

WESTWOOD PARKING AUTHORITY
(A Component Unit of the Borough of Westwood)
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2015

**WESTWOOD PARKING AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Board of Commissioners
Westwood Parking Authority
Westwood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Westwood Parking Authority, a component unit of the Borough of Westwood, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Westwood Parking Authority'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Westwood Parking Authority as of December 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the year ended December 31, 2015, the Westwood Parking Authority adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

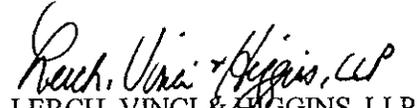
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Westwood Parking Authority's basic financial statements as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules listed in the table of contents 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 supplementary schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 29, 2016 on our consideration of the Westwood Parking Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Westwood Parking Authority's internal control over financial reporting and compliance.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
April 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
WESTWOOD PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Westwood Parking Authority's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended on December 31, 2015. Please read this discussion in conjunction with the Authority's financial statements and accompanying notes for the year ended December 31, 2015.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2015:

- The Authority's total net position decreased \$22,552.
- Cash and Cash Equivalents increased \$7,864 or 12%.
- The Authority generated operating revenues of \$190,680 which consisted of \$180,152 from parking meters, \$5,126 for shared parking violations, and \$5,402 for PERS on-behalf pension contributions.
- Operating expenses totaled \$213,289 which included \$74,026 of employee salary and fringe benefits, \$56,166 for operations, \$45,000 for a shared service agreement with the Borough, \$5,402 for PERS on-behalf pension contributions, and \$32,695 for depreciation.

OVERVIEW OF FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Authority follows enterprise fund reporting; accordingly, the basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Enterprise Fund statements offer short- and long-term financial information about the activities and operations of the Authority. These statements are presented in the manner prescribed by the Government Accounting Standards Board ("GASB").

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position – The following table summarizes the Net Position as of December 31, 2015, 2014 and 2013.

				<u>2015 vs 2014</u>	
	<u>2015</u>	<u>2014</u>	<u>2013</u>	Increase / (Decrease)	Percent Change
Invested in Capital Assets	\$ 44,221	\$ 76,916	\$ 98,838	\$ (32,695)	-42.5%
Unrestricted	<u>66,815</u>	<u>56,672</u>	<u>70,611</u>	<u>10,143</u>	17.9%
Total Net Position	<u>\$ 111,036</u>	<u>\$ 133,588</u>	<u>\$ 169,449</u>	<u>\$ (22,552)</u>	-16.9%

The Authority's Net Position decreased \$22,552 for the year ended December 31, 2015. This was a result of budgetary expenses exceeding operating revenues.

WESTWOOD PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

OPERATING ACTIVITIES

The following table summarizes the changes in net position for the years ended December 31, 2015, 2014 and 2013:

				<u>2015 vs 2014</u>	
	<u>2015</u>	<u>2014</u>	<u>2013</u>	Increase / (Decrease)	Percent Change
OPERATING REVENUES					
Parking Meters	\$ 180,152	\$ 173,783	\$ 178,471	\$ 6,369	3.7%
Shared Parking Violations	5,126	7,530	9,086	(2,404)	-31.9%
Parking Lot Rentals	-	1,000	2,020	(1,000)	-100.0%
On-Behalf PERS Pension Contribution	<u>5,402</u>	<u>5,284</u>	<u>4,761</u>	<u>118</u>	2.2%
Total Operating Revenues	<u>190,680</u>	<u>187,597</u>	<u>194,338</u>	<u>3,083</u>	1.6%
OPERATING EXPENSES					
Cost of Providing Services	82,309	93,540	93,988	(11,231)	-12.0%
Administration	92,883	82,779	76,445	10,104	12.2%
On-Behalf PERS Pension Contribution	5,402	5,284	4,761	118	2.2%
Depreciation	<u>32,695</u>	<u>41,912</u>	<u>39,363</u>	<u>(9,217)</u>	-22.0%
Total Operating Expenses	<u>213,289</u>	<u>223,515</u>	<u>214,557</u>	<u>(10,226)</u>	-4.6%
Operating Income / (Loss)	<u>(22,609)</u>	<u>(35,918)</u>	<u>(20,219)</u>	<u>13,309</u>	30.9%
NON-OPERATING REVENUES					
Interest Income	<u>57</u>	<u>57</u>	<u>57</u>	<u>-</u>	0.0%
Total Non-Operating Revenues	<u>57</u>	<u>57</u>	<u>57</u>	<u>-</u>	0.0%
Change in Net Position	(22,552)	(35,861)	(20,162)	13,309	
Net Position, Beginning of Year	<u>133,588</u>	<u>169,449</u>	<u>189,611</u>	<u>(35,861)</u>	-21.2%
Net Position, End of Year	<u>\$ 111,036</u>	<u>\$ 133,588</u>	<u>\$ 169,449</u>	<u>\$ (22,552)</u>	-16.9%

The Authority's net position decreased \$22,552 or 31% for the year ended December 31, 2015. Operating revenues increased \$3,083 or 2% mainly due to an increase in parking meter revenue. Operating expenses decreased \$10,226 or 5% mainly due to decreases in depreciation expenses.

**WESTWOOD PARKING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

CAPITAL ASSETS

Capital Assets as of December 31, 2015 were as follows:

	Balance January 1 <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	280,221			280,221
Vehicles	<u>18,700</u>	<u>-</u>	<u>-</u>	<u>18,700</u>
Total Capital Assets, Being Depreciated	<u>974,858</u>	<u>-</u>	<u>-</u>	<u>974,858</u>
Less: Accumulated Depreciation				
Site Improvements	423,692	\$ 3,473		427,165
Improvements to Facilities	230,773			230,773
Equipment and Meters	233,907	25,482		259,389
Vehicles	<u>9,570</u>	<u>3,740</u>	<u>-</u>	<u>13,310</u>
Total Accumulated Depreciation	<u>897,942</u>	<u>32,695</u>	<u>-</u>	<u>930,637</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 76,916</u>	<u>\$ (32,695)</u>	<u>\$ -</u>	<u>\$ 44,221</u>

Total book value of the capital assets decreased \$32,695 during 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The local economy and business district remain stable and if the economy is less robust no major impact is anticipated for the 2016 budget.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide readers with a general overview of the Authority's finances, and demonstrates the Authority's accountability for the revenues it receives. If you have questions about this report or need additional financial information, contact the Authority's Administrator at 101 Washington Avenue, Westwood, New Jersey 07675.

BASIC FINANCIAL STATEMENTS

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 73,482	\$ 65,618
Intergovernmental Receivable	<u>1,502</u>	<u>1,188</u>
Total Current Assets	<u>74,984</u>	<u>66,806</u>
Capital Assets		
Site Improvements	445,164	445,164
Improvements to Facilities	230,773	230,773
Equipment and Meters	280,221	280,221
Vehicles	<u>18,700</u>	<u>18,700</u>
	974,858	974,858
Less Accumulated Depreciation	<u>(930,637)</u>	<u>(897,942)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>44,221</u>	<u>76,916</u>
Total Assets	<u>119,205</u>	<u>143,722</u>
LIABILITIES		
Current Liabilities		
Contracts Payable	3,800	4,346
Due to Borough of Westwood	<u>4,369</u>	<u>5,788</u>
Total Current Liabilities	<u>8,169</u>	<u>10,134</u>
NET POSITION		
Invested in Capital Assets	44,221	76,916
Unrestricted	<u>66,815</u>	<u>56,672</u>
Total Net Position	<u>\$ 111,036</u>	<u>\$ 133,588</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITON
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Parking Meters	\$ 180,152	\$ 173,783
Shared Parking Violations	5,126	7,530
Parking Lot Rentals	-	1,000
On-Behalf PERS Pension Contribution	<u>5,402</u>	<u>5,284</u>
 Total Operating Revenues	 <u>190,680</u>	 <u>187,597</u>
OPERATING EXPENSES		
Cost of Providing Services	82,309	74,239
Administration	92,883	102,080
On-Behalf PERS Pension Contribution	5,402	5,284
Depreciation	<u>32,695</u>	<u>41,912</u>
 Total Operating Expenses	 <u>213,289</u>	 <u>223,515</u>
 Operating Income (Loss)	 <u>(22,609)</u>	 <u>(35,918)</u>
NON-OPERATING REVENUES		
Interest Income	<u>57</u>	<u>57</u>
 Total Non-Operating Revenues	 <u>57</u>	 <u>57</u>
 Change in Net Position	 (22,552)	 (35,861)
Net Position, Beginning of Year	<u>133,588</u>	<u>169,449</u>
Net Position, End of Year	<u>\$ 111,036</u>	<u>\$ 133,588</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Parking Meters and Parking Violations	\$ 184,964	\$ 180,125
Cash Received from Rentals	-	1,000
Cash Paid for Salaries and Benefits	(75,445)	(80,926)
Cash Paid to Vendors for Goods and Services	<u>(101,712)</u>	<u>(95,005)</u>
Net Cash Provided by Operating Activities	<u>7,807</u>	<u>5,194</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Acquisition of Equipment and Meters	<u>-</u>	<u>(19,990)</u>
Net Cash (Used for) Capital Activities	<u>-</u>	<u>(19,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>57</u>	<u>57</u>
Net Cash Provided by Investing Activities	<u>57</u>	<u>57</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,864	(14,739)
Cash and Cash Equivalents, Beginning of Year	<u>65,618</u>	<u>80,357</u>
Cash and Cash Equivalents, End of Year	<u>\$ 73,482</u>	<u>\$ 65,618</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ (22,609)	\$ (35,918)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation Expense	32,695	41,912
(Increase) Decrease in Intergovernmental Receivable	(314)	(1,188)
Increase (Decrease) in Contracts Payable	(546)	-
Increase (Decrease) in Due to Borough of Westwood	<u>(1,419)</u>	<u>388</u>
Total Adjustments	<u>30,416</u>	<u>41,112</u>
Net Cash Provided by Operating Activities	<u>\$ 7,807</u>	<u>\$ 5,194</u>

The Accompanying Notes are an Integral Part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Westwood Parking Authority was established by a Municipal Ordinance enacted by the Governing Body of the Borough of Westwood to improve and provide parking facilities in the Borough of Westwood, Bergen County, New Jersey.

The Authority is governed by a Board of Commissioners (the "Board") consisting of five members each of whom is appointed by the Municipal Governing Body. An Administrator is appointed by the Board and functions as Chief Executive Officer responsible for the daily operations of the Authority and oversees the fiscal affairs of the Authority.

The Authority is a semi-autonomous body-politic operating within the Borough of Westwood under an agreement which became effective May 1, 1985. The Authority maintains off-street metered parking lots and on-street metered parking spaces in the business district of Westwood. The Authority includes in its financial statements the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. There were no component units with a positive response to any of these reporting criteria. Furthermore, the Authority would be includable as a component unit of the Borough of Westwood on the basis of such criteria.

B. New Accounting Standards

During 2015, the Authority adopted the following GASB statements:

- GASB No. 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Accounting standards that the Authority is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

C. Basis of Presentation – Financial Statements

The operations of the Authority are accounted for with a separate set of self-balancing accounting records that comprise its assets, liabilities, net position, revenues and expenses. Government resources are allocated and accounted for in individual accounts based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Authority has the following major proprietary fund:

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Authority is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are parking meter collections. Operating expenses for the enterprise fund include the cost of operations and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Assets, Liabilities and Net Position

Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all short-term investments with a maturity date within three months or less from the date purchased. Investments are reported at fair value and are limited by N.J.S.A. 40A:5-15.1 et seq.

Inventory

The Authority does not record inventory on its balance sheets. The cost of inventory items is deemed immaterial and is recognized as expenses when purchased.

Capital Assets

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the Operating Accounts. Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life of at least two years. 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.

Construction costs are charged to work in progress until such time as they are completed and certified by the Authority's consulting engineers, at which time they are transferred to their respective asset category and are then depreciated over their useful lives.

All capital assets are valued at historical cost and depreciated on the straight-line method based on their asset class and estimated useful lives as follows:

Site and Facility Improvements	15 Years
Equipment and Meters	5 Years
Vehicles	5 Years

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Net Position (Continued)

Net Position

In the statement of net position, there are two classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgets and Budgetary Accounting

The Authority annually prepares an operating budget. The budget is prepared in accordance with the Budget Manual for Local Public Authorities as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America. The budgets serve as a plan for expenses and the proposed means for financing them. Budgetary control is exercised within the respective system. Unexpended appropriations lapse at year end.

The annual budgets are approved at least sixty days prior to the beginning of the fiscal year. The budgets must be approved by the Board and submitted to the Division of Local Government Services, Bureau of Authority Regulation for approval prior to adoption. Budget adoptions and amendments are recorded in the Authority's minutes.

Six year capital budgets are also prepared for each system. Included within the budgets are individual projects along with their estimated cost, completion date and source of funding.

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received or rendered, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are cancelled. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and reappropriations. There were no budget modifications made during the fiscal years ended December 31, 2015 and 2014.

2. Revenues

Revenues are derived from the collections of parking meter fees and 50% of the parking fines collected by the Borough's Municipal Court operations.

**WESTWOOD PARKING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

3. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations for 2015 and 2014.

2015	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Cost of Providing Services			
Professional Fees	\$6,850	\$17,154	\$10,304
2014			
Administration			
Salaries and Wages	51,148	53,290	2,142

The above variances were offset with other available resources.

NOTE 3 DEPOSITS AND INVESTMENTS

The Authority considers petty cash, change funds, cash in banks and certificates of deposit as cash and cash equivalents.

Deposits

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Authority is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Authority's deposits were \$73,482 and \$65,618, respectively, and bank balances of the Authority's cash and deposits amounted to \$121,269 and \$110,618. The bank balances are covered by FDIC. The Authority's deposits which are displayed on the statement of net position as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>2015</u>	<u>2014</u>
Insured	<u>\$121,269</u>	<u>\$110,618</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2015 and 2014, the Authority's bank balances were not exposed to custodial credit risk.

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Investments

New Jersey statutes permit the Authority to purchase the following types of securities: a. Bonds or other obligations of the United States or obligations guaranteed by the United States of America; b. Government Money Market Mutual Funds; c. Any obligations that a federal agency or a federal instrumentality has issued, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest; d) Bonds or other obligations of the Authority or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough; e. Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments; f. Local Government investment pools; g. Agreements or the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2015 and 2014, the Authority had no outstanding investments.

NOTE 4 RELATED PARTY TRANSACTIONS

On December 18, 1979, the Borough of Westwood enacted an ordinance, which became effective May 1, 1985, creating the Westwood Parking Authority. The Parking Authority is responsible for operating and maintaining the parking facilities within the Borough.

The agreement provides for the Authority to receive fifty (50%) percent of the parking fines collected by the Borough in relation to parking infractions within the downtown business district. Additionally, the Authority shall reimburse the Borough an amount equal to one hundred (100%) percent of the annual debt service issued by the Borough in connection with the construction, metering and improvements to the parking facilities.

The Parking Authority has entered into an agreement to reimburse the Borough of Westwood the fixed annual base rent of \$45,000 per annum. The agreement expires on January 1, 2023.

NOTE 5 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to general liability; damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered under the Borough of Westwood's policy to guard against these events and provide minimum exposure should they occur. During the years ended December 31, 2015 and 2014, the Authority did not suffer any losses in excess of available insurance coverages.

NOTE 6 OPERATING LEASE

The Westwood Parking Authority entered into a lease agreement, with an option to purchase, property located at 132 Center Avenue. The monthly rental/lease payment is \$1,000 per month with the Parking Authority assuming the payment of property taxes. The lease includes an option to permit the Authority to purchase the property for \$325,000.

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7 CAPITAL ASSETS

The following is a summary of the capital assets of the Authority for the years ended December 31, 2015 and 2014:

	Balance January 1 <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	280,221			280,221
Vehicles	<u>18,700</u>	<u>-</u>	<u>-</u>	<u>18,700</u>
Total Capital Assets, Being Depreciated	<u>974,858</u>	<u>-</u>	<u>-</u>	<u>974,858</u>
Less: Accumulated Depreciation				
Site Improvements	423,692	\$ 3,473		427,165
Improvements to Facilities	230,773			230,773
Equipment and Meters	233,907	25,482		259,389
Vehicles	<u>9,570</u>	<u>3,740</u>	<u>-</u>	<u>13,310</u>
Total Accumulated Depreciation	<u>897,942</u>	<u>32,695</u>	<u>-</u>	<u>930,637</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 76,916</u>	<u>\$ (32,695)</u>	<u>\$ -</u>	<u>\$ 44,221</u>

	Balance January 1 <u>2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2014</u>
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	260,231	\$ 19,990		280,221
Vehicles	<u>18,700</u>	<u>-</u>	<u>-</u>	<u>18,700</u>
Total Capital Assets, Being Depreciated	<u>954,868</u>	<u>19,990</u>	<u>-</u>	<u>974,858</u>
Less: Accumulated Depreciation				
Site Improvements	414,884	8,808		423,692
Improvements to Facilities	230,773			230,773
Equipment and Meters	204,543	29,364		233,907
Vehicles	<u>5,830</u>	<u>3,740</u>	<u>-</u>	<u>9,570</u>
Total Accumulated Depreciation	<u>856,030</u>	<u>41,912</u>	<u>-</u>	<u>897,942</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 98,838</u>	<u>\$ (21,922)</u>	<u>\$ -</u>	<u>\$ 76,916</u>

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8 EMPLOYEE RETIREMENT SYSTEM

Those Authority employees who are eligible for pension coverage are enrolled in the State Public Employee's Retirement System (PERS) and included within the Borough's pension plan.

The System is cost-sharing multiple-employer contributory defined benefit plan which was established under the provisions of N.J.S.A. 43:16A. The System is considered a component unit of the State of New Jersey and is included along with other State-administered pension trust funds in the basic financial statements of the State.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, was implemented by the Borough for the years ended December 31, 2015 and 2014. The Borough pays the annual pension contribution on-behalf of the Authority. The Authority has recognized its proportionate share of the Borough's PERS contribution expenses for the years ended December 31, 2015 and 2014 in the amount of \$5,402 and \$5,284, respectively. These amounts have been included as a revenue and expense in accordance with GASB No. 24.

Financial information pertaining to this system is contained in the Borough's report of audit and the PERS audit report which can be obtained from the New Jersey Division of Pensions. Detailed information about the PERS pension plan's fiduciary net position is available in a separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

SUPPLEMENTARY SCHEDULES

WESTWOOD PARKING AUTHORITY
SCHEDULE OF REVENUES/EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2015
(With Comparative Actual Amounts for the Year Ended December 31, 2014)

	<u>2015</u>		<u>Variance</u>	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>	<u>Actual</u>
REVENUES				
Operating Revenues				
Parking Meters	\$ 176,000	\$ 180,152	\$ 4,152	\$ 173,783
Parking Fines/Penalties	10,000	5,126	(4,874)	7,530
Parking Lot Rentals	2,000	-	(2,000)	1,000
On-Behalf - PERS Pension Contribution (Non-Budgeted)	-	5,402	5,402	5,284
Total Operating Revenues	<u>188,000</u>	<u>190,680</u>	<u>2,680</u>	<u>187,597</u>
Non-Operating Revenues				
Interest Income	-	57	57	57
Total Non-Operating Revenues	<u>-</u>	<u>57</u>	<u>57</u>	<u>57</u>
Total Revenues	<u>188,000</u>	<u>190,737</u>	<u>2,737</u>	<u>187,654</u>
APPROPRIATIONS				
Operating Appropriations				
Administration				
Salaries and Wages	53,550	44,480	9,070	53,290
Fringe Benefits	4,100	3,403	697	3,790
On-Behalf - PERS Pension Contribution (Non-Budgeted)		5,402	(5,402)	5,284
Municipal Reimbursement	45,000	45,000	-	45,000
Total Administration	<u>102,650</u>	<u>98,285</u>	<u>4,365</u>	<u>107,364</u>
Costs of Providing Services				
Salaries and Wages	25,750	24,557	1,193	22,512
Fringe Benefits	1,970	1,586	384	1,722
Operations and Maintenance	31,410	23,835	7,575	20,836
Rentals	12,000	12,000	-	12,000
Professional Fees	6,850	17,154	(10,304)	7,363
Other Miscellaneous	7,370	3,177	4,193	9,806
Total Cost of Providing Services	<u>85,350</u>	<u>82,309</u>	<u>3,041</u>	<u>74,239</u>
Total Appropriations	<u>188,000</u>	<u>180,594</u>	<u>7,406</u>	<u>181,603</u>
Total Budget Income	<u>\$ -</u>	<u>\$ 10,143</u>	<u>\$ (4,669)</u>	<u>\$ 6,051</u>
Reconciliation to Change in Net Position (GAAP Basis)				
Decreases to Budget Income				
Depreciation		\$ (32,695)		\$ (41,912)
Change in Net Position - GAAP Basis		(22,552)		(35,861)

**WESTWOOD PARKING AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash and Cash Equivalents, January 1, 2015		\$ 65,618
Cash Receipts:		
Parking Meters	\$ 180,152	
Shared Parking Violations	4,812	
Interest	<u>57</u>	
		<u>185,021</u>
		250,639
Cash Disbursements:		
Budget Appropriations	167,023	
Contracts Payable	4,346	
Due to Borough of Westwood	<u>5,788</u>	
		<u>177,157</u>
Cash and Cash Equivalents, December 31, 2015		<u>\$ 73,482</u>

**OTHER REPORTS, ROSTER OF OFFICIALS
AND GENERAL COMMENTS AND RECOMMENDATIONS**



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members of the
Board of Commissioners
Westwood Parking Authority
Westwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Westwood Parking Authority, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Westwood Parking Authority's basic financial statements, as listed in the table of contents and have issued our report thereon dated April 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Westwood Parking Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Westwood Parking Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Westwood Parking Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Westwood Parking Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Westwood Parking Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Westwood Parking Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
April 29, 2016

**WESTWOOD PARKING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Part I -- Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	_____ <u>X</u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none
Noncompliance material to the financial statements noted?	_____ yes	_____ <u>X</u> no

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Paragraph 5.18-5.20 of *Government Auditing Standards*.

There are none.

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

This section identifies the status of prior-year findings related to the financial statements that are required to be reported in accordance with Paragraph 6.12 of *Governmental Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

**WESTWOOD PARKING AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2015**

Board Members

Francis Costello - Chairman

Matt Foley - Vice Chairman / Secretary

John Oberg - Treasurer

Joseph Green – Assistant Treasurer / Assistant Secretary

Other Officials

Jack Sauer – Administrator

Thomas Garrity – Assistant Administrator

Colin Quinn - Attorney

GENERAL COMMENTS AND RECOMMENDATIONS

There are none.