,540
Public Works	58,687
Culture - Recreation	<u>76,919</u>
Total Depreciation Expense	<u>\$259,791</u>

**Note 5 - Interfund Balances**

Interfund balances at December 31, 2009, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$53,322	\$ 2,764
Nonmajor Governmental	-	1,407
Sewer Fund	-	51,915
Pension Trust Funds	<u>3,505</u>	<u>741</u>
	<u>\$56,827</u>	<u>\$56,827</u>

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 6 - Interfund Transfers**

For the year ended December 31, 2009, interfund transfers consisted of the following:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 6 - Interfund Transfers (Cont'd)**

<u>Transfer To</u>	<u>Transfer From</u>	General Fund
Capital Projects Fund	\$190,393	
Nonmajor Governmental	<u>155,660</u>	
		<u>\$346,053</u>

The transfer from the general fund to the capital projects fund was to help fund the capital needs of the Borough. The transfer from the general fund to the debt service fund (nonmajor governmental) in the amount of \$155,660 was to pay for debt service obligations.

**Note 7 - Long-Term Debt**

The following are changes in the long-term liabilities for the year ended December 31, 2009:

	Balance 01/01/09	Additions	Retirements	Balance 12/31/09	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$3,885,000	\$ -	\$140,000	\$3,745,000	\$145,000
Notes Payable	2,383,715	-	252,761	2,130,954	258,396
Capital Lease Obligations	-	399,151	49,063	350,088	29,645
Compensated Absences	<u>8,112</u>	<u>6,963</u>	<u>-</u>	<u>15,075</u>	<u>-</u>
	<u>\$6,276,827</u>	<u>\$406,114</u>	<u>\$441,824</u>	<u>\$6,241,117</u>	<u>\$433,041</u>

As of December 31, 2009, the long-term debt arising from loans payable from governmental fund resources, consisted of the following:

**General Obligation Bonds**

General Obligation Bond of 2007, due in annual principal and semi-annual interest installment due on March 1 and a semi-annual only interest installment due on September 1; interest rates from 3.625% - 4.20% through March 2027.

\$3,745,000

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 7 - Long-Term Debt (Cont'd)**

General Obligation Bonds (Cont'd)

The annual requirements of the Borough funds to amortize all general obligation bonds as of December 31, 2009, are as follows:

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2010	\$ 145,000	\$ 147,432	\$ 292,432
2011	150,000	141,975	291,975
2012	155,000	136,294	291,294
2013	165,000	130,294	295,294
2014	170,000	123,970	293,970
2015-2019	955,000	513,748	1,468,748
2020-2024	1,175,000	299,534	1,474,534
2025-2027	<u>830,000</u>	<u>53,274</u>	<u>883,274</u>
	<u>\$3,745,000</u>	<u>\$1,546,521</u>	<u>\$5,291,521</u>

Notes Payable

Pennvest loan of 2007, monthly installments of principal and interest of \$14,304 through November 1, 2018. The interest rate is 1.278% until September 2013. Beginning in October 2013, the interest rate will be 2.556%. \$1,428,992

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%. 289,002

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%. 324,128

Pennvest loan of 1995, due in monthly installments of \$2,141 including principal and interest through September 1, 2013; interest rate of 4.324%. 88,832

\$2,130,954

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 7 - Long-Term Debt (Cont'd)**

Notes Payable (Cont'd)

The annual requirements of the Borough funds to amortize all notes payable as of December 31, 2009, are as follows:

Year Ended December 31,	Notes Payable		Totals
	Principal	Interest	
2010	\$ 258,398	\$ 39,541	\$ 297,939
2011	264,211	33,729	297,940
2012	270,189	27,752	297,941
2013	267,243	24,014	291,257
2014	221,454	25,631	247,085
2015-2019	752,912	56,656	809,568
2020-2024	96,547	6,092	102,639
	<u>\$2,130,954</u>	<u>\$213,415</u>	<u>\$2,344,369</u>

Capital Leases

The Borough is also currently obligated under a capital leasing arrangement for the purchase of two police vehicles and HVAC and lighting upgrades.

The assets acquired through the capital leases are as follows:

	Governmental Activities
Assets	
Building Improvements	\$347,831
Vehicles	<u>51,326</u>
Total Assets	399,157
Less: Accumulated Depreciation	<u>(12,361)</u>
Net Assets	<u>\$386,796</u>

The future minimum lease obligations as of December 31, 2009, are as follows:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 7 - Long-Term Debt (Cont'd)**

Capital Leases (Cont'd)

Year Ended December 31,	
2010	\$ 45,812
2011	45,812
2012	32,026
2013	32,026
2014	32,026
2015-2019	160,130
2020-2023	<u>128,105</u>
Total minimum lease payments	475,937
Amount representing interest	<u>(125,849)</u>
Present value of minimum lease payments	<u>\$ 350,088</u>

**Note 8 - 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 July.

Short-term debt activity for the year ended December 31, 2009, was as follows:

	Balance 01/01/09	Issued	Redeemed	Balance 12/31/09
Tax Anticipation Notes	\$ <u>-</u>	<u>\$1,300,000</u>	<u>\$1,300,000</u>	<u>\$ -</u>

**Note 9 - 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  
Notes to Financial Statements  
December 31, 2009**

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

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

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:

	<u>PPP</u>	<u>NPPP</u>
Date Established	December 11, 1954	February 15, 1958
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances
Determination of Contribution Requirements	Actuarially Determined	Actuarially Determined
Employer	\$134,642	\$35,063
Plan Members	3.5% 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

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

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

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

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

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

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

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

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

	<u>PPP</u>	<u>NPPP</u>
Nonvested Active Members	9	4
Fully Vested Active Members	5	10
Retirees and Beneficiaries		
Currently Receiving Benefits	<u>9</u>	<u>1</u>
Total	<u>23</u>	<u>15</u>

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

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

Current year annual pension costs and net pension obligations (assets) to the Plans are as follows:

	<u>Police Pension</u>	<u>Non-Police Pension</u>
Annual Required Contributions (ARC)	\$134,642	\$35,063
Interest on Net Pension Obligations	(5,803)	(4,073)
Adjustment to Annual Required Contributions	<u>8,871</u>	<u>5,838</u>
Annual Pension Cost	137,710	36,828
Contributions Made	<u>134,642</u>	<u>35,063</u>
Change in Net Pension Obligation	3,068	1,765
Beginning of Year	<u>(82,976)</u>	<u>(53,899)</u>
End of Year	<u>\$(79,908)</u>	<u>\$(52,134)</u>

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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

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

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

At December 31, 2009, the Police Pension Plan and Non-Police Pension Plan assets were with Paine-Webber in the form of mutual funds.

There are no long-term contracts for contributions.

**C. Trend Information**

Year Ended December 31,	Police Pension			Non-Police Pension		
	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
2007	\$106,064	102%	\$(83,815)	\$21,282	88%	\$(55,423)
2008	108,673	99%	(82,976)	21,143	93%	(53,899)
2009	137,710	98%	(79,908)	36,828	95%	(52,134)

**D. Funded Status and Funding Progress**

The following is funded status information for each Plan as of January 1, 2009, the most recent actuarial valuation date:

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) Excess of Assets over AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll [(b-a)/c]
Non-Police	\$ 928,545	\$1,161,504	\$232,959	79.94%	\$ 579,172	40.22%
Police	4,258,162	4,288,707	30,545	99.29%	1,112,399	2.75%

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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 10 - Post-Employment Healthcare Plan**

A. Plan Description

The Borough of Brentwood administers a single-employer defined benefit healthcare plan (“the Supplemental Health Plan”). The plan provides medical, dental and vision for eligible Borough police officers. The benefits provided are for the eligible retirees and their spouses through the Borough group health insurance plan which covers both active and retired members. Benefit provisions are mostly established through negotiations between the Borough and union representing the employees. No post-employment benefits are provided for non-uniform employees. The plan does not issue a publicly available financial report.

B. Funding Policy

The eligibility and the benefits are as follows:

Police Employees

Medical, Dental and Vision Eligibility	Retired from the police pension plan after age 55 and 25 years of service
Persons Covered	Coverage will include retiree, spouse and eligible dependents
Benefits Provided	The Borough shall pay ½ the cost of health insurance premiums including medical, dental and vision for the retiree and his/her family, until the earlier of the death of the retiree or the retiree’s Medicare eligibility.
Retiree Contributions	Contribution amounts differ depending on the date of retirement. If a police officer retires after December 31, 1999, the retiree must pay 50% of the premium at the coverage level selected.

For the year ended December 31, 2009, the Borough contributed \$5,548. Plan members receiving benefits contributed \$5,548. The plan is financed on a pay-as-you-go basis.

C. Annual OPEB Cost and Net OPEB Obligation

The Borough’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (funding excess)

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 10 - Post-Employment Healthcare Plan (Cont'd)**

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

over a period not to exceed thirty years. The following table shows the components of the Borough's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Borough's net OPEB obligation.

Annual Required Contribution	\$ 60,620
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	<u>-</u>
Annual OPEB Cost (Expense)	60,620
Contributions Made	<u>(10,545)</u>
Increase in OPEB Obligation	50,075
Net OPEB Obligation - Beginning of Year	<u>-</u>
Net OPEB Obligation - End of Year	<u>\$ 50,075</u>

The Borough's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended December 31, 2009, is as follows. This is the first year of implementation of GASB Statement 45 and prior year information is not reflected.

The Borough implemented the stated prospectively.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/09	\$60,620	17.4%	\$50,075

**D. Funded Status and Funding Progress**

As of January 1, 2009, the actuarial accrued liability for benefits was \$516,578, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,112,399 and the ratio of unfunded actuarial accrued liability to the covered payroll was 46.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 10 - Post-Employment Healthcare Plan (Cont'd)**

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

employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multi-year information will be presented in future years.

**E. Actuarial Methods and Assumptions**

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

In the January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a discount rate of 4.5%, an annual healthcare cost trend rate of 6.6%, increasing to 9% the next year, and reducing by 1% thereafter to an ultimate rate of 5% after seven years, and a 5% rate for dental/vision with no change over the period. The method used to determine the actuarial value of assets is not applicable since there are no plan assets. The unfunded actuarial accrued liability is being amortized using the level dollar method. The amortization period for the most recent actuarial valuation is thirty years. The period is open.

**Note 11 - 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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 12 - Interfund Reimbursement Agreement**

The Borough and the Library have come to an agreement whereby the Library will make annual installment payments of \$25,087 to the Borough. The reimbursement payments by the Library shall continue until the Borough is reimbursed for the total cost of construction services, materials, labor and the principal and interest of the Library construction loan, as specified in the agreement. The Library paid \$25,087 to the general fund in 2009 under this agreement. It is estimated that the Library owes the Borough \$146,617 under this agreement.

**Note 13 - 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, 2009 through June 30, 2012. The rental payments from July 1, 2009 to June 30, 2012 will be as follows:

July 1, 2009 to June 30, 2010	\$ 42,150
July 1, 2010 to June 30, 2011	47,300
July 1, 2011 to June 30, 2012	<u>52,450</u>
	<u>\$141,900</u>

For the year ended December 31, 2009, the Borough received \$42,150 from the School District under this lease. The Borough recognized \$21,075 in revenue under this lease and deferred \$21,075 to be recognized during 2010.

**Note 14 - 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. The TIF agreement will expire at the end of 2013.

**Note 15 - Fund Balance Reserve**

At December 31, 2009, the Library reserved \$11,444 of its fund balance for future expenditures for the James Joyce Memorial Scholarship.

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2009**

**Note 16 - Operating Leases - Equipment**

The Brentwood Library leases various computer and copier equipment. Total lease expense for 2009 was \$8,600. As of December 31, 2009, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2010	\$ 9,650
2011	5,785
2012	1,920
2013	<u>800</u>
	<u>\$18,155</u>

**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, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$2,729,488	\$2,729,488	\$2,419,249	\$ (310,239)
Delinquent	50,000	50,000	245,088	195,088
Liened	7,000	7,000	-	(7,000)
Regional Asset District Sales Taxes	260,000	260,000	284,116	24,116
Real Estate Transfer Taxes	45,000	45,000	55,968	10,968
Earned Income Taxes/Wage Taxes	710,000	710,000	813,949	103,949
Local Services Taxes	70,000	70,000	66,787	(3,213)
Mechanical Device Taxes	<u>40,000</u>	<u>40,000</u>	<u>38,250</u>	<u>(1,750)</u>
Total Taxes	<u>3,911,488</u>	<u>3,911,488</u>	<u>3,923,407</u>	<u>11,919</u>
Licenses and Permits				
Cable Television Franchise	140,000	140,000	145,434	5,434
All Other Licenses and Permits	<u>16,000</u>	<u>16,000</u>	<u>27,459</u>	<u>11,459</u>
Total Licenses and Permits	<u>156,000</u>	<u>156,000</u>	<u>172,893</u>	<u>16,893</u>
Fines and Forfeits	<u>70,000</u>	<u>70,000</u>	<u>112,437</u>	<u>42,437</u>
Interest, Rents and Royalties				
Interest Earnings	27,200	27,200	13,838	(13,362)
Rents and Royalties	<u>57,000</u>	<u>57,000</u>	<u>68,062</u>	<u>11,062</u>
Total Interest, Rents and Royalties	<u>84,200</u>	<u>84,200</u>	<u>81,900</u>	<u>(2,300)</u>
Intergovernmental				
State				
Community Development	-	-	45,900	45,900
Public Utility Realty Tax	4,500	4,500	5,020	520
Gen. Muni. Pension System State Aid	126,000	126,000	125,121	(879)
Alcoholic Beverage Taxes	4,000	4,000	4,000	-
Recycling Act 101	-	-	3,326	3,326
All Other State Shared Rev. & Entitl.	<u>55,000</u>	<u>55,000</u>	<u>48,599</u>	<u>(6,401)</u>
Total Intergovernmental Revenues	<u>189,500</u>	<u>189,500</u>	<u>231,966</u>	<u>42,466</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (Cont'd)</b>				
<b>Charges for Services</b>				
General Government	\$ 4,200	\$ 4,200	\$ 4,969	\$ 769
Public Safety	133,700	133,700	115,045	(18,655)
Parking/Parking Meters, Permits	60,000	60,000	68,994	8,994
Solid Waste Collection/Trash	-	-	104	104
Culture - Recreation	<u>42,000</u>	<u>42,000</u>	<u>33,507</u>	<u>(8,493)</u>
<b>Total Charges for Services</b>	<u>239,900</u>	<u>239,900</u>	<u>222,619</u>	<u>(17,281)</u>
<b>Miscellaneous Revenue</b>				
Special Assessments	650	650	-	(650)
Other Miscellaneous Revenues	25,000	25,000	240	(24,760)
Refunds of Prior Year's Expenditures	<u>5,000</u>	<u>5,000</u>	<u>45,927</u>	<u>40,927</u>
<b>Total Miscellaneous Revenue</b>	<u>30,650</u>	<u>30,650</u>	<u>46,167</u>	<u>15,517</u>
<b>Total Revenues</b>	<u>4,681,738</u>	<u>4,681,738</u>	<u>4,791,389</u>	<u>109,651</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Legislative Body</b>				
Personal Services	18,100	18,100	18,085	15
Other Services & Charges	18,300	18,300	8,076	10,224
Contributions, Grants & Subs.	-	-	3,670	(3,670)
<b>Executive</b>				
Personal Services	3,700	3,700	3,660	40
Supplies	200	200	233	(33)
Other Services & Charges	1,900	1,900	1,404	496
<b>Financial Administrative</b>				
Other Services & Charges	12,250	12,250	13,515	(1,265)
<b>Tax Collection</b>				
Personal Services	5,000	5,000	5,000	-
Supplies	1,000	1,000	956	44
Other Services & Charges	40,200	40,200	38,874	1,326
<b>Law</b>				
Other Services & Charges	101,300	101,300	119,849	(18,549)

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
General Government (Cont'd)				
Clerk/Secretary			\$ 235,308	\$ (24,666)
Personal Services	\$ 210,642	\$ 210,642		
Supplies	9,000	9,000	10,024	(1,024)
Other Services & Charges	47,032	47,032	17,278	29,754
Capital Purchase	2,000	2,000	4,676	(2,676)
Personnel Administration				
Other Services & Charges	15,000	15,000	16,769	(1,769)
Data Processing				
Supplies	2,000	2,000	1,838	162
Other Services & Charges	24,000	24,000	24,579	(579)
Engineer				
Other Services & Charges	55,000	55,000	11,776	43,224
General Gov't. Buildings & Plant				
Supplies	8,000	8,000	5,951	2,049
Other Services & Charges	62,000	62,000	39,163	22,837
Capital Purchase	<u>7,000</u>	<u>7,000</u>	<u>644</u>	<u>6,356</u>
Total General Government	<u>643,624</u>	<u>643,624</u>	<u>581,328</u>	<u>62,296</u>
Public Safety				
Police				
Personal Services	1,591,303	1,591,303	1,512,933	78,370
Supplies	75,200	75,200	38,413	36,787
Other Services & Charges	59,350	59,350	42,118	17,232
Capital Purchase	500	500	800	(300)
Fire				
Supplies	13,000	13,000	1,633	11,367
Other Services & Charges	35,806	35,806	34,336	1,470
Contr., Grants & Subs.	137,500	137,500	131,099	6,401
Ambulance/Rescue				
Supplies	11,000	11,000	9,698	1,302
Other Services & Charges	3,700	3,700	3,665	35
Contr., Grants & Subs.	45,210	45,210	45,210	-
Planning and Zoning				
Personal Services	67,321	67,321	67,112	209
Supplies	3,200	3,200	2,669	531

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Planning and Zoning (Cont'd)				
Other Services & Charges	\$ 10,800	\$ 10,800	\$ 17,623	\$ (6,823)
Capital Purchase	500	500	40	460
Emergency Management & Communication				
Personal Services	109,772	109,772	108,831	941
Other Public Safety				
Personal Services	<u>119,300</u>	<u>119,300</u>	<u>101,812</u>	<u>17,488</u>
Total Public Safety	<u>2,283,462</u>	<u>2,283,462</u>	<u>2,117,992</u>	<u>165,470</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	19,100	19,100	15,713	3,387
Solid Waste Collection and Disposal				
Supplies	2,000	2,000	4,383	(2,383)
Capital Purchase	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Total Sanitation	<u>21,600</u>	<u>21,600</u>	<u>20,096</u>	<u>1,504</u>
Public Works - Highways				
General Services - Administration				
Personal Services	595,188	595,188	521,458	73,730
Supplies	76,500	76,500	49,856	26,644
Other Services & Charges	29,000	29,000	3,597	25,403
Capital Purchase	3,000	3,000	1,501	1,499
Traffic Control Devices				
Other Services & Charges	25,000	25,000	5,092	19,908
Street Lighting				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>593</u>	<u>1,907</u>
Total Highways	<u>731,188</u>	<u>731,188</u>	<u>582,097</u>	<u>149,091</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Other Services				
Parking Facilities				
Personal Services	\$ 34,800	\$ 34,800	\$ 33,377	\$ 1,423
Supplies	<u>1,000</u>	<u>1,000</u>	<u>1,883</u>	<u>(883)</u>
Total Other Services	<u>35,800</u>	<u>35,800</u>	<u>35,260</u>	<u>540</u>
Total Public Works	<u>788,588</u>	<u>788,588</u>	<u>637,453</u>	<u>151,135</u>
Culture - Recreation				
Administration				
Contr., Grants & Subs.	14,000	14,000	12,150	1,850
Participant Recreation				
Swimming Pool				
Personal Services	86,000	86,000	83,598	2,402
Supplies	17,500	17,500	12,008	5,492
Other Services & Charges	15,800	15,800	18,847	(3,047)
Capital Purchase	1,000	1,000	2,040	(1,040)
Spectator Recreation				
Supplies	4,500	4,500	2,309	2,191
Other Services & Charges	25,000	25,000	14,702	10,298
Capital Purchase	1,000	1,000	-	1,000
Parks				
Personal Services	120,491	120,491	121,154	(663)
Supplies	12,000	12,000	3,672	8,328
Other Services & Charges	53,600	53,600	16,722	36,878
Capital Purchase	4,000	4,000	414	3,586
Libraries				
Supplies	4,000	4,000	3,528	472
Other Services & Charges	38,400	38,400	25,908	12,492
Contributions, Grants & Subs.	150,000	150,000	-	150,000
Capital Construction	-	-	31,084	(31,084)
Other				
Supplies	6,500	6,500	6,241	259
Other Services & Charges	<u>11,000</u>	<u>11,000</u>	<u>7,634</u>	<u>3,366</u>
Total Culture - Recreation	<u>564,791</u>	<u>564,791</u>	<u>362,011</u>	<u>202,780</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	\$ 28,500	\$ 28,500	\$ -	\$ 28,500
Miscellaneous				
Retirement Fund Contributions	170,642	170,642	169,705	937
Workers Comp. Contrib.	112,000	112,000	143,591	(31,591)
Insurance, Casualty & Surety	131,000	131,000	85,268	45,732
Other Misc. Expenditures	10,000	10,000	8,123	1,877
Refunds of Prior Year's Revenues	<u>6,000</u>	<u>6,000</u>	<u>1,454</u>	<u>4,546</u>
Total Miscellaneous	<u>429,642</u>	<u>429,642</u>	<u>408,141</u>	<u>21,501</u>
Debt Service:				
Principal	140,000	140,000	164,063	(24,063)
Interest	153,000	153,000	160,633	(7,633)
Tax Anticipation Loan				
Interest	<u>36,000</u>	<u>36,000</u>	<u>35,415</u>	<u>585</u>
Total Debt Service	<u>329,000</u>	<u>329,000</u>	<u>360,111</u>	<u>(31,111)</u>
Total Expenditures	<u>5,067,607</u>	<u>5,067,607</u>	<u>4,467,036</u>	<u>600,571</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(385,869)</u>	<u>(385,869)</u>	<u>324,353</u>	<u>710,222</u>
Other Financing Sources (Uses)				
Interfund Operating Transfers In	92,000	92,000	-	(92,000)
Interfund Operating Transfers Out				
Debt Service Fund	(76,000)	(76,000)	(155,660)	(79,660)
Capital Projects Fund	(75,000)	(75,000)	(190,393)	(115,393)
Other	<u>(5,131)</u>	<u>(5,131)</u>	<u>-</u>	<u>5,131</u>
Total Other Financing Sources (Uses)	<u>(64,131)</u>	<u>(64,131)</u>	<u>(346,053)</u>	<u>(281,922)</u>

**Borough of Brentwood  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
General Fund - Budget and Actual  
Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Net Change in Fund Balance	\$ (450,000)	\$ (450,000)	\$ (21,700)	\$ 428,300
Fund Balance - January 1, 2009	<u>450,000</u>	<u>450,000</u>	<u>2,159,085</u>	<u>1,709,085</u>
Fund Balance - December 31, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,137,385</u>	<u>\$2,137,385</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Sewer Fund - Budget and Actual**  
**Year Ended December 31, 2009**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest Rents & Royalties				
Interest Earnings	\$ 17,500	\$ 17,500	\$ 18,488	\$ 988
Charges for Services				
Sewage Charges	1,836,000	1,836,000	2,108,809	272,809
Miscellaneous Revenues				
Refund of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>6,457</u>	<u>6,457</u>
<b>Total Revenues</b>	<u>1,853,500</u>	<u>1,853,500</u>	<u>2,133,754</u>	<u>280,254</u>
<b>Expenditures</b>				
Current:				
Public Works - Sanitation				
Other Services & Charges	1,193,180	1,193,180	1,117,023	76,157
Capital Purchases	60,000	60,000	-	60,000
Capital Construction	<u>681,000</u>	<u>681,000</u>	<u>69,122</u>	<u>611,878</u>
<b>Total Public Works - Sanitation</b>	<u>1,934,180</u>	<u>1,934,180</u>	<u>1,186,145</u>	<u>748,035</u>
Miscellaneous				
Refund of Prior Year's Revenues	<u>5,000</u>	<u>5,000</u>	<u>50</u>	<u>4,950</u>
Debt Service:				
Principal	203,285	203,285	189,944	13,341
Interest	<u>19,035</u>	<u>19,035</u>	<u>32,372</u>	<u>(13,337)</u>
<b>Total Debt Service</b>	<u>222,320</u>	<u>222,320</u>	<u>222,316</u>	<u>4</u>
<b>Total Expenditures</b>	<u>2,161,500</u>	<u>2,161,500</u>	<u>1,408,511</u>	<u>752,989</u>
<b>Net Change in Fund Balance</b>	(308,000)	(308,000)	725,243	1,033,243
<b>Fund Balance - January 1, 2009</b>	<u>308,000</u>	<u>308,000</u>	<u>2,445,737</u>	<u>2,137,737</u>
<b>Fund Balance - December 31, 2009</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,170,980</u>	<u>\$3,170,980</u>

**Borough of Brentwood  
Required Supplementary Information  
Defined Benefit Pension Trust Funds  
December 31, 2009**

**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)
01/01/05	\$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
01/01/09	4,258,162	4,288,707	30,545	99.29%	1,112,399	2.75%

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)
01/01/05	\$ 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
01/01/09	928,545	1,161,504	232,959	79.94%	579,172	40.22%

Source: Actuarial Reports

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

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

Year Ended December 31,	<u>Police Pension Plan</u>		<u>Non-Police Pension Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
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%
2009	134,642	100%	35,063	100%

Note: Contributions include state pension aid.

**Borough of Brentwood  
Required Supplementary Information  
Defined Benefit Pension Trust Funds  
December 31, 2009**

**3. Notes to Required Supplementary Information**

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

	<u>Police Pension Plan</u>	<u>Non-Police Pension Plan</u>
Actuarial Valuation Date	January 1, 2009	January 1, 2009
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Open	Level Dollar - Open
Remaining Amortization Period	13 Years	13 Years
Asset Valuation Method	Fair Value	Fair Value
Actuarial Assumptions		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	5.00%	4.50%
Underlying Inflation Rate	3.00%	3.00%

**Borough of Brentwood  
Required Supplementary Information  
Other Post-Employment Benefits  
December 31, 2009**

Schedule of Funding Progress for Retiree Health and Welfare Plan

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (AVA/AAL)	Covered Payroll	UAAL as Percentage of Covered Payroll
01/01/09	\$ -	\$516,578	\$516,578	0.0%	\$1,112,399	46.0%

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

**SUPPLEMENTARY  
INFORMATION SECTION**

**Borough of Brentwood  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2009**

Exhibit A

	Highway Aid Fund	Library Fund	K-9 Fund	DCR Fund	Debt Service Fund	Total Nonmajor Gov. Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	<u>\$1,826</u>	<u>\$155,801</u>	<u>\$7,601</u>	<u>\$1,630</u>	<u>\$80,932</u>	<u>\$247,790</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities						
Due to Other Funds	\$ -	\$ 1,407	\$ -	\$ -	\$ -	\$ 1,407
Deferred Revenues	<u>-</u>	<u>-</u>	<u>7,525</u>	<u>1,630</u>	<u>-</u>	<u>9,155</u>
Total Liabilities	<u>-</u>	<u>1,407</u>	<u>7,525</u>	<u>1,630</u>	<u>-</u>	<u>10,562</u>
Fund Balances						
Reserve for Library Scholarships	-	11,444	-	-	-	11,444
Unreserved - Undesignated						
Special Revenue Fund	1,826	142,950	76	-	-	144,852
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,932</u>	<u>80,932</u>
Total Fund Balances	<u>1,826</u>	<u>154,394</u>	<u>76</u>	<u>-</u>	<u>80,932</u>	<u>237,228</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$1,826</u>	<u>\$155,801</u>	<u>\$7,601</u>	<u>\$1,630</u>	<u>\$80,932</u>	<u>\$247,790</u>

**Borough of Brentwood**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2009**

Exhibit B

	Highway Aid Fund	Library Fund	K-9 Fund	DCR Fund	Debt Service Fund	Total Nonmajor Gov. Funds
Revenues						\$143,162
Taxes	\$ -	\$143,162	\$ -	\$ -	\$ -	\$143,162
Interest, Rents and Royalties	562	1,892	13	-	89	2,556
Intergovernmental	190,602	159,998	108	38,370	-	389,078
Charges for Services	-	21,722	-	-	-	21,722
Miscellaneous	<u>-</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
Total Revenues	<u>191,164</u>	<u>326,774</u>	<u>177</u>	<u>38,370</u>	<u>89</u>	<u>556,574</u>
Expenditures						
Current:						108
Public Safety	-	-	108	-	-	108
Public Works - Highways	190,185	-	-	-	-	190,185
Culture - Recreation	-	328,687	-	38,370	-	367,057
Debt Service:						
Principal	-	-	-	-	62,817	62,817
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,634</u>	<u>12,634</u>
Total Expenditures	<u>190,185</u>	<u>328,687</u>	<u>108</u>	<u>38,370</u>	<u>75,451</u>	<u>632,801</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>979</u>	<u>(1,913)</u>	<u>69</u>	<u>-</u>	<u>(75,362)</u>	<u>(76,227)</u>
Other Financing Sources (Uses)						
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>155,660</u>	<u>155,660</u>
Net Changes in Fund Balances	979	(1,913)	69	-	80,298	79,433
Fund Balances - January 1, 2009	<u>847</u>	<u>156,307</u>	<u>7</u>	<u>-</u>	<u>634</u>	<u>157,795</u>
Fund Balances - December 31, 2009	<u>\$ 1,826</u>	<u>\$154,394</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 80,932</u>	<u>\$237,228</u>

Borough of Brentwood  
Combining Statement of Net Assets  
Fiduciary Funds  
December 31, 2009

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 474,102	\$ 132,075	\$ 606,177
Investments	3,634,873	1,026,946	4,661,819
Due from Other Funds	<u>2,764</u>	<u>741</u>	<u>3,505</u>
TOTAL ASSETS	<u>\$4,111,739</u>	<u>\$1,159,762</u>	<u>\$5,271,501</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Due to Other Funds	\$ <u>741</u>	\$ <u>-</u>	\$ <u>741</u>
Net Assets			
Held in Trust for Pension Benefits	<u>4,110,998</u>	<u>1,159,762</u>	<u>5,270,760</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,111,739</u>	<u>\$1,159,762</u>	<u>\$5,271,501</u>

**Borough of Brentwood**  
**Combining Statement of Changes in Net Assets**  
**Fiduciary Funds**  
**Year Ended December 31, 2009**

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			\$ 169,705
Employer	\$ 134,642	\$ 35,063	
Plan Members	<u>38,864</u>	<u>20,256</u>	<u>59,120</u>
Total Contributions	<u>173,506</u>	<u>55,319</u>	<u>228,825</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	451,765	37,400	489,165
Interest and Dividends	<u>142,177</u>	<u>147,265</u>	<u>289,442</u>
Net Investment Income	<u>593,942</u>	<u>184,665</u>	<u>778,607</u>
Total Additions	<u>767,448</u>	<u>239,984</u>	<u>1,007,432</u>
Deductions			
Benefits	166,443	1,138	167,581
Administrative Expenses	<u>39,951</u>	<u>10,977</u>	<u>50,928</u>
Total Deductions	<u>206,394</u>	<u>12,115</u>	<u>218,509</u>
Changes in Net Assets	561,054	227,869	788,923
Net Assets - January 1, 2009	<u>3,549,944</u>	<u>931,893</u>	<u>4,481,837</u>
Net Assets - December 31, 2009	<u>\$4,110,998</u>	<u>\$1,159,762</u>	<u>\$5,270,760</u>

**ADDITIONAL INFORMATION**

**Borough of Brentwood  
Schedule of Brentwood Library Fund  
Statement of Activities  
Included in the Special Revenue Fund  
Year Ended December 31, 2009**

Revenues	
Regional Asset District Tax Funds	\$ 79,977
Passed Through ACLA	26,107
Regional Use Reimbursement	53,914
State Library Aid and Access	143,162
Real Estate Taxes - Current	1,892
Interest Earned	<u>21,722</u>
Fines and Miscellaneous	
	<u>\$326,774</u>
Total Revenues	
Expenditures	
	\$196,571
Salaries	30,662
Benefits	1,063
Utilities	7,133
Office Supplies	3,451
Insurance	483
Rental of Equipment	36,484
Library Books	3,905
Adult Programs	4,126
Equipment Maintenance	25,087
Borough Reimbursement	14,061
Technology	900
Audit Services	<u>4,761</u>
Miscellaneous	
	<u>\$328,687</u>
Total Expenditures	