

**Borough of Brentwood
Financial Statements
December 31, 2011**

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

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - (412) 343-9200

FAX - (412) 343-9209

HSMW@HSMWCPA.COM

WWW. HSMWCPA.COM

Independent Auditor's Report

Members of Council
Borough of Brentwood
Pittsburgh, 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, 2011, 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, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the pension information as shown in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. The combining nonmajor and fiduciary fund financial statements and additional information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor and fiduciary fund financial statements and additional information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
June 20, 2012

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

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, 2011. 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

2011

- General fund revenues totaled \$5,305,171 and general fund expenditures totaled \$5,488,938, yielding an operating position ratio of 1.03.
- General fund liabilities totaled \$524,210 and general fund assets totaled \$2,239,929, yielding a liability to asset ratio of 0.23.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,266,167; general government operations - \$615,692; and public works activities of \$804,479.
- 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 since 2006.
- Major components of the Borough's general fund revenue include real estate taxes of \$2,654,121, which includes delinquent collections, or 53% of all revenue received and earned income taxes of \$887,633, or 18% of the general fund revenues received.

The breakdown of general fund real estate tax collections is as follows:

Current	\$2,327,990
Prior Year	8,116
Delinquent	238,474
TIF	<u>79,541</u>
	<u>\$2,654,121</u>

The Library portion of real estate tax allocation was \$145,499.

- The general fund was responsible for \$28,875 of the pension fund costs in order to meet the pensions MMO requirements.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

Financial Highlights (Cont'd)

2011 (Cont'd)

Additionally, the general fund balance decreased by \$183,767 to \$1,715,719. The decrease in the general fund balance was the third consecutive decrease after in several years of surpluses.

2010

- General fund revenues totaled \$4,815,472 and general fund expenditures totaled \$5,053,371, yielding an operating position ratio of 1.05.
- General fund liabilities totaled \$524,315 and general fund assets totaled \$2,423,801, yielding a liability to asset ratio of 0.22.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,223,977
- 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 since 2006.
- Major components of the Borough's general fund revenue include real estate taxes of \$2,569,896, which includes delinquent collections, or 58% of all revenue received and earned income taxes of \$803,614, or 17% of the general fund revenues received.

The breakdown of general fund real estate tax collections is as follows:

Current	\$2,284,631
Prior Year	55,415
Delinquent	150,309
TIF	<u>79,541</u>
	<u>\$2,569,896</u>

The Library portion of real estate tax allocation was \$142,788.

- The Borough was committed to \$24,271 in new capital leases and \$60,609 in GOB bond issue.
- The general fund was responsible for \$28,699 of the pension fund costs in order to meet the pensions MMO requirements.

Additionally, the general fund balance decreased by \$237,899 to \$1,899,486. The decrease in the general fund balance was the second decrease in several years.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

Using the Annual Financial Report

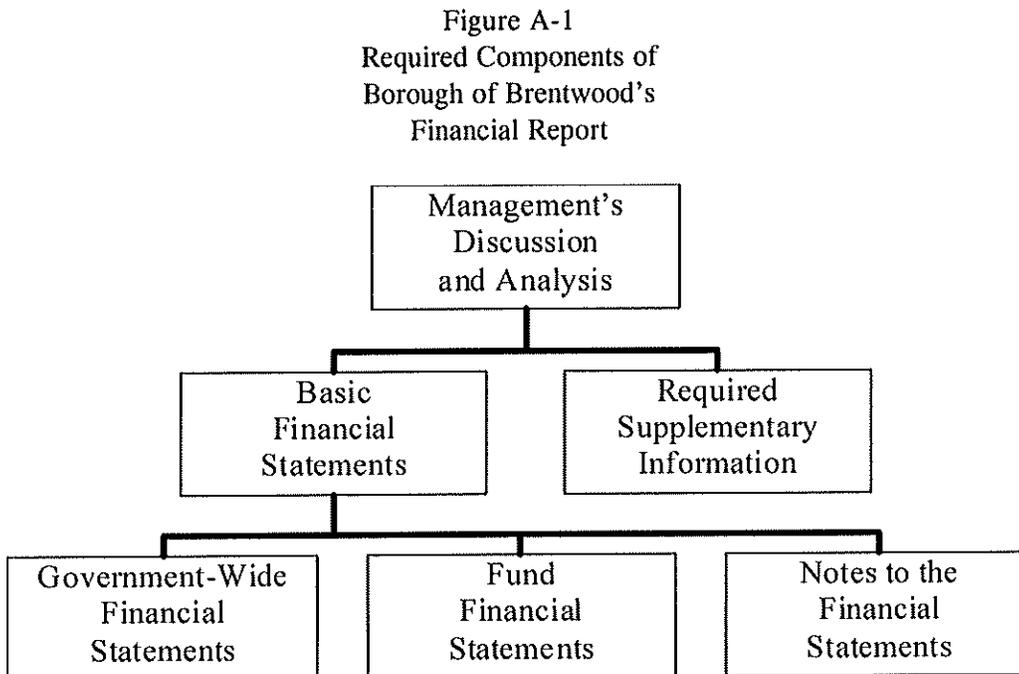
The financial section of this report consists of three parts: management's discussion and analysis, the basic financial statements (including notes to the financial statements) and other financial information including required pension supplementary information, combining and individual fund statements 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, 2011**

Using the Annual Financial Report (Cont'd)

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

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

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

Overview of Financial Statements

Government-Wide Statements

The government-wide statements report information about the Borough as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the 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, 2011**

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 and 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, 2011**

Financial Analysis of the Borough as a Whole

The Borough's total net assets were \$3,546,755 at December 31, 2011 and \$3,144,005 at December 31, 2010.

Table A-1
Years Ended December 31, 2011 and 2010
Net Assets

	Governmental Activities	
	2011	2010
Current and Other Assets	\$ 6,449,736	\$ 6,603,816
Capital Assets	<u>2,855,873</u>	<u>2,985,839</u>
Total Assets	<u>\$ 9,305,609</u>	<u>\$ 9,589,655</u>
Current and Other Liabilities	\$ 655,555	\$ 937,516
Long-Term Liabilities	<u>5,085,927</u>	<u>5,508,134</u>
Total Liabilities	<u>5,741,482</u>	<u>6,445,650</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	(2,562,270)	(2,892,107)
Restricted	172,144	11,527
Unrestricted	<u>5,954,253</u>	<u>6,024,585</u>
Total Net Assets	<u>3,564,127</u>	<u>3,144,005</u>
Total Liabilities and Net Assets	<u>\$ 9,305,609</u>	<u>\$ 9,589,655</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, 2011**

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

Table A-2
Years Ended December 31, 2011 and 2010
Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues		
Charges for Services	\$2,592,308	\$2,511,983
Operating Grants and Contributions	659,453	539,643
General Revenues		
Property Taxes	2,791,934	2,793,006
Earned Income Taxes	887,633	803,614
RAD	312,524	290,952
Other Taxes	169,049	125,897
Investment Earnings	6,568	11,422
Miscellaneous Income	<u>332,249</u>	<u>256,509</u>
Total Revenues	<u>7,751,718</u>	<u>7,333,026</u>
Expenses		
General Government	735,745	681,289
Public Safety	2,711,272	2,627,014
Public Works - Sanitation	1,674,545	1,269,264
Public Works - Highways	1,289,217	1,481,585
Public Works - Other	35,853	32,603
Culture - Recreation	646,176	747,103
Community Development	36,225	31,000
Interest on Long-Term Debt	<u>202,563</u>	<u>230,853</u>
Total Expenses	<u>7,331,596</u>	<u>7,100,711</u>
Increase in Net Assets	420,122	232,315
Net Assets - Beginning	<u>3,144,005</u>	<u>2,911,690</u>
Net Assets - Ending	<u>\$3,564,127</u>	<u>\$3,144,005</u>

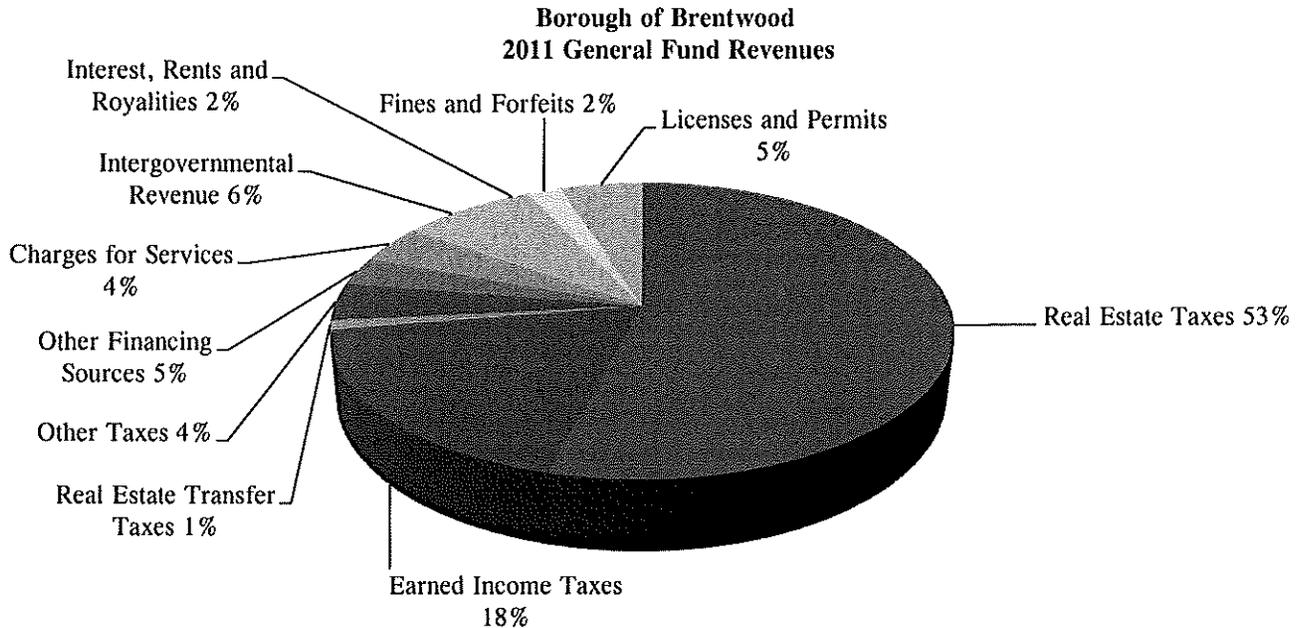
**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

Borough Finances

In order to provide for adequate service levels, as do 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 \$5,305,171 and general fund expenditures and other financing uses totaled \$5,488,938.

Major General Fund Revenue Categories

	2011	2010
Taxes	\$4,026,327	\$3,821,952
Licenses and Permits	256,751	190,812
Fines and Forfeits	122,880	93,785
Interest, Rents and Royalties	87,034	75,646
Intergovernmental	297,929	212,933
Charges for Services	252,477	206,991
Miscellaneous	6,773	10,975
Other Financing Sources	<u>255,000</u>	<u>202,378</u>
Total Revenues and Other Financing Sources	<u>\$5,305,171</u>	<u>\$4,815,472</u>



**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

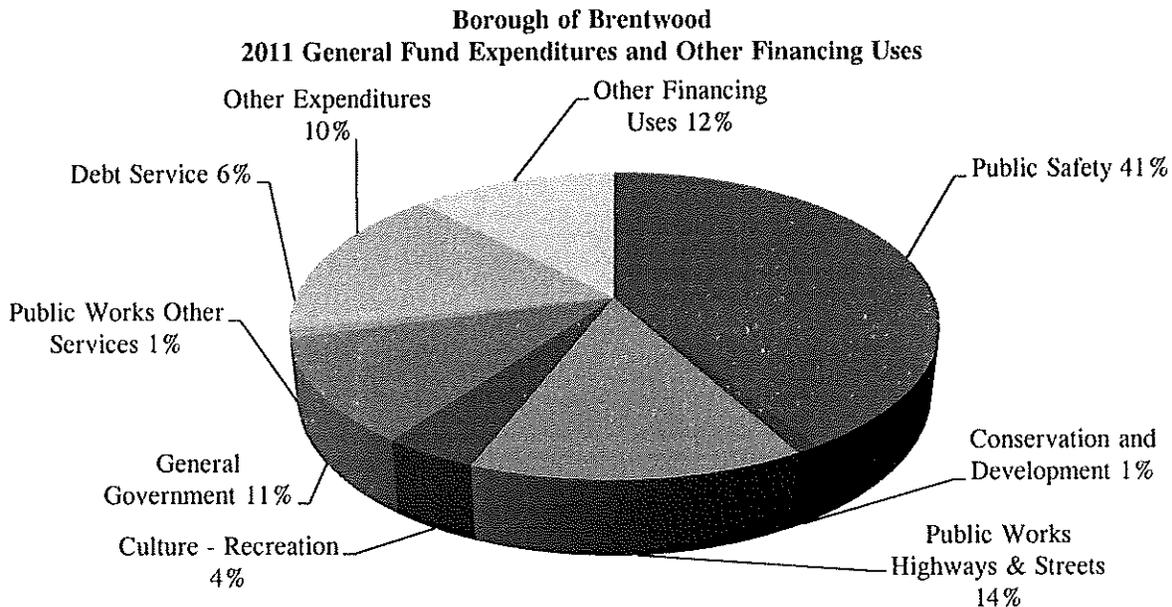
Borough Finances (Cont'd)

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

Major General Fund Expenditure Categories

	2011	2010
General Government	\$ 615,692	\$ 618,575
Public Safety	2,266,167	2,223,977
Public Works - Sanitation	16,236	17,701
Public Works - Highways	752,390	737,117
Public Works - Other Services	35,853	32,603
Culture - Recreation	199,174	298,005
Conservation and Development	36,325	31,000
Miscellaneous	570,713	518,807
Debt Service	331,179	348,319
Other Financing Uses	<u>665,209</u>	<u>227,267</u>
Total Expenditures and Other Financing Uses	<u>\$5,488,938</u>	<u>\$5,053,371</u>

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



**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

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 2011.

2011 Highlighted Budget Components

Like previous years, 2011 saw a number of significant accomplishments.

2011 Capital Improvement Program

The Borough completed nearly \$500,000 worth of capital projects and purchases in 2011 which included the following:

- 2011 Demolitions (\$25,000)

Goal No. 01 - The Borough raised two blighted properties and in the process two additional property owners raised their blighted structures.

- 2011 Manhole Rehabilitation Project (\$45,600)

This project involved the rehabilitation of various manholes throughout the Borough. The Borough received a \$22,000 grant from Congressman Tim Murphy towards this project. Thus the Borough's match will be \$23,600.

- 2010 Sanitary Sewer Repairs Project-Consent Order Phase I (\$527,459)

This project involved sanitary sewer repairs including any combination of the following items: sanitary sewer excavation point repair and replacement; wye branch and lateral repairs; CCTV verification of the repair locations and post-repair CCTV documentation; additional CCTV; location and adjustment of buried sanitary sewer manholes; lamp hole replacement; manhole installation; and sanitary sewer pipe cleaning. All related traffic control and residence notification and the restoration of disturbed areas including driveways, sidewalks, roadways, curbs, walls, lawn areas, shrubbery, etc., are included in the project. There are approximately 90 excavation point repairs and approximately 13,000 lineal feet of CCTV to be completed under this contract. The project is located in Brentwood Borough and includes engineering fees. The project is expected to be completed during 2012.

The Borough is required by the Consent Order to Closed Circuit Televising (CCTV) to make repairs to structural Level 5 defects in the sewers. This includes nearly 90 open cuts, 21 liner repairs, and approximately 13,000 feet of CCTV that remain.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

2011 Highlighted Budget Components (Cont'd)

- 2011 SHACOG - Sanitary Sewer O&M Preventative Maintenance (\$46,413)
- Borough Building Feasibility Study (\$40,000)

The Borough completed the Borough Building Feasibility Study conducted by Architectural Innovations to conduct a comprehensive study on the existing Borough Building.

Brentwood Park Initiative

The Borough saw the coming together of a community to focus on the rehabilitation of the Brentwood Stadium, Pool, and Park Facilities. Grassroots efforts by the community group, Brentwood Park Initiative, were successful in raising the nearly \$200,000 that will be needed to match the \$438,000 DCNR grant, as well as the \$200,000 Allegheny County Community Infrastructure and Tourism Fund grant that will be required to fund the multimillion dollar capital construction project. The funds and project will begin in 2012.

Grants

Grants are a welcomed source to any Borough's fiscal well-being and although they are becoming harder to come by, in 2011 the Borough of Brentwood was once again the recipient of a few. The Borough received notice that they were the recipient of a \$200,000 grant from the Allegheny County Economic Development, Community Infrastructure and Tourism Fund to be used towards Phase I of the Brentwood Park Initiative Project. The grant will be received in 2012.

Public Safety

- Purchased seven (7) AED devices (\$7,481)

The Borough's Safety Committee noticed that the Borough did not have any AED devices in their facilities. As such, they recommended that the Borough purchase these life-saving devices. The Borough's K-9 Grant that was due to expire in June 2012 had nearly \$7,500 remaining. A grant amendment was submitted to the state to use these funds to purchase seven AED devices. The amendment was approved.

- Purchase of shotguns (\$8,140)

The Police Department updated and purchased new shotguns for their officers.

- Video Surveillance System (\$11,249)

Though a grant obtained by Rep. Harry Readshaw, the Borough installed a system of video cameras throughout the Borough Building, including the Police Department, Council Chambers, and Administrative Lobby area.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

2011 Highlighted Budget Components (Cont'd)

Information Technology

In order to increase efficiency and customer service, the Borough invested over \$40,000 in computers, hardware, and software. The largest increase was for the purchase of a project/property/GIS management software package. In addition, the Borough continued to increase the presence and usefulness of the Borough's web site (www.brentwoodboro.com) by adding the ability of individuals to pay their parking tickets and delinquent sewage bills on-line.

Administration

Through a Local Government Academy (LGA) grant, the Borough was able to hire Ms. Rebecca VanRegenmorter as a summer intern in 2010. She continued her employment part-time with the Borough through May 2011. Ms. VanRegenmorter took on with zeal the immense task of organizing and coordinating a comprehensive employee personnel manual. This is yet another step towards bringing the Borough's operations to a higher and more professional level. She was also essential in the Borough's receipt of the \$200,000 CITF Grant. Ms. VanRegenmorter left the Borough to accept a full-time position in Washington, DC with the International City/County Managers Association (ICMA).

Briefly Brentwood - Borough Newsletter

The Borough continued to receive and welcome the community source of information. The "Briefly Brentwood" community newsletter made its debut in April 2008. Since then, the quarterly newsletter has grown and in November 2010 evolved into the very professional "IN Brentwood, Baldwin-Whitehall Community Magazine".

Consent Decree Order

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

- Lining and repairs of sewer lines
- Closed Circuit Television (CCTV) inspection of the sewer liens
- Inlet testing
- Manhole inspections
- Mapping of the sewer system

With the vast network of sewer pipes and manholes, this is a costly undertaking which is totally financed with the sewage user fees. In 2011, nearly \$600,000 will have been expended on these projects.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2011**

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, 2011**

Exhibit 1

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 5,317,483
Taxes Receivable (Net)	575,380
Due from Other Governments	48,207
Other Receivables	296,836
Prepaid Items	<u>211,830</u>
Total Current Assets	<u>6,449,736</u>
Noncurrent Assets	
Land	255,560
Land Improvements (Net)	371,637
Buildings and Building Improvements	1,335,538
Furniture and Equipment	830,339
Other Long-Term Receivables	<u>62,799</u>
Total Noncurrent Assets	<u>2,855,873</u>
TOTAL ASSETS	<u>\$ 9,305,609</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Current Liabilities	
Accounts Payable	\$ 86,983
Current Portion of Long-Term Debt	482,364
Accrued Interest	48,932
Deferred Revenues	33,752
Other Current Liabilities	<u>3,524</u>
Total Current Liabilities	<u>655,555</u>
Noncurrent Liabilities	
Bonds Payable	3,281,069
Notes Payable	1,338,180
Lease Purchase Obligations	271,240
Long-Term Portion of Compensated Absences	58,179
Other Post-Employment Benefit Liability	<u>137,259</u>
Total Noncurrent Liabilities	<u>5,085,927</u>
Total Liabilities	<u>5,741,482</u>
Net Assets	
Invested in Capital Assets (Net of Related Debt)	(2,562,270)
Restricted	172,144
Unrestricted	<u>5,954,253</u>
Total Net Assets	<u>3,564,127</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,305,609</u>

See Accompanying Notes

**Borough of Brentwood
Statement of Activities
Year Ended December 31, 2011**

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 735,745	\$ 1,028	\$ 38,927	\$ (695,790)
Public Safety	2,711,272	316,393	228,672	(2,166,207)
Public Works - Sanitation	1,674,545	2,157,954	-	483,409
Public Works - Highways	1,289,217	-	245,739	(1,043,478)
Public Works - Other	35,853	46,488	-	10,635
Culture - Recreation	646,176	70,445	146,115	(429,616)
Community Development	36,225	-	-	(36,225)
Interest on Long-Term Debt	<u>202,563</u>	<u>-</u>	<u>-</u>	<u>(202,563)</u>
Total Governmental Activities	<u>\$7,331,596</u>	<u>\$2,592,308</u>	<u>\$659,453</u>	<u>(4,079,835)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes, Net				2,791,934
Earned Income Taxes				887,633
RAD				312,524
Other Taxes Levied for General Purposes, Net				169,049
Rental Income				86,368
Investment Earnings				6,568
Cable TV Franchise				236,744
Miscellaneous Income				<u>9,137</u>
Total General Revenues				<u>4,499,957</u>
Change in Net Assets				420,122
Net Assets - January 1, 2011				<u>3,144,005</u>
Net Assets - December 1, 2011				<u>\$ 3,564,127</u>

See Accompanying Notes

**Borough of Brentwood
Balance Sheet
Governmental Funds
December 31, 2011**

Exhibit 3

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$1,377,134	\$3,140,671	\$614,414	\$185,264	\$5,317,483
Taxes Receivable (Net)	575,380	-	-	-	575,380
Due from Other Funds	111,270	-	39,972	-	151,242
Due from Other Governments	48,207	-	-	-	48,207
Other Receivables	46,273	250,563	-	-	296,836
Prepaid Items	<u>81,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,665</u>
TOTAL ASSETS	<u>\$2,239,929</u>	<u>\$3,391,234</u>	<u>\$654,386</u>	<u>\$185,264</u>	<u>\$6,470,813</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 43,495	\$ 98,151	\$ -	\$ 13,120	\$ 154,766
Accounts Payable	47,192	24,720	15,071	-	86,983
Deferred Revenues	<u>433,523</u>	<u>-</u>	<u>3,752</u>	<u>-</u>	<u>437,275</u>
Total Liabilities	<u>524,210</u>	<u>122,871</u>	<u>18,823</u>	<u>13,120</u>	<u>679,024</u>
Fund Balances					
Nonspendable	81,665	-	-	-	81,665
Restricted	-	-	-	172,144	172,144
Committed	-	3,268,363	635,563	-	3,903,926
Unassigned	<u>1,634,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,634,054</u>
Total Fund Balances	<u>1,715,719</u>	<u>3,268,363</u>	<u>635,563</u>	<u>172,144</u>	<u>5,791,789</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,239,929</u>	<u>\$3,391,234</u>	<u>\$654,386</u>	<u>\$185,264</u>	<u>\$6,470,813</u>

See Accompanying Notes

Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2011

Exhibit 4

Total Fund Balances - Governmental Funds		\$ 5,791,789
<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 \$7,568,928, and the accumulated depreciation is \$4,775,854.</p>		2,793,074
<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>		403,523
<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>		76,730
<p>The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements.</p>		130,165
<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	\$(3,450,000)	
Accrued Interest on the Bonds	(48,932)	
Notes Payable	(1,639,134)	
Capital Leases Payable	(297,650)	
Other Post-Employment Benefit Obligation (OPEB)	(137,259)	
Compensated Absences	(58,179)	(5,631,154)
Total Net Assets - Governmental Activities		\$ <u>3,564,127</u>

See Accompanying Notes

Borough of Brentwood
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2011

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$4,026,327	\$ -	\$ -	\$145,499	\$ 4,171,826
Licenses and Permits	256,751	-	-	-	256,751
Fines and Forfeits	122,880	-	-	-	122,880
Interest, Rents and Royalties	87,034	4,492	7	1,403	92,936
Intergovernmental	297,929	-	36,883	333,778	668,590
Charges for Services	252,477	2,157,713	-	39,231	2,449,421
Miscellaneous	<u>6,773</u>	<u>1,089</u>	<u>-</u>	<u>-</u>	<u>7,862</u>
Total Revenues	<u>5,050,171</u>	<u>2,163,294</u>	<u>36,890</u>	<u>519,911</u>	<u>7,770,266</u>
Expenditures					
Current:					
General Government	615,692	-	143,142	-	758,834
Public Safety	2,266,167	-	43,493	-	2,309,660
Public Works - Sanitation	16,236	1,659,682	-	-	1,675,918
Public Works - Highways	752,390	-	105,759	192,791	1,050,940
Public Works - Other Services	35,853	-	-	-	35,853
Culture - Recreation	199,174	-	292	320,233	519,699
Conservation and Development	36,325	-	-	-	36,325
Miscellaneous	570,713	366	-	-	571,079
Debt Service:					
Principal	167,494	226,685	29,571	67,412	491,162
Interest	<u>163,685</u>	<u>27,520</u>	<u>1,416</u>	<u>8,039</u>	<u>200,660</u>
Total Expenditures	<u>4,823,729</u>	<u>1,914,253</u>	<u>323,673</u>	<u>588,475</u>	<u>7,650,130</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>226,442</u>	<u>249,041</u>	<u>(286,783)</u>	<u>(68,564)</u>	<u>120,136</u>
Other Financing Sources (Uses)					
Transfers In	255,000	-	685,000	80,209	1,020,209
Transfers Out	<u>(665,209)</u>	<u>(355,000)</u>	<u>-</u>	<u>-</u>	<u>(1,020,209)</u>
Total Other Financing Sources (Uses)	<u>(410,209)</u>	<u>(355,000)</u>	<u>685,000</u>	<u>80,209</u>	<u>-</u>

Borough of Brentwood
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2011

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Net Changes in Fund Balances	\$ (183,767)	\$ (105,959)	\$398,217	\$ 11,645	\$ 120,136
Fund Balances - January 1, 2011	1,899,486	3,374,322	237,259	160,499	5,671,566
Prior Period Adjustment	_____ -	_____ -	_____ 87	_____ -	_____ 87
Fund Balances - December 31, 2011	<u>\$1,715,719</u>	<u>\$3,268,363</u>	<u>\$635,563</u>	<u>\$172,144</u>	<u>\$5,791,789</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, 2011**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$ 120,136
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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 depreciation exceeds capital outlays in the period.

Depreciation Expense	\$(228,251)	
Capital Outlays	<u>117,248</u>	(111,003)

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. (7,095)

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. 491,162

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) and other post-retirement benefit obligations (OPEB) - 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	(40,032)	
Other Post-Employment Benefit Obligations (OPEB)	<u>(34,098)</u>	(74,130)

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	3,127
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**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, 2011**

Exhibit 6

Bond issuance costs and bond discount are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Bond Issuance Costs	\$ (4,118)	
Bond Discount	<u>(913)</u>	\$ (5,031)

Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and in the government-wide statements are recognized based on the annual pension cost.

2,956

Change in Net Assets of Governmental Activities

\$ 420,122

See Accompanying Notes

**Borough of Brentwood
Statement of Net Assets
Fiduciary Funds
December 31, 2011**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 194,066
Investments - Mutual Funds	5,495,056
Due from Other Funds	<u>3,524</u>
TOTAL ASSETS	<u>\$5,692,646</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable	\$ 2,131
Payroll Deductions and Withholdings	<u>530</u>
Total Liabilities	<u>2,661</u>
Net Assets	
Held in Trust for Pension Benefits	<u>5,689,985</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$5,692,646</u>

See Accompanying Notes

**Borough of Brentwood
Statement of Changes in Net Assets
Fiduciary Funds
Year Ended December 31, 2011**

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 240,402
Plan Members	59,460
Other	<u>31,215</u>
Total Contributions	<u>331,077</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(178,354)
Interest and Dividends	<u>212,840</u>
Net Investment Income	<u>34,486</u>
Total Additions	<u>365,563</u>
Deductions	
Benefits	298,759
Refund of Contributions	549
Administrative Expenses	<u>72,354</u>
Total Deductions	<u>371,662</u>
Change in Net Assets	(6,099)
Net Assets - January 1, 2011	<u>5,696,084</u>
Net Assets - December 31, 2011	<u>\$5,689,985</u>

See Accompanying Notes

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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 normally are

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

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

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, 2011

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

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

Additionally, the Borough reports the following fund type:

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

The Borough also reports as nonmajor governmental funds the following:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. The Highway Aid and Library 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, 2011

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. 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 - Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, fund balance reporting and governmental fund type definitions, the Borough classifies governmental funds balances as follows:

Nonspendable - amounts that cannot be spent because they are either (1) not in a spendable form or (2) legally or contractually required to remain intact.

Restricted - the part of fund balance that is restricted to be spent for a specific purpose. The constraints on these amounts must be externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or by enabling legislation. Enabling legislation authorizes the government to assess, levy, change or mandate payment and includes a legally enforceable requirement on the use of these funds.

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

D. Equity Classifications (Cont'd)

Fund Statements - Fund Balance (Cont'd)

Committed - the portion of fund balance that can only be used for specific purposes as a result of formal action by the Borough's highest level of authority, Borough Council. Once the item is committed, it cannot be used for any other purpose unless changed by the same procedures used to initially constrain the money, which is the passage of a motion.

Assigned - reflects the Borough's intent to use the money for a specific purpose but is not considered restricted or committed. Fund balance may be assigned by the Borough Council or business manager.

Unassigned - represents the part of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund permitted to have a positive unassigned fund balance.

The Borough's informal policy is that it considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. It also considers committed amounts to be spent first when an expenditure is incurred for purposes for which both committed and unassigned fund balance could be used.

The purposes of the restricted, committed and assigned fund balance as of December 31, 2011, are as follows:

1. The nonspendable fund balance in the general fund of \$81,665 is for prepaid expenditures.
2. Fund balance in nonmajor funds is restricted for the following:

a. Debt service	\$ 10,368
b. Highway aid	8
c. Library	161,768
3. The committed fund balance is as follows:

a. Capital projects fund - future capital expenditures	\$ 635,563
b. Sewer fund - sewer fund expenditures	3,268,363

E. 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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

F. 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.

G. 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.

H. 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, 2011.

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

I. 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.

J. 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.

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

K. 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

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

K. Long-Term Obligations (Cont'd)

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.

L. Compensated Absences

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

Note 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 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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

Note 2 - Deposits and Investments (Cont'd)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2011, \$3,904,894 of the Borough's bank balance of \$5,647,538 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$3,904,894</u>
---	--------------------

As of December 31, 2011, the Borough had the following investments:

Investment Type	Fair Value
RMA Money Market Funds	\$ 186,229
Mutual Funds	<u>5,495,055</u>
	<u>\$5,981,284</u>

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

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.

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 2011 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 0.5 mills. The tax calendar for real estate taxes levied for 2011 is as follows:

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

Note 3 - Real Estate Taxes (Cont'd)

Tax Levy Date	July 1
2% Discount Period	July 1 - August 31
Face Payment Period	September 1 - October 31
10% Penalty Period	November 1 - January 31
Lien Filing Date	February 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 \$403,523 along with other taxes receivable of \$171,857.

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

	Balance 01/01/11	Additions	Disposals	Balance 12/31/11
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ <u>243,460</u>	\$ <u>12,100</u>	\$ <u>-</u>	\$ <u>255,560</u>
Capital Assets, Being Depreciated				
Land Improvements	875,968	-	-	875,968
Buildings and Building Improvements	3,189,540	77,241	-	3,266,781
Furniture and Equipment	3,142,712	27,907	-	3,170,619
Total Capital Assets Being Depreciated	<u>7,208,220</u>	<u>105,148</u>	<u>-</u>	<u>7,313,368</u>
Less Accumulated Depreciation				
Land Improvements	479,539	24,792	-	504,331
Buildings and Building Improvements	1,861,290	69,953	-	1,931,243
Furniture and Equipment	2,206,774	133,506	-	2,340,280
Total Accumulated Depreciation	<u>4,547,603</u>	<u>228,251</u>	<u>-</u>	<u>4,775,854</u>
Total Capital Assets Being Depreciated, Net	<u>2,660,617</u>	<u>(123,103)</u>	<u>-</u>	<u>2,537,514</u>
Governmental Activities Capital Assets, Net	<u>\$2,904,077</u>	<u>\$(111,003)</u>	<u>\$ -</u>	<u>\$2,793,074</u>

Depreciation expense was charged to functions/programs as follows:

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

Note 4 - Capital Assets (Cont'd)

Governmental Activities	
General Government	\$ 21,415
Public Safety	47,302
Public Works	81,151
Culture - Recreation	<u>78,383</u>
 Total Depreciation Expense	 \$ <u>228,251</u>

Note 5 - Interfund Balances

Interfund balances at December 31, 2011, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$111,270	\$ 43,495
Nonmajor Governmental	-	13,120
Sewer Fund	-	98,151
Capital Projects Fund	39,972	-
Fiduciary Funds	<u>3,524</u>	<u>-</u>
	<u>\$154,766</u>	<u>\$154,766</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, 2011, interfund transfers consisted of the following:

Transfer To	Transfer From		Totals
	General Fund	Sewer Fund	
Capital Projects Fund	\$585,000	\$100,000	\$ 685,000
General Fund	-	255,000	255,000
Nonmajor Governmental Funds	<u>80,209</u>	<u>-</u>	<u>80,209</u>
	<u>\$665,209</u>	<u>\$355,000</u>	<u>\$1,020,209</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

Note 6 - Interfund Transfers (Cont'd)

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 sewer fund to the capital projects fund was to help the capital needs of the Borough. The transfer from the sewer fund to the general fund was to reimburse the general fund for expenditures it had previously paid. The transfer from the general fund to the debt service fund was to fund the debt service needs of the Borough.

Note 7 - Long-Term Debt

The following are changes in the long-term liabilities for the year ended December 31, 2011:

	Balance 01/01/11	Additions	Reductions	Balance 12/31/11	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$3,600,000	\$ -	\$150,000	\$3,450,000	\$155,000
Less: Original Issue Discount	<u>(14,844)</u>	<u>-</u>	<u>(913)</u>	<u>(13,931)</u>	<u>-</u>
Total Bonds Payable	<u>3,585,156</u>	<u>-</u>	<u>149,087</u>	<u>3,436,069</u>	<u>155,000</u>
General Obligation Notes	1,933,230	-	294,096	1,639,134	300,954
Capital Lease	344,715	-	47,065	297,650	26,410
Compensated Absences	<u>18,148</u>	<u>40,031</u>	<u>-</u>	<u>58,179</u>	<u>-</u>
Total Governmental Activities	<u>\$5,881,249</u>	<u>\$40,031</u>	<u>\$490,248</u>	<u>\$5,431,032</u>	<u>\$482,364</u>

As of December 31, 2011, 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.

\$3,450,000

The annual requirements of the Borough funds to amortize all general obligation bonds as of December 31, 2011, are as follows:

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2012	\$ 155,000	\$ 136,294	\$ 291,294
2013	165,000	130,294	295,294
2014	170,000	123,970	293,970
2015	175,000	117,415	292,415
2016	185,000	110,529	295,529
2017-2021	1,035,000	434,571	1,469,571
2022-2026	1,275,000	197,951	1,472,951
2027	<u>290,000</u>	<u>6,090</u>	<u>296,090</u>
	<u>\$3,450,000</u>	<u>\$1,257,114</u>	<u>\$4,707,114</u>

General Obligation Notes

General Obligation Note of 2010, due in annual principal and interest installments on December 1; interest rate of 3.09% through December 2012.

\$ 30,766

Pennvest loan of 2007, monthly installments of principal and interest of \$14,304 through September 1, 2008. The loan approved totaled \$3,027,945; however, only \$1,621,133 was drawn since the loan is drawn by an application for payment after a project payment is made.

1,118,432

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

43,247

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%.

255,002

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%.

191,687

\$1,639,134

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

The annual requirements of the Borough funds to amortize all notes payable as of December 31, 2011, are as follows:

Year Ended December 31,	General Obligation Notes		Totals
	Principal	Interest	
2012	\$ 300,955	\$ 27,752	\$ 328,707
2013	267,243	24,014	291,257
2014	221,410	25,675	247,085
2015	176,338	20,446	196,784
2016	180,981	15,803	196,784
2017-2021	441,421	24,851	466,272
2022-2024	<u>50,786</u>	<u>1,583</u>	<u>52,369</u>
	<u>\$1,639,134</u>	<u>\$140,124</u>	<u>\$1,779,258</u>

Capital Leases

The Borough is also currently obligated under a capital leasing arrangement for the purchase of three 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>75,597</u>
Total Assets	423,428
Less: Accumulated Depreciation	<u>(46,261)</u>
Net Assets	<u>\$377,167</u>

The future minimum lease obligations as of December 31, 2011, are as follows:

Year Ended December 31,	Amount
2012	\$ 40,420
2013	32,026

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

Capital Leases (Cont'd)

Year Ended December 31,	Amount
2014	\$ 32,026
2015	32,026
2016	32,026
2017-2021	160,130
2022-2023	<u>64,052</u>
Total minimum lease payments	392,706
Amount representing interest	<u>(95,056)</u>
Present value of minimum lease payments	<u>\$297,650</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, 2011, was as follows:

	Balance 01/01/11	Issued	Redeemed	Balance 12/31/11
Tax Anticipation Notes	\$ <u> -</u>	<u>\$500,000</u>	<u>\$500,000</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 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
Notes to Financial Statements
December 31, 2011**

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

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

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	\$161,767	\$63,272
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. Employ- ees, age 65 for all others
Early Retirement	None	Later of age 55 or completion of 25 years of service for Public Works Department Employees, age 62 for all others

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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)		
Vesting	12 years of service	Completed Years of <u>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

Memberships of the Plans area as follows, based on the latest actuarial valuation reports dated January 1, 2011:

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

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

	<u>PPP</u>	<u>NPPP</u>
Nonvested Active Members	12	6
Fully Vested Active Members	3	11
Retirees and Beneficiaries		
Currently Receiving Benefits	<u>13</u>	<u>1</u>
Total	<u>28</u>	<u>18</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)	\$161,767	\$ 63,272
Interest on Net Pension Obligations	(5,382)	(3,559)
Adjustment to Annual Required Contributions	<u>8,138</u>	<u>6,083</u>
Annual Pension Cost	164,523	65,796
Contributions Made	<u>163,689</u>	<u>69,586</u>
Change in Net Pension Obligation	834	(3,790)
Beginning of Year	<u>(76,840)</u>	<u>(50,369)</u>
End of Year	<u>\$(76,006)</u>	<u>\$(54,159)</u>

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

At December 31, 2011, 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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

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)
2009	\$137,710	98%	\$(79,908)	\$36,828	95%	\$(52,134)
2010	138,947	98%	(76,840)	33,683	96%	(50,369)
2011	164,523	99%	(76,006)	65,796	106%	(54,159)

D. Funded Status and Funding Progress

The following is funded status information for each Plan as of January 1, 2011, 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	\$1,302,060	\$1,598,749	\$296,689	81.44%	\$ 847,590	35.00%
Police	4,334,319	5,246,753	912,434	82.61%	1,229,059	74.24%

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

Note 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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

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, 2011, the Borough contributed \$12,330. Plan members receiving benefits contributed \$12,035. 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) 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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2011**

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

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

Annual Required Contribution	\$ 60,620
Interest on Net OPEB Obligation	4,204
Adjustment to Annual Required Contribution	<u>(5,735)</u>
Annual OPEB Cost (Expense)	59,089
Contributions Made	<u>(24,991)</u>
Increase in OPEB Obligation	34,098
Net OPEB Obligation - Beginning of Year	<u>103,161</u>
Net OPEB Obligation - End of Year	<u>\$137,259</u>

The Borough used the implicit contributions of \$24,991 from the January 1, 2009 actuarial report for purposes of the net OPEB obligation.

The Borough's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended December 31, 2011, 2010 and 2009, is as follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$59,089	42.3%	\$137,259
12/31/10	59,799	11.2%	103,161
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 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,

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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

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

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.

Note 12 - Interfund Reimbursement Agreement

The Borough and the Library have come to an agreement whereby the Library will make annual installment payments of \$25,187 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 \$25,187 to the general fund in 2011 under this agreement. It is estimated that the Library owes the Borough \$96,243 under this agreement.

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

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, 2011, the Borough received \$49,875 from the School District under this lease.

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 - Operating Leases - Equipment

The Borough leases various computer and copier equipment. Total lease expense for 2011 was \$12,572. As of December 31, 2011, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2012	\$12,792
2013	11,207
2014	6,417
2015	<u>2,892</u>
	<u>\$33,308</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2011

Note 16 - Construction Commitment

The Borough has a construction commitment with Soli Construction, Inc. in the amount of \$110,465 as of December 31, 2011 relating to the 2010 Sanitary Sewer Repair Project. The project is expected to be completed during 2012.

Note 17 - Subsequent Event

In March 2012, the Borough issued the general obligation bonds refunding Series of 2012. The 2012 issuance was a refinancing of the 2007 general obligation bond issuance. The only effects of the issuance is the reduction of the interest rate and the principal payments. The 2012 issuance will be repaid by March 2027, the same date as the 2007 issuance.

**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, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 2,610,664	\$ 2,460,664	\$2,415,647	\$ (45,017)
Delinquent	130,000	130,000	238,474	108,474
Liened	7,000	7,000	-	(7,000)
Regional Asset District Sales Taxes	250,000	250,000	315,524	65,524
Real Estate Transfer Taxes	50,000	50,000	56,548	6,548
Earned Income Taxes/Wage Taxes	750,000	750,000	887,633	137,633
Local Services Taxes	55,000	55,000	79,101	24,101
Mechanical Device Taxes	<u>40,000</u>	<u>40,000</u>	<u>33,400</u>	<u>(6,600)</u>
Total Taxes	<u>3,892,664</u>	<u>3,742,664</u>	<u>4,026,327</u>	<u>283,663</u>
Licenses and Permits				
Cable Television Franchise	140,000	140,000	236,744	96,744
All Other Licenses and Permits	<u>20,500</u>	<u>20,500</u>	<u>20,007</u>	<u>(493)</u>
Total Licenses and Permits	<u>160,500</u>	<u>160,500</u>	<u>256,751</u>	<u>96,251</u>
Fines and Forfeits	<u>75,000</u>	<u>75,000</u>	<u>122,880</u>	<u>47,880</u>
Interest, Rents and Royalties				
Interest Earnings	2,000	2,000	666	(1,334)
Rents and Royalties	<u>73,300</u>	<u>73,300</u>	<u>86,368</u>	<u>13,068</u>
Total Interest, Rents and Royalties	<u>75,300</u>	<u>75,300</u>	<u>87,034</u>	<u>11,734</u>
Intergovernmental				
State				
Public Utility Realty Tax	4,500	4,500	4,937	437
Gen. Muni. Pension System State Aid	125,000	125,000	211,527	86,527
Alcoholic Beverage Taxes	4,000	4,000	4,200	200
All Other State Shared Rev. & Entitl.	<u>55,000</u>	<u>55,000</u>	<u>77,265</u>	<u>22,265</u>
Total Intergovernmental Revenues	<u>188,500</u>	<u>188,500</u>	<u>297,929</u>	<u>109,429</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues (Cont'd)				
Charges for Services				
General Government	\$ 3,060	\$ 3,060	\$ 4,928	\$ 1,868
Public Safety	114,000	114,000	143,689	29,689
Parking/Parking Meters, Permits	65,050	65,050	72,405	7,355
Recycling	40	40	241	201
Culture - Recreation	<u>25,900</u>	<u>25,900</u>	<u>31,214</u>	<u>5,314</u>
 Total Charges for Services	 <u>208,050</u>	 <u>208,050</u>	 <u>252,477</u>	 <u>44,427</u>
 Miscellaneous Revenue				
Special Assessments	250	250	-	(250)
Other Miscellaneous Revenues	250	250	650	400
Refunds of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>6,123</u>	<u>6,123</u>
 Total Miscellaneous Revenue	 <u>500</u>	 <u>500</u>	 <u>6,773</u>	 <u>6,273</u>
 Total Revenues	 <u>4,600,514</u>	 <u>4,450,514</u>	 <u>5,050,171</u>	 <u>599,657</u>
 Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,100	18,100	17,870	230
Supplies	1,300	1,300	2,696	(1,396)
Other Services & Charges	13,000	13,000	5,946	7,054
Contributions, Grants & Subs.	3,500	3,500	2,516	984
Executive				
Personal Services	3,700	3,700	3,660	40
Supplies	200	200	-	200
Other Services & Charges	1,700	1,700	395	1,305
Financial Administrative				
Other Services & Charges	9,600	9,600	9,675	(75)
Tax Collection				
Personal Services	5,000	5,000	-	5,000
Supplies	1,000	1,000	1,107	(107)
Other Services & Charges	37,600	37,600	37,913	(313)
Contributions, Grants & Subs.	3,439	3,439	-	3,439
Law				
Other Services & Charges	79,000	79,000	54,962	24,038

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011

	<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				
Personal Services	\$ 318,879	\$ 318,879	\$ 308,517	\$ 10,362
Supplies	9,200	9,200	10,099	(899)
Other Services & Charges	22,400	22,400	15,505	6,895
Capital Purchase	1,000	1,000	500	500
Personnel Administration				
Other Services & Charges	20,000	20,000	19,688	312
Data Processing				
Supplies	1,000	1,000	125	875
Other Services & Charges	34,200	34,200	31,279	2,921
Capital Purchase	-	-	1,206	(1,206)
Engineer				
Other Services & Charges	25,000	25,000	16,723	8,277
General Gov't. Buildings & Plant				
Supplies	5,000	5,000	6,714	(1,714)
Other Services & Charges	52,000	52,000	68,096	(16,096)
Capital Purchase	<u>4,000</u>	<u>4,000</u>	<u>500</u>	<u>3,500</u>
Total General Government	<u>669,818</u>	<u>669,818</u>	<u>615,692</u>	<u>54,126</u>
Public Safety				
Police				
Personal Services	1,765,791	1,765,791	1,536,863	228,928
Supplies	56,200	56,200	52,542	3,658
Other Services & Charges	75,200	75,200	84,518	(9,318)
Capital Purchase	6,000	6,000	11,128	(5,128)
Fire				
Supplies	5,100	5,100	4,481	619
Other Services & Charges	35,864	35,864	34,526	1,338
Contr., Grants & Subs.	145,386	145,386	167,651	(22,265)
Ambulance/Rescue				
Supplies	11,000	11,000	14,988	(3,988)
Other Services & Charges	3,700	3,700	3,767	(67)
Contr., Grants & Subs.	50,210	50,210	50,210	-
Planning and Zoning				
Personal Services	78,460	78,460	77,737	723
Supplies	3,100	3,100	3,293	(193)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Planning and Zoning (Cont'd)				
Other Services & Charges	\$ 13,800	\$ 13,800	\$ 10,935	\$ 2,865
Capital Purchase	1,000	1,000	1,000	-
Emergency Management & Communication				
Personal Services	114,443	114,443	105,952	8,491
Other Public Safety				
Personal Services	<u>123,600</u>	<u>123,600</u>	<u>106,576</u>	<u>17,024</u>
Total Public Safety	<u>2,488,854</u>	<u>2,488,854</u>	<u>2,266,167</u>	<u>222,687</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	21,000	21,000	7,308	13,692
Solid Waste Collection and Disposal				
Supplies	5,000	5,000	4,943	57
Capital Purchase	<u>4,000</u>	<u>4,000</u>	<u>3,985</u>	<u>15</u>
Total Sanitation	<u>30,000</u>	<u>30,000</u>	<u>16,236</u>	<u>13,764</u>
Public Works - Highways				
General Services - Administration				
Personal Services	700,320	700,320	645,424	54,896
Supplies	57,500	57,500	64,466	(6,966)
Other Services & Charges	30,580	30,580	6,389	24,191
Capital Purchase	3,000	3,000	2,462	538
Traffic Control Devices				
Other Services & Charges	11,000	11,000	8,371	2,629
Street Lighting				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>25,278</u>	<u>(22,778)</u>
Total Highways	<u>804,900</u>	<u>804,900</u>	<u>752,390</u>	<u>52,510</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Other Services				
Parking Facilities				
Personal Services	\$ 36,450	\$ 36,450	\$ 34,924	\$ 1,526
Supplies	<u>2,000</u>	<u>2,000</u>	<u>929</u>	<u>1,071</u>
Total Other Services	<u>38,450</u>	<u>38,450</u>	<u>35,853</u>	<u>2,597</u>
Total Public Works	<u>873,350</u>	<u>873,350</u>	<u>804,479</u>	<u>68,871</u>
Culture - Recreation				
Administration				
Personal Services	21,730	21,730	-	21,730
Supplies	3,000	3,000	-	3,000
Other Services & Charges	1,280	1,280	-	1,280
Contr., Grants & Subs.	13,000	13,000	5,216	7,784
Capital Purchase	2,000	2,000	1,611	389
Participant Recreation				
Swimming Pool				
Personal Services	57,800	57,800	55,743	2,057
Supplies	15,500	15,500	5,923	9,577
Other Services & Charges	22,800	22,800	27,916	(5,116)
Capital Purchase	3,000	3,000	2,865	135
Spectator Recreation				
Supplies	3,000	3,000	1,270	1,730
Other Services & Charges	27,500	27,500	23,322	4,178
Parks				
Supplies	6,000	6,000	5,038	962
Other Services & Charges	26,700	26,700	14,407	12,293
Capital Purchase	5,000	5,000	3,962	1,038
Libraries				
Supplies	3,500	3,500	3,288	212
Other Services & Charges	36,000	36,000	36,534	(534)
Capital Construction	150,000	-	-	-

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Other				
Supplies	\$ 7,500	\$ 7,500	\$ 4,302	\$ 3,198
Other Services & Charges	11,500	11,500	7,277	4,223
Capital Purchase	<u>3,000</u>	<u>3,000</u>	<u>500</u>	<u>2,500</u>
Total Culture - Recreation	<u>419,810</u>	<u>269,810</u>	<u>199,174</u>	<u>70,636</u>
Conservation and Development				
Economic Development & Assist.				
Supplies	-	-	3,350	(3,350)
Other Services & Charges	55,500	55,500	28,730	26,770
Contributions, Grants & Subs.	7,000	7,000	3,000	4,000
Capital Purchase	3,000	3,000	100	2,900
Other Conservation and Development				
Other Services & Charges	<u>-</u>	<u>-</u>	<u>1,145</u>	<u>(1,145)</u>
Total Conservation and Development	<u>65,500</u>	<u>65,500</u>	<u>36,325</u>	<u>29,175</u>
Miscellaneous				
Retirement Fund Contributions	225,309	225,309	240,402	(15,093)
Workers Comp. Contrib.	233,000	233,000	228,060	4,940
Other Group Insurance Benefits	25,000	25,000	450	24,550
Insurance, Casualty & Surety	95,000	95,000	96,352	(1,352)
Other Misc. Expenditures	10,314	10,314	4,409	5,905
Refunds of Prior Year's Revenues	<u>1,530</u>	<u>1,530</u>	<u>1,040</u>	<u>490</u>
Total Miscellaneous	<u>590,153</u>	<u>590,153</u>	<u>570,713</u>	<u>19,440</u>
Debt Service:				
Debt				
Principal	667,494	167,494	167,494	-
Interest	156,507	156,507	156,507	-
Tax Anticipation Loan-Interest	<u>14,000</u>	<u>14,000</u>	<u>7,178</u>	<u>6,822</u>
Total Debt Service	<u>838,001</u>	<u>338,001</u>	<u>331,179</u>	<u>6,822</u>
Total Expenditures	<u>5,945,486</u>	<u>5,295,486</u>	<u>4,823,729</u>	<u>471,757</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under)				
Expenditures	\$(1,344,972)	\$ (844,972)	\$ 226,442	\$1,071,414
Other Financing Sources (Uses)				
Transfers In	255,000	255,000	255,000	-
Proceeds of General Long-Term Debt	500,000	-	-	-
Transfers Out				
Debt Service Fund	(79,668)	(79,668)	(80,209)	(541)
Capital Projects Fund	(490,000)	(490,000)	(585,000)	(95,000)
Other	<u>(340,360)</u>	<u>(340,360)</u>	<u>-</u>	<u>340,360</u>
Total Other Financing Sources (Uses)	<u>(155,028)</u>	<u>(655,028)</u>	<u>(410,209)</u>	<u>244,819</u>
Net Change in Fund Balance	(1,500,000)	(1,500,000)	(183,767)	1,316,233
Fund Balance - January 1, 2011	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,899,486</u>	<u>399,486</u>
Fund Balance - December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,715,719</u>	<u>\$1,715,719</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund - Budget and Actual
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest Rents & Royalties				
Interest Earnings	\$ 4,000	\$ 4,000	\$ 4,492	\$ 492
Charges for Services				
Sewage Charges	1,979,660	1,979,660	2,157,713	178,053
Miscellaneous Revenues				
Other	<u> -</u>	<u> -</u>	<u> 1,089</u>	<u> 1,089</u>
Total Revenues	<u>1,983,660</u>	<u>1,983,660</u>	<u>2,163,294</u>	<u>179,634</u>
Expenditures				
Current:				
Public Works - Sanitation				
Other Services & Charges	1,408,800	1,408,800	1,267,472	141,328
Capital Construction	<u>1,000,000</u>	<u>1,000,000</u>	<u> 392,210</u>	<u> 607,790</u>
Total Public Works - Sanitation	<u>2,408,800</u>	<u>2,408,800</u>	<u>1,659,682</u>	<u> 749,118</u>
Miscellaneous				
Refund of Prior Year's Expenditures	<u> 5,000</u>	<u> 5,000</u>	<u> 366</u>	<u> 4,634</u>
Debt Service:				
Principal	270,043	270,043	226,685	43,358
Interest	<u> 14,005</u>	<u> 14,005</u>	<u> 27,520</u>	<u> (13,515)</u>
Total Debt Service	<u> 284,048</u>	<u> 284,048</u>	<u> 254,205</u>	<u> 29,843</u>
Total Expenditures	<u>2,697,848</u>	<u>2,697,848</u>	<u>1,914,253</u>	<u> 783,595</u>
Excess of Revenues Over (Under) Expenditures	<u>(714,188)</u>	<u>(714,188)</u>	<u> 249,041</u>	<u> 963,229</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(355,000)</u>	<u>(355,000)</u>	<u>(355,000)</u>	<u> -</u>
Net Change in Fund Balance	(1,069,188)	(1,069,188)	(105,959)	963,229
Fund Balance - January 1, 2011	<u>1,960,655</u>	<u>1,960,655</u>	<u>3,374,322</u>	<u>1,413,667</u>
Fund Balance - December 31, 2011	<u>\$ 891,467</u>	<u>\$ 891,467</u>	<u>\$3,268,363</u>	<u>\$2,376,896</u>

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2011**

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)
01/01/07	\$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%
01/01/11	4,334,319	5,246,753	912,434	82.61%	1,229,059	74.24%

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)
01/01/07	\$ 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%
01/01/11	1,302,060	1,598,749	296,689	81.44%	847,590	35.00%

Source: Actuarial Reports

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

2. Schedules of Employer's Contributions

Year Ended December 31,	Police Pension Plan		Non-Police Pension Plan	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2007	\$103,037	105%	\$18,820	100%
2008	105,646	102%	18,681	113%
2009	134,642	100%	35,063	100%
2010	135,879	100%	31,918	100%
2011	161,767	101%	63,272	110%

Note: Contributions include state pension aid.

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2011**

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, 2011	January 1, 2011
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Open	Level Dollar - Open
Remaining Amortization Period	17 Years	12 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, 2011**

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, 2011**

Exhibit A

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Total</u>
	<u>Highway</u>	<u>Library</u>	<u>Debt</u>	<u>Nonmajor</u>
	<u>Aid</u>	<u>Fund</u>	<u>Service</u>	<u>Govt.</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and Cash Equivalents	<u>\$8</u>	<u>\$174,888</u>	<u>\$10,368</u>	<u>\$185,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds	\$-	<u>\$ 13,120</u>	\$ -	<u>\$ 13,120</u>
Fund Balances				
Restricted	<u>8</u>	<u>161,768</u>	<u>10,368</u>	<u>172,144</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$8</u>	<u>\$174,888</u>	<u>\$10,368</u>	<u>\$185,264</u>

Borough of Brentwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2011

Exhibit B

	Special Revenue Funds		Debt Service Fund	Total
	Highway Aid Fund	Library Fund	Debt Service Fund	Nonmajor Govt. Funds
Revenues				
Taxes	\$ -	\$145,499	\$ -	\$145,499
Interest, Rents & Royalties	97	1,261	45	1,403
Intergovernmental	187,664	146,114	-	333,778
Charges for Services	<u>-</u>	<u>39,231</u>	<u>-</u>	<u>39,231</u>
Total Revenues	<u>187,761</u>	<u>332,105</u>	<u>45</u>	<u>519,911</u>
Expenditures				
Public Works - Highways	192,791	-	-	192,791
Culture - Recreation	-	320,233	-	320,233
Debt Service				
Principal	-	-	67,412	67,412
Interest	<u>-</u>	<u>-</u>	<u>8,039</u>	<u>8,039</u>
Total Expenditures	<u>192,791</u>	<u>320,233</u>	<u>75,451</u>	<u>588,475</u>
Excess (Deficiency) of Revenues Over Expenditures	(5,030)	11,872	(75,406)	(68,564)
Other Financing Sources (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>80,209</u>	<u>80,209</u>
Net Change in Fund Balances	(5,030)	11,872	4,803	11,645
Fund Balance - January 1, 2011	<u>5,038</u>	<u>149,896</u>	<u>5,565</u>	<u>160,499</u>
Fund Balance - December 31, 2011	<u>\$ 8</u>	<u>\$161,768</u>	<u>\$ 10,368</u>	<u>\$172,144</u>

**Borough of Brentwood
Combining Statement of Net Assets
Fiduciary Funds
December 31, 2011**

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 120,969	\$ 73,097	\$ 194,066
Investments - Mutual Funds	4,161,907	1,333,149	5,495,056
Due from Other Funds	<u>3,524</u>	<u>-</u>	<u>3,524</u>
TOTAL ASSETS	<u>\$4,286,400</u>	<u>\$1,406,246</u>	<u>\$5,692,646</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts Payable	\$ 581	\$ 1,550	\$ 2,131
Payroll Deductions and Withholdings	<u>-</u>	<u>530</u>	<u>530</u>
Total Liabilities	<u>581</u>	<u>2,080</u>	<u>2,661</u>
Net Assets			
Held in Trust for Pension Benefits	<u>4,285,819</u>	<u>1,404,166</u>	<u>5,689,985</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,286,400</u>	<u>\$1,406,246</u>	<u>\$5,692,646</u>

Borough of Brentwood
Combining Statement of Changes in Net Assets
Fiduciary Funds
Year Ended December 31, 2011

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 163,689	\$ 76,713	\$ 240,402
Plan Members	35,739	23,721	59,460
Other	<u>1,538</u>	<u>29,677</u>	<u>31,215</u>
Total Contributions	<u>200,966</u>	<u>130,111</u>	<u>331,077</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(135,359)	(42,995)	(178,354)
Interest and Dividends	<u>162,118</u>	<u>50,722</u>	<u>212,840</u>
Net Investment Income	<u>26,759</u>	<u>7,727</u>	<u>34,486</u>
Total Additions	<u>227,725</u>	<u>137,838</u>	<u>365,563</u>
Deductions			
Benefits	294,249	4,510	298,759
Refund of Contributions	-	549	549
Administrative Expenses	<u>47,740</u>	<u>24,614</u>	<u>72,354</u>
Total Deductions	<u>341,989</u>	<u>29,673</u>	<u>371,662</u>
Changes in Net Assets	(114,264)	108,165	(6,099)
Net Assets - January 1, 2011	<u>4,400,083</u>	<u>1,296,001</u>	<u>5,696,084</u>
Net Assets - December 31, 2011	<u>\$4,285,819</u>	<u>\$1,404,166</u>	<u>\$5,689,985</u>

ADDITIONAL INFORMATION

**Borough of Brentwood Library
Statement of Changes in Net Assets
Special Revenue Fund
Year Ended December 31, 2011**

Revenues	
Taxes	\$145,499
Gifts, Memorials and Donations	14,270
Fines	10,175
Interest Earned	1,261
Sales	11,467
Contributions from:	
State Aid	33,751
State Gaming	6,390
Local County Funding - ACLA	105,973
Miscellaneous	<u>3,319</u>
 Total Revenues	 <u>\$332,105</u>
Expenditures	
Program Services	
Salaries	\$182,045
Benefits	28,710
Materials and Supplies	
Books and Periodicals	35,323
Audiovisual Materials	4,635
Library Supplies	7,067
Other Services	
Utilities	1,221
Insurance	3,712
Scholarship Expenditures	300
Equipment Maintenance	2,171
Equipment Purchases	1,194
Audit Services	950
Technology	16,065
Administration	11,653
Borough Reimbursement	<u>25,187</u>
 Total Expenditures	 <u>\$320,233</u>