

BOROUGH OF WESTWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2010

BOROUGH OF WESTWOOD

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditors' Report	1-2
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	3-4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-14
B	Comparative Balance Sheets – Regulatory Basis -Trust Funds	15-16
B-1	Statement of Fund Balance – Regulatory Basis - Assessment Trust Fund	17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Fund Balance – Regulatory Basis - General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	20
E	Schedule of General Fixed Assets – Regulatory Basis	21
	Notes to Financial Statements	22-45
<u>Current Fund</u>		
A-4	Statement of Cash - Collector-Treasurer	46
A-5	Statement of Petty Cash Funds	47
A-6	Statement of Change Funds	47
A-7	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	47
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	48
A-9	Statement of Tax Title Liens Receivable	49
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	49
A-11	Statement of Revenue Accounts Receivable	50
A-12	Statement of Deferred Charges	51
A-13	Statement of 2009 Appropriation Reserves	52-53
A-14	Statement of Due To State of New Jersey – Marriage License Fees	54
A-15	Statement of Due To State of New Jersey – Construction Training Fees	54
A-16	Statement of Encumbrances Payable	55
A-17	Statement of Due from Other Trust Fund	55
A-18	Statement of Appropriated Grant Reserves	56
A-19	Statement of Prepaid Taxes	57
A-20	Statement of Tax Overpayments	57
A-21	Statement of Regional School District Tax Payable	57
A-22	Statement of County Taxes Payable	58
A-23	Statement of Other Liabilities – LOSAP Contribution	58
A-24	Statement of Due From Westwood Parking Authority	58
A-25	Statement of Grants Receivable	59
A-26	Statement of Unappropriated Reserves for Grants	59
A-27	Statement of Due to State of NJ – Burial Permits	60
A-28	Statement of Reserve for the Sale of Assets	60
A-29	Statement of Accounts Payable	60
A-30	Statement of Reserve for Codification of Ordinances	61
A-31	Statement of Reserve for Watershed Moratorium Aid	61

BOROUGH OF WESTWOOD

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
<u>Trust Funds</u>		
B-2	Statement of Trust Cash	62
B-3	Analysis of Assessment Cash	63
B-4	Statement of Assessments Receivable	64
B-5	Statement of Due To Current Fund - Assessment Trust Fund	65
B-6	Statement of Reserve for Assessments and Liens	65
B-7	Statement of Due from/to Current Fund – Other Trust Fund	66
B-8	Statement of Reserve for Animal Control Expenditures	66
B-9	Statement of Due To State of New Jersey Dog Regulation Fees	67
B-10	Statement of Due To Current Fund – Animal Control Fund	67
B-11	Statement of Escrow Deposits	67
B-12	Statement of Reserve for Unemployment Compensation Insurance	68
B-13	Statement of Reserve for Sanitary Landfill Closure	68
B-14	Reserve for POAA Court Expenditures	68
B-15	Statement of Miscellaneous Reserves	69
B-16	Statement of Reserve for Payroll and Payroll Deductions Payable	69
B-17	Statement of Due to/from Westwood Parking Authority	70
B-18	Statement of Due to Current Fund – Unemployment Compensation Insurance Fund	70
B-19	Statement of Due from General Capital Fund – Other Trust Fund	70
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Collector-Treasurer	71
C-3	Analysis of General Capital Cash	72
C-4	Statement of Deferred Charges to Future Taxation - Funded	73
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	74
C-6	Statement of Grants Receivable	75
C-7	Statement of Due To Current Fund	75
C-8	Statement of General Serial Bonds	76
C-9	Statement of Bond Anticipation Notes	77-78
C-10	Statement of Improvement Authorizations	79
C-11	Statement of Encumbrances Payable	80
C-12	Statement of Accounts Payable – Cost of Issuance	80
C-13	Statement of Capital Improvement Fund	80
C-14	Statement of Prospective Assessments Raised by Taxation	80
C-15	Statement of Loans Payable	81
C-16	Statement of Environmental Infrastructure Loan Receivable	81
C-17	Statement of Reserve for Payment of Bonds	81
C-18	Statement of Bonds and Notes Authorized But Not Issued	82
<u>Public Assistance Fund</u>		
D-1	Statement of Public Assistance Cash - Treasurer	83
D-2	Statement of Reserve for Public Assistance Expenditures	83
D-3	Statement of Public Assistance Revenues	84
D-4	Statement of Public Assistance Expenditures	84
D-5	Statement of Due to Current Fund	85

BOROUGH OF WESTWOOD

**TABLE OF CONTENTS
(Continued)**

	<u>Page</u>
<u>Part II</u>	
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	86-87
Schedule of Federal Awards	88
Schedule of State Financial Assistance	89-90
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	91-92
<u>Part III</u>	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	93
Comparative Schedule of Tax Rate Information	94
Comparison of Tax Levies and Collection	94
Delinquent Taxes and Tax Title Liens	95
Property Acquired by Tax Title Lien Liquidation	95
Officials in Office and Surety Bonds	96
Schedule of Findings of Noncompliance	97-98
General Comments	98-99
Suggestions to Management	99
Recommendations	100

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF WESTWOOD

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2010

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

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
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Westwood
Westwood, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Westwood as of December 31, 2010 and 2009 and the related statements of operations and changes in fund balance - regulatory basis for the years then ended and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2010. These financial statements are the responsibility of the Borough of Westwood's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Westwood's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Award Program (LOSAP) Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 33 percent and 29 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2010 and 2009.

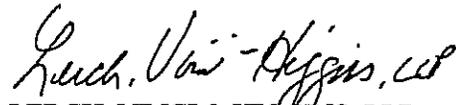
INDEPENDENT AUDITORS' REPORT (Continued)

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Westwood as of December 31, 2010 and 2009, or the changes in its financial position for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Westwood as of December 31, 2010 and 2009 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2010 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 26, 2011 on our consideration of the Borough of Westwood'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Westwood. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Westwood. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole on the basis of accounting described in Note 1.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
May 26, 2011

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009

ASSETS	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Cash - Collector-Treasurer	A-4	\$ 3,586,125	\$ 4,033,602
Cash - Change Fund	A-6	550	550
Grants Receivable	A-25	<u>99,818</u>	<u>47,120</u>
		<u>3,686,493</u>	<u>4,081,272</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,376,635	1,331,899
Tax Title Liens Receivable	A-9	30,562	28,715
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-11	8,920	26,756
Due from Westwood Parking Authority	A-24	9,331	2,176
Due from Assessment Trust Fund	B-5	11,098	13,533
Due from Unemployment Trust Fund	B-18	6,657	-
Due from General Capital Fund	C-7	30,220	44,605
Due from Animal Control Fund	B-10	3,955	1,540
Due from Other Trust Fund	A-17	<u>-</u>	<u>246,319</u>
		<u>4,675,978</u>	<u>4,894,143</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-53)	A-12	<u>20,415</u>	<u>27,220</u>
		<u>20,415</u>	<u>27,220</u>
Total Assets		<u>\$ 8,382,886</u>	<u>\$ 9,002,635</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2010 AND 2009
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 579,766	\$ 378,457
Encumbrances Payable	A-16	428,359	264,850
Due to State of NJ - Senior Citizens' and Veterans' Deductions	A-7	20,258	19,674
Due to State of NJ - Marriage Fees	A-14	806	825
Due to State of NJ-Construction Fees	A-15	4,515	3,950
Due to State of NJ-Burial Permits	A-27	650	650
Due from Other Trust Fund	B-7	569	
Tax Overpayments	A-20	10,569	37,954
Prepaid Taxes	A-19	165,974	178,841
Accounts Payable	A-29	-	4,930
Reserve for Codification of Ordinances	A-30	6,640	22,410
County Taxes Payable	A-22	27,375	26,924
Unappropriated Reserves for Grants	A-26	33,228	59,864
Appropriated Reserves for Grants	A-18	90,799	76,655
Reserve for Watershed Moratorium Aid	A-31	705	-
Reserve for the Sale of Assets	A-28	-	207,840
Due to LOSAP Fund	A-23	<u>80,000</u>	<u>77,052</u>
		1,450,213	1,360,876
Reserve for Receivables and Other Assets	A	4,675,978	4,894,143
Fund Balance	A-1	<u>2,256,695</u>	<u>2,747,616</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,382,886</u>	<u>\$ 9,002,635</u>

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,350,000	\$ 1,223,950
Miscellaneous Revenue Anticipated	A-2	2,769,964	2,860,304
Receipts from Delinquent Taxes	A-2	385,400	755,742
Receipts from Current Taxes	A-2	37,619,773	35,838,351
Non-Budget Revenues	A-2	29,034	132,472
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	304,301	541,160
Interfunds and Other Receivables Returned	A	305,997	257,988
Tax Overpayments Cancelled	A-20	6,988	
Other Liabilities (LOSAP) Cancelled	A-23	177	9,555
Accounts Payable Cancelled	A-29	4,930	
Prior Year Reserve for Receivables Liquidated-WPA	A-24	2,176	-
		<u>42,778,740</u>	<u>41,619,522</u>
Total Revenues			
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	5,964,884	5,781,717
Other Expenses	A-3	6,366,111	6,125,237
Municipal Debt Service	A-3	1,751,102	1,883,004
Deferred Charges and Statutory Expenditures	A-3	1,177,014	1,106,681
Capital Improvement Fund	A-3	200,695	200,000
County Taxes	A-22	3,994,730	4,010,978
Due County for Added and Omitted Taxes	A-22	7,827	7,376
Regional School District Tax	A-21	22,396,037	20,719,785
Refunds of Prior Year Revenue	A-1		837
Interfunds and Other Receivables Established	A	51,930	308,173
Prior Year-Senior Citizens and Veterans Deductions (Net)	A-1		562
Prior Year Tax Appeals Granted	A-1		14,284
Reserve for Receivables Originating-WPA	A-24	9,331	-
		<u>41,919,661</u>	<u>40,158,634</u>
Total Expenditures			
Excess in Revenue		859,079	1,460,888
Fund Balance, January 1	A	<u>2,747,616</u>	<u>2,510,678</u>
		3,606,695	3,971,566
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,350,000</u>	<u>1,223,950</u>
Fund Balance, December 31	A	<u>\$ 2,256,695</u>	<u>\$ 2,747,616</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Reference	Anticipated		Realized in 2010	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Surplus Anticipated	A-1	\$ 1,350,000	-	\$ 1,350,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	28,750		28,300	\$ (450)
Other	A-2, A-11	20,700		19,084	(1,616)
Fees and Permits					
Other	A-2, A-11	54,000		57,953	3,953
Fines and Costs - Municipal Court	A-11	210,000		125,821	(84,179)
Interest and Costs on Taxes	A-11	140,000		90,841	(49,159)
Interest on Investments and Deposits	A-2	45,000		25,166	(19,834)
Recreation Fees	A-11	108,000		35,279	(72,721)
Consolidated Municipal Property Tax Relief	A-11	83,352		83,352	-
Energy Receipts Tax	A-11	935,479		935,479	-
Uniform Construction Code Fees	A-11	235,000		285,363	50,363
Interlocal Agreement - Tax Assessor	A-11	60,000		56,314	(3,686)
Drunk Driving Enforcement Fund	A-25		\$ 3,274	3,274	-
Recycling Tonnage Grant	A-26	29,489		29,489	-
Municipal Stormwater - DEP Grant	A-25	10,207		10,207	-
Clean Communities Program	A-25	18,182		18,182	-
Alcohol Education and Rehab Fund	A-25		1,809	1,809	-
Municipal Alliance on Alcoholism & Drug Abuse	A-25	10,356		10,356	-
NJ Forest Service Grant	A-25	5,000		5,000	-
Click it or Ticket	A-25		3,982	3,982	-
ADA Curb Cuts Grant	A-25		45,000	45,000	-
Uniform Fire Safety Act	A-11	86,500		86,028	(472)
Assessment Trust Fund Surplus	B-1	10,000		10,000	-
Westwood House - Contribution in Lieu of Taxes	A-11	100,500		122,116	21,616
Westwood Parking Authority	A-11	45,000		45,000	-
Cellular One Lease Agreement	A-11	63,500		69,149	5,649
Cable Television Franchise Fees	A-11	127,368		127,387	19
Reserve for Payment of Bonds	C-17	131,299		131,299	-
Police Outside Duty Admin. Fee	A-11	85,500		85,500	-
Reserve for Sale of Assets	A-28	207,840		207,840	-
Recycling Contract	A-11	24,500	-	15,394	(9,106)
Total Miscellaneous Revenues	A-1	2,875,522	54,065	2,769,964	(159,623)
Receipts from Delinquent Taxes	A-8	595,000	-	385,400	(209,600)
Amount to be Raised by Taxes for Support of Municipal Budget	A-2	11,619,129	-	12,154,657	535,528
Total General Revenues	A-3	\$ 16,439,651	\$ 54,065	16,660,021	\$ 166,305
Non-Budget Revenue	A-2			29,034	
				<u>\$ 16,689,055</u>	

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 37,619,773
Less: Allocation to School and County Taxes	A-21,A-22	<u>26,398,594</u>
Balance for Support of Municipal Budget Appropriation		11,221,179
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>933,478</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,154,657</u>
Licenses		
Clerk	A-11	\$ 4,606
Health	A-11	<u>14,478</u>
	A-2	<u>\$ 19,084</u>
Fees and Permits		
Other		
Housing Task Force	A-11	\$ 8,685
Tax Collector	A-11	610
Police	A-11	3,956
Health	A-11	<u>44,702</u>
	A-2	<u>\$ 57,953</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 19,444
Due from Other Trust Fund	B-7	437
Due from Animal Control Fund	B-10	119
Due from General Capital Fund	C-7	4,959
Due from Public Assistance Fund	D-5	<u>207</u>
	A-2	<u>\$ 25,166</u>

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - STATUTORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Maps and Codes		\$ 452
Bid Specs		385
Printouts - Tax Dept.		365
Duplicate Tax Bills		266
Interest on Assessments		1,097
Return Check Charges		420
Statutory Excess - Animal Control Fund		3,944
Property Lists		500
Election Rentals		320
2% Administrative Fee - SC/Vets		1,929
Miscellaneous		14,301
Non-Refundable Application Fees		<u>5,055</u>
	A-2	<u>\$ 29,034</u>
Cash Receipts	A-4	\$ 23,993
Statutory Excess - Animal Control Fund	B-10	3,944
Due from Assessment Trust Fund	B-5	<u>1,097</u>
	A-2	<u>\$ 29,034</u>

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 223,200	\$ 227,500	\$ 227,469	\$ 31	
Other Expenses	38,600	38,600	35,124	3,476	
Mayor and Council					
Salaries and Wages	36,900	36,900	36,838	62	
Other Expenses	900	900	705	195	
Municipal Clerk					
Salaries and Wages	116,400	116,450	116,449	1	
Other Expenses	48,550	43,550	35,348	8,202	
Elections	10,500	10,500	10,091	409	
Financial Department					
Salaries and Wages	174,000	174,000	173,083	917	
Other Expenses	37,700	37,700	31,449	6,251	
Audit Services	31,000	31,000	31,000	-	
Revenue Collection					
Salaries and Wages	10,350	10,350	10,350	-	
Other Expenses	21,600	17,550	10,619	6,931	
Liquidation of Tax Title Lien	100	100		100	
Tax Assessment Administration					
Salaries and Wages	64,300	53,600	46,846	6,754	
Other Expenses	91,425	83,425	50,346	33,079	
Legal Services and Costs					
Salaries and Wages	47,000	47,000	46,531	469	
Other Expenses	107,000	107,000	81,513	25,487	
Engineering					
Other Expenses	31,125	31,125	15,590	15,535	
Historical Sites Office					
Other Expenses	4,025	4,025		4,025	
Environmental					
Other Expenses	5,000	5,000	2,619	2,381	
Historical Commission					
Other Expenses	7,500	7,500	4,500	3,000	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	17,800	17,800	17,502	298	
Other Expenses	18,750	18,750	10,891	7,859	
OTHER CODE ENFORCEMENT - HOUSING TASK FORCE					
Salaries and Wages	21,000	21,000	21,000	-	
Other Expenses	4,000	4,000		4,000	
INSURANCE					
General Liability Insurance (BJIF)	218,208	218,208	207,500	10,708	
Workers' Compensation Insurance (BJIF)	211,000	211,000	209,379	1,621	
Employee Group Insurance (BMED)	1,194,586	1,194,586	1,152,527	42,059	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 3,400,180	\$ 3,400,180	\$ 3,362,332	\$ 37,848	
Other Expenses	104,025	104,025	101,580	2,445	
Acquisition of Police Vehicles	68,600	68,600	54,263	14,337	
Police Reserves	10,650	10,650	9,717	933	
Police Dispatch/911					
Salaries and Wages	181,600	182,950	182,219	731	
Other Expenses	500	500	420	80	
Office of Emergency Management					
Salaries and Wages	3,300	3,300	2,500	800	
Other Expenses	5,100	5,100		5,100	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	59,900	59,900	58,370	1,530	
Clothing Allowance	41,000	41,000	41,000	-	
Fire Hose and Foam	4,500	4,500	4,394	106	
Fire Hydrant Service	154,500	154,500	147,029	7,471	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	66,000	66,000	65,560	440	
Other Expenses	3,075	3,075	2,633	442	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,390	110	
Prosecutor					
Salaries and Wages	18,630	18,630	18,540	90	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	772,800	772,800	736,854	35,946	
Other Expenses	201,650	201,650	198,012	3,638	
Other Public Works Functions					
Shade Tree - Advisory Committee					
Other Expenses	13,615	13,615	13,056	559	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	320,500	320,500	320,000	500	
Recycling					
Salaries and Wages	10,000	10,000	10,000	-	
Other Expenses					
Building and Grounds					
Salaries and Wages	66,000	66,000	64,432	1,568	
Other Expenses	85,200	85,200	80,027	5,173	
Vehicle Maintenance					
Other Expenses	83,000	83,000	80,975	2,025	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	117,200	118,500	118,456	44	
Other Expenses	115,737	115,737	109,166	6,571	
Welfare/Administration of Public Assistance					
Salaries and Wages	27,800	27,800	27,747	53	
Other Expenses	885	885	53	832	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	\$ 146,800	\$ 146,800	\$ 132,338	\$ 14,462	
Other Expenses	32,430	32,430	28,248	4,182	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	7,000	7,000	5,140	1,860	
MUNICIPAL COURT					
Salaries and Wages	129,000	129,000	123,602	5,398	
Other Expenses	19,600	19,600	10,091	9,509	
Public Defender					
Salaries and Wages	8,300	9,050	9,040	10	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement and Administration					
Building Inspector					
Salaries and Wages	246,000	246,000	237,561	8,439	
Other Expenses	12,400	12,400	8,339	4,061	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	170,000	170,000	167,781	2,219	
Street Lighting	160,000	160,000	143,142	16,858	
Telephone	54,250	74,250	68,698	5,552	
Water	25,000	25,000	15,711	9,289	
Natural Gas	60,000	60,000	39,629	20,371	
Sewerage Processing and Disposal	28,500	28,500	17,009	11,491	
Gasoline	125,000	125,000	102,743	22,257	
Repairs to Traffic Lights	10,000	10,000	6,397	3,603	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage Tipping Fees	340,000	340,000	324,543	15,457	-
Total Operations Within "CAPS"	10,327,246	10,327,246	9,859,006	468,240	-
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	10,328,246	10,328,246	9,859,006	469,240	-
Detail:					
Salaries and Wages	5,904,560	5,901,610	5,787,249	114,361	-
Other Expenses	4,423,686	4,426,636	4,071,757	354,879	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 250,700	\$ 250,700	\$ 248,954	\$ 1,746	
Contribution to Public Employees Ret. System	217,340	217,340	217,340	-	
Police and Fireman's Retirement System of NJ	665,050	665,050	665,050	-	
Defined Contribution Plan	1,000	1,000	502	498	
Widow Pension (Per R.S. 43.12-28.1 & 28.2)	5,000	5,000	5,000	-	
Deferred Charge Charges					
Deficit in Unemployment Trust Fund	343	343	343	-	
Prior Year Bills - Insurance 2008	4,716	4,716	4,716	-	-
Total Deferred Charges & Statutory Expenditures - Within "CAPS"	1,144,149	1,144,149	1,141,905	2,244	-
Total General Appropriations for Municipal Purposes within "CAPS"	11,472,395	11,472,395	11,000,911	471,484	-
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	759,766	759,766	749,813	9,953	
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal					
Other Municipalities-Contractual-Emerson	8,000	8,000		8,000	
Bergen County Utilities Authority	804,100	804,100	\$ 804,005	95	
Recycling Tonnage Tax	14,000	14,000	13,500	500	
Length of Service Awards Program - LOSAP	80,000	80,000	80,000	-	
Contribution to Public Employees Ret. System	61,892	61,892	61,892	-	
Police and Fireman's Retirement System of NJ	25,916	25,916	25,916	-	
Employee Group Insurance (BMED)	59,187	59,187	59,187	-	-
Total Operations - Excluded from "CAPS"	1,812,861	1,812,861	1,794,313	18,548	-
Interlocal Municipal Service Agreements					
Tax Assessors Agreements - Boroughs of New Milford and Woodcliff Lake					
	60,000	60,000	60,000	-	-
Total Interlocal Municipal Service Agreements	60,000	60,000	60,000	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Municipal Alliance Program					
State Share	10,356	10,356	10,356		
Local Share	2,589	2,589	2,589		
Alcohol Education Enforcement		1,809	946	863	
Drunk Driving Enforcement Fund		3,274	294	2,980	
NJ Clean Communities	18,182	18,182	18,182		
NJ Forest Services Grant	5,000	5,000		5,000	

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS" PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES FEDERAL AND STATE GRANTS					
Recycling Tonnage Grant	\$ 29,489	\$ 29,489		\$ 29,489	
Municipal Stormwater Grant DEP	10,207	10,207	\$ 3,805	6,402	
Click it or Ticket		3,982	3,982		
ADA Curb Cuts	-	45,000	-	45,000	-
	<u>75,823</u>	<u>129,888</u>	<u>40,154</u>	<u>89,734</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues					
	<u>75,823</u>	<u>129,888</u>	<u>40,154</u>	<u>89,734</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,948,684</u>	<u>2,002,749</u>	<u>1,894,467</u>	<u>108,282</u>	<u>-</u>
Detail:					
Salaries and Wages	60,000	63,274	60,294	2,980	
Other Expenses	1,888,684	1,939,475	1,834,173	105,302	-
	<u>1,888,684</u>	<u>1,939,475</u>	<u>1,834,173</u>	<u>105,302</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	<u>200,695</u>	<u>200,695</u>	<u>200,695</u>	<u>-</u>	<u>-</u>
Total Capital Improvements - Excluded from "CAPS"	<u>200,695</u>	<u>200,695</u>	<u>200,695</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	795,000	795,000	795,000		
Payment of Bond Anticipation Notes and Capital Notes	75,684	75,684	75,684		
Interest on Bonds	440,622	440,622	425,897		\$ 14,725
Interest on Notes	46,900	46,900	46,851		49
Economic Development Authority					
Loan Repayments for Principal and Interest	26,505	26,505	26,505		
Environmental Infrastructure Trust/Fund Loans					
Loan Repayments for Principal and Interest	<u>466,823</u>	<u>466,823</u>	<u>381,165</u>	<u>-</u>	<u>85,658</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,851,534</u>	<u>1,851,534</u>	<u>1,751,102</u>	<u>-</u>	<u>100,432</u>

**BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2010 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	\$ 6,805	\$ 6,805	\$ 6,805		
Deferred Charges to Future Taxation - Unfunded					
Ord. No. 97-1	23,916	23,916	23,916		
Ord. No. 98-12	902	902	902		
Ord. No. 02-21	821	821	821		
Ord. No. 07-04	421	421	421	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges - Municipal Excluded from "CAPS"	32,865	32,865	32,865	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,033,778	4,087,843	3,879,129	\$ 108,282	\$ 100,432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal General Appropriations	15,506,173	15,560,238	14,880,040	579,766	100,432
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
RESERVE FOR UNCOLLECTED TAXES	933,478	933,478	933,478	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Appropriations	<u>\$ 16,439,651</u>	<u>\$ 16,493,716</u>	<u>\$ 15,813,518</u>	<u>\$ 579,766</u>	<u>\$ 100,432</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>Reference</u>	A-2	A-1	A, A-1	
Adopted Budget	A-2	\$ 16,439,651			
Added by N.J.S 40A:4-87	A-2	54,065			
		<hr/>			
		<u>\$ 16,493,716</u>			
Cash Disbursed	A-4		\$ 14,263,132		
Encumbrances Payable	A-16		428,359		
Reserve for Uncollected Taxes	A-2		933,478		
Deferred Charges	A-12		6,805		
Transfer to Other Liabilities-LOSAP					
Contribution	A-23		80,000		
Due to General Capital Fund	C-7		101,744		
			<hr/>		
			<u>\$ 15,813,518</u>		

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Assessment Trust Fund			
Cash	B-2, B-3	\$ 117,251	\$ 107,152
Assessments Receivable	B-4	<u>1,243</u>	<u>23,078</u>
		<u>118,494</u>	<u>130,230</u>
Animal Control Fund			
Cash	B-2	<u>17,818</u>	<u>15,483</u>
		<u>17,818</u>	<u>15,483</u>
Other Trust Fund			
Cash	B-2	1,328,608	1,306,828
Due from Current Fund	B-7	569	
Due from General Capital Fund	B-19	<u>80,750</u>	<u>-</u>
		<u>1,409,927</u>	<u>1,306,828</u>
Unemployment Insurance Trust Fund			
Cash	B-2	<u>-</u>	<u>-</u>
Length of Service Award Program Fund (Unaudited)			
Investments	B	665,336	514,025
Contribution Receivable	B	<u>80,000</u>	<u>77,052</u>
		<u>745,336</u>	<u>591,077</u>
Total Assets		<u><u>\$ 2,291,575</u></u>	<u><u>\$ 2,043,618</u></u>

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2009</u>	<u>2008</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Due to Current Fund	B-5	\$ 11,098	\$ 13,533
Reserve for Assessments and Liens	B-6	1,243	23,078
Fund Balance	B-1	<u>106,153</u>	<u>93,619</u>
		<u>118,494</u>	<u>130,230</u>
Animal Control Fund			
Due to Current Fund	B-10	3,955	1,540
Due to State of New Jersey	B-9	5	7
Reserve for Animal Control Expenditures	B-8	<u>13,858</u>	<u>13,936</u>
		<u>17,818</u>	<u>15,483</u>
Other Trust Fund			
Escrow Deposits Payable	B-11	686,383	192,576
Reserve for Sanitary Landfill Closure	B-13	32,799	32,641
Reserve for Payroll and Payroll Deductions Payable	B-16	(110)	1,853
Miscellaneous Reserves	B-15	675,211	819,831
Reserve for POAA Court Expenditures	B-14	13,978	12,612
Due to Current Fund	B-7		246,319
Due to Westwood Parking Authority	B-17	<u>1,666</u>	<u>996</u>
		<u>1,409,927</u>	<u>1,306,828</u>
Unemployment Insurance Trust Fund			
Cash (Overdraft)	B-2	12,084	343
Due to Current Fund	B-18	6,657	
Reserve for Unemployment Claims	B-12	<u>(18,741)</u>	<u>(343)</u>
		<u>-</u>	<u>-</u>
Length of Service Award Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	<u>745,336</u>	<u>591,077</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,291,575</u>	<u>\$ 2,043,618</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	B	\$ 93,619	\$ 76,247
Increased by:			
Collection of Unpledged Assessments	B-3,B-6	<u>22,534</u>	<u>27,372</u>
		116,153	103,619
Decreased by:			
Realized as Current Fund Revenue	A-2	<u>10,000</u>	<u>10,000</u>
Balance, December 31	B	<u>\$ 106,153</u>	<u>\$ 93,619</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	C-2	\$ 140,331	\$ 1,384,451
Deferred Charges to Future Taxation			
Funded	C-4	16,380,860	12,794,019
Unfunded	C-5	4,503,027	6,895,994
Grants Receivable	C-6	1,014,975	569,260
Environmental Infrastructure Loan Receivable	C-16	906,603	31,386
Prospective Assessments Raised by Taxation	C-14	<u>2,950</u>	<u>2,950</u>
 Total Assets		 <u>\$ 22,948,746</u>	 <u>\$ 21,678,060</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 13,280,000	\$ 10,339,000
Bond Anticipation Notes	C-9	3,376,675	4,833,975
EDA Loans Payable	C-15	3,100,860	2,455,019
Improvement Authorizations			
Funded	C-10	359,531	223,692
Unfunded	C-10	1,129,324	2,285,715
Due to Current Fund	C-7	30,220	44,605
Due to Other Trust Fund	B-19	80,750	
Encumbrances Payable	C-11	976,474	797,010
Accounts Payable	C-12		36,626
Capital Improvement Fund	C-13	226,213	345,018
Reserve for:			
Prospective Assessments Raised by Taxation	C-14	2,950	2,950
Payment of Bonds	C-17	24,313	131,299
Pascack Brook Park Bikeway	C	50,188	50,188
Issuance Costs - 2008 Refunding Bonds	C		4,190
Fund Balance	C-1	<u>311,248</u>	<u>128,773</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 22,948,746</u>	 <u>\$ 21,678,060</u>

There were bonds and notes authorized but not issued of \$1,252,077 and \$2,062,302 at December 31, 2010 and 2009, respectively (Exhibit C-18).

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
Balance, January 1	C	\$ 128,773	\$ 115,372
Increased by:			
Premium on Sale of Bonds and Notes	C-2	8,396	13,401
Accounts Payable Cancelled	C-12	36,626	
Issuance Costs Cancelled	C	4,190	
Funded Improvement Authorizations Cancelled	C-10	<u>133,263</u>	<u>-</u>
Balance, December 31	C	<u>\$ 311,248</u>	<u>\$ 128,773</u>

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2010 AND 2009**

	<u>Reference</u>	<u>2010</u>	<u>2009</u>
ASSETS			
Cash	D-1	<u>\$ 88,300</u>	<u>\$ 39,898</u>
Total Assets		<u>\$ 88,300</u>	<u>\$ 39,898</u>
 LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	<u>88,300</u>	<u>39,898</u>
Total Liabilities and Reserves		<u>\$ 88,300</u>	<u>\$ 39,898</u>

**BOROUGH OF WESTWOOD
SCHEDULE OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31, 2010 AND 2009**

ASSETS	<u>2010</u>	<u>2009</u>
Land and Improvements	\$ 15,893,400	\$ 15,893,400
Buildings and Building Improvements	8,651,335	8,651,335
Machinery and Equipment	<u>6,547,089</u>	<u>6,173,068</u>
	<u>\$ 31,091,824</u>	<u>\$ 30,717,803</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 31,091,824</u>	<u>\$ 30,717,803</u>

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Westwood have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

A. Reporting Entity

The Borough of Westwood (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - Trust Funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Award Program (LOSAP) Fund– This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

The Borough of Westwood follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40A:4 et seq.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Budgets and Budgetary Accounting

The Borough is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2010 and 2009 the Borough Council increased the original budget by \$54,065 and \$90,465. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2010 and 2009.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Westwood has developed a fixed assets accounting and reporting system.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

General Fixed Assets (Continued)

Fixed Assets purchased after December 31, 1995 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1995 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

GAAP requires that capital assets be recorded in the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough 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 accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the December 31, 2009 balances to conform to the December 31, 2010 presentation.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

C. Basic Financial Statements

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

Deposits

The Borough'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 Borough 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 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess 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 \$100,000 for each failed brokerage firm. At December 31, 2010 and 2009, the book value of the Borough's deposits were \$5,278,983 and \$6,887,621 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,113,603 and \$6,930,835, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2010</u>	<u>2009</u>
Insured	\$ 6,027,717	\$ 6,833,194
Uninsured and Collateralized	<u>85,886</u>	<u>97,641</u>
	<u>\$ 6,113,603</u>	<u>\$ 6,930,835</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 Borough does not have a formal policy for custodial credit risk. As of December 31, 2010 and 2009, the Borough's bank balance of \$85,886 and \$97,641 was exposed to custodial credit risk as follows:

	<u>2010</u>	<u>2009</u>
Uninsured and Collateralized		
Collateral Held by the Pledging Financial Institution Trust Department in the Borough's Name	<u>\$ 85,886</u>	<u>\$ 97,641</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2010 and 2009, the Borough had the following investments:

	LOSAP	
	<u>Fair and Reported Value</u>	
	<u>2010</u>	<u>2009</u>
Investments with Lincoln Financial - Unaudited	<u>\$ 665,336</u>	<u>\$ 514,025</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk.

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing it’s exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
<u>Current</u>		
Property Taxes	\$ 1,376,635	\$ 1,331,899
Tax Title Liens	<u>30,562</u>	<u>28,715</u>
	<u>\$ 1,407,197</u>	<u>\$ 1,360,614</u>

In 2010 and 2009, the Borough collected \$385,400 and \$755,742 from delinquent taxes, which represented 28% and 43% of the prior year delinquent taxes receivable balance.

NOTE 4 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for the general capital fund. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2010</u>	<u>2009</u>
Issued		
General		
Bonds, Notes and Loans	<u>\$ 19,757,535</u>	<u>\$ 17,627,994</u>
	19,757,535	17,627,994
Less Funds Temporarily Held to Pay Bonds and Notes	<u>149,755</u>	<u>131,299</u>
Net Debt Issued	<u>19,607,780</u>	<u>17,496,695</u>
Authorized But Not Issued		
General		
Bonds and Notes	1,251,794	2,062,019
Assessment		
Bonds and Notes	<u>283</u>	<u>283</u>
	<u>1,252,077</u>	<u>2,062,302</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 20,859,857</u>	<u>\$ 19,558,997</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.03% and 0.98% at December 31, 2010 and 2009, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2010</u>			
General Debt	\$ 21,009,612	\$ 149,755	\$ 20,859,857
School Debt	<u>8,557,695</u>	<u>8,557,695</u>	<u>-</u>
Total	<u>\$ 29,567,307</u>	<u>\$ 8,707,450</u>	<u>\$ 20,859,857</u>
<u>2009</u>			
General Debt	\$ 19,690,296	\$ 131,299	\$ 19,558,997
School Debt	<u>8,686,201</u>	<u>8,686,201</u>	<u>-</u>
Total	<u>\$ 28,376,497</u>	<u>\$ 8,817,500</u>	<u>\$ 19,558,997</u>

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2010</u>	<u>2009</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 70,765,825	\$ 69,513,715
Net Debt	<u>20,859,857</u>	<u>19,558,997</u>
Remaining Borrowing Power	<u>\$ 49,905,968</u>	<u>\$ 49,954,718</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2010</u>	<u>2009</u>
\$5,674,000, 2003 Bonds, due in annual installments of \$250,000 to \$514,000 through September 2023, interest at 4.00% to 4.125%	\$ 4,774,000	\$ 5,024,000
\$4,555,000, 2004 Refunding Bonds, due in annual installments of \$360,000 to \$480,000 through August 2017, interest at 2.00% to 3.60%	2,955,000	3,305,000
\$2,235,000, 2008 Refunding Bonds, due in annual installments of \$185,000 to \$230,000 through August 2019, interest at 3.00% to 5.00%	1,815,000	2,010,000
\$3,736,000, 2010 Bonds, due in annual installments of \$25,000 to \$636,000 through April 2022, interest at 2.00% to 3.50%	<u>3,736,000</u>	<u>-</u>
	<u>\$ 13,280,000</u>	<u>\$ 10,339,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Intergovernmental Loans Payable

The Borough has entered into loan agreements with the State of New Jersey for the financing relating to the construction of a new municipal building, improvements to the Free Public Library and closure of the municipal landfill. The Borough levies ad valorem taxes to pay debt service on the intergovernmental loans issued. Intergovernmental loans outstanding at December 31 are as follows:

	<u>2010</u>	<u>2009</u>
\$500,100, 1994 Loan due in Semi-annual installments of \$25,005 through August 2013, interest at 1.5%	\$ 75,015	\$ 100,020
\$2,520,000 Trust Loan due in Annual installments of \$200,000 to \$240,000 through August 2015, interest at 5%-5.13%	1,100,000	1,290,000
\$2,445,000 Loan due in Semi-annual installments of \$4,291 to \$171,755 through August 2015, interest free	887,208	1,064,999
\$1,065,781 Loan due in Semi-annual installments of \$27,145 to \$47,145 through August 2029, interest at various interest rates	<u>1,038,637</u>	<u>-</u>
	<u>\$ 3,100,860</u>	<u>\$ 2,455,019</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2010 is as follows:

Calendar Year	General		Loans		Total
	Principal	Interest	Principal	Interest	
2011	\$ 825,000	\$ 468,708	453,862	71,164	\$ 1,818,734
2012	835,000	442,788	463,862	60,389	1,802,039
2013	860,000	415,520	473,513	49,014	1,798,047
2014	925,000	386,756	457,810	35,805	1,805,371
2015	965,000	355,261	466,764	22,470	1,809,495
2016-2020	6,135,000	1,102,029	268,588	42,750	7,548,367
2021-2025	2,735,000	169,041	278,588	27,450	3,210,079
2026-2029	-	-	237,873	10,905	248,778
Total	<u>\$ 13,280,000</u>	<u>\$ 3,340,103</u>	<u>\$ 3,100,860</u>	<u>\$ 319,947</u>	<u>\$ 20,040,910</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years 2010 and 2009 were as follows:

	Balance, December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 10,339,000	\$ 3,736,000	\$ 795,000	\$ 13,280,000	\$ 825,000
Intergovernmental Loans Payable	<u>2,455,019</u>	<u>1,065,781</u>	<u>419,940</u>	<u>3,100,860</u>	<u>453,862</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,794,019</u>	<u>\$ 4,801,781</u>	<u>\$ 1,214,940</u>	<u>\$ 16,380,860</u>	<u>\$ 1,278,862</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 4 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>	Due Within <u>One Year</u>
<u>2009</u>					
General Capital Fund					
Bonds Payable	\$ 11,139,000		\$ 800,000	\$ 10,339,000	\$ 795,000
Intergovernmental Loans Payable	<u>2,837,117</u>	<u>-</u>	<u>382,098</u>	<u>2,455,019</u>	<u>419,940</u>
 General Capital Fund Long-Term Liabilities	 <u>\$ 13,976,117</u>	 <u>\$ -</u>	 <u>\$ 1,182,098</u>	 <u>\$ 12,794,019</u>	 <u>\$ 1,214,940</u>

Short-Term Debt

The Borough's short-term capital debt activity for the years 2010 and 2009 was as follows:

	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
Bond Anticipation Notes				
General Capital Fund	<u>\$ 4,833,975</u>	<u>\$ 3,376,675</u>	<u>\$ 4,833,975</u>	<u>\$ 3,376,675</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2009</u>
Bond Anticipation Notes				
General Capital Fund	<u>\$ 4,112,735</u>	<u>\$ 4,833,975</u>	<u>\$ 4,112,735</u>	<u>\$ 4,833,975</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years 2010 and 2009.

	December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2010</u>
<u>2010</u>				
Land and Improvements	\$ 15,893,400			\$ 15,893,400
Buildings and Building Improvements	8,651,335			8,651,335
Machinery and Equipment	6,173,068	\$ 374,021	\$ -	6,547,089
	<u>\$ 30,717,803</u>	<u>\$ 374,021</u>	<u>\$ -</u>	<u>\$ 31,091,824</u>
	Balance December 31, <u>2008</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2009</u>
<u>2009</u>				
Land and Improvements	\$ 15,893,400			\$ 15,893,400
Buildings and Building Improvements	8,651,335			8,651,335
Machinery and Equipment	6,095,133	\$ 77,935	\$ -	6,173,068
	<u>\$ 30,639,868</u>	<u>\$ 77,935</u>	<u>\$ -</u>	<u>\$ 30,717,803</u>

NOTE 6 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2010</u>		<u>2009</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 52,366	\$ 1,006	\$ 305,997	
Trust Funds				
Assessment Trust Fund		11,097		\$ 13,533
Animal Control Fund		3,955		1,540
Other Trust Fund	81,756	437		246,319
Unemployment Trust Fund		6,657		
General Capital Fund	-	110,970	-	44,605
	<u>\$ 134,122</u>	<u>\$ 134,122</u>	<u>\$ 305,997</u>	<u>\$ 305,997</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

The Borough expects all interfund balances to be liquidated within one year.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2009</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 2,136,462	\$ 1,360,539	\$ 2,673,275	\$ 1,350,000
Non-Cash Surplus	<u>120,233</u>	<u>-</u>	<u>74,340</u>	<u>-</u>
	<u>\$ 2,256,695</u>	<u>\$ 1,360,539</u>	<u>\$ 2,747,615</u>	<u>\$ 1,350,000</u>

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 20,415</u>	<u>\$ 6,805</u>	<u>\$ 13,610</u>
 <u>2009</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 27,220</u>	<u>\$ 6,805</u>	<u>\$ 20,415</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 9 COMPENSATED ABSENCES

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,156,368 and \$1,060,665 at December 31, 2010 and 2009, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2010 and 2009, the Borough has reserved \$119,182 and \$257,798 respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership.

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement healthcare coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required contributions for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pension.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, and P.O. Box 290, Trenton, New Jersey 08625-0290.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from this plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 5.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employee contribution.

During the years ended December 31, 2010, 2009 and 2008, the Borough was required to contribute for normal cost pension contributions accrued liability pension contributions and non-contributory life insurance premiums, the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2010	\$ 690,966	\$ 279,232	\$ 502
2009	642,555	209,984	502
2008	546,312	153,373	512

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

The Borough currently does not provide employer paid post-retirement benefits to its active or retired employees.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 12 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Westwood is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough Administration.

The Borough is also a member of the Bergen County Municipal Employees Benefit Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical and dental insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The provided coverage amounts are also on file with the Borough Administration.

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2010	\$ 343	\$ 10,670	\$ 29,430	\$ (18,741)
2009	-0-	8,204	29,878	(343)
2008	-0-	20,119	31,676	21,313

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 13 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2010 and 2009. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2010 and 2009, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2010 and 2009, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Westwood Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 27, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Westwood approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Westwood has contributed \$1,150 and \$1,150 for 2010 and 2009, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2010 and 2009, respectively for each eligible volunteer first aid squad members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 16 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the Borough had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2010</u>		
Pedestrian Bikeway	\$102,679	2011
Pancake Brook Sewer Pipe Project	98,738	2011
West vale Park Improvements	117,849	2011
NJDOT Road Project – 2009	200,000	2011
NJDOT Road Project – 2010	183,015	2011
<u>2009</u>		
Pedestrian Bikeway	\$102,679	2010
Stabilization of Pascack Brook	20,917	2010
2009 Road Paving Program	55,258	2010
Railroad Crossing Signalization Upgrade	13,276	2010
Motorola Centracom Gold Elite Console	78,667	2010

NOTE 17 CLOSURE AND POST-CLOSURE CARE COSTS

In accordance with the requirements of the State of New Jersey, Department of Environmental Protection the Borough is required to develop a Closure and Post-Closure Financial Plan for the Westwood Landfill which has remained dormant for numerous years. In addition, the Borough must perform certain maintenance and monitoring functions at the site for a period of thirty years after closure. The closure was completed in 2009 with post closure commencing thereafter. The estimated closure costs and post closure costs are between \$6 to \$6.5 million. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Borough has secured a loan with the State of New Jersey to finance the closure costs, and will issue municipal bonds to finance the post closure and monitoring costs.

CURRENT FUND

**BOROUGH OF WESTWOOD
STATEMENT OF CASH - COLLECTOR-TREASURER**

Balance, December 31, 2009		\$ 4,033,602
Increased by Receipts:		
Taxes Receivable	\$ 37,730,464	
Tax Overpayments	41,921	
Prepaid Taxes	165,974	
Petty Cash Returned	600	
Unappropriated Reserves for Grants	2,853	
Non-Budget Revenue	23,993	
State of NJ - Senior Citizens' and Veterans' Deductions	96,452	
Revenue Accounts Receivable	2,287,804	
State of NJ - Marriage Fees	1,306	
State of NJ - Construction Training Fees	9,308	
State of NJ-Burial Permits	5	
Grants Receivable	45,112	
Reserve for Watershed Moratorium Aid	705	
Receipts from Animal Control	1,648	
Receipts Due to Westwood Parking Authority	1,006	
Receipts from Other Trust - Payroll Account	246,319	
Receipts from Assessment Trust	13,533	
Receipts from Public Assistance Trust	207	
Receipts from General Capital Fund	48,899	
Receipts from Westwood Parking Authority	76,437	
		40,794,546
		44,828,148
Decreased by Disbursements:		
2010 Budget Appropriations	14,263,132	
2009 Appropriation Reserves	320,007	
State of NJ - Marriage Fees	1,325	
State of NJ - Construction Training Fees	8,743	
State of NJ-Burial Permits	5	
Refund of Tax Overpayments	62,318	
Regional School District Tax Payable	22,396,037	
County Taxes Payable	4,002,106	
Petty Cash Advanced	600	
Due from Westwood Parking Authority	83,592	
Payments to LOSAP Fund	76,875	
Payments to Unemployment Insurance Trust Fund	6,657	
Appropriated Grant Reserves	4,856	
Reserve for Codification of Ordinances	15,770	
		41,242,023
Balance, December 31, 2010		\$ 3,586,125

**BOROUGH OF WESTWOOD
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Balance, December 31, <u>2009</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2010</u>
Tax Collector - Treasurer		\$ 300	\$ 300	
Recreation	-	300	300	-
	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

<u>Office</u>	Balance, December 31, <u>2009</u>	Balance, December 31, <u>2010</u>
Recreation	\$ 250	\$ 250
Tax Collector - Treasurer	300	300
	<u>\$ 550</u>	<u>\$ 550</u>

EXHIBIT A-7

**STATEMENT OF DUE TO STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2009	\$ 19,674
Increased by:	
Received from State of New Jersey	\$ 96,452
Deductions Disallowed by Tax Collector - Current Year	<u>382</u>
	<u>96,834</u>
	116,508
Decreased by:	
Senior Citizens' Deductions Per Tax Billings	9,250
Veterans' Deductions Per Tax Billings	84,750
Deductions Allowed by Tax Collector - Current Year	<u>2,250</u>
	<u>96,250</u>
Balance, December 31, 2010	<u>\$ 20,258</u>

**BOROUGH OF WESTWOOD
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2009	2010 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2009	2010	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled or Remitted or Abated	Transferred To Tax Title Liens	Balance, December 31, 2010
2007	\$ 104,978									\$ 104,978
2008	835,314							3,362		831,952
2009	391,607		81,076	382	178,841	385,400		1,042		5,165
2010	-	\$ 38,013,936	\$ 81,076	\$ 382	\$ 178,841	\$ 37,345,064	\$ 96,250	\$ 38,852	\$ 1,847	434,540
	\$ 1,331,899	\$ 38,013,936	\$ 81,076	\$ 382	\$ 178,841	\$ 37,730,464	\$ 96,250	\$ 43,256	\$ 1,847	\$ 1,376,635

Analysis of 2010 Property Tax Levy

TAX YIELD	
General Property Tax	\$ 38,013,936
Real Property Tax	81,076
Added Taxes (54:4-63.1 et seq.)	<u>\$ 38,095,012</u>

TAX LEVY	
Regional School Tax (Abstract)	\$ 22,396,037
County Taxes (Abstract)	\$ 3,994,730
Due County for Added Taxes (54:4-63.1)	<u>7,827</u>
Local Tax for Municipal Purposes	11,619,129
Add Additional Tax Levied	<u>77,289</u>
	<u>11,696,418</u>
	<u>\$ 38,095,012</u>

**BOROUGH OF WESTWOOD
STATEMENT OF TAX TITLE LIENS RECEIVABLE**

Balance, December 31, 2009	\$ 28,715
Increased by:	
Transfer from Taxes Receivable	<u>1,847</u>
Balance, December 31, 2010	<u>\$ 30,562</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2009	<u>\$ 3,198,600</u>
Balance, December 31, 2010	<u>\$ 3,198,600</u>

BOROUGH OF WESTWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2009</u>	<u>Accrued</u>	<u>Collected</u>	<u>Adjustment</u>	Balance, December 31, <u>2010</u>
Borough Clerk					
Licenses					
Alcoholic Beverage		\$ 28,300	\$ 28,300		
Other		4,606	4,606		
Construction Code Official					
Building Permits and Fees		285,363	285,363		
Police					
Fees and Permits		3,956	3,956		
Municipal Court					
Fines and Costs	\$ 7,829	126,912	125,821		\$ 8,920
Board of Health					
Other Licenses		14,478	14,478		
Fees and Permits		44,702	44,702		
Tax Collector					
Fees and Permits		610	610		
Housing Task Force					
Fees and Permits		8,685	8,685		
Interest and Cost on Taxes		90,841	90,841		
Interest on Investment and Deposits		19,444	19,444		
Recreation Fees		35,279	35,279		
Consolidated Municipal Property Tax Relief		83,352	83,352		
Energy Receipts Tax		935,479	935,479		
Westwood Parking Authority		45,000	45,000		
Police Outside Duty Administrative Fee		85,500	85,500		
Interlocal Agreement - Tax Assessor		56,314	56,314		
Uniform Fire Safety Act		86,028	86,028		
Payment in Lieu of Taxes - Westwood House		122,116	122,116		
Cellular One Lease Agreement		69,149	69,149		
Sale of Middle School Property	18,927			\$ 18,927	
Cable TV Franchise Fees		127,387	127,387		
Recycling Contract	-	15,394	15,394	-	-
	<u>\$ 26,756</u>	<u>\$ 2,288,895</u>	<u>\$ 2,287,804</u>	<u>\$ 18,927</u>	<u>\$ 8,920</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DEFERRED CHARGES**

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	Net Amount <u>Authorized</u>	1/5 of Net Amount <u>Authorized</u>	Balance, December 31, <u>2009</u>	Raised in <u>2010</u>	Balance, December 31, <u>2010</u>
Special Emergency Authorizations:						
5/20/2008	Codification of Ordinances	\$ 34,025	\$ 6,805	\$ <u>27,220</u>	\$ <u>6,805</u>	\$ <u>20,415</u>

BOROUGH OF WESTWOOD
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, December 31, <u>2009</u>	<u>Orders</u> <u>Restored</u>	Balance After Transfers and Cancelled <u>Orders</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES					
General Administration	\$ 6		\$ 6		\$ 6
Mayor and Council	362		362	\$ 150	212
Municipal Clerk	575		575		575
Financial Administration	239		239		239
Revenue Collection	62		62		62
Tax Assessment Administration	7,070		7,070		7,070
Legal Services	1,704		1,704		1,704
Planning Board	631		631		631
Other Code Enforcement -					
Housing Task Force	598		598		598
Police Department	19,344		11,344	5,760	5,584
Police Dispatch	1,107		707		707
Emergency Management	900		900		900
Fire Official	50		50		50
Prosecutor	1		1		1
Streets and Roads	1,014		1,714	1,712	2
Recycling	7		7		7
Buildings and Grounds	1,518		18		18
Public Health Services	3,161		3,161		3,161
Administration of Public Assistance	22		22		22
Recreation Services and Programs	58		58		58
Building Inspector	16,330		16,330		16,330
Municipal Court	326		326		326
OTHER EXPENSES					
General Administration	10,380	\$ 2,201	12,581	2,983	9,598
Municipal Clerk					
Other Expenses	14,720	7,788	22,508	851	21,657
Elections	309		309		309
Financial Administration					
Other Expenses	2,327	1,500	3,827	2,348	1,479
Revenue Collection	1,144	284	1,428	284	1,144
Liquidation of Tax Title Lien	100		100		100
Tax Assessment Administration	76	95	4,171	3,552	619
Legal Services and Costs	9,540	13,183	22,723	22,548	175
Engineering	3,910	2,624	6,534	1,138	5,396
Planning Board	5,871	1,846	7,717	4,137	3,580
Other Code Enforcement -					
Housing Task Force	31	2,265	2,296	2,265	31
Insurance					
Group Insurance	2,061		2,061		2,061
Liability Insurance	3,384		3,384	1,000	2,384
Workers Compensation	9,286		9,286		9,286
Fire Department					
Other Expenses	80	5,513	5,593	4,348	1,245
Fire Hydrant	12,058		12,058	12,057	1
Fire Hose/Foam	370		370		370
Police Department					
Other Expenses	1,396	5,645	12,041	10,258	1,783
Acquisition of Police Vehicles	3,878	60	3,938	60	3,878
Police Dispatch 911	437	24	461	24	437
Police Reserves	186		186		186

BOROUGH OF WESTWOOD
STATEMENT OF 2009 APPROPRIATION RESERVES

	Balance, December 31, <u>2009</u>	Orders <u>Restored</u>	Balance After Transfers and Cancelled <u>Orders</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)					
Emergency Management Svcs.	\$ 326		\$ 326	\$ 17	\$ 309
Fire Official	10	\$ 78	88		88
Life Hazard Use Fees Paymants	59		59		59
Streets and Roads	64,746	12,208	76,954	31,658	45,296
Finance Dept.			-		
Shade Tree Advisory Committee		5,594	6,094	5,579	515
Buildings and Grounds	199	8,161	9,960	2,673	7,287
Vehicle Maintenance	5,181	11,656	16,837	7,251	9,586
Public Health Services	7,243	3,569	10,812	3,809	7,003
Admin. of Public Assistance	492		492		492
Recreation	21,544	3,386	16,720	3,462	13,258
Celebration of Public Events	6,199	602	6,801	623	6,178
Building Inspector	7,100	80	7,180		7,180
Electricity	11,046	11,942	23,788	23,787	1
Street Lighting	12,837	13,710	27,147	27,138	9
Gasoline	33,794	21,443	55,237	3,018	52,219
Natural Gas	13,650	2,353	16,003	9,549	6,454
Water	766		766	737	29
Sewerage Processing and Disp	847	2,060	4,907	4,895	12
Telephone	29	5,229	7,858	6,770	1,088
Repairs to Traffic Lights	727		727		727
Solid Waste Collection	4,146	29,142	33,288	29,531	3,757
Garbage Tipping Fees	75	31,586	31,971	29,133	2,838
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I.)	8		8		8
Defined Contribution Plan	498		498		498
Municipal Court	5,986	745	6,731	985	5,746
Maintenance of Free Public Library	15,327		15,327		15,327
Sewerage Proc. and Disp-Emerson	8,000		8,000		8,000
Police and Fireman's Retirement System	5		5		5
Public Employees Retirement System	6		6		6
Bergen County Utilities Authority	782		782		782
Recycling Tax	500	1,114	1,614		1,614
Municipal Alliance-State Share		10,507	10,507	10,507	
Drunk Driving Enforcement Fund	5,837		5,837	5,837	
Clean Communities		17,439	17,439	17,439	
Alcohol Education and Rehabilitation	2,654		2,654	2,654	
DEP Green Communities		17,718	17,718	17,718	
Police Accreditation		11,500	11,500	11,500	
Recycling Tonnage Grant					
DPW Feasibility Study	1,450		1,450	1,450	
Police Body Armor	2,335		2,335	2,335	
Over the Limit/Under Arrest	3,477		3,477	3,477	
Length of Service Awards	2,948	-	2,948	-	2,948
	<u>\$ 378,458</u>	<u>\$ 264,850</u>	<u>\$ 643,308</u>	<u>\$ 339,007</u>	<u>\$ 304,301</u>

Cash Disbursements

\$ 320,007

Transfer to Appropriated Reserve for Grants

19,000\$ 339,007

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO STATE OF NEW JERSEY -
MARRIAGE LICENSE FEES**

Balance, December 31, 2009	\$ 825
Increased by:	
Fees Collected	<u>1,306</u>
	2,131
Decreased by:	
Payments to State of New Jersey	<u>1,325</u>
Balance, December 31, 2010	<u>\$ 806</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY -
CONSTRUCTION TRAINING FEES**

Balance, December 31, 2009	\$ 3,950
Increased by:	
Fees Collected	<u>9,308</u>
	13,258
Decreased by:	
Payments	<u>8,743</u>
Balance, December 31, 2010	<u>\$ 4,515</u>

**BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2009	\$	264,850
Increased by:		
Transfer from 2010 Appropriations		428,359
		693,209
Decreased by:		
Cancelled Payables Restored to Appropriation Reserves		264,850
Balance, December 31, 2010	\$	428,359

**STATEMENT OF DUE FROM PAYROLL ACCOUNT
(OTHER TRUST FUND)**

Balance, December 31, 2009	\$	246,319
Decreased by:		
Cash Receipts		246,319
Balance, December 31, 2010	\$	-

**BOROUGH OF WESTWOOD
STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2009</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2010</u>
Appropriated				
Alcohol Education and Rehabilitation	\$ 14,042		\$ 466	\$ 13,576
Drunk Driving Enforcement Fund		\$ 2,981	1,763	1,218
Recycling Tonnage Grant	14,661			14,661
Clean Communities Grant	1,735			1,735
Graduated Driving License - Enforcement & Education	1,300			1,300
Police Body Armor Grant	9,517	585		10,102
Municipal Alliance Program	7,485	10,507		17,992
NJ Forestry - Tree Grant	1,338			1,338
Domestic Violence Training	2,477			2,477
New Jersey State Police	3,235			3,235
Municipal Stormwater Regulation	6,138			6,138
Green Communities	500			500
Municipal Recycling Assistance	5,483			5,483
Click It or Ticket	1,313		1,300	13
Over the Limit/Under Arrest	4,950	3,477		8,427
DPW Feasability Study		1,450		1,450
Police Brownsfield	1,662		1,327	335
CDC-Dept of Health Grant	819	-	-	819
	<u>\$ 76,655</u>	<u>\$ 19,000</u>	<u>\$ 4,856</u>	<u>\$ 90,799</u>

**BOROUGH OF WESTWOOD
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2009	\$	178,841
Increased by:		
Collection of 2011 Taxes		<u>165,974</u>
		344,815
Decreased by:		
Application to 2010 Taxes		<u>178,841</u>
Balance, December 31, 2010	\$	<u><u>165,974</u></u>

EXHIBIT A-20

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2009	\$	37,954
Increased by:		
Overpayments in 2010		<u>41,921</u>
		79,875
Decreased by:		
Refunds	\$ 62,318	
Cancelled	<u>6,988</u>	
		<u>69,306</u>
Balance, December 31, 2010	\$	<u><u>10,569</u></u>

EXHIBIT A-21

STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Increased by:		
Levy - Calendar Year	\$	<u>22,396,037</u>
Decreased by:		
Payments	\$	<u><u>22,396,037</u></u>

**BOROUGH OF WESTWOOD
STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2009		\$	26,924
Increased by:			
2010 Levy	\$ 3,943,660		
County Open Space Preservation	<u>51,070</u>		
		\$ 3,994,730	
Added Taxes (54:4-63.1 et seq.)		<u>7,827</u>	
			<u>4,002,557</u>
			4,029,481
Decreased by:			
Payments			<u>4,002,106</u>
Balance, December 31, 2010		\$	<u>27,375</u>

EXHIBIT A-23

STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION

Balance, December 31, 2009		\$	77,052
Increased by:			
Transfer from 2010 Budget Appropriations			<u>80,000</u>
			157,052
Decreased by:			
Cancelled	\$ 177		
Payments	<u>76,875</u>		
			<u>77,052</u>
Balance, December 31, 2010		\$	<u>80,000</u>

EXHIBIT A-24

STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY

Balance, December 31, 2009		\$	2,176
Increased by:			
Authority Expenditures Paid by Borough			<u>83,592</u>
			85,768
Decreased by:			
Receipts from Parking Authority			<u>76,437</u>
Balance, December 31, 2010		\$	<u>9,331</u>

**BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2009</u>	2010 Grant Allotments	Receipts	Balance, December 31, <u>2010</u>
Municipal Alliance on Alcoholism and Drugs	\$ 7,747	\$ 10,356	\$ 1,372	\$ 16,731
Highway Safety Grant - GLE	1,300			1,300
Police Body Armor				
Federal Share	812			812
State Share	5,387		3,709	1,678
Municipal Stormwater Grant - DEP	7,655	10,207		17,862
Click it or Ticket	101	3,982	3,982	101
Green Community Challenge Grant	1,000			1,000
Clean Community Program		18,182	18,182	
NJ Forest Service Grant		5,000		5,000
Drunk Driving Enforcement		3,274	3,274	
ADA Curb Cuts Grant		45,000		45,000
Alcohol Education and Rehabilitation Fund	8	1,809	1,810	7
Disposal of Forfeited Property - Police Dept. Accreditation	20,000		11,333	8,667
SHARE Grant - Feasibility Study - DPW Services	1,450		1,450	
DCA - Office of Smart Growth	1,660	-	-	1,660
	<u>\$ 47,120</u>	<u>\$ 97,810</u>	<u>\$ 45,112</u>	<u>\$ 99,818</u>

EXHIBIT A-26

STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2009</u>	Increased by Receipts	Realized as Revenue in 2010 Budget	Balance, December 31, <u>2010</u>
Drunk Driving Enforcement Fund	\$ 8,806			\$ 8,806
Recycling Tonnage	37,664		\$ 29,489	8,175
SHARE Grant - Feasibility Study - DPW Services		\$ 2,853		2,853
Board of Health - CDC Grant	7,727			7,727
Over The Limit/Under Arrest	5,667	-	-	5,667
	<u>\$ 59,864</u>	<u>\$ 2,853</u>	<u>\$ 29,489</u>	<u>\$ 33,228</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO STATE OF NJ - BURIAL PERMITS**

Balance, December 31, 2009	\$ 650
Increased by:	
Cash Receipts	<u>5</u>
	655
Decreased by:	
Cash Disbursements	<u>5</u>
Balance, December 31, 2010	<u>\$ 650</u>

EXHIBIT A-28

STATEMENT OF RESERVE FOR THE SALE OF ASSETS

Balance, December 31, 2009	<u>\$ 207,840</u>
Decreased by:	
Realized as Revenue in 2010 budget	<u>\$ 207,840</u>

EXHIBIT A-29

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2009	\$ 4,930
Decreased by:	
Cancelled	<u>4,930</u>
Balance, December 31, 2010	<u>\$ -</u>

**BOROUGH OF WESTWOOD
STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES**

Balance, December 31, 2009	\$ 22,410
Decreased by:	
Cash Disbursements	<u>15,770</u>
Balance, December 31, 2010	<u>\$ 6,640</u>

STATEMENT OF RESERVE FOR WATERSHED MORATORIUM AID

Increased by:	
Received in 2010	<u>\$ 705</u>
Balance, December 31, 2010	<u>\$ 705</u>

TRUST FUNDS

**BOROUGH OF WESTWOOD
STATEMENT OF TRUST CASH**

	<u>Assessment</u>	<u>Animal Control</u>	<u>Other Trust</u>	<u>State Unemployment</u>
Balance, December 31, 2009	\$ 107,152	\$ 15,483	\$ 1,306,828	\$ (343)
Increased by Receipts:				
Assessments Receivable	\$ 22,534			
Interest on Assessments	1,098			
Interest on Investments and Deposits	\$	\$ 119	\$ 437	\$ 19
Due from Westwood Parking Authority			8,030	
POAA Receipts			1,366	
Miscellaneous Reserves			829,832	
Sanitary Landfill		5,503	158	
License Fees Collected				6,657
Receipts from Current Fund		852		
Due to State of New Jersey			663,256	
Escrow Deposits			7,787,271	
Payroll and Payroll Deductions	<u>23,632</u>	<u>6,474</u>	<u>9,290,350</u>	<u>11,013</u>
	130,784	21,957	10,597,178	17,346
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11		1,637		
Payment to Current Fund	13,533	1,648	246,319	
Payment to General Capital Fund			80,750	
Escrow Deposits			169,449	
Payments to State of NJ		854		29,430
Payments to Westwood Parking Authority			8,366	
Payroll and Payroll Deductions Payable			7,789,234	
Miscellaneous Reserves			974,452	
POAA Disbursements			-	
	<u>13,533</u>	<u>4,139</u>	<u>9,268,570</u>	<u>29,430</u>
Balance (Overdraft), December 31, 2010	<u>\$ 117,251</u>	<u>\$ 17,818</u>	<u>\$ 1,328,608</u>	<u>\$ (12,084)</u>

**BOROUGH OF WESTWOOD
ANALYSIS OF ASSESSMENT CASH**

	Balance, December 31, 2009	Cash Receipts	Cash Disbursements	Transfers From	To	Balance, December 31, 2010
Due to/from Current Fund	\$ 13,533	\$ 1,098	\$ 13,533		\$ 10,000	\$ 11,098
Improvements to Woodland Ave. (Ord. 86-7)				\$ 8,665		
Acquisition of Property (Ord. 92-4)		8,665		1,375		
Acquisition of Property (Ord. 92-9)		1,375		12,494		
Improvements to Parking Lot (Ord. 92-12/94-16)		12,494		10,000	22,534	\$ 106,153
Fund Balance	<u>93,619</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>22,534</u>	<u>\$ 106,153</u>
	<u>\$ 107,152</u>	<u>\$ 23,632</u>	<u>\$ 13,533</u>	<u>\$ 32,534</u>	<u>\$ 32,534</u>	<u>\$ 117,251</u>

**BOROUGH OF WESTWOOD
STATEMENT OF ASSESSMENTS RECEIVABLE**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Due Dates</u>	<u>Balance, December 31, 2009</u>	<u>Adjustment</u>	<u>Collected</u>	<u>Balance, December 31, 2010</u>	<u>Balance Pledged To Reserve</u>
86-7	Improvements to Woodland Avenue	4/7/1998	6/1	\$ 150	\$ (150)			
92-4	Acquisition of Property	10/9/01	11/1	8,916	252	\$ 8,665	\$ 503	\$ 503
92-9	Acquisition of Property	1/30/01	3/1	881	494	1,375		
92-12/ 94-16	Improvements to Parking Lot	1/30/01	3/1	<u>13,131</u>	<u>103</u>	<u>12,494</u>	<u>740</u>	<u>740</u>
				<u>\$ 23,078</u>	<u>\$ 699</u>	<u>\$ 22,534</u>	<u>\$ 1,243</u>	<u>\$ 1,243</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO CURRENT FUND - ASSESSMENT TRUST FUND**

Balance, December 31, 2009		\$ 13,533
Increased by:		
Fund Balance Realized As Current Fund Revenue	\$ 10,000	
Interest on Assessments	<u>1,098</u>	
		<u>11,098</u>
		24,631
Decreased by:		
Payment to Current Fund		<u>13,533</u>
Balance, December 31, 2010		<u>\$ 11,098</u>

STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS

Ord. <u>No.</u>		Balance, December 31, <u>2009</u>	<u>Adjustment</u>	<u>Collections</u>	Balance, December 31, <u>2010</u>
	Assessments Receivable:				
86-7	Improvements to Woodland Ave.	\$ 150	\$ (150)		
92-4	Acquisition of Property	8,916	252	\$ 8,665	\$ 503
92-9	Acquisition of Property	881	494	1,375	
92-12	Various Improvements to Public Parking	<u>13,131</u>	<u>103</u>	<u>12,494</u>	<u>740</u>
		<u>\$ 23,078</u>	<u>\$ 699</u>	<u>\$ 22,534</u>	<u>\$ 1,243</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE FROM/TO CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2009 (Due to)		\$ 246,319
Increased by:		
Interest on Investments and Deposits		<u>437</u>
		246,756
Decreased by:		
Payments to Current Fund	\$ 246,319	
Fines and Costs Due to Westwood Parking Authority	<u>1,006</u>	
		<u>247,325</u>
Balance, December 31, 2010 (Due From)		<u>\$ 569</u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2009		\$ 13,936
Increased by:		
Animal Control Fees		<u>5,503</u>
		19,439
Decreased by:		
Statutory Excess Expenditures	\$ 3,944	
	<u>1,637</u>	
		<u>5,581</u>
Balance, December 31, 2010		<u>\$ 13,858</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES**

Balance, December 31, 2009	\$	7
Increased by:		
Registration Fees - Due State		<u>852</u>
		859
Decreased by:		
Payments		<u>854</u>
Balance, December 31, 2010	\$	<u>5</u>

STATEMENT OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance, December 31, 2009	\$	1,540
Increased by:		
Statutory Excess	\$	3,944
Interest on Investments and Deposits		<u>119</u>
		<u>4,063</u>
		5,603
Decreased by:		
Payments to Current Fund		<u>1,648</u>
Balance, December 31, 2010	\$	<u>3,955</u>

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2009	\$	192,576
Increased by:		
Cash Receipts		<u>663,256</u>
		855,832
Decreased by:		
Cash Disbursements		<u>169,449</u>
Balance, December 31, 2010	\$	<u>686,383</u>

BOROUGH OF WESTWOOD
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2009		\$ (343)
Increased by:		
Interest on Deposits	\$ 19	
2010 Budget Appropriation	343	
Payroll Deductions from Employees	<u>10,670</u>	
		<u>11,032</u>
		10,689
Decreased by:		
Unemployment Claims		<u>29,430</u>
Balance, December 31, 2010		<u>\$ (18,741)</u>

EXHIBIT B-13

STATEMENT OF RESERVE FOR SANITARY LANDFILL CLOSURE

Balance, December 31, 2009		\$ 32,641
Increased by:		
Interest on Deposits		<u>158</u>
Balance, December 31, 2010		<u>\$ 32,799</u>

EXHIBIT B-14

RESERVE FOR POAA COURT EXPENDITURES

Balance, December 31, 2009		\$ 12,612
Increased by:		
Cash Receipts		<u>1,366</u>
Balance, December 31, 2010		<u>\$ 13,978</u>

**BOROUGH OF WESTWOOD
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2009</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2010</u>
Affordable Housing	\$ 42,714	\$ 272		\$ 42,986
Redemption of Tax Sale Certificates	15,403	79,478	\$ 79,478	15,403
Recycling Program	41,581	20,018	16,831	44,768
Recreation Trips	19,333	72,263	91,596	
Police Overtime Detail	237,114	252,947	328,848	161,213
Beautification	22,817	750	10,727	12,840
Safe Schools	24,594	14,354	16,374	22,574
Code Compliance Penalty	52,028	21,600	915	72,713
Found Money?Bail	9,755	495	166	10,084
Recreation Fields & Buildings	2,315	2,525	4,840	
Hug-A-Tree	12,260	10,050	466	21,844
Fire Prevention	3,890	2,525	500	5,915
Premium on Tax Sale	70,500	61,000	30,300	101,200
Recreation Donation	1,173	2,240	500	2,913
Teen Center	177	697	828	46
Elevator Reserve	2,369	13,449	10,415	5,403
Tax Maps	100			100
Teen Housing Relocation Reserve		528	360	168
Miscellaneous	3,910	3,195	2,624	4,481
Recreation Fees		271,446	240,068	31,378
Accumulated Leave Compensation	257,798	-	138,616	119,182
	<u>\$ 819,831</u>	<u>\$ 829,832</u>	<u>\$ 974,452</u>	<u>\$ 675,211</u>

EXHIBIT B-16

STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2009	\$ 1,853
Increased by:	
Cash Receipts	<u>7,787,271</u>
	7,789,124
Decreased by:	
Cash Disbursements	<u>7,789,234</u>
Balance, December 31, 2010	<u>\$ (110)</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO/FROM WESTWOOD PARKING AUTHORITY**

Balance, December 31, 2009		\$ 996
Increased by:		
Cash Receipts	\$ 8,030	
Due from Current Fund	<u>1,006</u>	
Cash Receipts		<u>9,036</u>
		10,032
Decreased by:		
Payments to Westwood Parking Authority		<u>8,366</u>
Balance, December 31, 2010		<u>\$ 1,666</u>

EXHIBIT B-18

**STATEMENT OF DUE TO CURRENT FUND -
UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Increased by:		
Receipts from Current Fund		<u>\$ 6,657</u>
Balance, December 31, 2010		<u>\$ 6,657</u>

EXHIBIT B-19

**STATEMENT OF DUE FROM GENERAL CAPITAL FUND
OTHER TRUST FUND**

Increased by:		
Payments to General Capital Fund		<u>\$ 80,750</u>
Balance, December 31, 2010		<u>\$ 80,750</u>

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL CAPITAL FUND

BOROUGH OF WESTWOOD
STATEMENT OF GENERAL CAPITAL CASH - COLLECTOR-TREASURER

Balance, December 31, 2009		\$ 1,384,451
Increased by Receipts:		
Loan Proceeds	\$ 190,564	
Bond Anticipation Notes	2,374,920	
Serial Bonds	3,736,000	
State Aid Received	19,692	
Grants Receivable	579,500	
Premium on Sale of Bonds and Notes	8,396	
Receipts from Other Trust Fund	80,750	
Interest on Investments	4,959	
Receipts from Current Fund	200,695	
Reserve for Sale of Bonds	<u>24,313</u>	
		<u>7,219,789</u>
		8,604,240
Decreased by:		
Improvement Authorizations	3,855,548	
Reserve for Encumbrances	727,242	
Due from Current Fund	75,684	
Payments to Current Fund	48,899	
Bond Anticipation Notes	<u>3,756,536</u>	
		<u>8,463,909</u>
Balance, December 31, 2010		<u>\$ 140,331</u>

**BOROUGH OF WESTWOOD
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2010**

Fund Balance	\$ 311,248
Capital Improvement Fund	226,213
Encumbrances Payable	976,474
Reserve for Pascack Brook Park Bikeway	50,188
Grants Receivable	(1,014,975)
Environmental Infrastructure Loan Receivable	(906,603)
Due to Current Fund	30,220
Due to Other Trust Fund	80,750
Reserve for Payment of Bonds	24,313
Excess Note Proceeds	125,442

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
97-7	Impvt. of Drainage Ditch	(14,250)
00-13/09-17	Landfill Closure	62,896
02-14	Various Capital Improvements	26,329
04-23	Improvements to Fairview Avenue	288
05-16/05-37	Feasibility Study-Five Corners	9
06-04	Reconstruction of Fairview Avenue	92,846
06-05	Repaving & Resurfacing of Various Roads	13,647
07-09	Installation of Additional Lighting at Westvale Park	5,999
07-10	Acquisition of Various Equipment-Public Works	59
07-13	Acquisition & Installation of Irrigation System	90,325
08-01	Road Improvements	28,313
08-02	Pascack Brook Sewer Pipe Replacement and Repair	(196,928)
08-11	Acquisition of Technology Equipment	96
08-20	Acquisition of Equipment	210
08-22	Suppl. - Emerson Pump Station	979
08-35	Various Improvements at the Borough Library	121
09-01	2009 Road Improvement Program	48,959
09-11	Various Curb and Sidewalk Improvements	10,537
09-18	Preparation and Delivery of an Energy Report	4,111
09-20	Acq. Of Various Equipment - Police Department	(21,970)
09-21	Acq. Of Various Equipment - Fire Department	2,030
09-22	Acq. Of Various Equipment - Public Works Department	13,269
09-24	Installation of Traffic Signals at Railroad Crossings	163
09-25	Acq. Of Various Equipment - Police Department	4,924
10-3	The 2010 Roadway Improvement Program	249,198
10-4	Improvements to Westvale Park and Related Expenses	646
10-12	Renovations to the Borough Hall	31,470
10-13	Various Capital Improvements and Other Related Expenses	35,645
10-19	The Railroad Signalization Project	(77,463)
10-21	The Monitoring of Landfill Emissions	(106,816)
10-24	The Acquisition of Various Equipment - Fire Department	(71,501)
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and Related Expenses	2,920
		<u>140,331</u>
		<u>\$ 140,331</u>

BOROUGH OF WESTWOOD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2009		\$12,794,019
Increased by:		
Serial Bonds Issued	\$ 3,736,000	
EIT Loans Issued	<u>1,065,781</u>	
		4,801,781
Decreased by:		
2010 Budget Appropriation		
Bonds	795,000	
EIT Loans	320,360	
EDA Loans	25,005	
EIT Project Credits	<u>74,575</u>	
		<u>1,214,940</u>
Balance, December 31, 2010		<u>\$16,380,860</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Balance, December 31, 2009	2010 Authorizations	Serial Bonds Issued	EIT Leases Issued	Cancellations	Funded by Other Trust Fund	Notes Paid by Budget Appropriation	Funded by Budget Appropriation	State/County Aid Received	Balance, December 31, 2010	Bond Anticipation Notes	Analysis of Balance	
													Unexpended Improvement	
													Expenditures	Authorizations
97-1	Imprv. of Railroad Station	\$ 23,916							\$ 23,916		\$ 14,250		\$ 14,250	
97-7	Imprv. of Drainage Ditch	14,250							907					
98-12	Resurfacing of Various Streets	902												
99-7	Porting Lot at Municipal Building	6,955						\$ 6,955						
06-15	Various Improvements	758						758						
06-17	Griman Pond	63,341		\$ 63,341										
02-01	Various Road Improvements	219,505		219,505										
02-21	Construction of Firehouse	821							821					
04-01	Various Communication Equipment - Fire	29,555						29,555						
04-12	Various Capital Improvements	310,436		310,436										
04-13	Improvements to Musapapink Brook	26,980		26,980										
04-14	Improvements to Bogert Pond	35,945		35,945										
04-19	Const. of Walkway and Pedestrian Bridge	108,945		108,945										
04-22,05-01	Construction of Firehouse	308,540		308,540										
04-12	Feasibility Study - Forest and Fourth Ave	9,068						9,068						
05-15	Feasibility Study - Five Corners	6,468						6,468						
05-17	Various Capital Improvements	358,920		358,920										
05-35	Acquisition of Rescue Vehicle	256,664		233,863				22,801						
06-04	Fairview Ave	133,000		133,000										
06-12	Various Capital Improvements	877,515		877,515				79	421		114,000		\$ 114,000	
07-04	2007 Roadway Improvement Program	327,250		327,250										
07-09/08-25	Installation of Additional Lighting at Westvale Park	228,000		114,000										
07-10	Acquisition of Various Equipment - Public Works	247,000		247,000										
07-11	Acquisition of Various Equipment - Police Department	95,000		95,000										
07-12	Acquisition of Various Equipment - Fire Department	64,600		141,760						740	64,600			
07-13	Acquisition & Installation of Irrigation System	142,500		114,000						18,952	104,548			
08-01	Road Improvements	237,900											196,978	562,291
08-02/09-05	Pasack Brook Sewer Pipe Replacement and Repair	1,825,000			\$ 1,065,781									
08-11	Acquisition of Technology Equipment	28,500												
08-20	Acquisition of Equipment	156,750												
08-22	Suppl. - Emerson Pump Station	120,000												
08-32	Acquisition of Fire Department Equipment	52,725												
08-33	Acquisition of Playground Equipment	28,500												
09-01	2009 Road Improvement Program	237,750												
09-20	Acq. Of Various Equipment - Police Department	22,325												
09-22	Acq. Of Various Equipment - Fire Department	53,675												
09-25	Acq. Of Various Equipment - Public Works Department	135,185												
10-5	The 2010 Roadway Improvement Program	80,750				\$ 25,000								
10-4	Improvements to Westvale Park and Related Expenses	237,500	237,500											
10-13	Various Capital Improvements and Other Related Expenses	1,809,500	1,809,500											
10-19	The Railroad Signalization Project	247,000	247,000											
10-21	The Monitoring of Landfill Emissions	80,750	80,750											
10-24	The Acquisition of Various Equipment - Fire Department	109,250	109,250											
10-25	Improvements to Various Municipal Buildings to Accomplish	76,000	76,000											
		\$ 6,895,994	\$ 2,636,000	\$ 3,736,000	\$ 1,065,781	\$ 25,000	\$ 80,750	\$ 75,684	\$ 26,060	\$ 19,692	\$ 4,503,027	\$ 3,251,233	\$ 488,928	\$ 762,866

Bond Anticipation Notes	\$ 3,376,675
Less: Excess Proceeds	
Ord. 07-13	740
Ord. 08-01	18,952
Ord. 09-22	25,000
Ord. 09-25	80,750
	<u>129,442</u>
	\$ 3,251,233

Unexpended Balance of Improvement Authorizations	\$ 1,129,324
Less: Unexpended Proceeds of Bond Anticipation Notes Issued	
Ord. 08-01	\$ 28,313
Ord. 08-11	96
Ord. 09-01	48,959
Ord. 09-21	2,030
Ord. 09-22	13,269
Ord. 10-03	237,500
Ord. 10-04	646
Ord. 10-13	<u>35,645</u>
	<u>366,458</u>
	\$ 762,866

**BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2009</u>	Grant Awards	Cash Received	Balance, December 31, <u>2010</u>
County of Bergen - Ord. 01-01				
Reconstruction of Bridges and Culverts	\$ 63,741			\$ 63,741
County of Bergen - Ord. 03-13	40,000			40,000
County of Bergen - Ord. 08-25	1,550			1,550
Comm. Develop. Open Space - Ord. 08-33	30,000		\$ 30,000	
County of Bergen - Open Space - Ord. 10-4		\$ 325,215	325,215	
Department of Transportation				
Fairview Avenue- Ordinance 06-04	169,305			169,305
Irvington Street-Ordinance 08-01	64,664		64,664	
Ordinance 09-01	200,000			200,000
2010 Roadway Improvement - Ord. 10-3		200,000		200,000
Department of Environmental Protection				
Westvale Park - Green Acres - Ord. 10-4	-	500,000	159,621	340,379
	<u>\$ 569,260</u>	<u>\$ 1,025,215</u>	<u>\$ 579,500</u>	<u>\$ 1,014,975</u>

EXHIBIT C-7

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2009		\$ 44,605
Increased by:		
Current Fund Anticipated Revenue-Reserve for Payment of Bonds	\$ 131,299	
Interest on Investments and Deposits	4,959	
		<u>136,258</u>
		180,863
Decreased by:		
Current Fund Expenditures paid by General Capital Fund	75,684	
Deferred Charges Unfunded Funded by the Budget Appropriation	26,060	
Payments to Current Fund	48,899	
		<u>150,643</u>
Balance, December 31, 2010		<u>\$ 30,220</u>

**BOROUGH OF WESTWOOD
STATEMENT OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2009	Increased	Decreased	Balance, December 31, 2010
			Date	Amount					
General Improvement Bonds of 2003	9/15/2003	\$ 5,674,000	9/15/2011-15	\$ 250,000	4.00-4.125%				
			9/15/2016-17	350,000					
			9/15/2018-19	400,000					
			9/15/2020-21	500,000					
			9/15/2022	510,000					
			9/15/2023	514,000		\$ 5,024,000	\$ 250,000	\$	4,774,000
Refunding Bonds of 2004	4/1/2004	4,555,000	8/15/2011	360,000	2.00-3.60%				
			8/15/2012	370,000					
			8/15/2013	390,000					
			8/15/2014	435,000					
			8/15/2015	450,000					
			8/15/2016	470,000					
			8/15/2017	480,000		3,305,000	350,000		2,955,000
Refunding Bonds of 2008	5/6/2008	2,235,000	8/1/2011-12	190,000	3.00-3.00 %				
			8/1/2013	185,000					
			8/1/2014	195,000					
			8/1/15-16	200,000					
			8/1/17	210,000					
			8/1/18	215,000		2,010,000	195,000		1,815,000
			8/1/19	230,000					
General Improvement Bonds, Series 2010	4/1/2010	3,736,000	4/1/2011	25,000	2.00-3.50%				
			4/1/2012	25,000					
			4/1/2013	35,000					
			4/1/2014	45,000					
			4/1/2015	65,000					
			4/1/2016	420,000					
			4/1/2017	455,000					
			4/1/2018	450,000					
		4/1/2019	475,000						
			4/1/2020	530,000					
			4/1/2021	575,000					
			4/1/2022	636,000					
						\$ -	\$ 3,736,000	-	3,736,000
						\$ 10,339,000	\$ 3,736,000	\$ 795,000	\$ 13,280,000
						Paid by Current Fund Budget		\$ 795,000	

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2009	Increased	Decreased	Balance, December 31, 2010
99-07	Parking Lot at Municipal Building	10/25/2007	10/30/2009	5/11/2010	0.74%	\$ 6,955		\$ 6,955	
02-01	Various Road Improvements	10/25/2007	10/30/2009	5/11/2010	0.74%	219,505		219,505	
04-01	Various Communication Equipment - Fire	10/25/2007	10/30/2009	5/11/2010	0.74%	29,555		29,555	
04-12, 05-01	Various Capital Improvements	10/25/2007	10/30/2009	5/11/2010	0.74%	330,436		330,436	
04-13	Improvements to Musquapsink Brook	10/25/2007	10/30/2009	5/11/2010	0.74%	26,980		26,980	
04-14	Improvements to Bogert Pond	10/25/2007	10/30/2009	5/11/2010	0.74%	35,945		35,945	
04-19	Const. of Walkway and Pedestrian Bridge	10/25/2007	10/30/2009	5/11/2010	0.74%	108,945		108,945	
00-15, 04-19, 05-16, 05-17	Various Improvements	7/17/2007	5/11/2009	5/11/2010	1.25%	758		758	
00-17	Gritman Pond	7/17/2007	5/11/2009	5/11/2010	1.25%	63,341		63,341	
04-22	Construction of Firehouse	7/17/2007	5/11/2009	5/11/2010	1.25%	308,540		308,540	
05-17	Various Capital Improvements	7/17/2007	5/11/2009	5/11/2010	1.25%	358,920		358,920	
05-35	Acquisition of Rescue Vehicle	10/25/2007	10/30/2009	5/11/2010	0.74%	256,664		256,664	
06-04	Fairview Avenue	7/17/2007	5/11/2009	5/11/2010	1.25%	133,000		133,000	
06-12	Various Capital Improvements	7/17/2007	5/11/2009	5/11/2010	1.25%	875,726		875,726	
07-04	2007 Roadway Improvement Program	7/17/2007	5/11/2009	5/11/2010	1.25%	327,329		327,329	
07-09	Installation of Additional Lighting-Westvale Park	10/25/2007	10/30/2009	5/11/2010	0.74%	114,000		114,000	
07-10	Acquisition of Various Equipment-Public Works	10/25/2007	10/30/2009	5/11/2010	0.74%	247,000		247,000	
05-15	Feasibility Study-Forest & Fourt Avenue	7/24/2008	5/11/2009	5/11/2010	1.25%	9,068		9,068	
05-16	Feasibility Study-Five Corners	7/24/2008	5/11/2009	5/11/2010	1.25%	6,468		6,468	
07-11	Acquisition of Various Equipment-Police Department	7/24/2008	5/11/2009	5/11/2010	1.25%	95,000		95,000	
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	64,600	\$ 64,600	64,600	\$ 64,600
07-13	Acquisition & Installation of Irrigation System	7/24/2008	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	142,500	740	142,500	740
08-01	Road Improvements	7/24/2008	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	237,500	123,500	237,500	123,500
08-11	Acquisition of Technology Equipment	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	28,500	28,500	28,500	28,500
08-20	Acquisition of Equipment	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	156,750	156,750	156,750	156,750
08-22	Suppl. - Emerson Pump Station	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	120,000	120,000	120,000	120,000
08-32	Acquisition of Fire Department Equipment	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	52,725	52,725	52,725	52,725
08-33	Acquisition of Playground Equipment	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2011	1.25% 1.07%	28,500	28,500	28,500	28,500
09-01	2009 Road Improvement Program	5/11/2009	5/11/2009 5/4/2010	5/11/2010 5/4/2010	1.25% 1.07%	237,750	237,750	237,750	237,750
09-20	Acq. Of Various Equipment - Police Department	10/30/2009	10/30/2009	5/11/2010	0.74%	22,325		22,325	
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009	10/30/2009 5/4/2010	5/11/2010 5/4/2011	0.74% 1.07%	53,675	53,675	53,675	53,675

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of		Date of Maturity	Interest Rate	Balance,			Balance, December 31, 2010
		Original Note	Date of Issue			December 31, 2009	Increased	Decreased	
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009	10/30/2009 5/4/2010	5/11/2010 5/4/2011	0.74% 1.07%	\$ 135,015	\$ 135,185	\$ 135,015	\$ 135,185
09-25	Acq. Of Various Equipment - Police Department	5/4/2010	5/4/2010	5/4/2011	1.07%		80,750		80,750
10-3	The 2010 Roadway Improvement Program	9/8/2010	9/8/2010	5/4/2011	1.50%		237,500		237,500
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010	9/8/2010	5/4/2011	1.50%		1,809,500		1,809,500
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010	9/8/2010	5/4/2011	1.50%	-	247,000	-	247,000
						<u>\$ 4,833,975</u>	<u>\$ 3,376,675</u>	<u>\$ 4,833,975</u>	<u>\$ 3,376,675</u>
					Renewals Issued for Cash		\$ 1,001,755	\$ 1,001,755	
					Paid by Budget Appropriation		2,374,920		
					Serial Bonds Issued			75,684	
					Paid by Capital Cash		-	3,734,211	
							<u>-</u>	<u>22,325</u>	
						<u>\$ 3,376,675</u>	<u>\$ 4,833,975</u>		

**BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2009		\$ 797,010
Increased by:		
Charges to Improvement Authorizations		<u>976,474</u>
		1,773,484
Decreased by:		
Payments	\$ 727,242	
Cancelled	<u>69,768</u>	
		<u>797,010</u>
Balance, December 31, 2010		<u>\$ 976,474</u>

STATEMENT OF ACCOUNTS PAYABLE - COST OF ISSUANCE

Balance, December 31, 2009		\$ 36,626
Decreased by:		
Cancelled		<u>\$ 36,626</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2009		\$ 345,018
Increased by:		
2010 Current Fund Budget Appropriations		<u>200,695</u>
		545,713
Decreased by:		
Appropriation to Finance Impvt. Authorizations	\$ 238,750	
Reappropriation of Capital Improvement Fund (Ord. No. 10-17)	<u>80,750</u>	
		<u>319,500</u>
Balance, December 31, 2010		<u>\$ 226,213</u>

STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Total Appropriated</u>	<u>Down- Payment</u>	<u>Balance, December 31, 2009</u>	<u>Balance, December 31, 2010</u>
97-7	Impvts. of Drainage Ditch	\$ 15,000	\$ 750	\$ 750	\$ 750
04-14	Improvements to Bogert Pond	42,300	2,200	<u>2,200</u>	<u>2,200</u>
				<u>\$ 2,950</u>	<u>\$ 2,950</u>

**BOROUGH OF WESTWOOD
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2009		\$ 2,455,019
Increase by:		
2010 EIT Loans Issued		<u>1,065,781</u>
		3,520,800
Decreased by:		
2010 Budget Appropriation	\$ 345,365	
Project Credits	<u>74,575</u>	
		<u>419,940</u>
Balance, December 31, 2010		<u>\$ 3,100,860</u>

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, December 31, 2009		\$ 31,386
Increased by:		
Loans Awarded		<u>1,065,781</u>
		1,097,167
Decreased by:		
Loan Proceeds Received		<u>190,564</u>
Balance, December 31, 2010		<u>\$ 906,603</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2009		\$ 131,299
Decreased by:		
Cash Receipts		<u>24,313</u>
		155,612
Decreased by:		
Anticipated As Current Fund Revenue		<u>131,299</u>
Balance, December 31, 2010		<u>\$ 24,313</u>

BOROUGH OF WESTWOOD
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance, December 31, 2009		2010 Authorizations	Notes Paid by Capital Cash	2010 Budget Appropriation	Serial Bonds Issued	EIT Loans Issued	Notes Issued	Balance, December 31, 2010	
		General Capital	Assessment Trust							General Capital	Assessment Trust
80-8	Impvt. to Critman Park Pool	\$ 23,916	\$ 283			\$ 23,916				\$	283
97-1	Impvt. of Railroad Station	14,250								\$ 14,250	
97-7	Impvt. of Drainage Ditch	902				902					
98-12	Resurficing of Various Streets	821				821					
02-21	Construction of Firehouse	1,789									
06-12	Various Capital Improvements	421									
07-04	2007 Roadway Improvement Program					421					
08-02/09-05	Pasack Brook Sewer Pipe Replacement and Repair	1,825,000									
08-25	Installation of Additional Lighting at Westvale Park	114,000								759,219	
09-20	Acq. Of Various Equipment - Police Department	0			\$ 22,325					114,000	
09-22	Acq. Of Various Equipment - Public Works Department	170								22,325	
09-25	Acq. Of Various Equipment - Police Department	80,750							\$		170
10-3	The 2010 Roadway Improvement Program			\$ 237,500						80,750	
10-4	Improvements to Westvale Park and Related Expenses			1,809,500						237,500	
10-13	Various Capital Improvements and Other Related Expenses			247,000						1,809,500	
10-19	The Railroad Signalization Project			80,750						247,000	
10-21	The Monitoring of Landfill Emissions			109,250						80,750	
10-24	The Acquisition of Various Equipment - Fire Department			76,000						109,250	
10-25	Improvements to Various Municipal Buildings to Accomplish			76,000						76,000	
		\$ 2,062,019	\$ 283	\$ 2,636,000	\$ 22,325	\$ 26,060	\$ 1,789	\$ 1,065,781	\$ 2,374,920	\$ 1,251,794	\$ 283

PUBLIC ASSISTANCE FUND

**BOROUGH OF WESTWOOD
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER**

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Balance, December 31, 2009	\$ 3,655	\$ 36,243	\$ 39,898
Increased by:			
Donations/State Aid/SSI	6,525	199,864	206,389
Petty Cash Returned		100	100
Interest on Deposits	<u>6</u>	<u>201</u>	<u>207</u>
	<u>6,531</u>	<u>200,165</u>	<u>206,696</u>
	<u>10,186</u>	<u>236,408</u>	<u>246,594</u>
Decreased by:			
Petty Cash Advanced	-	100	100
Public Assistance Expenditures	6,505	151,482	157,987
Payments to Current Fund	<u>6</u>	<u>201</u>	<u>207</u>
	<u>6,511</u>	<u>151,783</u>	<u>158,294</u>
Balance, December 31, 2010	<u>\$ 3,675</u>	<u>\$ 84,625</u>	<u>\$ 88,300</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	<u>Total</u>
Balance, December 31, 2009	\$ 3,655	\$ 36,243	\$ 39,898
Increased by:			
Revenues	<u>6,531</u>	<u>200,165</u>	<u>206,696</u>
	<u>10,186</u>	<u>236,408</u>	<u>246,594</u>
Decreased by:			
Expenditures	<u>6,511</u>	<u>151,783</u>	<u>158,294</u>
Balance, December 31, 2010	<u>\$ 3,675</u>	<u>\$ 84,625</u>	<u>\$ 88,300</u>

**BOROUGH OF WESTWOOD
STATEMENT OF PUBLIC ASSISTANCE REVENUES**

	PATF Account #1 (75)%	PATF Account #2 (100)%	<u>Total</u>
Donations	\$ 6,525		\$ 6,525
State Aid /SSI	<u>-</u>	\$ 199,864	<u>199,864</u>
 Total Revenues	 6,525	 199,864	 206,389
Petty Cash Returned		100	100
Interest on Deposits	<u>6</u>	<u>201</u>	<u>207</u>
 Total Receipts	 <u>\$ 6,531</u>	 <u>\$ 200,165</u>	 <u>\$ 206,696</u>

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1 (75)%	PATF Account #2 (100)%	<u>Total</u>
Current Year Assistance - Reported			
Maintenance Payments		\$ 34,527	\$ 34,527
Temporary Rental Assistance		97,320	97,320
Emergency Assistance		12,263	12,263
Transportation Assistance	<u>-</u>	<u>6,779</u>	<u>6,779</u>
 Total Reported	 <u>-</u>	 <u>150,889</u>	 <u>150,889</u>
SSI Refund		780	780
Unreported Assistance	<u>\$ 6,511</u>	<u>14</u>	<u>6,525</u>
 Total Expenditures	 6,511	 151,683	 158,194
Petty Cash Advanced	<u>-</u>	<u>100</u>	<u>100</u>
 Total	 <u>\$ 6,511</u>	 <u>\$ 151,783</u>	 <u>\$ 158,294</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO CURRENT FUND**

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Balance, December 31, 2009	\$. -	\$ -	\$ -
Increased by:			
Interest on Investments and Deposits	6	201	207
	6	201	207
Decreased by:			
Payments to Current Fund	6	201	207
Balance, December 31, 2010	\$ -	\$ -	\$ -

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF WESTWOOD



PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208
FAIR LAWN, NJ 07410
TELEPHONE (201) 791-7100
FACSIMILE (201) 791-3035
WWW.LVHCPA.COM

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH KOZAK, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA

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
JULIUS B. CONSONI, CPA, PSA

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

Honorable Mayor and Members
of the Borough Council
Borough of Westwood
Westwood, New Jersey

We have audited the financial statements – regulatory basis of the Borough of Westwood as of and for the year ended December 31, 2010, and have issued our report thereon dated May 26, 2011 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Borough of Westwood's internal control over financial reporting as a basis for designing our auditing procedures 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 Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Westwood's financial statements are free of 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that we reported to management of the Borough of Westwood in Part III of this report of audit entitled "Letter of Comments and Recommendations".

This report is intended solely for the information and use of the governing body, management, New Jersey Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
May 26, 2011

**BOROUGH OF WESTWOOD
SCHEDULE OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2010**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2010</u>	<u>2010 Grant Award</u>	<u>Expended</u>	<u>Balance, December 31, 2010</u>
U.S. Department of Health and Human Services: Centers for Disease Control and Prevention and Technical Assistance	93.283	\$ 819	\$ 819			\$ 819
U.S. Department of Environmental Protection: Superfund State Site - Specific Co-Op Agreements Green Acres - Westvale Park - Ord. 10-4	66.802	\$ 159,621	1,662	\$ 500,000	\$ 1,327 159,621	335 340,379
U.S. Department of Transportation: Over the Limit/Under Arrest	20.601 20.601		3,477 4,950			3,477 4,950
Click It or Ticket Program	20.602 20.602 20.602	3,982		3,982	3,982 451 849	- 13 -
State and Community Highway Safety	20.600 20.600		- 1,300			- 1,300
Highway Planning and Construction NJ Dept. of Transportation - Irvington Street NJ Dept. of Transportation - Ord. 09-01 (\$200,000) NJ Dept. of Transportation - Ord. 10-03 (\$200,000)	20.205 20.205 20.205		64,664 - -		64,664	- - -
ADA Curb Cuts			-	45,000	-	45,000
			<u>\$ 78,185</u>	<u>\$ 548,982</u>	<u>\$ 230,894</u>	<u>\$ 396,273</u>

This schedule is not subject to audit in accordance with OMB A-133.

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2010	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2010	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-1789000	2010	\$ 18,182	\$	\$ 18,182	\$ 18,182		\$	\$ 18,182
		2008		\$ 107				\$ 107	13,511
		2007		728				728	13,136
		2003		312				312	9,528
		2002		588				588	9,252
Drunk Driving Enforcement Fund	1110-448-031020-22	2010	3,274	5,837	3,274	294	2,980	294	294
		2009				4,619	1,218	8,797	
Municipal Recycling Program (Passed through County of Bergen)	4910-759-690-50	2004		5,483			5,483		
		2010	29,489	-	29,489		29,489		15,490
Recycling Tonnage Grant	**	2008		152			152		6,148
		2007		3			3		4,670
		2005		4,670			4,670		3,074
		2004		3,074			3,074		6,762
		2002		6,762			6,762		10,356
		2010	1,372		10,356	10,356	10,356	10,507	510
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	**	2009		7,380			7,380		4,120
		2008		105			105		11,395
		2006		2,477			2,477		4,998
		2010	1,809		1,809	946	863	946	2,654
		2009	1			2,654		5,343	1,350
		2008		5,343			247	5,343	5,050
Domestic Violence Training Program	**	2007		247			247		2,565
		2004		2,818			2,818		1,382
		2003		1,044			1,044		2,618
		2002		2,680			2,680		1,750
		2002		1,910		466	1,444		585
		1998							7
Police Body Armor Fund	**	2009	3,709	2,335		1,750	585	1,750	5,106
		2007		7			7		2,446
		2006		2,446			2,446		2,603
		2004		2,603			2,603		2,647
		2003		2,647			2,647		303
		2002		303			303		1,511

BOROUGH OF WESTWOOD
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2010</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2010</u>	<u>Memo Cumulative Total Expenditures</u>
Municipal Stormwater Regulation	**	2010		\$ 2,212	\$ 10,207	\$ 3,805		\$ 6,402	\$ 3,805
		2008		2,212				2,212	7,995
		2006		2,271				2,271	7,936
		2004		1,655				1,655	8,552
New Jersey State Police SLA HEOP Grant	**	2004		3,235				3,235	
DEP Green Communities Challenge	**	2004		500				500	1,500
NJ Forest Services Grant	**	2010		-	5,000			5,000	
Community Forestry Management Plan Grant	**	2004		1,338				1,338	4,662
SHARE - Feasibility Study - DPW Services	**	2009	\$ 1,450	1,450				1,450	20,000
Disposal of Forfeited Property - Police Accreditation		2009	11,333	-				-	
Reconstruction of Fairview Ave.		2006		169,305				169,305	110,695
General Welfare Assistance	7500-150-158010-60	2010	199,864	36,243	199,864	151,482		84,625	151,482
** Not Available				\$ 284,435	\$ 278,181	\$ 194,554	\$ 10,507	\$ 378,569	\$ 473,158

This schedule is not subject to audit in accordance with OMB 04-04.

**BOROUGH OF WESTWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Westwood. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are presented using the regulatory basis of accounting as prescribed or permitted for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1(B) to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 48,982	\$ 78,317	\$ 127,299
General Capital Fund	500,000		500,000
Public Assistance Fund	<u>-</u>	<u>199,864</u>	<u>199,864</u>
Total Financial Awards	<u>\$ 548,982</u>	<u>\$ 278,181</u>	<u>\$ 827,163</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF WESTWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2010, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
New Jersey Economic Development Authority Loans	
Construction of New Municipal Building	\$ 75,015
Environmental Infrastructure Trust	
Landfill Closure	1,987,208
Infrastructure Loan - 2010A	<u>1,038,637</u>
	<u>\$ 3,100,860</u>

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF WESTWOOD



PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2010

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND - STATUTORY BASIS**

	<u>Year 2010</u>		<u>Year 2009</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,350,000	3.16%	\$ 1,223,950	2.94%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,798,998	6.54%	2,992,776	7.19%
Collection of Delinquent Taxes and Tax Title Liens	385,400	0.90%	755,742	1.82%
Collection of Current Tax Levy	37,619,773	87.94%	35,838,351	86.11%
Other Credits	<u>624,569</u>	<u>1.46%</u>	<u>808,703</u>	<u>1.94%</u>
 Total Income	 <u>42,778,740</u>	 <u>100.00%</u>	 <u>41,619,522</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,459,806	36.88%	15,096,639	37.59%
County Taxes	4,002,557	9.55%	4,018,354	10.01%
Regional School Taxes	22,396,037	53.43%	20,719,785	51.59%
Other Expenditures	<u>61,261</u>	<u>0.15%</u>	<u>323,856</u>	<u>0.81%</u>
 Total Expenditures	 <u>41,919,661</u>	 <u>100.00%</u>	 <u>40,158,634</u>	 <u>100.00%</u>
 Excess in Revenue	 859,079		 1,460,888	
 Fund Balance, January 1	 <u>2,747,616</u>		 <u>2,510,678</u>	
	3,606,695		3,971,566	
Less Utilization as Anticipated Revenue	<u>1,350,000</u>		<u>1,223,950</u>	
 Fund Balance, December 31	 <u>\$ 2,256,695</u>		 <u>\$ 2,747,616</u>	

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2010</u>	<u>2009</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2,231</u>	<u>\$2,133</u>	<u>\$2.09</u>

Apportionment of Tax Rate

Municipal	0.681	0.675	0.669
County	0.232	0.224	0.211
County Open Space	0.003	0.013	0.013
Regional School	1.315	1.221	1.200

Assessed Valuation

2010	<u>\$1,703,896,669</u>	
2009		<u>\$1,697,548,928</u>
2009		<u>\$1,631,694,098</u>

Comparison of Tax Levies and Collection

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2010	\$ 38,095,012	\$ 37,619,773	98.75%
2009	36,261,099	35,838,351	98.83%
2008	35,987,606	34,350,559	95.45%

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

December 31 <u>Year</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	<u>Total</u>	Percentage of <u>Tax Levy</u>
2010	\$1,376,635	\$30,562	\$1,407,197	3.6%
2009	1,331,899	28,715	1,360,614	3.75
2008	1,715,292	30,437	1,745,729	4.85

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2010	\$3,198,600
2009	3,188,600
2008	3,188,600

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
John Birkner, Jr.	Mayor		
Robert Miller	Council President		
William Phayre	Councilmember		
Peter Grefrath	Councilmember		
John J. Sciarra	Councilmember		
Cynthia Waneck	Councilmember		
Ingrid Quinn	Councilmember		
Robert Hoffman	Borough Administrator		
Karen Hughes	Borough Clerk, Assessment Search Officer		
Denise Holmes	Deputy Borough Clerk		
Stephanie Stokes	Collector, Tax Search Officer		
Raymond Herr	Treasurer, Chief Financial Officer	\$1,000,000	(2)
Barbara Potash	Tax Assessor	1,000,000	(1)
Russell R. Huntington	Borough Attorney		
Stephen Boswell	Borough Engineer		
Alan Karch	Magistrate	1,000,000	(2)
Letitia Candeloro	Court Administrator and Violations Clerk	1,000,000	(1)
Elizabeth Kraus	Deputy Court Administrator and Violations Clerk	1,000,000	(1)
Frank Regino	Chief of Police	1,000,000	(1)
Kathy Elgert	Welfare Director	1,000,000	(1)

- (1) Selective Insurance Company. Employees are covered by Blanket Public Employees Faithful Performance Bond with the Municipal Joint Insurance Fund in the amount of \$1,000,000 each.
- (2) Statutory Position Bond coverage under Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy – Public Employee Bond)

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS OF NONCOMPLIANCE

Prior Year Findings Unresolved

Our audit revealed unexpended grant reserve balances, as well as uncollected grant and accounts receivable balances exist at December 31 in the Current Fund. It is recommended that the outstanding grant reserves be reviewed and cleared of record. Additionally, all grant and accounts receivable balances be reviewed and appropriate action taken to collect and/or cancel such items as deemed appropriate.

Our audit revealed that Project (Escrow) Status Report balances do not agree to the general ledger and audit balances. It is recommended that the Project (Escrow) Report be reviewed and adjustments made to ensure that report balances agree to the general ledger and audit balances and that any inactive accounts be reviewed for disposition.

Our audit noted that the Borough's improvement authorization ledger was not in agreement with audited balances. It is recommended that the Borough's improvement authorization ledger be reconciled and be in agreement with the audited balances.

The audit of the Municipal Court indicated that the Tickets Issued Not Assigned Report includes certain tickets not assigned to an officer. Additionally, the audit of the Municipal Court indicated that the Tickets Assigned Not Issued Report indicates certain tickets included on the report were outstanding in excess of six months. It is recommended that reports issued by the Municipal Court from the Automated Traffic System be in compliance with the Administrative Office of the Courts Financial Procedures Manual.

Our audit of the Police Outside Duty indicated that invoices are sent to vendors through the issuance of a letter. The bill is prepared and sent by the Police Department. Payments are received by the Borough's Finance Department. Consideration should be given to computer generate the respective invoices for the Police Outside Duty billings.

Current Year Findings

Our audit noted that certain amounts encumbered at year end in the Current Fund and General Capital Fund were not in agreement with supporting documents and amounts subsequently paid. It is recommended that the outstanding year end payables reflect the actual amount of open orders.

Our audit of Public Assistance revealed that in two instances amounts reimbursed for temporary rental assistance were not in agreement with the supporting residential lease agreements. It is recommended that public assistance temporary rental assistance be supported by current residential lease agreements.

Our audit of departments within the Borough revealed one (1) instance where the construction department; one (1) instance where the clerk; and five (5) instances where the recreation department did not turn over receipts to the Treasurer in a timely manner. It is recommended that all department receipts be turned over to the Treasurer and deposited in a timely manner.

Our audit revealed that certain reserves in the Other Trust Fund did not have an approved Dedication by Rider. It is recommended that the Borough have an approved Dedication by Rider for all Trust Fund reserves.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS OF NONCOMPLIANCE

Current Year Findings (Continued)

Our audit noted the "Reserve for Unemployment Claims" had a deficit balance of \$18,741. This amount has been funded by a 2011 budget appropriation; therefore an audit recommendation is not warranted.

The Borough has an Administrative policy that permits employees to carryover ten (10) vacation days to the following year. Currently, employees can exceed this limit upon the approval of the Borough Administrator. However, this authorization has not been approved by a resolution of the Governing Body. It is recommended that the Governing Body review, the Borough sick/vacation policy, to determine the written approvals required for an employee requesting to exceed the maximum number of unused vacation days.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000, except by contract or agreement."

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following:

Used Dump Truck with Spreader and Plow	Fencing
Veterans Park Water Lines	Pascack Brook Sewer Pipe Project
Repairs to Tree/Bucket Truck	Installation of Sprinkler System at Veterans Park
Improvements to Westvale Park	Improvements to Irvington Street-Section 2
Garbage Truck	Stump Grinder
Construction of ADA Compliant Ramps	Road Resurfacing
Marketing and Disposal of Recyclables	

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Taxes on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

SCHEDULE OF FINDINGS OF NONCOMPLIANCE

Collection of Taxes on Delinquent Taxes and Assessments (Continued)

The Governing Body on January 5, 2010 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED, by the Mayor and Council that the rate of interest on delinquent taxes for the year 2010 be fixed at the rate of 8% per annum on delinquent amounts up to \$1,500, and at 18% per annum on delinquent amounts on \$1,500 or more; and

BE IT FURTHER RESOLVED, that the rate of interest on delinquent assessments for the year 2010 be fixed at the rate of 8% per annum on delinquent assessments up to \$1,500 and at the rate of 18% per annum on delinquent assessments of \$1,500 or more, and

BE IT FURTHER RESOLVED, that the interest charge on unpaid balances of assessment installments paid prior to delinquency is at the rate of 6% and 6.25% per annum, as stated at time of confirmation.

BE IT FURTHER RESOLVED, that a 10 day grace period will be allowed on the payment of taxes for each quarter from the first day of that month that taxes are due.

BE IT FURTHER RESOLVED that an additional penalty be charged for delinquency in the excess of \$10,000 that is not paid prior to the end of the year, the additional penalty so fixed shall not exceed 6% of the amount of delinquency.

BE IT FURTHER RESOLVED, that, in accordance with Chapter 99, the Tax Collector is hereby permitted to conduct the yearly tax sale.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 9, 2010.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2010	10
2009	9
2008	10

Suggestions to Management

Consideration be given to reviewing all prior year outstanding checks and reconciling items in the Current Fund, Payroll Account and Municipal Court accounts and clearing items of record.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

RECOMMENDATIONS

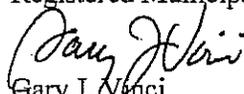
It is recommended that:

- * 1. The outstanding grant reserves be reviewed and cleared of record. Additionally, all grant and accounts receivable balances be reviewed and appropriate action taken to collect and/or cancel such items as deemed appropriate.
- * 2. The Project (Escrow) Report be reviewed and adjustments made to ensure that report balances agree to the general ledger and audit balances and that inactive accounts be reviewed for disposition.
- * 3. The Borough's improvement authorization ledger be reconciled and be in agreement with the audited balances.
- * 4. Reports issued by the Municipal Court from the Automated Traffic System be in compliance with the Administrative Office of the Courts Financial Procedures Manual.
- * 5. Consideration be given to computer generate the respective invoices for the Police Outside Duty billings.
- 6. The outstanding year end payables reflect the actual amount of open orders.
- 7. Public assistance temporary rental assistance be supported by current residential lease agreements.
- 8. All department receipts be turned over to the Treasurer and deposited in a timely manner.
- 9. The Borough have an approved Dedication by Rider for all Trust Fund reserves.
- 10. The Governing Body review, the Borough sick/vacation policy, to determine the written approvals required for an employee requesting to exceed the maximum number of unused vacation days.

A review was performed on all prior year recommendations and corrective action was taken on all recommendations except the item denoted with an asterisk (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411