

**Application of Pennsylvania-American Water Company for Acquisition of
the Wastewater Assets of the Borough of Brentwood**

66 Pa. C.S. § 1329

Application Filing Checklist – Water/Wastewater

Docket No. A-2021-3024058

19. Cost of Service.
- a. Provide a copy of the seller's two most recent audited financial statements.

RESPONSE:

- a. See attached the seller's two most recent audited financial statements (2020 and 2021). Both financial statements are attached as **Appendix A-19-a**.

APPENDIX A-19-A
BOROUGH OF BRENTWOOD AUDITED
FINANCIAL STATEMENTS 2020

**Borough of Brentwood
Financial Statements
December 31, 2020**

**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, 2020, 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.

Members of Council
Borough of Brentwood
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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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Respectfully submitted,



HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
July 15, 2021

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

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, 2020. 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

2020

- Operating general fund revenues totaled \$7,510,869 and operating general fund expenditures totaled \$6,279,911, yielding an operating position ratio of 0.1960.
- General fund liabilities totaled \$836,605 and general fund assets totaled \$4,485,335, yielding a liability to asset ratio of 0.1865.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$3,055,567 (40%); general government operations - \$680,039 (9%); and public works activities of \$1,805,245 (23%). In addition, there was a transfer to capital projects of \$1,360,000 (18%).
- The real estate taxation rate for the general fund was 9.5 mills and 0.5 mills for the library fund. There was no change in the millage rate in 2020 from 2019.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,711,873 which is 46% of the general fund revenues received and earned income taxes of \$1,196,225, or 15% of the general fund revenues received.

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

Current	\$3,493,505
Delinquent	<u>218,368</u>
	<u>\$3,711,873</u>

The Library portion of real estate tax allocation was \$197,000 which represents the full library share of the beginning assessment.

- The general fund was responsible for \$122,198 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes an \$23,375 increase from the 2019 MMO requirement which represents a 24% increase.
- The Borough was awarded by the Government Finance Officers Association the "Distinguished Budget Presentation Award" for the 2020 fiscal year.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

2019

- Operating general fund revenues totaled \$7,769,289 and operating general fund expenditures totaled \$6,143,812, yielding an operating position ratio of 0.2429.
- General fund liabilities totaled \$540,683 and general fund assets totaled \$3,709,292, yielding a liability to asset ratio of 0.1458.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$2,923,463 (38%); general government operations - \$634,241 (8%); and public works activities of \$1,774,572 (23%). In addition, there was a transfer to capital projects of \$1,648,000 (21%).
- The real estate taxation rate for the general fund was 10.0 mills and 0.5 mills for the library fund. There was no change in the millage rate in 2019 from 2018.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,732,706, which is 49% of the general fund revenues received and earned income taxes of \$1,208,630, or 17% of the general fund revenues received.

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

Current	\$3,474,986
Delinquent	<u>257,720</u>
	<u>\$3,732,706</u>

The Library portion of real estate tax allocation was \$197,000 which represents the full library share of the beginning assessment.

- The general fund was responsible for \$98,823 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes an \$18,839 increase from the 2018 MMO requirement which represents a 24% increase.

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 position and the statement of activities. These provide both long-term and short-term information about the Borough's overall financial status.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

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:

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

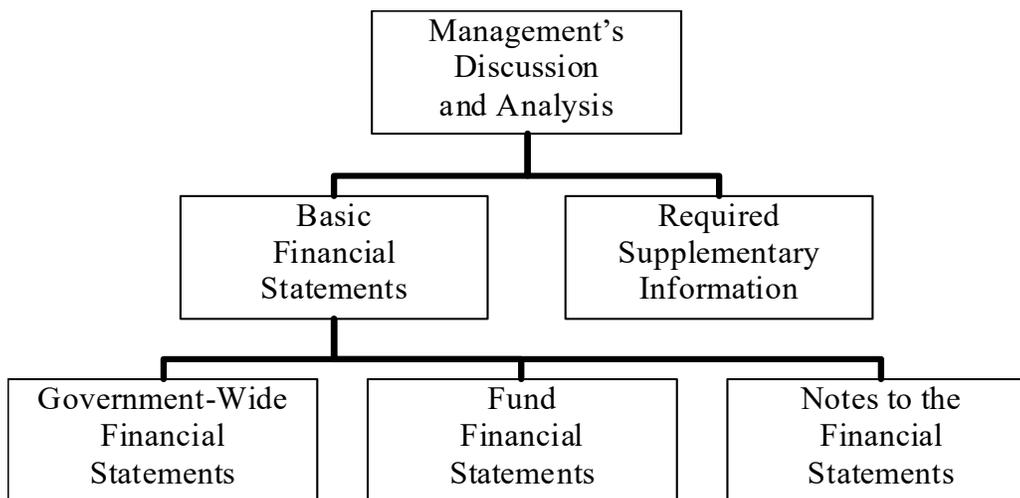


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

Figure A – 2
Major Features of Borough of Brentwood's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Municipal (except fiduciary funds)	The activities of the Borough that are not proprietary or fiduciary.	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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

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 position 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.

The two government-wide statements report the Borough's net position and how it has changed. Net position, the difference between the Borough's assets and liabilities, is one way to measure the Borough's financial health or position.

Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base services provided to its taxpayers.

The government-wide financial statements of the Borough consist of the following:

- **Governmental activities** - All of the Borough's basic services are included here, such as general government, public safety, public works and culture and recreation. Property and other local taxes finance most of these activities.

Fund Financial Statements

The Borough's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the Borough as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the statement of net position 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-uniformed employees. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 7 and changes in net position 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, 2020**

Financial Analysis of the Borough as a Whole

The Borough's total net position was \$9,596,150 at December 31, 2020 and was \$7,726,643 at December 31, 2019.

Table A - 1
Years Ended December 31, 2020 and 2019
Net Position

	Governmental Activities	
	2020	2019
Current and Other Assets	\$ 10,896,992	\$ 15,396,814
Capital Assets	<u>17,954,517</u>	<u>11,676,652</u>
Total Assets	<u>28,851,509</u>	<u>27,073,466</u>
Deferred Outflows of Resources	<u>886,764</u>	<u>952,564</u>
Current and Other Liabilities	2,053,681	1,569,440
Noncurrent Liabilities		
Due Within One Year	516,366	487,104
Due in More Than One Year	<u>15,876,646</u>	<u>16,938,973</u>
Total Liabilities	<u>18,446,693</u>	<u>18,995,517</u>
Deferred Inflows of Resources	<u>1,695,430</u>	<u>1,303,870</u>
Net Position		
Net Investment in Capital Assets	3,491,154	(3,190,034)
Restricted	196,831	190,948
Unrestricted	<u>5,908,165</u>	<u>10,725,729</u>
Total Net Position	<u>\$ 9,596,150</u>	<u>\$ 7,726,643</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, 2020**

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, 2020 and 2019
Change in Net Position

	Governmental Activities	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 5,164,345	\$ 5,221,446
Operating Grants and Contributions	1,832,130	785,930
General Revenues		
Property Taxes	3,959,161	3,928,454
Earned Income Taxes	1,196,225	1,208,630
RAD	451,445	470,893
Other Taxes	228,265	246,865
Investment Earnings	77,684	234,384
Cable TV Franchise	161,736	170,946
Loss on Sale of Capital Assets	-	(4,943)
Miscellaneous Income	97,325	113,006
Total Revenues	<u>13,168,316</u>	<u>12,375,611</u>
Expenses		
General Government	844,681	928,764
Public Safety	3,389,079	3,486,506
Public Works - Sanitation	3,413,377	3,330,538
Public Works - Highways	2,025,372	1,613,283
Public Works - Other	11,052	352,320
Culture - Recreation	1,205,388	949,830
Interest on Long-Term Debt	409,860	507,135
Total Expenses	<u>11,298,809</u>	<u>11,168,376</u>
Increase in Net Position	1,869,507	1,207,235
Beginning Net Position	<u>7,726,643</u>	<u>6,519,408</u>
(Restated - See Note 2)		
Ending Net Position	<u>\$ 9,596,150</u>	<u>\$ 7,726,643</u>

**Borough of Brentwood
Management’s Discussion and Analysis
December 31, 2020**

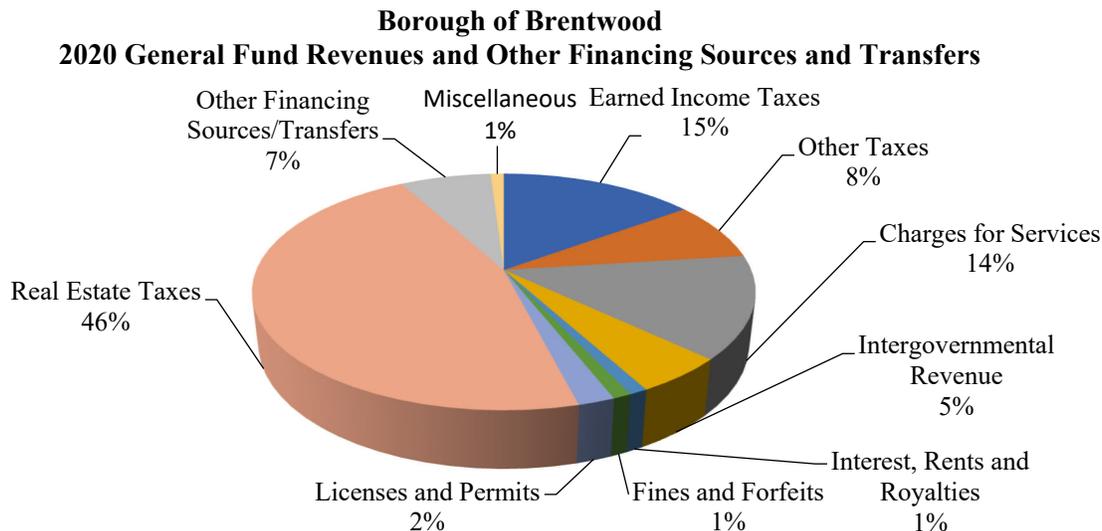
Borough Finances

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 \$8,100,919 and general fund expenditures and other financing uses totaled \$7,671,086.

Major General Fund Revenue Categories

	2020	2019
Taxes	\$ 5,587,808	\$ 5,659,094
License and Permits	178,326	215,625
Fines and Forfeits	103,645	81,943
Interest, Rents and Royalties	94,324	99,951
Intergovernmental	390,560	271,528
Charges for Services	1,122,527	1,251,145
Miscellaneous	33,679	57,003
Other Financing Sources	<u>590,050</u>	<u>549,205</u>
	<u><u>\$ 8,100,919</u></u>	<u><u>\$ 8,185,494</u></u>

The breakout of general fund revenue sources as a percentage of the overall general fund budget is illustrated below.



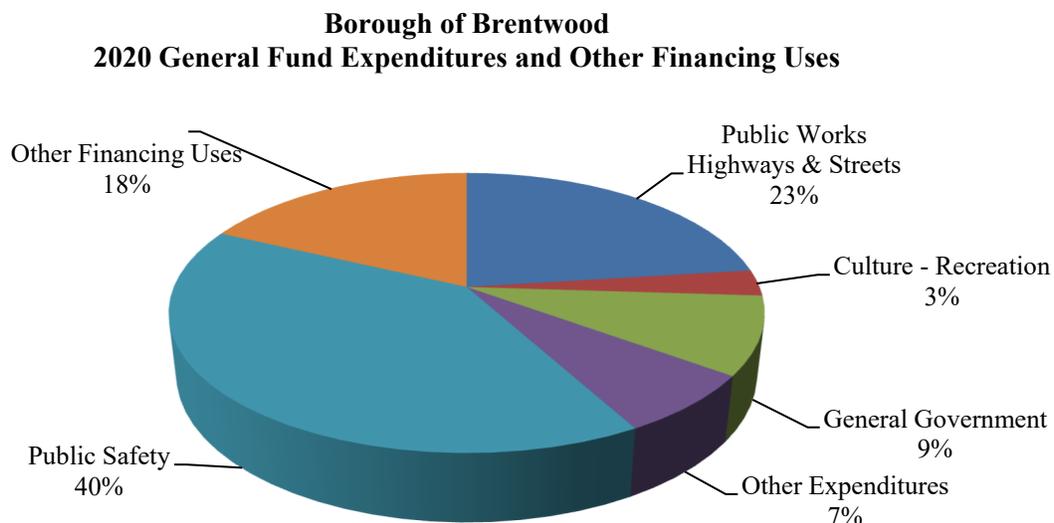
**Borough of Brentwood
Management’s Discussion and Analysis
December 31, 2020**

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

Major General Fund Expenditure Categories

	2020	2019
General Government	\$ 680,039	\$ 634,241
Public Safety	3,055,567	2,923,463
Public Works - Sanitation	689,480	668,649
Public Works - Highways	1,104,713	1,089,337
Public Works - Other	11,052	16,586
Culture - Recreation	197,313	226,501
Conservation and Development	15	4,197
Miscellaneous	541,732	580,838
Other Financing Uses	<u>1,391,175</u>	<u>1,648,000</u>
	<u><u>\$ 7,671,086</u></u>	<u><u>\$ 7,791,812</u></u>

The percentage breakout of general fund expenditure categories in the overall general fund budget is illustrated below.



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 10.0 mills for 2020.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

2020 Highlighted Budget Components

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

2020 Capital Improvement Program

The Borough completed nearly \$5.7 million worth of capital projects in 2020 which included the following:

- **Data Processing (\$20,100)**
The Borough continues to rotate and update workstations in both administration and the police departments as well as upgrade its GIS system.
- **Borough Building (\$32,400)**
In 2019 the Borough created a new 019 Municipal Building Fund to track this project's expenses as well as revenues from future borrowing. However, the demolition of 10-12 Marylea structure, which is partially funded through a \$10,000 Keystone grant, was budgeted as a capital expenditure and not part of the new Borough Building construction.
- **Police Department (\$136,000)**
The Borough purchased body cameras, ALPR Cameras for Townsquare Way and a new Police Cruiser.
- **Public Works (\$56,000)**
The Borough initiated its Sign Management Program in 2017. This program is per the Federal Mandate that all signage throughout the Borough meet new MUTCD regulatory requirements. In addition, the Borough purchased a new Chipper that was paid in part through a DEP Grant.
- **Traffic Control Devices (\$22,200)**
The Borough authorized an intersection safety audit that was prepared by the Gateway Engineers for a number of intersections along Brownsville Road. The results of this study lead the Borough's DPW to make the recommended repairs to these intersections that included new signage, piano style crosswalks, and limited parking spaces to provide better sight distances.
- **Sidewalk Cost Sharing Project (\$60,000)**
In the sixth year of this highly popular program, the Borough was able to make \$60,000 worth of repairs to the Borough sidewalks. This amount was offset by the participating resident's share in an amount equal to approximately \$40,000.
- **2020 STRMP (\$450,000)**
Year 6 of the Borough's continuous 5-Year Street Rehabilitation and Maintenance Plan resulted in the paving of seven (7) streets. In addition, the Borough was able to make over \$30,000 worth of curb repairs. The DPW continued to evaluate and cracks seal recently paved streets with the DPW's new crack sealer.
- **Brownsville Road Central Business District Streetscape Project (\$340,000)**
Partially funded through a grant from the PA DCED, the Borough began making substantial improvements to its Central Business District. These included demolition of existing sidewalks, removal of trees, and installation of new sidewalks, trees, crosswalks, and painting of the decorative lamp posts.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

- Stormwater Management (\$54,000)
CCTVing of the Borough's Stormwater system continued in 2020. In addition, over \$54,000 of repairs to the Stormwater system and catch basins were achieved. The Borough will continue to take a proactive approach in maintaining its stormwater infrastructure.
- Pool (\$3,525,000)
The highly anticipated Pool Renovations Project was awarded and commenced in 2020. This project will continue in 2021 with a completion date of May 2021.
- Civic Center (\$12,300)
The Borough initiated the process with much needed upgrades to the Civic Center. In 2020, HHSDR Architects were awarded a work authorization to prepare some design conceptual renderings and associated cost estimates.
- Park (\$16,000)
The awarded a work authorization to Civil & Environmental Consultants associated with the preparation of a Park Master Landscaping Plan. In addition, the Borough had a new flagpole installed and purchased new industrial shelving for the DPW facility to store park equipment and supplied.
- Library (\$95,000)
Through the receipt of a Keystone Grant the Borough initiated the replacement of the roof of the Library with a steel roof. This project will be completed in 2021.
- Debt Service (\$892,500)
Past capital projects and purchases that were funded through borrowing included the 2009 Energy Equipment, a 2015 lease on the existing Borough Buildings HVAC equipment, a 2016 lease for a DPW Truck, and 2018 and 2019 Bond payments.

Park Fund

The Borough of Brentwood owns, maintains, and operates the Brentwood Stadium. This stadium is used by the Brentwood School District for all of their related sports and school activities. To ensure the proper maintenance of this facility, the following projects and purchases are budgeted for 2020.

- Laser Grading of Ballfields (\$10,000)
This is associated with Ballfield No. 4 that is used by the High School.
- Scoreboards Fields #3 and #4 (\$15,000)
Only Field #3 has an outdated wooden, manual scoreboard. The Borough purchased and installed two new electronic scoreboards that will be utilized for such high school games.
- Ballfield Groomer (\$8,000)
In order to properly maintain and prepare these fields for high school play, an infield groomer was purchased.
- Portable Backstop (\$10,000)
To account for the high use of all of the Borough's ballfields, the Borough purchased a portable backstop that will be used on the stadium synthetic turf field for those organizations that may not have the ability to utilize one of the ballfields.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2020**

Borough Building Fund

The Borough's highly anticipated project of the decade will be the completion of the long awaited, much studied, new Municipal Complex Project.

- Construction and related costs (\$5,011,000)

These costs include engineering fees, legal fees, construction costs, security/tv, and furniture related expenses. It is expected that this project will be completed in 2021.

Highway Aid Fund

Due to the Borough's carefully managed road salt expenditures the Borough has the balance in the Highway Aid Fund for other permissible expenses.

- DPW Vehicle (\$76,000)

This included the purchase of a new Excavator that will be used to replace and/or repair the many stormwater catch basins throughout the Borough rather than contract out this service at an inflated price.

New Additions and Promotions to the Borough Family

While other communities were laying off employees due to the COVID-19 pandemic, the Borough welcomed one (1) new fulltime employee to the Borough. Officer Ian Malone was hired as the newest member to Brentwood's Police Department. This brings the total number of police officers to fourteen (14).

Consent Decree Order

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

- Lining and repairs of sewer lines
- Closed Circuit Television (CCTV) Inspection of the sewer lines
- Inlet Testing
- Manhole Inspections
- Mapping of the sewer system

With the vast network of sewer pipes and manholes, this is a costly undertaking which is totally financed with the sewage user fees. In 2020 nearly \$1,000,000 is budgeted on these projects.

Contacts for Borough Financial Management Information

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

If you have any questions about this report or need additional information, please contact George Zboyovsky, Borough Manager, Borough of Brentwood, 3735 Brownsville Road, Pittsburgh, Pennsylvania 15227.

**Borough of Brentwood
Statement of Net Position
December 31, 2020**

Appendix A-19-a

Exhibit 1

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 7,887,379
Taxes Receivable, Net	777,059
Due From Other Governments	829,606
Other Receivables	1,287,279
Prepaid Items	115,669
Noncurrent Assets	
Land	515,992
Land Improvements, Net	4,745,506
Building & Building Improvements	2,840,315
Furniture & Equipment	727,274
Construction in Progress	9,125,430
TOTAL ASSETS	28,851,509
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	118,569
Amounts Related to OPEB	160,767
Amounts Related to Pension	607,428
TOTAL DEFERRED OUTFLOWS OF RESOURCES	886,764
LIABILITIES	
Current Liabilities	
Internal Balances	10,030
Accounts Payable	1,346,447
Contracts Payable	122,423
Accrued Interest Payable	154,148
Accrued Salaries and Benefits	163,246
Payroll Deductions and Withholdings	10,529
Unearned Revenues	87,040
Other Current Liabilities	159,818
Current Portion of Long-Term Debt	516,366
Noncurrent Liabilities	
Notes Payable	50,780
Capital Leases	60,385
Bonds Payable	13,964,401
Other Post-Employment Benefit Obligations	1,340,159
Long-Term Portion of Compensated Absences	286,746
Net Pension Liability	174,175
TOTAL LIABILITIES	18,446,693
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	285,316
Amounts Related to Pension	1,410,114
TOTAL DEFERRED INFLOWS OF RESOURCES	1,695,430
NET POSITION	
Net Investment in Capital Assets	3,491,154
Restricted	196,831
Unrestricted	5,908,165
TOTAL NET POSITION	\$ 9,596,150

See Accompanying Notes

**Borough of Brentwood
Statement of Activities
Year Ended December 31, 2020**

Appendix A-19-a

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	\$ 844,681	\$ 4,201	\$ 11,398	\$ (829,082)
Public Safety	3,389,079	272,232	390,357	(2,726,490)
Public Works - Sanitation	3,413,377	4,790,338	145,845	1,522,806
Public Works - Highways	2,025,372	30,081	266,890	(1,728,401)
Public Works - Other	11,052	45,262	-	34,210
Culture & Recreation	1,205,388	22,231	1,017,640	(165,517)
Interest on Long-Term Debt	409,860	-	-	(409,860)
Total Governmental Activities	<u>\$ 11,298,809</u>	<u>\$ 5,164,345</u>	<u>\$ 1,832,130</u>	<u>(4,302,334)</u>
General Revenues				
Taxes				
Property Taxes Levied for General Purposes, Net				3,959,161
Earned Income Taxes				1,196,225
Regional Asset District - Sales Tax				451,445
Other Taxes Levied for General Purposes, Net				228,265
Investment Earnings				77,684
Miscellaneous Income				97,325
Cable TV Franchise				161,736
Total General Revenues				<u>6,171,841</u>
Change in Net Position				1,869,507
Net Position - January 1, 2020 (Restated - See Note 2)				<u>7,726,643</u>
Net Position - December 31, 2020				<u>\$ 9,596,150</u>

See Accompanying Notes

Appendix A-19-a

Borough of Brentwood Balance Sheet Governmental Funds December 31, 2020

Exhibit 3

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,204,952	\$ 3,399,537	\$ 757,997	\$ 524,893	\$ 7,887,379
Taxes Receivable, Net	777,059	-	-	-	777,059
Due from Other Funds	138,611	344,978	345,081	650	829,320
Due from Other Governments	25,156	-	804,450	-	829,606
Other Receivables	268,775	1,018,504	-	-	1,287,279
Prepaid Items	70,782	44,887	-	-	115,669
	<u>3,204,952</u>	<u>3,399,537</u>	<u>757,997</u>	<u>524,893</u>	<u>7,887,379</u>
TOTAL ASSETS	<u>\$ 4,485,335</u>	<u>\$ 4,807,906</u>	<u>\$ 1,907,528</u>	<u>\$ 525,543</u>	<u>\$ 11,726,312</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 355,658	\$ -	\$ 470,518	\$ 13,174	\$ 839,350
Accounts Payable	130,164	599,935	557,356	58,992	1,346,447
Contracts Payable	-	11,034	111,389	-	122,423
Accrued Salaries and Benefits	163,246	-	-	-	163,246
Payroll Deductions and Withholdings	10,529	-	-	-	10,529
Unearned Revenues	17,190	69,850	-	-	87,040
Other Current Liabilities	159,818	-	-	-	159,818
	<u>355,658</u>	<u>599,935</u>	<u>470,518</u>	<u>13,174</u>	<u>839,350</u>
Total Liabilities	<u>836,605</u>	<u>680,819</u>	<u>1,139,263</u>	<u>72,166</u>	<u>2,728,853</u>
Deferred Inflows of Resources					
Unavailable Revenues - Property Taxes	353,955	-	-	-	353,955
	<u>353,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,955</u>
Fund Balances					
Nonspendable	70,782	44,887	-	-	115,669
Restricted	-	-	-	196,831	196,831
Committed	-	4,082,200	768,265	256,546	5,107,011
Unassigned	3,223,993	-	-	-	3,223,993
	<u>70,782</u>	<u>44,887</u>	<u>-</u>	<u>196,831</u>	<u>115,669</u>
Total Fund Balances	<u>3,294,775</u>	<u>4,127,087</u>	<u>768,265</u>	<u>453,377</u>	<u>8,643,504</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 4,485,335</u>	<u>\$ 4,807,906</u>	<u>\$ 1,907,528</u>	<u>\$ 525,543</u>	<u>\$ 11,726,312</u>

See Accompanying Notes

**Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2020**

Exhibit 4

Total Fund Balances - Governmental Funds	\$		8,643,504
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$25,137,327, and the accumulated depreciation is \$7,182,810.</p>			17,954,517
<p>Property taxes receivable will be collected in the next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds.</p>			353,955
<p>Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.</p>			(205,832)
<p>Long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>			
Bonds Payable	\$	(14,095,000)	
Notes Payable		(74,034)	
Capital Leases Payable		(88,497)	
Accrued Interest on the Bonds		(154,148)	
Other Post-Employment Benefits Payable		(1,340,159)	
Compensated Absences		(296,746)	(16,048,584)
<p>Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.</p>			(174,175)
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>			
Deferred Outflows of Resources Related to Pensions		607,428	
Deferred Inflows of Resources Related to Pensions		(1,410,114)	
Deferred Outflows of Resources Related to OPEB		160,767	
Deferred Inflows of Resources Related to OPEB		(285,316)	(927,235)
Total Net Position - Governmental Activities	\$		9,596,150

See Accompanying Notes

Appendix A-19-a

Borough of Brentwood Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2020

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$ 5,587,808	\$ -	\$ -	\$ 197,000	\$ 5,784,808
Licenses and Permits	178,326	-	-	-	178,326
Fines and Forfeits	103,645	-	-	-	103,645
Interest, Rents and Royalties	94,324	40,791	29,723	887	165,725
Intergovernmental	390,560	145,845	814,450	490,559	1,841,414
Charges for Services	1,122,527	3,885,852	30,081	5,650	5,044,110
Miscellaneous	33,679	3,300	-	15,938	52,917
Total Revenues	<u>7,510,869</u>	<u>4,075,788</u>	<u>874,254</u>	<u>710,034</u>	<u>13,170,945</u>
Expenditures					
Current:					
General Government	680,039	-	3,798,063	-	4,478,102
Public Safety	3,055,567	-	108,844	-	3,164,411
Public Works - Sanitation	689,480	2,690,695	33,202	-	3,413,377
Public Works - Highway	1,104,713	-	775,554	272,980	2,153,247
Public Works - Other	11,052	-	-	-	11,052
Culture - Recreation	197,313	-	2,945,443	380,183	3,522,939
Conservation and Development	15	-	-	-	15
Miscellaneous	541,732	-	107,287	-	649,019
Debt Service:					
Principal	-	22,573	374,530	-	397,103
Interest	-	2,563	427,517	-	430,080
Total Expenditures	<u>6,279,911</u>	<u>2,715,831</u>	<u>8,570,440</u>	<u>653,163</u>	<u>18,219,345</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,230,958</u>	<u>1,359,957</u>	<u>(7,696,186)</u>	<u>56,871</u>	<u>(5,048,400)</u>
Other Financing Sources (Uses)					
Transfers In	590,000	-	2,142,694	1,175	2,733,869
Sale/Compensation for Fixed Assets	50	-	-	-	50
Transfers Out	(1,391,175)	(1,342,694)	-	-	(2,733,869)
Total Other Financing Sources (Uses)	<u>(801,125)</u>	<u>(1,342,694)</u>	<u>2,142,694</u>	<u>1,175</u>	<u>50</u>
Net Changes in Fund Balances	429,833	17,263	(5,553,492)	58,046	(5,048,350)
Fund Balances - January 1, 2020	<u>2,864,942</u>	<u>4,109,824</u>	<u>6,321,757</u>	<u>395,331</u>	<u>13,691,854</u>
Fund Balances - December 31, 2020	<u>\$ 3,294,775</u>	<u>\$ 4,127,087</u>	<u>\$ 768,265</u>	<u>\$ 453,377</u>	<u>\$ 8,643,504</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, 2020**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds \$ (5,048,350)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation Expense	\$ (587,793)	
Capital Outlays	<u>6,865,658</u>	6,277,865

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 increased by this amount this year. 50,288

Repayment of bond and capital lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 397,103

In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (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 actually paid).

Compensated Absences	(95,022)	
Other Post-Employment Benefits	<u>(66,667)</u>	(161,689)

**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, 2020**

Exhibit 6

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		13,999
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Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and, in the government-wide statements, are recognized based on the annual pension cost.

334,071

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

Bond Premium	14,690		
Amortization of Issuance Costs	(8,470)		6,220

Change in Net Position of Governmental Activities		\$ 1,869,507
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See Accompanying Notes

**Borough of Brentwood
Statement of Net Position
Fiduciary Funds
December 31, 2020**

Exhibit 7

	Pension Trust Funds
ASSETS	
Cash and Cash Equivalents	\$ 215,231
Investments	
U.S. Government & Agency Securities	1,958,717
Municipal Debt	32,844
Corporate Debt	1,265,747
Mutual Funds	2,607,988
Equities	3,990,806
Accrued Income	19,667
Due from Other Funds	<u>10,960</u>
TOTAL ASSETS	<u>10,101,960</u>
LIABILITIES	
Due to Other Funds	<u>930</u>
NET POSITION	
Net Position Restricted for Pensions	<u>10,101,030</u>
TOTAL LIABILITES AND NET POSITION	<u><u>\$ 10,101,960</u></u>

See Accompanying Notes

**Borough of Brentwood
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2020**

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 333,923
Plan Members	121,764
Other	<u>1,465</u>
Total Contributions	<u>457,152</u>
Investment Income	
Net Appreciation in Fair Value of Investments	1,035,102
Interest and Dividends	<u>203,490</u>
Less: Investment Expense	<u>(66,615)</u>
Net Investment Income	<u>1,171,977</u>
Total Additions	<u>1,629,129</u>
Deductions	
Benefits	320,181
Administrative Expenses	<u>5,334</u>
Total Deductions	<u>325,515</u>
Change in Net Position	1,303,614
Beginning of Year	<u>8,797,416</u>
End of Year	<u><u>\$ 10,101,030</u></u>

See Accompanying Notes

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

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.

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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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 Borough also reports as nonmajor governmental funds the following:

The *highway aid fund*, a special revenue fund, accounts for the liquid fuels and relating expenditures.

The *library fund*, a special revenue fund, accounts for the library portion of real estate taxes and related services to the community.

The *asset forfeiture fund*, a special revenue fund, accounts for law enforcement proceeds from the state to be used exclusively for police-related activities.

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 type:

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.

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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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 they are 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 they are 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.

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:

- 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".

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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, 2020.

H. Prepaid Expenses

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

I. Capital Assets

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

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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 discounts 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 discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing sources (uses).

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 two items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is in the government-wide statement of net position and is related to the Borough's defined benefit pension plans.

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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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

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

N. Governmental Fund Balances

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

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

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 nonspendable, restricted, committed and assigned fund balances as of December 31, 2020, were as follows:

1. The nonspendable fund balances in the governmental funds were as follows:

a. General Fund	\$ 70,782
b. Sewer Fund	<u>44,887</u>
	<u>\$ 115,669</u>

2. The fund balance in the amount of \$185,697 in governmental funds is restricted for highway maintenance and \$11,134 restricted is for public safety.

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

a. Sewer fund expenditures	\$ 4,082,200
b. Capital projects	768,265
c. Library expenditures	<u>256,546</u>
	<u>\$5,107,011</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

P. Use of Restricted Resources

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

Q. Interfund Activity

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

Note 2 - Restatement of Beginning Net Position

The Borough of Brentwood issued General Obligation Bonds Series of 2019 on December 3, 2019 in the amount of \$7,585,000 to refund General Obligation Bonds Series of 2012 and Series of 2015 in the amounts of \$2,070,000 and \$5,320,000, respectively. Beginning net position of the governmental activities in the government-wide statement was restated as of January 1, 2020. The Borough restated the governmental activities net position as of January 1, 2020 to properly report bonds payable and deferred charge on refunding. The result of the restatement is summarized as follows.

	Governmental Activities
Net Position, January 1, 2020 (Previously Reported)	\$ 7,890,499
Adjustment to properly state bonds payable and deferred charges on refunding as a result of issuance of General Obligation Bonds Series of 2019 to refund General Obligation Bonds Series of 2012 and Series of 2015.	<u>(163,856)</u>
Restated Net Position, January 1, 2020	<u><u>\$ 7,726,643</u></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, 2020**

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 value are reported at estimated fair value. The investments in fixed income do not have a readily trading market value and the estimated market value approximates the original cost of the investments. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2020, \$6,823,447 of the Borough's bank balance of \$7,807,708 was exposed to custodial credit risk as follows:

Uninsured and Collateral Held by Pledging Bank's Agent not in the Borough's Name	<u>\$6,823,447</u>
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As of December 31, 2020, the Borough had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
PLGIT	\$ 346,855	N/A
Common Stock	3,990,806	N/A
Mutual Funds	2,607,988	N/A
Corporate Bonds	1,265,747	9.08
U.S. Treasuries	927,937	10.34
U.S. Agencies	1,030,780	23.92
Municipal Bonds	<u>32,844</u>	0.12
	<u>\$ 10,202,957</u>	
Portfolio Weighted Average Maturity (Years)		<u>10.87</u>

The Pennsylvania Local Government Investment Trust (PLGIT) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund is offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The fund has the characteristics of open-end mutual funds and are not subject to custodial credit risk classification.

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

PLGIT is governed by elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in PLGIT. PLGIT is audited annually by independent auditors. PLGIT is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. PLGIT measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PLGIT is the same as the value of PLGIT shares. There are no limitations or restrictions on withdrawals.

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.

Credit Quality Distribution of Securities
with Credit Exposure as a Percentage of
Total Investments in Debt Securities

Investment Type	Rating	Percentage of Total Investments
Corporate Bonds	A	3.00%
US Treasury	A	28.49%
US Agencies	A	31.65%
Corporate Bonds	A +	5.28%
Corporate Bonds	A-	3.25%
Corporate Bonds	AA	2.30%
Municipal Bonds	AA	0.50%
Corporate Bonds	AA +	1.82%
Corporate Bonds	AA -	1.60%
Municipal Bonds	AAA	0.51%
Corporate Bonds	BB+	1.40%
Corporate Bonds	BBB-	0.82%
Corporate Bonds	BBB	5.52%
Corporate Bonds	BBB+	13.86%

Investments

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

The Borough has the following recurring fair value measurements as of December 31, 2020:

Investments by Fair Value Level	Totals	Fair Value Measurements		
		Level 1	Level 2	Level 3
Common Stock	\$ 3,990,806	\$ 3,990,806	\$ -	\$ -
Mutual Funds	2,607,988	2,607,988	-	-
Corporate Bonds	1,265,747	1,265,747	-	-
U.S. Treasuries	927,937	927,937	-	-
U.S. Agencies	1,030,780	1,030,780	-	-
Municipal Bonds	32,844	32,844	-	-
Total Investments	\$ 9,856,102	\$ 9,856,102	\$ -	\$ -

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 2020 was 10.0 mills (\$10.00 per \$1,000 assessed valuation). The tax rate is allocated to the general fund at 9.50 mills and the Library at 0.5 mills. The tax calendar for real estate taxes levied for 2020 is as follows:

Tax Levy Date	March 1
2% Discount Period	March 1 – June 30
Face Payment Period	July 1 - August 30
10% Penalty Period	September 1 – February 20
Lien Filing Date	February 21

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 \$353,955 along with other taxes receivable of \$423,104.

Note 5 - Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 01/01/20	Additions	Balance 12/31/20
Governmental Activities			
Capital Assets not Being Depreciated			
Land	\$ 515,992	\$ -	\$ 515,992
Construction in Progress	2,680,865	6,444,565	9,125,430
Total Capital Assets not Being Depreciated	3,196,857	6,444,565	9,641,422

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

	Balance 01/01/20	Additions	Balance 12/31/20
Capital Assets Being Depreciated			
Land and Land Improvements	6,551,018	102,948	6,653,966
Buildings and Building Improvements	5,702,710	-	5,702,710
Furniture and Equipment	<u>2,821,084</u>	<u>318,145</u>	<u>3,139,229</u>
Total Capital Assets Being Depreciated	<u>15,074,812</u>	<u>421,093</u>	<u>15,495,905</u>
Less Accumulated Depreciation			
Land and Land Improvements	1,593,234	315,226	1,908,460
Buildings and Building Improvements	2,728,830	133,565	2,862,395
Furniture and Equipment	<u>2,272,953</u>	<u>139,002</u>	<u>2,411,955</u>
Total Accumulated Depreciation	<u>6,595,017</u>	<u>587,793</u>	<u>7,182,810</u>
Total Capital Assets Being Depreciated, Net	<u>8,479,795</u>	<u>(166,700)</u>	<u>8,313,095</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,676,652</u>	<u>\$ 6,277,865</u>	<u>\$ 17,954,517</u>

January 1, 2020 balances have been reclassified by asset category to reflect proper asset classification.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 42,684
Public Safety	56,743
Public Works	111,346
Culture - Recreation	<u>377,020</u>
Total Depreciation Expense	<u>\$ 587,793</u>

Note 6 - Interfund Balances

Interfund balances at December 31, 2020, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 138,611	\$ 355,658
Sewer Fund	344,978	-
Capital Projects Fund	345,081	470,518
Nonmajor Funds	650	13,174
Fiduciary Fund	<u>10,960</u>	<u>930</u>
	<u>\$ 840,280</u>	<u>\$ 840,280</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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

Note 7 - Interfund Transfers

For the year ended December 31, 2020, interfund transfers consisted of the following:

<u>Transfers To</u>	<u>Transfer From</u>		Totals
	General Fund	Sewer Fund	
General Fund	\$ -	\$ 590,000	\$ 590,000
Capital Projects Fund	1,390,000	752,694	2,142,694
Nonmajor Funds	1,175	-	1,175
	<u>\$ 1,391,175</u>	<u>\$ 1,342,694</u>	<u>\$ 2,733,869</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 general fund to the nonmajor funds was to help fund various liquid fuels expenditures in the Borough. The transfer from the sewer fund to the capital projects 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.

Note 8 - Long-Term Liabilities

Long-term liability for the year ended December 31, 2020 was as follows:

	Balance 01/01/20	Additions	Retirements	Balance 12/31/20	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 14,430,000	\$ -	\$ 335,000	\$ 14,095,000	\$ 455,000
Add: Bond Premium	339,091	-	14,690	324,401	-
Total Bonds Payable	<u>14,769,091</u>	<u>-</u>	<u>349,690</u>	<u>14,419,401</u>	<u>455,000</u>
General Obligation Notes	96,607	-	22,573	74,034	23,254
Capital Leases	128,027	-	39,530	88,497	28,112
Compensated Absences	201,724	95,022	-	296,746	10,000
Long-Term Liabilities	<u>\$ 15,195,449</u>	<u>\$ 95,022</u>	<u>\$ 411,793</u>	<u>\$ 14,878,678</u>	<u>\$ 516,366</u>

As of December 31, 2020, the long-term debt arising from loans payable from governmental fund resources, consisted of the following:

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

General Obligation Bonds

Series of 2018, in the amount of \$6,850,000; due in annual principal and semi-annual interest installment due on September 1 and a semi-annual only interest installment due on March 1; interest rates from 1.65% - 3.30% through September 2044. Repayments are made through the capital projects fund. \$ 6,840,000

Series of 2019, in the amount of \$7,585,000; due in annual principal and semi-annual interest installment due on September 1 and a semi-annual only interest installment due on March 1; interest rates from 1.4% - 2.478% through September 2034. Repayments are made through the capital projects fund. 7,255,000

\$ 14,095,000

General Obligation Notes

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 of 1.8%. Repayments are made through the capital projects fund. \$ 74,034

The annual requirements of the Borough funds to amortize all debts outstanding, including interest, as of December 31, 2020, are as follows:

Year Ended December 31,	Governmental Activities				Totals
	General Obligation Bonds		General Obligation Notes		
	Principal	Interest	Principal	Interest	
2021	\$ 455,000	\$ 459,074	\$ 23,254	\$ 1,882	\$ 939,210
2022	465,000	449,974	23,954	1,182	940,110
2023	475,000	440,667	24,675	461	940,803
2024	480,000	431,155	2,151	5	913,311
2025	490,000	421,505	-	-	911,505
2026-2030	2,625,000	1,932,940	-	-	4,557,940
2031-2035	2,955,000	1,602,947	-	-	4,557,947
2036-2040	3,495,000	1,061,675	-	-	4,556,675
2041-2044	2,655,000	257,625	-	-	2,912,625
	<u>\$ 14,095,000</u>	<u>\$ 7,057,562</u>	<u>\$ 74,034</u>	<u>\$ 3,530</u>	<u>\$ 21,230,126</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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
Less: Accumulated Depreciation	<u>(200,001)</u>
	<u><u>\$ 147,830</u></u>

The future minimum lease obligations as of December 31, 2020, are as follows:

Year Ended December 31,	Amount
2021	\$ 32,026
2022	32,026
2023	<u>32,026</u>
Total minimum lease payments	96,078
Less: Amount representing Interest	<u>(7,581)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 88,497</u></u>

Note 9 - Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Borough of Brentwood contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective Plans.

Borough of Brentwood Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough as a member of the police force is eligible to participate in the plan.

Borough of Brentwood 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, 2020**

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>NPPP</u>																
Date Established	December 11, 1954	February 15, 1958																
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances																
Determination of Contribution Requirements	Actuarially Determined	Actuarially Determined																
Employer	\$222,521	\$111,402																
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. Employees, age 65 for all																
Early Retirement	None	Later of age 55 or completion of 25 years of service for Public Works Department Employees, age 62 for all Others																
Vesting	100% after 12 years of service	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Completed Years of Service</u></th> <th style="text-align: center;"><u>Vested Percentage</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0-4</td> <td style="text-align: center;">0%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">50%</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">8</td> <td style="text-align: center;">80%</td> </tr> <tr> <td style="text-align: center;">9</td> <td style="text-align: center;">90%</td> </tr> <tr> <td style="text-align: center;">10 or more</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	<u>Completed Years of Service</u>	<u>Vested Percentage</u>	0-4	0%	5	50%	6	60%	7	70%	8	80%	9	90%	10 or more	100%
<u>Completed Years of Service</u>	<u>Vested Percentage</u>																	
0-4	0%																	
5	50%																	
6	60%																	
7	70%																	
8	80%																	
9	90%																	
10 or more	100%																	
Retirement Benefit	A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$25 for each year of service in excess of 25 years, up to a maximum of \$100	A monthly benefit payable for life, equal to the actuarial equivalent of the sum of all account balances on the date of determination																

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

	<u>PPP</u>	<u>NPPP</u>
Deferred Retirement Option Plan (DROP)		
Eligibility	Attainment of normal retirement eligibility	N/A
Participation	Participant selects effective date of DROP participation and date of DROP termination which must be no more than five years later	N/A
Amount of Benefit	A monthly benefit is calculated in the same manner as 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
Vesting Benefit	Accrued benefit at date of termination is payable monthly starting at normal retirement date	N/A
Member Contributions		
Amount or Rate:	5.0%	N/A
Interest Rate Credited to Member Contributions:	4.0%	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

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2020:

	<u>PPP</u>	<u>NPPP</u>
Active Plan Members	15	18
Retirees and Beneficiaries		
Currently Receiving Benefits	12	2
Terminated Employees Entitled to		
Benefits but Not Yet Receiving Them	<u>1</u>	<u>-</u>
	<u>28</u>	<u>20</u>

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

B. 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 August 15, 2016, the Plan's target asset allocation is as follows:

Asset Class	Target Percentage	Range
Equity	60%	40 % to 70%
Fixed Income	37%	25% to 55%
Cash Equivalents	3%	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>
Corporate Debt	\$ 132,243	AA + -
Corporate Debt	256,483	A + -
Corporate Debt	444,882	BBB +
Corporate Debt	<u>30,375</u>	BB +
Totals	<u>\$ 863,983</u>	

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2020, 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. ($\$7,776,673 \times 5\% = \$388,834$)

iShares Core S&P 500 ETF	\$937,349
iShares Core MSCI EAFE ETF	\$497,793

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 55% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

Investment Maturities (In Years)

Investments	Fair Value	Less Than 1	1-5.99	6-10	More than 10
Corporate Bonds	\$ 863,983	\$ 80,499	\$ 183,855	\$ 293,806	\$ 305,823
U.S. Treasuries	772,559	-	516,645	128,995	126,919
U.S. Agencies	760,283	-	-	71,374	688,909
Total Investments	<u>\$ 2,396,825</u>	<u>\$ 80,499</u>	<u>\$ 700,500</u>	<u>\$ 494,175</u>	<u>\$ 1,121,651</u>

DROP Balance - As of December 31, 2020, there were no DROP balances 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 August 22, 2016, the Plan's target asset allocation is as follows:

Asset Class	Target Percentage	Range
Equity	60%	40 % to 70%
Fixed Income	37%	25% to 55%
Cash Equivalents	3%	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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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>
Municipal Debt	\$ 16,478	AAA
Municipal Debt	16,366	AA
Corporate Debt	65,363	AA +/-
Corporate Debt	94,641	A +/-
Corporate Debt	15,187	BBB +
Corporate Debt	<u>226,573</u>	BB +
Totals	<u>\$ 434,608</u>	

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2020, the Plan had the following 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. ($\$2,325,287 \times 5\% = \$116,264$)

iShares Core MSCI EAFE ETF	\$130,580
iShares Core S&P 500 ETF	\$161,042
iShares MSCI EAFE ETF	\$117,903

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 investment policy for interest rate risk other than the 55% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

Investments	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5.99	6-10	More than 10
Corporate Bonds	\$ 401,764	\$ 40,249	\$ 137,304	\$ 112,493	\$ 111,718
U.S. Treasuries	155,378	-	44,675	59,029	51,674
U.S. Agencies	270,497	-	-	28,549	241,948
Municipal Bonds	<u>32,844</u>	<u>-</u>	<u>32,844</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 860,483</u>	<u>\$ 40,249</u>	<u>\$ 214,823</u>	<u>\$ 200,071</u>	<u>\$ 405,340</u>

C. Net Pension Liability

The components of the net pension liability at December 31, 2020 were as follows:

	PPP	NPPP
Total Pension Liability	\$ 7,852,397	\$ 2,422,808
Plan Fiduciary Net Position	<u>7,776,673</u>	<u>2,324,357</u>
Net Pension Liability (Asset)	<u>\$ 75,724</u>	<u>\$ 98,451</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

Plan fiduciary net position as a percentage of the total pension liability is 99.0% for the Police Pension Plan and 95.9% for the Non-Police Pension Plan.

Police Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 7,449,625	\$ 6,829,140	\$ 620,485
Changes for the Year:			
Service Cost	220,941	-	220,941
Interest	472,736	-	472,736
Contributions - Employer	-	222,521	(222,521)
Contributions - Employee	-	87,250	(87,250)
Net Investment Income	-	978,200	(978,200)
Benefit Payments, including			
Refunds of Employee Contributions	(290,905)	(290,905)	-
Administrative Expense	-	(50,016)	50,016
Adjustments	-	483	(483)
Net Changes	<u>402,772</u>	<u>947,533</u>	<u>(544,761)</u>
Balances at December 31, 2020	<u>\$ 7,852,397</u>	<u>\$ 7,776,673</u>	<u>\$ 75,724</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:

	<u>Police Pension Plan</u>		
	1.00% Decrease	Current Rate	1.00% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	<u>\$ 1,127,220</u>	<u>\$ 75,724</u>	<u>\$ (802,293)</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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

For the year ended December 31, 2020, the Borough recognized pension expense of \$41,284.

At December 31, 2020, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 64,302	\$ 42,723
Change in Assumptions	29,849	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	<u>84,633</u>	<u>272,243</u>
Totals	<u>\$ 178,784</u>	<u>\$ 314,966</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ (51,805)
2022	(32,030)
2023	(67,772)
2024	(8,750)
2025	17,363
Thereafter	<u>6,812</u>
	<u>\$ (136,182)</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

Non-Police Pension Plan

Changes in the Borough's net pension liability for the year ended December 31, 2020 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2019	\$ 2,233,668	\$ 1,968,276	\$ 265,392
Changes for the Year:			
Service Cost	69,637	-	69,637
Interest	148,779	-	148,779
Contributions - Employer	-	111,402	(111,402)
Contributions - Employee	-	34,514	(34,514)
Net Investment Income	-	260,392	(260,392)
Benefit Payments, including			
Refunds of Employee Contributions	(29,276)	(29,276)	-
Administrative Expense	-	(21,933)	21,933
Adjustments	-	982	(982)
Net Changes	<u>189,140</u>	<u>356,081</u>	<u>(166,941)</u>
Balances at December 31, 2020	<u>\$ 2,422,808</u>	<u>\$ 2,324,357</u>	<u>\$ 98,451</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:

	<u>Non-Police Pension Plan</u>		
	1.00% Decrease	Current Rate	1.00% Increase
	6.25%	7.25%	8.25%
Net Pension Liability	<u>\$ 227,484</u>	<u>\$ 98,451</u>	<u>\$ 37,811</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

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

For the year ended December 31, 2020, the Borough recognized pension expense of \$31,794. At December 31, 2020, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 64,302	\$ 42,723
Change in Assumptions	29,849	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	<u>84,633</u>	<u>272,243</u>
Totals	<u>\$ 178,784</u>	<u>\$ 314,966</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2021	\$ (51,805)
2022	(32,030)
2023	(67,772)
2024	(8,750)
2025	17,363
Thereafter	<u>6,812</u>
	<u>\$ (136,182)</u>

At December 31, 2020, 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 - Other Post-Employment Benefit Plan

A. Plan Description

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

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

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 - The retiree must pay 50% of the premium at the coverage level selected.

Medical Plans Available - 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.

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.

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Retired Participants	11
Active Employees	<u>33</u>
	<u>44</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

C. Total OPEB Liability

The Borough's total OPEB liability of \$1,340,159 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

D. Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	3.00%
Healthcare Cost Trend Rates	16.70% for Medical/RX decreasing until reaches 5.00% and continuing at that rate. For dental and vision 3.00%

The discount rate was based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment.

The actuarial assumptions used in the January 1, 2020 valuation were selected using input from the Borough based upon actual experience.

E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2020	\$ 1,398,041
Changes for the year:	
Service Cost	71,417
Interest	39,442
Changes of assumptions or other inputs	181,921
Difference between Expected and Actual Experience	(322,858)
Benefit Payments	<u>(27,804)</u>
Net Changes	<u>(57,882)</u>
Balance at December 31, 2020	<u><u>\$ 1,340,159</u></u>

F. Changes of Assumptions and Other Inputs

- Changed the discount rate from 3.25% to 3.00%
- Medical, dental, and vision trend rates were updated

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

G. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.00%	3.00%	4.00%
Total OPEB Liability	\$ 1,498,970	\$ 1,340,159	\$ 1,198,787

H. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 1,177,014	\$ 1,340,159	\$ 1,534,450

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the Borough recognized OPEB Expense of \$94,471. At December 31, 2020, the Borough reported deferred outflows and deferred inflows of resources related to OPEB from the following Sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 285,316
Change in assumptions	160,767	-
	\$ 160,767	\$ 285,316

**Borough of Brentwood
Notes to Financial Statements
December 31, 2020**

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2021	\$ (16,388)
2022	(16,388)
2023	(16,388)
2024	(16,388)
2025	(16,388)
Thereafter	<u>(42,609)</u>
	<u>\$ (124,549)</u>

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 - 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, 2017 through June 30, 2021. The rental payments remaining under this lease are as follows:

January 1, 2021 to June 30, 2021	\$31,581
----------------------------------	----------

For the year ended December 31, 2020, the Borough recognized \$62,391 from the School District under this lease.

Note 13 - Operating Leases - Equipment

The Borough leases various computer and copier equipment. Total lease expense for 2020 was \$7,868. As of December 31, 2020, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2021	\$ 2,100
2022	<u>1,925</u>
	<u>\$ 4,025</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2020

Note 14 - Construction Commitment

The Borough has a construction commitment with various contractors in the amount of \$1,438,440 as of December 31, 2020. The majority of the construction commitment was for sewer project, new Borough Building and pool renovations.

Note 15 - Risk and Uncertainties

The COVID-19 outbreak in the United States has caused economic uncertainties and business disruption through mandated and voluntary closings. The disruption impacted various aspects of the Borough's operations. However, the ultimate outcome of the pandemic and its effects on the financial position and activities of the Borough cannot be determined at this time. The Borough staff will continue to monitor operating results to mitigate any financial impact that may occur.

Note 16 - Subsequent Events

On December 7, 2020, during the Brentwood Borough Council Meeting, the Borough Council adopted Resolution No. 2020-72; authorizing the execution by Brentwood Borough of an asset purchase agreement between the Borough and purchaser Pennsylvania American Water Company; authorizing the assignment of the Borough's rights and obligations in all relevant agreements to PA American; authorizing and approving all information and cooperation with PA-American; authorizing all actions relating to the execution of the purchase agreement and the assignment of all relevant agreements; authorizing incidental action to be taken by specified officers of the Borough. The purchase price for the acquired assets is \$19,200,000. It is expected that the closing shall occur in late 2021 or early 2022.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 3,797,000	\$ 3,797,000	\$ 3,493,505	\$ (303,495)
Delinquent	300,000	300,000	218,368	(81,632)
Regional Asset District Sales Tax	400,000	400,000	451,445	51,445
Real Estate Transfer Taxes	95,000	95,000	131,535	36,535
Earned Income Taxes/Wage Taxes	1,078,000	1,078,000	1,196,225	118,225
Mechanical Device Taxes	27,000	27,000	2,600	(24,400)
Local Service Taxes	85,000	85,000	94,130	9,130
Total Taxes	5,782,000	5,782,000	5,587,808	(194,192)
Licenses and Permits				
Cable Television Franchise	171,000	171,000	161,736	(9,264)
All Other Licenses and Permits	35,000	35,000	16,590	(18,410)
Total Licenses and Permits	206,000	206,000	178,326	(27,674)
Fines and Forfeits	76,000	76,000	103,645	27,645
Interest, Rents and Royalties				
Interest Earnings	3,000	3,000	6,283	3,283
Rents and Royalties	30,000	30,000	88,041	58,041
Total Interest, Rents and Royalties	33,000	33,000	94,324	61,324
Intergovernmental				
Federal				
All Other Fed Shared Revenue & Entitlements	-	-	125,000	125,000
State				
Public Utility Realty Tax	6,000	6,000	5,715	(285)
General Municipal Pension System State Aid	200,000	200,000	211,725	11,725
Alcoholic Beverage Taxes	3,000	3,000	3,569	569
Foreign Fire Insurance Tax Distribution	39,000	39,000	43,153	4,153
Marcellus Shale Impact Fee Distribution	1,000	1,000	1,398	398
Total Intergovernmental	249,000	249,000	390,560	141,560

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for Services				
General Government	3,000	3,000	4,201	1,201
Public Safety	175,000	175,000	151,997	(23,003)
Parking/Parking Meter Permits	65,000	65,000	45,262	(19,738)
Wastewater/Sewage	2,000	2,000	-	(2,000)
Solid Waste Collection/Trash	781,000	781,000	904,486	123,486
Culture-Recreation	28,000	28,000	16,581	(11,419)
	<u>1,054,000</u>	<u>1,054,000</u>	<u>1,122,527</u>	<u>68,527</u>
Miscellaneous Revenue				
Special Assessments	-	-	14,105	14,105
Contributions & Donations from Private Sources	-	-	300	300
Other Miscellaneous Revenue	1,000	1,000	769	(231)
Refunds of Prior Year's Expenditures	-	-	18,505	18,505
	<u>1,000</u>	<u>1,000</u>	<u>33,679</u>	<u>32,679</u>
Total Revenues	<u>7,401,000</u>	<u>7,401,000</u>	<u>7,510,869</u>	<u>109,869</u>
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,100	18,100	15,502	2,598
Supplies	500	500	15	485
Other Services & Charges	10,700	10,700	2,894	7,806
Capital Purchase	500	500	917	(417)
Executive				
Personal Services	3,700	3,700	3,660	40
Supplies	300	300	15	285
Other Services & Charges	1,900	1,900	50	1,850
Capital Purchase	500	500	550	(50)
Financial Administration				
Other Services & Charges	14,200	14,200	22,969	(8,769)
Tax Collection				
Personal Services	7,700	7,700	7,230	470
Supplies	1,700	1,700	1,234	466
Other Services & Charges	65,800	65,800	37,629	28,171
Law				
Other Services & Charges	88,000	88,000	65,395	22,605

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
General Fund – Budget and Actual
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Clerk/Secretary				
Personal Services	384,400	384,400	365,704	18,696
Supplies	12,300	12,300	6,296	6,004
Other Services & Charges	36,300	36,300	27,640	8,660
Capital Purchase	500	500	-	500
Personnel Administration				
Other Services & Charges	22,500	22,500	21,250	1,250
Data Processing				
Supplies	500	500	-	500
Other Services & Charges	39,000	39,000	51,777	(12,777)
Engineer				
Other Services & Charges	6,000	6,000	5,455	545
General Gov't. Buildings & Plant				
Supplies	6,500	6,500	9,638	(3,138)
Other Services & Charges	34,600	34,600	32,384	2,216
Capital Purchase	1,000	1,000	1,835	(835)
	<u>757,200</u>	<u>757,200</u>	<u>680,039</u>	<u>77,161</u>
Total General Government				
Public Safety				
Police				
Personal Services	2,323,000	2,323,000	2,243,055	79,945
Supplies	56,000	56,000	44,722	11,278
Other Services & Charges	108,000	108,000	48,240	59,760
Capital Purchase	1,000	1,000	645	355
Fire				
Supplies	4,500	4,500	3,189	1,311
Other Services & Charges	35,200	35,200	32,930	2,270
Contributions, Grants & Subs.	136,000	136,000	139,153	(3,153)
Ambulance/Rescue				
Supplies	12,000	12,000	8,167	3,833
Other Services & Charges	100	100	89	11
Contributions, Grants & Subs.	81,000	81,000	81,000	-
Planning and Zoning				
Personal Services	191,700	191,700	182,308	9,392
Supplies	4,000	4,000	1,670	2,330
Other Services & Charges	24,800	24,800	17,953	6,847
Capital Purchase	500	500	88	412

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Emergency Management & Communication				
Personal Services	134,000	134,000	127,906	6,094
Supplies	1,000	1,000	7,700	(6,700)
Other Public Safety				
Personal Services	153,100	153,100	116,507	36,593
Supplies	100	100	245	(145)
Total Public Safety	3,266,000	3,266,000	3,055,567	210,433
Public Works - Sanitation				
Recycling Collection and Disposal				
Supplies	100	100	-	100
Other Services & Charges	705,000	705,000	689,480	15,520
Capital Purchase	2,000	2,000	-	2,000
Total Public Works - Sanitation	707,100	707,100	689,480	17,620
Public Works - Highways				
General Service - Administration				
Personal Services	1,074,100	1,074,100	981,593	92,507
Supplies	83,500	83,500	79,283	4,217
Other Services & Charges	38,700	38,700	34,081	4,619
Capital Purchase	9,000	9,000	4,634	4,366
Traffic Control Devices				
Other Services & Charges	8,000	8,000	3,322	4,678
Street Lighting				
Other Services & Charges	10,000	10,000	1,800	8,200
Total Public Works - Highways	1,223,300	1,223,300	1,104,713	118,587
Public Works - Other Services				
Parking Facilities				
Personal Services	33,200	33,200	10,451	22,749
Supplies	5,700	5,700	601	5,099
Total Public Works - Other Services	38,900	38,900	11,052	27,848
Total Public Works	1,969,300	1,969,300	1,805,245	164,055

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture - Recreation				
Administration				
Personal Services	56,400	56,400	46,714	9,686
Supplies	4,000	4,000	3,352	648
Other Services & Charges	59,600	59,600	16,546	43,054
Contributions, Grants & Subs.	4,200	4,200	-	4,200
Capital Purchase	3,500	3,500	2,659	841
Participant Recreation				
Personal Services	16,400	16,400	-	16,400
Supplies	7,000	7,000	235	6,765
Other Services & Charges	41,500	41,500	11,165	30,335
Capital Purchase	2,000	2,000	1,754	246
Spectator Recreation				
Supplies	2,000	2,000	3,196	(1,196)
Other Services & Charges	14,000	14,000	7,052	6,948
Capital Purchase	1,000	1,000	1,000	-
Parks				
Supplies	8,000	8,000	7,157	843
Other Services & Charges	37,000	37,000	26,950	10,050
Capital Purchase	11,000	11,000	11,078	(78)
Libraries				
Supplies	3,500	3,500	2,370	1,130
Other Services & Charges	29,800	29,800	23,724	6,076
Contributions, Grants & Subs.	197,000	197,000	-	197,000
Capital Purchase	6,000	6,000	2,701	3,299
Civil & Military Celebrations				
Other Services & Charges	9,000	9,000	480	8,520
Contributions, Grants & Subs.	4,300	4,300	-	4,300
Capital Purchase	6,000	6,000	6,800	(800)
Other				
Supplies	1,000	1,000	337	663
Other Services & Charges	22,500	22,500	19,410	3,090
Capital Purchase	2,500	2,500	2,633	(133)
Total Culture - Recreation	549,200	549,200	197,313	351,887
Conservation and Development				
Econ. Development & Assist.				
Other Services & Charges	52,000	52,000	15	51,985

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Retirement Fund Contributions	325,000	325,000	333,923	(8,923)
Workers Comp. Contributions	210,000	210,000	110,027	99,973
Insurance, Casualty & Surety	86,000	86,000	91,950	(5,950)
Other Misc. Expenditures	12,000	12,000	5,832	6,168
Refunds of Prior Year's Receipts	8,000	8,000	-	8,000
	<u>641,000</u>	<u>641,000</u>	<u>541,732</u>	<u>99,268</u>
Total Miscellaneous				
Debt Service				
Principal	400,000	400,000	-	400,000
Tax Anticipation Loan - Interest	6,000	6,000	-	6,000
	<u>406,000</u>	<u>406,000</u>	<u>-</u>	<u>406,000</u>
Total Debt Service				
Total Expenditures	<u>7,640,700</u>	<u>7,640,700</u>	<u>6,279,911</u>	<u>1,360,789</u>
Other Financing Sources (Uses)				
Proceeds of General Capital Assets Distribution	10,000	10,000	50	(9,950)
Interfund Operating Transfers	590,000	590,000	590,000	-
Fund Transfers				
Special Revenue Fund	(170,000)	(170,000)	(1,175)	168,825
Capital Projects Fund	(1,360,000)	(1,360,000)	(1,390,000)	(30,000)
	<u>(930,000)</u>	<u>(930,000)</u>	<u>(801,125)</u>	<u>128,875</u>
Total Other Financing Sources (Uses)				
Total Expenditures and Other Financing Uses	<u>8,570,700</u>	<u>8,570,700</u>	<u>7,081,036</u>	<u>1,489,664</u>
Net Change in Fund Balance	(1,169,700)	(1,169,700)	429,833	1,599,533
Fund Balance - January 1, 2020	<u>750,000</u>	<u>750,000</u>	<u>2,864,942</u>	<u>2,114,942</u>
Fund Balance - December 31, 2020	<u>\$ (419,700)</u>	<u>\$ (419,700)</u>	<u>\$ 3,294,775</u>	<u>\$ 3,714,475</u>

Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund – Budget and Actual
Year Ended December 31, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest, Rents and Royalties				
Interest Earnings	\$ 11,000	\$ 11,000	\$ 40,791	\$ 29,791
Intergovernmental				
Local	85,000	85,000	145,845	60,845
Charges for Services				
Sewer Charges	3,517,000	3,517,000	3,885,852	368,852
Miscellaneous	-	-	3,300	3,300
Total Revenues	<u>3,613,000</u>	<u>3,613,000</u>	<u>4,075,788</u>	<u>462,788</u>
Expenditures				
Current				
Public Works - Sanitation				
Other Services & Charges	3,818,000	3,818,000	2,690,695	1,127,305
Debt Service				
Principal	24,000	24,000	22,573	1,427
Interest	2,000	2,000	2,563	(563)
Total Debt Service	<u>26,000</u>	<u>26,000</u>	<u>25,136</u>	<u>864</u>
Total Expenditures	<u>3,844,000</u>	<u>3,844,000</u>	<u>2,715,831</u>	<u>1,128,169</u>
Excess of Revenues over (Under) Expenditures	<u>(231,000)</u>	<u>(231,000)</u>	<u>1,359,957</u>	<u>1,590,957</u>
Other Financing Sources (Uses)				
Transfers Out	(690,000)	(690,000)	(1,342,694)	(652,694)
Net Change in Fund Balance	(921,000)	(921,000)	17,263	938,263
Fund Balance - January 1, 2020	<u>2,200,000</u>	<u>2,200,000</u>	<u>4,109,824</u>	<u>1,909,824</u>
Fund Balance - December 31, 2020	<u>\$ 1,279,000</u>	<u>\$ 1,279,000</u>	<u>\$ 4,127,087</u>	<u>\$ 2,848,087</u>

Borough of Brentwood
Note to the Required Supplementary Information
Budget Comparison
December 31, 2020

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, 2020**

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

	Police Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 220,941	\$ 210,420	\$ 196,266	\$ 186,920	\$ 179,574	\$ 171,023	\$ 180,157
Interest	472,736	510,075	485,464	458,633	445,015	429,168	411,607
Change of Benefit Terms	-	55,206	-	-	-	-	-
Change in Assumptions	-	210,112	-	(21,539)	-	(346,694)	-
Adjustments	-	-	(2,572)	2,572	-	-	-
Difference Between Expected and Actual Experience	-	(46,080)	-	-	-	(170,385)	-
Benefit Payments and Refunds	(290,905)	(297,159)	(297,159)	(297,159)	(555,795)	(192,516)	(305,770)
Net Change in Total Pension Liability	402,772	642,574	381,999	329,427	68,794	(109,404)	285,994
Total Pension Liability - Beginning	7,449,625	6,807,051	6,425,052	6,095,625	6,026,831	6,136,235	5,850,241
Total Pension Liability - Ending (a)	7,852,397	7,449,625	6,807,051	6,425,052	6,095,625	6,026,831	6,136,235
Plan Fiduciary Net Position							
Contributions - Employer, including State Aid	222,521	211,242	207,536	199,504	195,215	279,131	218,893
Contributions - Member	87,250	81,233	77,290	76,477	73,603	70,451	71,843
Net Investment Income	978,200	1,210,346	(263,742)	724,255	236,152	(88,543)	145,773
Benefit Payments	(290,905)	(297,159)	(297,159)	(297,159)	(555,795)	(192,516)	(305,770)
Administrative Expenses	(50,016)	(41,357)	(43,987)	(37,147)	(34,500)	(58,089)	(13,185)
Other	483	153	1,080	-	-	-	-
Net Change in Plan Fiduciary Net Position	947,533	1,164,458	(318,982)	665,930	(85,325)	10,434	117,554
Plan Fiduciary Net Position - Beginning	6,829,140	5,664,682	5,983,664	5,317,734	5,403,059	5,392,625	5,275,071
Plan Fiduciary Net Position - Ending (b)	7,776,673	6,829,140	5,664,682	5,983,664	5,317,734	5,403,059	5,392,625
Net Pension Liability (a-b)	\$ 75,724	\$ 620,485	\$ 1,142,369	\$ 441,388	\$ 777,891	\$ 623,772	\$ 743,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.0%	91.7%	83.2%	93.1%	87.2%	89.7%	87.9%
Covered Payroll	\$ 1,768,634	\$ 1,639,977	\$ 1,545,802	\$ 1,529,537	\$ 1,463,019	\$ 1,409,011	\$ 1,330,937
Net Pension Liability as a Percentage of Covered Payroll	4.28%	37.83%	73.90%	28.86%	53.17%	44.27%	55.87%

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, 2020**

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

	Non-Police Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 69,637	\$ 66,638	\$ 66,626	\$ 63,757	\$ 57,494	\$ 55,018	\$ 51,202
Interest	148,779	156,544	153,158	142,904	137,369	135,141	135,332
Change in Assumptions	-	40,905	-	-	-	-	-
Adjustments	-	-	(1,102)	1,102	-	-	-
Difference Between Expected and Actual Experience	-	85,208	-	3,928	-	(141,315)	-
Benefit Payments	(29,276)	(406,951)	(97,961)	(29,276)	(219,476)	(104,100)	(1,138)
Net Change in Total Pension Liability	189,140	(57,656)	120,721	182,415	(24,613)	(55,256)	185,396
Total Pension Liability - Beginning	2,233,668	2,291,324	2,170,603	1,988,188	2,012,801	2,068,057	1,882,661
Total Pension Liability - Ending (a)	2,422,808	2,233,668	2,291,324	2,170,603	1,988,188	2,012,801	2,068,057
Plan Fiduciary Net Position							
Contributions - Employer, including State Aid	111,402	107,762	78,561	74,248	71,334	97,953	74,645
Contributions - Member	34,514	31,514	32,901	32,703	30,875	29,898	29,418
Net Investment Income	260,392	365,752	(75,728)	218,657	76,973	(28,332)	44,438
Benefit Payments	(29,276)	(406,951)	(97,961)	(29,276)	(219,476)	(104,100)	(1,138)
Administrative Expenses	(21,933)	(17,195)	(22,328)	(15,884)	(18,848)	(33,153)	(9,954)
Other	982	-	800	-	-	-	1,529
Net Change in Plan Fiduciary Net Position	356,081	80,882	(83,755)	280,448	(59,142)	(37,734)	138,938
Plan Fiduciary Net Position - Beginning	1,968,276	1,887,394	1,971,149	1,690,701	1,749,843	1,787,577	1,648,639
Plan Fiduciary Net Position - Ending (b)	2,324,357	1,968,276	1,887,394	1,971,149	1,690,701	1,749,843	1,787,577
Net Pension Liability (a-b)	\$ 98,451	\$ 265,392	\$ 403,930	\$ 199,454	\$ 297,487	\$ 262,958	\$ 280,480
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.9%	88.1%	82.4%	90.8%	85.0%	86.9%	86.4%
Covered Payroll	\$ 1,229,192	\$ 1,060,022	\$ 1,058,006	\$ 1,080,443	\$ 1,053,506	\$ 908,231	\$ 1,010,123
Net Pension Liability as a Percentage of Covered Payroll	8.01%	25.04%	38.18%	18.46%	28.24%	28.95%	27.77%

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, 2020**

2. Schedule of Contributions

Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution (Deficiency) Excess	Covered Payroll	Contributions as a % of Covered Payroll
2014	218,893	218,893	-	1,330,937	16.4%
2015	279,131	279,131	-	1,409,011	19.8%
2016	195,215	195,215	-	1,463,019	13.3%
2017	199,504	199,504	-	1,529,537	13.0%
2018	207,536	207,536	-	1,545,802	13.4%
2019	211,242	211,242	-	1,639,977	12.9%
2020	222,521	222,521	-	1,768,634	12.6%

Non-Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution (Deficiency) Excess	Covered Payroll	Contributions as a % of Covered Payroll
2014	74,645	74,645	-	1,010,456	7.4%
2015	97,953	97,953	-	908,231	10.8%
2016	71,334	71,334	-	1,053,506	6.8%
2017	74,248	74,248	-	1,080,443	6.9%
2018	78,561	78,561	-	1,058,006	7.4%
2019	107,762	107,762	-	1,060,022	10.2%
2020	111,402	111,402	-	1,229,192	9.1%

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2020**

3. Investment Returns

	Police Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	13.12%	19.57%	-3.85%	12.71%	N/A	-2.38%	2.86%
	Non-Uniformed Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	14.18%	21.73%	-4.47%	13.69%	N/A	-2.37%	2.88%

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
Notes to Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2020

Police Pension Plan

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

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	9 years aggregate
Asset Valuation Method	4-year smoothing
Discount Rate	7.0%
Inflation	2.75%
Salary Increases	5.0% including inflation
Mortality Table	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment

2. Changes to Benefits:

None.

3. Changes to Assumptions:

None.

Non-Police Pension Plan

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

Actuarial Valuation Date	January 1, 2019
Actuarial Cost Method	Entry age normal
Amortization Period	Level dollar, closed
Remaining Amortization Method	8 years aggregate
Asset Valuation Method	Fair value
Discount Rate	6.50%
Inflation	2.75%
Salary Increases	4.50% including inflation
Mortality Table	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment

2. Changes to Benefits:

None.

3. Changes to Assumptions:

None.

Borough of Brentwood
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Four Years

	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability				
Service Cost	\$ 71,417	\$ 55,838	\$ 54,344	\$ -
Interest	39,442	44,589	42,503	-
Change in Assumptions	181,921	-	-	-
Difference Between Expected and Actual Experience	(322,858)	-	-	-
Benefit Payments	<u>(27,804)</u>	<u>(36,754)</u>	<u>(31,597)</u>	<u>-</u>
Net Change in Total OPEB Liability	(57,882)	63,673	65,250	-
Total OPEB Liability - Beginning	<u>1,398,041</u>	<u>1,334,368</u>	<u>1,269,118</u>	<u>-</u>
Total OPEB Liability - Ending	<u><u>\$ 1,340,159</u></u>	<u><u>\$ 1,398,041</u></u>	<u><u>\$ 1,334,368</u></u>	<u><u>\$ 1,269,118</u></u>
Covered Payroll	2,788,496	2,609,980	2,609,980	N/A
Total OPEB Liability as a Percentage of Covered Payroll	48.06%	53.57%	51.13%	N/A

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.

**OTHER
INFORMATION SECTION**

**Borough of Brentwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020**

Exhibit A

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Asset Forfeiture Fund	
ASSETS				
Cash and Cash Equivalents	\$ 257,863	\$ 256,546	\$ 10,484	\$ 524,893
Due from Other Funds	-	-	650	650
	<u>257,863</u>	<u>256,546</u>	<u>11,134</u>	<u>525,543</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds	13,174	-	-	13,174
Accounts Payable	58,992	-	-	58,992
	<u>72,166</u>	<u>-</u>	<u>-</u>	<u>72,166</u>
Total Liabilities				
Fund Balances				
Restricted	185,697	-	11,134	196,831
Committed	-	256,546	-	256,546
	<u>185,697</u>	<u>256,546</u>	<u>11,134</u>	<u>453,377</u>
Total Fund Balances				
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257,863</u>	<u>\$ 256,546</u>	<u>\$ 11,134</u>	<u>\$ 525,543</u>

Borough of Brentwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2020

Exhibit B

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Asset Forfeiture Fund	
Revenues				
Taxes	\$ -	\$ 197,000	\$ -	\$ 197,000
Interest, Rents, and Royalties	319	568	-	887
Intergovernmental	266,890	213,190	10,479	490,559
Charges for Services	-	5,650	-	5,650
Miscellaneous	-	15,938	-	15,938
Total Revenues	267,209	432,346	10,479	710,034
Expenditures				
Current:				
Public Works - Highway	272,980	-	-	272,980
Culture - Recreation	-	380,183	-	380,183
Total Expenditures	272,980	380,183	-	653,163
Excess (Deficiency) of Revenues Over Expenditures	(5,771)	52,163	10,479	56,871
Other Financing Sources (Uses)				
Transfers In	1,175	-	-	1,175
Net Changes in Fund Balances	(4,596)	52,163	10,479	58,046
Fund Balances - January 1, 2020	190,293	204,383	655	395,331
Fund Balances - December 31, 2020	\$ 185,697	\$ 256,546	\$ 11,134	\$ 453,377

Borough of Brentwood
Combining Statement of Net Position
Fiduciary Funds
December 31, 2020

Exhibit C

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 162,236	\$ 52,995	\$ 215,231
Investments			
U.S. Government & Agency Securities	1,532,842	425,875	1,958,717
Municipal Debt	-	32,844	32,844
Corporate Debt	863,983	401,764	1,265,747
Mutual Funds	2,074,363	533,625	2,607,988
Equities	3,117,906	872,900	3,990,806
Accrued Income	14,383	5,284	19,667
Due from Other Funds	10,960	-	10,960
	<u>7,776,673</u>	<u>2,325,287</u>	<u>10,101,960</u>
TOTAL ASSETS			
	<u>7,776,673</u>	<u>2,325,287</u>	<u>10,101,960</u>
LIABILITIES			
Due to Other Funds	-	930	930
	<u>-</u>	<u>930</u>	<u>930</u>
NET POSITION			
Net Position Restricted for Pensions	\$ 7,776,673	\$ 2,324,357	\$ 10,101,030
	<u>\$ 7,776,673</u>	<u>\$ 2,324,357</u>	<u>\$ 10,101,030</u>

Appendix A-19-a

Borough of Brentwood Combining Statement of Changes in Net Position Fiduciary Funds Year Ended December 31, 2020

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 222,521	\$ 111,402	\$ 333,923
Plan Members	87,250	34,514	121,764
Other	483	982	1,465
	<u>310,254</u>	<u>146,898</u>	<u>457,152</u>
Total Contributions			
Investment Income			
Net Appreciation in Fair Value of Investments	822,914	212,188	1,035,102
Interest and Dividends	155,286	48,204	203,490
	<u>978,200</u>	<u>260,392</u>	<u>1,238,592</u>
Less: Investment Expense	(46,080)	(20,535)	(66,615)
	<u>932,120</u>	<u>239,857</u>	<u>1,171,977</u>
Net Investment Income			
	<u>1,242,374</u>	<u>386,755</u>	<u>1,629,129</u>
Total Additions			
Deductions			
Benefits	290,905	29,276	320,181
Administrative Expenses	3,936	1,398	5,334
	<u>294,841</u>	<u>30,674</u>	<u>325,515</u>
Total Deductions			
Net Changes in Net Position	947,533	356,081	1,303,614
Net Position - January 1, 2020	6,829,140	1,968,276	8,797,416
	<u>7,776,673</u>	<u>2,324,357</u>	<u>10,101,030</u>
Net Position - December 31, 2020			

INDIVIDUAL FUND STATEMENTS

**Borough of Brentwood
Statement of Revenues, Expenditures and
Change in Fund Balance
Special Revenue Fund
Borough of Brentwood Library
Year Ended December 31, 2020**

Exhibit E

Revenues	
Real Estate Taxes	\$ 197,000
Gifts, Memorials and Donations	15,807
Interest Earnings	568
Local Support	
State Aid	37,513
State Gaming	4,491
Local County Funding - ACLA	98,229
CARES Act Grant	24,557
PPP Loan Forgiveness	48,400
Charges for Services	
Fines	2,525
Sales	3,125
Miscellaneous	<u>131</u>
Total Revenues	<u>432,346</u>
Expenditures	
Salaries and Related Expenses	
Salaries	232,859
Benefits	<u>37,529</u>
Total Salaries and Related Expenses	<u>270,388</u>
Books and Related Materials	
Books	47,980
Programs	9,270
Other Supplies	<u>9,247</u>
Total Books and Related Materials	<u>66,497</u>

**Borough of Brentwood
Statement of Revenues, Expenditures and
Change in Fund Balance
Special Revenue Fund
Borough of Brentwood Library
Year Ended December 31, 2020**

Exhibit E

Other Services	
Utilities	1,255
Insurance	4,242
Scholarship Expenditures	512
Equipment Maintenance	697
Small Equipment Purchases	274
Audit Services	1,050
Technology	11,613
Administration	7,221
Public Relations	674
Grants Payment to Borough	<u>15,760</u>
Total Other Services	<u>43,298</u>
Total Expenditures	<u>380,183</u>
Net Change in Fund Balance	52,163
Fund Balance - January 1, 2020	<u>204,383</u>
Fund Balance - December 31, 2020	<u>\$ 256,546</u>

APPENDIX A-19-A
BOROUGH OF BRENTWOOD
AUDITED FINANCIAL STATEMENTS
2021

**Borough of Brentwood
Financial Statements
December 31, 2021**

**Borough of Brentwood
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**Borough of Brentwood
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Independent Auditor's Report

Members of Council
Borough of Brentwood
Pittsburgh, Pennsylvania

Opinions

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, 2021, 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.

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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Brentwood, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Brentwood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Brentwood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Brentwood's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension and other post-employment information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

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

Respectfully submitted,

A handwritten signature in blue ink that reads "Hosack, Specht, Muetzel & Wood LLP".

HOSACK, SPECHT, MUETZEL & WOOD LLP
Pittsburgh, Pennsylvania
January 30, 2023

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

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, 2021. 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

2021

- Operating general fund revenues totaled \$8,064,460 and operating general fund expenditures totaled \$7,299,995, yielding an operating position ratio of 0.1047.
- General fund liabilities totaled \$1,545,900 and general fund assets totaled \$3,538,015, yielding a liability to asset ratio of 0.4369.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$3,235,661 (44%); general government operations - \$819,181 (11%); and public works activities of \$1,945,975 (27%). In addition, there was a transfer to capital projects of \$2,580,000 (35%).
- The real estate taxation rate for the general fund was 9.5 mills and 0.5 mills for the library fund. There was no change in the millage rate in 2021 from 2020.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,862,094 which is 48% of the general fund revenues received and earned income taxes of \$1,248,748, or 15% of the general fund revenues received.

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

Current	\$3,528,599
Delinquent	<u>333,495</u>
	<u>\$3,862,094</u>

The Library portion of real estate tax allocation was \$201,000 which represents the full library share of the beginning assessment.

- The general fund was responsible for \$181,154 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes an \$58,956 increase from the 2020 MMO requirement which represents a 48% increase.
- The Borough was awarded by the Government Finance Officers Association the "Distinguished Budget Presentation Award" for the 2021 fiscal year.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

2020

- Operating general fund revenues totaled \$7,510,869 and operating general fund expenditures totaled \$6,279,911, yielding an operating position ratio of 0.1960.
- General fund liabilities totaled \$836,605 and general fund assets totaled \$4,485,335, yielding a liability to asset ratio of 0.1865.
- Significant general fund expenditure outlays continued in the following areas: public safety - \$3,055,567 (40%); general government operations - \$680,039 (9%); and public works activities of \$1,805,245 (23%). In addition, there was a transfer to capital projects of \$1,360,000 (18%).
- The real estate taxation rate for the general fund was 9.5 mills and 0.5 mills for the library fund. There was no change in the millage rate in 2020 from 2019.
- Major components of the Borough's general fund revenue include real estate taxes of \$3,711,873, which is 46% of the general fund revenues received and earned income taxes of \$1,196,225, or 15% of the general fund revenues received.

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

Current	\$3,493,505
Delinquent	<u>218,368</u>
	<u>\$3,711,873</u>

The Library portion of real estate tax allocation was \$197,000 which represents the full library share of the beginning assessment.

- The general fund was responsible for \$122,198 of the pension fund costs in order to meet the pensions MMO requirements. This constitutes an \$23,375 increase from the 2019 MMO requirement which represents a 24% increase.

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 position and the statement of activities. These provide both long-term and short-term information about the Borough's overall financial status.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

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:

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

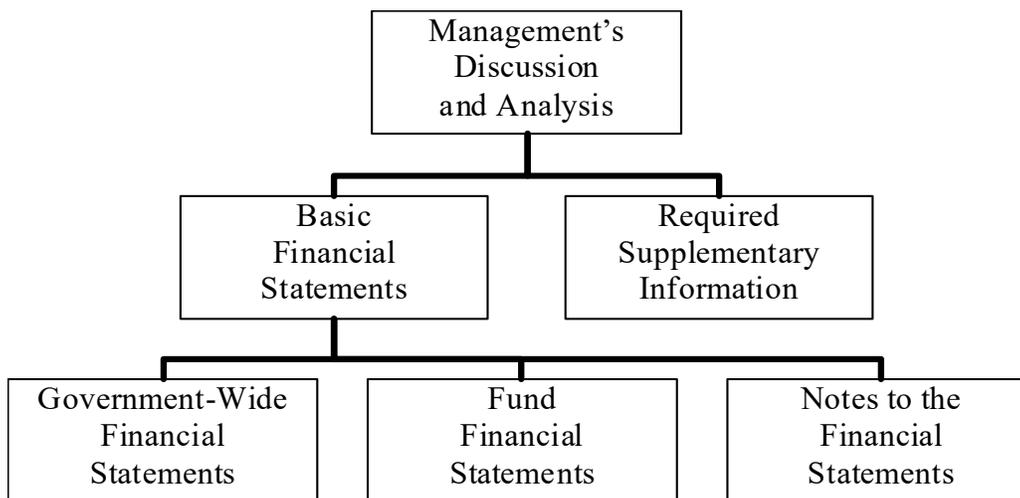


Figure A-2 summarizes the major features of the Borough's financial statements, including the portion of the Borough they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

Figure A – 2
Major Features of Borough of Brentwood's
Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Municipal (except fiduciary funds)	The activities of the Borough that are not proprietary or fiduciary.	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

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

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 position 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.

The two government-wide statements report the Borough's net position and how it has changed. Net position, the difference between the Borough's assets and liabilities, is one way to measure the Borough's financial health or position.

Over time, increases or decreases in the Borough's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the Borough, you need to consider additional non-financial factors, such as changes in the Borough's property tax base services provided to its taxpayers.

The government-wide financial statements of the Borough consist of the following:

- **Governmental activities** - All of the Borough's basic services are included here, such as general government, public safety, public works and culture and recreation. Property and other local taxes finance most of these activities.

Fund Financial Statements

The Borough's fund financial statements, which begin with Exhibit 3 of the annual financial report, provide detailed information about the most significant funds - not the Borough as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the Borough's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Borough's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Borough's programs. The relationship (or differences) between governmental activities (reported in the statement of net position 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-uniformed employees. All of the Borough's fiduciary activities are reported in separate statements of fiduciary net position on Exhibit 7 and changes in net position 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, 2021**

Financial Analysis of the Borough as a Whole

The Borough's total net position was \$10,761,158 at December 31, 2021 and was \$9,596,150 at December 31, 2020.

Table A - 1
Years Ended December 31, 2021 and 2020
Net Position

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 10,280,402	\$ 10,896,992
Capital Assets	<u>18,441,695</u>	<u>17,954,517</u>
Total Assets	<u>28,722,097</u>	<u>28,851,509</u>
Deferred Outflows of Resources	<u>929,874</u>	<u>886,764</u>
Current and Other Liabilities	1,278,009	2,053,681
Noncurrent Liabilities		
Due Within One Year	528,431	516,366
Due in More Than One Year	<u>15,218,726</u>	<u>15,876,646</u>
Total Liabilities	<u>17,025,166</u>	<u>18,446,693</u>
Deferred Inflows of Resources	<u>1,865,647</u>	<u>1,695,430</u>
Net Position		
Net Investment in Capital Assets	4,043,483	3,491,154
Restricted	34,228	196,831
Unrestricted	<u>6,683,447</u>	<u>5,908,165</u>
Total Net Position	<u>\$ 10,761,158</u>	<u>\$ 9,596,150</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, 2021**

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, 2021 and 2020
Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues		
Charges for Services	\$ 5,672,095	\$ 5,164,345
Operating Grants and Contributions	1,805,108	1,832,130
General Revenues		
Property Taxes	4,103,741	3,959,161
Earned Income Taxes	1,248,748	1,196,225
RAD	506,020	451,445
Other Taxes	351,261	228,265
Investment Earnings	15,647	77,684
Cable TV Franchise	154,212	161,736
Miscellaneous Income	107,788	97,325
Total Revenues	<u>13,964,620</u>	<u>13,168,316</u>
Expenses		
General Government	997,150	844,681
Public Safety	3,582,830	3,389,079
Public Works - Sanitation	4,291,359	3,413,377
Public Works - Highways	1,935,784	2,025,372
Public Works - Other	-	11,052
Culture - Recreation	1,537,105	1,205,388
Interest on Long-Term Debt	455,384	409,860
Total Expenses	<u>12,799,612</u>	<u>11,298,809</u>
Increase in Net Position	1,165,008	1,869,507
Beginning Net Position	<u>9,596,150</u>	<u>7,726,643</u>
Ending Net Position	<u>\$ 10,761,158</u>	<u>\$ 9,596,150</u>

**Borough of Brentwood
Management’s Discussion and Analysis
December 31, 2021**

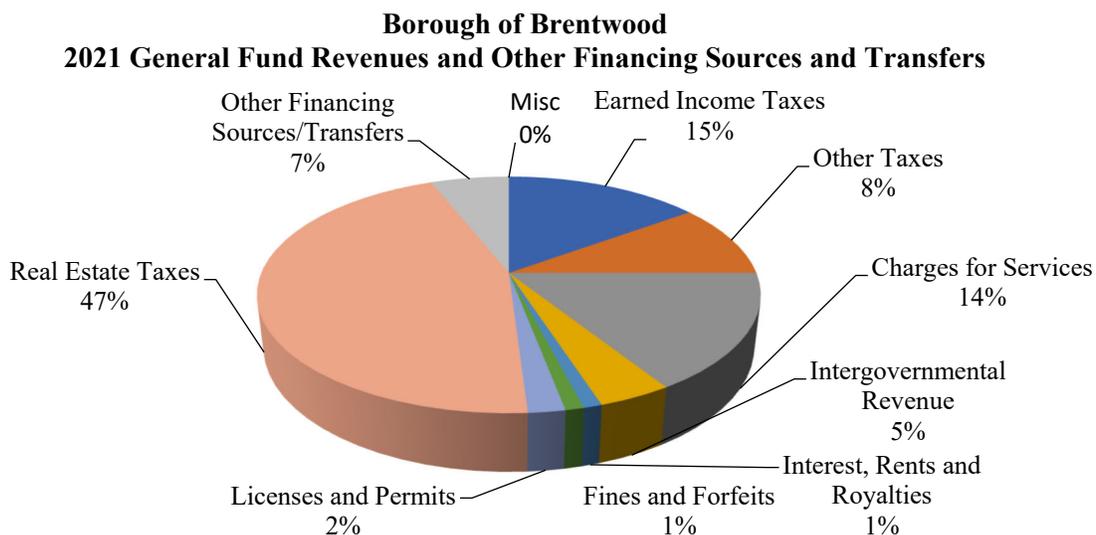
Borough Finances

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 \$8,577,335 and general fund expenditures and other financing uses totaled \$9,879,995.

Major General Fund Revenue Categories

	2021	2020
Taxes	\$ 5,968,123	\$ 5,587,808
License and Permits	164,914	178,326
Fines and Forfeits	80,824	103,645
Interest, Rents and Royalties	98,337	94,324
Intergovernmental	351,572	390,560
Charges for Services	1,374,011	1,122,527
Miscellaneous	26,679	33,679
Other Financing Sources	<u>512,875</u>	<u>590,050</u>
	<u><u>\$ 8,577,335</u></u>	<u><u>\$ 8,100,919</u></u>

The breakout of general fund revenue sources as a percentage of the overall general fund budget is illustrated below.



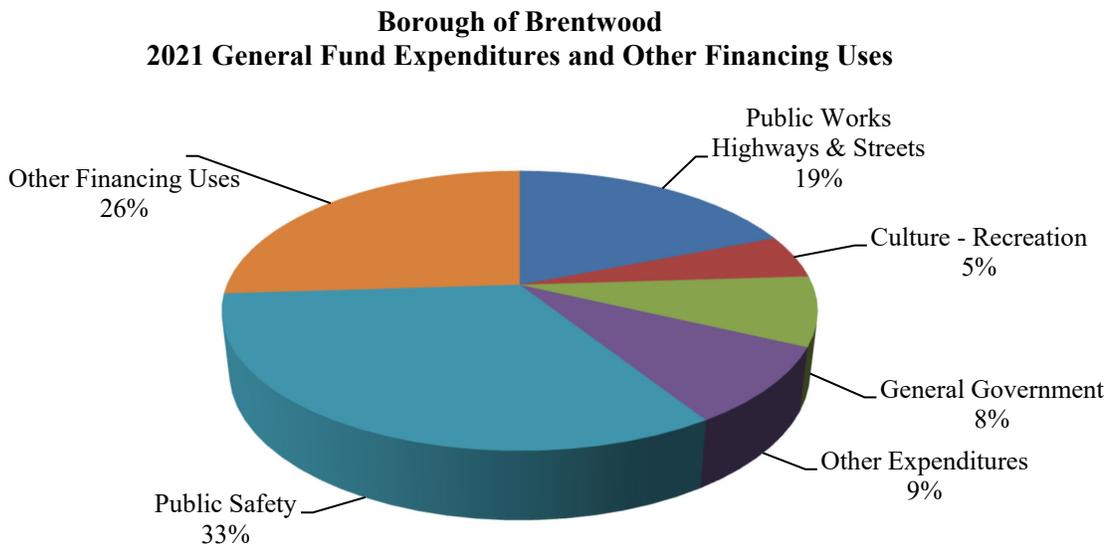
**Borough of Brentwood
Management’s Discussion and Analysis
December 31, 2021**

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

Major General Fund Expenditure Categories

	2021	2020
General Government	\$ 819,181	\$ 680,039
Public Safety	3,235,661	3,055,567
Public Works - Sanitation	728,402	689,480
Public Works - Highways	1,217,573	1,104,713
Public Works - Other	-	11,052
Culture - Recreation	489,952	197,313
Conservation and Development	47,288	15
Miscellaneous	761,938	541,732
Other Financing Uses	<u>2,580,000</u>	<u>1,391,175</u>
	<u><u>\$9,879,995</u></u>	<u><u>\$ 7,671,086</u></u>

The percentage breakout of general fund expenditure categories in the overall general fund budget is illustrated below.



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 10.0 mills for 2021.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

2021 Highlighted Budget Components

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

2021 Capital Improvement Program

The Borough completed nearly \$2.7 million dollar's worth of capital projects in 2021 which included the following:

- **Data Processing (\$21,700)**
The Borough continues to rotate and update workstations in both administration and the police departments as well as upgrade its GIS system.
- **Borough Building (\$8,776)**
The Borough began preliminary engineering on the preparation of demolition specifications associated with the demolition of the former Borough Building.
- **Police Department (\$108,294)**
The Borough purchased body cameras, ALPR Cameras for Brownsville Road / Willock Avenue and a new Police Cruiser.
- **Parking Meters (\$19,642)**
The Borough purchased four (4) parking kiosks for approximately \$40,000. Half of this amount was due in 2021. Final payment will be made in 2022.
- **Public Works (\$4,243)**
The Borough initiated its Sign Management Program in 2017. This program is per the Federal Mandate that all signage throughout the Borough meet new MUTCD regulatory requirements.
- **Traffic Control Devices (\$17,472)**
The Borough authorized an intersection safety audit that was prepared by the Gateway Engineers for Hillman Avenue and Graper Street due to the new Borough Building. In addition, several mobile speed humps were purchased.
- **Sidewalk Cost Sharing Project (\$83,650)**
In the seventh year of this highly popular program, the Borough was able to make \$84,000 worth of repairs to the Borough sidewalks. This amount was offset by the participating resident's share in an amount equal to approximately \$42,000.
- **2021 STRMP (\$38,000)**
Year 7 of the Borough's continuous 5-Year Street Rehabilitation and Maintenance Plan was delayed to 2022 due to the awarded contractor having equipment damaged in a fire. The paving of seven (7) streets will be completed in 2022. In addition, the Borough was able to make over \$1,000 worth of curb repairs. The DPW continued to evaluate and cracks seal recently paved streets with the DPW's new crack sealer.
- **Brownsville Road Central Business District Streetscape Project (\$250,500)**
Partially funded through a grant from the PA DCED, the Borough began making substantial improvements to its Central Business District. These included demolition of existing sidewalks, removal of trees, and installation of new sidewalks, trees, crosswalks, and painting of the decorative lamp posts.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

- Stormwater Management (\$225,000)
CCTVing of the Borough's Stormwater system continued in 2021. In addition, over \$40,000 of repairs to the Stormwater system and catch basins were achieved. The Borough also continued with improvements to Wanley Road culvert project. The Borough will continue to take a proactive approach in maintaining its stormwater infrastructure.
- Pool (\$265,265)
The Pool Renovations Project was completed in 2021. Additional improvements included new lifeguard chairs, a pool robot cleaner, and a heater for the water in the pool.
- Civic Center (\$12,095)
The Borough initiated the process with much needed upgrades to the Civic Center. In 2020, HHSDR Architects were awarded a work authorization to prepare some design conceptual renderings and associated cost estimates. In 2021 they authorized the purchase of a new ice maker as well as painting of the exterior of the Civic Center.
- Park (\$72,471)
The Borough purchased and installed a new Brentwood Athletics Association (BAA) storage shed as well as a new electronic gate. In addition, a new trailer was purchased that will be used to haul park equipment from DPW garage to the park.
- Library (\$24,927)
Through the receipt of a Keystone Grant the Borough initiated the replacement of the roof of the Library with a steel roof. This project was completed in 2021.
- Stadium (\$37,933)
Design work began on the new Stadium ADA Restrooms and Calming Shelter. The project is estimated to be completed in 2022.
- Debt Service (\$949,160)
Past capital projects and purchases that were funded through borrowing included the 2009 Energy Equipment, a 2015 lease on the existing Borough Buildings HVAC equipment, a 2016 lease for a DPW Truck, and 2018 and 2019 Bond payments.

Park Fund

The Borough of Brentwood owns, maintains, and operates the Brentwood Stadium. This stadium is used by the Brentwood School District for all of their related sports and school activities. To ensure the proper maintenance of this facility, the following projects and purchases are budgeted for 2021.

- Laser Grading of Ballfields (\$10,000)
This is associated with Ballfield No. 2 that is used by the High School.
In order to properly maintain and prepare these fields for high school play, an infield groomer was purchased.

**Borough of Brentwood
Management's Discussion and Analysis
December 31, 2021**

Highway Aid Fund

Due to the Borough's carefully managed road salt expenditures the Borough has the balance in the Highway Aid Fund for other permissible expenses.

- DPW Street Sweeper (\$240,000)

This included the purchase of a new Street Sweeper.

New Additions and Promotions to the Borough Family

While other communities were laying off employees due to the COVID-19 pandemic, the Borough welcomed one (1) new fulltime employee to the Borough. Sean Brittenbaugh was hired as the newest member to Brentwood's Department of Public Works. This brings the total number of DPW employees to eight (8).

Consent Decree Order

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

- Lining and repairs of sewer lines
- Closed Circuit Television (CCTV) Inspection of the sewer lines
- Inlet Testing
- Manhole Inspections
- Mapping of the sewer system

With the vast network of sewer pipes and manholes, this is a costly undertaking which is totally financed with the sewage user fees. In 2021 nearly \$1,000,000 is budgeted on these projects.

Contacts for Borough Financial Management Information

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

If you have any questions about this report or need additional information, please contact George Zboyovsky, Borough Manager, Borough of Brentwood, 3735 Brownsville Road, Pittsburgh, Pennsylvania 15227.

**Borough of Brentwood
Statement of Net Position
December 31, 2021**

Appendix A-19-a

Exhibit 1

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 7,472,421
Taxes Receivable, Net	749,242
Due From Other Governments	1,079,417
Other Receivables	894,143
Prepaid Items	85,179
Noncurrent Assets	
Land	515,992
Land Improvements, Net	4,448,883
Building & Building Improvements	6,866,002
Furniture & Equipment	851,984
Construction in Progress	5,311,400
Net Pension Asset	447,434
TOTAL ASSETS	28,722,097
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	110,100
Amounts Related to OPEB	139,613
Amounts Related to Pension	680,161
TOTAL DEFERRED OUTFLOWS OF RESOURCES	929,874
LIABILITIES	
Current Liabilities	
Internal Balances	10,030
Accounts Payable	620,759
Contracts Payable	118,321
Accrued Interest Payable	150,883
Accrued Salaries and Benefits	170,063
Payroll Deductions and Withholdings	14,516
Unearned Revenues	11,020
Other Current Liabilities	182,417
Current Portion of Long-Term Debt	528,431
Noncurrent Liabilities	
Notes Payable	26,826
Capital Leases	30,908
Bonds Payable	13,484,711
Other Post-Employment Benefit Obligations	1,422,231
Long-Term Portion of Compensated Absences	254,050
TOTAL LIABILITIES	17,025,166
DEFERRED INFLOWS OF RESOURCES	
Amounts Related to OPEB	247,774
Amounts Related to Pension	1,617,873
TOTAL DEFERRED INFLOWS OF RESOURCES	1,865,647
NET POSITION	
Net Investment in Capital Assets	4,043,483
Restricted	34,228
Unrestricted	6,683,447
TOTAL NET POSITION	\$ 10,761,158

See Accompanying Notes

**Borough of Brentwood
Statement of Activities
Year Ended December 31, 2021**

Appendix A-19-a

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	\$ 997,150	\$ 7,025	\$ 50,000	\$ (940,125)
Public Safety	3,582,830	299,497	290,933	(2,992,400)
Public Works - Sanitation	4,291,359	5,009,978	323,944	1,042,563
Public Works - Highways	1,935,784	67,073	983,384	(885,327)
Public Works - Other	-	44,653	-	44,653
Culture & Recreation	1,537,105	243,869	156,847	(1,136,389)
Interest on Long-Term Debt	455,384	-	-	(455,384)
Total Governmental Activities	\$ 12,799,612	\$5,672,095	\$ 1,805,108	(5,322,409)
General Revenues				
Taxes				
Property Taxes Levied for General Purposes, Net				4,103,741
Earned Income Taxes				1,248,748
Regional Asset District - Sales Tax				506,020
Other Taxes Levied for General Purposes, Net				351,261
Investment Earnings				15,647
Miscellaneous Income				107,788
Cable TV Franchise				154,212
Total General Revenues				6,487,417
Change in Net Position				1,165,008
Net Position - January 1, 2021				9,596,150
Net Position - December 31, 2021				\$ 10,761,158

See Accompanying Notes

Appendix A-19-a

Borough of Brentwood Balance Sheet Governmental Funds December 31, 2021

Exhibit 3

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$2,015,811	\$3,580,426	\$1,561,688	\$314,496	\$ 7,472,421
Taxes Receivable, Net	749,242	-	-	-	749,242
Due from Other Funds	421,870	425,037	230,336	650	1,077,893
Due from Other Governments	6,817	-	1,072,600	-	1,079,417
Other Receivables	259,096	635,047	-	-	894,143
Prepaid Items	85,179	-	-	-	85,179
	<u>\$3,538,015</u>	<u>\$4,640,510</u>	<u>\$2,864,624</u>	<u>\$315,146</u>	<u>\$11,358,295</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 666,053	\$ -	\$ 418,046	\$ 3,824	\$ 1,087,923
Accounts Payable	118,249	482,470	20,040	-	620,759
Contracts Payable	-	15,879	102,442	-	118,321
Accrued Salaries and Benefits	170,063	-	-	-	170,063
Payroll Deductions and Withholdings	14,516	-	-	-	14,516
Unearned Revenues	-	-	11,020	-	11,020
Other Current Liabilities	182,417	-	-	-	182,417
	<u>1,151,298</u>	<u>498,349</u>	<u>551,548</u>	<u>3,824</u>	<u>2,205,019</u>
Total Liabilities					
Deferred Inflows of Resources					
Unavailable Revenues - Property Taxes	394,602	-	-	-	394,602
	<u>394,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>394,602</u>
Fund Balances					
Nonspendable	85,179	-	-	-	85,179
Restricted	-	-	-	34,228	34,228
Committed	-	4,142,161	2,313,076	277,094	6,732,331
Unassigned	1,906,936	-	-	-	1,906,936
	<u>1,992,115</u>	<u>4,142,161</u>	<u>2,313,076</u>	<u>311,322</u>	<u>8,758,674</u>
Total Fund Balances					
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$3,538,015</u>	<u>\$4,640,510</u>	<u>\$2,864,624</u>	<u>\$315,146</u>	<u>\$11,358,295</u>

See Accompanying Notes

**Borough of Brentwood
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2021**

Exhibit 4

Total Fund Balances - Governmental Funds	\$		8,758,674
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$25,827,607, and the accumulated depreciation is \$7,833,346.</p>			17,994,261
<p>Property taxes receivable will be collected in the next year, but are not available soon enough to pay for the current period's expenditures and, therefore, are not reported as assets in governmental funds.</p>			394,602
<p>Deferred charges on bonds issued and refunded are capitalized and amortized over the life of the bonds in the statement of net position.</p>			(199,611)
<p>Long-term liabilities, including bonds, notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>			
Bonds Payable	\$	(13,640,000)	
Notes Payable		(50,780)	
Capital Leases Payable		(60,385)	
Accrued Interest on the Bonds		(150,883)	
Other Post-Employment Benefits Payable		(1,422,231)	
Compensated Absences		(264,050)	(15,588,329)
<p>Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.</p>			447,434
<p>Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.</p>			
Deferred Outflows of Resources Related to Pensions		680,161	
Deferred Inflows of Resources Related to Pensions		(1,617,873)	
Deferred Outflows of Resources Related to OPEB		139,613	
Deferred Inflows of Resources Related to OPEB		(247,774)	(1,045,873)
Total Net Position - Governmental Activities	\$		10,761,158

See Accompanying Notes

Appendix A-19-a

Borough of Brentwood Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2021

Exhibit 5

	General Fund	Sewer Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues					
Taxes	\$5,968,123	\$ -	\$ -	\$ 201,000	\$ 6,169,123
Licenses and Permits	164,914	-	-	-	164,914
Fines and Forfeits	80,824	-	-	-	80,824
Interest, Rents and Royalties	98,337	13,840	336	283	112,796
Intergovernmental	351,572	323,944	735,589	404,642	1,815,747
Charges for Services	1,374,011	4,132,883	67,073	6,602	5,580,569
Miscellaneous	26,679	-	-	30,558	57,237
Total Revenues	<u>8,064,460</u>	<u>4,470,667</u>	<u>802,998</u>	<u>643,085</u>	<u>13,981,210</u>
Expenditures					
Current:					
General Government	819,181	-	559,874	-	1,379,055
Public Safety	3,235,661	-	127,936	-	3,363,597
Public Works - Sanitation	728,402	3,562,957	-	-	4,291,359
Public Works - Highway	1,217,573	-	608,852	210,460	2,036,885
Public Works - Other	-	-	4,243	-	4,243
Culture - Recreation	489,952	-	197,967	374,680	1,062,599
Conservation and Development	47,288	-	-	-	47,288
Miscellaneous	761,938	-	3,215	-	765,153
Debt Service:					
Principal	-	23,254	483,112	-	506,366
Interest	-	1,882	462,988	-	464,870
Total Expenditures	<u>7,299,995</u>	<u>3,588,093</u>	<u>2,448,187</u>	<u>585,140</u>	<u>13,921,415</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>764,465</u>	<u>882,574</u>	<u>(1,645,189)</u>	<u>57,945</u>	<u>59,795</u>
Other Financing Sources (Uses)					
Transfers In	457,500	-	3,190,000	-	3,647,500
Sale/Compensation for Fixed Assets	55,375	-	-	-	55,375
Transfers Out	<u>(2,580,000)</u>	<u>(867,500)</u>	<u>-</u>	<u>(200,000)</u>	<u>(3,647,500)</u>
Total Other Financing Sources (Uses)	<u>(2,067,125)</u>	<u>(867,500)</u>	<u>3,190,000</u>	<u>(200,000)</u>	<u>55,375</u>
Net Changes in Fund Balances	(1,302,660)	15,074	1,544,811	(142,055)	115,170
Fund Balances - January 1, 2021	<u>3,294,775</u>	<u>4,127,087</u>	<u>768,265</u>	<u>453,377</u>	<u>8,643,504</u>
Fund Balances - December 31, 2021	<u>\$1,992,115</u>	<u>\$4,142,161</u>	<u>\$ 2,313,076</u>	<u>\$ 311,322</u>	<u>\$ 8,758,674</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, 2021**

Exhibit 6

Total Net Change in Fund Balances - Governmental Funds	\$	115,170
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation Expense	\$	(650,536)	
Capital Outlays		<u>690,280</u>	39,744

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 increased by this amount this year.		40,647
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Repayment of bond and capital lease payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		506,366
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In the statement of activities, certain operating expenses-compensated absences (sick pay and vacations) and other post-employment benefits (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 actually paid).

Compensated Absences		32,696	
Other Post-Employment Benefits		<u>(65,684)</u>	(32,988)

**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, 2021**

Exhibit 6

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Net Change in Accrued Interest on Bonds		3,265
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Some expenses reported in the fund financial statements relating to pension expense are recognized based on the annual required contribution or amount actually paid and, in the government-wide statements, are recognized based on the annual pension cost.		486,583
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Bond issuance premiums are reported in the statement of revenues and expenditures of governmental funds as expenditures but are capitalized and amortized over the life of the bonds in the statement of activities.

Bond Premium	14,690		
Amortization of Issuance Costs	(8,469)		6,221

Change in Net Position of Governmental Activities		\$ 1,165,008
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See Accompanying Notes

**Borough of Brentwood
Statement of Net Position
Fiduciary Funds
December 31, 2021**

Exhibit 7

		Pension Trust Funds
ASSETS		
Cash and Cash Equivalents	\$	246,976
Investments		
U.S. Government & Agency Securities		2,721,375
Municipal Debt		15,712
Corporate Debt		1,351,593
Mutual Funds		2,178,263
Equities		5,110,226
Accrued Income		29,836
Due from Other Funds		<u>10,960</u>
TOTAL ASSETS		<u>11,664,941</u>
LIABILITIES		
Due to Other Funds		<u>930</u>
NET POSITION		
Net Position Restricted for Pensions		<u>11,664,011</u>
TOTAL LIABILITIES AND NET POSITION	\$	<u>11,664,941</u>

See Accompanying Notes

**Borough of Brentwood
Statement of Changes in Net Position
Fiduciary Funds
Year Ended December 31, 2021**

Exhibit 8

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 486,889
Plan Members	134,270
Other	<u>4,734</u>
Total Contributions	<u>625,893</u>
Investment Income	
Net Appreciation in Fair Value of Investments	858,421
Interest and Dividends	<u>488,828</u>
Less: Investment Expense	<u>(72,203)</u>
Net Investment Income	<u>1,275,046</u>
Total Additions	<u>1,900,939</u>
Deductions	
Benefits	332,263
Administrative Expenses	<u>5,695</u>
Total Deductions	<u>337,958</u>
Change in Net Position	1,562,981
Beginning of Year	<u>10,101,030</u>
End of Year	<u><u>\$ 11,664,011</u></u>

See Accompanying Notes

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

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.

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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

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 Borough also reports as nonmajor governmental funds the following:

The *highway aid fund*, a special revenue fund, accounts for the liquid fuels and relating expenditures.

The *library fund*, a special revenue fund, accounts for the library portion of real estate taxes and related services to the community.

The *asset forfeiture fund*, a special revenue fund, accounts for law enforcement proceeds from the state to be used exclusively for police-related activities.

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 type:

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.

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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

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 they are 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 they are 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.

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:

- 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".

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

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, 2021.

H. Prepaid Expenses

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

I. Capital Assets

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

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

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 discounts 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 discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing sources (uses).

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 two items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item is in the government-wide statement of net position and is related to the Borough's defined benefit pension plans.

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.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

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

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

N. Governmental Fund Balances

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

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

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 nonspendable, restricted, committed and assigned fund balances as of December 31, 2021, were as follows:

1. The nonspendable fund balance in the governmental funds was as follows:

a. General Fund	\$ 85,179
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2. The fund balance in the amount of \$23,094 in governmental funds is restricted for highway maintenance and \$11,134 restricted is for public safety.

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

a. Sewer fund expenditures	\$ 4,142,161
b. Capital projects	2,313,076
c. Library expenditures	<u>277,094</u>
	<u>\$6,732,331</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

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 - Deposits and Investments

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

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

The deposit and investment policy of the Borough adheres to state statutes and/or prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or highly liquid money market funds and are captioned as cash in the combined balance sheet. The deposits and investments of the fiduciary funds are administered by trustees and are held separately from those of other municipal funds. Investments are reported at fair value. Fair value is based on quoted market prices. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value. The investments in fixed income do not have a readily trading market value and the estimated market value approximates the original cost of the investments. There were no deposit or investment transactions during the year that were in violation of either their state statutes or the policy of the Borough.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in an event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a deposit policy for custodial credit risk. Deposits in excess of amounts covered by the Federal Deposit Insurance Corporation are collateralized in accordance with Act 72 of 1971 of the Pennsylvania State Legislature which requires the institution to pool collateral for all government deposits and have the collateral held by an approved custodian in the institution's name. As of December 31, 2021, \$6,926,509 of the Borough's bank balance of \$7,734,146 was exposed to custodial credit risk as follows:

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

Uninsured and Collateral Held by Pledging
Bank's Agent not in the Borough's Name \$6,926,509

As of December 31, 2021, the Borough had the following investments:

Investment Type	Fair Value
PLGIT	\$ 98,682
Common Stock	5,110,226
Mutual Funds	2,178,263
Corporate Bonds	1,351,593
U.S. Agencies	2,721,375
Municipal Bonds	<u>15,712</u>
	<u>\$11,475,851</u>

The Pennsylvania Local Government Investment Trust (PLGIT) was established as a common law trust, organized under laws of the Commonwealth of Pennsylvania. Shares of the fund is offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the fund is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The fund has the characteristics of open-end mutual funds and are not subject to custodial credit risk classification.

PLGIT is governed by elected board of trustees who are responsible for the overall management of the fund. The trustees are elected from the several classes of local governments participating in PLGIT. PLGIT is audited annually by independent auditors. PLGIT is a local government investment pool and is exempt from the requirement of SEC's Rule 2(a)7 of the Investment Company Act of 1940. PLGIT measures for financial reporting purposes its assets at amortized cost and maintains a stable net asset value of \$1 per share. Accordingly, the fair value of the position in PLGIT is the same as the value of PLGIT shares. There are no limitations or restrictions on withdrawals.

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, 2021

Credit Quality Distribution of Securities
with Credit Exposure as a Percentage of
Total Investments in Debt Securities

Investment Type	Rating	Percentage of Total Investments
Corporate Bonds	A	3.00%
US Treasury	A	28.49%
US Agencies	A	31.65%
Corporate Bonds	A +	5.28%
Corporate Bonds	A-	3.25%
Corporate Bonds	AA	2.30%
Municipal Bonds	AA	0.50%
Corporate Bonds	AA +	1.82%
Corporate Bonds	AA -	1.60%
Municipal Bonds	AAA	0.51%
Corporate Bonds	BB+	1.40%
Corporate Bonds	BBB-	0.82%
Corporate Bonds	BBB	5.52%
Corporate Bonds	BBB+	13.86%

Investments

The Borough categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Borough has the following recurring fair value measurements as of December 31, 2021:

Investments by Fair Value Level	Totals	Fair Value Measurements		
		Level 1	Level 2	Level 3
PLGIT	\$ 98,682	\$ 98,682	\$ -	\$ -
Common Stock	5,110,226	5,110,226	-	-
Mutual Funds	2,178,263	2,178,263	-	-
Corporate Bonds	1,351,593	1,351,593	-	-
U.S. Agencies	2,721,375	2,721,375	-	-
Municipal Bonds	<u>15,712</u>	<u>15,712</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 11,475,851</u>	<u>\$ 11,475,851</u>	<u>\$ -</u>	<u>\$ -</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

Note 3 - Real Estate Taxes

The tax collector bills and collects real estate taxes on behalf of the Borough based upon assessed values provided by the County. The Borough's tax rate for all purposes in 2021 was 10.0 mills (\$10.00 per \$1,000 assessed valuation). The tax rate is allocated to the general fund at 9.50 mills and the Library at 0.5 mills. The tax calendar for real estate taxes levied for 2021 is as follows:

Tax Levy Date	March 1
2% Discount Period	March 1 – June 30
Face Payment Period	July 1 - August 30
10% Penalty Period	September 1 – February 20
Lien Filing Date	February 21

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 \$394,602 along with other taxes receivable of \$354,640.

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 01/01/21	Additions	Transfers	Balance 12/31/21
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 515,992	\$ -	\$ -	\$ 515,992
Construction in Progress	9,125,430	417,367	(4,231,397)	5,311,400
Total Capital Assets not Being Depreciated	<u>9,641,422</u>	<u>417,367</u>	<u>(4,231,397)</u>	<u>5,827,392</u>
Capital Assets Being Depreciated				
Land and Land Improvements	6,653,966	-	-	6,653,966
Buildings and Building Improvements	5,702,710	-	4,231,397	9,934,107
Furniture and Equipment	3,139,229	272,913	-	3,412,142
Total Capital Assets Being Depreciated	<u>15,495,905</u>	<u>272,913</u>	<u>4,231,397</u>	<u>20,000,215</u>
Less Accumulated Depreciation				
Land and Land Improvements	1,908,460	296,623	-	2,205,083
Buildings and Building Improvements	2,862,395	205,710	-	3,068,105
Furniture and Equipment	2,411,955	148,203	-	2,560,158
Total Accumulated Depreciation	<u>7,182,810</u>	<u>650,536</u>	<u>-</u>	<u>7,833,346</u>
Total Capital Assets Being Depreciated, Net	<u>8,313,095</u>	<u>(377,623)</u>	<u>4,231,397</u>	<u>12,166,869</u>
Governmental Activities Capital Assets, Net	<u>\$17,954,517</u>	<u>\$ 39,744</u>	<u>\$ -</u>	<u>\$17,994,261</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities

General Government	\$ 47,229
Public Safety	62,841
Public Works	123,212
Culture - Recreation	<u>417,254</u>
Total Depreciation Expense	<u>\$ 650,536</u>

Note 5 - Interfund Balances

Interfund balances at December 31, 2021, were:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 421,870	\$ 666,053
Sewer Fund	425,037	-
Capital Projects Fund	230,336	418,046
Nonmajor Funds	650	3,824
Fiduciary Fund	<u>10,960</u>	<u>930</u>
	<u>\$1,088,853</u>	<u>\$1,088,853</u>

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

Note 6 - Interfund Transfers

For the year ended December 31, 2021, interfund transfers consisted of the following:

Transfers To	Transfer From			Totals
	General Fund	Sewer Fund	Nonmajor Funds	
General Fund	\$ -	\$ 457,500	\$ -	\$ 457,500
Capital Projects Fund	<u>2,580,000</u>	<u>410,000</u>	<u>200,000</u>	<u>3,190,000</u>
	<u>\$2,580,000</u>	<u>\$ 867,500</u>	<u>\$ 200,000</u>	<u>\$3,647,500</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 projects 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, 2021**

Note 7 - Long-Term Liabilities

Long-term liability for the year ended December 31, 2021 was as follows:

	Balance 01/01/21	Additions	Retirements	Balance 12/31/21	Due Within One Year
Governmental Activities					
Bonds Payable					
General Obligation Bonds	\$ 14,095,000	\$ -	\$ 455,000	\$ 13,640,000	\$ 465,000
Add: Bond Premium	324,401	-	14,690	309,711	-
Total Bonds Payable	<u>14,419,401</u>	<u>-</u>	<u>469,690</u>	<u>13,949,711</u>	<u>465,000</u>
General Obligation Notes	74,034	-	23,254	50,780	23,954
Capital Leases	88,497	-	28,112	60,385	29,477
Compensated Absences	<u>296,746</u>	<u>-</u>	<u>32,696</u>	<u>264,050</u>	<u>10,000</u>
Long-Term Liabilities	<u>\$ 14,878,678</u>	<u>\$ -</u>	<u>\$ 553,752</u>	<u>\$ 14,324,926</u>	<u>\$ 528,431</u>

As of December 31, 2021, the long-term debt arising from loans payable from governmental fund resources, consisted of the following:

General Obligation Bonds

Series of 2018, in the amount of \$6,850,000; due in annual principal and semi-annual interest installment due on September 1 and a semi-annual only interest installment due on March 1; interest rates from 1.65% - 3.30% through September 2044. Repayments are made through the capital projects fund.

\$ 6,835,000

Series of 2019, in the amount of \$7,585,000; due in annual principal and semi-annual interest installment due on September 1 and a semi-annual only interest installment due on March 1; interest rates from 1.4% - 2.478% through September 2034. Repayments are made through the capital projects fund.

6,805,000

\$ 13,640,000

General Obligation Notes

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 of 1.8%. Repayments are made through the capital projects fund.

\$ 50,780

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

The annual requirements of the Borough funds to amortize all debts outstanding, including interest, as of December 31, 2021, are as follows:

Year Ended December 31,	Governmental Activities				Totals
	General Obligation Bonds		General Obligation Notes		
	Principal	Interest	Principal	Interest	
2022	\$ 465,000	\$ 449,974	\$ 23,954	\$ 1,182	\$ 940,110
2023	475,000	440,667	24,675	461	940,803
2024	480,000	431,155	2,151	5	913,311
2025	490,000	421,505	-	-	911,505
2026	500,000	411,655	-	-	911,655
2027-2031	2,690,000	1,870,302	-	-	4,560,302
2032-2036	3,035,000	1,520,630	-	-	4,555,630
2037-2041	3,640,000	914,450	-	-	4,554,450
2042-2044	1,865,000	138,150	-	-	2,003,150
	<u>\$13,640,000</u>	<u>\$ 6,598,488</u>	<u>\$ 50,780</u>	<u>\$ 1,648</u>	<u>\$20,290,916</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
Less: Accumulated Depreciation	<u>(217,392)</u>
	<u>\$ 130,439</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

The future minimum lease obligations as of December 31, 2021, are as follows:

Year Ended December 31,	Amount
2022	\$ 32,026
2023	<u>32,026</u>
Total minimum lease payments	64,052
Less: Amount representing Interest	<u>(3,667)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 60,385</u></u>

Note 8 - Defined Benefit Pension Plans

A. Plan Descriptions, Contribution Information, and Funding Policies

The Borough of Brentwood contributes to two Defined Benefit Pension Plans. Assets are held separately and may be used only for the payment of benefits to the members of the respective Plans.

Borough of Brentwood Police Pension Plan (PPP) - The Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time basis by the Borough as a member of the police force is eligible to participate in the plan.

Borough of Brentwood Non-Police Pension Plan (NPPP) - The Non-Police Pension Plan is a single-employer defined benefit pension trust fund. Any person employed on a full-time salaried basis by the Borough (excluding police officers, councilmen and the mayor) are eligible to participate in the plan.

Actuarial valuations are performed biannually. For additional information related to basis of accounting and reported investment values, see Note 1C. The Plans do not issue stand-alone financial reports.

The following is a summary of funding policies, contribution methods, and benefit provisions:

	<u>PPP</u>	<u>NPPP</u>
Date Established	December 11, 1954	February 15, 1958
Governing Authority and Administrator	Borough Council and Ordinances	Borough Council and Ordinances
Determination of Contribution Requirements	Actuarially Determined	Actuarially Determined
Employer	\$269,776	\$141,648
Plan Members	5.0% of salary	3.0% of compensation
Funding of Administrative Costs	Investment Earnings	Investment Earnings

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

	<u>PPP</u>	<u>NPPP</u>																
Eligibility Requirements																		
Normal Retirement	Age 55 and completion of 25 years of service	Attainment of age 62 for Public Works' Dept. Employees, age 65 for all																
Early Retirement	None	Later of age 55 or completion of 25 years of service for Public Works Department Employees, age 62 for all Others																
Vesting																		
	100% after 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	A monthly benefit equal to 50% of gross pay averaged over the last 36 months of employment, plus a service increment of \$25 for each year of service in excess of 25 years, up to a maximum of \$100	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, 2021**

	<u>PPP</u>	<u>NPPP</u>
Amount of Benefit	A monthly benefit is calculated in the same manner as 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
Vesting Benefit	Accrued benefit at date of termination is payable monthly starting at normal retirement date	N/A
Member Contributions		
Amount or Rate:	5.0%	N/A
Interest Rate Credited to Member Contributions:	4.0%	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

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

Memberships of the Plans are as follows, based on the latest actuarial valuation reports dated January 1, 2021:

	<u>PPP</u>	<u>NPPP</u>
Active Plan Members	14	17
Retirees and Beneficiaries		
Currently Receiving Benefits	12	2
Terminated Employees Entitled to		
Benefits but Not Yet Receiving Them	<u>2</u>	<u>-</u>
	<u>28</u>	<u>19</u>

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

B. 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 August 15, 2016, the Plan's target asset allocation is as follows:

Asset Class	Target Percentage	Range
Equity	60%	40 % to 70%
Fixed Income	37%	25% to 55%
Cash Equivalents	3%	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>
Corporate Debt	\$ 67,897	AA + -
Corporate Debt	264,605	A + -
Corporate Debt	<u>631,665</u>	BBB +
Totals	<u>\$ 964,167</u>	

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2021, 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. $(\$8,953,475 \times 5\% = \$447,674)$

iShares Core S&P 500 ETF	\$800,389
iShares Core MSCI EAFE ETF	\$553,456

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 55% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

Investment Maturities (In Years)

Investments	Fair Value	Less Than 1	1-5.99	6-10	More than 10
Corporate Bonds	\$ 964,167	\$ -	\$ 254,289	\$ 313,049	\$ 396,829
U.S. Treasuries	1,200,879	-	912,313	77,963	210,603
U.S. Agencies	815,078	-	-	98,691	716,387
Total Investments	<u>\$ 2,980,124</u>	<u>\$ -</u>	<u>\$ 1,166,602</u>	<u>\$ 489,703</u>	<u>\$ 1,323,819</u>

DROP Balance - As of December 31, 2021, there were no DROP balances 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 August 22, 2016, the Plan's target asset allocation is as follows:

Asset Class	Target Percentage	Range
Equity	60%	40 % to 70%
Fixed Income	37%	25% to 55%
Cash Equivalents	3%	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.

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

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>
Municipal Debt	\$ 15,712	AA
Corporate Debt	21,783	AA +/-
Corporate Debt	100,209	A +/-
Corporate Debt	<u>265,431</u>	BBB +
Totals	<u>\$ 403,135</u>	

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. At December 31, 2021, the Plan had the following 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. ($\$2,710,536 \times 5\% = \$135,527$)

iShares Core MSCI EAFE ETF	\$146,369
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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 investment policy for interest rate risk other than the 55% limit on fixed income securities. The maturities of the Plan's debt investments are listed on the table below:

Investments	Fair Value	<u>Investment Maturities (In Years)</u>			
		Less Than 1	1-5.99	6-10	More than 10
Corporate Bonds	\$ 387,423	\$ -	\$ 116,939	\$ 110,563	\$ 159,921
U.S. Treasuries	409,750	-	261,392	70,247	78,111
U.S. Agencies	295,670	-	-	26,502	269,168
Municipal Bonds	<u>15,712</u>	<u>-</u>	<u>15,712</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 1,108,555</u>	<u>\$ -</u>	<u>\$ 394,043</u>	<u>\$ 207,312</u>	<u>\$ 507,200</u>

C. Net Pension Liability

The components of the net pension liability at December 31, 2021 were as follows:

	PPP	NPPP
Total Pension Liability	\$8,226,808	\$2,989,769
Plan Fiduciary Net Position	<u>8,953,475</u>	<u>2,710,536</u>
Net Pension Liability (Asset)	<u>\$ (726,667)</u>	<u>\$ 279,233</u>

Plan fiduciary net position as a percentage of the total pension liability is 108.8% for the Police Pension Plan and 90.7% for the Non-Police Pension Plan.

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

Police Pension Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 7,852,397	\$ 7,776,673	\$ 75,724
Changes for the Year:			
Service Cost	218,535	-	218,535
Interest	640,001	-	640,001
Change of Benefit Terms	53,412	-	53,412
Differences between Expected and Actual Experience	(250,983)	-	(250,983)
Contributions - Employer	-	345,241	(345,241)
Contributions - Employee	-	96,485	(96,485)
Net Investment Income	-	1,075,706	(1,075,706)
Benefit Payments, including			
Refunds of Employee Contributions	(286,554)	(286,554)	-
Administrative Expense	-	(56,676)	56,676
Adjustments	-	2,600	(2,600)
Net Changes	<u>374,411</u>	<u>1,176,802</u>	<u>(802,391)</u>
Balances at December 31, 2021	<u>\$ 8,226,808</u>	<u>\$ 8,953,475</u>	<u>\$ (726,667)</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:

	<u>Police Pension Plan</u>		
	1.00% Decrease 6.25%	Current Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	<u>\$ 358,325</u>	<u>\$ (726,667)</u>	<u>\$ (1,632,872)</u>

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

For the year ended December 31, 2021, the Borough recognized pension expense of \$305,914.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

At December 31, 2021, the Plan reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 261,601
Change in Assumptions	114,607	31,519
Net difference between Projected and Actual Earnings on Pension Plan Investments	<u>141,100</u>	<u>1,024,890</u>
Totals	<u>\$ 255,707</u>	<u>\$ 1,318,010</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2022	\$ (281,607)
2023	(375,700)
2024	(211,949)
2025	(123,934)
2026	(36,374)
Thereafter	<u>(32,739)</u>
	<u>\$ (1,062,303)</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

Non-Police Pension Plan

Changes in the Borough's net pension liability for the year ended December 31, 2021 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at December 31, 2020	\$ 2,422,808	\$ 2,324,357	\$ 98,451
Changes for the Year:			
Service Cost	76,414	-	76,414
Interest	184,491	-	184,491
Contributions - Employer	-	141,648	(141,648)
Contributions - Employee	-	37,785	(37,785)
Net Investment Income	-	271,543	(271,543)
Benefit Payments, including			
Refunds of Employee Contributions	(45,709)	(45,709)	-
Administrative Expense	-	(21,222)	21,222
Adjustments	<u>351,765</u>	<u>2,134</u>	<u>349,631</u>
Net Changes	<u>566,961</u>	<u>386,179</u>	<u>180,782</u>
Balances at December 31, 2021	<u>\$ 2,989,769</u>	<u>\$ 2,710,536</u>	<u>\$ 279,233</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:

	<u>Non-Police Pension Plan</u>		
	1.00% Decrease	Current Rate	1.00% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	<u>\$ 414,536</u>	<u>\$ 279,233</u>	<u>\$ 159,746</u>

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

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

For the year ended December 31, 2021, the Borough recognized pension expense of \$180,669. At December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 357,816	\$ 26,291
Change in Assumptions	24,321	-
Net difference between Projected and Actual Earnings on Pension Plan Investments	<u>42,317</u>	<u>273,572</u>
Totals	<u>\$ 424,454</u>	<u>\$ 299,863</u>

Amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2022	\$ (9,873)
2023	(45,615)
2024	13,407
2025	39,520
2026	53,097
Thereafter	<u>74,055</u>
	<u>\$ 124,591</u>

At December 31, 2021, 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 9 - Other Post-Employment Benefit Plan

A. Plan Description

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

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

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 - The retiree must pay 50% of the premium at the coverage level selected.

Medical Plans Available - 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.

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.

Employees Covered by Benefit Terms

At January 1, 2020, the following employees were covered by the benefit terms:

Retired Participants	11
Active Employees	<u>33</u>
	<u>44</u>

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

C. Total OPEB Liability

The Borough's total OPEB liability of \$1,422,231 was measured as of January 1, 2020, and was determined by an actuarial valuation as of that date.

D. Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Discount Rate	3.00%
Healthcare Cost Trend Rates	16.70% for Medical/RX decreasing until reaches 5.00% and continuing at that rate. For dental and vision 3.00%

The discount rate was based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment.

The actuarial assumptions used in the January 1, 2020 valuation were selected using input from the Borough based upon actual experience.

E. Change in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	\$ 1,340,159
Changes for the year:	
Service Cost	73,381
Interest	41,912
Benefit Payments	<u>(33,221)</u>
Net Changes	<u>82,072</u>
Balance at December 31, 2021	<u><u>\$ 1,422,231</u></u>

F. Changes of Assumptions and Other Inputs

- No change in the discount rate in 2021
- Medical, dental, and vision trend rates were updated

Borough of Brentwood
Notes to Financial Statements
December 31, 2021

G. Sensitivity of the Total Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.00%) or one percentage point higher (4.00%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.00%	3.00%	4.00%
Total OPEB Liability	\$ 1,587,306	\$ 1,422,231	\$ 1,274,859

H. Sensitivity of the Total Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Borough, as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1.00% Decrease	Healthcare Cost Trend Rates	1.00% Increase
Total OPEB Liability	\$ 1,242,832	\$ 1,422,231	\$ 1,636,372

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the Borough recognized OPEB Expense of \$98,905. At December 31, 2021, the Borough reported deferred outflows and deferred inflows of resources related to OPEB from the following Sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ -	\$ 247,774
Change in assumptions	139,613	-
	\$ 139,613	\$ 247,774

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2022	\$ (16,388)
2023	(16,388)
2024	(16,388)
2025	(16,388)
2026	(16,388)
Thereafter	<u>(26,221)</u>
	<u>\$ (108,161)</u>

Note 10 - 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 11 - Operating Leases - Equipment

The Borough leases various computer and copier equipment. Total lease expense for 2021 was \$2,100. As of December 31, 2021, future minimum rental payments under these leases are as follows:

Year Ended December 31,	Amount
2022	<u>\$ 1,925</u>

Note 12 - Risk and Uncertainties

The COVID-19 outbreak in the United States has caused economic uncertainties and business disruption through mandated and voluntary closings. The disruption impacted various aspects of the Borough's operations. However, the ultimate outcome of the pandemic and its effects on the financial position and activities of the Borough cannot be determined at this time. The Borough staff will continue to monitor operating results to mitigate any financial impact that may occur.

**Borough of Brentwood
Notes to Financial Statements
December 31, 2021**

Note 13 - Subsequent Events

On December 7, 2020, during the Brentwood Borough Council Meeting, the Borough Council adopted Resolution No. 2020-72; authorizing the execution by Brentwood Borough of an asset purchase agreement between the Borough and purchaser Pennsylvania American Water Company; authorizing the assignment of the Borough's rights and obligations in all relevant agreements to PA American; authorizing and approving all information and cooperation with PA-American; authorizing all actions relating to the execution of the purchase agreement and the assignment of all relevant agreements; authorizing incidental action to be taken by specified officers of the Borough. The purchase price for the acquired assets is \$19,200,000. It is expected that the closing shall occur in early 2023.

**REQUIRED SUPPLEMENTARY
INFORMATION SECTION**

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Real Estate Taxes				
Current	\$ 3,900,000	\$ 3,900,000	\$ 3,528,599	\$ (371,401)
Delinquent	300,000	300,000	333,495	33,495
Regional Asset District Sales Tax	400,000	400,000	506,020	106,020
Real Estate Transfer Taxes	100,000	100,000	212,165	112,165
Earned Income Taxes/Wage Taxes	1,203,000	1,203,000	1,248,748	45,748
Mechanical Device Taxes	27,000	27,000	34,400	7,400
Local Service Taxes	90,000	90,000	104,696	14,696
Total Taxes	<u>6,020,000</u>	<u>6,020,000</u>	<u>5,968,123</u>	<u>(51,877)</u>
Licenses and Permits				
Cable Television Franchise	165,000	165,000	154,212	(10,788)
All Other Licenses and Permits	34,000	34,000	10,702	(23,298)
Total Licenses and Permits	<u>199,000</u>	<u>199,000</u>	<u>164,914</u>	<u>(34,086)</u>
Fines and Forfeits	<u>82,000</u>	<u>82,000</u>	<u>80,824</u>	<u>(1,176)</u>
Interest, Rents and Royalties				
Interest Earnings	5,000	5,000	1,188	(3,812)
Rents and Royalties	96,000	96,000	97,149	1,149
Total Interest, Rents and Royalties	<u>101,000</u>	<u>101,000</u>	<u>98,337</u>	<u>(2,663)</u>
Intergovernmental				
Federal				
All Other Fed Shared Revenue & Entitlements	-	-	21,094	21,094
State				
All Other State Capital & Operating Grants	-	-	50,000	50,000
Public Utility Realty Tax	6,000	6,000	5,715	(285)
General Municipal Pension System State Aid	200,000	200,000	230,270	30,270
Alcoholic Beverage Taxes	3,000	3,000	4,924	1,924
Foreign Fire Insurance Tax Distribution	39,000	39,000	38,638	(362)
Marcellus Shale Impact Fee Distribution	1,000	1,000	931	(69)
Total Intergovernmental	<u>249,000</u>	<u>249,000</u>	<u>351,572</u>	<u>102,572</u>

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Charges for Services				
General Government	15,000	15,000	7,025	(7,975)
Public Safety	181,000	181,000	207,971	26,971
Parking/Parking Meter Permits	65,000	65,000	44,653	(20,347)
Solid Waste Collection/Trash	831,000	831,000	877,095	46,095
Culture-Recreation	81,000	81,000	237,267	156,267
Total Charges for Services	1,173,000	1,173,000	1,374,011	201,011
Miscellaneous Revenue				
Contributions & Donations from Private Sources	-	-	300	300
Other Miscellaneous Revenue	1,000	1,000	22,904	21,904
Refunds of Prior Year's Expenditures	-	-	3,475	3,475
Total Miscellaneous Revenue	1,000	1,000	26,679	25,679
Total Revenues	7,825,000	7,825,000	8,064,460	239,460
Expenditures				
Current:				
General Government				
Legislative Body				
Personal Services	18,100	18,100	18,085	15
Supplies	500	500	-	500
Other Services & Charges	10,600	10,600	3,989	6,611
Capital Purchase	1,800	1,800	3,575	(1,775)
Executive				
Personal Services	3,700	3,700	3,660	40
Supplies	300	300	-	300
Other Services & Charges	1,900	1,900	1,808	92
Capital Purchase	100	100	148	(48)
Financial Administration				
Other Services & Charges	20,000	20,000	26,317	(6,317)
Tax Collection				
Personal Services	7,900	7,900	7,606	294
Supplies	2,000	2,000	546	1,454
Other Services & Charges	64,100	64,100	55,893	8,207
Law				
Other Services & Charges	76,000	76,000	57,638	18,362

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Clerk/Secretary				
Personal Services	417,500	417,500	408,546	8,954
Supplies	13,000	13,000	11,197	1,803
Other Services & Charges	36,000	36,000	21,421	14,579
Capital Purchase	5,500	5,500	-	5,500
Personnel Administration				
Other Services & Charges	23,000	23,000	21,563	1,437
Data Processing				
Supplies	1,000	1,000	920	80
Other Services & Charges	56,000	56,000	80,768	(24,768)
Engineer				
Other Services & Charges	6,000	6,000	15,386	(9,386)
General Gov't. Buildings & Plant				
Supplies	6,000	6,000	5,583	417
Other Services & Charges	31,000	31,000	65,819	(34,819)
Capital Purchase	1,000	1,000	8,713	(7,713)
Total General Government	803,000	803,000	819,181	(16,181)
Public Safety				
Police				
Personal Services	2,501,000	2,501,000	2,364,736	136,264
Supplies	61,500	61,500	62,923	(1,423)
Other Services & Charges	80,500	80,500	92,884	(12,384)
Capital Purchase	2,000	2,000	-	2,000
Fire				
Supplies	5,000	5,000	3,287	1,713
Other Services & Charges	34,200	34,200	37,038	(2,838)
Contributions, Grants & Subs.	136,000	136,000	134,638	1,362
Ambulance/Rescue				
Supplies	11,900	11,900	8,115	3,785
Other Services & Charges	100	100	-	100
Contributions, Grants & Subs.	85,000	85,000	85,000	-
Planning and Zoning				
Personal Services	203,000	203,000	197,461	5,539
Supplies	4,000	4,000	1,270	2,730
Other Services & Charges	31,000	31,000	36,471	(5,471)
Capital Purchase	1,000	1,000	-	1,000

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Emergency Management & Communication				
Personal Services	148,150	148,150	101,898	46,252
Supplies	10,850	10,850	218	10,632
Other Public Safety				
Personal Services	182,100	182,100	109,038	73,062
Supplies	4,900	4,900	684	4,216
Total Public Safety	3,502,200	3,502,200	3,235,661	266,539
Public Works - Sanitation				
Recycling Collection and Disposal				
Other Services & Charges	740,000	740,000	728,402	11,598
Capital Purchase	2,000	2,000	-	2,000
Total Public Works - Sanitation	742,000	742,000	728,402	13,598
Public Works - Highways				
General Service - Administration				
Personal Services	1,080,200	1,080,200	1,042,040	38,160
Supplies	91,500	91,500	78,109	13,391
Other Services & Charges	60,300	60,300	41,115	19,185
Capital Purchase	9,000	9,000	7,786	1,214
Traffic Control Devices				
Other Services & Charges	10,000	10,000	28,488	(18,488)
Street Lighting				
Other Services & Charges	10,000	10,000	20,035	(10,035)
Total Public Works - Highways	1,261,000	1,261,000	1,217,573	43,427
Total Public Works	2,003,000	2,003,000	1,945,975	57,025

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Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Culture - Recreation				
Administration				
Personal Services	63,000	63,000	73,956	(10,956)
Supplies	5,000	5,000	4,330	670
Other Services & Charges	56,800	56,800	44,772	12,028
Contributions, Grants & Subs.	4,200	4,200	1,970	2,230
Capital Purchase	4,000	4,000	3,440	560
Participant Recreation				
Personal Services	28,000	28,000	41,306	(13,306)
Supplies	15,000	15,000	30,705	(15,705)
Other Services & Charges	82,000	82,000	93,155	(11,155)
Capital Purchase	9,000	9,000	8,417	583
Spectator Recreation				
Supplies	2,000	2,000	-	2,000
Other Services & Charges	13,000	13,000	12,311	689
Capital Purchase	2,000	2,000	1,618	382
Parks				
Personal Services	-	-	42,345	(42,345)
Supplies	8,000	8,000	5,393	2,607
Other Services & Charges	78,000	78,000	32,603	45,397
Capital Purchase	13,000	13,000	14,454	(1,454)
Libraries				
Supplies	3,400	3,400	1,772	1,628
Other Services & Charges	34,600	34,600	30,084	4,516
Contributions, Grants & Subs.	201,000	201,000	-	201,000
Capital Purchase	1,000	1,000	498	502
Civil & Military Celebrations				
Other Services & Charges	9,000	9,000	430	8,570
Contributions, Grants & Subs.	5,000	5,000	3,300	1,700
Capital Purchase	7,000	7,000	6,709	291
Other				
Supplies	1,000	1,000	3,481	(2,481)
Other Services & Charges	22,400	22,400	31,461	(9,061)
Capital Purchase	1,600	1,600	1,442	158
Total Culture - Recreation	<u>669,000</u>	<u>669,000</u>	<u>489,952</u>	<u>179,048</u>
Conservation and Development				
Econ. Development & Assist.				
Other Services & Charges	<u>47,000</u>	<u>47,000</u>	<u>47,288</u>	<u>(288)</u>

Appendix A-19-a

Borough of Brentwood Schedule of Revenues, Expenditures and Changes in Fund Balance General Fund – Budget and Actual Year Ended December 31, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Miscellaneous				
Retirement Fund Contributions	412,000	412,000	486,889	(74,889)
Workers Comp. Contributions	140,000	140,000	122,595	17,405
Insurance, Casualty & Surety	85,000	85,000	79,693	5,307
Other Misc. Expenditures	16,000	16,000	10,000	6,000
Refunds of Prior Year's Receipts	-	-	62,761	(62,761)
Total Miscellaneous	<u>653,000</u>	<u>653,000</u>	<u>761,938</u>	<u>(108,938)</u>
Total Expenditures	<u>7,677,200</u>	<u>7,677,200</u>	<u>7,299,995</u>	<u>377,205</u>
Other Financing Sources (Uses)				
Proceeds of General Capital Assets Distribution	10,000	10,000	55,375	45,375
Interfund Operating Transfers	610,000	610,000	457,500	(152,500)
Fund Transfers				
Special Revenue Fund	(150,800)	(150,800)	-	150,800
Capital Projects Fund	(2,117,000)	(2,117,000)	(2,580,000)	(463,000)
Total Other Financing Sources (Uses)	<u>(1,647,800)</u>	<u>(1,647,800)</u>	<u>(2,067,125)</u>	<u>(419,325)</u>
Total Expenditures and Other Financing Uses	<u>9,325,000</u>	<u>9,325,000</u>	<u>9,367,120</u>	<u>(42,120)</u>
Net Change in Fund Balance	(1,500,000)	(1,500,000)	(1,302,660)	197,340
Fund Balance - January 1, 2021	<u>1,500,000</u>	<u>1,500,000</u>	<u>3,294,775</u>	<u>1,794,775</u>
Fund Balance - December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,992,115</u>	<u>\$ 1,992,115</u>

**Borough of Brentwood
Schedule of Revenues, Expenditures
and Changes in Fund Balance
Sewer Fund – Budget and Actual
Year Ended December 31, 2021**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest, Rents and Royalties				
Interest Earnings	\$ 7,000	\$ 7,000	\$ 13,840	\$ 6,840
Intergovernmental				
Local	149,000	149,000	323,944	174,944
Charges for Services				
Sewer Charges	<u>3,617,000</u>	<u>3,617,000</u>	<u>4,132,883</u>	<u>515,883</u>
Total Revenues	<u>3,773,000</u>	<u>3,773,000</u>	<u>4,470,667</u>	<u>697,667</u>
Expenditures				
Current				
Public Works - Sanitation				
Other Services & Charges	<u>3,803,000</u>	<u>3,803,000</u>	<u>3,562,957</u>	<u>240,043</u>
Debt Service				
Principal	24,000	24,000	23,254	746
Interest	<u>2,000</u>	<u>2,000</u>	<u>1,882</u>	<u>118</u>
Total Debt Service	<u>26,000</u>	<u>26,000</u>	<u>25,136</u>	<u>864</u>
Total Expenditures	<u>3,829,000</u>	<u>3,829,000</u>	<u>3,588,093</u>	<u>240,907</u>
Excess of Revenues over (Under) Expenditures	<u>(56,000)</u>	<u>(56,000)</u>	<u>882,574</u>	<u>938,574</u>
Other Financing Sources (Uses)				
Transfers In	1,000,000	1,000,000	-	(1,000,000)
Transfers Out	<u>(770,000)</u>	<u>(770,000)</u>	<u>(867,500)</u>	<u>97,500</u>
Total Other Financing Sources (Uses)	<u>230,000</u>	<u>230,000</u>	<u>(867,500)</u>	<u>(902,500)</u>
Total Expenditures and Other Financing Uses	<u>4,059,000</u>	<u>4,059,000</u>	<u>2,720,593</u>	<u>1,338,407</u>
Net Change in Fund Balance	174,000	174,000	15,074	36,074
Fund Balance - January 1, 2021	<u>400,000</u>	<u>400,000</u>	<u>4,127,087</u>	<u>3,727,087</u>
Fund Balance - December 31, 2021	<u>\$ 574,000</u>	<u>\$ 574,000</u>	<u>\$ 4,142,161</u>	<u>\$ 3,568,161</u>

Borough of Brentwood
Note to the Required Supplementary Information
Budget Comparison
December 31, 2021

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, 2021**

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

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 218,535	\$ 220,941	\$ 210,420	\$ 196,266	\$ 186,920	\$ 179,574	\$ 171,023	\$ 180,157
Interest	640,001	472,736	510,075	485,464	458,633	445,015	429,168	411,607
Change of Benefit Terms	53,412	-	55,206	-	-	-	-	-
Change in Assumptions	-	-	210,112	-	(21,539)	-	(346,694)	-
Adjustments	-	-	-	(2,572)	2,572	-	-	-
Difference Between Expected and Actual Experience	(250,983)	-	(46,080)	-	-	-	(170,385)	-
Benefit Payments and Refunds	(286,554)	(290,905)	(297,159)	(297,159)	(297,159)	(555,795)	(192,516)	(305,770)
Net Change in Total Pension Liability	374,411	402,772	642,574	381,999	329,427	68,794	(109,404)	285,994
Total Pension Liability - Beginning	7,852,397	7,449,625	6,807,051	6,425,052	6,095,625	6,026,831	6,136,235	5,850,241
Total Pension Liability - Ending (a)	8,226,808	7,852,397	7,449,625	6,807,051	6,425,052	6,095,625	6,026,831	6,136,235
Plan Fiduciary Net Position								
Contributions - Employer, including State Aid	345,241	222,521	211,242	207,536	199,504	195,215	279,131	218,893
Contributions - Member	96,485	87,250	81,233	77,290	76,477	73,603	70,451	71,843
Net Investment Income	1,075,706	978,200	1,210,346	(263,742)	724,255	236,152	(88,543)	145,773
Benefit Payments	(286,554)	(290,905)	(297,159)	(297,159)	(297,159)	(555,795)	(192,516)	(305,770)
Administrative Expenses	(56,676)	(50,016)	(41,357)	(43,987)	(37,147)	(34,500)	(58,089)	(13,185)
Other	2,600	483	153	1,080	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,176,802	947,533	1,164,458	(318,982)	665,930	(85,325)	10,434	117,554
Plan Fiduciary Net Position - Beginning	7,776,673	6,829,140	5,664,682	5,983,664	5,317,734	5,403,059	5,392,625	5,275,071
Plan Fiduciary Net Position - Ending (b)	8,953,475	7,776,673	6,829,140	5,664,682	5,983,664	5,317,734	5,403,059	5,392,625
Net Pension Liability (a-b)	\$ (726,667)	\$ 75,724	\$ 620,485	\$ 1,142,369	\$ 441,388	\$ 777,891	\$ 623,772	\$ 743,610
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	108.8%	99.0%	91.7%	83.2%	93.1%	87.2%	89.7%	87.9%
Covered Payroll	\$ 1,987,346	\$ 1,768,634	\$ 1,639,977	\$ 1,545,802	\$ 1,529,537	\$ 1,463,019	\$ 1,409,011	\$ 1,330,937
Net Pension Liability as a Percentage of Covered Payroll	-36.6%	4.28%	37.83%	73.90%	28.86%	53.17%	44.27%	55.87%

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, 2021**

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

	Non-Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 76,414	\$ 69,637	\$ 66,638	\$ 66,626	\$ 63,757	\$ 57,494	\$ 55,018	\$ 51,202
Interest	184,491	148,779	156,544	153,158	142,904	137,369	135,141	135,332
Change in Assumptions	-	-	40,905	-	-	-	-	-
Adjustments	351,765	-	-	(1,102)	1,102	-	-	-
Difference Between Expected and Actual Experience	-	-	85,208	-	3,928	-	(141,315)	-
Benefit Payments	<u>(45,709)</u>	<u>(29,276)</u>	<u>(406,951)</u>	<u>(97,961)</u>	<u>(29,276)</u>	<u>(219,476)</u>	<u>(104,100)</u>	<u>(1,138)</u>
Net Change in Total Pension Liability	566,961	189,140	(57,656)	120,721	182,415	(24,613)	(55,256)	185,396
Total Pension Liability - Beginning	<u>2,422,808</u>	<u>2,233,668</u>	<u>2,291,324</u>	<u>2,170,603</u>	<u>1,988,188</u>	<u>2,012,801</u>	<u>2,068,057</u>	<u>1,882,661</u>
Total Pension Liability - Ending (a)	<u>2,989,769</u>	<u>2,422,808</u>	<u>2,233,668</u>	<u>2,291,324</u>	<u>2,170,603</u>	<u>1,988,188</u>	<u>2,012,801</u>	<u>2,068,057</u>
Plan Fiduciary Net Position								
Contributions - Employer, including State Aid	141,648	111,402	107,762	78,561	74,248	71,334	97,953	74,645
Contributions - Member	37,785	34,514	31,514	32,901	32,703	30,875	29,898	29,418
Net Investment Income	271,543	260,392	365,752	(75,728)	218,657	76,973	(28,332)	44,438
Benefit Payments	(45,709)	(29,276)	(406,951)	(97,961)	(29,276)	(219,476)	(104,100)	(1,138)
Administrative Expenses	(21,222)	(21,933)	(17,195)	(22,328)	(15,884)	(18,848)	(33,153)	(9,954)
Other	<u>2,134</u>	<u>982</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,529</u>
Net Change in Plan Fiduciary Net Position	386,179	356,081	80,882	(83,755)	280,448	(59,142)	(37,734)	138,938
Plan Fiduciary Net Position - Beginning	<u>2,324,357</u>	<u>1,968,276</u>	<u>1,887,394</u>	<u>1,971,149</u>	<u>1,690,701</u>	<u>1,749,843</u>	<u>1,787,577</u>	<u>1,648,639</u>
Plan Fiduciary Net Position - Ending (b)	<u>2,710,536</u>	<u>2,324,357</u>	<u>1,968,276</u>	<u>1,887,394</u>	<u>1,971,149</u>	<u>1,690,701</u>	<u>1,749,843</u>	<u>1,787,577</u>
Net Pension Liability (a-b)	<u>\$ 279,233</u>	<u>\$ 98,451</u>	<u>\$ 265,392</u>	<u>\$ 403,930</u>	<u>\$ 199,454</u>	<u>\$ 297,487</u>	<u>\$ 262,958</u>	<u>\$ 280,480</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.7%	95.9%	88.1%	82.4%	90.8%	85.0%	86.9%	86.4%
Covered Payroll	<u>\$1,288,795</u>	<u>\$1,229,192</u>	<u>\$1,060,022</u>	<u>\$1,058,006</u>	<u>\$1,080,443</u>	<u>\$1,053,506</u>	<u>\$ 908,231</u>	<u>\$1,010,123</u>
Net Pension Liability as a Percentage of Covered Payroll	21.7%	8.01%	25.04%	38.18%	18.46%	28.24%	28.95%	27.77%

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, 2021**

2. Schedule of Contributions

Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution (Deficiency) Excess	Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 218,893	\$ 218,893	\$ -	\$ 1,330,937	16.4%
2015	279,131	279,131	-	1,409,011	19.8%
2016	195,215	195,215	-	1,463,019	13.3%
2017	199,504	199,504	-	1,529,537	13.0%
2018	207,536	207,536	-	1,545,802	13.4%
2019	211,242	211,242	-	1,639,977	12.9%
2020	222,521	222,521	-	1,768,634	12.6%
2021	269,776	345,241	75,465	1,987,346	17.4%

Non-Police Pension Plan

Year Ended December 31,	Actuarially Determined Contribution	Actual Contributions	Contribution (Deficiency) Excess	Covered Payroll	Contributions as a % of Covered Payroll
2014	\$ 74,645	\$ 74,645	\$ -	\$ 1,010,456	7.4%
2015	97,953	97,953	-	908,231	10.8%
2016	71,334	71,334	-	1,053,506	6.8%
2017	74,248	74,248	-	1,080,443	6.9%
2018	78,561	78,561	-	1,058,006	7.4%
2019	107,762	107,762	-	1,060,022	10.2%
2020	111,402	111,402	-	1,229,192	9.1%
2021	141,648	141,648	-	1,288,795	11.0%

**Borough of Brentwood
Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021**

3. Investment Returns

	Police Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	13.92%	13.12%	19.57%	-3.85%	12.71%	N/A	-2.38%	2.86%
	Non-Uniformed Pension Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money Weighted Rate of Return Net of Investment Expenses	11.67%	14.18%	21.73%	-4.47%	13.69%	N/A	-2.37%	2.88%

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
Notes to Required Supplementary Information
Defined Benefit Pension Trust Funds
December 31, 2021

Police Pension Plan

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

Actuarial Valuation Date	January 1, 2021
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar, closed
Remaining Amortization Period	9 years aggregate
Asset Valuation Method	4-year smoothing
Discount Rate	7.0%
Inflation	2.75%
Salary Increases	5.0% including inflation
Mortality Table	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment

2. Changes to Benefits:

None.

3. Changes to Assumptions:

None.

Non-Police Pension Plan

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

Actuarial Valuation Date	January 1, 2021
Actuarial Cost Method	Entry age normal
Amortization Period	Level dollar, closed
Remaining Amortization Method	8 years aggregate
Asset Valuation Method	Fair value
Discount Rate	6.50%
Inflation	2.75%
Salary Increases	4.50% including inflation
Mortality Table	RP-2000 Combined Healthy Mortality Table with Blue Collar Adjustment

2. Changes to Benefits:

None.

3. Changes to Assumptions:

None.

Borough of Brentwood
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability
and Related Ratios
Last Five Years

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Total OPEB Liability					
Service Cost	\$ 73,381	\$ 71,417	\$ 55,838	\$ 54,344	\$ -
Interest	41,912	39,442	44,589	42,503	-
Change in Assumptions	-	181,921	-	-	-
Difference Between Expected and Actual Experience	-	(322,858)	-	-	-
Benefit Payments	<u>(33,221)</u>	<u>(27,804)</u>	<u>(36,754)</u>	<u>(31,597)</u>	<u>-</u>
Net Change in Total OPEB Liability	82,072	(57,882)	63,673	65,250	-
Total OPEB Liability - Beginning	<u>1,340,159</u>	<u>1,398,041</u>	<u>1,334,368</u>	<u>1,269,118</u>	<u>-</u>
Total OPEB Liability - Ending	<u>\$ 1,422,231</u>	<u>\$ 1,340,159</u>	<u>\$ 1,398,041</u>	<u>\$ 1,334,368</u>	<u>\$ 1,269,118</u>
Covered Payroll	3,276,141	2,788,496	2,609,980	2,609,980	N/A
Total OPEB Liability as a Percentage of Covered Payroll	43.41%	48.06%	53.57%	51.13%	N/A

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.

**OTHER
INFORMATION SECTION**

**Borough of Brentwood
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

Exhibit A

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Asset Forfeiture Fund	
ASSETS				
Cash and Cash Equivalents	\$ 26,918	\$ 277,094	\$ 10,484	\$ 314,496
Due from Other Funds	-	-	650	650
TOTAL ASSETS	26,918	277,094	11,134	315,146
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds	3,824	-	-	3,824
Fund Balances				
Restricted	23,094	-	11,134	34,228
Committed	-	277,094	-	277,094
Total Fund Balances	23,094	277,094	11,134	311,322
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,918	\$ 277,094	\$ 11,134	\$ 315,146

Borough of Brentwood
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2021

Exhibit B

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Highway Aid Fund	Library Fund	Asset Forfeiture Fund	
Revenues				
Taxes	\$ -	\$ 201,000	\$ -	\$ 201,000
Interest, Rents, and Royalties	62	221	-	283
Intergovernmental	247,795	156,847	-	404,642
Charges for Services	-	6,602	-	6,602
Miscellaneous	-	30,558	-	30,558
	247,857	395,228	-	643,085
Total Revenues				
Expenditures				
Current:				
Public Works - Highway	210,460	-	-	210,460
Culture - Recreation	-	374,680	-	374,680
	210,460	374,680	-	585,140
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures	37,397	20,548	-	57,945
Other Financing Sources (Uses)				
Transfers Out	(200,000)	-	-	(200,000)
Net Changes in Fund Balances	(162,603)	20,548	-	(142,055)
Fund Balances - January 1, 2021	185,697	256,546	11,134	453,377
Fund Balances - December 31, 2021	\$ 23,094	\$ 277,094	\$ 11,134	\$ 311,322

Borough of Brentwood
Combining Statement of Net Position
Fiduciary Funds
December 31, 2021

Exhibit C

	<u>Pension Trust Funds</u>		Totals
	Police Pension Fund	Non-Police Pension Fund	
ASSETS			
Cash and Cash Equivalents	\$ 180,377	\$ 66,599	\$ 246,976
Investments			
U.S. Government & Agency Securities	2,015,956	705,419	2,721,375
Municipal Debt	-	15,712	15,712
Corporate Debt	964,169	387,424	1,351,593
Mutual Funds	1,772,279	405,984	2,178,263
Equities	3,988,582	1,121,644	5,110,226
Accrued Income	21,152	8,684	29,836
Due from Other Funds	10,960	-	10,960
TOTAL ASSETS	<u>8,953,475</u>	<u>2,711,466</u>	<u>11,664,941</u>
LIABILITIES			
Due to Other Funds	<u>-</u>	<u>930</u>	<u>930</u>
NET POSITION			
Net Position Restricted for Pensions	<u>\$ 8,953,475</u>	<u>\$ 2,710,536</u>	<u>\$ 11,664,011</u>

Appendix A-19-a

Borough of Brentwood Combining Statement of Changes in Net Position Fiduciary Funds Year Ended December 31, 2021

Exhibit D

	Pension Trust Funds		Totals
	Police Pension Fund	Non-Police Pension Fund	
Additions			
Contributions			
Employer	\$ 345,241	\$ 141,648	\$ 486,889
Plan Members	96,485	37,785	134,270
Other	2,600	2,134	4,734
Total Contributions	444,326	181,567	625,893
Investment Income			
Net Appreciation in Fair Value of Investments	694,042	164,379	858,421
Interest and Dividends	381,664	107,164	488,828
Less: Investment Expense	(52,526)	(19,677)	(72,203)
Net Investment Income	1,023,180	251,866	1,275,046
Total Additions	1,467,506	433,433	1,900,939
Deductions			
Benefits	286,554	45,709	332,263
Administrative Expenses	4,150	1,545	5,695
Total Deductions	290,704	47,254	337,958
Net Changes in Net Position	1,176,802	386,179	1,562,981
Net Position - January 1, 2021	7,776,673	2,324,357	10,101,030
Net Position - December 31, 2021	\$ 8,953,475	\$ 2,710,536	\$ 11,664,011

INDIVIDUAL FUND STATEMENTS

**Borough of Brentwood
Statement of Revenues, Expenditures and
Change in Fund Balance
Special Revenue Fund
Borough of Brentwood Library
Year Ended December 31, 2021**

Exhibit E

Revenues	
Real Estate Taxes	\$ 201,000
Gifts, Memorials and Donations	30,546
Interest Earnings	221
Local Support	
State Aid	37,513
State Gaming	5,620
Local County Funding - ACLA	113,714
Charges for Services	
Fines	1,600
Sales	5,002
Miscellaneous	<u>12</u>
Total Revenues	<u>395,228</u>
Expenditures	
Salaries and Related Expenses	
Salaries	224,996
Benefits	<u>36,726</u>
Total Salaries and Related Expenses	<u>261,722</u>
Books and Related Materials	
Books	44,711
Programs	12,247
Other Supplies	<u>9,843</u>
Total Books and Related Materials	<u>66,801</u>

**Borough of Brentwood
Statement of Revenues, Expenditures and
Change in Fund Balance
Special Revenue Fund
Borough of Brentwood Library
Year Ended December 31, 2021**

Exhibit E

Other Services	
Utilities	1,440
Insurance	4,149
Scholarship Expenditures	500
Equipment Maintenance	2,242
Small Equipment Purchases	1,142
Audit Services	1,050
Technology	11,964
Administration	6,870
Public Relations	720
Grants Payment to Borough	<u>16,080</u>
Total Other Services	<u>46,157</u>
Total Expenditures	<u>374,680</u>
Net Change in Fund Balance	20,548
Fund Balance - January 1, 2021	<u>256,546</u>
Fund Balance - December 31, 2021	<u><u>\$ 277,094</u></u>