

**Borough of Brentwood
Financial Statements
December 31, 2014**

THE BOROUGH OF BRENTWOOD



MUNICIPAL BUILDING - 3624 BROWNSVILLE ROAD
PITTSBURGH, PA 15227-3199

Office 412 - 884-1500 FAX 412 - 884-1911

September 18, 2015

Hosack, Specht, Muetzel & Wood LLP
305 Mount Lebanon Boulevard
Pittsburgh, PA 15234

Gentlemen:

This representation letter is provided in connection with your audit of the financial statements of the Borough of Brentwood, which comprise the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information as of December 31, 2014, and the respective changes in financial position and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 18, 2015, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter including our responsibility for the preparation and fair presentation of the financial statements in accordance with U. S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.

HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - 412-343-9200

FAX - 412-343-9209

HSMW@HSMWCPA.COM

WWW.HSMWCPA.COM

Management Letter

Members of Council
Borough of Brentwood
Pittsburgh, Pennsylvania

Dear Members:

In planning and performing our audit of the financial statements of the Borough of Brentwood for the year ended December 31, 2014, we considered the Borough's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

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

Real Estate Tax

Per the Pennsylvania Department of Community and Economic Development's Tax Collector manual, the Real Estate Tax Collector is required to report the activity and make deposits for tax collections by the tenth day of each month for the previous month's activity. We noted that the Tax Collector did not always remit its monthly reports to the Borough. In addition, it was noted that a number of the monthly reports were not filed on a timely basis. Furthermore, it was noted that the amount remitted to the Borough for one month was significantly less than the collections on the monthly report.

The discrepancy was brought to the attention of the Tax Collector and the Borough upon discovery of the discrepancy by the auditor.

We recommend that the Real Estate Tax Collector issue a collection reports to the Borough on a monthly and timely basis.

Fixed Assets

During the course of the audit, it was noted that there were assets that were not included on the appraisal company report on fixed assets. In addition, it was noted that there were assets on the fixed asset report from the appraisal company that the Borough no longer has ownership rights to.

We recommend that the Borough properly update its appraisal report by adding or deleting assets as necessary.

General Fund

Cash Reconciliations

During the course of the audit, it was noted that the Borough opened a fire insurance escrow account during 2014. However, the Borough was not reconciling the account to the general ledger. According to Borough management, the account was not set up for reconciliation with the software company.

We recommend that the Borough contacts its software company to have the account set up for reconciliation and monitors its posting of transactions to this account.

Health Insurance Withholdings

During the course of the audit, it was noted that there was a payroll liability account that had contained withholdings for the employees' health insurance. However, the payroll account had not been reconciled to the respective expenditure account.

We recommend that the Borough monitors its postings to the payroll liability account and reconciles it to its respective expenditure account.

Pension Deposits and Payments

During the course of the audit, it was noted that the state aid pension and fire relief funds were posted to the due to pension account, which is a liability account. In addition, it was noted that the state aid pension funds turned over to each respective pension account were posted to revenue account.

We recommend that the Borough records any state aid in its proper general fund revenue account and properly record the turnover of funds to its respective pension account to its proper expenditure account.

LST Collections

During the course of the audit, it was noted that a significant portion of its LST collections were posted to an incorrect revenue account.

We recommend that the Borough records its revenue to its correct revenue account.

This letter does not affect our report dated September 18, 2015 on the financial statements of the Borough of Brentwood.

Members of Council
Borough of Brentwood
Page 3

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

Respectfully submitted,

Hosack, Specht, Muetzel & Wood LLP

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
September 18, 2015

HOSACK, SPECHT, MUETZEL & WOOD LLP

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - 412-343-9200

FAX - 412-343-9209

HSMW@HSMWCPA.COM

WWW.HSMWCPA.COM

Members of Council
Borough of Brentwood
Pittsburgh, Pennsylvania

Dear Members:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brentwood for the year ended December 31, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Borough of Brentwood are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

The financial statement disclosures are neutral, consistent and clear.

Significant Audit Findings (Cont'd)

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 18, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Significant Audit Findings (Cont'd)

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



HOSACK, SPECHT, MUETZEL & WOOD LLP
September 18, 2015

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

CERTIFIED PUBLIC ACCOUNTANTS

305 MT. LEBANON BOULEVARD, SUITE 301

PITTSBURGH, PENNSYLVANIA 15234-1500

PHONE - 412-343-9200

FAX - 412-343-9209

HSMW@HSMWCPA.COM

WWW.HSMWCPA.COM

Independent Auditor's Report

Members of Council
Borough of Brentwood
Pittsburgh, Pennsylvania

Dear Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Borough of Brentwood as of and for the year ended December 31, 2014, 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, 2014, 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
September 18, 2015

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

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, 2014. 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

2014

- General fund revenues totaled \$6,091,323 and general fund expenditures totaled \$5,430,687, yielding an operating position ratio of 0.1216.
- General fund liabilities totaled \$312,158 and general fund assets totaled \$2,083,961, yielding a liability to asset ratio of 0.1498.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,801,412 (44%); general government operations - \$707,087 (11%); and public works activities of \$1,114,144 (17%). In addition, there was a transfer to capital projects of \$1,010,000 (16%).
- The real estate taxation rate for the general fund was 8.25 mills and 0.5 mills for the library fund. The rate was an increase from 7.0 mills for the general fund in 2013. The reassessment of 2012 by Allegheny County required that the Borough reduce its millage for 2013. The net effect of the reassessment of 2012 resulted in a decrease in the revenue during 2013.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,360,350, which is 55% of the general fund revenues received and earned income taxes of \$1,084,600, or 18% of the general fund revenues received.

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

Current	\$2,952,768
Delinquent	<u>407,582</u>
	<u>\$3,360,350</u>

The Library portion of real estate tax allocation was \$178,956.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

Financial Highlights (Cont'd)

2014 (Cont'd)

- The general fund was responsible for \$130,885 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes a \$15,032 decrease from the 2013 MMO requirement which represents a 10% decrease.

Additionally, the general fund balance increased by \$21,499 to \$1,408,707. The increase in the general fund balance was attributable to transferring only \$1,010,000 to its capital projects fund to support the ongoing projects in each fund compared to \$1,462,000 during 2013.

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, 2014**

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.

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, 2014**

Using the Annual Financial Report (Cont'd)

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

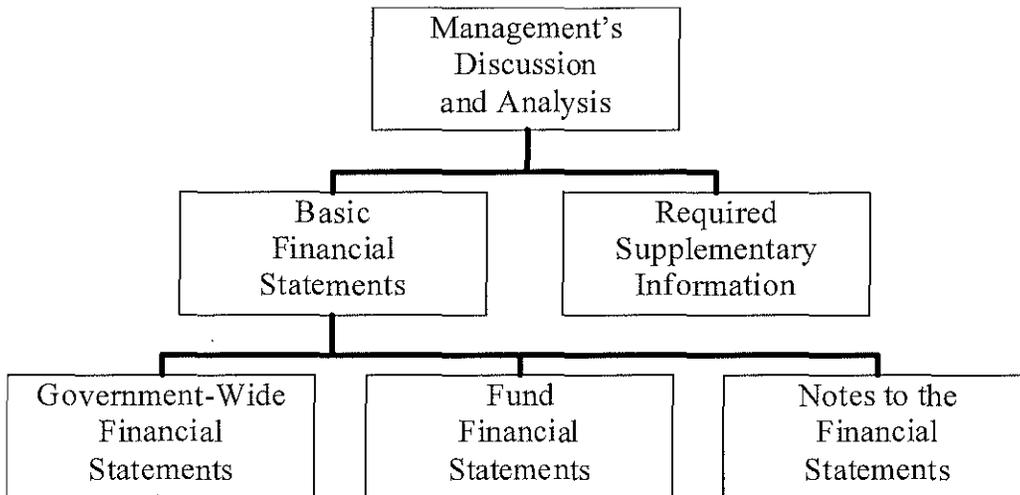


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

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, 2014

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, 2014**

Financial Analysis of the Borough as a Whole

The Borough's total net position was \$5,101,034 at December 31, 2014 and \$5,379,735 at December 31, 2013.

Table A-1
Years Ended December 31, 2014 and 2013
Net Position

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 6,295,824	\$ 6,848,542
Capital Assets	<u>9,250,759</u>	<u>6,729,858</u>
Total Assets	<u>15,546,583</u>	<u>13,578,400</u>
Deferred Outflow of Resources	<u>11,077</u>	<u>11,987</u>
Current and Other Liabilities	784,517	1,139,220
Noncurrent Liabilities		
Due Within One Year	489,170	483,617
Due in More Than One Year	<u>9,182,939</u>	<u>6,587,815</u>
Total Liabilities	<u>10,456,626</u>	<u>8,210,652</u>
Net Position		
Net Investment in Capital Assets	(66,456)	(18,522)
Restricted	5,328	208,301
Unrestricted	<u>5,162,162</u>	<u>5,189,956</u>
Total Net Position	<u>\$ 5,101,034</u>	<u>\$ 5,379,735</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, 2014**

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, 2014 and 2013
Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues		
Program Revenues		
Charges for Services	\$3,401,701	\$2,937,927
Operating Grants and Contributions	441,642	698,005
Capital Grants and Contributions	-	638,000
General Revenues		
Property Taxes	3,477,632	2,837,526
Earned Income Taxes	1,084,600	1,082,237
RAD	367,115	350,384
Other Taxes	210,454	203,063
Investment Earnings	3,163	3,261
Miscellaneous Income	<u>229,918</u>	<u>299,470</u>
Total Revenues	<u>9,216,225</u>	<u>9,049,873</u>
Expenses		
General Government	847,094	749,534
Public Safety	3,225,113	2,839,094
Public Works - Sanitation	1,852,427	1,759,509
Public Works - Highways	2,669,582	1,370,303
Public Works - Other	26,708	34,950
Culture - Recreation	632,274	626,162
Community Development	48,369	45,502
Interest on Long-Term Debt	<u>163,996</u>	<u>126,733</u>
Total Expenses	<u>9,465,563</u>	<u>7,551,787</u>
Change in Net Position	(249,338)	1,498,086

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

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

Table A-2 (Cont'd)
Years Ended December 31, 2014 and 2013
Changes in Net Position

	Governmental Activities	
	2014	2013
Net Position - Beginning (Restated - See Note 2)	<u>\$5,350,372</u>	<u>\$3,881,649</u>
Net Position - Ending	<u>\$5,101,034</u>	<u>\$5,379,735</u>

Beginning net position in the government-wide financial statements was restated as of January 1, 2014 as a result of correcting a prior-year error.

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 \$6,462,186 and general fund expenditures and other financing uses totaled \$6,446,687.

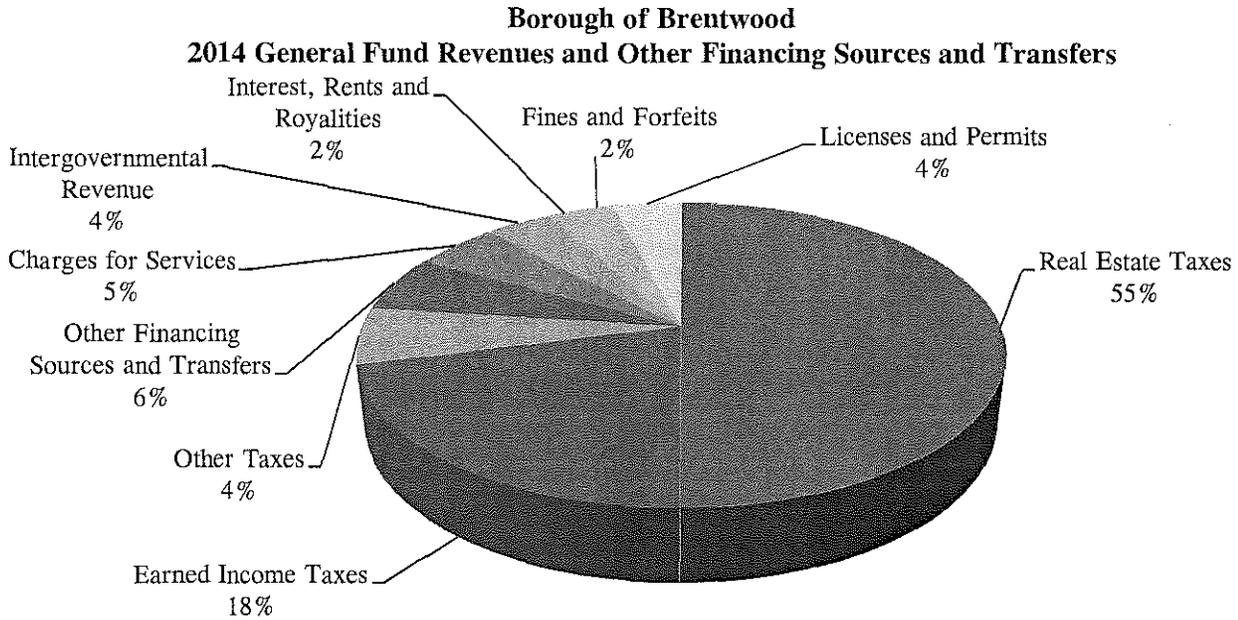
Major General Fund Revenue Categories

	2014	2013
Taxes	\$5,015,389	\$4,248,425
Licenses and Permits	275,783	231,368
Fines and Forfeits	121,786	120,947
Interest, Rents and Royalties	97,489	111,378
Intergovernmental	217,262	219,867
Charges for Services	321,192	260,169
Miscellaneous	42,422	24,733
Other Financing Sources	<u>370,863</u>	<u>276,000</u>
	<u>\$6,462,186</u>	<u>\$5,492,887</u>

**Borough of Brentwood
Management's Discussion and Analysis
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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

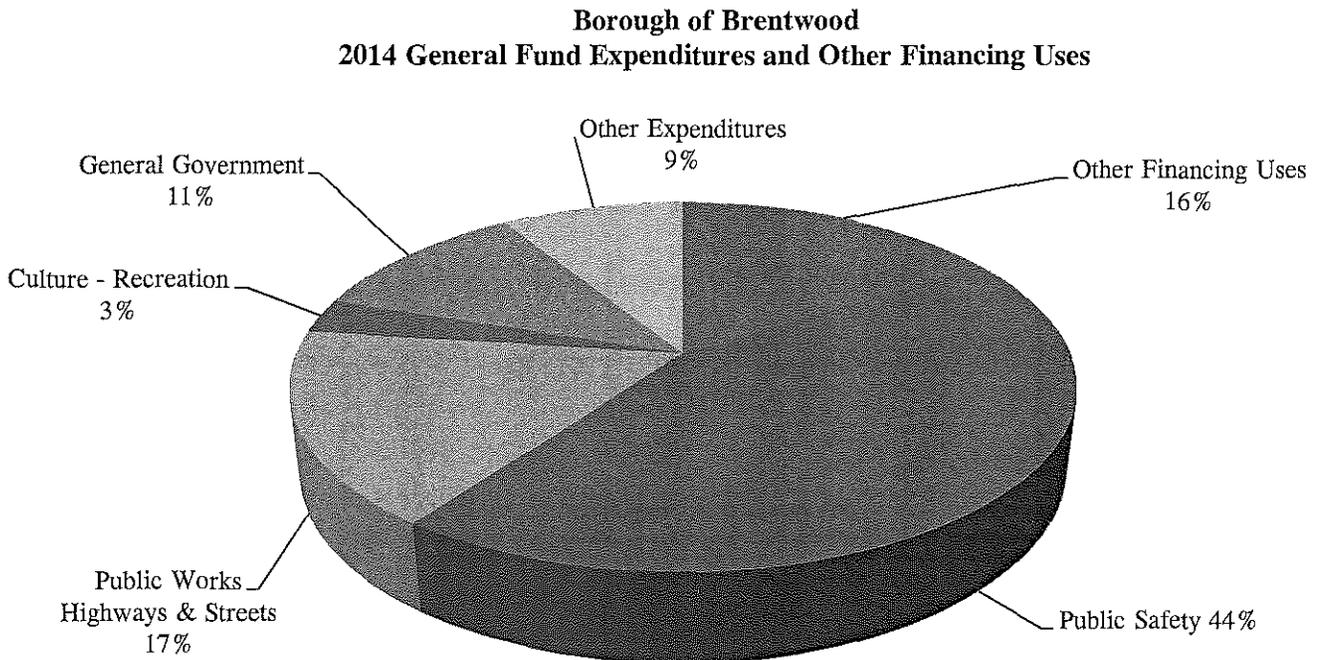
	2014	2013
General Government	\$ 707,081	\$ 619,297
Public Safety	2,801,412	2,324,868
Public Works - Sanitation	19,894	17,491
Public Works - Highways	1,061,255	882,927
Public Works - Other Services	32,995	34,950
Culture - Recreation	144,570	170,480
Conservation and Development	48,369	45,502
Miscellaneous	615,111	628,717
Debt Service	-	16,013
Other Financing Uses	<u>1,010,000</u>	<u>1,462,000</u>
Total Expenditures and Other Financing Uses	<u>\$6,440,687</u>	<u>\$6,202,245</u>

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

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 8.75 mills for 2014.

2014 Highlighted Budget Components

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

2014 Capital Improvement Program

The Borough of Brentwood once again continued to invest in itself by completing capital projects in 2014 of nearly \$3 million which included the following:

**Borough of Brentwood
Management's Discussion and Analysis
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2014 Highlighted Budget Components (Cont'd)

2014 Capital Improvement Program (Cont'd)

- Data Processing (\$16,000)

The Borough kicked off a comprehensive Borough-wide parking study utilizing ESRI Geographical Information Systems (GIS).

- Borough Building (\$46,000)

The Borough continued evaluations on the future of a new municipal building. Some minor architectural work was conducted in 2014.

- Police Department (\$48,976)

The Borough purchased one (1) new police cruiser.

- Planning & Zoning (\$7,000)

The Borough staff, along with consultants from Delta Development, continued work to create a Rt. 51 zoning overlay district. The new zoning ordinance is scheduled for adoption in early 2015.

- Public Works (\$222,976)

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 is approximately \$1,735,498. Construction was completed in December 2013 with final payments in the amount of \$10,903 incurred in 2014.

The DPW purchased (2) new trucks at a cost of \$150,520. The DPW also purchased a crack sealer and park gator which cost \$61,553.

- Brownsville/Hillson Avenue Road Project (\$645,444)

Work began on the Brownsville Road paving and stormwater project in 2013. Due to unforeseen delays, this project was completed in the spring of 2014.

- 2015 Street Rehabilitation and Maintenance Plan (\$474,076)

Year one of the Borough's 5-year street rehabilitation and maintenance plan resulted in the paving of seven (7) streets. In addition, recently paved roads were evaluated and cracks sealed with the DPW's new crack sealer.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2014**

2014 Highlighted Budget Components (Cont'd)

2014 Capital Improvement Program (Cont'd)

- Stormwater Management (\$8,000)

CCTVing of the Borough's stormwater system commenced in 2014.

- 2014 Sanitary Sewer Repairs Project-Consent Order Phase I (\$217,563)

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.

Brentwood Park 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, pressbox, restrooms and ADA access ways. Construction commenced in March 2014. Miscellaneous expenditures associated with Phase I and Phase II were paid in 2014 as well as other related costs, such as two (2) new scoreboards, new fencing, new dugouts, and video surveillance cameras throughout the park.

New Additions to the Borough Family

The Borough welcomed two (2) new employees to the Borough. Ms. Karen McWilliams was hired as part-time delinquent sewage collections/clerical and Mark Lenkiewicz was hired as a full-time DPW employee.

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.

**Borough of Brentwood
Management's Discussion and Analysis
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2014 Highlighted Budget Components (Cont'd)

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 2011, nearly \$700,000 will have been expended on these projects.

Contacts for Borough Financial Management Information

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

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

**Borough of Brentwood
Statement of Net Position
December 31, 2014**

Exhibit 1

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,434,908
Taxes Receivable, Net	650,758
Due from Other Governments	463,334
Other Receivables	519,391
Prepaid Items	227,433
Capital Assets	
Land	255,560
Construction in Progress	4,810,711
Land Improvements, Net	168,905
Buildings and Building Improvements	2,984,992
Furniture and Equipment	<u>1,030,591</u>
TOTAL ASSETS	<u>15,546,583</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	<u>11,077</u>
LIABILITIES	
Current Liabilities	
Accrued Interest	55,258
Accounts Payable	467,914
Contracts Payable	100,880
Accrued Salaries and Benefits	76,210
Payroll Deductions and Withholdings	1,241
Unearned Revenue	72,984
Other Current Liabilities	10,030
Noncurrent Liabilities	
Due Within One Year	489,170
Due in More Than One Year	
Notes Payable	5,535,339
Bonds Payable	2,980,000
Capital Leases	352,765
Compensated Absences	150,215
Bond Issuance Cost, Net	(28,984)
Net Other Post-Employment Benefit Obligation	<u>193,604</u>
TOTAL LIABILITIES	<u>10,456,626</u>
NET POSITION	
Net Investment in Capital Assets	(66,456)
Restricted for:	
Debt Service	5,224
Highways	104
Unrestricted	<u>5,162,162</u>
TOTAL NET POSITION	<u>\$ 5,101,034</u>

See Accompanying Notes

**Borough of Brentwood
Statement of Activities
Year Ended December 31, 2014**

Exhibit 2

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 847,094	\$ 100,350	\$ 37,220	\$ (709,524)
Public Safety	3,225,113	363,266	214,912	(2,646,935)
Public Works - Sanitation	1,852,427	2,637,532	-	785,105
Public Works - Highways	2,669,582	-	189,510	(2,480,072)
Public Works - Other	26,708	78,445	-	51,737
Culture - Recreation	632,274	222,108	-	(410,166)
Community Development	48,369	-	-	(48,369)
Interest on Long-Term Debt	<u>163,996</u>	<u>-</u>	<u>-</u>	<u>(163,996)</u>
 Total Governmental Activities	 <u>\$9,465,563</u>	 <u>\$3,401,701</u>	 <u>\$441,642</u>	 <u>(5,622,220)</u>
General Revenues				
Taxes				
Property Taxes, Levied for General Purposes, Net				3,477,632
Earned Income Taxes				1,084,600
Regional Asset District - Sales Tax				367,115
Other Taxes Levied for General Purposes, Net				210,454
Investment Earnings				3,163
Cable TV Franchise				233,746
Loss on Sale of Capital Assets				<u>(3,828)</u>
 Total General Revenues				 <u>5,372,882</u>
 Change in Net Position				 (249,338)
 Net Position - January 1, 2014 (Restated - See Note 2)				 <u>5,350,372</u>
 Net Position - December 31, 2014				 <u>\$ 5,101,034</u>

See Accompanying Notes

**Borough of Brentwood
Balance Sheet
Governmental Funds
December 31, 2014**

Exhibit 3

	General Fund	Sewer Fund	Brentwood Park Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$1,150,849	\$3,102,062	\$ 13,304	\$ -	\$168,693	\$4,434,908
Taxes Receivable, Net	650,758	-	-	-	-	650,758
Due from Other Funds	70,575	-	-	29,972	39,566	140,113
Due from Other Governments	-	-	438,000	25,334	-	463,334
Other Receivables	96,501	422,890	-	-	-	519,391
Prepaid Items	<u>115,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,278</u>
TOTAL ASSETS	<u>\$2,083,961</u>	<u>\$3,524,952</u>	<u>\$451,304</u>	<u>\$55,306</u>	<u>\$208,259</u>	<u>\$6,323,782</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities						
Due to Other Funds	\$ 79,567	\$ 70,575	\$ -	\$ -	\$ -	\$ 150,142
Accounts Payable	93,180	345,798	1,168	27,768	-	467,914
Contracts Payable	-	10,911	89,969	-	-	100,880
Accrued Salaries and Benefits	76,210	-	-	-	-	76,210
Payroll Deductions and Withholdings	2	-	-	-	1,239	1,241
Unearned Revenues	<u>63,199</u>	<u>9,785</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,984</u>
Total Liabilities	<u>312,158</u>	<u>437,069</u>	<u>91,137</u>	<u>27,768</u>	<u>1,239</u>	<u>869,371</u>
Deferred Inflows of Resources						
Unavailable Revenues - Property Taxes	<u>363,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>363,096</u>
Fund Balances						
Nonspendable	115,279	-	-	-	-	115,279
Restricted	-	-	-	-	5,328	5,328
Committed	-	3,087,883	360,167	27,538	201,692	3,677,280
Unassigned	<u>1,293,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,293,428</u>
Total Fund Balances	<u>1,408,707</u>	<u>3,087,883</u>	<u>360,167</u>	<u>27,538</u>	<u>207,020</u>	<u>5,091,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$2,083,961</u>	<u>\$3,524,952</u>	<u>\$451,304</u>	<u>\$55,306</u>	<u>\$208,259</u>	<u>\$6,323,782</u>

See Accompanying Notes

Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2014

Exhibit 4

Total Fund Balances - Governmental Funds \$ 5,091,315

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 \$14,582,340, and the accumulated depreciation is \$5,331,581. 9,250,759

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 reported as unavailable in the funds. 363,096

The negative pension benefit obligation (asset) is considered an asset in the government-wide financial statements. 112,155

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 40,060

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	\$(3,200,000)	
Notes Payable	(5,728,888)	
Accrued Interest on the Bonds	(55,258)	
Capital Leases Payable	(428,386)	
Other Post-Employment Benefits (OPEB)	(193,604)	
Compensated Absences	<u>(150,215)</u>	<u>(9,756,351)</u>

Total Net Position - Governmental Activities \$ 5,101,034

See Accompanying Notes

Borough of Brentwood
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

Exhibit 5

	General Fund	Sewer Fund	Brentwood Park Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
Revenues						
Taxes	\$ 5,015,389	\$ -	\$ -	\$ -	\$178,956	\$ 5,194,345
Licenses and Permits	275,783	-	-	-	-	275,783
Fines and Permits	121,786	-	-	-	-	121,786
Interest, Rents and Royalties	97,489	1,500	-	-	604	99,593
Intergovernmental	217,262	-	-	42,000	189,510	448,772
Charges for Services	321,192	2,644,498	2,100	-	183,345	3,151,135
Miscellaneous	<u>42,422</u>	<u>9,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,791</u>
Total Revenues	<u>6,091,323</u>	<u>2,655,367</u>	<u>2,100</u>	<u>42,000</u>	<u>552,415</u>	<u>9,343,205</u>
Expenditures						
Current:						
General Government	707,081	-	2,463	58,379	-	767,923
Public Safety	2,801,412	-	-	93,813	-	2,895,225
Public Works - Sanitation	19,894	1,852,963	-	-	-	1,872,857
Public Works - Highways	1,061,255	-	-	1,352,114	189,543	2,602,912
Public Works - Other	32,995	-	-	-	-	32,995
Culture - Recreation	144,570	-	2,525,177	-	352,715	3,022,462
Conservation and Development	48,369	-	-	-	-	48,369
Miscellaneous	615,111	9,687	-	-	-	624,798
Debt Service:						
Principal	-	197,830	-	252,949	49,613	500,392
Interest	<u>-</u>	<u>27,999</u>	<u>29,664</u>	<u>88,097</u>	<u>654</u>	<u>146,414</u>
Total Expenditures	<u>5,430,687</u>	<u>2,088,479</u>	<u>2,557,304</u>	<u>1,845,352</u>	<u>592,525</u>	<u>12,514,347</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>660,636</u>	<u>566,888</u>	<u>(2,555,204)</u>	<u>(1,803,352)</u>	<u>(40,110)</u>	<u>(3,171,142)</u>
Other Financing Sources (Uses)						
Bond Proceeds	-	-	2,915,664	150,270	-	3,065,934
Transfers In	355,000	-	10,000	1,538,019	38,829	1,941,848
Sale/Compensation for Capital Assets	15,863	-	-	-	-	15,863
Transfers Out	<u>(1,010,000)</u>	<u>(435,000)</u>	<u>(458,019)</u>	<u>(38,829)</u>	<u>-</u>	<u>(1,941,848)</u>
Total Other Financing Sources (Uses)	<u>(639,137)</u>	<u>(435,000)</u>	<u>2,467,645</u>	<u>1,649,460</u>	<u>38,829</u>	<u>3,081,797</u>

Borough of Brentwood
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2014

Exhibit 5

	General Fund	Sewer Fund	Brentwood Park Fund	Capital Improve- ment Fund	Nonmajor Funds	Total Governmental Funds
Net Changes in Fund Balances	\$ 21,499	\$ 131,888	\$ (87,559)	\$ (153,892)	\$ (1,281)	\$ (89,345)
Fund Balances - January 1, 2014 (Restated - See Note 2)	<u>1,387,208</u>	<u>2,955,995</u>	<u>447,726</u>	<u>181,430</u>	<u>208,301</u>	<u>5,180,660</u>
Fund Balances - December 31, 2014	<u>\$ 1,408,707</u>	<u>\$3,087,883</u>	<u>\$ 360,167</u>	<u>\$ 27,538</u>	<u>\$207,020</u>	<u>\$ 5,091,315</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, 2014**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ (89,345)

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	\$2,779,404	
Depreciation Expense	<u>(238,813)</u>	2,540,591

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. Unavailable property tax revenues decreased by this amount this year. (58,561)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 500,392

The sale of assets is reported as financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide financial statements, however, is a reported as gain or loss on sale of asset based on the original cost and accumulated depreciation of the asset.

Proceeds from Sale	(15,863)	
Loss on Sale	<u>(3,827)</u>	(19,690)

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: (2,915,664)

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, 2014

Exhibit 6

In the statement of activities, certain operating expenses - compensated absences (sick pay and vacations) and other post-employment benefit obligations (OPEB) - are measured by the amounts earned during the year. In governmental funds, however, expenditures for the items are measured by the amount of financial resources used (essentially, the amounts accrued).

Compensated Absences	\$ (15,485)	
Other Post-Employment Benefits	<u>(17,269)</u>	\$ (32,754)

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. (6,455)

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 (14,290)

Bond discounts 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. (150,270)

Change in Net Position of Governmental Activities \$ (249,338)

See Accompanying Notes

**Borough of Brentwood
Statement of Net Position
Fiduciary Funds
December 31, 2014**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 220,148
Investments	
Common Stock	433,689
Mutual Funds	6,579,516
Due from Other Funds	<u>10,959</u>
TOTAL ASSETS	<u>7,244,312</u>
LIABILITIES	
Due to Other Funds	<u>930</u>
NET POSITION	
Net Position Restricted for Pensions	<u>\$7,243,382</u>

See Accompanying Notes

Borough of Brentwood
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2014

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 293,537
Plan Members	106,923
Other	<u>1,529</u>
Total Contributions	<u>401,989</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(179,341)
Interest and Dividends	<u>416,578</u>
	<u>237,237</u>
Less Investment Expense	<u>47,026</u>
Net Investment Income	<u>190,211</u>
Total Additions	<u>592,200</u>
Deductions	
Benefits	270,836
Administrative Expenses	<u>23,139</u>
Total Deductions	<u>293,975</u>
Net Increase in Net Position	298,225
Net Position Restricted for Pensions	
Beginning of Year	<u>6,945,157</u>
End of Year	<u>\$7,243,382</u>

See Accompanying Notes

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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, 2014

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 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, 2014

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, 2014

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, 2014.

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, 2014**

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 and discount 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 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 sources (uses).

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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:

Net investment in capital assets - 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, 2014

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, 2014, were as follows:

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

a. Highway maintenance	\$ 104
b. Debt service	<u>5,224</u>
	<u>\$5,328</u>

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

a. Sewer fund expenditures	\$3,087,883
b. Brentwood Park Initiative Project	360,167
c. Capital improvements	27,538
d. Library expenditures	<u>201,692</u>
	<u>\$3,677,280</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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

During 2014, the Borough noted that the Regional Asset Distributions (RAD) reported on the 2013 DCED report was reported incorrectly. According to the DCED, the RAD funds were actually \$342,826. The RAD funds reported to DCED and on the 2013 financial statements were \$350,384. The discrepancy was primarily due to reporting the January 2014 RAD funds of \$29,363 as revenue and a receivable for 2013.

Therefore, the beginning net position and fund balance as of January 1, 2014 will be restated as follows:

Net Position - December 31, 2013 (previously reported)	\$5,379,735
To correct posting of January 2014 RAD funding recorded in 2013	<u>(29,363)</u>
Restated Net Position - January 1, 2014	<u>\$5,350,372</u>
General Fund Balance - December 31, 2013 (previously reported)	\$1,416,571
To correct posting of January 2013 RAD funding recorded in 2013	<u>(29,363)</u>
Restated General Fund Balance - January 1, 2014	<u>\$1,387,028</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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, 2014, \$4,064,823 of the Borough's bank balance of \$4,437,075 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$4,064,823</u>
---	--------------------

As of December 31, 2014, the Borough had the following investments:

Investment Type	Rating	Fair Value
PA Invest		\$ 142,803
Mutual Funds	N/A	<u>7,013,205</u>
		<u>\$7,156,008</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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 2014 was 8.75 mills (\$8.75 per \$1,000 assessed valuation). The tax rate is allocated to the general fund at 8.25 mills and the Library at 0.5 mills. The tax calendar for real estate taxes levied for 2014 is as follows:

Tax Levy Date	March 1
2% Discount Period	March 1 - April 30
Face Payment Period	May 1 - June 30
10% Penalty Period	July 1 - November 9
Lien Filing Date	November 10

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 \$363,096 along with other taxes receivable of \$287,662.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

Note 5 - Capital Assets (Cont'd)

	Balance 01/01/14	Additions	Disposals	Transfers	Balance 12/31/14
Governmental Activities					
Capital Assets not Being Depreciated					
Land	\$ 255,560	\$ -	\$ -	\$ -	\$ 255,560
Construction in Progress	<u>4,164,389</u>	<u>2,381,820</u>	<u>-</u>	<u>(1,735,498)</u>	<u>4,810,711</u>
Total Capital Assets not Being Depreciated	<u>4,419,949</u>	<u>2,381,820</u>	<u>-</u>	<u>(1,735,498)</u>	<u>5,066,271</u>
Capital Assets Being Depreciated					
Land Improvements	883,339	-	-	(187,609)	695,730
Buildings and Building Improvements	3,266,781	-	-	1,923,107	5,189,888
Furniture and Equipment	<u>3,309,532</u>	<u>397,586</u>	<u>76,666</u>	<u>-</u>	<u>3,630,452</u>
Total Capital Assets Being Depreciated	<u>7,459,652</u>	<u>397,586</u>	<u>76,666</u>	<u>1,735,498</u>	<u>9,516,070</u>
Less Accumulated Depreciation					
Land Improvements	553,661	15,376	-	(42,212)	526,825
Buildings and Building Improvements	2,065,646	97,038	-	42,212	2,204,896
Furniture and Equipment	<u>2,530,436</u>	<u>126,399</u>	<u>56,974</u>	<u>-</u>	<u>2,599,861</u>
Total Accumulated Depreciation	<u>5,149,743</u>	<u>238,813</u>	<u>56,974</u>	<u>-</u>	<u>5,331,582</u>
Total Capital Assets Being Depreciated, Net	<u>2,309,909</u>	<u>158,773</u>	<u>19,692</u>	<u>1,735,498</u>	<u>4,184,488</u>
Governmental Activities Capital Assets, Net	<u>\$6,729,858</u>	<u>\$2,540,593</u>	<u>\$19,692</u>	<u>\$ -</u>	<u>\$9,250,759</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

Note 5 - Capital Assets (Cont'd)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 26,227
Public Safety	7,561
Public Works	131,269
Culture - Recreation	<u>73,756</u>
Total Depreciation Expense	<u>\$238,813</u>

Note 6 - Interfund Balances

Interfund balances at December 31, 2014, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 70,575	\$ 79,567
Sewer Fund	-	70,575
Capital Improvement Fund	29,972	-
Nonmajor Governmental Funds	39,566	-
Fiduciary Funds	<u>10,959</u>	<u>930</u>
	<u>\$151,072</u>	<u>\$151,072</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, 2014, interfund transfers consisted of the following:

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

Note 7 - Interfund Transfers (Cont'd)

<u>Transfer To</u>	<u>Transfer From</u>				Totals
	General Fund	Sewer Fund	Brentwood Park Initiative Fund	Capital Improvement Fund	
General Fund	\$ -	\$355,000	\$ -	\$ -	\$ 355,000
Brentwood Park Initiative Fund	10,000	-	-	-	10,000
Capital Improvement Fund	1,000,000	80,000	458,019	-	1,538,019
Debt Service Fund	-	-	-	<u>38,829</u>	<u>38,829</u>
	<u>\$1,010,000</u>	<u>\$435,000</u>	<u>\$458,019</u>	<u>\$38,829</u>	<u>\$1,941,848</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.

Note 8 - Long-Term Debt

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Reductions	Balance 12/31/14	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$3,415,000	\$ -	\$215,000	\$3,200,000	\$220,000
Less: Bond Discount	<u>(31,366)</u>	<u>-</u>	<u>(2,382)</u>	<u>(28,984)</u>	<u>-</u>
Total Bonds Payable	<u>3,383,634</u>	<u>-</u>	<u>212,618</u>	<u>3,171,016</u>	<u>220,000</u>
General Obligation Notes	3,060,666	2,915,664	247,442	5,728,888	193,549
Capital Leases	316,066	150,270	37,950	428,386	75,621
Compensated Absences	<u>134,730</u>	<u>15,485</u>	<u>-</u>	<u>150,215</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$6,895,096</u>	<u>\$3,081,419</u>	<u>\$498,010</u>	<u>\$9,478,505</u>	<u>\$489,170</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

As of December 31, 2014, 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.

\$3,200,000

The annual requirements of the Borough funds to amortize all general obligation bonds as of December 31, 2014, are as follows:

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2015	\$ 220,000	\$ 73,141	\$ 293,141
2016	225,000	70,831	295,831
2017	225,000	68,019	293,019
2018	230,000	64,925	294,925
2019	230,000	60,900	290,900
2020-2024	1,240,000	224,013	1,464,013
2025-2027	<u>830,000</u>	<u>49,912</u>	<u>879,912</u>
	<u>\$3,200,000</u>	<u>\$611,741</u>	<u>\$3,811,741</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.

\$ 628,657

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 2015 through 2016, when the principal amount is due, contingent upon completion of park project. As of December 31, 2014, only \$4,900,272 was drawn from the line of credit. The January 2015 installment will be \$28,215. Interest rate is variable of 55% of the prime rate.

4,900,272

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

General Obligation Notes (Cont'd)

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%.

\$ 199,959

\$5,728,888

The annual requirements of the Borough funds to amortize all notes payable as of December 31, 2014, are as follows:

Year Ended December 31,	<u>General Obligation Notes</u>		Totals
	Principal	Interest	
2015	\$ 193,549	\$ 47,927	\$ 241,476
2016	5,098,909	102,215	5,201,124
2017	203,859	9,402	213,261
2018	114,048	3,894	117,942
2019	21,914	3,222	25,136
2020-2023	<u>96,609</u>	<u>6,031</u>	<u>102,640</u>
	<u>\$5,728,888</u>	<u>\$172,691</u>	<u>\$5,901,579</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>239,319</u>
	587,150
Less: Accumulated Depreciation	<u>(115,597)</u>
	<u>\$ 471,553</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

Capital Leases (Cont'd)

The future minimum lease obligations as of December 31, 2014, are as follows:

Year Ended December 31,	Amount
2015	\$ 90,740
2016	90,740
2017	81,160
2018	71,581
2019	32,026
2020-2023	<u>128,104</u>
Total minimum lease payments	494,351
Amount representing interest	<u>(65,965)</u>
Present value of minimum lease payments	<u>\$428,386</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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

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

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 Employer	Actuarially Determined \$218,893	Actuarially Determined \$74,645
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

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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

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

	<u>PPP</u>	<u>NPPP</u>																
Eligibility Requirements (Cont'd)																		
Vesting	12 years of service	<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Completed Years of Service</u></th> <th style="text-align: center;"><u>Vested Percentage</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-4</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">80%</td> </tr> <tr> <td style="text-align: center;">9</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">10 or more</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Completed Years of Service</u>	<u>Vested Percentage</u>	0-4	0%	5	50%	6	60%	7	70%	8	80%	9	90%	10 or more	100%
<u>Completed Years of Service</u>	<u>Vested Percentage</u>																	
0-4	0%																	
5	50%																	
6	60%																	
7	70%																	
8	80%																	
9	90%																	
10 or more	100%																	
Retirement Benefit	50% of final 36 months' average salary plus service increment	A monthly benefit payable for life, equal to the actuarial equivalent of the sum of all account balances on the date of determination																
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																

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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) (Cont'd)		
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:

	<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>

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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

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

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)	\$218,893	\$ 74,645
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	222,123	77,870
Contributions Made	<u>(218,893)</u>	<u>(74,645)</u>
Change in Net Pension Obligation	3,230	3,225
Beginning of Year	<u>(70,200)</u>	<u>(48,410)</u>
End of Year	<u>\$(66,970)</u>	<u>\$(45,185)</u>

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

At December 31, 2014, the Police Pension Plan and Non-Police Pension Plan assets were with UBS Financial Services in the form of mutual funds.

There are no long-term contracts for contributions.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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)
2012	\$127,717	98%	\$(73,250)	\$65,995	96%	\$(51,635)
2013	230,806	99%	(70,200)	88,413	96%	(48,410)
2014	222,123	99%	(66,970)	77,870	96%	(45,185)

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.

D. Net Pension Liability

Police Pension Plan

The components of the net pension liability at December 31, 2014 were as follows:

Total Pension Liability	\$6,136,235
Plan Fiduciary Net Position	<u>5,392,625</u>
Net Pension Liability	<u>\$ 743,610</u>

Plan fiduciary net position as a percentage of the total pension liability is 87.9%.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

D. Net Pension Liability (Cont'd)

Police Pension Plan (Cont'd)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2013 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

Inflation: 3.0%

Salary Increases: 5.0%, including inflation

Mortality: RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled lives. Rates are projected to improve with 75% of scale AA.

Expected Long-Term Rate of Return: 7.0% applied to all periods

Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
Equities	6.3%
Fixed Income	2.0%
Cash and Equivalents	0.0%

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

D. Net Pension Liability (Cont'd)

Police Pension Plan (Cont'd)

Actuarial Assumptions (Cont'd)

Discount Rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate: The following shows effect of a 1% change in the discount rate on the net pension liability:

	1.0% Decrease <u>6.0%</u>	Current Rate <u>7.0%</u>	1.0% Increase <u>8.0%</u>
Net Pension Liability	\$1,541,033	\$743,610	\$79,050

Non-Uniformed Pension Plan

The components of the net pension liability at December 31, 2014 were as follows:

Total Pension Liability	\$2,068,057
Plan Fiduciary Net Position	<u>1,787,577</u>
Net Pension Liability	<u>\$ 280,480</u>

Plan fiduciary net position as a percentage of the total pension liability is 96.4%.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2013 and rolled forward to the reporting date using the following significant actuarial assumptions applied to all periods included in the measurement:

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

D. Net Pension Liability (Cont'd)

Non-Uniformed Pension Plan (Cont'd)

Actuarial Assumptions (Cont'd)

Inflation 3.0%

Salary Increases 4.5%, including inflation

Mortality: RP-2000 Combined Healthy Mortality Table with blue collar adjustment with rates set forward 5 years for disabled lives. Rate projected to improve with 75% of scale AA.

Expected Long-Term 7.0%

Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of inflation and investment expenses not funded through the MMO) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of December 31, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real ROR</u>
Equities	6.3%
Fixed Income	2.0%
Cash and Equivalents	0.0%

Discount Rate: The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made equal to the Minimum Municipal Obligation. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

D. Net Pension Liability (Cont'd)

Non-Uniformed Pension Plan (Cont'd)

Sensitivity of the net pension liability to changes in the discount rate: The following shows effect of a 1% change in the discount rate on the net pension liability:

	1.0% Decrease	Current Rate	1.0% Increase
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Net Pension Liability	\$372,736	\$280,480	\$250,753

Note 10 - Post-Employment Healthcare Plan

A. Plan Description

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

B. Funding Policy

The eligibility and the benefits are as follows:

Police Employees

Medical, Dental and Vision Eligibility	Retired from the police pension plan after age 55 and 25 years of service
Persons Covered	Coverage will include retiree, spouse and eligible dependents
Benefits Provided	The Borough shall pay 1/2 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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

B. Funding Policy (Cont'd)

Police Employees (Cont'd)

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, 2014, the Borough contributed \$13,396. Plan members receiving benefits contributed no funds. 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	7,935
Adjustment to Annual Required Contribution	<u>(10,825)</u>
Annual OPEB Cost (Expense)	37,467
Contributions Made	<u>(20,198)</u>
Increase in OPEB Obligation	17,269
Net OPEB Obligation - Beginning of Year	<u>176,335</u>
Net OPEB Obligation - End of Year	<u>\$193,604</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2014**

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

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

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, 2014, 2013, 2012 and 2011, is as follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	\$37,467	53.9%	\$193,604
12/31/13	37,851	38.0%	176,335
12/31/12	38,267	33.8%	152,850

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 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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

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

E. Actuarial Methods and Assumptions (Cont'd)

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 2014 under this agreement. It is estimated that the remaining balance that the Library owes the Borough is \$20,682 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, 2014 through June 30, 2015. The rental payments remaining under this lease are as follows:

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

Note 13 - Lease Rental Revenue (Cont'd)

January 1, 2015 to June 30, 2015	\$ 27,500
July 1, 2015 to June 30, 2016	56,100
July 1, 2016 to June 30, 2017	<u>57,222</u>
	<u>\$140,822</u>

For the year ended December 31, 2014, the Borough received \$38,779 from the School District under this lease.

Note 14 - Operating Leases - Equipment

The Borough leases various computer and copier equipment. Total lease expense for 2014 was \$14,439. As of December 31, 2014, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2015	\$14,306
2016	11,286
2017	<u>7,233</u>
	<u>\$32,825</u>

Note 15 - Subsequent Events

On February 11, 2015, the Borough executed an agreement with PNC Bank, the General Obligation Bonds, Series of 2015, in the amount of \$5,910,000. The repayment of the bond issuance will begin on March 1, 2016 with a semi-annual interest payment and annual principal payments on September 1, 2016 and mature on September 1, 2034. The bond issuance will be primarily used to repay the PNC Bank 2013 General Obligation Note.

Note 16 - Construction Commitment

The Borough has a construction commitment with various contractors in the amount of \$791,813 as of December 31, 2014. The majority of the construction commitment was for sewer projects and the completion of the stadium/park projects.

Borough of Brentwood
Notes to Financial Statements
December 31, 2014

Note 17 - Settlement Commitment

A settlement was agreed upon with the Borough and the former police chief during 2014. The settlement was to pay the former employee the following per contract with the Borough:

Year Ended December 31,	Amount
2015	\$ 66,666
2016	66,666
2017	<u>66,666</u>
	<u>\$199,998</u>

Note 18 - Contingency

The Library 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 8.75. 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 2014, the Borough paid \$27,037 in expenditures from its general fund on behalf of the Library, primarily utilities. In addition, the Borough provides a Borough-employed custodian to the Library for services. The cost of such services totaled \$26,120.

**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, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 3,098,775	\$ 2,937,200	\$ 2,952,768	\$ 15,568
Delinquent	225,000	225,000	407,582	182,582
Regional Asset District Sales Tax	314,000	314,000	367,115	53,115
Real Estate Transfer Taxes	70,000	70,000	78,064	8,064
Earned Income Taxes/Wage Taxes	820,000	820,000	1,084,600	264,600
Local Services Taxes	65,000	65,000	85,860	20,860
Mechanical Device Taxes	<u>43,000</u>	<u>43,000</u>	<u>39,400</u>	<u>(3,600)</u>
Total Taxes	<u>4,635,775</u>	<u>4,474,200</u>	<u>5,015,389</u>	<u>541,189</u>
Licenses and Permits				
Cable Television Franchise	170,000	170,000	233,746	63,746
All Other Licenses and Permits	<u>20,550</u>	<u>20,550</u>	<u>42,037</u>	<u>21,487</u>
Total Licenses and Permits	<u>190,550</u>	<u>190,550</u>	<u>275,783</u>	<u>85,233</u>
Fines and Forfeits	<u>106,642</u>	<u>106,642</u>	<u>121,786</u>	<u>15,144</u>
Interest, Rents and Royalties				
Interest Earnings	600	600	1,059	459
Rents and Royalties	<u>112,333</u>	<u>112,333</u>	<u>96,430</u>	<u>(15,903)</u>
Total Interest, Rents and Royalties	<u>112,933</u>	<u>112,933</u>	<u>97,489</u>	<u>(15,444)</u>
Intergovernmental				
State				
Public Utility Realty Tax	4,500	4,500	4,930	430
Gen. Muni. Pension System State Aid	150,000	150,000	162,653	12,653
Alcoholic Beverage Taxes	4,000	4,000	2,200	(1,800)
All Other State Shared Rev. & Entitl.	<u>45,000</u>	<u>45,000</u>	<u>47,479</u>	<u>2,479</u>
Total Intergovernmental Revenues	<u>203,500</u>	<u>203,500</u>	<u>217,262</u>	<u>13,762</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Charges for Services				
General Government	\$ 2,500	\$ 2,500	\$ 3,920	\$ 1,420
Public Safety	121,000	121,000	199,443	78,443
Parking/Parking Meters, Permits	65,000	65,000	78,445	13,445
Wastewater/Sewage	150	150	2,721	2,571
Culture - Recreation	<u>102,200</u>	<u>102,200</u>	<u>36,663</u>	<u>(65,537)</u>
Total Charges for Services	<u>290,850</u>	<u>290,850</u>	<u>321,192</u>	<u>30,342</u>
Miscellaneous Revenue				
Special Assessments	-	-	2,453	2,453
Contributions and Donations from Private Sources	-	-	10,000	10,000
Other Miscellaneous Revenues	4,413	4,413	11,061	6,648
Refunds of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>18,908</u>	<u>18,908</u>
Total Miscellaneous Revenue	<u>4,413</u>	<u>4,413</u>	<u>42,422</u>	<u>38,009</u>
Total Revenues	<u>5,544,663</u>	<u>5,383,088</u>	<u>6,091,323</u>	<u>708,235</u>
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,100	18,100	18,085	15
Supplies	1,100	1,100	338	762
Other Services & Charges	10,500	10,500	6,306	4,194
Contributions, Grants & Subs.	2,500	2,500	-	2,500
Capital Purchase	1,000	1,000	815	185
Executive				
Personal Services	3,700	3,700	3,660	40
Supplies	100	100	666	(566)
Other Services & Charges	1,700	1,700	1,174	526
Capital Purchase	-	-	377	(377)
Financial Administrative				
Other Services & Charges	10,200	10,200	10,037	163
Tax Collection				
Supplies	1,500	1,500	571	929
Other Services & Charges	35,300	35,300	62,777	(27,477)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<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)				
Law				
Other Services & Charges	\$ 80,000	\$ 80,000	\$ 94,921	\$ (14,921)
Clerk/Secretary				
Personal Services	307,500	307,500	297,635	9,865
Supplies	12,200	12,200	10,422	1,778
Other Services & Charges	31,700	31,700	28,536	3,164
Capital Purchase	500	500	1,204	(704)
Personnel Administration				
Other Services & Charges	20,000	20,000	21,875	(1,875)
Data Processing				
Supplies	700	700	-	700
Other Services & Charges	48,700	48,700	43,171	5,529
Engineer				
Other Services & Charges	10,000	10,000	30,808	(20,808)
General Gov't. Buildings & Plant				
Supplies	5,000	5,000	5,995	(995)
Other Services & Charges	56,600	56,600	62,091	(5,491)
Capital Purchase	<u>3,000</u>	<u>3,000</u>	<u>5,617</u>	<u>(2,617)</u>
Total General Government	<u>661,600</u>	<u>661,600</u>	<u>707,081</u>	<u>(45,481)</u>
Public Safety				
Police				
Personal Services	1,827,826	1,827,826	1,888,362	(60,536)
Supplies	73,700	73,700	73,964	(264)
Other Services & Charges	67,400	67,400	206,982	(139,582)
Capital Purchase	10,000	10,000	9,633	367
Fire				
Supplies	5,100	5,100	4,521	579
Other Services & Charges	35,864	35,864	26,801	9,063
Contr., Grants & Subs.	135,386	135,386	137,349	(1,963)
Ambulance/Rescue				
Supplies	14,000	14,000	13,885	115
Other Services & Charges	3,800	3,800	-	3,800
Contr., Grants & Subs.	50,210	50,210	50,210	-

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<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				
Personal Services	\$ 121,350	\$ 121,350	\$ 119,112	\$ 2,238
Supplies	4,300	4,300	3,910	390
Other Services & Charges	24,300	24,300	22,288	2,012
Capital Purchase	1,000	1,000	412	588
Emergency Management & Communication				
Personal Services	124,300	124,300	123,769	531
Other Public Safety				
Personal Services	<u>115,800</u>	<u>115,800</u>	<u>120,214</u>	<u>(4,414)</u>
Total Public Safety	<u>2,614,336</u>	<u>2,614,336</u>	<u>2,801,412</u>	<u>(187,076)</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	20,000	20,000	15,760	4,240
Solid Waste Collection and Disposal				
Supplies	5,000	5,000	2,171	2,829
Capital Purchase	<u>4,000</u>	<u>4,000</u>	<u>1,963</u>	<u>2,037</u>
Total Sanitation	<u>29,000</u>	<u>29,000</u>	<u>19,894</u>	<u>9,106</u>
Public Works - Highways				
General Services - Administration				
Personal Services	913,100	913,100	859,625	53,475
Supplies	73,500	73,500	101,585	(28,085)
Other Services & Charges	32,100	32,100	22,073	10,027
Capital Purchase	3,000	3,000	988	2,012
Traffic Control Devices				
Other Services & Charges	9,500	9,500	5,196	4,304
Street Lighting				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>71,788</u>	<u>(69,288)</u>
Total Highways	<u>1,033,700</u>	<u>1,033,700</u>	<u>1,061,255</u>	<u>(27,555)</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<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	\$ 39,700	\$ 39,700	\$ 32,164	\$ 7,536
Supplies	<u>2,000</u>	<u>2,000</u>	<u>831</u>	<u>1,169</u>
Total Other	<u>41,700</u>	<u>41,700</u>	<u>32,995</u>	<u>8,705</u>
Total Public Works	<u>1,104,400</u>	<u>1,104,400</u>	<u>1,114,144</u>	<u>(9,744)</u>
Culture - Recreation				
Administration				
Personal Services	42,320	42,320	35,049	7,271
Supplies	1,500	1,500	2,215	(715)
Other Services & Charges	1,780	1,780	15,002	(13,222)
Contr., Grants & Subs.	13,000	13,000	5,232	7,768
Capital Purchase	1,000	1,000	138	862
Participant Recreation				
Swimming Pool				
Personal Services	54,300	54,300	35	54,265
Supplies	12,500	12,500	1,634	10,866
Other Services & Charges	30,300	30,300	6,489	23,811
Capital Purchase	3,000	3,000	1,343	1,657
Spectator Recreation				
Supplies	3,000	3,000	677	2,323
Other Services & Charges	20,000	20,000	5,416	14,584
Capital Purchase	1,500	1,500	209	1,291
Parks				
Supplies	4,500	4,500	5,251	(751)
Other Services & Charges	21,700	21,700	21,207	493
Capital Purchase	5,000	5,000	6,770	(1,770)
Libraries				
Supplies	3,000	3,000	4,149	(1,149)
Other Services & Charges	33,700	33,700	22,888	10,812
Contr., Grants & Subs	161,575	-	-	-
Capital Purchase	500	500	-	500

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Other				
Supplies	\$ 3,000	\$ 3,000	\$ 797	\$ 2,203
Other Services & Charges	11,000	11,000	10,069	931
Capital Purchase	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Culture - Recreation	<u>429,175</u>	<u>267,600</u>	<u>144,570</u>	<u>123,030</u>
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	35,000	35,000	31,298	3,702
Contributions, Grants & Subs.	4,000	4,000	7,495	(3,495)
Capital Purchase	6,000	6,000	3,946	2,054
Other Conservation and Development				
Supplies	100	100	-	100
Other Services & Charges	8,500	8,500	4,341	4,159
Capital Purchase	<u>1,000</u>	<u>1,000</u>	<u>1,289</u>	<u>(289)</u>
Total Conservation and Development	<u>54,600</u>	<u>54,600</u>	<u>48,369</u>	<u>6,231</u>
Miscellaneous				
Retirement Fund Contributions	293,638	293,638	293,538	100
Insurance, Casualty & Surety	321,000	321,000	305,606	15,394
Other Miscellaneous Expenditures	12,814	12,814	12,853	(39)
Refunds of Prior Year's Revenues	<u>2,000</u>	<u>2,000</u>	<u>3,114</u>	<u>(1,114)</u>
Total Miscellaneous	<u>629,452</u>	<u>629,452</u>	<u>615,111</u>	<u>14,341</u>
Total Expenditures	<u>5,493,563</u>	<u>5,331,988</u>	<u>5,430,687</u>	<u>(98,699)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>51,100</u>	<u>51,100</u>	<u>660,636</u>	<u>609,536</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$ -	\$ -	\$ 15,863	\$ 15,863
Transfers In	355,000	355,000	355,000	-
Transfers Out				
Capital Projects Fund	<u>(1,010,000)</u>	<u>(1,010,000)</u>	<u>(1,010,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(655,000)</u>	<u>(655,000)</u>	<u>(639,137)</u>	<u>15,863</u>
Net Change in Fund Balance	(603,900)	(603,900)	21,499	625,399
Fund Balance - January 1, 2014				
(Restated - See Note 2)	<u>650,000</u>	<u>650,000</u>	<u>1,387,208</u>	<u>737,208</u>
Fund Balance - December 31, 2014	<u>\$ 46,100</u>	<u>\$ 46,100</u>	<u>\$ 1,408,707</u>	<u>\$1,362,607</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund - Budget and Actual
Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest Rents and Royalties				
Interest Earnings	\$ 3,000	\$ 3,000	\$ 1,500	\$ (1,500)
Charges for Services				
Sewage Charges	2,643,400	2,643,400	2,644,498	1,098
Miscellaneous Revenue				
Other Miscellaneous Revenues	<u>-</u>	<u>-</u>	<u>9,369</u>	<u>9,369</u>
Total Revenues	<u>2,646,400</u>	<u>2,646,400</u>	<u>2,655,367</u>	<u>8,967</u>
Expenditures				
Current:				
Public Works - Sanitation				
Other Services and Charges	2,246,393	2,246,393	1,852,963	393,430
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>9,687</u>	<u>(8,687)</u>
Total Public Works - Sanitation	<u>2,247,393</u>	<u>2,247,393</u>	<u>1,862,650</u>	<u>384,743</u>
Debt Service:				
Principal	152,560	152,560	197,830	(45,270)
Interest	<u>60,702</u>	<u>60,702</u>	<u>27,999</u>	<u>32,703</u>
Total Debt Service	<u>213,262</u>	<u>213,262</u>	<u>225,829</u>	<u>(12,567)</u>
Total Expenditures	<u>2,460,655</u>	<u>2,460,655</u>	<u>2,088,479</u>	<u>372,176</u>
Excess of Revenues Over (Under) Expenditures	<u>185,745</u>	<u>185,745</u>	<u>566,888</u>	<u>381,143</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(435,000)</u>	<u>(435,000)</u>	<u>(435,000)</u>	<u>-</u>
Net Change in Fund Balance	(249,255)	(249,255)	131,888	381,143
Fund Balance - January 1, 2014	<u>2,554,745</u>	<u>2,554,745</u>	<u>2,955,995</u>	<u>401,250</u>
Fund Balance - December 31, 2014	<u>\$ 2,305,490</u>	<u>\$ 2,305,490</u>	<u>\$3,087,883</u>	<u>\$ 782,393</u>

Borough of Brentwood
Note to the Required Supplementary Information
Budget Comparison
December 31, 2014

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, 2014**

1. Schedule of Changes in the Borough's Net Pension Liability and Related Ratios

	2014	
	Police Pension Plan	Non-Uniformed Pension Plan
Total Pension Liability		
Service Cost	\$ 180,157	\$ 51,202
Benefit Payments and Refunds	(305,770)	(1,138)
Interest	<u>411,607</u>	<u>135,331</u>
Net Change in Total Pension Liability	285,994	185,395
Total Pension Liability - Beginning	<u>5,850,241</u>	<u>1,882,661</u>
Total Pension Liability - Ending (a)	<u>6,136,235</u>	<u>2,068,056</u>
Plan Fiduciary Net Position		
Contributions - Employer	218,893	74,645
Contributions - Member	71,843	29,418
Net Investment Income	145,773	44,438
Benefit Payments and Refunds	(305,770)	(1,138)
Administrative Expenses	(13,185)	(9,954)
Miscellaneous	<u>-</u>	<u>1,529</u>
Net Change in Plan Fiduciary Net Position	117,554	138,938
Plan Fiduciary Net Position - Beginning	<u>5,275,071</u>	<u>1,648,639</u>
Plan Fiduciary Net Position - Ending (b)	<u>5,392,625</u>	<u>1,787,577</u>
Borough's Net Pension Liability (a-b)	<u>\$ 743,610</u>	<u>\$ 280,479</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	86.4%

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

1. Schedule of Changes in the Borough's Net Pension Liability and Related Ratios (Cont'd)

	2014	
	Police Pension Plan	Non-Uniformed Pension Plan
Plan Fiduciary Net Position (Cont'd)		
Covered Employee Payroll	<u>\$1,330,937</u>	<u>\$1,010,456</u>
Borough's Net Position as a Percentage of Covered Employee Payroll	55.9%	27.8%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

2. Schedule of Contributions

Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2007	\$103,037	\$108,056	\$5,019		
2008	105,646	107,834	2,188	\$1,112,399	9.7%
2009	134,642	134,642	-		
2010	135,879	135,879	-	1,229,059	11.1%
2011	161,767	163,689	1,922		
2012	124,961	124,961	-	1,157,308	10.8%
2013	227,576	227,756	180		
2014	218,893	218,893	-	1,330,937	16.4%

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

2. Schedule of Contributions (Cont'd)

Non-Uniformed Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contributions Deficiency (Excess)	Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2007	\$ 18,820	\$ 18,820	\$ -		
2008	18,681	19,619	938	\$ 579,172	3.4%
2009	35,063	35,063	-		
2010	38,210	38,210	-	847,590	4.5%
2011	69,355	69,586	231		
2012	63,471	63,471	-	903,155	7.0%
2013	85,188	85,188	-		
2014	74,645	74,645	-	1,010,456	7.4%

The information reported above is the information which was available upon implementation of the new reporting standard; 10 years of information will be reported when available.

3. Schedule of Investment Returns

Annual money-weighted rate of return, net of investment expense not funded through the MMO.

Year Ended December 31,	Police Pension	Non-Uniformed Pension
2014	288.00%	2.86%

4. Schedules of Funding Progress

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/05	\$3,774,255	\$3,559,559	\$ (214,696)	106.03%	\$ 891,012	N/A
01/01/07	4,176,829	4,024,226	(152,603)	103.79%	1,020,153	N/A

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

4. Schedules of Funding Progress (Cont'd)

Police Pension Plan (Cont'd)

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-Uniformed Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/05	\$ 914,921	\$ 869,500	\$ (45,421)	105.22%	\$524,592	N/A
01/01/07	977,258	951,777	(25,481)	102.68%	534,616	N/A
01/01/09	928,545	1,161,504	232,959	79.94%	579,172	40.22%
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%

5. Notes to Required Supplementary Information

	<u>Police Pension Plan</u>	<u>Non-Uniformed 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

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2014**

5. Notes to Required Supplementary Information (Cont'd)

	<u>Police Pension Plan</u>	<u>Non-Uniformed Pension Plan</u>
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, 2014**

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%

**OTHER
INFORMATION SECTION**

**Borough of Brentwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

Exhibit A

	<u>Special Revenue Funds</u>			Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	Debt Service Fund	
ASSETS				
Cash and Cash Equivalents	\$104	\$163,365	\$5,224	\$168,693
Due from Other Funds	-	<u>39,566</u>	-	<u>39,566</u>
TOTAL ASSETS	<u>\$104</u>	<u>\$202,931</u>	<u>\$5,224</u>	<u>\$208,259</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payroll Deductions and Withholdings	\$ -	\$ <u>1,239</u>	\$ -	\$ <u>1,239</u>
Fund Balances				
Restricted	104	-	5,224	5,328
Committed	-	<u>201,692</u>	-	<u>201,692</u>
Total Fund Balances	<u>104</u>	<u>201,692</u>	<u>5,224</u>	<u>207,020</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$104</u>	<u>\$202,931</u>	<u>\$5,224</u>	<u>\$208,259</u>

Borough of Brentwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2014

Exhibit B

	<u>Special Revenue Funds</u>			Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	Debt Service Fund	
Revenues				
Taxes	\$ -	\$178,956	\$ -	\$178,956
Interest, Rents and Royalties	34	560	10	604
Intergovernmental	189,510	-	-	189,510
Charges for Services	<u>-</u>	<u>183,345</u>	<u>-</u>	<u>183,345</u>
Total Revenues	<u>189,544</u>	<u>362,861</u>	<u>10</u>	<u>552,415</u>
Expenditures				
Current:				
Public Works - Highways	189,543	-	-	189,543
Culture - Recreation	-	352,715	-	352,715
Debt Service:				
Principal	-	-	49,613	49,613
Interest	<u>-</u>	<u>-</u>	<u>654</u>	<u>654</u>
Total Expenditures	<u>189,543</u>	<u>352,715</u>	<u>50,267</u>	<u>592,525</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1</u>	<u>10,146</u>	<u>(50,257)</u>	<u>(40,110)</u>
Other Financing Sources (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>38,829</u>	<u>38,829</u>
Net Changes in Fund Balances	1	10,146	(11,428)	(1,281)
Fund Balance - January 1, 2014	<u>103</u>	<u>191,546</u>	<u>16,652</u>	<u>208,301</u>
Fund Balance - December 31, 2014	<u>\$ 104</u>	<u>\$201,692</u>	<u>\$ 5,224</u>	<u>\$207,020</u>

Borough of Brentwood
Combining Statement of Net Position
Fiduciary Funds
December 31, 2014

Exhibit C

	Pension Trust Funds		
	Police Pension Fund	Non-Police Pension Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 164,414	\$ 55,734	\$ 220,148
Investments			
Common Stock	346,337	87,352	433,689
Mutual Funds	4,934,095	1,645,421	6,579,516
Due from Other Funds	<u>10,959</u>	<u>-</u>	<u>10,959</u>
TOTAL ASSETS	<u>5,455,805</u>	<u>1,788,507</u>	<u>7,244,312</u>
LIABILITIES			
Due to Other Funds	<u>-</u>	<u>930</u>	<u>930</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$5,455,805</u>	<u>\$1,787,577</u>	<u>\$7,243,382</u>

Borough of Brentwood
Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2014

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 218,892	\$ 74,645	\$ 293,537
Plan Members	77,505	29,418	106,923
Other	<u>-</u>	<u>1,529</u>	<u>1,529</u>
Total Contributions	<u>296,397</u>	<u>105,592</u>	<u>401,989</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(134,134)	(45,207)	(179,341)
Interest and Dividends	<u>314,131</u>	<u>102,447</u>	<u>416,578</u>
	<u>179,997</u>	<u>57,240</u>	<u>237,237</u>
Less Investment Expense	<u>34,224</u>	<u>12,802</u>	<u>47,026</u>
Net Investment Income	<u>145,773</u>	<u>44,438</u>	<u>190,211</u>
Total Additions	<u>442,170</u>	<u>150,030</u>	<u>592,200</u>
Deductions			
Benefits	269,698	1,138	270,836
Administrative Expenses	<u>13,185</u>	<u>9,954</u>	<u>23,139</u>
Total Deductions	<u>282,883</u>	<u>11,092</u>	<u>293,975</u>
Net Increase in Net Position	159,287	138,938	298,225
Net Position Restricted for Pensions			
Beginning of Year	<u>5,296,518</u>	<u>1,648,639</u>	<u>6,945,157</u>
End of Year	<u>\$5,455,805</u>	<u>\$1,787,577</u>	<u>\$7,243,382</u>

INDIVIDUAL FUND STATEMENTS

**Borough of Brentwood Library
Statement of Revenue, Expenditures and
Changes in Fund Balance
Special Revenue Fund
Year Ended December 31, 2014**

Exhibit E

Revenues	
Taxes	\$178,956
Gifts, Memorials and Donations	14,337
Interest Earned	560
Contributions from:	
State Aid	33,751
State Gaming	5,492
Local County Funding - ACLA	105,335
Charges for Services	
Fines	9,740
Sales	11,807
Miscellaneous	<u>2,882</u>
Total Revenues	<u>362,860</u>
Expenditures	
Salaries and Related Expenses	
Salaries	200,267
Benefits	<u>32,196</u>
Total Salaries and Related Expenses	<u>232,463</u>
Books and Related Materials	
Books	36,748
Programs	16,417
Other Supplies	<u>10,722</u>
Total Books and Related Materials	<u>63,887</u>
Other Services	
Utilities	1,332
Insurance	3,980
Scholarship Expenditures	300
Equipment Maintenance	622
Small Equipment Purchases	3,301
Audit Services	1,000
Technology	13,267
Administration	7,375
Borough Reimbursement	<u>25,187</u>
Total Other Services	<u>56,364</u>

**Borough of Brentwood Library
Statement of Revenue, Expenditures and
Changes in Fund Balance
Special Revenue Fund
Year Ended December 31, 2014**

Exhibit E

Total Expenditures	<u>\$352,714</u>
Net Change in Fund Balance	10,146
Fund Balance - January 1, 2014	<u>191,546</u>
Fund Balance - December 31, 2014	<u>\$201,692</u>