

**Borough of Brentwood  
Financial Statements  
December 31, 2013**

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

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**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, 2013, and the related notes to the financial statements, which collectively comprise the Borough of Brentwood's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brentwood as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information as listed 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Brentwood's basic financial statements. The combining nonmajor and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP  
Pittsburgh, Pennsylvania  
July 16, 2014

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

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, 2013. 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**

2013

- General fund revenues totaled \$5,216,887 and general fund expenditures totaled \$4,740,245, yielding an operating position ratio of 0.091.
- General fund liabilities totaled \$226,785 and general fund assets totaled \$2,065,013, yielding a liability to asset ratio of 0.11.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,324,868; general government operations - \$619,297; and public works activities of \$917,877.
- The real estate taxation rate for the general fund was 7.0 mills and 0.5 for the library fund. A change in the millage was necessary due to the County revenue neutral requirement which required municipalities to maintain 2011 property tax revenues.
- Major components of the Borough's general fund revenue include real estate taxes of \$2,615,441, which is 50% of all revenue received and earned income taxes of \$1,082,237, or 29% of the general fund revenues received.

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

Current	\$2,327,671
Delinquent	220,143
TIF	<u>67,627</u>
	<u>\$2,615,441</u>

The Library portion of real estate tax allocation was \$171,095.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**Financial Highlights (Cont'd)**

2013 (Cont'd)

- The general fund was responsible for \$145,917 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes a \$100,529 increase from the 2012 MMO requirement which represents a 221% increase.

Additionally, the general fund balance decreased by \$709,358 to \$1,416,571. The decrease in the general fund balance was attributable to transferring \$1,462,000 to its capital projects fund to support the ongoing projects in each fund.

2012

- General fund revenues totaled \$9,039,378 and general fund expenditures totaled \$8,605,157, yielding an operating position ratio of 0.015. The general fund revenues include \$3,430,000 of refunding bond proceeds. The general fund expenditures include a \$3,295,000 repayment from the refunding of 2007 GOB issuance. The refunding was not budgeted.
- General fund liabilities totaled \$509,483 and general fund assets totaled \$2,635,412, yielding a liability to asset ratio of 0.19.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,206,676; general government operations - \$654,759; public works activities of \$862,257; and debt service of \$298,906.
- 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 \$2,658,212, which 13% includes delinquent collections, or 29% of all revenue received and earned income taxes of \$1,199,973, or 14% of the general fund revenues received. Also, general fund revenues include \$3,430,000 from the refunding bond proceeds, or 38% of general fund revenues.

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

Current	\$2,327,886
Delinquent	255,464
TIF	<u>74,862</u>
	<u>\$2,658,212</u>

The Library portion of real estate tax allocation was \$150,172.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**Financial Highlights (Cont'd)**

2012 (Cont'd)

- The general fund was responsible for \$45,388 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes a \$16,513 increase from the 2011 MMO requirement which represents a 57.2% increase.

Additionally, the general fund balance increased by \$410,210 to \$2,125,929. The increase in the general fund balance was the first surplus after three consecutive years of decreases.

**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, 2013**

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

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

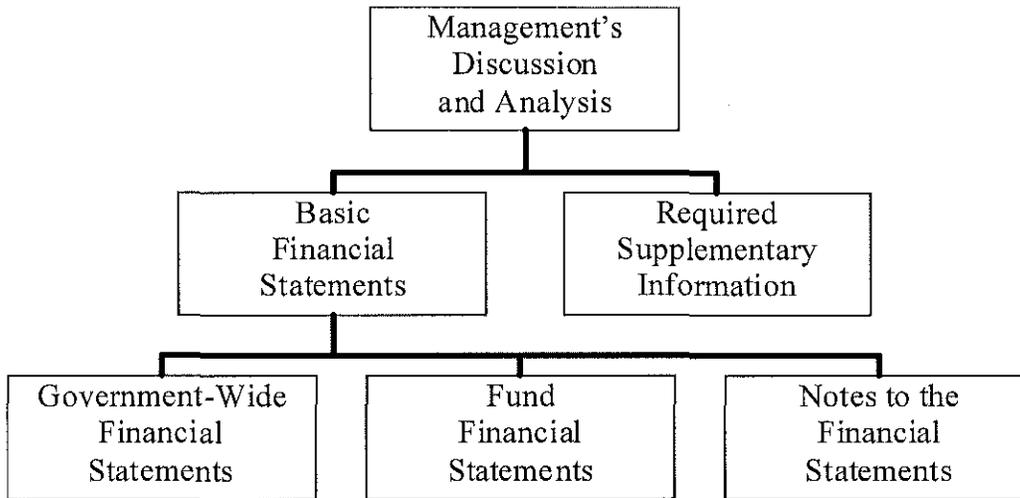


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

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

Figure A-2  
Major Features of the Borough of Brentwood's  
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 position; statement of activities	Balance sheet; statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position; statement of changes in fiduciary net position
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, 2013**

**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, 2013**

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

The Borough's total net position was \$5,379,735 at December 31, 2013 and \$3,881,649 (restated) at December 31, 2012.

Table A-1  
Years Ended December 31, 2013 and 2012  
Net Position

	Governmental Activities	
	2013	2012 Restated
Current and Other Assets	\$ 6,848,542	\$ 6,622,424
Capital Assets	<u>6,729,858</u>	<u>2,730,498</u>
Total Assets	<u>13,578,400</u>	<u>9,352,922</u>
Deferred Outflow of Resources	<u>11,987</u>	<u>12,897</u>
Current and Other Liabilities	1,139,220	368,136
Noncurrent Liabilities		
Due Within One Year	483,617	301,481
Due in More Than One Year	<u>6,587,815</u>	<u>4,814,553</u>
Total Liabilities	<u>8,210,652</u>	<u>5,484,170</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	(18,522)	(2,204,148)
Restricted	208,301	192,226
Unrestricted	<u>5,189,956</u>	<u>5,893,571</u>
Total Net Position	<u>\$ 5,379,735</u>	<u>\$ 3,881,649</u>

The restricted portion consists of library fund, debt service fund and highway aid fund. The remaining portion is unrestricted.

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 and sanitary sewer charges to Borough customers.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

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

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

Table A-2  
Years Ended December 31, 2013 and 2012  
Changes in Net Position

	Governmental Activities	
	2013	2012 Restated
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$2,937,927	\$2,850,444
Operating Grants and Contributions	698,005	392,621
Capital Grants and Contributions	638,000	-
General Revenues		
Property Taxes	2,837,526	2,772,259
Earned Income Taxes	1,082,237	1,199,973
RAD	350,384	320,122
Other Taxes	203,063	203,673
Investment Earnings	3,261	6,515
Miscellaneous Income	<u>299,470</u>	<u>277,580</u>
 Total Revenues	 <u>9,049,873</u>	 <u>8,023,187</u>
 <b>Expenses</b>		
General Government	749,534	695,333
Public Safety	2,839,094	2,641,124
Public Works - Sanitation	1,759,509	1,992,772
Public Works - Highways	1,370,303	1,394,995
Public Works - Other	34,950	36,153
Culture - Recreation	626,162	592,153
Community Development	45,502	44,972
Interest on Long-Term Debt	126,733	162,494
Loss on Sale of Assets	<u>-</u>	<u>14,563</u>
 Total Expenses	 <u>7,551,787</u>	 <u>7,574,559</u>
 Change in Net Position	 1,498,086	 448,628

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

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

Table A-2 (Cont'd)  
Years Ended December 31, 2013 and 2012  
Changes in Net Position

	Governmental Activities	
	2013	2012 Restated
Net Position - Beginning	<u>\$3,881,649</u>	<u>\$3,433,021</u>
Net Position - Ending	<u>\$5,379,735</u>	<u>\$3,881,649</u>

Beginning net position in the government-wide financial statements was restated as of January 1, 2013 as a result of the effects of applying GASB Statement No. 65.

**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 \$5,492,887 and general fund expenditures and other financing uses totaled \$6,202,245.

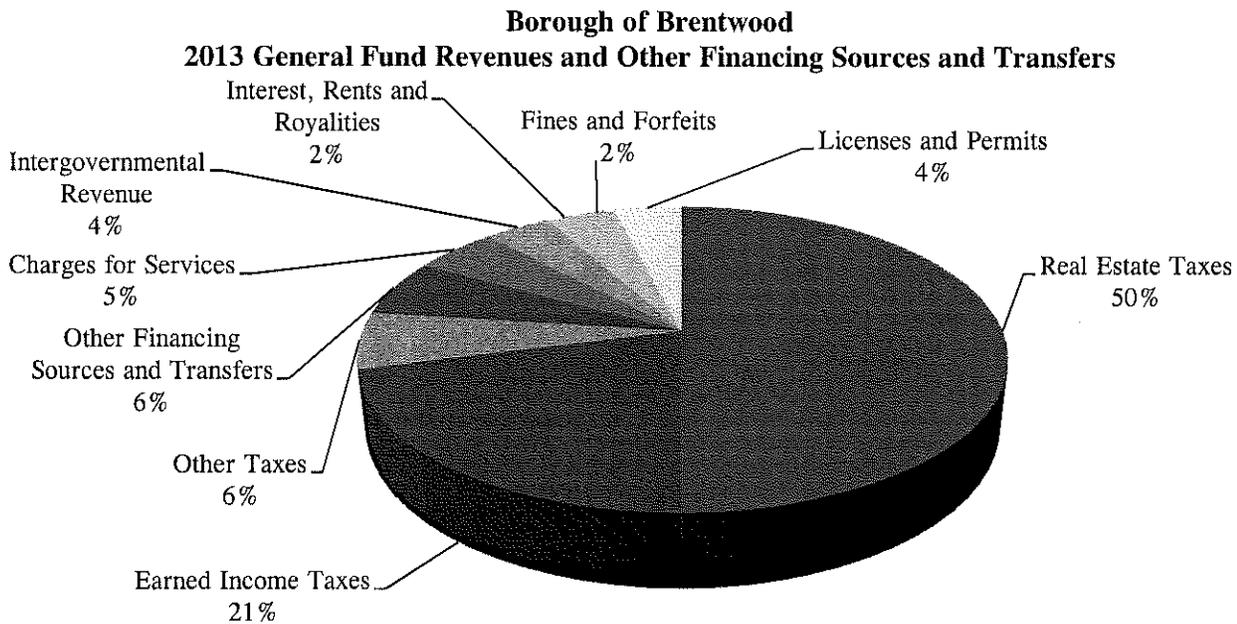
Major General Fund Revenue Categories

	2013	2012
Taxes	\$4,248,425	\$4,389,191
Licenses and Permits	231,368	216,034
Fines and Forfeits	120,947	156,678
Interest, Rents and Royalties	111,378	100,732
Intergovernmental	219,867	195,229
Charges for Services	260,169	246,301
Miscellaneous	24,733	43,213
Other Financing Sources	<u>276,000</u>	<u>3,692,000</u>
	<u>\$5,492,887</u>	<u>\$9,039,378</u>

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**Borough Finances (Cont'd)**

Major General Fund Revenue Categories (Cont'd)



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

Major General Fund Expenditure Categories

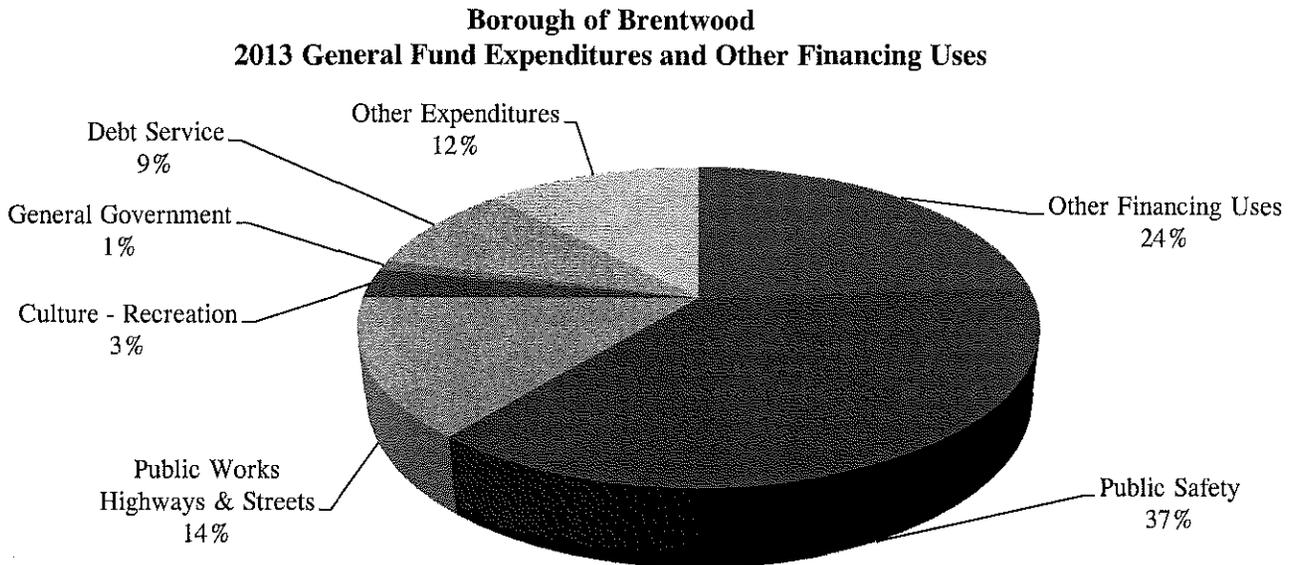
	2013	2012
General Government	\$ 619,297	\$ 654,759
Public Safety	2,324,868	2,206,676
Public Works - Sanitation	17,491	14,519
Public Works - Highways	882,927	811,585
Public Works - Other Services	34,950	36,153
Culture - Recreation	170,480	156,032
Conservation and Development	45,502	44,972
Miscellaneous	628,717	577,171
Debt Service	16,013	298,906
Other Financing Uses	<u>1,462,000</u>	<u>3,348,517</u>
<b>Total Expenditures and Other Financing Uses</b>	<b><u>\$6,202,245</u></b>	<b><u>\$8,149,290</u></b>

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**Borough Finances (Cont'd)**

Major General Fund Expenditure Categories (Cont'd)

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



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 7.5 mills for 2013.

**2013 Highlighted Budget Components**

As in previous years, this past fiscal year saw a number of significant accomplishments.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**2013 Highlighted Budget Components (Cont'd)**

2013 Capital Improvement Program

The Borough completed nearly \$1 million worth of capital projects in 2013 which included the following:

- Buildings (\$110,000)

The Borough installed new security doors in the Borough building and kicked off the Borough Building Architectural evaluation project.

- Police Department (\$60,062)

The Borough purchased two (2) new police cruisers.

- Public Works (\$1,642,354)

In 2013, construction of a new 12,000 square foot prefabricated steel structure was completed. The project was bid out in 2012 and a design/build contract was awarded to Allegheny Construction Group. The final cost of the new building and paved parking lot will be approximately \$1,668,000. Construction was completed in early 2014.

The DPW also purchased a new backhoe totaling \$88,799 to add to their equipment inventory.

- Brownsville Road Project (\$140,000)

Work began on the Brownsville Road paving and stormwater project. Due to unforeseen delays, this project will be completed in the spring of 2014.

- Library Roof Repair Project (\$17,600)

Repairs to the Borough's library roof were completed in 2013.

- 2013 Sanitary Sewer Repairs Project - Consent Order Phase I (\$610,000)

This project involved sanitary sewer repair 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.

The Borough is required by the Consent Order to Closed Circuit Televising (CCTV) and makes repairs to structural Level 5 defects in the sewers.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**2013 Highlighted Budget Components (Cont'd)**

**Brentwood Park Initiative**

In April 2013, Borough officials and residents participated in the groundbreaking ceremony associated with Phase I and Phase II of the Brentwood Park Renovations Project. Nearly \$2.4 million of new construction took place. This included two (2) new baseball fields, a new dek hockey court, a new tennis court, a new basketball court, and new synthetic turf football field, a new 400-meter track, and new lighting for the stadium, ball field, tennis, basketball and dek hockey areas. These projects were funded in part via efforts by the community group, Brentwood Park Initiative, who were successful in raising \$300,000 that will be needed to match the \$438,000 and \$400,000 DCNR grant as well as the \$200,000 Allegheny County Community Infrastructure and Tourism Fund grant that will be required to fund the multi-million dollar capital construction project. In 2013, the Borough approved a proposal by J. T. Sauer & Associates to prepare the final construction documents associated with the construction of Phase III, which will include new bleachers, press box, restrooms and ADA access ways.

**New Additions to the Borough Family**

The Borough welcomed four (4) new employees to the Borough. Two (2) new police officers were hired. Officer Farrell Wagner and Officer Carl Rech were brought on board to bring the police department back up to 14 full-time officers. The Borough elevated Assistant Code Enforcement Officer, Eric Pecon from part-time to full-time status and the Borough hired its first Recreation Director, Ms. Paula Simmons.

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

- Lining and repairs of sewer lines
- Closed Circuit Television (CCTV) inspection of the sewer lines
- Inlet testing
- Manhole inspections
- 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. Up to 2013, \$700,000 was expended on these projects.

**Borough of Brentwood  
Management's Discussion and Analysis  
December 31, 2013**

**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 Position  
December 31, 2013**

**Exhibit 1**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,814,503
Taxes Receivable, Net	707,086
Due from Other Governments	719,812
Other Receivables	422,469
Prepaid Items	184,672
Capital Assets	
Land	255,560
Construction in Progress	4,164,389
Land Improvements, Net	329,678
Buildings and Building Improvements	1,201,135
Furniture and Equipment	<u>779,096</u>
<b>TOTAL ASSETS</b>	<u><b>13,578,400</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge on Refunding	<u>11,987</u>
<b>LIABILITIES</b>	
Accounts Payable	995,140
Accrued Interest	40,968
Accrued Salaries and Benefits	58,505
Payroll Deductions and Withholdings	7,584
Unearned Revenue	30,000
Other Current Liabilities	7,023
Noncurrent Liabilities	
Due Within One Year	483,617
Due in More Than One Year	
Notes Payable	2,829,998
Bonds Payable	3,168,634
Capital Leases	278,118
Compensated Absences	134,730
Net Other Post-Employment Benefit Obligation	<u>176,335</u>
<b>TOTAL LIABILITIES</b>	<u><b>8,210,652</b></u>
<b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	(18,522)
Restricted for:	
Debt Service	16,652
Library	191,546
Highways	103
Unrestricted	<u>5,189,956</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 5,379,735</b></u>

See Accompanying Notes

**Borough of Brentwood  
Statement of Activities  
Year Ended December 31, 2013**

**Exhibit 2**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$ 749,534	\$ 44,942	\$ 17,076	\$ -	\$ (687,516)
Public Safety	2,839,094	328,773	171,443	-	(2,338,878)
Public Works - Sanitation	1,759,509	2,324,394	254	-	565,139
Public Works - Highways	1,370,303	-	204,232	-	(1,166,071)
Public Works - Other	34,950	73,190	-	-	38,240
<b>Culture - Recreation</b>					
Administration	21,758	-	-	-	(21,758)
Swimming Pool	77,632	24,578	-	-	(53,054)
Civic Center	24,717	-	-	-	(24,717)
Parks	109,016	57,465	305,000	638,000	891,449
Library	388,596	194,492	-	-	(194,104)
Other	4,443	600	-	-	(3,843)
Community Development	45,502	-	-	-	(45,502)
Interest on Long-Term Debt	<u>126,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(126,733)</u>
<b>Total Governmental Activities</b>	<b><u>\$7,551,787</u></b>	<b><u>\$3,048,434</u></b>	<b><u>\$698,005</u></b>	<b><u>\$638,000</u></b>	<b><u>(3,167,348)</u></b>
<b>General Revenues</b>					
<b>Taxes</b>					
Property Taxes, Levied for General Purposes, Net					2,837,526
Earned Income Taxes					1,082,237
Regional Asset District - Sales Tax					350,384
Other Taxes Levied for General Purposes, Net					203,063
Investment Earnings					3,261
Cable TV Franchise					184,643
Gain on Sale of Capital Assets					<u>4,320</u>
<b>Total General Revenues</b>					<b><u>4,665,434</u></b>
<b>Change in Net Position</b>					<b>1,498,086</b>
<b>Net Position - January 1, 2013</b> (Restated - See Note 2)					<b><u>3,881,649</u></b>
<b>Net Position - December 31, 2013</b>					<b><u>\$ 5,379,735</u></b>

See Accompanying Notes

**Borough of Brentwood  
Balance Sheet  
Governmental Funds  
December 31, 2013**

**Exhibit 3**

	General Fund	Sewer Fund	Brentwood Park Initiative Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and Cash Equivalents	\$1,084,895	\$2,835,240	\$ -	\$708,252	\$186,116	\$4,814,503
Taxes Receivable, Net	707,086	-	-	-	-	707,086
Due from Other Funds	74,575	-	-	39,972	22,185	136,732
Due from Other Governments	81,812	-	638,000	-	-	719,812
Other Receivables	50,583	371,166	720	-	-	422,469
Prepaid Items	66,062	-	-	-	-	66,062
<b>TOTAL ASSETS</b>	<u>\$2,065,013</u>	<u>\$3,206,406</u>	<u>\$638,720</u>	<u>\$748,224</u>	<u>\$208,301</u>	<u>\$6,866,664</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Due to Other Funds	\$ 69,180	\$ 74,575	\$ -	\$ -	\$ -	\$ 143,755
Accounts Payable	61,516	175,836	190,994	566,794	-	995,140
Accrued Salaries and Benefits	58,505	-	-	-	-	58,505
Payroll Deductions and Withholdings	7,584	-	-	-	-	7,584
Unearned Revenues	30,000	-	-	-	-	30,000
<b>Total Liabilities</b>	<u>226,785</u>	<u>250,411</u>	<u>190,994</u>	<u>566,794</u>	<u>-</u>	<u>1,234,984</u>
<b>Deferred Inflows of Resources</b>						
Unavailable Revenues - Property Taxes	421,657	-	-	-	-	421,657
<b>Fund Balances</b>						
Nonspendable	66,062	-	-	-	-	66,062
Restricted	-	-	-	-	208,301	208,301
Committed	-	2,955,995	447,726	181,430	-	3,585,151
Unassigned	1,350,509	-	-	-	-	1,350,509
<b>Total Fund Balances</b>	<u>1,416,571</u>	<u>2,955,995</u>	<u>447,726</u>	<u>181,430</u>	<u>208,301</u>	<u>5,210,023</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$2,065,013</u>	<u>\$3,206,406</u>	<u>\$638,720</u>	<u>\$748,224</u>	<u>\$208,301</u>	<u>\$6,866,664</u>

See Accompanying Notes

**Borough of Brentwood**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2013**

**Exhibit 4**

Total Fund Balances - Governmental Funds \$ 5,210,023

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$11,879,601, and the accumulated depreciation is \$5,149,743. 6,729,858

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. 421,657

The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements. 118,609

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 43,353

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds Payable	\$(3,415,000)	
Accrued Interest on the Bonds	(40,968)	
Notes Payable	(3,060,666)	
Capital Leases Payable	(316,066)	
Other Post-Employment Benefits (OPEB)	(176,335)	
Compensated Absences	<u>(134,730)</u>	<u>(7,143,765)</u>

Total Net Position - Governmental Activities \$ 5,379,735

See Accompanying Notes

**Borough of Brentwood**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2013**

**Exhibit 5**

	General Fund	Sewer Fund	Brentwood Park Initiative Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 4,248,425	\$ -	\$ -	\$ -	\$171,095	\$4,419,520
Licenses and Permits	231,368	-	-	-	-	231,368
Fines and Permits	120,947	-	-	-	-	120,947
Interest, Rents and Royalties	111,378	1,703	-	-	687	113,768
Intergovernmental	219,867	-	943,000	-	175,837	1,338,704
Charges for Services	260,169	2,334,905	-	-	185,692	2,780,766
Miscellaneous	<u>24,733</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,733</u>
<b>Total Revenues</b>	<u>5,216,887</u>	<u>2,336,608</u>	<u>943,000</u>	<u>-</u>	<u>533,311</u>	<u>9,029,806</u>
<b>Expenditures</b>						
<b>Current:</b>						
General Government	619,297	-	17,000	19,896	-	656,193
Public Safety	2,324,868	-	-	88,167	-	2,413,035
Public Works - Sanitation	17,491	1,751,748	-	-	-	1,769,239
Public Works - Highways	882,927	-	-	1,855,434	175,837	2,914,198
Public Works - Other	34,950	-	-	-	-	34,950
Culture - Recreation	170,480	-	2,366,472	17,600	346,158	2,900,710
Conservation and Development	45,502	-	-	-	-	45,502
Miscellaneous	628,717	10,511	-	-	-	639,228
<b>Debt Service:</b>						
Principal	9,503	189,834	-	33,469	72,300	305,106
Interest	<u>6,510</u>	<u>17,780</u>	<u>-</u>	<u>82,104</u>	<u>3,150</u>	<u>109,544</u>
<b>Total Expenditures</b>	<u>4,740,245</u>	<u>1,969,873</u>	<u>2,383,472</u>	<u>2,096,670</u>	<u>597,445</u>	<u>11,787,705</u>
<b>Excess (Deficiency) of Revenues</b>						
Over Expenditures	<u>476,642</u>	<u>366,735</u>	<u>(1,440,472)</u>	<u>(2,096,670)</u>	<u>(64,134)</u>	<u>(2,757,899)</u>
<b>Other Financing Sources (Uses)</b>						
Note Proceeds	-	-	1,984,608	-	-	1,984,608
Proceeds from Extended Term Financing	-	-	-	72,798	-	72,798
Transfers In	276,000	-	60,000	1,882,279	80,209	2,298,488
Sale/Compensation for Capital Assets	-	-	-	17,700	-	17,700
Transfers Out	<u>(1,462,000)</u>	<u>(356,000)</u>	<u>(400,279)</u>	<u>(80,209)</u>	<u>-</u>	<u>(2,298,488)</u>
<b>Total Other Financing Sources</b>						
(Uses)	<u>(1,186,000)</u>	<u>(356,000)</u>	<u>1,644,329</u>	<u>1,892,568</u>	<u>80,209</u>	<u>2,075,106</u>

**Borough of Brentwood  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2013**

**Exhibit 5**

	General Fund	Sewer Fund	Brentwood Park Initiative Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
Net Changes in Fund Balances	\$ (709,358)	\$ 10,735	\$ 203,857	\$ (204,102)	\$ 16,075	\$ (682,793)
Fund Balances - January 1, 2013	<u>2,125,929</u>	<u>2,945,260</u>	<u>243,869</u>	<u>385,532</u>	<u>192,226</u>	<u>5,892,816</u>
Fund Balances - December 31, 2013	<u>\$ 1,416,571</u>	<u>\$2,955,995</u>	<u>\$ 447,726</u>	<u>\$ 181,430</u>	<u>\$208,301</u>	<u>\$ 5,210,023</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, 2013**

**Exhibit 6**

Total Net Change in Fund Balances - Governmental Funds \$ (682,793)

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 exceeds capital outlays exceeds depreciation in the period.

Capital Outlays	\$4,236,102	
Depreciation Expense	<u>(223,363)</u>	4,012,739

Because some property taxes will not be collected for several months after the Borough's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 53,212

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 305,106

Assets that were sold are reported in the governmental funds as revenue. However, in the statement of activities, any proceeds from assets sold or disposed of are excluded from revenue and a gain (loss) is calculated on the sale of the asset. (13,379)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. The proceeds were:

General Obligation Notes Payable of 2013	(1,984,607)
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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, 2013**

**Exhibit 6**

In the statement of activities, certain operating expenses - compensated absences 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	\$ (72,444)
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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.	(29,760)
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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	(13,897)

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.	
Amortization of Discount and Deferred Loss on Refunding	(3,292)

Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as an other financing source. The capital leases are not revenues in the statement of activities, but constitute long-term liabilities in the statement of net position.	
	<u>(72,799)</u>

Change in Net Position of Governmental Activities	\$ <u>1,498,086</u>
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See Accompanying Notes

**Borough of Brentwood  
Statement of Net Position  
Fiduciary Funds  
December 31, 2013**

**Exhibit 7**

	Pension Trust Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 247,903
Investments - Mutual Funds	6,690,753
Due from Other Funds	<u>8,153</u>
<b>TOTAL ASSETS</b>	<u>6,946,809</u>
<b>LIABILITIES</b>	
Accounts Payable	522
Due to Other Funds	<u>1,130</u>
<b>TOTAL LIABILITIES</b>	<u>1,652</u>
<b>NET POSITION</b>	
Held in Trust for Pension Benefits	<u>\$6,945,157</u>

See Accompanying Notes

**Borough of Brentwood  
Statement of Changes in Net Position  
Fiduciary Funds  
Year Ended December 31, 2013**

**Exhibit 8**

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 312,944
Plan Members	<u>90,345</u>
Total Contributions	<u>403,289</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	597,609
Interest and Dividends	<u>345,786</u>
	<u>943,395</u>
Less Investment Expense	<u>41,078</u>
Net Investment Income	<u>902,317</u>
Total Additions	<u>1,305,606</u>
Deductions	
Benefits	564,334
Administrative Expenses	<u>23,120</u>
Total Deductions	<u>587,454</u>
Change in Net Position	718,152
Net Position - January 1, 2013	<u>6,227,005</u>
Net Position - December 31, 2013	<u>\$6,945,157</u>

See Accompanying Notes

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

The Borough of Brentwood (the "Borough") 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 the Borough Code with a Council/Manager form of government.

**A. Basic Financial Statements - Government-Wide Statements**

The Borough's basic financial statements include both government-wide (reporting the Borough as a whole) and fund financial statements (reporting the Borough's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Borough's police, highway, parks and general administrative services are all classified as governmental activities. The Borough reports no business-type activities.

In the government-wide statement of net position, governmental activities are presented on a consolidated basis by column.

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

The net costs by function are normally covered by general revenues including real estate taxes, earned income taxes, intergovernmental revenues, interest income and rents.

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

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

**B. Basic Financial Statements - Fund Financial Statements**

Fund financial statements of the Borough are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures. Funds are organized into three categories: governmental, proprietary and fiduciary. The Borough reports no proprietary-type funds.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

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

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

**1. Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Borough reports these major governmental funds and fund types:

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

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

The *Brentwood Park Initiative Fund*, a capital projects fund, accounts for financial resources to be used for the acquisition or construction of the park.

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

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

**2. Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and are therefore not available to support Borough programs. The reporting focus is on net position and changes in net position. The Borough's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose, or agency). The Borough reports the following fund types:

The *pension trust fund* accounts for the activities of the police and general pension plans, which accumulates resources for pension benefit payments to covered employees.

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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

D. Cash and Cash Equivalents

The Borough's policy is to maintain cash balances in interest-bearing accounts such as money market or flex funds. The market values of the funds approximate cost. The market values of the funds approximate cost.

E. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Expenditures may not legally exceed the budgeted appropriation at the function level. As a matter of policy, supplemental appropriations are requested whenever expenditures exceed appropriations at the function level. Only Council may take action to amend appropriations. The budgetary procedures utilized by the Borough of Brentwood are prescribed by the Commonwealth of Pennsylvania Borough Code. Those procedures are as follows:

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

**E. Budgets (Cont'd)**

- 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.

**F. Receivables and Payables**

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

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

**G. Inventories**

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

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the general fund, if considered material. There were no material inventory balances as of December 31, 2013.

**H. Prepaid Expenses**

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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

**I. Capital Assets**

Capital assets, which include property, plant, equipment and land improvements are reported in the applicable governmental activities column 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.

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
Furniture	8-20
Vehicles	8
Equipment	8-20
Computer Software	3
Land Improvements	10-30

**J. Long-Term Obligations**

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

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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

**K. Compensated Absences**

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

**L. Deferred Outflows of Resources**

The Borough reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statements of net position. The only deferred outflow of resources reported in this year's financial statements is a deferred amount arising from the refunding of general obligation bonds in a previous year. This deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

**M. Government-Wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position are divided into 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 position - consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

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

**N. Governmental Fund Balances**

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.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

**N. Governmental Fund Balances (Cont'd)**

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.

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 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.

**O. Fund Balance Classifications**

The restricted, committed and assigned fund balances as of December 31, 2013, were as follows:

1. Fund balance in governmental funds is restricted for the following purposes:

a. Highway maintenance	\$ 103
b. Library expenditures	191,546
c. Debt service	<u>16,652</u>
	<u>\$208,301</u>

2. The committed fund balances in the governmental funds are for the following purposes:

a. Sewer fund expenditures	\$2,955,995
b. Brentwood Park Initiative Project	447,726
c. Capital improvements	<u>181,430</u>
	<u>\$3,585,151</u>

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

**P. Use of Restricted Resources**

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.

**Q. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**Note 2 - Restatement of Beginning Net Position**

The Borough of Brentwood adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* as of January 1, 2013 and applied the statement retroactively. Beginning net position in the government-wide financial statements was restated as of January 1, 2013 as a result of the effects of applying this new statement and are summarized below.

Net Position, December 31, 2012 (previously reported)	\$4,012,523
Prior to implementation of GASBS No. 65 bond issuance costs were deferred and amortized over the life of the bonds. Under the new statement, bond issuance costs are expensed when incurred. The result is a decrease in beginning net position for unamortized bond issuance costs.	(72,732)
Bond issuance costs also factored into the calculation of deferred loss on refunding bond issues. The deferred loss on refunding bonds was recalculated retroactively and resulted in a decrease in beginning net position.	<u>(58,142)</u>
Restated Net Position, January 1, 2013	<u>\$3,881,649</u>

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

**Note 3 - Deposits and Investments**

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U. S. Treasury bills, other short-term U. S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposits. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

In addition to the investments authorized for governmental funds, fiduciary fund investments may also be made in corporate stocks and bonds, real estate and other investments consistent with sound business practice.

The deposit and investment policy of the Borough adheres to state statutes and/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.

**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, 2013, \$4,413,206 of the Borough's bank balance of \$5,083,674 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$4,413,206</u>
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As of December 31, 2013, the Borough had the following investments:

Investment Type	Rating	Fair Value
PA Invest		\$ 142,731
Mutual Funds	N/A	<u>6,690,753</u>
		<u>\$6,833,484</u>

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

**Note 3 - Deposits and Investments (Cont'd)**

Custodial Credit Risk - Deposits (Cont'd)

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 4 - Real Estate Taxes**

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2013 was 7.5 mills (\$7.50 per \$1,000 assessed valuation). The tax rate is allocated to the general fund at 7 mills and the Library at 0.5 mills. The tax calendar for real estate taxes levied for 2013 is as follows:

Tax Levy Date	July 1
2% Discount Period	July 1 - August 31
Face Payment Period	September 1 - October 31
10% Penalty Period	November 1 - February 28
Lien Filing Date	March 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 \$421,657 along with other taxes receivable of \$285,429.

**Note 5 - Capital Assets**

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 01/01/13	Additions	Disposals	Balance 12/31/13
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 255,560	\$ -	\$ -	\$ 255,560
Construction in Progress	<u>97,483</u>	<u>4,066,906</u>	<u>-</u>	<u>4,164,389</u>
Total Capital Assets, Not Being Depreciated	<u>353,043</u>	<u>4,066,906</u>	<u>-</u>	<u>4,419,949</u>

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

**Note 5 - Capital Assets (Cont'd)**

	Balance 01/01/13	Additions	Disposals	Balance 12/31/13
Governmental Activities (Cont'd)				
Capital Assets, Being Depreciated				
Land Improvements	\$ 883,339	\$ -	\$ -	\$ 883,339
Buildings and Building Improvements	3,266,781	-	-	3,266,781
Furniture and Equipment	<u>3,189,399</u>	<u>169,196</u>	<u>49,063</u>	<u>3,309,532</u>
Total Capital Assets Being Depreciated	<u>7,339,519</u>	<u>169,196</u>	<u>49,063</u>	<u>7,459,652</u>
Less Accumulated Depreciation				
Land Improvements	528,903	24,758	-	553,661
Buildings and Building Improvements	1,999,682	65,964	-	2,065,646
Furniture and Equipment	<u>2,433,479</u>	<u>132,641</u>	<u>35,684</u>	<u>2,530,436</u>
Total Accumulated Depreciation	<u>4,962,064</u>	<u>223,363</u>	<u>35,684</u>	<u>5,149,743</u>
Total Capital Assets Being Depreciated, Net	<u>2,377,455</u>	<u>(54,167)</u>	<u>13,379</u>	<u>2,309,909</u>
Governmental Activities Capital Assets, Net	<u>\$2,730,498</u>	<u>\$4,012,739</u>	<u>\$13,379</u>	<u>\$6,729,858</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 25,545
Public Safety	38,707
Public Works	87,915
Culture - Recreation	<u>71,196</u>
Total Depreciation Expense	<u>\$223,363</u>

**Note 6 - Interfund Balances**

Interfund balances at December 31, 2013, were:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 74,575	\$ 69,180
Sewer Fund	-	74,575
Capital Improvement Fund	39,972	-
Nonmajor Governmental Funds	22,185	-
Fiduciary Funds	<u>8,153</u>	<u>1,130</u>
	<u>\$144,885</u>	<u>\$144,885</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 7 - Interfund Transfers**

For the year ended December 31, 2013, interfund transfers consisted of the following:

<u>Transfer To</u>	<u>Transfer From</u>				Totals
	General Fund	Sewer Fund	Brentwood Park Initiative Fund	Capital Improvement Fund	
General Fund	\$ -	\$276,000	\$ -	\$ -	\$ 276,000
Brentwood Park Initiative Fund	60,000	-	-	-	60,000
Capital Improvement Fund	1,402,000	80,000	400,279	-	1,882,279
Debt Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,209</u>	<u>80,209</u>
	<u>\$1,462,000</u>	<u>\$356,000</u>	<u>\$400,279</u>	<u>\$80,209</u>	<u>\$2,298,488</u>

The transfers from the general fund to the capital improvement fund and Brentwood Park Initiative Fund were to help fund the capital needs of the Borough. The transfer from the sewer fund to the capital improvement 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 Brentwood Park Initiative Fund to the capital improvement fund was to assist the capital projects fund with its new public works building. The transfer from the capital improvement fund to the debt service fund was to fund the debt service needs of the Borough.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 8 - Long-Term Debt**

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Balance 01/01/13	Additions	Reductions	Balance 12/31/13	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$3,430,000	\$ -	\$ 15,000	\$3,415,000	\$215,000
Less: Bond Discount	<u>(33,748)</u>	<u>-</u>	<u>(2,382)</u>	<u>(31,366)</u>	<u>-</u>
Total Bonds Payable	<u>3,396,252</u>	<u>-</u>	<u>12,618</u>	<u>3,383,634</u>	<u>215,000</u>
General Obligation Notes	1,338,194	1,984,607	262,135	3,060,666	230,668
Capital Leases	271,240	72,799	27,973	316,066	37,949
Compensated Absences	<u>62,285</u>	<u>72,445</u>	<u>-</u>	<u>134,730</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$5,067,971</u>	<u>\$2,129,851</u>	<u>\$302,726</u>	<u>\$6,895,096</u>	<u>\$483,617</u>

As of December 31, 2013, the long-term debt arising from loans payable from governmental fund resources, consisted of the following:

**General Obligation Bonds**

Series of 2012, in the amount of \$3,430,000; 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 0.8% - 3.15% through March 2027.

\$3,415,000

The annual requirements of the Borough funds to amortize all general obligation bonds as of December 31, 2013, are as follows:

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2014	\$ 215,000	\$ 74,861	\$ 289,861
2015	220,000	73,141	293,141
2016	225,000	70,831	295,831

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2017	\$ 225,000	\$ 68,019	\$ 293,019
2018	230,000	64,925	294,925
2019-2023	1,210,000	252,875	1,462,875
2024-2027	<u>1,090,000</u>	<u>81,950</u>	<u>1,171,950</u>
	<u>\$3,415,000</u>	<u>\$686,602</u>	<u>\$4,101,602</u>

**General Obligation Notes**

Pennvest loan of 2007 in the amount of \$3,027,945; 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.

\$ 798,355

General obligation note of 2013 in the amount of \$5,000,000; semi-annual installments of interest of a maximum of \$600,000 starting in January 2014 through January 2015, when the principal amount is due. As of December 31, 2013, only \$1,984,601 was drawn from the line of credit. The January 2014 installment will be \$10,478. Interest rate is variable of 55% of the prime rate.

1,984,607

PWSA loan of 2005 in the amount of \$386,497; due in monthly installments of \$1,925 including principal and interest from September 1, 2006 to January 2024; interest rate of 1.8%.

228,092

Brentwood Bank fire truck loan of 2004 in the amount of \$534,460; due in monthly installments of \$6,288 including principal and interest through August 2014; interest rate of 3.49%.

49,612

\$3,060,666

The annual requirements of the Borough funds to amortize all notes payable as of December 31, 2013, are as follows:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

Year Ended December 31,	General Obligation Notes		Totals
	Principal	Interest	
2014	\$ 230,668	\$ 52,455	\$ 283,123
2015	2,160,945	42,139	2,203,084
2016	180,982	19,860	200,842
2017	185,747	15,200	200,947
2018	183,804	12,981	196,785
2019-2023	116,436	9,244	125,680
2024	<u>2,084</u>	<u>9</u>	<u>2,093</u>
	<u>\$3,060,666</u>	<u>\$151,888</u>	<u>\$3,212,554</u>

**Capital Leases**

The Borough is also currently obligated under a capital leasing arrangement for the HVAC and lighting upgrades and a backhoe loader equipment.

The assets acquired through the capital lease are as follows:

	Governmental Activities
Capital Assets	
Building Improvements	\$347,831
Furniture Equipment	<u>88,799</u>
	436,630
Less: Accumulated Depreciation	<u>(81,960)</u>
	<u>\$354,670</u>

The future minimum lease obligations as of December 31, 2013, are as follows:

Year Ended December 31,	Amount
2014	\$ 51,185
2015	51,185
2016	51,185
2017	41,605

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

Year Ended December 31,	Amount
2018	\$ 32,026
2019-2023	<u>160,130</u>
Total minimum lease payments	387,316
Amount representing interest	<u>(71,250)</u>
Present value of minimum lease payments	<u>\$316,066</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 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

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

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

	<u>PPP</u>	<u>NPPP</u>
Determination of Contribution (Cont'd) Employer	\$227,576	\$85,118
Plan Members	5.0% 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
Vesting	12 years of service	Completed Years of      Vested <u>Service</u> <u>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

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

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

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

	<u>PPP</u>	<u>NPPP</u>
Deferred Retirement Option Plan (DROP)		
Eligibility	Attainment of normal retirement eligibility	N/A
Participation	Participant selects effective date of DROP participation and date of DROP termination which must be no more than five years later	N/A
Amount of Benefit	A monthly benefit is calculated in the same manner as a normal retirement benefit would be as of initial DROP participation date. During the DROP period, the monthly benefit is credited to a DROP account along with 4.5% interest compounded and credited monthly. At DROP termination, the participant receives the lump sum value of the DROP account	N/A
Service Increment	\$25 times years of service in excess of 25; maximum \$100 per month	N/A
Post-Retirement Benefit Increases	None	None
Provisions for Disability Benefits	Yes	Yes
Provisions for Death Benefits	Yes	Yes

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2013:

**Borough of Brentwood  
Notes to Financial Statements  
December 31, 2013**

**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	10	7
Fully Vested Active Members	3	10
Retirees and Beneficiaries		
Currently Receiving Benefits	<u>13</u>	<u>2</u>
Total	<u>26</u>	<u>19</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)	\$227,576	\$ 85,188
Interest on Net Pension Obligations	(5,112)	(3,613)
Adjustment to Annual Required Contributions	<u>8,342</u>	<u>6,838</u>
Annual Pension Cost	230,806	88,413
Contributions Made	<u>(227,756)</u>	<u>(85,188)</u>
Change in Net Pension Obligation	3,050	3,225
Beginning of Year	<u>(73,250)</u>	<u>(51,635)</u>
End of Year	<u>\$(70,200)</u>	<u>\$(48,410)</u>

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

At December 31, 2013, 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, 2013**

**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)
2011	\$164,523	99%	\$(76,006)	\$65,796	106%	\$(54,159)
2012	127,717	98%	(73,250)	65,995	96%	(51,635)
2013	230,806	99%	(70,200)	88,413	96%	(48,410)

D. Funded Status and Funding Progress

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

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) Excess of Assets over AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (Excess of Assets over AAL) as a Percentage of Covered Payroll [(b-a)/c]
Police	\$4,494,452	\$5,540,116	\$1,045,664	81.13%	\$1,157,308	90.35%
Non-Police	1,635,054	2,011,056	376,002	81.30%	903,155	41.63%

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, 2013**

**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, 2013, the Borough contributed \$7,864. Plan members receiving benefits contributed \$6,640. 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.

Annual Required Contribution	\$ 40,357
Interest on Net OPEB Obligation	6,878
Adjustment to Annual Required Contribution	<u>(9,384)</u>
Annual OPEB Cost (Expense)	37,851
Contributions Made	<u>(14,366)</u>
Increase in OPEB Obligation	23,485

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

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

Net OPEB Obligation - Beginning of Year	<u>\$152,850</u>
Net OPEB Obligation - End of Year	<u>\$176,335</u>

The Borough's OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the years ended December 31, 2013, 2012 and 2011, is as follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/13	\$37,851	38.0%	\$176,335
12/31/12	38,267	33.8%	152,850
12/31/11	59,089	42.3%	137,259

D. Funded Status and Funding Progress

As of January 1, 2012, the actuarial accrued liability for benefits was \$409,051, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,090,058 and the ratio of unfunded actuarial accrued liability to the covered payroll was 37.5%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. 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

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

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

E. Actuarial Methods and Assumptions (Cont'd)

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, 2012 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 8.0%, decreasing to 7.5% the next year, and reducing by 0.5% thereafter to an ultimate rate of 5% after seven years, and a 3.5% 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 2013 under this agreement. It is estimated that the remaining balance that the Library owes the Borough is \$45,869 under this agreement.

**Note 13 - Lease Rental Revenue**

The Borough's athletic stadium located in Brentwood Park is leased to the Brentwood School District. The Borough is to receive semi-annual payments from the School District on January 31 and July 31 of each year. The lease is for the period July 1, 2012 through June 30, 2014. The rental payments remaining under this lease are as follows:

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 13 - Lease Rental Revenue (Cont'd)**

July 1, 2013 to June 30, 2014 \$ 58,933

For the year ended December 31, 2013, the Borough received \$57,265 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 2013 was \$15,347. As of December 31, 2013, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2014	\$11,052
2015	6,836
2016	3,816
2017	<u>3,498</u>
	<u>\$25,202</u>

**Note 16 - Construction Commitment**

The Borough has a construction commitment with various contractors in the amount of \$673,832 as of December 31, 2013. The majority of the construction commitment was for the completion of the design/building of a new DPW facility, sewer projects, and the completion of the park initiative projects.

**Borough of Brentwood**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 17 - Contingency**

The Library has recently raised an issue concerning the Library's share of the real estate tax allocation. The Library's share of the real estate tax allocation is 0.5 mills out of a total Borough millage of 7.5. The Library has indicated that its share should be based on the total real estate assessment of 0.5 mills for the tax year. The Borough is not disputing this; however, the Borough's position has always been that the Library's share includes operations and maintenance expenses paid by the Borough's general fund with the remaining difference distributed in quarterly cash payments. If the Library is correct on its position of the real estate tax allocation, then the amount Due to Library Fund as a liability could increase to a higher amount and lower the revenue for the Borough. However, it is the opinion of management that the Borough's position of the real estate tax allocation is correct and there will be no liability recorded on the Borough's end. The Borough is working on an agreement with the Library to better reflect the allocation. During 2013, the Borough paid \$24,838 in expenditures from its general fund on behalf of the Library, primarily utilities. In addition, the Borough paid \$17,600 in renovations for the Library roof out of the capital improvement fund.

**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, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
<b>Taxes</b>				
Real Estate Taxes				
Current	\$ 2,675,643	\$ 2,525,643	\$ 2,395,298	\$ (130,345)
Delinquent	225,000	225,000	220,143	(4,857)
Liened	7,000	7,000	-	(7,000)
Regional Asset District Sales Tax	300,000	300,000	350,384	50,384
Real Estate Transfer Taxes	56,000	56,000	71,303	15,303
Earned Income Taxes/Wage Taxes	800,000	800,000	1,082,237	282,237
Local Services Taxes	65,000	65,000	86,660	21,660
Mechanical Device Taxes	<u>33,000</u>	<u>33,000</u>	<u>42,400</u>	<u>9,400</u>
<b>Total Taxes</b>	<u>4,161,643</u>	<u>4,011,643</u>	<u>4,248,425</u>	<u>236,782</u>
<b>Licenses and Permits</b>				
Cable Television Franchise	160,000	160,000	184,643	24,643
All Other Licenses and Permits	<u>21,050</u>	<u>21,050</u>	<u>46,725</u>	<u>25,675</u>
<b>Total Licenses and Permits</b>	<u>181,050</u>	<u>181,050</u>	<u>231,368</u>	<u>50,318</u>
<b>Fines and Forfeits</b>	<u>96,000</u>	<u>96,000</u>	<u>120,947</u>	<u>24,947</u>
<b>Interest, Rents and Royalties</b>				
Interest Earnings	600	600	871	271
Rents and Royalties	<u>100,597</u>	<u>100,597</u>	<u>110,507</u>	<u>9,910</u>
<b>Total Interest, Rents and Royalties</b>	<u>101,197</u>	<u>101,197</u>	<u>111,378</u>	<u>10,181</u>
<b>Intergovernmental</b>				
<b>State</b>				
Public Utility Realty Tax	4,500	4,500	-	(4,500)
Gen. Muni. Pension System State Aid	143,000	143,000	167,027	24,027
Alcoholic Beverage Taxes	4,000	4,000	2,700	(1,300)
Recycling Act 101	150	150	254	104
All Other State Shared Rev. & Entitl.	<u>45,000</u>	<u>45,000</u>	<u>49,886</u>	<u>4,886</u>
<b>Total Intergovernmental Revenues</b>	<u>196,650</u>	<u>196,650</u>	<u>219,867</u>	<u>23,217</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues (Cont'd)</b>				
<b>Charges for Services</b>				
General Government	\$ 1,000	\$ 1,000	\$ 3,650	\$ 2,650
Public Safety	115,500	115,500	161,101	45,601
Parking/Parking Meters, Permits	65,000	65,000	73,190	8,190
Culture - Recreation	<u>25,900</u>	<u>25,900</u>	<u>22,228</u>	<u>(3,672)</u>
<b>Total Charges for Services</b>	<u>207,400</u>	<u>207,400</u>	<u>260,169</u>	<u>52,769</u>
<b>Miscellaneous Revenue</b>				
Special Assessments	-	-	9,730	9,730
Other Miscellaneous Revenues	500	500	11,778	11,278
Refunds of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>3,225</u>	<u>3,225</u>
<b>Total Miscellaneous Revenue</b>	<u>500</u>	<u>500</u>	<u>24,733</u>	<u>24,233</u>
<b>Total Revenues</b>	<u>4,944,440</u>	<u>4,794,440</u>	<u>5,216,887</u>	<u>422,447</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Legislative Body</b>				
Personal Services	18,100	18,100	17,870	230
Supplies	1,100	1,100	250	850
Other Services & Charges	8,500	8,500	4,128	4,372
Contributions, Grants & Subs.	2,500	2,500	500	2,000
Capital Purchase	1,000	1,000	-	1,000
<b>Executive</b>				
Personal Services	3,700	3,700	3,709	(9)
Supplies	100	100	114	(14)
Other Services & Charges	1,700	1,700	496	1,204
<b>Financial Administrative</b>				
Other Services & Charges	10,200	10,200	10,065	135
<b>Tax Collection</b>				
Supplies	1,500	1,500	935	565
Other Services & Charges	43,100	43,100	39,331	3,769
<b>Law</b>				
Other Services & Charges	69,000	69,000	92,018	(23,018)

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<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	\$ 324,915	\$ 333,315	\$ 279,965	\$ 53,350
Supplies	12,200	12,200	21,195	(8,995)
Other Services & Charges	22,700	22,700	23,776	(1,076)
Capital Purchase	500	500	130	370
Personnel Administration				
Other Services & Charges	20,000	20,000	20,000	-
Data Processing				
Supplies	700	700	-	700
Other Services & Charges	49,700	49,700	37,589	12,111
Engineer				
Other Services & Charges	20,000	20,000	18,418	1,582
General Gov't. Buildings & Plant				
Supplies	5,000	5,000	6,524	(1,524)
Other Services & Charges	56,600	56,600	40,505	16,095
Capital Purchase	<u>3,000</u>	<u>3,000</u>	<u>1,779</u>	<u>1,221</u>
Total General Government	<u>675,815</u>	<u>684,215</u>	<u>619,297</u>	<u>64,918</u>
Public Safety				
Police				
Personal Services	1,598,338	1,598,338	1,548,804	49,534
Supplies	73,700	73,700	57,005	16,695
Other Services & Charges	69,400	69,400	61,658	7,742
Capital Purchase	2,000	2,000	576	1,424
Fire				
Supplies	5,100	5,100	2,963	2,137
Other Services & Charges	35,864	35,864	38,649	(2,785)
Contr., Grants & Subs.	135,386	135,386	156,899	(21,513)
Ambulance/Rescue				
Supplies	14,000	14,000	12,821	1,179
Other Services & Charges	3,800	3,800	-	3,800
Contr., Grants & Subs.	50,210	50,210	66,059	(15,849)
Planning and Zoning				
Personal Services	112,950	112,950	104,207	8,743
Supplies	3,300	3,300	2,980	320

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Safety (Cont'd)				
Planning and Zoning (Cont'd)				
Other Services & Charges	\$ 18,500	\$ 18,500	\$ 36,303	\$ (17,803)
Capital Purchase	1,000	1,000	-	1,000
Emergency Management & Communication				
Personal Services	115,350	115,350	114,202	1,148
Other Public Safety				
Personal Services	<u>117,800</u>	<u>117,800</u>	<u>121,742</u>	<u>(3,942)</u>
Total Public Safety	<u>2,356,698</u>	<u>2,356,698</u>	<u>2,324,868</u>	<u>31,830</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	20,000	20,000	9,799	10,201
Solid Waste Collection and Disposal				
Supplies	5,000	5,000	7,692	(2,692)
Capital Purchase	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Sanitation	<u>29,000</u>	<u>29,000</u>	<u>17,491</u>	<u>11,509</u>
Public Works - Highways				
General Services - Administration				
Personal Services	765,970	765,970	754,248	11,722
Supplies	73,500	73,500	81,436	(7,936)
Other Services & Charges	26,800	26,800	12,847	13,953
Capital Purchase	3,000	3,000	2,423	577
Traffic Control Devices				
Other Services & Charges	9,500	9,500	5,841	3,659
Street Lighting				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>26,132</u>	<u>(23,632)</u>
Total Highways	<u>881,270</u>	<u>881,270</u>	<u>882,927</u>	<u>(1,657)</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Public Works - Other				
Parking Facilities				
Personal Services	\$ 38,100	\$ 38,100	\$ 34,299	\$ 3,801
Supplies	<u>2,000</u>	<u>2,000</u>	<u>651</u>	<u>1,349</u>
Total Other	<u>40,100</u>	<u>40,100</u>	<u>34,950</u>	<u>5,150</u>
Total Public Works	<u>950,370</u>	<u>950,370</u>	<u>935,368</u>	<u>15,002</u>
Culture - Recreation				
Administration				
Personal Services	22,200	28,200	15,148	13,052
Supplies	1,500	1,500	363	1,137
Other Services & Charges	14,280	14,280	804	13,476
Contr., Grants & Subs.	-	-	5,272	(5,272)
Capital Purchase	1,000	1,000	171	829
Participant Recreation				
Swimming Pool				
Personal Services	58,300	58,300	52,967	5,333
Supplies	14,500	14,500	8,438	6,062
Other Services & Charges	30,300	30,300	13,444	16,856
Capital Purchase	3,000	3,000	2,783	217
Spectator Recreation				
Supplies	3,000	3,000	3,903	(903)
Other Services & Charges	22,000	22,000	18,786	3,214
Capital Purchase	1,500	1,500	2,028	(528)
Parks				
Supplies	6,000	6,000	1,266	4,734
Other Services & Charges	23,700	23,700	11,950	11,750
Capital Purchase	5,000	5,000	3,876	1,124
Libraries				
Supplies	3,000	3,000	2,928	72
Other Services & Charges	33,700	33,700	21,684	12,016
Contr., Grants & Subs	150,000	-	-	-
Capital Purchase	500	500	226	274

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Other				
Supplies	\$ 7,000	\$ 7,000	\$ -	\$ 7,000
Other Services & Charges	11,000	11,000	4,443	6,557
Capital Purchase	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Culture - Recreation	<u>413,480</u>	<u>269,480</u>	<u>170,480</u>	<u>99,000</u>
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	39,000	39,000	30,710	8,290
Contributions, Grants & Subs.	-	-	3,000	(3,000)
Capital Purchase	4,000	4,000	642	3,358
Other Conservation and Development				
Supplies	100	100	-	100
Other Services & Charges	<u>5,500</u>	<u>5,500</u>	<u>11,150</u>	<u>(5,650)</u>
Total Conservation and Development	<u>48,600</u>	<u>48,600</u>	<u>45,502</u>	<u>3,098</u>
Miscellaneous				
Retirement Fund Contributions	312,764	312,764	312,944	(180)
Workers Comp. Contrib.	240,000	240,000	207,643	32,357
Unemployment Comp.	-	-	1,422	(1,422)
Insurance, Casualty & Surety	96,000	96,000	98,548	(2,548)
Other Employee Benefits	13,000	13,000	-	13,000
Other Misc. Expenditures	11,713	11,713	5,938	5,775
Refunds of Prior Year's Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,222</u>	<u>(222)</u>
Total Miscellaneous	<u>675,477</u>	<u>675,477</u>	<u>628,717</u>	<u>46,760</u>
Debt Service:				
Debt				
Principal	-	-	9,503	(9,503)
Interest	<u>-</u>	<u>-</u>	<u>6,510</u>	<u>(6,510)</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>16,013</u>	<u>(16,013)</u>
Total Expenditures	<u>5,120,440</u>	<u>4,984,840</u>	<u>4,740,245</u>	<u>244,595</u>

**Borough of Brentwood**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**General Fund - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of Revenues Over (Under) Expenditures	\$ <u>(176,000)</u>	\$ <u>(190,400)</u>	\$ <u>476,642</u>	\$ <u>667,042</u>
Other Financing Sources (Uses)				
Transfers In	276,000	276,000	276,000	-
Transfers Out				
Capital Projects Fund	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>(1,462,000)</u>	<u>(162,000)</u>
Total Other Financing Sources (Uses)	<u>(1,024,000)</u>	<u>(1,024,000)</u>	<u>(1,186,000)</u>	<u>(162,000)</u>
Net Change in Fund Balance	(1,200,000)	(1,214,400)	(709,358)	505,042
Fund Balance - January 1, 2013	<u>1,200,000</u>	<u>1,214,400</u>	<u>2,125,929</u>	<u>911,529</u>
Fund Balance - December 31, 2013	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>1,416,571</u>	\$ <u>1,416,571</u>

**Borough of Brentwood  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance  
Sewer Fund - Budget and Actual  
Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest Rents and Royalties				
Interest Earnings	\$ 4,000	\$ 4,000	\$ 1,703	\$ (2,297)
Charges for Services				
Sewage Charges	<u>2,437,400</u>	<u>2,437,400</u>	<u>2,334,905</u>	<u>(102,495)</u>
Total Revenues	<u>2,441,400</u>	<u>2,441,400</u>	<u>2,336,608</u>	<u>(104,792)</u>
<b>Expenditures</b>				
Current:				
Public Works - Sanitation				
Other Services and Charges	2,108,099	2,108,099	1,751,748	356,351
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>10,511</u>	<u>(9,511)</u>
Total Public Works - Sanitation	<u>2,109,099</u>	<u>2,109,099</u>	<u>1,762,259</u>	<u>346,840</u>
Debt Service:				
Principal	178,528	178,528	189,834	(11,306)
Interest	<u>41,655</u>	<u>41,655</u>	<u>17,780</u>	<u>23,875</u>
Total Debt Service	<u>220,183</u>	<u>220,183</u>	<u>207,614</u>	<u>12,569</u>
Total Expenditures	<u>2,329,282</u>	<u>2,329,282</u>	<u>1,969,873</u>	<u>359,409</u>
Excess of Revenues Over (Under) Expenditures	<u>112,118</u>	<u>112,118</u>	<u>366,735</u>	<u>254,617</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(356,000)</u>	<u>(356,000)</u>	<u>(356,000)</u>	<u>-</u>
Net Change in Fund Balance	(243,882)	(243,882)	10,735	254,617
Fund Balance - January 1, 2013	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,945,260</u>	<u>145,260</u>
Fund Balance - December 31, 2013	<u>\$ 2,556,118</u>	<u>\$ 2,556,118</u>	<u>\$ 2,955,995</u>	<u>\$ 399,877</u>

**Borough of Brentwood**  
**Note to the Required Supplementary Information**  
**Budget Comparison**  
**December 31, 2013**

**Note 1 - Budgetary Information**

Budgets are adopted on a basis consistent with U. S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at year-end.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budget during the year).

**Borough of Brentwood**  
**Required Supplementary Information**  
**Defined Benefit Pension Trust Funds**  
**December 31, 2013**

**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]
01/01/09	\$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%
01/01/13	4,494,452	5,540,116	1,045,664	81.13%	1,157,308	90.35%

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]
01/01/09	\$ 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%
01/01/13	1,635,054	2,011,056	376,002	81.30%	903,155	41.63%

Source: Actuarial Reports

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

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

Year Ended December 31,	<u>Police Pension Plan</u>		<u>Non-Police Pension Plan</u>	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2009	\$134,642	100%	\$35,063	100%
2010	135,879	100%	31,918	100%
2011	161,767	100%	63,272	100%
2012	124,961	100%	63,471	100%
2013	227,576	100%	85,188	100%

Note: Contributions include state pension aid.

**Borough of Brentwood**  
**Required Supplementary Information**  
**Defined Benefit Pension Trust Funds**  
**December 31, 2013**

**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, 2013	January 1, 2013
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Dollar - Closed	Level Dollar - Closed
Remaining Amortization Period	15 Years	11 Years
Asset Valuation Method	4-Year Smoothing	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, 2013**

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
01/01/12	\$ -	\$409,051	\$409,051	0.0%	\$1,090,058	37.5%
01/01/09	-	516,578	516,578	0.0%	1,112,399	46.0%

**SUPPLEMENTARY  
INFORMATION SECTION**

**Borough of Brentwood  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

**Exhibit A**

	<u>Special Revenue Funds</u>			Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	Debt Service Fund	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$103	\$169,361	\$16,652	\$186,116
Due from Other Funds	-	<u>22,185</u>	-	<u>22,185</u>
<b>TOTAL ASSETS</b>	<u>\$103</u>	<u>\$191,546</u>	<u>\$16,652</u>	<u>\$208,301</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Restricted	<u>103</u>	<u>191,546</u>	<u>16,652</u>	<u>208,301</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$103</u>	<u>\$191,546</u>	<u>\$16,652</u>	<u>\$208,301</u>

**Borough of Brentwood**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**December 31, 2013**

**Exhibit B**

	<u>Special Revenue Funds</u>			Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	Debt Service Fund	
<b>Revenues</b>				
Taxes	\$ -	\$171,095	\$ -	\$171,095
Interest, Rents and Royalties	46	577	64	687
Intergovernmental	175,837	-	-	175,837
Charges for Services	<u>-</u>	<u>185,692</u>	<u>-</u>	<u>185,692</u>
<b>Total Revenues</b>	<u>175,883</u>	<u>357,364</u>	<u>64</u>	<u>533,311</u>
<b>Expenditures</b>				
<b>Current:</b>				
Public Works - Highways	175,837	-	-	175,837
Culture - Recreation	-	346,158	-	346,158
<b>Debt Service:</b>				
Principal	-	-	72,300	72,300
Interest	<u>-</u>	<u>-</u>	<u>3,150</u>	<u>3,150</u>
<b>Total Expenditures</b>	<u>175,837</u>	<u>346,158</u>	<u>75,450</u>	<u>597,445</u>
<b>Excess (Deficiency of Revenues Over Expenditures)</b>	<u>46</u>	<u>11,206</u>	<u>(75,386)</u>	<u>(64,134)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>-</u>	<u>-</u>	<u>80,209</u>	<u>80,209</u>
<b>Net Changes in Fund Balances</b>	46	11,206	4,823	16,075
<b>Fund Balance - January 1, 2013</b>	<u>57</u>	<u>180,340</u>	<u>11,829</u>	<u>192,226</u>
<b>Fund Balance - December 31, 2013</b>	<u>\$ 103</u>	<u>\$191,546</u>	<u>\$ 16,652</u>	<u>\$208,301</u>

**Borough of Brentwood**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**December 31, 2013**

**Exhibit C**

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 189,698	\$ 58,205	\$ 247,903
Investments - Mutual Funds	5,099,389	1,591,364	6,690,753
Due from Other Funds	8,053	100	8,153
<b>TOTAL ASSETS</b>	<u>5,297,140</u>	<u>1,649,669</u>	<u>6,946,809</u>
<b>LIABILITIES</b>			
Accounts Payable	522	-	522
Due to Other Funds	100	1,030	1,130
<b>TOTAL LIABILITIES</b>	<u>622</u>	<u>1,030</u>	<u>1,652</u>
<b>NET POSITION</b>			
Held in Trust for Pension Benefits	<u>\$5,296,518</u>	<u>\$1,648,639</u>	<u>\$6,945,157</u>

**Borough of Brentwood**  
**Combining Statement of Changes in Net Position**  
**Fiduciary Funds**  
**Year Ended December 31, 2013**

**Exhibit D**

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 227,756	\$ 85,188	\$ 312,944
Plan Members	<u>64,268</u>	<u>26,077</u>	<u>90,345</u>
Total Contributions	<u>292,024</u>	<u>111,265</u>	<u>403,289</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	448,490	149,119	597,609
Interest and Dividends	<u>261,923</u>	<u>83,863</u>	<u>345,786</u>
	<u>710,413</u>	<u>232,982</u>	<u>943,395</u>
Less Investment Expense	<u>30,461</u>	10,617	<u>41,078</u>
Net Investment Income	<u>679,952</u>	<u>222,365</u>	<u>902,317</u>
Total Additions	<u>971,976</u>	<u>333,630</u>	<u>1,305,606</u>
Deductions			
Benefits	253,436	310,898	564,334
Administrative Expenses	<u>13,973</u>	<u>9,147</u>	<u>23,120</u>
Total Deductions	<u>267,409</u>	<u>320,045</u>	<u>587,454</u>
Changes in Net Position	704,567	13,585	718,152
Net Position - January 1, 2013	<u>4,591,951</u>	<u>1,635,054</u>	<u>6,227,005</u>
Net Position - December 31, 2013	<u>\$5,296,518</u>	<u>\$1,648,639</u>	<u>\$6,945,157</u>

**INDIVIDUAL FUND STATEMENTS**

**Borough of Brentwood Library  
Statement of Revenue, Expenditures and  
Changes in Fund Balance  
Special Revenue Fund  
Year Ended December 31, 2013**

**Exhibit E**

<b>Revenues</b>	
Taxes	\$171,095
Gifts, Memorials and Donations	14,567
Fines	9,403
Interest Earned	577
Sales	9,696
Contributions from:	
State Aid	33,751
State Gaming	5,447
Local County Funding - ACLA	109,953
Miscellaneous	<u>2,875</u>
<b>Total Revenues</b>	<u><b>357,364</b></u>
<b>Expenditures</b>	
Program Services	
Salaries	195,492
Benefits	30,796
Materials and Supplies	
Books and Periodicals	39,188
Programs	15,636
Library Supplies	9,614
Other Services	
Utilities	1,173
Insurance	4,082
Scholarship Expenditures	300
Equipment Maintenance	1,056
Equipment Purchases	1,250
Audit Services	1,000
Legal Fees	1,350
Technology	13,159
Administration	6,866
Public Relations	8
Borough Reimbursement	<u>25,187</u>
<b>Total Expenditures</b>	<u><b>346,157</b></u>
<b>Net Change in Fund Balance</b>	<b>11,207</b>
Fund Balance - January 1, 2013	<u>180,339</u>
<b>Fund Balance - December 31, 2013</b>	<u><b>\$191,546</b></u>