

**Borough of Brentwood
Financial Statements
December 31, 2015**

**Borough of Brentwood
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Independent Auditor's Report

Members of Council
Borough of Brentwood
Pittsburgh, Pennsylvania

Dear Members:

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

Emphasis of Matter

As discussed in Note 2 to the financial statements in the year ended December 31, 2015, the Borough adopted the provisions of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions". Our opinion is not modified with respect to this matter.

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

Other Matters (Cont'd)

Other Information (Cont'd)

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
October 20, 2016

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

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, 2015. 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

2015

- General fund revenues totaled \$6,028,559 and general fund expenditures totaled \$5,671,021, yielding an operating position ratio of 0.0631.
- General fund liabilities totaled \$263,790 and general fund assets totaled \$1,925,523, yielding a liability to asset ratio of 0.1370.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,735,848 (42%); general government operations - \$765,165 (12%); and public works activities of \$1,104,459 (17%). In addition, there was a transfer to capital projects of \$900,000 (14%).
- The real estate taxation rate for the general fund was 8.25 mills and 0.5 mills for the library fund. The rate remained the same as 2014.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,315,088, which is 51% of the general fund revenues received and earned income taxes of \$1,097,809, or 17% of the general fund revenues received.

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

Current	\$2,996,840
Delinquent	<u>318,248</u>
	<u>\$3,315,088</u>

The Library portion of real estate tax allocation was \$181,627.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

Financial Highlights (Cont'd)

2015 (Cont'd)

- The general fund was responsible for \$196,726 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes a \$85,547 increase from the 2014 MMO requirement which represents a 30% increase.

Additionally, the general fund balance decreased by \$132,462 to \$1,448,272. The decrease in the general fund balance was attributable to additional delinquent recycling costs incurred during 2015.

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, 2015**

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.

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, 2015**

Using the Annual Financial Report (Cont'd)

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

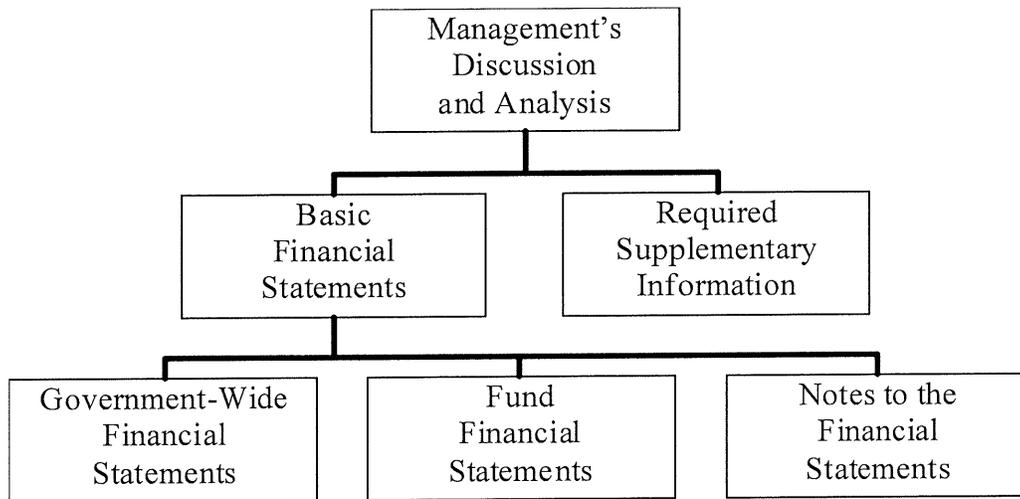


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

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, 2015**

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, 2015**

Financial Analysis of the Borough as a Whole

The Borough's total net position was \$4,405,693 at December 31, 2015 and \$5,101,034 at December 31, 2014.

Table A-1
Years Ended December 31, 2015 and 2014
Net Position

	Governmental Activities	
	2015	2014
Current and Other Assets	\$ 6,881,519	\$ 6,295,824
Capital Assets	<u>9,581,439</u>	<u>9,250,759</u>
Total Assets	<u>16,462,958</u>	<u>15,546,583</u>
Deferred Outflow of Resources	<u>526,072</u>	<u>11,077</u>
Current and Other Liabilities	881,793	784,517
Noncurrent Liabilities		
Due Within One Year	603,273	489,170
Due in More Than One Year	<u>10,523,462</u>	<u>9,182,939</u>
Total Liabilities	<u>12,008,528</u>	<u>10,456,626</u>
Deferred Inflow of Resources	<u>574,809</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	-	(66,456)
Restricted	5,346	5,328
Unrestricted	<u>4,400,347</u>	<u>5,162,162</u>
Total Net Position	<u>\$ 4,405,693</u>	<u>\$ 5,101,034</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, 2015**

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, 2015 and 2014
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues		
Charges for Services	\$3,710,125	\$3,401,701
Operating Grants and Contributions	915,220	441,642
General Revenues		
Property Taxes	3,487,317	3,477,632
Earned Income Taxes	1,097,809	1,084,600
RAD	370,184	367,115
Other Taxes	202,137	210,454
Investment Earnings	1,611	3,163
Cable TV Franchise	<u>192,645</u>	<u>229,918</u>
Total Revenues	<u>9,977,048</u>	<u>9,216,225</u>
Expenses		
General Government	1,001,164	847,094
Public Safety	3,171,792	3,225,113
Public Works - Sanitation	2,217,471	1,852,427
Public Works - Highways	1,982,014	2,669,582
Public Works - Other	35,273	26,708
Culture - Recreation	813,495	632,274
Community Development	49,292	48,369
Interest on Long-Term Debt	<u>265,642</u>	<u>163,996</u>
Total Expenses	<u>9,536,143</u>	<u>9,465,563</u>
Changes in Net Position	440,905	(249,338)

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

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

Table A-2 (Cont'd)
Years Ended December 31, 2015 and 2014
Changes in Net Position

	Governmental Activities	
	2015	2014
Net Position - Beginning (Restated - See Note 2)	<u>\$3,964,788</u>	<u>\$5,350,372</u>
Net Position - Ending	<u>\$4,405,693</u>	<u>\$5,101,034</u>

Beginning net position in the government-wide financial statements was restated as of January 1, 2015 as a result of a change in accounting method related to pensions.

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 \$6,028,559 and general fund expenditures and other financing uses totaled \$6,440,687.

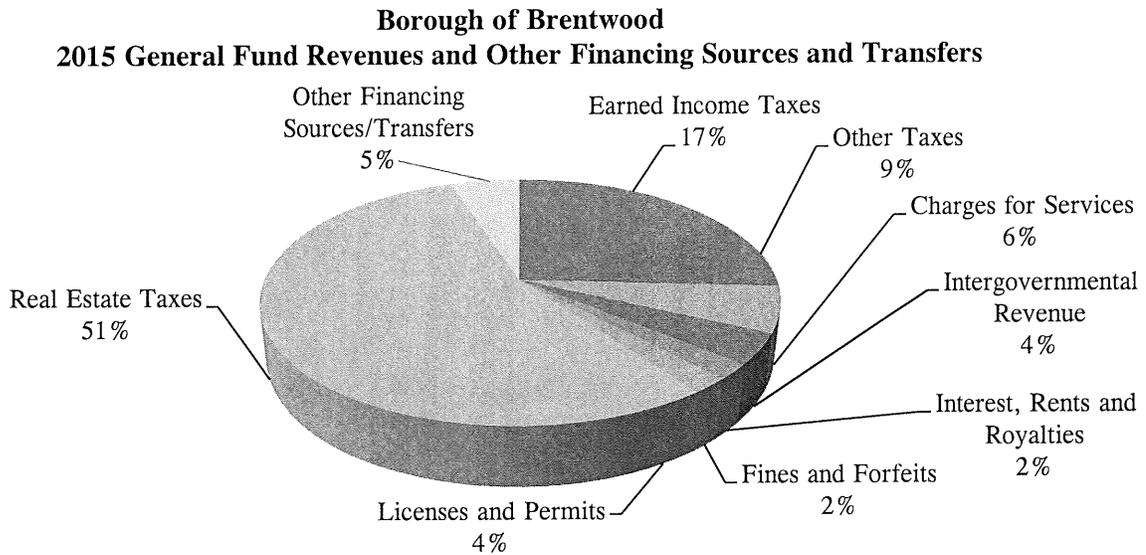
Major General Fund Revenue Categories

	2015	2014
Taxes	\$4,977,820	\$5,015,389
Licenses and Permits	223,855	275,783
Fines and Forfeits	108,871	121,786
Interest, Rents and Royalties	91,321	97,489
Intergovernmental	238,845	217,262
Charges for Services	345,797	321,192
Miscellaneous	42,050	42,422
Other Financing Sources	<u>410,000</u>	<u>370,863</u>
	<u>\$6,438,559</u>	<u>\$6,462,186</u>

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

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

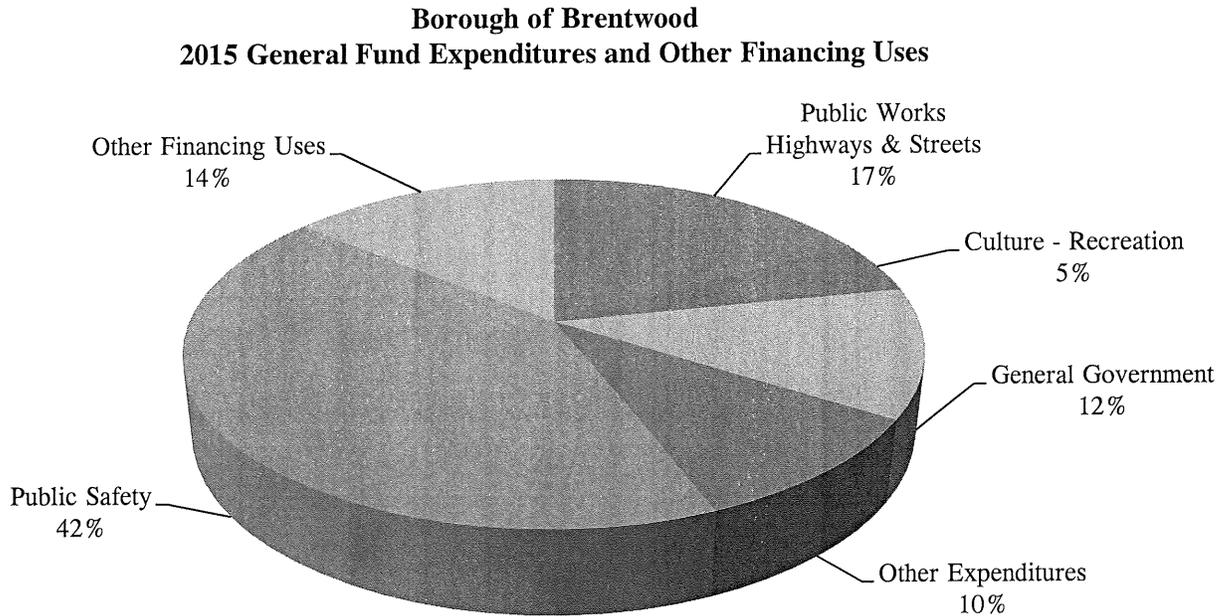
	2015	2014
General Government	\$ 765,165	\$ 707,081
Public Safety	2,735,848	2,801,412
Public Works - Sanitation	99,075	19,894
Public Works - Highways	970,111	1,061,255
Public Works - Other Services	35,273	32,995
Culture - Recreation	279,450	144,570
Conservation and Development	49,292	48,369
Miscellaneous	736,807	615,111
Other Financing Uses	<u>900,000</u>	<u>1,010,000</u>
Total Expenditures and Other Financing Uses	<u>\$6,571,021</u>	<u>\$6,440,687</u>

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

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 2015.

2015 Highlighted Budget Components

During the past fiscal year, the Borough made strategic investments into improving its infrastructure and operations.

Capital Improvement Program

The Borough of Brentwood funded over \$1.3 million in vital capital projects, including:

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

2015 Highlighted Budget Components (Cont'd)

Capital Improvement Program (Cont'd)

- Police Department (\$67,000)

In order to improve the safety of park visitors while concurrently protecting facilities from vandalism, the Borough attained a security camera system; officers can review conditions at this site remotely over the associated digital connection.

The Borough continues to budget for the replacement of one police cruiser during each two-year period which helps to ensure that all active autos are in roadworthy condition and ready to be pressed into service. The Borough acquired one 2015 vehicle to supplant a 2009 model.

- Planning & Zoning (\$5,500)

Municipal staff worked to refine and finalize a proposed revision to the Brentwood Zoning Ordinance. The new Route 51 Zoning Overlay District was inaugurated in early 2016 and is designed to improve both the aesthetics and walkability of this key commercial corridor.

- Public Works Department (\$26,000)

Two commercial grade lawnmowers were purchased. These items can be utilized much more effectively than traditional push mowers in caring for the Borough's 28 acres of parkland. A line striping machine and trailer were also procured.

- Traffic Control Devices (\$20,000)

The Borough submitted a successful application for a grant under the PennDOT Automated Red Light Enforcement Program. This \$162,000 award will improve pedestrian access and decrease travel times through improvements to the signalized intersection at the junction of Brownsville Road and Willock Road. Preliminary design and engineering work commenced in 2015; construction will be completed in 2017.

- Street Rehabilitation and Maintenance Program (\$400,000)

The Borough entered its second year of this coordinated effort to upgrade its roadway infrastructure. The portion of Greenlee Road that is located on the east side of Route 51 was resurfaced, while Lachman Way, a narrow alley that is vital to both surrounding residences and businesses, was reconstructed in its entirety. Public works staff continued to utilize the crack sealer to perform critical preventative maintenance.

- Sidewalks and Curb Ramps (\$42,000)

In recognition that the deterioration of pedestrian infrastructure is undermining the Borough's reputation as a walkable community, Brentwood piloted a cost-sharing repair program. Defective slabs abutting

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2015**

2015 Highlighted Budget Components (Cont'd)

Capital Improvement Program (Cont'd)

- Sidewalks and Curb Ramps (\$42,000) (Cont'd)

thirty-one Greenlee Road properties were replaced. The Borough significantly reduced the burden of restoration on homeowners by utilizing a single contractor to perform these upgrades at a bulk rate and by covering one-half of the costs of construction.

Additionally, the Borough utilized Community Development Block Grant funding to improve handicapped accessibility along its busy Brownsville Road corridor. Eight new ADA-compliant ramps were constructed.

- Stormwater Management (\$20,500)

The Borough is continuing to improve its management of stormwater so as to protect both property owners and the natural environment. Repairs were performed to correct a noted defect in a line that flows along Grad Street.

- Civic Center Upgrades (\$30,000)

The Borough worked to enhance this facility so as to make it a more attractive venue for community events, as well as to increase the potential for revenue generation through private rentals. New tables and furnishing were acquired, while the kitchen equipment was professionally cleaned; the cantilevered outdoor deck was also reinforced so as to improve its structural integrity.

Park Redevelopment Project (\$467,000)

The third phase of this multi-stage initiative was finalized. Construction commenced in March 2014 on new stadium bleachers, a new press box and a centrally-located restroom facility. Miscellaneous expenditures associated with landscaping, accessible walkways and other components of this phase were incurred in 2015.

The Borough also became the latest proud recipient of a grant from the nationally recognized nonprofit organization "KaBoom". The Borough utilized this funding to replace an antiquated playground with an attractive new facility that promotes active play. As part of the terms of the award, the new structures were erected with the help of volunteers as part of a community build event.

Sanitary Sewer Projects (\$552,000)

Because the Borough contracts with ALCOSAN for wastewater treatment services, the municipality is bound by the terms of a federal consent order to reduce intrusion and infiltration into the sanitary sewer system. The Borough is aggressively working to improve the quality of this infrastructure now so as to lessen the financial

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2015 Highlighted Budget Components (Cont'd)

Sanitary Sewer Projects (\$552,000) (Cont'd)

burden of upgrades in future years. The Borough utilizes traditional excavation and replacement methods, as well as trenchless lining and bursting techniques, to eliminate structural defects within these pipes. The Borough also uses CCTV to document the conditions of municipal sewers and to plan for future repairs. Additionally, the Borough continues to budget for important but often overlooked maintenance items, such as the cleaning and inspection of maintenance of manholes and lamp holes.

New Additions to the Borough Family

The Borough welcomed Harry Beatty and Lynden Goehring to the public works crew as full-time laborers. Jim Attanucci took over as part-time director of recreation. Additionally, Lori Vickless was retained to serve in a part-time clerical position.

Utility Billing Service Project

In 2015, the Borough made one significant change in the nature of its operations. Historically, the Borough of Brentwood had contracted with a third-party vendor to generate sewage bills and to collect payments. Internal staff was charged with issuing delinquency notifications on past due accounts. However, due to increasing inefficiencies within this system, the Borough moved all sewage billing responsibilities in house. In spite of some initial setbacks due to data conversion issues, this new arrangement has helped to both increase revenues and improve the customer service experience for residents.

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, 2015**

Exhibit 1

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 4,471,987
Taxes Receivable, Net	1,365,867
Due from Other Governments	961,260
Prepaid Items	82,405
Capital Assets	
Land	255,560
Construction in Progress	5,073,840
Land Improvements, Net	211,525
Buildings and Building Improvements	2,925,478
Furniture and Equipment	<u>1,115,036</u>
TOTAL ASSETS	<u>16,462,958</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts Relating to Pensions	515,905
Deferred Charge on Refunding	<u>10,167</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>526,072</u>
LIABILITIES	
Current Liabilities	
Accrued Interest	153,680
Accounts Payable	480,207
Contracts Payable	84,744
Accrued Salaries and Benefits	87,331
Unearned Revenue	65,799
Other Current Liabilities	10,032
Noncurrent Liabilities	
Due Within One Year	603,273
Due in More Than One Year	
Notes Payable	436,429
Bonds Payable	8,502,300
Capital Leases	323,099
Compensated Absences	140,750
Net Pension Liability	886,730
Net Other Post-Employment Benefit Obligation	<u>234,154</u>
TOTAL LIABILITIES	<u>12,008,528</u>
DEFERRED INFLOWS OF RESOURCES	
Amounts Relating to Pensions	<u>574,809</u>
NET POSITION	
Restricted for:	
Debt Service	5,231
Highways	115
Unrestricted	<u>4,400,347</u>
TOTAL NET POSITION	<u>\$ 4,405,693</u>

See Accompanying Notes

**Borough of Brentwood
Statement of Activities
Year Ended December 31, 2015**

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	\$1,001,164	\$ 30,025	\$ 32,622	\$ (938,517)
Public Safety	3,171,792	325,713	157,222	(2,688,857)
Public Works - Sanitation	2,217,471	2,933,484	48	716,061
Public Works - Highways	1,982,014	15,775	250,328	(1,715,911)
Public Works - Other	35,273	68,443	-	33,170
Culture - Recreation	813,495	336,685	475,000	(1,810)
Community Development	49,292	-	-	(49,292)
Interest on Long-Term Debt	<u>265,642</u>	<u>-</u>	<u>-</u>	<u>(265,642)</u>
Total Governmental Activities	<u>\$9,536,143</u>	<u>\$3,710,125</u>	<u>\$915,220</u>	<u>(4,910,798)</u>
General Revenues				
Taxes				
Property Taxes Levied for General Purposes, Net				3,487,317
Earned Income Taxes				1,097,809
Regional Asset District - Sales Tax				370,184
Other Taxes Levied for General Purposes, Net				202,137
Investment Earnings				1,611
Cable TV Franchise				<u>192,645</u>
Total General Revenues				<u>5,351,703</u>
Change in Net Position				440,905
Net Position - January 1, 2015 (Restated - See Note 2)				<u>3,964,788</u>
Net Position - December 31, 2015				<u>\$ 4,405,693</u>

See Accompanying Notes

**Borough of Brentwood
Balance Sheet
Governmental Funds
December 31, 2015**

Exhibit 3

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 876,684	\$3,078,754	\$ 347,109	\$169,440	\$4,471,987
Taxes Receivable, Net	783,733	582,134	-	-	1,365,867
Due from Other Funds	70,834	-	46,972	-	117,806
Due from Other Governments	123,260	-	838,000	-	961,260
Prepaid Items	<u>71,012</u>	<u>10,793</u>	<u>600</u>	<u>-</u>	<u>82,405</u>
TOTAL ASSETS	<u>\$1,925,523</u>	<u>\$3,671,681</u>	<u>\$1,232,681</u>	<u>\$169,440</u>	<u>\$6,999,325</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 57,002	\$ 70,834	\$ -	\$ -	\$ 127,836
Accounts Payable	75,068	396,642	8,497	-	480,207
Contracts Payable	-	6,423	78,321	-	84,744
Accrued Salaries and Benefits	87,331	-	-	-	87,331
Unearned Revenues	<u>44,389</u>	<u>16,700</u>	<u>4,710</u>	<u>-</u>	<u>65,799</u>
Total Liabilities	<u>263,790</u>	<u>490,599</u>	<u>91,528</u>	<u>-</u>	<u>845,917</u>
Deferred Inflows of Resources					
Unavailable Revenues - Property Taxes	<u>345,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>345,923</u>
Fund Balances					
Nonspendable	71,012	10,793	600	-	82,405
Restricted	-	-	-	5,346	5,346
Committed	-	3,170,289	1,140,553	164,094	4,474,936
Unassigned	<u>1,244,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,244,798</u>
Total Fund Balances	<u>1,315,810</u>	<u>3,181,082</u>	<u>1,141,153</u>	<u>169,440</u>	<u>5,807,485</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$1,925,523</u>	<u>\$3,671,681</u>	<u>\$1,232,681</u>	<u>\$169,440</u>	<u>\$6,999,325</u>

See Accompanying Notes

Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2015

Exhibit 4

Total Fund Balances - Governmental Funds \$ 5,807,485

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 \$15,192,978, and the accumulated depreciation is \$5,611,539. 9,581,439

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. 345,923

Some liabilities, including net pension obligations, are not due and payable in the current period and therefore, are not reported in the funds. (886,730)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	\$ 515,905	
Deferred Inflows of Resources Related to Pensions	<u>(574,809)</u>	(58,904)

Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position. 82,865

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	(8,890,000)	
Notes Payable	(635,067)	
Accrued Interest on the Bonds	(153,680)	
Capital Leases Payable	(412,734)	
Other Post-Employment Benefits (OPEB)	(234,154)	
Compensated Absences	<u>(140,750)</u>	<u>(10,466,385)</u>

Total Net Position - Governmental Activities \$ 4,405,693

See Accompanying Notes

Borough of Brentwood
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2015

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenues					
Taxes	\$4,977,820	\$ -	\$ -	\$181,627	\$ 5,159,447
Licenses and Permits	223,855	-	-	-	223,855
Fines and Forfeits	108,871	-	-	-	108,871
Interest, Rents and Royalties	91,321	537	37	610	92,505
Intergovernmental	238,845	-	475,000	208,773	922,618
Charges for Services	345,797	2,927,739	15,775	189,839	3,479,150
Miscellaneous	<u>42,050</u>	<u>13,003</u>	<u>50,000</u>	<u>-</u>	<u>105,053</u>
Total Revenues	<u>6,028,559</u>	<u>2,941,279</u>	<u>540,812</u>	<u>580,849</u>	<u>10,091,499</u>
Expenditures					
Current:					
General Government	765,165	-	196,357	-	961,522
Public Safety	2,735,848	-	72,735	-	2,808,583
Public Works - Sanitation	99,075	2,144,819	-	-	2,243,894
Public Works - Highways	970,111	-	524,452	208,773	1,703,336
Public Works - Other	35,273	-	-	-	35,273
Culture - Recreation	279,450	-	537,514	370,091	1,187,055
Conservation & Development	49,292	-	-	-	49,292
Miscellaneous	736,807	-	68,225	-	805,032
Debt Service:					
Principal	-	193,549	295,621	-	489,170
Interest	<u>-</u>	<u>19,712</u>	<u>142,158</u>	<u>-</u>	<u>161,870</u>
Total Expenditures	<u>5,671,021</u>	<u>2,358,080</u>	<u>1,837,062</u>	<u>578,864</u>	<u>10,445,027</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>357,538</u>	<u>583,199</u>	<u>(1,296,250)</u>	<u>1,985</u>	<u>(353,528)</u>
Other Financing Sources (Uses)					
Proceeds from Extended Term Financing	-	-	6,069,698	-	6,069,698
Transfers In	410,000	-	980,000	-	1,390,000
Payment to Refunded Bond Escrow Agent	-	-	(5,000,000)	-	(5,000,000)
Transfers Out	<u>(900,000)</u>	<u>(490,000)</u>	<u>-</u>	<u>-</u>	<u>(1,390,000)</u>
Total Other Financing Sources (Uses)	<u>(490,000)</u>	<u>(490,000)</u>	<u>2,049,698</u>	<u>-</u>	<u>1,069,698</u>
Net Changes in Fund Balances	(132,462)	93,199	753,448	1,985	716,170
Fund Balances - January 1, 2015 (Restated - See Note 2)	<u>1,448,272</u>	<u>3,087,883</u>	<u>387,705</u>	<u>167,455</u>	<u>5,091,315</u>
Fund Balances - December 31, 2015	<u>\$1,315,810</u>	<u>\$3,181,082</u>	<u>\$1,141,153</u>	<u>\$169,440</u>	<u>\$ 5,807,485</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, 2015

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ 716,170

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	\$ 610,639	
Depreciation Expense	<u>(279,957)</u>	330,682

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. (17,173)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 489,169

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

General Obligation Bond of 2015	(5,910,000)	
General Obligation Note of 2013	<u>(99,729)</u>	(6,009,729)

Original issue discount is an expenditure in the fund statements. However, the original discount is on the balance sheet in the statement of net position. 48,156

The Borough's note debt was reduced by a refunding of debt. Resources of \$5,000,000 were paid to the escrow agent for the refunding of outstanding note of \$5,000,000. 5,000,000

**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, 2015**

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	\$ 9,464	
Other Post-Employment Benefits	<u>(40,550)</u>	\$ (31,086)

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. 78,456

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.

(98,422)

Net Change in Accrued Interest on the Bonds

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.

(5,350)

Amortization of Discount and Deferred Loss on Refunding

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. (59,968)

Change in Net Position of Governmental Activities \$ 440,905

See Accompanying Notes

**Borough of Brentwood
Statement of Net Position
Fiduciary Funds
December 31, 2015**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 219,748
Investments	
Common Stock	355,793
Mutual Funds	6,570,634
Due from Other Funds	<u>10,960</u>
TOTAL ASSETS	<u>7,157,135</u>
LIABILITIES	
Accounts Payable	929
Due to Other Funds	<u>930</u>
TOTAL LIABILITIES	<u>1,859</u>
NET POSITION	
Net Position Restricted for Pensions	<u><u>\$7,155,276</u></u>

See Accompanying Notes

Borough of Brentwood
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2015

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 377,084
Plan Members	<u>102,102</u>
Total Contributions	<u>479,186</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value of Investments	(441,608)
Interest and Dividends	<u>324,733</u>
	<u>(116,875)</u>
Less Investment Expense	<u>46,011</u>
Net Investment Income	<u>(162,886)</u>
Total Additions	<u>316,300</u>
Deductions	
Benefits	346,448
Refund of Contributions	12,727
Administrative Expenses	<u>45,231</u>
Total Deductions	<u>404,406</u>
Net Decrease in Net Position	(88,106)
Net Position Restricted for Pensions	
Beginning of Year	<u>7,243,382</u>
End of Year	<u>\$7,155,276</u>

See Accompanying Notes

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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, 2015

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 *capital projects 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, 2015

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, 2015

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, 2015.

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, 2015

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, 2015

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/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Borough has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item in the government-wide statement of net position is related to the defined benefit pension plans.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Borough has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

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.

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, 2015, were as follows:

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

a. Highway maintenance	\$ 115
b. Debt service	<u>5,231</u>
	<u>\$5,346</u>

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

a. Sewer fund expenditures	\$3,170,289
b. Capital projects	1,140,553
c. Library expenditures	<u>164,094</u>
	<u>\$4,474,936</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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 and Fund Balances

The Borough of Brentwood adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* as of January 1, 2015 and applied the statement by restating the beginning net position. Beginning net position of the governmental activities in the government-wide financial statements was restated as of January 1, 2015. The result of the effects of applying this new statement is summarized below.

Net Position, January 1, 2015 (previously reported)	\$ 5,101,034
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This Statement requires the liability of employers for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. A liability should be recognized for the employer's proportionate share of the collective net pension liability in financial statements prepared using the economic resources measurement focus and accrual basis of accounting.

The net pension liability as of December 31, 2014, the measurement date, was:	(1,024,090)
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**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

Note 2 - Restatement of Beginning Net Position and Fund Balances (Cont'd)

In addition any net pension obligation (asset) previously reported needs to be removed.

The Borough's net pension obligation (asset) as of December 31, 2014 was: \$ (112,156)

Restated Net Position, December 31, 2015 \$ 3,964,788

The general fund and library fund beginning fund balances were restated. During the past several years, there was a due to library fund in the general fund and a due from general fund in the library fund which was the difference between support provided by the Borough to the Library and actual real estate tax collections. During 2016, there will be an agreement between the Borough and the Library which will effectively eliminate the due from and due to balances for each respective fund. The following summarizes the change in the beginning fund for each fund:

General Fund

Ending Fund Balance at December 31, 2014, per audit report	\$1,408,707
Eliminate due to Library Fund	<u>39,565</u>
Beginning Fund Balance at January 1, 2015 - Restated	<u>\$1,448,272</u>

Nonmajor Fund (Library Fund)

Ending Fund Balance at December 31, 2014, per audit report	\$ 201,692
Eliminate due from General Fund	<u>(39,565)</u>
Beginning Fund Balance at January 1, 2015 - Restated	<u>\$ 162,127</u>

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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

Note 3 - Deposits and Investments (Cont'd)

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 not 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, 2015, \$3,875,274 of the Borough's bank balance of \$4,755,544 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$3,875,274</u>
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As of December 31, 2015, the Borough had the following investments:

Investment Type	Rating	Fair Value
Common Stock	N/A	\$ 355,793
Mutual Funds	N/A	<u>6,570,634</u>
		<u>\$6,926,427</u>

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

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

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

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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 2015 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 2015 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 - January 9
Lien Filing Date	January 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 \$345,923 along with other taxes receivable of \$437,810.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 01/01/15	Additions	Disposals	Transfers	Balance 12/31/15
Governmental Activities					
Capital Assets not Being Depreciated					
Land	\$ 255,560	\$ -	\$ -	\$ -	\$ 255,560
Construction in Progress	<u>4,810,711</u>	<u>279,481</u>	<u>-</u>	<u>(16,352)</u>	<u>5,073,840</u>
Total Capital Assets not Being Depreciated	<u>5,066,271</u>	<u>279,481</u>	<u>-</u>	<u>(16,352)</u>	<u>5,329,400</u>
Capital Assets Being Depreciated					
Land Improvements	695,730	59,486	-	-	755,216
Buildings and Building Improvements	5,189,888	59,967	-	-	5,249,855
Furniture and Equipment	<u>3,630,452</u>	<u>211,703</u>	<u>-</u>	<u>16,352</u>	<u>3,858,507</u>
Total Capital Assets Being Depreciated	<u>9,516,070</u>	<u>331,156</u>	<u>-</u>	<u>16,352</u>	<u>9,863,578</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

Note 5 - Capital Assets (Cont'd)

	Balance 01/01/15	Additions	Disposals	Transfers	Balance 12/31/15
Governmental Activities (Cont'd)					
Less Accumulated Depreciation					
Land Improvements	\$ 526,825	\$ 16,866	\$ -	\$ -	\$ 543,691
Buildings and Building Improvements	2,204,896	119,481	-	-	2,324,377
Furniture and Equipment	<u>2,599,861</u>	<u>143,610</u>	-	-	<u>2,743,471</u>
Total Accumulated Depreciation	<u>5,331,582</u>	<u>279,957</u>	-	-	<u>5,611,539</u>
Total Capital Assets Being Depreciated, Net	<u>4,184,488</u>	<u>51,199</u>	-	-	<u>4,252,039</u>
Governmental Activities Capital Assets, Net	<u>\$9,250,759</u>	<u>\$330,680</u>	\$ -	\$ -	<u>\$9,581,439</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General Government	\$ 27,221
Public Safety	1,688
Public Works	165,441
Culture - Recreation	<u>85,607</u>
Total Depreciation Expense	<u>\$279,957</u>

Note 6 - Interfund Balances

Interfund balances at December 31, 2015, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 70,834	\$ 57,002
Sewer Fund	-	70,834

**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

Note 6 - Interfund Balances (Cont'd)

Fund	Interfund Receivable	Interfund Payable
Capital Projects Fund	\$ 46,972	\$ -
Fiduciary Funds	<u>10,960</u>	<u>930</u>
	<u>\$128,766</u>	<u>\$128,766</u>

Balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All the balances above are expected to be collected in the subsequent year.

Note 7 - Interfund Transfers

For the year ended December 31, 2015, interfund transfers consisted of the following:

	<u>Transfer From</u>		
<u>Transfer To</u>	General Fund	Sewer Fund	Totals
General Fund	\$ -	\$410,000	\$ 410,000
Capital Projects Fund	<u>900,000</u>	<u>80,000</u>	<u>980,000</u>
	<u>\$900,000</u>	<u>\$490,000</u>	<u>\$1,390,000</u>

The transfer from the general fund to the capital projects fund was to help fund various capital projects in the Borough. The transfer from the sewer fund to the capital improvement fund was to help fund various capital projects in the Borough. The transfer from the sewer fund to the general fund was to reimburse the general fund for expenditures it had previously paid.

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

Note 8 - Long-Term Debt

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Balance 01/01/15	Additions	Reductions	Balance 12/31/15	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$3,200,000	\$5,910,000	\$ 220,000	\$ 8,890,000	\$315,000
Less: Bond Discount	<u>(28,984)</u>	<u>(48,156)</u>	<u>(4,440)</u>	<u>(72,700)</u>	<u>-</u>
Total Bonds Payable	<u>3,171,016</u>	<u>5,861,844</u>	<u>215,560</u>	<u>8,817,300</u>	<u>315,000</u>
General Obligation Notes	5,728,888	99,728	5,193,549	635,067	198,638
Capital Leases	428,386	59,968	75,620	412,734	89,635
Compensated Absences	<u>150,215</u>	<u>-</u>	<u>9,465</u>	<u>140,750</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$9,478,505</u>	<u>\$6,021,540</u>	<u>\$5,494,194</u>	<u>\$10,005,851</u>	<u>\$603,273</u>

As of December 31, 2015, 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.	\$2,980,000
Series of 2015, in the amount of \$5,910,000; 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 0.5% - 3.25% through November 2034.	<u>5,910,000</u>
	<u>\$8,890,000</u>

The annual requirements of the Borough funds to amortize all general obligation bonds as of December 31, 2015, are as follows:

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

General Obligation Bonds (Cont'd)

Year Ended December 31,	General Obligation Bonds		Totals
	Principal	Interest	
2016	\$ 315,000	\$ 300,921	\$ 615,921
2017	390,000	225,345	615,345
2018	395,000	220,931	615,931
2019	400,000	213,606	613,606
2020	410,000	205,606	615,606
2021-2025	2,200,000	884,668	3,084,668
2026-2030	2,500,000	579,344	3,079,344
2031-2034	<u>2,280,000</u>	<u>181,675</u>	<u>2,461,675</u>
	<u>\$8,890,000</u>	<u>\$2,812,096</u>	<u>\$11,702,096</u>

In February 2015, the Borough issued \$5,910,000 Series 2015 bonds with interest rates from 0.5% to 3.4% to currently refund the outstanding General Obligation Note of 2013 (\$5,000,000) with a variable interest rate of 55% of the prime rate. The net proceeds of \$5,729,472 (after payment of issuance costs) were used to currently refund the outstanding General Obligation Note of 2013 principal and interest due on those notes through the refunding date. As a result, the notes are considered defeased and the liability for these notes has been removed as a liability in these financial statements. The Borough currently refunded the General Obligation Note of 2013 to extend the principal payment over a period of nineteen years. Under the terms of the General Obligation Note of 2013, the principal balance was due to be paid off by 2016.

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. \$454,570

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%. 180,497

\$635,067

**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

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

General Obligation Notes (Cont'd)

The annual requirements of the Borough funds to amortize all notes payable as of December 31, 2015, are as follows:

Year Ended December 31,	General Obligation Notes		Totals
	Principal	Interest	
2016	\$198,638	\$14,623	\$213,261
2017	203,859	9,402	213,261
2018	114,048	3,894	117,942
2019	21,914	3,222	25,136
2020	22,574	2,562	25,136
2021-2025	<u>74,034</u>	<u>3,469</u>	<u>77,503</u>
	<u>\$635,067</u>	<u>\$37,172</u>	<u>\$672,239</u>

Capital Leases

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

The assets acquired through the capital lease are as follows:

	Governmental Activities
Capital Assets	
Building Improvements	\$ 347,831
Furniture Equipment	<u>299,286</u>
	647,117
Less: Accumulated Depreciation	<u>(149,982)</u>
	<u>\$ 497,135</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

Capital Leases (Cont'd)

The future minimum lease obligations as of December 31, 2015, are as follows:

Year Ended December 31,	Amount
2016	\$103,926
2017	94,346
2018	84,767
2019	45,212
2020	45,212
2021-2023	<u>96,078</u>
Total minimum lease payments	469,541
Amount representing interest	<u>(56,807)</u>
Present value of minimum lease payments	<u>\$412,734</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, 2015**

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 \$279,131	Actuarially Determined \$97,953
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, 2015**

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 monthly 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, 2015**

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, 2015:

	<u>PPP</u>	<u>NPPP</u>
Nonvested Active Members	5	8
Fully Vested Active Members	8	10
Retirees and Beneficiaries		
Currently Receiving Benefits	<u>14</u>	<u>1</u>
Total	<u>27</u>	<u>19</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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. Investments

Police Pension Plan

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. According to an Investment Policy Statement dated October 14, 2009, the Plan's target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Percentage</u>	<u>Range</u>
Equity	50%	35% to 65%
Fixed Income	50%	35% to 65%
Cash Equivalents	0%	0% to 15%
Other	0%	0% to 5%

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The average credit quality of fixed income investments will be maintained at A or better, no more than 15% will be rated BBB and no more than 5% will be rated below BBB. The credit ratings of the Plan's investments (excluding obligations explicitly guaranteed by the U. S. government) are indicated on the table below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Fixed Income Mutual Funds	\$1,336,426	Not rated

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2015, the Plan had no investments (other than U. S. government and U. S. government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of fiduciary net position. ($\$5,403,059 \times 5\% = \$270,153$)

Custodial credit risk for investments is the risk that the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan has no investment policy for custodial credit risk. The fair value of Plan securities held by a counterparty (and not in the Plan's name) are listed below by security type:

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$268,621

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

B. Investments (Cont'd)

Police Pension Plan (Cont'd)

Interest rate risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plan has no investment policy for interest rate risk other than the 65% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

	<u>Investment Maturities (In Years)</u>				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5.99</u>	<u>6-10</u>	<u>More Than 10</u>
Fixed Income Mutual Funds*	\$1,336,426		\$673,938	\$662,488	

*average portfolio maturity

DROP Balance - As of December 31, 2015, DROP balances amounting to \$244,791 are included in net position restricted for pensions. For a description of DROP terms, see Plan Description.

Non-Police Pension Plan

The Plan is authorized to invest in legal investments permitted under the Pennsylvania Fiduciaries Investment Act. According to an Investment Policy Statement dated October 14, 2005, the Plan's target asset allocation is as follows:

<u>Asset Class</u>	<u>Target Percentage</u>	<u>Range</u>
Equity	50%	35% to 65%
Fixed Income	50%	35% to 65%
Cash Equivalents	0%	0% to 15%
Other	0%	0% to 5%

Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The average credit quality of fixed income investments will be maintained at A or better, no more than 15% will be rated BBB and no more than 5% will be rated below BBB. The credit ratings of the Plan's investments (excluding obligations explicitly guaranteed by the U. S. government) are indicated on the table below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Fixed Income Mutual Funds	\$434,072	Not rated

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

B. Investments (Cont'd)

Non-Police Pension Plan (Cont'd)

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2015, the Plan had no investments (other than U. S. government and U. S. government guaranteed obligations, mutual funds or other pooled investments) in any one issuer that represent 5% or more of fiduciary net position. ($\$1,749,843 \times 5\% = \$87,492$)

Custodial credit risk for investments is the risk that the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plan has no investment policy for custodial credit risk. The fair value of Plan securities held by a counterparty (and not in the Plan's name) are listed below by security type:

<u>Investment Type</u>	<u>Fair Value</u>
Equities	\$87,173

Interest rate risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plan has no investment policy for interest rate risk other than the 65% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>				
	<u>Fair Value</u>	<u>N/A</u>	<u>1-5.99</u>	<u>6-10</u>	<u>More Than 10</u>
Fixed Income Mutual Funds*	\$434,072		\$218,896	\$215,176	

*average portfolio maturity

Concentrations

As of the measurement date, the following are investments (other than U. S. government and U. S. government guaranteed obligations) in any one organization, that represents 5% or more of the Pension Plan's fiduciary net position. $\$10,777,432 \times 0.05 = \$538,872$

Principal Financial Group	\$10,505,997
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Interest rate risk for investments is the risk that a change in interest rates will adversely affect the fair value of an investment. The Plan has no formal policy for interest rate risk.

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

B. Investments (Cont'd)

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the timing and amount of cash flows. This return is calculated net of investment expenses.

The annual money-weighted rate of return on plan investments for the measurement period is (0.53)%.

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

There are no long-term contracts for contributions.

C. Net Pension Liability

The components of the net pension liability at December 31, 2015 were as follows:

	<u>PPP</u>	<u>NPPP</u>
Total Pension Liability	\$6,026,831	\$2,012,801
Plan Fiduciary Net Position	<u>5,403,059</u>	<u>1,749,843</u>
Net Pension Liability	<u>\$ 623,772</u>	<u>\$ 262,958</u>

Plan fiduciary net position as a percentage of the total pension liability is 89.7% for the Police Pension Plan and 86.9% for the Non-Police Pension Plan.

Police Pension Plan

Changes in the Borough's net pension liability for the year ended December 31, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2015	\$6,188,441	\$5,444,831	\$ 743,610
Changes for the year:			
Service Cost	171,023	-	171,023
Interest	429,168	-	429,168

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

C. Net Pension Liability (Cont'd)

Police Pension Plan (Cont'd)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes for the year: (Cont'd)			
Changes in Assumptions	\$ (346,694)	\$ -	\$ (346,694)
Differences between Expected and Actual Experience	(170,385)	-	(170,385)
Benefit Payments and Refunds of Employee Contributions	(244,722)	(244,722)	-
Contributions - Employer, including State Aid	-	279,131	(279,131)
Contributions - Member	-	70,451	(70,451)
Administrative Expense	-	(58,089)	58,089
Net Investment Income	-	(88,543)	88,543
Net Changes	<u>(161,610)</u>	<u>(41,772)</u>	<u>(119,838)</u>
Balances at December 31, 2015	<u>\$6,026,831</u>	<u>\$5,403,059</u>	<u>\$ 623,772</u>

Sensitivity of the net pension liability to changes in the discount rate: The following shows the effect of a 1.0% change in the discount rate on the net pension liability:

	1% Decrease <u>6.5%</u>	Current Rate <u>7.5%</u>	1% Increase <u>8.5%</u>
Net Pension Liability	<u>\$1,390,626</u>	<u>\$623,772</u>	<u>\$(15,667)</u>

Non-Police Pension Plan

Changes in the Borough's net pension liability for the year ended December 31, 2015 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at January 1, 2015	\$2,068,057	\$1,787,577	\$ 280,480

**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

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

C. Net Pension Liability (Cont'd)

Non-Police Pension Plan (Cont'd)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Changes for the year:			
Service Cost	\$ 55,018	\$ -	\$ 55,018
Interest	135,141	-	135,141
Differences between Expected and Actual Experience	(141,315)	-	(141,315)
Benefit Payments and Refunds of Employee Contributions	(104,100)	(104,100)	-
Contributions - Employer, including State Aid	-	97,953	(97,953)
Contributions - Member	-	29,898	(29,898)
Administrative Expense	-	(33,153)	33,153
Net Investment Income	<u>-</u>	<u>(28,332)</u>	<u>28,332</u>
Net Changes	<u>(55,256)</u>	<u>(37,734)</u>	<u>(17,522)</u>
Balances at December 31, 2015	<u>\$2,012,801</u>	<u>\$1,749,843</u>	<u>\$ 262,958</u>

Sensitivity of the net pension liability to changes in the discount rate: The following shows the effect of a 1.0% change in the discount rate on the net pension liability:

	1% Decrease <u>6.0%</u>	Current Rate <u>7.0%</u>	1% Increase <u>8.0%</u>
Net Pension Liability	<u>\$341,703</u>	<u>\$262,958</u>	<u>\$240,519</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended December 31, 2015, the Borough recognized pension expense of \$298,628. At December 31, 2015, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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

C. Net Pension Liability (Cont'd)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$574,809
Net difference between projected and actual earnings on Plan investments	<u>515,905</u>	<u>-</u>
Totals	<u>\$515,905</u>	<u>\$574,809</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended, December 31,	<u>PPP</u>	<u>NPPP</u>
2016	\$ 31,535	\$ 13,856
2017	31,535	13,856
2018	31,535	13,856
2019	31,537	13,856
2020	(67,153)	(16,432)
Thereafter	<u>(114,161)</u>	<u>(42,723)</u>
	<u>\$ (55,172)</u>	<u>\$ (3,731)</u>

At December 31, 2015, the Borough did not have payables for the outstanding amounts of contributions due to the Police Pension Plan nor the Non-Police Pension Plan for the year.

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

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

Note 10 - Post-Employment Healthcare Plan

A. Plan Description (Cont'd)

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

Police

Eligibility - Police officers retiring on pension whether due to normal retirement (except those hired on or after January 1, 2012 are not eligible for post-retirement healthcare benefits unless they retire after age 60 and 25 years of service which may include 5 years of DROP participation) or service-related disability retirement.

Normal Retirement Eligibility - Age 55 and completion of 25 years of service.

Service-Related Disability Retirement Eligibility - Total and complete disablement that occurs in the line of duty.

Coverage - Eligible retired police officer, spouse and dependents.

Benefits - The Borough shall pay ½ the cost of health insurance premiums including medical, dental and vision for the retiree and his/her family until the earlier of the death of the retiree or the retiree's Medicare eligibility.

Retiree Contributions - Contribution amounts differ depending on the date of retirement. If a police officer retires after December 31, 1999, the retiree must pay 50% of the premium at the coverage level selected. One current retiree, retiring under a settlement agreement, does not contribute.

Medical Plans Available - UPMC PPO \$1,250, \$20/\$20 Plan for 2015, PPO HSA \$2,500/\$5,000 through the Pennsylvania Municipal Health Insurance Cooperative for 2016.

Life Insurance - The Borough shall provide a term life insurance policy in the amount of \$15,000 for each officer.

Non-Police

Eligibility - Retiring on pension whether due to early, normal or disability retirement.

Normal Retirement Eligibility - Attainment of age 62 for public works department employees, age 65 for all others.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2015**

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

B. Funding Policy (Cont'd)

Non-Police (Cont'd)

Early Retirement Eligibility - Attainment of age 55 after completing 25 years of service for public works department employees, age 62 for all others.

Disability Retirement Eligibility - Total and permanent disablement and qualification for social security disability benefits.

Life Insurance - The Borough shall provide a term life insurance policy in the amount of \$10,000 for each retiree.

For the year ended December 31, 2015, the Borough contributed \$31,525. 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	\$ 76,874
Interest on Net OPEB Obligation	8,712
Adjustment to Annual Required Contribution	<u>(11,886)</u>
Annual OPEB Cost (Expense)	73,700
Contributions Made	<u>(33,150)</u>
Increase in OPEB Obligation	40,550
Net OPEB Obligation - Beginning of Year	<u>193,604</u>
Net OPEB Obligation - End of Year	<u>\$234,154</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

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, 2015, 2014 and 2013, is as follows.

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$73,700	45.0%	\$234,154
12/31/14	37,467	53.9%	193,604
12/31/13	37,851	38.0%	176,335

D. Funded Status and Funding Progress

As of January 1, 2015, the actuarial accrued liability for benefits was \$727,072, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,330,937 and the ratio of unfunded actuarial accrued liability to the covered payroll was 48.2%.

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, 2015

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

E. Actuarial Methods and Assumptions (Cont'd)

In the January 1, 2015 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 10.5%, decreasing to 9.75% the next year, and reducing by 0.5% thereafter and a 3.0% 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 \$4,666 to the Borough. The Library paid \$4,666 to the general fund in 2015 under this agreement. There is no remaining balance due from this agreement as of December 31, 2015.

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, 2017. The rental payments remaining under this lease are as follows:

January 1, 2016 to June 30, 2016	\$28,050
July 1, 2016 to June 30, 2017	<u>57,222</u>
	<u>\$85,272</u>

For the year ended December 31, 2015, the Borough received \$55,550 from the School District under this lease.

Borough of Brentwood
Notes to Financial Statements
December 31, 2015

Note 14 - Operating Leases - Equipment

The Borough leases various computer and copier equipment. Total lease expense for 2015 was \$14,306. As of December 31, 2015, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2016	\$11,286
2017	<u>7,233</u>
	<u>\$18,519</u>

Note 15 - Construction Commitment

The Borough has a construction commitment with various contractors in the amount of \$651,404 as of December 31, 2015. The majority of the construction commitment was for sewer projects and the completion of the stadium/park projects.

Note 16 - 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
2016	\$ 66,666
2017	<u>66,666</u>
	<u>\$133,332</u>

During 2015, \$66,666 was paid to the former police chief.

**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, 2015

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 3,278,000	\$ 3,117,000	\$ 2,996,840	\$ (120,160)
Delinquent	300,000	300,000	318,248	18,248
Regional Asset District Sales Tax	350,000	350,000	370,184	20,184
Real Estate Transfer Taxes	70,000	70,000	87,716	17,716
Earned Income Taxes/Wage Taxes	857,000	857,000	1,097,809	240,809
Local Services Taxes	65,000	65,000	77,473	12,473
Mechanical Device Taxes	<u>43,000</u>	<u>43,000</u>	<u>29,550</u>	<u>(13,450)</u>
Total Taxes	<u>4,963,000</u>	<u>4,802,000</u>	<u>4,977,820</u>	<u>175,820</u>
Licenses and Permits				
Cable Television Franchise	175,000	175,000	192,645	17,645
All Other Licenses and Permits	<u>35,550</u>	<u>35,550</u>	<u>31,210</u>	<u>(4,340)</u>
Total Licenses and Permits	<u>210,550</u>	<u>210,550</u>	<u>223,855</u>	<u>13,305</u>
Fines and Forfeits	<u>106,000</u>	<u>106,000</u>	<u>108,871</u>	<u>2,871</u>
Interest, Rents and Royalties				
Interest Earnings	600	600	427	(173)
Rents and Royalties	<u>63,400</u>	<u>63,400</u>	<u>90,894</u>	<u>27,494</u>
Total Interest, Rents and Royalties	<u>64,000</u>	<u>64,000</u>	<u>91,321</u>	<u>27,321</u>
Intergovernmental				
State				
Public Utility Realty Tax	4,500	4,500	5,398	898
Gen. Muni. Pension System State Aid	160,000	160,000	180,358	20,358
Alcoholic Beverage Taxes	2,000	2,000	2,000	-
Recycling Act 101	150	150	48	(102)
All Other State Shared Rev. & Entitl.	45,300	45,300	48,401	3,101
Local Governmental Units				
All Other Local Gov't. Unit Grants	<u>-</u>	<u>-</u>	<u>2,640</u>	<u>2,640</u>
Total Intergovernmental Revenues	<u>211,950</u>	<u>211,950</u>	<u>238,845</u>	<u>26,895</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (Cont'd)				
Charges for Services				
General Government	\$ 2,000	\$ 2,000	\$ 3,150	\$ 1,150
Public Safety	142,000	142,000	185,632	43,632
Parking/Parking Meters, Permits	65,000	65,000	68,443	3,443
Wastewater/Sewage	-	-	5,745	5,745
Culture - Recreation	<u>65,200</u>	<u>65,200</u>	<u>82,827</u>	<u>17,627</u>
Total Charges for Services	<u>274,200</u>	<u>274,200</u>	<u>345,797</u>	<u>71,597</u>
Miscellaneous Revenue				
Special Assessments	7,500	7,500	13,420	5,920
Contributions and Donations from Private Sources	-	-	1,000	1,000
Other Miscellaneous Revenues	500	500	819	319
Refunds of Prior Year's Expenditures	<u>-</u>	<u>-</u>	<u>26,811</u>	<u>26,811</u>
Total Miscellaneous Revenue	<u>8,000</u>	<u>8,000</u>	<u>42,050</u>	<u>34,050</u>
Total Revenues	<u>5,837,700</u>	<u>5,676,700</u>	<u>6,028,559</u>	<u>351,859</u>
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,100	18,100	17,758	342
Supplies	1,000	1,000	355	645
Other Services & Charges	12,300	12,300	7,649	4,651
Capital Purchase	1,000	1,000	1,294	(294)
Executive				
Personal Services	3,700	3,700	3,660	40
Supplies	300	300	36	264
Other Services & Charges	1,650	1,650	1,668	(18)
Capital Purchase	-	-	321	(321)
Financial Administrative				
Other Services & Charges	10,200	10,200	10,200	-
Tax Collection				
Supplies	1,500	1,500	1,681	(181)
Other Services & Charges	36,500	36,500	52,850	(16,350)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015

	<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	\$ 88,000	\$ 88,000	\$ 152,471	\$ (64,471)
Clerk/Secretary				
Personal Services	322,730	322,730	320,959	1,771
Supplies	12,200	12,200	11,111	1,089
Other Services & Charges	27,300	27,300	30,993	(3,693)
Capital Purchase	500	500	443	57
Personnel Administration				
Other Services & Charges	22,000	22,000	20,000	2,000
Data Processing				
Supplies	700	700	-	700
Other Services & Charges	60,000	60,000	58,875	1,125
Engineer				
Other Services & Charges	10,000	10,000	12,190	(2,190)
General Gov't. Buildings & Plant				
Supplies	5,000	5,000	6,183	(1,183)
Other Services & Charges	61,200	61,200	50,379	10,821
Capital Purchase	<u>3,000</u>	<u>3,000</u>	<u>4,089</u>	<u>(1,089)</u>
Total General Government	<u>698,880</u>	<u>698,880</u>	<u>765,165</u>	<u>(66,285)</u>
Public Safety				
Police				
Personal Services	1,928,055	1,928,055	1,949,912	(21,857)
Supplies	86,750	86,750	46,239	40,511
Other Services & Charges	82,600	82,600	67,026	15,574
Capital Purchase	2,000	2,000	85	1,915
Fire				
Supplies	5,100	5,100	4,939	161
Other Services & Charges	35,950	35,950	34,443	1,507
Contr., Grants & Subs.	135,386	135,386	137,825	(2,439)
Ambulance/Rescue				
Supplies	14,000	14,000	11,060	2,940
Other Services & Charges	3,800	3,800	-	3,800
Contr., Grants & Subs.	50,210	50,210	78,250	(28,040)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015

	<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	\$ 133,550	\$ 133,550	\$ 126,051	\$ 7,499
Supplies	4,700	4,700	3,494	1,206
Other Services & Charges	25,000	25,000	23,494	1,506
Capital Purchase	1,000	1,000	197	803
Emergency Management & Communication				
Personal Services	140,450	140,450	137,532	2,918
Other Public Safety				
Personal Services	<u>116,900</u>	<u>116,900</u>	<u>115,301</u>	<u>1,599</u>
Total Public Safety	<u>2,765,451</u>	<u>2,765,451</u>	<u>2,735,848</u>	<u>29,603</u>
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	15,000	15,000	94,155	(79,155)
Solid Waste Collection and Disposal				
Supplies	5,000	5,000	4,920	80
Capital Purchase	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Sanitation	<u>22,000</u>	<u>22,000</u>	<u>99,075</u>	<u>(77,075)</u>
Public Works - Highways				
General Services - Administration				
Personal Services	938,000	938,000	838,882	99,118
Supplies	76,000	76,000	79,358	(3,358)
Other Services & Charges	36,000	36,000	23,327	12,673
Capital Purchase	3,000	3,000	1,235	1,765
Traffic Control Devices				
Other Services & Charges	9,000	9,000	7,233	1,767
Street Lighting				
Other Services & Charges	<u>2,500</u>	<u>2,500</u>	<u>20,076</u>	<u>(17,576)</u>
Total Highways	<u>1,064,500</u>	<u>1,064,500</u>	<u>970,111</u>	<u>94,389</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015**

	<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	\$ 39,000	\$ 39,000	\$ 34,763	\$ 4,237
Supplies	<u>1,900</u>	<u>1,900</u>	<u>510</u>	<u>1,390</u>
Total Other	<u>40,900</u>	<u>40,900</u>	<u>35,273</u>	<u>5,627</u>
Total Public Works	<u>1,127,400</u>	<u>1,127,400</u>	<u>1,104,459</u>	<u>22,941</u>
Culture - Recreation				
Administration				
Personal Services	56,630	56,630	27,246	29,384
Supplies	3,500	3,500	1,653	1,847
Other Services & Charges	32,580	32,580	12,816	19,764
Contr., Grants & Subs.	7,000	7,000	5,780	1,220
Capital Purchase	6,000	6,000	6,144	(144)
Participant Recreation				
Swimming Pool				
Personal Services	54,300	54,300	26,545	27,755
Supplies	12,500	12,500	26,904	(14,404)
Other Services & Charges	30,300	30,300	78,853	(48,553)
Capital Purchase	3,000	3,000	3,030	(30)
Spectator Recreation				
Supplies	3,000	3,000	774	2,226
Other Services & Charges	20,000	20,000	10,330	9,670
Capital Purchase	1,500	1,500	1,416	84
Parks				
Supplies	4,500	4,500	8,177	(3,677)
Other Services & Charges	22,050	22,050	12,839	9,211
Capital Purchase	5,000	5,000	1,051	3,949
Libraries				
Supplies	3,000	3,000	3,122	(122)
Other Services & Charges	33,700	33,700	27,838	5,862
Contr., Grants & Subs	161,000	-	-	-
Capital Purchase	500	500	584	(84)

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Expenditures (Cont'd)				
Current: (Cont'd)				
Culture - Recreation (Cont'd)				
Other				
Supplies	\$ 3,000	\$ 3,000	\$ -	\$ 3,000
Other Services & Charges	13,000	13,000	23,527	(10,527)
Capital Purchase	<u>1,000</u>	<u>1,000</u>	<u>821</u>	<u>179</u>
Total Culture - Recreation	<u>477,060</u>	<u>316,060</u>	<u>279,450</u>	<u>36,610</u>
Conservation and Development				
Economic Development & Assist.				
Other Services & Charges	35,000	35,000	30,480	4,520
Contributions, Grants & Subs.	9,000	9,000	8,314	686
Capital Purchase	6,000	6,000	4,545	1,455
Other Conservation and Development				
Supplies	100	100	58	42
Other Services & Charges	7,448	7,448	5,425	2,023
Capital Purchase	<u>1,000</u>	<u>1,000</u>	<u>470</u>	<u>530</u>
Total Conservation and Development	<u>58,548</u>	<u>58,548</u>	<u>49,292</u>	<u>9,256</u>
Miscellaneous				
Retirement Fund Contributions	378,000	378,000	377,084	916
Workers Comp. Contributions	205,000	205,000	213,728	(8,728)
Other Group Insurance Benefits	15,000	15,000	-	15,000
Insurance, Casualty & Surety	110,000	110,000	119,484	(9,484)
Other Miscellaneous Expenditures	11,940	11,940	6,716	5,224
Refunds of Prior Year's Revenues	<u>25,000</u>	<u>25,000</u>	<u>19,795</u>	<u>5,205</u>
Total Miscellaneous	<u>744,940</u>	<u>744,940</u>	<u>736,807</u>	<u>8,133</u>
Total Expenditures	<u>5,872,279</u>	<u>5,711,279</u>	<u>5,671,021</u>	<u>40,258</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(34,579)</u>	<u>(34,579)</u>	<u>357,538</u>	<u>392,117</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund - Budget and Actual
Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Transfers In	\$ 542,779	\$ 400,000	\$ 410,000	\$ 10,000
Transfers Out				
Capital Projects Fund	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(900,000)</u>	<u>600,000</u>
Total Other Financing Sources (Uses)	<u>(957,221)</u>	<u>(1,100,000)</u>	<u>(490,000)</u>	<u>610,000</u>
Net Change in Fund Balance	(991,800)	(1,134,579)	(132,462)	1,002,117
Fund Balance - January 1, 2015 (Restated - See Note 2)	<u>1,000,000</u>	<u>1,142,779</u>	<u>1,448,272</u>	<u>305,493</u>
Fund Balance - December 31, 2015	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ 1,315,810</u>	<u>\$ 1,307,610</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund - Budget and Actual
Year Ended December 31, 2015**

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest Rents and Royalties				
Interest Earnings	\$ 1,500	\$ 1,500	\$ 537	\$ (963)
Charges for Services				
Sewage Charges	2,474,000	2,474,000	2,927,739	453,739
Miscellaneous Revenue				
Other Miscellaneous Revenues	<u>13,400</u>	<u>13,400</u>	<u>13,003</u>	<u>(397)</u>
 Total Revenues	 <u>2,488,900</u>	 <u>2,488,900</u>	 <u>2,941,279</u>	 <u>452,379</u>
Expenditures				
Current:				
Public Works - Sanitation				
Other Services and Charges	2,274,507	2,274,507	2,144,819	129,688
Miscellaneous	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total Public Works - Sanitation	<u>2,275,507</u>	<u>2,275,507</u>	<u>2,144,819</u>	<u>130,688</u>
Debt Service:				
Principal	197,200	197,200	193,549	3,651
Interest	<u>18,000</u>	<u>18,000</u>	<u>19,712</u>	<u>(1,712)</u>
Total Debt Service	<u>215,200</u>	<u>215,200</u>	<u>213,261</u>	<u>1,939</u>
 Total Expenditures	 <u>2,490,707</u>	 <u>2,490,707</u>	 <u>2,358,080</u>	 <u>132,627</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,807)</u>	<u>(1,807)</u>	<u>583,199</u>	<u>585,006</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(480,000)</u>	<u>(480,000)</u>	<u>(490,000)</u>	<u>(10,000)</u>
Net Change in Fund Balance	(481,807)	(481,807)	93,199	575,006
Fund Balance - January 1, 2015	<u>2,518,193</u>	<u>2,518,193</u>	<u>3,087,883</u>	<u>569,690</u>
Fund Balance - December 31, 2015	<u>\$2,036,386</u>	<u>\$2,036,386</u>	<u>\$3,181,082</u>	<u>\$1,144,696</u>

Borough of Brentwood
Note to the Required Supplementary Information
Budget Comparison
December 31, 2015

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, 2015**

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

	Police Pension Plan	
	2015	2014
Total Pension Liability		
Service Cost	\$ 171,023	\$ 180,157
Interest	429,168	411,607
Change in Assumption	(346,694)	-
Differences Between Expected and Actual Experience	(170,385)	-
Benefit Payments and Refunds	<u>(192,516)</u>	<u>(305,770)</u>
Net Change in Total Pension Liability	(109,404)	285,994
Total Pension Liability - Beginning	<u>6,136,235</u>	<u>5,850,241</u>
Total Pension Liability - Ending (a)	<u>6,026,831</u>	<u>6,136,235</u>
Plan Fiduciary Net Position		
Contributions - Employer, including State Aid	279,131	218,893
Contributions - Member	70,451	71,843
Net Investment Income	(88,543)	145,773
Benefit Payments, including Contribution Refund	(192,516)	(305,770)
Administrative Expenses	<u>(58,089)</u>	<u>(13,185)</u>
Net Change in Plan Fiduciary Net Position	10,434	117,554
Plan Fiduciary Net Position - Beginning	<u>5,392,625</u>	<u>5,275,071</u>
Plan Fiduciary Net Position - Ending (b)	<u>5,403,059</u>	<u>5,392,625</u>
Borough's Net Pension Liability (a-b)	<u>\$ 623,772</u>	<u>\$ 743,610</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.7%	87.9%
Covered Employee Payroll	<u>\$ 65,820</u>	<u>\$1,330,937</u>
Borough's Net Position as a Percentage of Covered Employee Payroll	947.7%	55.9%

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.

**Borough of Brentwood
Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015**

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

	Non-Police Pension Plan	
	2015	2014
Total Pension Liability		
Service Cost	\$ 55,018	\$ 51,202
Interest	135,141	135,332
Difference Between Expected and Actual Experience	(141,315)	-
Benefit Payments and Refunds	<u>(104,100)</u>	<u>(1,138)</u>
Net Change in Total Pension Liability	(55,256)	185,396
Total Pension Liability - Beginning	<u>2,068,057</u>	<u>1,882,661</u>
Total Pension Liability - Ending (a)	<u>2,012,801</u>	<u>2,068,057</u>
Plan Fiduciary Net Position		
Contributions - Employer, including State Aid	97,953	74,645
Contributions - Member	29,898	29,418
Net Investment Income	(28,332)	44,438
Benefit Payments, including Contribution Refund	(104,100)	(1,138)
Administrative Expenses	(33,153)	(9,954)
Other	<u>-</u>	<u>1,529</u>
Net Change in Plan Fiduciary Net Position	(37,734)	138,938
Plan Fiduciary Net Position - Beginning	<u>1,787,577</u>	<u>1,648,639</u>
Plan Fiduciary Net Position - Ending (b)	<u>1,749,843</u>	<u>1,787,577</u>
Borough's Net Pension Liability (a-b)	<u>\$ 262,958</u>	<u>\$ 280,480</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.9%	86.4%
Covered Employee Payroll	<u>\$ 908,231</u>	<u>\$1,010,456</u>
Borough's Net Position as a Percentage of Covered Employee Payroll	29.0%	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.

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015**

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%
2015	279,131	279,131	-	1,409,011	19.8%

Non-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	\$ 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%
2015	97,953	97,953	-	908,231	10.8%

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.

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015**

3. Schedules of Funding Progress

Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/05	\$3,774,255	\$3,559,559	\$ (214,696)	106.03%	\$ 891,012	N/A
01/01/07	4,176,829	4,024,226	(152,603)	103.79%	1,020,153	N/A
01/01/09	4,258,162	4,288,707	30,545	99.29%	1,112,399	2.75%
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%
01/01/15	5,323,067	5,671,362	348,295	93.86%	1,330,937	26.17%

Non-Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
01/01/05	\$ 914,921	\$ 869,500	\$ (45,421)	105.22%	\$524,592	N/A
01/01/07	977,258	951,777	(25,481)	102.68%	534,616	N/A
01/01/09	928,545	1,161,504	232,959	79.94%	579,172	40.22%
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%
01/01/15	1,787,577	1,926,742	139,165	92.78%	1,010,456	13.78%

4. 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

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015**

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

	<u>Police Pension Plan</u>	<u>Non-Uniformed Pension Plan</u>
Amortization Method	Level Dollar Closed	Level Dollar Closed
Remaining Amortization Period	15 Years	11 years
Asset Valuation Method	4-Year Smoothing	Fair Value
Actuarial Assumptions		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	5.00%	4.50%
Underlying Inflation Rate	3.00%	3.00%

Borough of Brentwood
Notes to the Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015

Police Pension Plan

1. Assumptions and methods used to determine the contribution rates:

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	15 years aggregate
Asset Valuation Method	4-year smoothing
Inflation	3.0%
Salary Increases	5.0% including inflation
Investment Rate of Return	7.0% net of investment expenses not funded through the MMO, and including inflation.
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled members and rates projected to improve with 75% of scale AA.
Retirement Age	Normal retirement age, or attained age if currently eligible to retire.

2. Changes to Benefits:

January 1, 2009 - Survivor benefits under Act 92 added.

January 1, 2011 - Killed in service benefit cancelled. Deferred Retirement Option Plan (DROP) added. Additional survivor benefits added under Act 92.

3. Changes to Assumptions:

January 1, 2009 - Actuarial value of assets changed from market value to a 4-year smoothing method.

January 1, 2011 - Mortality assumption updated to RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment. Rates projected to improve at 75% of scale AA.

January 1, 2015 - Interest rate increased from 7.0% to 7.5%.

Non-Police Pension Plan

1. Assumptions and methods used to determine the contribution rates:

Actuarial Valuation Date	January 1, 2013
Actuarial Cost Method	Entry age normal
Amortization Period	Level dollar, closed

Borough of Brentwood
Notes to the Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2015

Non-Police Pension Plan (Cont'd)

1. Assumptions and methods used to determine the contribution rates: (Cont'd)

Remaining Amortization Method	11 years aggregate
Asset valuation method	Fair value
Inflation	3.0%
Salary Increases	4.5% including inflation
Investment Rate of Return	7.0% net of investment expenses not funded through the MMO, and including inflation.
Mortality	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with rates set forward 5 years for disabled members and rates projected to improve with 75% of scale AA.
Retirement Age	Normal retirement age, or attained age if currently eligible to retire.

2. Changes to Benefits:

None.

3. Changes to Assumptions:

January 1, 2007 - Assumed interest rate increased from 7.0% to 7.5%.

January 1, 2009 - Assumed interest rate decreased from 7.5% to 7.0%.

January 1, 2011 - Mortality updated to RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment. Rates projected to improve with 75% of scale AA. Benefit form assumption updated from 100% elect lump sum to 75% elect lump sum and 25% elect life annuity.

**Borough of Brentwood
Required Supplementary Information
Other Post-Employment Benefits
December 31, 2015**

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
01/01/15	\$ -	\$769,694	\$769,694	0.0%	\$1,510,565	48.2%
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, 2015**

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	<u>\$115</u>	<u>\$164,094</u>	<u>\$5,231</u>	<u>\$169,440</u>
FUND BALANCES				
Restricted	\$115	\$ -	\$5,231	\$ 5,346
Committed	<u>-</u>	<u>164,094</u>	<u>-</u>	<u>164,094</u>
TOTAL FUND BALANCES	<u>\$115</u>	<u>\$164,094</u>	<u>\$5,231</u>	<u>\$169,440</u>

Borough of Brentwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2015

Exhibit B

	<u>Special Revenue Funds</u>			Total Nonmajor Govern- mental Funds
	Highway Aid Fund	Library Fund	Debt Service Fund	
Revenues				
Taxes	\$ -	\$181,627	\$ -	\$181,627
Interest, Rents and Royalties	11	592	7	610
Intergovernmental	208,773	-	-	208,773
Charges for Services	<u>-</u>	<u>189,839</u>	<u>-</u>	<u>189,839</u>
Total Revenues	<u>208,784</u>	<u>372,058</u>	<u>7</u>	<u>580,849</u>
Expenditures				
Current:				
Public Works - Highways	208,773	-	-	208,773
Culture - Recreation	<u>-</u>	<u>370,091</u>	<u>-</u>	<u>370,091</u>
Total Expenditures	<u>208,773</u>	<u>370,091</u>	<u>-</u>	<u>578,864</u>
Net Changes in Fund Balances	11	1,967	7	1,985
Fund Balance - January 1, 2015 (Restated - See Note 2)	<u>104</u>	<u>162,127</u>	<u>5,224</u>	<u>167,455</u>
Fund Balance - December 31, 2015	<u>\$ 115</u>	<u>\$164,094</u>	<u>\$ 5,231</u>	<u>\$169,440</u>

**Borough of Brentwood
Combining Statement of Net Position
Fiduciary Funds
December 31, 2015**

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 164,615	\$ 55,133	\$ 219,748
Investments			
Common Stock	268,621	87,172	355,793
Mutual Funds	4,959,792	1,610,842	6,570,634
Due from Other Funds	<u>10,960</u>	<u>-</u>	<u>10,960</u>
TOTAL ASSETS	<u>5,403,988</u>	<u>1,753,147</u>	<u>7,157,135</u>
LIABILITIES			
Accounts Payable	929	-	929
Due to Other Funds	<u>-</u>	<u>930</u>	<u>930</u>
TOTAL LIABILITIES	<u>929</u>	<u>930</u>	<u>1,859</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$5,403,059</u>	<u>\$1,752,217</u>	<u>\$7,155,276</u>

Borough of Brentwood
Combining Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2015

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 279,131	\$ 97,953	\$ 377,084
Plan Members	<u>72,204</u>	<u>29,898</u>	<u>102,102</u>
Total Contributions	<u>351,335</u>	<u>127,851</u>	<u>479,186</u>
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(333,445)	(108,163)	(441,608)
Interest and Dividends	<u>244,902</u>	<u>79,831</u>	<u>324,733</u>
	<u>(88,543)</u>	<u>(28,332)</u>	<u>(116,875)</u>
Less Investment Expense	<u>34,572</u>	<u>11,439</u>	<u>46,011</u>
Net Investment Income	<u>(123,115)</u>	<u>(39,771)</u>	<u>(162,886)</u>
Total Additions	<u>228,220</u>	<u>88,080</u>	<u>316,300</u>
Deductions			
Benefits	244,722	101,726	346,448
Refunds of Contributions	12,727	-	12,727
Administrative Expenses	<u>23,517</u>	<u>21,714</u>	<u>45,231</u>
Total Deductions	<u>280,966</u>	<u>123,440</u>	<u>404,406</u>
Net Increase (Decrease) in Net Position	(52,746)	(35,360)	(88,106)
Net Position Restricted for Pensions			
Beginning of Year	<u>5,455,805</u>	<u>1,787,577</u>	<u>7,243,382</u>
End of Year	<u>\$5,403,059</u>	<u>\$1,752,217</u>	<u>\$7,155,276</u>

INDIVIDUAL FUND STATEMENTS

**Borough of Brentwood Library
Statement of Revenue, Expenditures and
Changes in Fund Balance
Special Revenue Fund
Year Ended December 31, 2015**

Exhibit E

Revenues	
Real Estate Taxes	\$181,627
Gifts, Memorials and Donations	21,223
House Tour	6,324
Interest Earned	592
Contributions from:	
State Aid	33,751
State Gaming	5,755
Local County Funding - ACLA	101,633
Charges for Services	
Fines	8,312
Sales	12,616
Miscellaneous	<u>225</u>
Total Revenues	<u>372,058</u>
Expenditures	
Salaries and Related Expenses	
Salaries	203,749
Benefits	<u>33,495</u>
Total Salaries and Related Expenses	<u>237,244</u>
Books and Related Materials	
Books	41,736
Programs	17,523
Other Supplies	<u>11,684</u>
Total Books and Related Materials	<u>70,943</u>
Other Services	
Utilities	1,295
Insurance	4,007
Scholarship Expenditures	300
Equipment Maintenance	1,787
Small Equipment Purchases	4,524
Audit Services	1,025
Legal Fees	2,888
Technology	13,672
Administration	6,904

**Borough of Brentwood Library
Statement of Revenue, Expenditures and
Changes in Fund Balance
Special Revenue Fund
Year Ended December 31, 2015**

Exhibit E

Other Services (Cont'd)	
Public Relations	\$ 209
Borough Expenses	20,627
Borough Reimbursement	<u>4,666</u>
Total Other Services	<u>61,904</u>
Total Expenditures	<u>370,091</u>
Net Change in Fund Balance	1,967
Fund Balance - January 1, 2015	<u>162,127</u>
(Restated - See Note 2)	<u>162,127</u>
Fund Balance - December 31, 2015	<u>\$164,094</u>