

**BOROUGH OF WESTWOOD**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2011**



# BOROUGH OF WESTWOOD

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**BOROUGH OF WESTWOOD**

**COUNTY OF BERGEN**

**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**YEAR ENDED DECEMBER 31, 2011**



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## 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, 2011 and 2010 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, 2011. 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 32 percent and 33 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2011 and 2010.

## 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, 2011 and 2010, 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, 2011 and 2010 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and the expenditures - regulatory basis of the Current Fund for the year ended December 31, 2011 on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 6, 2012 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 as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Westwood. The supplementary schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Cash - Collector-Treasurer	A-4	\$ 3,691,487	\$ 3,586,125
Cash - Change Fund	A-6	550	550
Grants Receivable	A-25	<u>97,278</u>	<u>99,818</u>
		<u>3,789,315</u>	<u>3,686,493</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	451,336	1,376,635
Tax Title Liens Receivable	A-9	31,804	30,562
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-11	8,094	8,920
Due from Westwood Parking Authority	A-24		9,331
Due from Assessment Trust Fund	B-5	1,160	11,098
Due from Unemployment Trust Fund	B-18		6,657
Due from General Capital Fund	C-7	24,260	30,220
Due from Animal Control Fund	B-10	7,736	3,955
Due from Other Trust Fund	B-7	7,582	
Due from Public Assistance Trust Fund	D-5	<u>173</u>	<u>-</u>
		<u>3,730,745</u>	<u>4,675,978</u>
Deferred Charges			
Emergency Authorizations	A-13	103,619	
Special Emergency Authorizations (40A:4-53)	A-12	<u>33,610</u>	<u>20,415</u>
		<u>137,229</u>	<u>20,415</u>
Total Assets		<u>\$ 7,657,289</u>	<u>\$ 8,382,886</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**  
**(Continued)**

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Liabilities			
Appropriation Reserves	A-3,A-14	\$ 803,048	\$ 579,766
Encumbrances Payable	A-17	295,253	428,359
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7	19,491	20,258
Marriage Fees	A-15	681	806
Construction Fees	A-16	6,792	4,515
Burial Permits	A-27	650	650
Due from Other Trust Fund	B-7		569
Tax Overpayments	A-20	19,431	10,569
Prepaid Taxes	A-19	170,766	165,974
Accounts Payable	A-28	311	-
Reserve for Codification of Ordinances	A-29	526	6,640
County Taxes Payable	A-22	25,442	27,375
Unappropriated Reserves for Grants	A-26	18,908	33,228
Appropriated Reserves for Grants	A-18	169,095	90,799
Reserve for Watershed Moratorium Aid	A-30	705	705
Due to Unemployment Trust Fund	B-18	12,084	-
Due to LOSAP Fund	A-23	<u>68,708</u>	<u>80,000</u>
		1,611,891	1,450,213
Reserve for Receivables and Other Assets	A	3,730,745	4,675,978
Fund Balance	A-1	<u>2,314,653</u>	<u>2,256,695</u>
		<u>\$ 7,657,289</u>	<u>\$ 8,382,886</u>
Total Liabilities, Reserves and Fund Balance			

**BOROUGH OF WESTWOOD**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,360,539	\$ 1,350,000
Miscellaneous Revenue Anticipated	A-2	2,906,557	2,769,964
Receipts from Delinquent Taxes	A-2	580,852	385,400
Receipts from Current Taxes	A-2	39,896,341	37,619,773
Non-Budget Revenues	A-2	92,252	29,034
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	525,264	304,301
Interfunds and Other Receivables Returned	A	51,930	305,997
Tax Overpayments Cancelled	A-1		6,988
Other Liabilities (LOSAP) Cancelled	A-1		177
Accounts Payable Cancelled	A-1		4,930
Prior Year Reserve for Receivables Liquidated-WPA	A-24	9,331	2,176
Statutory Excess - Animal Control	B-8	7,733	-
		<u>45,430,799</u>	<u>42,778,740</u>
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	6,161,318	5,964,884
Other Expenses	A-3	6,264,079	6,366,111
Municipal Debt Service	A-3	1,841,435	1,751,102
Deferred Charges and Statutory Expenditures	A-3	1,362,766	1,177,014
Capital Improvement Fund	A-3	50,000	200,695
County Taxes	A-22	4,347,975	3,994,730
Due County for Added and Omitted Taxes	A-22	5,894	7,827
Regional School District Tax	A-21	24,015,413	22,396,037
Refunds of Prior Year Revenue	A-4	365	
Interfunds and Other Receivables Established	A	40,911	51,930
Prior Year-Senior Citizens and Veterans Deductions	A-8	250	
Prior Year Tax Appeals Granted	A-4	36,184	
Reserve for Receivables Originating-WPA	A-1		9,331
Prior Year Receivable Cancelled	A-24	9,331	-
		<u>44,135,921</u>	<u>41,919,661</u>
Excess in Revenue		1,294,878	859,079
Adjustment to Income before Fund Balance			
Expenditures Included above which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-12,A-13	123,619	-
Statutory Excess to Surplus		1,418,497	859,079
Fund Balance, January 1	A	<u>2,256,695</u>	<u>2,747,616</u>
		3,675,192	3,606,695
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,360,539</u>	<u>1,350,000</u>
Fund Balance, December 31	A	<u>\$ 2,314,653</u>	<u>\$ 2,256,695</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, 2011**

	Reference	Budget	Anticipated Special N.J.S. 40A:4-87	Realized in 2011	Excess or (Deficit)
Surplus Anticipated	A-1	\$ 1,360,539	-	\$ 1,360,539	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	28,300		28,000	\$ (300)
Other	A-2, A-11	19,000		18,613	(387)
Fees and Permits					
Other	A-2, A-11	57,950		53,014	(4,936)
Fines and Costs - Municipal Court	A-11	125,800		117,244	(8,556)
Interest and Costs on Taxes	A-11	90,800		111,597	20,797
Interest on Investments and Deposits	A-2	25,160		57,284	32,124
Recreation Fees	A-11				
Consolidated Municipal Property Tax Relief	A-11	63,459		63,459	
Energy Receipts Tax	A-11	955,372		955,372	
Watershed Moratorium Offset Aid	A-11	705		705	
Uniform Construction Code Fees	A-11	285,363		311,553	26,190
Tax Assessor's Agreement-Boroughs of New Milford and Woodcliff Lake	A-11	60,000		57,013	(2,987)
Drunk Driving Enforcement Fund	A-26	8,806		8,806	
Board of Health - CDC Grant	A-26	7,727		7,727	
Recycling Tonnage Grant	A-25,A-26	29,120	\$ 15,567	44,687	
Municipal Stormwater - DEP Grant	A-26	5,667		5,667	
Clean Communities Program	A-26		17,145	17,145	
Alcohol Education and Rehab Fund	A-26		1,024	1,024	
General Capital Fund Balance	C-1	100,000		100,000	
Sanitary Landfill Trust Account	B-13	32,799		32,799	
Accumulated Leave Compensation Reserve	B-15	119,182		119,182	
FEMA Reimbursement	A-11	42,000		73,242	31,242
Safe Schools Trust Reserve	B-7,B-15	22,574		22,574	
Uniform Fire Safety Act	A-11	86,000		90,118	4,118
Assessment Trust Fund Surplus	B-1	106,000		106,000	
Westwood House - Contribution in Lieu of Taxes	A-11	122,100		101,526	(20,574)
Westwood Parking Authority	A-11	45,000		45,000	
Cellular One Lease Agreement	A-11	69,100		66,385	(2,715)
Cable Television Franchise Fees	A-11	127,300		147,650	20,350
Reserve for Payment of Bonds	C-17	24,313		24,313	
Police Outside Duty Admin. Fee	B-15	90,000		90,000	
Recycling Contract	A-11	15,300	-	28,858	13,558
Total Miscellaneous Revenues	A-1	2,764,897	33,736	2,906,557	107,924
Receipts from Delinquent Taxes	A-8,A-9	340,000	-	580,852	240,852
Amount to be Raised by Taxes for Support of:					
Municipal Budget		11,275,620	-	11,723,193	447,573
Municipal Library		682,166	-	682,166	-
Total Amount to be Raised by Taxes	A-2	11,957,786	-	12,405,359	447,573
Total General Revenues	A-3	\$ 16,423,222	\$ 33,736	17,253,307	\$ 796,349
Non-Budget Revenue	A-2			92,252	
				<u>\$ 17,345,559</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, 2011**  
**(Continued)**

	<u>Reference</u>	
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 39,896,341
Less: Allocation to School and County Taxes	A-21,A-22	<u>28,369,282</u>
		11,527,059
Balance for Support of Municipal Budget Appropriation		11,527,059
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>878,300</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,405,359</u>
<b>Licenses</b>		
Clerk	A-11	\$ 4,340
Board of Health	A-11	<u>14,273</u>
	A-2	<u>\$ 18,613</u>
<b>Fees and Permits</b>		
<b>Other</b>		
Housing Task Force	A-11	\$ 3,290
Tax Collector	A-11	1,265
Police	A-11	4,357
Board of Health	A-11	<u>44,102</u>
	A-2	<u>\$ 53,014</u>
<b>Interest on Investments and Deposits</b>		
Revenue Accounts Receivable	A-11	\$ 49,793
Due from Other Trust Fund	B-7	3,231
Due from Animal Control Fund	B-10	32
Due from General Capital Fund	C-7	4,055
Due from Public Assistance Fund	D-5	<u>173</u>
	A-2	<u>\$ 57,284</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, 2011**  
**(Continued)**

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
Maps and Codes		\$ 125
Bid Specs		150
Printouts - Tax Dept.		310
Duplicate Tax Bills		184
Interest on Assessments		160
Return Check Charges		420
Joint Insurance Fund Dividend		37,178
Property Lists		470
Election Rentals		320
2% Administrative Fee - Senior Citizens and Veterans		1,853
Proceeds from Auction		14,242
Penalty - Liquor License		10,000
Miscellaneous		19,490
Non-Refundable Application Fees		<u>7,350</u>
	A-2	<u>\$ 92,252</u>
Cash Receipts	A-4	\$ 77,925
Due from Assessment Trust Fund	B-5	160
Due from Other Trust Fund	B-7	<u>14,167</u>
	A-2	<u>\$ 92,252</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT FUNCTIONS</b>					
General Administration					
Salaries and Wages	\$ 227,664	\$ 232,684	\$ 232,666	\$ 18	
Other Expenses	29,638	32,738	32,701	37	
Mayor and Council					
Salaries and Wages	36,900	36,900	36,838	62	
Other Expenses	900	900	517	383	
Municipal Clerk					
Salaries and Wages	118,970	118,970	115,478	3,492	
Other Expenses	43,100	43,100	33,895	9,205	
Elections	10,500	10,500	9,499	1,001	
Financial Department					
Salaries and Wages	177,700	177,775	177,770	5	
Other Expenses	41,700	50,050	49,128	922	
Audit Services	31,000	30,300	30,300	-	
Revenue Collection					
Salaries and Wages	10,570	10,570	10,570	-	
Other Expenses	13,750	9,550	9,508	42	
Liquidation of Tax Title Lien	100	100		100	
Tax Assessment Administration					
Salaries and Wages	60,000	60,000	59,211	789	
Other Expenses	79,525	91,525	87,525	4,000	
Legal Services and Costs					
Salaries and Wages	47,100	47,100	46,531	569	
Other Expenses	99,500	98,500	73,776	24,724	
Engineering					
Other Expenses	20,000	20,000	18,984	1,016	
Environmental					
Other Expenses	4,000	4,000	580	3,420	
Historical Commission					
Other Expenses	7,500	7,500	6,713	787	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries and Wages	27,800	27,800	17,156	10,644	
Other Expenses	10,950	30,950	25,637	5,313	
<b>OTHER CODE ENFORCEMENT - HOUSING TASK FORCE</b>					
Salaries and Wages	22,000	22,000	10,389	11,611	
Other Expenses	1,500	1,500		1,500	
<b>INSURANCE</b>					
General Liability Insurance (BJIF)	229,730	230,330	227,805	2,525	
Workers' Compensation Insurance (BJIF)	220,800	222,400	222,303	97	
Employee Group Insurance (BMED)	1,219,780	1,219,780	1,091,997	127,783	

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

OPERATIONS WITHIN "CAPS" (Cont'd)	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Department					
Salaries and Wages	\$ 3,543,200	\$ 3,537,520	\$ 3,453,936	\$ 83,584	
Other Expenses	110,500	110,991	104,224	6,767	
Acquisition of Police Vehicles	54,100	55,000	52,585	2,415	
Police Reserves	8,950	7,950	7,089	861	
Police Dispatch/911					
Salaries and Wages	199,970	156,900	155,507	1,393	
Other Expenses	500	500	101	399	
Office of Emergency Management					
Salaries and Wages	3,000	3,000	2,500	500	
Other Expenses	5,650	5,650	370	5,280	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	35,500	45,500	35,360	10,140	
Clothing Allowance	42,000	42,000	42,000	-	
Fire Hose and Foam	1,000	1,000		1,000	
Fire Hydrant Service	154,500	154,500	112,990	41,510	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	67,410	67,410	66,988	422	
Other Expenses	26,300	16,300	1,391	1,239	\$ 13,670
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,491	9	
Prosecutor					
Salaries and Wages	19,030	19,030	18,911	119	
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries and Wages	815,300	821,035	802,629	18,406	
Other Expenses	136,882	151,882	111,731	40,151	
Repair to Traffic Lights	5,000	5,000	1,201	3,799	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	303,805	308,205	308,189	16	
Recycling					
Salaries and Wages	10,000	10,000	9,918	82	
Other Expenses					
Building and Grounds					
Salaries and Wages	66,800	66,800	66,774	26	
Other Expenses	78,500	73,500	71,785	1,715	
Vehicle Maintenance					
Other Expenses	83,000	83,000	69,004	13,996	
<b>HEALTH AND HUMAN SERVICES FUNCTIONS</b>					
Public Health Services					
Salaries and Wages	120,850	120,850	120,012	838	
Other Expenses	115,580	115,580	109,305	6,275	
Welfare/Administration of Public Assistance					
Salaries and Wages	28,400	28,400	28,302	98	
Other Expenses	625	625		625	

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, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	\$ 132,000	\$ 132,000	\$ 112,898	\$ 19,102	
Other Expenses	22,350	22,350	18,907	3,443	
Maintenance of Westvale Park	60,300	75,300	71,392	3,908	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	8,200	8,200	7,329	871	
MUNICIPAL COURT					
Salaries and Wages	131,400	131,195	126,569	4,626	
Other Expenses	15,100	15,100	8,522	6,578	
Public Defender					
Salaries and Wages	8,500	9,605	9,605	-	
Hurricane Irene					
Salaries and Wages		18,968	18,968		
Other Expenses		61,630		61,630	
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	236,000	236,000	235,239	761	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	180,000	180,000	134,261	45,739	
Street Lighting	157,000	157,000	118,685	38,315	
Telephone	70,300	70,300	64,683	5,617	
Water	25,000	25,000	13,948	11,052	
Natural Gas	60,000	60,000	38,970	21,030	
Sewerage Processing and Disposal	23,500	23,500	9,396	14,104	
Gasoline	125,000	135,500	132,885	2,615	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage Tipping Fees	319,543	319,543	305,317	14,226	-
Total Operations Within "CAPS"	10,427,722	10,551,341	9,832,344	705,327	\$ 13,670
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	10,428,722	10,552,341	9,832,344	706,327	13,670
Detail:					
Salaries and Wages	6,110,564	6,092,512	5,935,365	157,147	-
Other Expenses	4,318,158	4,459,829	3,896,979	549,180	13,670

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, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 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.)	\$ 257,000	\$ 257,000	\$ 251,267	\$ 5,733	
Contribution to Public Employees Ret. System	300,660	300,660	300,656	4	
Police and Fireman's Retirement System of NJ	773,560	773,560	773,552	8	
Defined Contribution Plan	1,000	1,000	590	410	
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	<u>18,741</u>	<u>18,741</u>	<u>18,741</u>	<u>-</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Within "CAPS"	<u>1,355,961</u>	<u>1,355,961</u>	<u>1,349,806</u>	<u>6,155</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>11,784,683</u>	<u>11,908,302</u>	<u>11,182,150</u>	<u>712,482</u>	<u>\$ 13,670</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	750,000	750,000	737,117	12,883	
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal					
Other Municipalities-Contractual-Emerson	8,000	8,000		8,000	
Bergen County Utilities Authority					
Operating	614,953	614,953	613,439	1,514	
Debt Service	273,717	273,717	273,717		
Recycling Tonnage Tax	15,000	15,000	13,500	1,500	
Length of Service Awards Program - LOSAP	<u>80,000</u>	<u>80,000</u>	<u>68,708</u>	<u>11,292</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,741,670</u>	<u>1,741,670</u>	<u>1,706,481</u>	<u>35,189</u>	<u>-</u>
Interlocal Municipal Service Agreements					
Tax Assessors Agreements - Boroughs of					
New Milford and Woodcliff Lake	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
Total Interlocal Municipal Service Agreements	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Over the Limit Grant	5,667	5,667	4,418	1,249	
Alcohol Education Enforcement		1,024		1,024	
Drunk Driving Enforcement Fund	8,806	8,806	7,736	1,070	
NJ Clean Communities		17,145	15,365	1,780	
Dept. of Health Grant	<u>7,727</u>	<u>7,727</u>		<u>7,727</u>	

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, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 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	\$ 29,120	\$ 44,687	\$ 2,160	\$ 42,527	-
Total Public and Private Programs Offset by Revenues	51,320	85,056	29,679	55,377	-
Total Operations Excluded from "CAPS"	1,852,990	1,886,726	1,796,160	90,566	-
Detail:					
Salaries and Wages	60,000	68,806	67,736	1,070	
Other Expenses	1,792,990	1,817,920	1,728,424	89,496	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	50,000	50,000	50,000	-	-
Total Capital Improvements - Excluded from "CAPS"	50,000	50,000	50,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	825,000	825,000	825,000		
Payment of Bond Anticipation Notes	2,094	2,094	2,094		
Interest on Bonds	468,750	468,750	468,708		\$ 42
Interest on Notes	34,550	34,550	34,142		408
Economic Development Authority Loan Repayments for Principal and Interest	26,140	26,140	26,130		10
Environmental Infrastructure Trust/Fund Loans Loan Repayments for Principal and Interest	493,910	493,910	485,361	-	8,549
Total Municipal Debt Service - Excluded from "CAPS"	1,850,444	1,850,444	1,841,435	-	9,009

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2011 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	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>6,805</u>	<u>6,805</u>	<u>6,805</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,760,239</u>	<u>3,793,975</u>	<u>3,694,400</u>	\$ 90,566	\$ 9,009
Subtotal General Appropriations	15,544,922	15,702,277	14,876,550	803,048	22,679
RESERVE FOR UNCOLLECTED TAXES	<u>878,300</u>	<u>878,300</u>	<u>878,300</u>	-	-
Total General Appropriations	<u>\$ 16,423,222</u>	<u>\$ 16,580,577</u>	<u>\$ 15,754,850</u>	<u>\$ 803,048</u>	<u>\$ 22,679</u>

Reference

Adopted Budget	A-2	\$ 16,423,222
Added by N.J.S 40A:4-87	A-2	33,736
Added by Emergency Appropriation	A-13	103,619
Added by Special Emergency Authorization	A-12	<u>20,000</u>
		<u>\$ 16,580,577</u>

Cash Disbursed	A-4	\$ 14,434,949
Encumbrances Payable	A-17	295,253
Reserve for Uncollected Taxes	A-3	878,300
Deferred Charges	A-12	6,805
Transfer to Other Liabilities-LOSAP Contribution	A-23	68,708
Due to General Capital Fund	C-7	52,094
Due to Unemployment Trust Fund	B-18	<u>18,741</u>
		<u>\$ 15,754,850</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Assessment Trust Fund			
Cash	B-2, B-3	\$ 2,556	\$ 117,251
Assessments Receivable	B-4	<u>-</u>	<u>1,243</u>
		<u>2,556</u>	<u>118,494</u>
Animal Control Fund			
Cash	B-2	<u>19,311</u>	<u>17,818</u>
Other Trust Fund			
Cash	B-2	1,534,672	1,328,608
Due from Current Fund	B-7		569
Due from General Capital Fund	B-19	<u>80,750</u>	<u>80,750</u>
		<u>1,615,422</u>	<u>1,409,927</u>
Unemployment Insurance Trust Fund			
Due From Current Fund	B-18	<u>12,084</u>	<u>-</u>
Length of Service Awards Program Fund (Unaudited)			
Investments	B	713,426	665,336
Contribution Receivable	A-23	<u>68,708</u>	<u>80,000</u>
		<u>782,134</u>	<u>745,336</u>
<b>Total Assets</b>		<u>\$ 2,431,507</u>	<u>\$ 2,291,575</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Assessment Trust Fund</b>			
Due to Current Fund	B-5	\$ 1,160	\$ 11,098
Reserve for Assessments and Liens	B-6		1,243
Fund Balance	B-1	<u>1,396</u>	<u>106,153</u>
		<u>2,556</u>	<u>118,494</u>
<b>Animal Control Fund</b>			
Due to Current Fund	B-10	7,736	3,955
Due to State of New Jersey	B-9	1	5
Reserve for Animal Control Expenditures	B-8	<u>11,574</u>	<u>13,858</u>
		<u>19,311</u>	<u>17,818</u>
<b>Other Trust Fund</b>			
Escrow Deposits Payable	B-11	912,480	686,383
Reserve for Sanitary Landfill Closure	B-13		32,799
Reserve for Payroll and Payroll Deductions Payable	B-16	14,368	(110)
Miscellaneous Reserves	B-15	662,529	675,211
Reserve for POAA Court Expenditures	B-14	15,130	13,978
Due to Current Fund	B-7	7,582	
Due to Westwood Parking Authority	B-17	<u>3,333</u>	<u>1,666</u>
		<u>1,615,422</u>	<u>1,409,927</u>
<b>Unemployment Insurance Trust Fund</b>			
Cash (Overdraft)	B-2	23,028	12,084
Due to Current Fund	B-18		6,657
Reserve (Deficit) for Unemployment Claims	B-12	<u>(10,944)</u>	<u>(18,741)</u>
		<u>12,084</u>	<u>-</u>
<b>Length of Service Awards Program Fund (Unaudited)</b>			
Reserve for Length of Service Award Program	B	<u>782,134</u>	<u>745,336</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 2,431,507</u>	<u>\$ 2,291,575</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, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	B	\$ 106,153	\$ 93,619
Increased by:			
Collection of Unpledged Assessments	B-4,B-6	<u>1,243</u>	<u>22,534</u>
		107,396	116,153
Decreased by:			
Realized as Current Fund Revenue	A-2	<u>106,000</u>	<u>10,000</u>
Balance, December 31	B	<u>\$ 1,396</u>	<u>\$ 106,153</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Cash	C-2	\$ 569,630	\$ 140,331
Deferred Charges to Future Taxation			
Funded	C-4	15,101,997	16,380,860
Unfunded	C-5	10,094,538	4,503,027
Grants Receivable	C-6	1,175,198	1,014,975
Environmental Infrastructure Loan Receivable	C-15	113,883	906,603
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
		<hr/>	<hr/>
Total Assets		<u>\$ 27,058,196</u>	<u>\$ 22,948,746</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-8	\$ 12,455,000	\$ 13,280,000
Bond Anticipation Notes	C-9	4,479,000	3,376,675
Loans Payable	C-14	2,646,997	3,100,860
Improvement Authorizations			
Funded	C-10	593,582	359,531
Unfunded	C-10	5,428,012	1,129,324
Due to Current Fund	C-7	24,260	30,220
Due to Other Trust Fund	B-19	80,750	80,750
Encumbrances Payable	C-11	739,949	976,474
Capital Improvement Fund	C-12	229,763	226,213
Reserve for:			
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
Payment of Bonds	C-16	97,500	24,313
Pascack Brook Park Bikeway	C	50,188	50,188
Fund Balance	C-1	230,245	311,248
		<hr/>	<hr/>
Total Liabilities, Reserves and Fund Balance		<u>\$ 27,058,196</u>	<u>\$ 22,948,746</u>

There were bonds and notes authorized but not issued of \$5,655,498 and \$1,252,077 at December 31, 2011 and 2010, respectively (Exhibit C-17).

**BOROUGH OF WESTWOOD**  
**COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 311,248	\$ 128,773
Increased by:			
Premium on Sale of Bonds and Notes	C-2	9,877	8,396
Accounts Payable Cancelled	C-12	9,120	36,626
Issuance Costs Cancelled	C-1		4,190
Funded Improvement Authorizations Cancelled	C-1	<u>-</u>	<u>133,263</u>
	C	330,245	311,248
Decreased by:			
Appropriated to 2011 Budget Revenue	A-2	<u>100,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 230,245</u>	<u>\$ 311,248</u>

**BOROUGH OF WESTWOOD  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>			
Cash	D-1	\$ 127,886	\$ 88,300
Total Assets		<u>\$ 127,886</u>	<u>\$ 88,300</u>
 <b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	D-5	\$ 173	
Reserve for Public Assistance Expenditures	D-2	<u>127,713</u>	<u>\$ 88,300</u>
Total Liabilities and Reserves		<u>\$ 127,886</u>	<u>\$ 88,300</u>

**BOROUGH OF WESTWOOD  
SCHEDULE OF GENERAL FIXED ASSETS  
REGULATORY BASIS  
AS OF DECEMBER 31, 2011 AND 2010**

ASSETS	<u>2011</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	<u>6,871,112</u>	<u>6,547,089</u>
	<u>\$ 31,415,847</u>	<u>\$ 31,091,824</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 31,415,847</u>	<u>\$ 31,091,824</u>

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**NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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, 2011 AND 2010**

**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 Awards 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, 2011 AND 2010**

**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 11<sup>th</sup> 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, 2011 AND 2010**

**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 2011 and 2010 the Borough Council increased the original budget by \$157,355 and \$54,065. The increases in 2011 were due to a special emergency for the master plan, emergency authorizations for Hurricane Irene and the pre-Halloween storm expenses, and additional aid allotted to the Borough. The increases in 2010 were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2011 and 2010.

**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, 2011 AND 2010**

**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 are defined by the Borough of Westwood as assets with an initial, individual cost of \$500 and an estimated useful life in excess of two years.

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, 2011 AND 2010**

**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, 2010 balances to conform to the December 31, 2011 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, 2011 AND 2010**

**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 at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$5,923,064 and \$5,266,899 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,347,114 and \$6,113,603, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>2011</u>	<u>2010</u>
Insured	\$ 6,272,138	\$ 6,027,717
Uninsured and Collateralized	<u>74,976</u>	<u>85,886</u>
	<u>\$ 6,347,114</u>	<u>\$ 6,113,603</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, 2011 and 2010, the Borough's bank balance of \$74,976 and \$85,886 was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Uninsured and Collateralized		
Collateral Held by the Pledging Financial Institution Trust Department in the Borough's Name	<u>\$ 74,976</u>	<u>\$ 85,886</u>

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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, 2011 and 2010, the Borough had the following investments:

	<b>LOSAP</b>	
	<b><u>Fair and Reported Value</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>
Investments with Lincoln Financial - Unaudited	<u>\$ 713,426</u>	<u>\$ 665,336</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. As of December 31, 2011 and 2010, the Borough’s investment in Lincoln Financial Group was rated Baa2, respectively, by Moody’s Investor Services.

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, 2011 AND 2010**

**NOTE 3 TAXES RECEIVABLE**

Receivables at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Property Taxes	\$ 451,336	\$ 1,376,635
Tax Title Liens	<u>31,804</u>	<u>30,562</u>
	<u>\$ 483,140</u>	<u>\$ 1,407,197</u>

In 2011 and 2010, the Borough collected \$580,852 and \$385,400 from delinquent taxes, which represented 41% and 28% 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 projects. 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>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ <u>19,580,997</u>	\$ <u>19,757,535</u>
	19,580,997	19,757,535
Less Funds Temporarily Held to Pay Bonds and Notes	<u>137,460</u>	<u>149,755</u>
Net Debt Issued	<u>19,443,537</u>	<u>19,607,780</u>
Authorized But Not Issued		
General		
Bonds and Notes	5,655,498	1,251,794
Assessment		
Bonds and Notes	<u>-</u>	<u>283</u>
	<u>5,655,498</u>	<u>1,252,077</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 25,099,035</u>	<u>\$ 20,859,857</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

The statement of debt condition that follows indicates a statutory net debt of 1.00% and 1.03% at December 31, 2011 and 2010, respectively.

**2011**

General Debt	\$ 25,236,495	\$ 4,557,460	\$ 20,679,035
School Debt	<u>8,492,005</u>	<u>8,492,005</u>	<u>-</u>
Total	<u>\$ 33,728,500</u>	<u>\$ 13,049,465</u>	<u>\$ 20,679,035</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2010</u></b>			
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>

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

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 72,296,309	\$ 70,765,825
Net Debt	<u>20,679,035</u>	<u>20,859,857</u>
Remaining Borrowing Power	<u>\$ 51,617,274</u>	<u>\$ 49,905,968</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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>2011</u>	<u>2010</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%	\$ 4,524,000	\$ 4,774,000
\$4,555,000, 2004 Refunding Bonds, due in annual installments of \$370,000 to \$480,000 through August 2017, interest at 2.00% to 3.60%	2,595,000	2,955,000
\$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%	1,625,000	1,815,000
\$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>3,711,000</u>	<u>3,736,000</u>
	<u>\$ 12,455,000</u>	<u>\$ 13,280,000</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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>2011</u>	<u>2010</u>
\$500,100, 1994 Loan due in Semi-annual installments of \$25,005 through August 2013, interest at 1.5%	\$ 50,010	\$ 75,015
\$2,520,000 Trust Loan due in Annual installments of \$200,000 to \$240,000 through August 2015, interest at 5%-5.13%	900,000	1,100,000
\$2,445,000 Loan due in Semi-annual installments of \$4,291 to \$171,755 through August 2015, interest free	709,069	887,208
\$1,065,781 Loan due in Semi-annual installments of \$27,145 to \$47,145 through August 2029, interest at various interest rates	<u>987,918</u>	<u>1,038,637</u>
	<u>\$ 2,646,997</u>	<u>\$ 3,100,860</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	General		Loans		Total
	Principal	Interest	Principal	Interest	
2012	\$ 835,000	442,787	\$ 463,862	\$ 56,175	\$ 1,797,824
2013	860,000	415,521	473,513	45,175	1,794,209
2014	925,000	386,757	457,810	33,675	1,803,242
2015	965,000	355,262	466,764	21,675	1,808,701
2016	1,440,000	316,630	50,718	8,875	1,816,223
2017-2021	5,770,000	879,869	273,590	35,675	6,959,134
2022-2026	1,660,000	74,572	278,590	20,625	2,033,787
2027-2029	-	-	182,150	4,800	186,950
Total	<u>\$ 12,455,000</u>	<u>\$ 2,871,398</u>	<u>\$ 2,646,997</u>	<u>\$ 226,675</u>	<u>\$ 18,200,070</u>

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2011 and 2010 were as follows:

	Balance, December 31, 2010	Additions	Reductions	Balance, December 31, 2011	Due Within One Year
<b><u>2011</u></b>					
General Capital Fund					
Bonds Payable	\$ 13,280,000		\$ 825,000	\$ 12,455,000	\$ 835,000
Intergovernmental Loans Payable	<u>3,100,860</u>	<u>-</u>	<u>453,863</u>	<u>2,646,997</u>	<u>463,862</u>
General Capital Fund Long-Term Liabilities	<u>\$ 16,380,860</u>	<u>\$ -</u>	<u>\$ 1,278,863</u>	<u>\$ 15,101,997</u>	<u>\$ 1,298,862</u>
<b><u>2010</u></b>					
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>453,863</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>\$ 1,278,863</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt**

The Borough's short-term capital debt activity for the years ended December 31, 2010 and 2009 was as follows:

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
Bond Anticipation Notes General Capital Fund	\$ 3,376,675	\$ 4,479,000	\$ 3,376,675	\$ 4,479,000
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
Bond Anticipation Notes General Capital Fund	\$ 4,833,975	\$ 3,376,675	\$ 4,833,975	\$ 3,376,675

**NOTE 5 FIXED ASSETS**

**General Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2010 and 2009.

	December 31, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	December 31, <u>2011</u>
<b><u>2011</u></b>				
Land and Improvements	\$ 15,893,400			\$ 15,893,400
Buildings and Building Improvements	8,651,335			8,651,335
Machinery and Equipment	6,547,089	\$ 324,023	\$ -	6,871,112
	<u>\$ 31,091,824</u>	<u>\$ 324,023</u>	<u>\$ -</u>	<u>\$ 31,415,847</u>
	Balance December 31, <u>2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<b><u>2010</u></b>				
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>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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>2011</u>		<u>2010</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	\$ 40,911	\$ 12,084	\$ 51,930	\$ 569
Trust Funds				
Assessment Trust Fund		1,160		11,098
Animal Control Fund		7,736		3,955
Other Trust Fund	80,750	7,582	81,319	
Unemployment Trust Fund	12,084			6,657
General Capital Fund		105,010		110,970
Public Assistance Fund	-	173	-	-
Total	<u>\$ 133,745</u>	<u>\$ 133,745</u>	<u>\$ 133,249</u>	<u>\$ 133,249</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.

**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>2011</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,080,146	\$ 1,500,000	\$ 2,136,462	\$ 1,360,539
Non-Cash Surplus	<u>234,507</u>	<u>-</u>	<u>120,233</u>	<u>-</u>
	<u>\$ 2,314,653</u>	<u>\$ 1,500,000</u>	<u>\$ 2,256,695</u>	<u>\$ 1,360,539</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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 December 31,	Subsequent Year	
		Budget Appropriation	Balance
<u>2011</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 33,610	\$ 10,805	\$ 22,805
Emergency Authorizations	103,619	103,619	-
	<u>\$ 137,229</u>	<u>\$ 114,424</u>	<u>\$ 22,805</u>
Unemployment Insurance Trust Fund			
Operating Deficit	<u>\$ 10,944</u>	<u>\$ 10,944</u>	<u>\$ -</u>
<u>2010</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 20,415</u>	<u>\$ 6,805</u>	<u>\$ 13,610</u>
Unemployment Insurance Trust Fund			
Operating Deficit	<u>\$ 18,741</u>	<u>\$ 18,741</u>	<u>\$ -</u>

**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 \$1,261,042 and \$1,156,368 at December 31, 2011 and 2010, 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, the Borough has reserved \$119,182 to fund compensated absences in accordance with NJSA 40A:4-39. The Borough did not have a reserve at December 31, 2011.

**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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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 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.

**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/pensions](http://www.state.nj.us/treasury/pensions).

**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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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.

**Significant Legislation**

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PERS and PFRS operate and to the benefit provisions of those systems.

This new legislation's provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years, PFRS and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Funded Status and Funding Progress**

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

The funded status and funding progress of the retirement systems includes 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.

**Actuarial Methods and Assumptions**

In the July 1, 2010 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 6.50% for PERS, 8.50% for PFRS and 5.50% for DCRP of employees' annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 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.

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC) (Continued)**

During the years ended December 31, 2011, 2010 and 2009, 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 December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2011	\$ 773,552	\$ 300,656	\$ 590
2010	690,966	279,232	502
2009	642,555	209,984	502

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

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

**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 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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 12 RISK MANAGEMENT (Continued)**

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>
2011	\$ 18,741	\$ 8,311	\$ 19,260	\$ (10,944)
2010	343	10,670	29,430	(18,741)
2009	-0-	8,204	29,878	(343)

**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, 2011 and 2010. 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, 2011 and 2010, 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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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, 2011 and 2010, 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.

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 2011 and 2010, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2011 and 2010, 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.

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

**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.

**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>2011</u>		
Westvale Park Improvements	\$142,976	2012
Road Improvements	276,308	2012
Barrier Free Curb Cuts	106,778	2012
Fire Department Equipment	66,175	2012
DPW Equipment	48,398	2012
<u>2010</u>		
Pedestrian Bikeway	\$102,679	2011
Pascack Brook Sewer Pipe Project	98,738	2011
Westvale Park Improvements	117,849	2011
Road Project – 2009	200,000	2011
Road Project – 2010	183,015	2011

**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 and post closure costs will range 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.

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

**NOTE 18 DEFICIT FUND BALANCES**

The Borough has an accumulated deficit of \$18,741 and \$10,944 in the Unemployment Insurance Trust Fund as of December 31, 2011 and 2010. The Borough has funded these deficits through a Current Fund budget appropriation in 2012 and 2011.

**NOTE 19 SUBSEQUENT EVENTS**

**Refunding Bonds**

On February 16, 2012 the Borough awarded the sale of \$3,890,000 Refunding Bonds to Janney Montgomery Scott LLC. These bonds were issued at interest rates of 2.00% to 4.00%, maturing September 15, 2014 through 2023. This refunding resulted in savings of \$434,384 over the life of the bonds.

**Debt Authorized**

Subsequent to December 31, 2011, the Borough Council adopted the following bond ordinances:

<u>Date</u>	<u>Purpose</u>	<u>Debt Authorized</u>
April 17, 2012	Railroad Signalization Project and Improvements to Veteran's Park	\$105,450
May 1, 2012	Acquisition of Equipment and Various Road Improvements	297,350
May 15, 2012	Monitoring of Landfill Emissions	57,475
June 19, 2012	Various Capital Improvements and Costs Associated with the Landfill Closure	565,250

As of the date of this report, the Borough has not issued nor awarded the sale of said Bonds or Notes.

**CURRENT FUND**



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

Balance, December 31, 2010		\$ 3,586,125
Increased by Receipts:		
Taxes Receivable	\$ 40,203,153	
Tax Title Liens	580	
Tax Overpayments	22,703	
Prepaid Taxes	170,766	
Petty Cash Returned	600	
Unappropriated Reserves for Grants	16,055	
Non-Budget Revenue	77,925	
State of NJ - Senior Citizens' and Veterans' Deductions	92,628	
Revenue Accounts Receivable	2,319,142	
State of NJ - Marriage Fees	1,275	
State of NJ - Construction Training Fees	13,160	
State of NJ-Burial Permits	5	
Grants Receivable	57,221	
Receipts from Animal Control Fund	3,984	
Receipts from Other Trust Fund	281,365	
Receipts from Assessment Trust Fund	116,098	
Receipts from General Capital Fund	131,199	
Receipts from Westwood Parking Authority	76,847	
		43,584,706
Decreased by Disbursements:		
2011 Budget Appropriations	14,434,949	47,170,831
2010 Appropriation Reserves	62,534	
Encumbrances Payable	333,742	
State of NJ - Marriage Fees	1,400	
State of NJ - Construction Training Fees	10,883	
State of NJ-Burial Permits	5	
Regional School District Tax Payable	24,015,413	
County Taxes Payable	4,355,802	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	76,847	
Payments to LOSAP Fund	66,995	
Payments to Other Trust Fund	569	
Payments to General Capital Fund	48,965	
Other Trust Fund Expenditures Paid by Current Fund	6,994	
Appropriated Grant Reserves	20,983	
Reserve for Codification of Ordinances	6,114	
Refund of Tax Appeals	36,184	
Refund of Prior Year Revenue	365	
		43,479,344
Balance, December 31, 2011		\$ 3,691,487

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

<u>Office</u>	Balance, December 31, <u>2010</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2011</u>
Tax Collector - Treasurer				
Recreation	-	\$ 300	\$ 300	-
	<u>-</u>	<u>300</u>	<u>300</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>

**STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, December 31, <u>2010</u>	Balance, December 31, <u>2011</u>
Recreation		
Tax Collector - Treasurer	\$ 250	\$ 250
	<u>300</u>	<u>300</u>
	<u>\$ 550</u>	<u>\$ 550</u>

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

Balance, December 31, 2010		\$ 20,258
Increased by:		
Received from State of New Jersey		
Deductions Disallowed by Tax Collector - Prior Year	\$ 92,628	
Deductions Disallowed by Tax Collector - Current Year	250	
	<u>355</u>	
		<u>93,233</u>
Decreased by:		113,491
Senior Citizens' Deductions Per Tax Billings		
Veterans' Deductions Per Tax Billings	8,750	
Deductions Allowed by Tax Collector - Current Year	82,500	
	<u>2,750</u>	
		<u>94,000</u>
Balance, December 31, 2011		<u>\$ 19,491</u>

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

Year	Balance, December 31, 2010	2011 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	2010 Collections	2011 Collections	Senior Citizens' and Veterans' Deductions Allowed	Tax Overpayments Applied	Taxes Cancelled or Remitted or Abated	Transferred To Tax Title Liens	Balance, December 31, 2011
2007	\$ 104,978	\$ 40,330,222	\$ 54,437	355	\$ 165,974	\$ 150,002	\$ 94,000	\$ 13,841	\$ 86,273	\$ 1,576	\$ 18,705
2008	831,952			250		430,270			677,124	246	4,826
2009	5,165			355		39,622,881					4,919
2010	434,540			605							5,145
2011	-	\$ 40,330,222	\$ 55,062	605	\$ 165,974	\$ 40,203,153	\$ 94,000	\$ 13,841	\$ 832,398	\$ 1,822	\$ 451,336

Analysis of 2011 Property Tax Levy

TAX YIELD	
General Property Tax	
Real Property Tax	\$ 40,330,222
Added Taxes (54:4-63.1 et seq.)	<u>54,437</u>
	\$ <u>40,384,659</u>

TAX LEVY	
Regional School Tax (Abstract)	\$ 24,015,413
County Taxes (Abstract)	4,295,649
County Open Space Taxes (Abstract)	52,326
Due County for Added Taxes (54:4-63.1)	<u>5,894</u>
	\$ 28,369,282

Local Tax for Municipal Purposes	
Local Tax for Library	11,275,620
Add Additional Tax Levied	682,166
	<u>57,591</u>
	12,015,377
	\$ <u>40,384,659</u>

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

Balance, December 31, 2010		\$	30,562
Increased by:			
Transfer from 2009 Taxes Receivable		\$	246
Transfer from 2011 Taxes Receivable			<u>1,576</u>
			<u>1,822</u>
			32,384
Decreased by:			
Redemption of Tax Sale Certificate			<u>580</u>
Balance, December 31, 2011		\$	<u>31,804</u>

EXHIBIT A-10

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2010		\$	<u>3,198,600</u>
Balance, December 31, 2011		\$	<u>3,198,600</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2011</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 28,000	\$ 28,000	
Other		4,340	4,340	
Construction Code Official				
Building Permits and Fees		311,553	311,553	
Police				
Fees and Permits		4,357	4,357	
Municipal Court				
Fines and Costs	\$ 8,920	116,418	117,244	\$ 8,094
Board of Health				
Other Licenses		14,273	14,273	
Fees and Permits		44,102	44,102	
Tax Collector				
Fees and Permits		1,265	1,265	
Housing Task Force				
Fees and Permits		3,290	3,290	
Interest and Cost on Taxes		111,597	111,597	
Interest on Investment and Deposits		49,793	49,793	
Consolidated Municipal Property Tax Relief		63,459	63,459	
Energy Receipts Tax		955,372	955,372	
Watershed Moratorium Offset Aid		705	705	
Westwood Parking Authority		45,000	45,000	
Interlocal Agreement - Tax Assessor		57,013	57,013	
Uniform Fire Safety Act		90,118	90,118	
Payment in Lieu of Taxes - Westwood House		101,526	101,526	
Cellular One Lease Agreement		66,385	66,385	
FEMA Reimbursement		73,242	73,242	
Cable TV Franchise Fees		147,650	147,650	
Recycling Contract	-	28,858	28,858	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$ 8,920</u>	<u>\$ 2,318,316</u>	<u>\$ 2,319,142</u>	<u>\$ 8,094</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCIES**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>1/5 of Net Amount Authorized</u>	<u>Balance, December 31, 2010</u>	<u>Authorized in 2011</u>	<u>Raised in 2011</u>	<u>Funded By Capital Ordinance</u>	<u>Balance, December 31, 2011</u>
Special Emergency Authorizations								
5/20/2008	Codification of Ordinances	\$ 34,025	\$ 6,805	\$ 20,415	\$ -	\$ 6,805	\$ -	\$ 13,610
5/31/2011	Master Plan	20,000	4,000	-	20,000	-	-	20,000
11/22/2011	Repair, Reconstruction of Streets, Roads or Bridges or Other Public Property Damaged By Flood or Hurricane	355,518	71,104	-	355,518	-	355,518	-
				<u>\$ 20,415</u>	<u>\$ 375,518</u>	<u>\$ 6,805</u>	<u>\$ 355,518</u>	<u>\$ 33,610</u>

**STATEMENT OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>Authorized in 2011</u>	<u>Balance, December 31, 2011</u>
11/22/2011	Hurricane Irene	\$ 80,598	\$ 80,598	\$ 80,598
11/22/2011	Pre-Halloween Snow Storm	23,021	23,021	23,021
		<u>\$ 103,619</u>	<u>\$ 103,619</u>	<u>\$ 103,619</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	<u>Orders Restored</u>	Balance After Transfers and Cancelled <u>Orders</u>	<u>Paid or Charged</u>	Balance <u>Lapsed</u>
<b>SALARIES AND WAGES</b>					
General Administration	\$ 31		\$ 31		\$ 31
Mayor and Council	62		62		62
Municipal Clerk	1		1		1
Financial Administration	917		917		917
Tax Assessment Administration	6,754		6,754		6,754
Legal Services	469		469		469
Planning Board	298		298		298
Police Department	37,848		37,848		37,848
Police Dispatch	731		731		731
Emergency Management	800		800		800
Fire Official	440		440		440
Prosecutor	90		90		90
Streets and Roads	35,946		35,946	\$ 1,972	33,974
Buildings and Grounds	1,568		1,568		1,568
Public Health Services	44		44		44
Administration of Public Assistance	53		53		53
Recreation Services and Programs	14,462		14,462		14,462
Building Inspector	8,439		8,439		8,439
Municipal Court	5,398		5,398		5,398
Public Defender	10		10		10
<b>OTHER EXPENSES</b>					
General Administration	3,476		3,476	1,683	1,793
Mayor and Council	195		195		195
Municipal Clerk					
Other Expenses	8,202	\$ 2,872	11,074		11,074
Elections	409		409		409
Financial Administration					
Other Expenses	6,251		6,251	17	6,234
Revenue Collection	6,931		6,931	355	6,576
Liquidation of Tax Title Lien	100		100		100
Tax Assessment Administration	33,079		33,079	10,989	22,090
Legal Services and Costs	25,487		25,487	8,170	17,317
Engineering	15,535		15,535	483	15,052
Historical Sites	4,025		4,025		4,025
Environmental	2,381		2,381	29	2,352
Historical Commission	3,000	2,335	5,335		5,335
Planning Board	7,859		7,859	1,643	6,216
Other Code Enforcement -					
Housing Task Force	4,000		4,000		4,000
Insurance					
Group Insurance	42,059		42,059	29	42,030
Liability Insurance	10,708		10,708	5,369	5,339
Workers Compensation	1,621		1,621		1,621
Fire Department					
Other Expenses	1,530	119	1,649		1,649
Fire Hydrant	7,471		7,471		7,471
Fire Hose/Foam	106		106		106
Police Department					
Other Expenses	2,445		2,445	1,634	811
Acquisition of Police Vehicles	14,337		14,337	4,639	9,698
Police Dispatch 911	80		80	80	-
Police Reserves	933		933	409	524

**BOROUGH OF WESTWOOD  
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</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.	\$ 5,100		\$ 5,100		\$ 5,100
Fire Official	442	\$ 75	517		517
Life Hazard Use Fees Payments	110		110		110
Streets and Roads	3,638	20,636	24,274		24,274
Finance Dept.		17	17		17
Shade Tree Advisory Committee	559		559	\$ 377	182
Buildings and Grounds	5,173		7,173	6,702	471
Vehicle Maintenance	2,025		12,025	8,726	3,299
Public Health Services	6,571		6,571	515	6,056
Admin. of Public Assistance	832		832		832
Recreation	4,182	139	4,321		4,321
Celebration of Public Events	1,860		1,860		1,860
Building Inspector	4,061		4,061		4,061
Electricity	2,219		2,219	1,925	294
Street Lighting	16,858		16,858	577	16,281
Gasoline	22,257	6,306	16,563		16,563
Natural Gas	20,371		20,371	3,765	16,606
Water	9,289		9,289		9,289
Sewerage Processing and Disp	11,491		11,491	2,009	9,482
Telephone	5,552		5,552	184	5,368
Repairs to Traffic Lights	3,603	881	4,484		4,484
Solid Waste Collection	500	25,256	25,756		25,756
Garbage Tipping Fees	15,457	25,256	40,713		40,713
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I.)	1,746		1,746		1,746
Defined Contribution Plan	498		498	498	-
Municipal Court	9,509		9,509		9,509
Maintenance of Free Public Library	9,953		9,953		9,953
Sewerage Proc. and Disp-Emerson	8,000		8,000		8,000
Bergen County Utilities Authority	95		95		95
Recycling Tax	500	1,114	1,614		1,614
Municipal Alliance-State Share		7,602	7,602	7,602	
Municipal Alliance-Local Share		1,943	1,943	1,943	
Drunk Driving Enforcement Fund	2,980		2,980	2,980	
Alcohol Education and Rehabilitation	863		863	863	
NJ Forest Services Grant	5,000		5,000	5,000	
Recycling Tonnage Grant	29,489		29,489	29,489	
Municipal Stormwater	6,402		6,402	6,402	
ADA Curb Cuts	45,000		45,000	45,000	
Length of Service Awards	-	13,005	13,005	-	13,005
	<u>\$ 579,766</u>	<u>\$ 107,556</u>	<u>\$ 687,322</u>	<u>\$ 162,058</u>	<u>\$ 525,264</u>
Cancelled Orders					
Encumbrances Payable		\$ 94,551			
LOSAP		13,005			
		<u>\$ 107,556</u>			
Cash Disbursements				\$ 62,534	
Transfer to Accounts Payable				245	
Transfer to Appropriated Reserve for Grants				99,279	
				<u>\$ 162,058</u>	

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

Balance, December 31, 2010	\$ 806
Increased by:	
Fees Collected	<u>1,275</u>
	2,081
Decreased by:	
Payments to State of New Jersey	<u>1,400</u>
Balance, December 31, 2011	<u>\$ 681</u>

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

Balance, December 31, 2010	\$ 4,515
Increased by:	
Fees Collected	<u>13,160</u>
	17,675
Decreased by:	
Payments	<u>10,883</u>
Balance, December 31, 2011	<u>\$ 6,792</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010		\$ 428,359
Increased by:		
Transfer from 2011 Appropriations		295,253
		723,612
Decreased by:		
Cash Disbursements	\$ 333,742	
Transferred to Accounts Payable	66	
Cancelled Payables Restored to Appropriation Reserves	94,551	
		428,359
Balance, December 31, 2011		\$ 295,253

**STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2010</u>	Transfer From Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Alcohol Education and Rehabilitation	\$ 13,576	\$ 863	\$ 720	\$ 13,719
Drunk Driving Enforcement Fund	1,218	2,980	1,218	2,980
Recycling Tonnage Grant	14,661	29,489		44,150
Clean Communities Grant	1,735			1,735
Graduated Driving License - Enforcement & Education	1,300			1,300
Police Body Armor Grant	10,102		10,095	7
Municipal Alliance Program	17,992	9,545	987	26,550
NJ Forestry - Tree Grant	1,338	5,000		6,338
Domestic Violence Training	2,477			2,477
New Jersey State Police	3,235			3,235
Municipal Stormwater Regulation	6,138	6,402		12,540
Green Communities	500			500
Municipal Recycling Assistance	5,483		3,545	1,938
Click It or Ticket	13			13
Over the Limit/Under Arrest	8,427		4,418	4,009
DPW Feasibility Study	1,450			1,450
Police Brownsfield	335			335
CDC-Dept of Health Grant	819			819
ADA Curb Cuts	-	45,000	-	45,000
	\$ 90,799	\$ 99,279	\$ 20,983	\$ 169,095

**BOROUGH OF WESTWOOD  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2010	\$ 165,974
Increased by:	
Collection of 2012 Taxes	<u>170,766</u>
	336,740
Decreased by:	
Application to 2011 Taxes	<u>165,974</u>
Balance, December 31, 2011	<u>\$ 170,766</u>

EXHIBIT A-20

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2010	\$ 10,569
Increased by:	
Overpayments in 2011	<u>22,703</u>
	33,272
Decreased by:	
Applied to Current Year Taxes	<u>13,841</u>
Balance, December 31, 2011	<u>\$ 19,431</u>

EXHIBIT A-21

**STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:	
Levy - Calendar Year	<u>\$ 24,015,413</u>
Decreased by:	
Payments	<u>\$ 24,015,413</u>

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

Balance, December 31, 2010		\$	27,375
Increased by:			
2011 Levy	\$ 4,295,649		
County Open Space Preservation	<u>52,326</u>		
		\$ 4,347,975	
Added Taxes (54:4-63.1 et seq.)		<u>5,894</u>	
			<u>4,353,869</u>
			4,381,244
Decreased by:			
Payments			<u>4,355,802</u>
Balance, December 31, 2011		\$	<u>25,442</u>

EXHIBIT A-23

**STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION**

Balance, December 31, 2010		\$	80,000
Increased by:			
Transfer from 2011 Budget Appropriations			<u>68,708</u>
			148,708
Decreased by:			
Cancelled - Restored to Appropriation Reserves	\$ 13,005		
Payments	<u>66,995</u>		
			<u>80,000</u>
Balance, December 31, 2011		\$	<u>68,708</u>

EXHIBIT A-24

**STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY**

Balance, December 31, 2010		\$	9,331
Increased by:			
Authority Expenditures Paid by Borough			<u>76,847</u>
			86,178
Decreased by:			
Receipts from Parking Authority	\$ 76,847		
Prior Year Adjustment	<u>9,331</u>		
			<u>86,178</u>
Balance, December 31, 2011		\$	<u>-</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	2011 Grant <u>Allotments</u>	<u>Receipts</u>	Balance, December 31, <u>2011</u>
Municipal Alliance on Alcoholism and Drugs	\$ 16,731		\$ 2,540	\$ 14,191
Highway Safety Grant - GLE	1,300			1,300
Police Body Armor				
Federal Share	812			812
State Share	1,678			1,678
Municipal Stormwater Grant - DEP	17,862			17,862
Click it or Ticket	101			101
Green Community Challenge Grant	1,000			1,000
Clean Community Program		\$ 17,145	17,145	
NJ Forest Service Grant	5,000			5,000
ADA Curb Cuts Grant	45,000			45,000
Alcohol Education and Rehabilitation Fund	7	1,024	1,024	7
Disposal of Forfeited Property - Police Dept. Accreditation	8,667			8,667
Recycling Tonnage Grant		36,512	36,512	
DCA - Office of Smart Growth	1,660	-	-	1,660
	<u>\$ 99,818</u>	<u>\$ 54,681</u>	<u>\$ 57,221</u>	<u>\$ 97,278</u>

**STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2010</u>	Increased by <u>Receipts</u>	Realized as Revenue in 2011 <u>Budget</u>	Balance, December 31, <u>2011</u>
Drunk Driving Enforcement Fund	\$ 8,806		\$ 8,806	
Recycling Tonnage	8,175		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	\$ 4,382	5,667	4,382
Police Body Armor		8,866		8,866
NJ Tree Grant	-	2,807	-	2,807
	<u>\$ 33,228</u>	<u>\$ 16,055</u>	<u>\$ 30,375</u>	<u>\$ 18,908</u>

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

Balance, December 31, 2010	\$ 650
Increased by:	
Cash Receipts	5
	655
Decreased by:	
Cash Disbursements	5
Balance, December 31, 2011	\$ 650

EXHIBIT A-28

**STATEMENT OF ACCOUNTS PAYABLE**

Increased by:	
Transferred from Encumbrances Payable	\$ 66
Transferred from Appropriation Reserves	245
Balance, December 31, 2011	\$ 311

EXHIBIT A-29

**STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES**

Balance, December 31, 2010	\$ 6,640
Decreased by:	
Cash Disbursements	6,114
Balance, December 31, 2011	\$ 526

EXHIBIT A-30

**STATEMENT OF RESERVE FOR WATERSHED MORATORIUM AID**

Balance, December 31, 2010	\$ 705
Balance, December 31, 2011	\$ 705

**TRUST FUNDS**



**BOROUGH OF WESTWOOD  
STATEMENT OF TRUST CASH**

	<u>Assessment</u>	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Insurance</u>
Balance (Overdraft), December 31, 2010	\$ 117,251	\$ 17,818	\$ 1,328,608	\$ (12,084)
Increased by Receipts:				
Assessments Receivable	\$ 1,243			
Interest on Assessments	160			
Interest on Investments and Deposits	\$ 32	\$ 3,231		\$ 5
Due from Westwood Parking Authority		8,661		
POAA Receipts		1,152		
Miscellaneous Reserves		1,176,592		
Sanitary Landfill				
License Fees Collected		7,660	569	
Receipts from Current Fund		956		
Due to State of New Jersey				
Escrow Deposits			356,298	
Payroll and Payroll Deductions			8,234,498	8,311
	<u>1,403</u>	<u>8,648</u>	<u>9,781,001</u>	<u>8,316</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11		26,466	11,109,609	(3,768)
Payment to Current Fund	116,098		281,365	
Payment to General Capital Fund			130,201	
Escrow Deposits				
Payments to State of NJ		960		19,260
Payments to Westwood Parking Authority				
Payroll and Payroll Deductions Payable			8,220,020	
Miscellaneous Reserves			943,351	
POAA Disbursements			-	19,260
	<u>116,098</u>	<u>7,155</u>	<u>9,574,937</u>	<u>19,260</u>
Balance (Overdraft), December 31, 2011	<u>\$ 2,556</u>	<u>\$ 19,311</u>	<u>\$ 1,534,672</u>	<u>\$ (23,028)</u>

**BOROUGH OF WESTWOOD  
ANALYSIS OF ASSESSMENT CASH**

	Balance, December 31, 2010	Cash Receipts	Cash Disbursements	Transfers From	To	Balance, December 31, 2011
Due To Current Fund	\$ 11,098	\$ 160	\$ 116,098		\$ 106,000	\$ 1,160
Acquisition of Property (Ord. 92-4)		503		503		
Acquisition of Property (Ord. 92-9)		740		740		
Fund Balance	<u>106,153</u>	<u>-</u>	<u>-</u>	<u>106,000</u>	<u>1,243</u>	<u>1,396</u>
	<u>\$ 117,251</u>	<u>\$ 1,403</u>	<u>\$ 116,098</u>	<u>\$ 107,243</u>	<u>\$ 107,243</u>	<u>\$ 2,556</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>	Balance, December 31, <u>2010</u>	<u>Collected</u>	Balance, December 31, <u>2011</u>
92-4	Acquisition of Property	10/9/01	11/1	\$ 503	\$ 503	
92-12/ 94-16	Improvements to Parking Lot	1/30/01	3/1	<u>740</u>	<u>740</u>	<u>-</u>
				<u>\$ 1,243</u>	<u>\$ 1,243</u>	<u>\$ -</u>

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

Balance, December 31, 2010		\$ 11,098
Increased by:		
Fund Balance Realized As Current Fund Revenue	\$ 106,000	
Interest on Assessments	<u>160</u>	
		<u>106,160</u>
		117,258
Decreased by:		
Payment to Current Fund		<u>116,098</u>
Balance, December 31, 2011		<u>\$ 1,160</u>

**STATEMENT OF RESERVE FOR ASSESSMENTS AND LIENS**

Ord. No.	Assessments Receivable:	Balance, December 31, <u>2010</u>	<u>Collections</u>	Balance, December 31, <u>2011</u>
92-4	Acquisition of Property	\$ 503	\$ 503	
92-12	Various Improvements to Public Parking	<u>740</u>	<u>740</u>	<u>-</u>
		<u>\$ 1,243</u>	<u>\$ 1,243</u>	<u>\$ -</u>

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

Balance, December 31, 2010 (Due From)	\$	569
Increased by:		
Payments to Current Fund		<u>281,365</u>
		281,934
Decreased by:		
Receipts from Current Fund	\$	569
Realized as Current Fund Anticipated Revenue - Miscellaneous Reserves		231,756
Realized as Current Fund Non Budget Revenue		14,167
Other Trust Expenditures Paid by Current Fund		6,994
Interest on Investments and Deposits		3,231
Realized as Current Fund Anticipated Revenue - Sanitary Landfill		<u>32,799</u>
		<u>289,516</u>
Balance, December 31, 2011 (Due To)	\$	<u>7,582</u>

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2010	\$	13,858
Increased by:		
Animal Control Fees		<u>7,660</u>
		21,518
Decreased by:		
Statutory Excess Due Current Fund Expenditures	\$	7,733
		<u>2,211</u>
		<u>9,944</u>
Balance, December 31, 2011	\$	<u>11,574</u>

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

Balance, December 31, 2010	\$	5
Increased by:		
Registration Fees - Due State		<u>956</u>
		961
Decreased by:		
Payments		<u>960</u>
Balance, December 31, 2011	\$	<u>1</u>

**STATEMENT OF DUE TO CURRENT FUND - ANIMAL CONTROL FUND**

Balance, December 31, 2010	\$	3,955
Increased by:		
Statutory Excess	\$	7,733
Interest on Investments and Deposits		<u>32</u>
		<u>7,765</u>
		11,720
Decreased by:		
Payments to Current Fund		<u>3,984</u>
Balance, December 31, 2011	\$	<u>7,736</u>

**STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2010	\$	686,383
Increased by:		
Cash Receipts		<u>356,298</u>
		1,042,681
Decreased by:		
Cash Disbursements		<u>130,201</u>
Balance, December 31, 2011	\$	<u>912,480</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE**

Balance, December 31, 2010		\$ (18,741)
Increased by:		
Interest on Deposits	\$ 5	
2011 Budget Appropriation	18,741	
Payroll Deductions from Employees	<u>8,311</u>	
		<u>27,057</u>
		8,316
Decreased by:		
Unemployment Claims		<u>19,260</u>
Balance, December 31, 2011		<u>\$ (10,944)</u>

EXHIBIT B-13

**STATEMENT OF RESERVE FOR SANITARY LANDFILL CLOSURE**

Balance, December 31, 2010		\$ 32,799
Decreased by:		
Realized as Current Fund Revenue		<u>32,799</u>
Balance, December 31, 2011		<u>\$ -</u>

EXHIBIT B-14

**RESERVE FOR POAA COURT EXPENDITURES**

Balance, December 31, 2010		\$ 13,978
Increased by:		
Cash Receipts		<u>1,152</u>
Balance, December 31, 2011		<u>\$ 15,130</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2010</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2011</u>
Affordable Housing	\$ 42,986	\$ 61		\$ 43,047
Redemption of Tax Sale Certificates	15,403	297,793	\$ 275,448	37,748
Recycling Program	44,768	29,933	53,913	20,788
Police Overtime Detail	161,213	192,652	302,481	51,384
Beautification	12,840	750	750	12,840
Safe Schools	22,574	65,009	40,136	47,447
Code Compliance Penalty	72,713	13,350	9,453	76,610
Found Money/Bail	10,084	4,083	14,167	-
Shade Tree	21,844	3,600	608	24,836
Fire Prevention	5,915	2,025		7,940
Premium on Tax Sale	101,200	174,900	35,700	240,400
Recreation Donation	2,913	1,700		4,613
Teen Center	46			46
Elevator Reserve	5,403	13,212	10,750	7,865
Tax Maps	100			100
Teen Housing Relocation Reserve	168		168	-
Miscellaneous	4,481	569	4,744	306
Recreation Fees	31,378	376,955	321,774	86,559
Accumulated Leave Compensation	119,182	-	119,182	-
	<u>\$ 675,211</u>	<u>\$ 1,176,592</u>	<u>\$ 1,189,274</u>	<u>\$ 662,529</u>
			\$ 231,756	
			Revenue	14,167
			Cash Disbursements	<u>943,351</u>
			<u>\$ 1,189,274</u>	

EXHIBIT B-16

**STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS PAYABLE**

Balance, December 31, 2010	\$ (110)
Increased by:	
Cash Receipts	<u>8,234,498</u>
	8,234,388
Decreased by:	
Cash Disbursements	<u>8,220,020</u>
Balance, December 31, 2011	<u>\$ 14,368</u>

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

Balance, December 31, 2010	\$ 1,666
Increased by:	
Cash Receipts	<u>8,661</u>
	10,327
Decreased by:	
Other Trust Expenditures Paid by Current Fund	<u>6,994</u>
Balance, December 31, 2011	<u>\$ 3,333</u>

EXHIBIT B-18

**STATEMENT OF DUE TO (FROM) CURRENT FUND -  
UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Balance, December 31, 2010 (Due To)	\$ 6,657
Decreased by:	
Current Fund Budget Appropriation	<u>18,741</u>
Balance, December 31, 2011 (Due From)	<u>\$ 12,084</u>

EXHIBIT B-19

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

Balance, December 31, 2010	<u>\$ 80,750</u>
Balance, December 31, 2011	<u>\$ 80,750</u>

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**GENERAL CAPITAL FUND**



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

Balance, December 31, 2010		\$ 140,331
Increased by Receipts:		
Loan Proceeds	\$ 792,720	
Bond Anticipation Notes	1,242,000	
State Aid Received	129,762	
Other Aid Received	39,960	
Premium on Sale of Notes	9,877	
Interest on Investments	4,055	
Receipts from Current Fund	48,965	
Reserve for Payment of Bonds	<u>97,500</u>	
		<u>2,364,839</u>
		2,505,170
Decreased by:		
Improvement Authorizations	958,932	
Reserve for Encumbrances	705,734	
Payments to Current Fund	131,199	
Bond Anticipation Notes	<u>139,675</u>	
		<u>1,935,540</u>
Balance, December 31, 2011		<u>\$ 569,630</u>

**BOROUGH OF WESTWOOD**  
**ANALYSIS OF GENERAL CAPITAL CASH**  
**AS OF DECEMBER 31, 2011**

Fund Balance	\$ 230,245
Capital Improvement Fund	229,763
Encumbrances Payable	739,949
Reserve for Pascack Brook Park Bikeway	50,188
Grants Receivable	(1,175,198)
Environmental Infrastructure Loan Receivable	(113,883)
Due to Current Fund	24,260
Due to Other Trust Fund	80,750
Reserve for Payment of Bonds	97,500
Reserve for Payment of Notes	39,960

## Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
97-7	Impvt. of Drainage Ditch	(14,250)
00-13/09-17	Landfill Closure	300,626
02-14/03-13	Various Capital Improvements	29,358
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
07-04	2007 Roadway Improvement Program	10,376
07-09/08-25	Installation of Additional Lighting at Westvale Park	5,999
07-10	Acquisition of Various Equipment-Public Works	59
07-12	Acquisition of Various Equipment-Fire Department	(5,557)
07-13	Acquisition & Installation of Irrigation System	88,840
07-21	Reconstruction of Fairview Avenue - Section 4	643
08-01	Road Improvements	23,885
08-02	Pascack Brook Sewer Pipe Replacement and Repair	(235,860)
08-11	Acquisition of Technology Equipment	96
08-20	Acquisition of Equipment	210
08-22	Suppl. - Emerson Pump Station	3,496
08-35	Various Improvements at the Borough Library	121
09-01	2009 Road Improvement Program	48,771
09-11	Various Curb and Sidewalk Improvements	8,784
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	8,919
09-24	Installation of Traffic Signals at Railroad Crossings	163
09-25/10-17	Acq. Of Various Equipment - Police Department	633
10-3	The 2010 Roadway Improvement Program	29,510
10-4	Improvements to Westvale Park and Related Expenses	165
10-12	Renovations to the Borough Hall	31,470
10-13	Various Capital Improvements and Other Related Expenses	14,783
10-21	The Monitoring of Landfill Emissions	6,995
10-24	The Acquisition of Various Equipment - Fire Department	5,109
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and	463
11-06	Repaving of Various Roads	32,987
11-07	Acquisition of Various Equipment-Fire Department	1,864
11-09	Acquisition of Various Equipment - DPW	674
11-13	Installation of Barrier Free Curb Cuts	1,903
11-16	Various Improvements - Hurricane Irene	(126,100)
		<u>\$ 569,630</u>

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

Balance, December 31, 2010		\$16,380,860
Decreased by:		
2011 Budget Appropriation		
Serial Bonds	\$ 825,000	
EIT Loans	428,858	
EDA Loans	<u>25,005</u>	
		<u>1,278,863</u>
Balance, December 31, 2011		<u>\$15,101,997</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2010	2011 Authorizations	Notes Paid by Budget Appropriation	Other Aid Received	Balance, December 31, 2011	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
97-7	Impvt. of Drainage Ditch	\$ 14,250				\$ 14,250	\$ 14,250	\$ 114,000	
07-09/08-25	Installation of Additional Lighting at Westvale Park	114,000				114,000			
07-12	Acquisition of Various Equipment-Fire Department	64,600		\$ 2,094		62,506	\$ 56,949	\$ 5,557	
08-01	Road Improvements	104,548				104,548	97,966	6,582	
08-02/09-05	Pascack Brook Sewer Pipe Replacement and Repair	759,219				759,219	390,000	235,860	
08-11	Acquisition of Technology Equipment	28,500				28,500	28,500		
08-20	Acquisition of Equipment	156,750				156,750	156,750		
08-22	Suppl. - Emerson Pump Station	120,000				120,000	120,000		
08-32	Acquisition of Fire Department Equipment	52,725				52,725	52,725		
08-33	Acquisition of Playground Equipment	28,500				28,500	28,500		
09-01	2009 Road Improvement Program	237,750				237,750	237,750		
09-20	Acq. Of Various Equipment - Police Department	22,325				22,325	21,970	355	
09-21	Acq. Of Various Equipment - Fire Department	53,675				53,675	53,675		
09-22	Acq. Of Various Equipment - Public Works Department	110,185				110,185	110,185		
10-3	The 2010 Roadway Improvement Program	237,500				237,500	237,500		
10-4	Improvements to Westvale Park and Related Expenses	1,809,500				1,809,500	1,809,500		
10-13	Various Capital Improvements and Other Related Expenses	247,000				247,000	247,000		
10-19	The Railroad Signalization Project	80,750				80,750	80,750		
10-21	The Monitoring of Landfill Emissions	109,250				109,250	109,250		
10-24	The Acquisition of Various Equipment - Fire Department	76,000				76,000	76,000		
10-25	Improvements to Various Municipal Buildings to Accomplish	76,000			\$ 39,960	36,040	36,040		
11-06	Repaving of Various Roads		\$ 285,000			285,000	285,000		
11-07	Acquisition of Various Equipment-Fire Department		125,400			125,400	125,400		
11-08	Monitoring of Landfill Emissions		52,250			52,250	52,250		
11-09	Acquisition of Various Equipment - DPW		47,500			47,500	47,350	150	
11-12	Refunding Bonds		4,750,000			4,750,000	4,750,000		
11-13	Installation of Barrier Free Curb Cuts		26,665			26,665	26,665		
11-16	Various Improvements - Hurricane Irene		346,750			346,750	126,100	220,650	
		<u>\$ 4,503,027</u>	<u>\$ 5,633,565</u>	<u>\$ 2,094</u>	<u>\$ 39,960</u>	<u>\$ 10,094,538</u>	<u>\$ 4,439,040</u>	<u>\$ 5,251,761</u>	
				Notes Outstanding			\$ 4,479,000		
				Excess Note Proceeds			39,960		
				Ord. 10-25					
							\$ 4,439,040		
								\$ 5,428,012	
				Improvement Authorizations - Unfunded					
				Unexpended Balance of Bond Anticipation Notes Issued			\$ 23,885		
				Ord. 08-01			96		
				Ord. 08-11			48,771		
				Ord. 09-01			2,030		
				Ord. 09-21			8,919		
				Ord. 09-22			29,510		
				Ord. 10-03			165		
				Ord. 10-04			14,783		
				Ord. 10-13			6,995		
				Ord. 10-21			5,109		
				Ord. 10-24			463		
				Ord. 10-25			32,987		
				Ord. 11-06			1,864		
				Ord. 11-07			674		
				Ord. 11-09			176,251		
								\$ 5,251,761	

**BOROUGH OF WESTWOOD  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	Grant Awards	Cash Received	Balance, December 31, <u>2011</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
Department of Transportation				
Fairview Avenue- Ordinance 06-04	169,305			169,305
2009 Road Improvement Pgm - Ord. 09-01	200,000		\$ 129,762	70,238
2010 Roadway Improvement - Ord. 10-3	200,000			200,000
Repaving of Various Roads - Ord. 11-06		\$ 150,000		150,000
Installation of Barrier Free Curb Cuts - Ord. 11-13		139,985		139,985
Department of Environmental Protection				
Westvale Park - Green Acres - Ord. 10-4	<u>340,379</u>	-	-	<u>340,379</u>
	<u>\$ 1,014,975</u>	<u>\$ 289,985</u>	<u>\$ 129,762</u>	<u>\$ 1,175,198</u>

EXHIBIT C-7

**STATEMENT OF DUE TO CURRENT FUND**

Balance, December 31, 2010	\$ 30,220
Increased by:	
Current Fund Anticipated Revenue-Reserve for Payment of Bonds	\$ 24,313
Current Fund Anticipated Revenue-Fund Balance	100,000
Receipts from Current Fund	48,965
Interest on Investments and Deposits	<u>4,055</u>
	<u>177,333</u>
	207,553
Decreased by:	
Current Fund Budget Appropriations	
Principal on Bond Anticipation Notes	2,094
Capital Improvement Fund	50,000
Payments to Current Fund	<u>131,199</u>
	<u>183,293</u>
Balance, December 31, 2011	<u>\$ 24,260</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2011	Interest Rate	Balance, December 31, 2010	Decreased	Balance, December 31, 2011
General Improvement Bonds of 2003	9/15/2003	\$ 5,674,000	\$ 250,000	4.00-4.125%			
			9/15/2012-15				
			9/15/2016-17				
			9/15/2018-19				
			9/15/2020-21				
			9/15/2022				
			9/15/2023		\$ 4,774,000	\$ 250,000	\$ 4,524,000
Refunding Bonds of 2004	4/1/2004	4,555,000	370,000	2.00-3.60%			
			8/15/2012				
			8/15/2013				
			8/15/2014				
			8/15/2015				
			8/15/2016				
			8/15/2017		2,955,000	360,000	2,595,000
Refunding Bonds of 2008	5/6/2008	2,235,000	190,000	3.00-5.00 %			
			8/1/2012				
			8/1/2013				
			8/1/2014				
			8/1/15-16				
			8/1/17				
			8/1/18				
			8/1/19				
			8/1/20		1,815,000	190,000	1,625,000
General Improvement Bonds, Series 2010	4/13/2010	3,736,000	25,000	2.00-3.50%			
			4/1/2012				
			4/1/2013				
			4/1/2014				
			4/1/2015				
			4/1/2016				
			4/1/2017				
			4/1/2018				
		4/1/2019					
		4/1/2020					
		4/1/2021					
		4/1/2022			3,736,000	25,000	3,711,000
					\$ 13,280,000	\$ 825,000	\$ 12,455,000

**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, 2010	Increased	Decreased	Balance, December 31, 2011
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	\$ 64,600	\$ 56,949	\$ 64,600	\$ 56,949
07-13	Acquisition & Installation of Irrigation System	7/24/2008	5/4/2010	5/4/2011	1.07%	740		740	
08-01	Road Improvements	7/24/2008	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	123,500	97,966	123,500	97,966
08-11	Acquisition of Technology Equipment	5/11/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	28,500	28,500	28,500	28,500
08-20	Acquisition of Equipment	5/11/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	156,750	156,750	156,750	156,750
08-22	Suppl. - Emerson Pump Station	5/11/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	120,000	120,000	120,000	120,000
08-32	Acquisition of Fire Department Equipment	5/11/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	52,725	52,725	52,725	52,725
08-33	Acquisition of Playground Equipment	5/11/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	28,500	28,500	28,500	28,500
09-01	2009 Road Improvement Program	5/11/2009	5/4/2010 5/3/2011	5/4/2010 5/3/2012	1.07% 1.75%	237,750	237,750	237,750	237,750
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	53,675	53,675	53,675	53,675
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009	5/4/2010 5/3/2011	5/4/2011 5/3/2012	1.07% 1.75%	135,185	110,185	135,185	110,185
09-25	Acq. Of Various Equipment - Police Department	5/4/2010	5/4/2010	5/4/2011	1.07%	80,750	80,750	80,750	-

**BOROUGH OF WESTWOOD  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
10-3	The 2010 Roadway Improvement Program	9/8/2010 5/3/2011	5/4/2011 5/3/2012	1.50% 1.75%	\$ 237,500	\$ 237,500	\$ 237,500	\$ 237,500
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010 5/3/2011	5/4/2011 5/3/2012	1.50% 1.75%	1,809,500	1,809,500	1,809,500	1,809,500
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010 5/3/2011	5/4/2011 5/3/2012	1.50% 1.75%	247,000	247,000	247,000	247,000
10-19	Railroad Signalization Project	5/3/2011	5/3/2012	1.75%	80,750	80,750	80,750	80,750
10-21	Monitoring of Landfill Emissions	5/3/2011	5/3/2012	1.75%	109,250	109,250	109,250	109,250
10-24	Acquisition of Equipment - Fire Department	5/3/2011	5/3/2012	1.75%	76,000	76,000	76,000	76,000
10-25	Improvements to Various Municipal Buildings - Energy	5/3/2011	5/3/2012	1.75%	76,000	76,000	76,000	76,000
08-02	Pascack Brook Sewer Pipe Replacement	5/3/2011	5/3/2012	1.75%	390,000	390,000	390,000	390,000
11-06	Repaving of Various Roads	5/3/2011	5/3/2012	1.75%	285,000	285,000	285,000	285,000
11-07	Acquisition of Various Equipment	5/3/2011	5/3/2012	1.75%	125,400	125,400	125,400	125,400
11-08	Monitoring of Landfill Emissions	5/3/2011	5/3/2012	1.75%	52,250	52,250	52,250	52,250
11-09	Acquisition of Equipment	5/3/2011	5/3/2012	1.75%	-	47,350	-	47,350
					<u>\$ 3,376,675</u>	<u>\$ 4,479,000</u>	<u>\$ 3,376,675</u>	<u>\$ 4,479,000</u>
	Renewals					\$ 3,237,000	\$ 3,237,000	
	Issued for Cash					1,242,000		
	Reserve for Payment of Notes						125,442	
	Paid by Budget Appropriation						2,094	
	Paid by Capital Cash						12,139	
						<u>\$ 4,479,000</u>	<u>\$ 3,376,675</u>	<u>\$ 4,479,000</u>



**BOROUGH OF WESTWOOD  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010		\$ 976,474
Increased by:		
Charges to Improvement Authorizations		<u>739,949</u>
		1,716,423
Decreased by:		
Payments	\$ 705,734	
Prior Year Cancellations to Fund Balance	9,120	
Cancelled	<u>261,620</u>	
		<u>976,474</u>
Balance, December 31, 2011		<u>\$ 739,949</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2010		\$ 226,213
Increased by:		
2011 Current Fund Budget Appropriations		<u>50,000</u>
		276,213
Decreased by:		
Appropriation to Finance Impvt. Authorizations		<u>46,450</u>
Balance, December 31, 2011		<u>\$ 229,763</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, 2010</u>	<u>Balance, December 31, 2011</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, 2010	\$ 3,100,860
Decreased by:	
2011 Budget Appropriation	<u>453,863</u>
Balance, December 31, 2011	<u>\$ 2,646,997</u>

EXHIBIT C-15

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE**

Balance, December 31, 2010	\$ 906,603
Decreased by:	
Loan Proceeds Received	<u>792,720</u>
Balance, December 31, 2011	<u>\$ 113,883</u>

EXHIBIT C-16

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, December 31, 2010	\$ 24,313
Decreased by:	
Cash Receipts	<u>97,500</u>
	121,813
Decreased by:	
Anticipated As Current Fund Revenue	<u>24,313</u>
Balance, December 31, 2011	<u>\$ 97,500</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2010		2011 Authorizations	Notes Paid by Capital Cash	Adjustments	Notes Issued	Balance, December 31, 2011	
		General Capital	Assessment Trust					General Capital	Assessment Trust
80-8	Impvmt. to Gritman Park Pool		\$ 283			\$ 283			
97-1	Impvmt. of Railroad Station	\$ 14,250						\$ 14,250	
97-7	Impvmt. of Drainage Ditch				\$ 5,557			5,557	
07-12	Acquisition of Various Equipment-Fire Department				6,582			6,582	
08-01	Road Improvements						\$ 390,000		
08-02/09-05	Pasack Brook Sewer Pipe Replacement and Repair	759,219						369,219	
08-25	Installation of Additional Lighting at Westvale Park	114,000						114,000	
09-20	Acq. Of Various Equipment - Police Department	22,325						22,325	
10-19	The Railroad Signalization Project	80,750							
10-21	The Monitoring of Landfill Emissions	109,250							
10-24	The Acquisition of Various Equipment - Fire Department	76,000							
10-25	Improvements to Various Municipal Buildings to Accomplish Repaving of Various Roads	76,000		\$ 285,000					
11-06	Acquisition of Various Equipment-Fire Department			125,400					
11-07	Monitoring of Landfill Emissions			52,250					
11-08	Acquisition of Various Equipment - DPW			47,500					
11-12	Refunding Bonds			4,750,000				4,750,000	150
11-13	Installation of Barrier Free Curb Cuts			26,665				26,665	
11-16	Various Improvements - Hurricane Irene			346,750				346,750	
		\$ 1,251,794	\$ 283	\$ 5,633,565	\$ 12,139	\$ 283	\$ 1,242,000	\$ 5,655,498	\$ -

**PUBLIC ASSISTANCE FUND**



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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2010	\$ 3,675	\$ 84,625	\$ 88,300
Increased by:			
Donations/State Aid/SSI	6,150	286,420	292,570
Prior Year Voided Checks		1,863	1,863
Petty Cash Returned		100	100
Interest on Deposits	1	172	173
	<u>6,151</u>	<u>288,555</u>	<u>294,706</u>
	<u>9,826</u>	<u>373,180</u>	<u>383,006</u>
Decreased by:			
Petty Cash Advanced	-	100	100
Public Assistance Expenditures	6,323	248,697	255,020
Payments to Current Fund	-	-	-
	<u>6,323</u>	<u>248,797</u>	<u>255,120</u>
Balance, December 31, 2011	<u>\$ 3,503</u>	<u>\$ 124,383</u>	<u>\$ 127,886</u>

EXHIBIT D-2

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	PATF Account #1	PATF Account #2	Total
Balance, December 31, 2010	\$ 3,675	\$ 84,625	\$ 88,300
Increased by:			
Revenues	<u>6,150</u>	<u>288,283</u>	<u>294,433</u>
	9,825	372,908	382,733
Decreased by:			
Expenditures	<u>6,323</u>	<u>248,697</u>	<u>255,020</u>
Balance, December 31, 2011	<u>\$ 3,502</u>	<u>\$ 124,211</u>	<u>\$ 127,713</u>

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

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Donations	\$ 6,150		\$ 6,150
State Aid /SSI		\$ 286,420	286,420
Prior Year Void Checks	<u>-</u>	<u>1,863</u>	<u>1,863</u>
 Total Revenues	 6,150	 288,283	 294,433
Petty Cash Returned		100	100
Interest on Deposits	<u>1</u>	<u>172</u>	<u>173</u>
 Total Receipts	 <u>\$ 6,151</u>	 <u>\$ 288,555</u>	 <u>\$ 294,706</u>

EXHIBIT D-4

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Current Year Assistance - Reported			
Maintenance Payments		\$ 61,868	\$ 61,868
Temporary Rental Assistance		144,454	144,454
Emergency Assistance		38,304	38,304
Transportation Assistance		5,379	5,379
Work Related	<u>-</u>	<u>346</u>	<u>346</u>
 Total Reported	 <u>-</u>	 <u>250,351</u>	 <u>250,351</u>
Reimbursements		(1,318)	(1,318)
Assistance Reported Not Paid		(336)	(336)
Unreported Assistance	<u>\$ 6,323</u>	<u>-</u>	<u>6,323</u>
 Total Expenditures	 6,323	 248,697	 255,020
Petty Cash Advanced	<u>-</u>	<u>100</u>	<u>100</u>
 Total	 <u>\$ 6,323</u>	 <u>\$ 248,797</u>	 <u>\$ 255,120</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, 2010	-	-	-
Increased by:			
Interest on Investments and Deposits	\$ 1	\$ 172	\$ 173
	1	172	173
Decreased by:			
Payments to Current Fund	-	-	-
Balance, December 31, 2011	<u>\$ 1</u>	<u>\$ 172</u>	<u>\$ 173</u>

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**BOROUGH OF WESTWOOD**



**PART II**

**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

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

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, 2011, and have issued our report thereon dated July 6, 2012 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**

Management of the Borough of Westwood is responsible for establishing and maintaining effective 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.

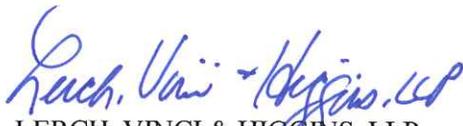
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 management, the governing body, others within the Borough and the 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  
July 6, 2012

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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

### Independent Auditor's Report

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

### Compliance

We have audited the Borough of Westwood's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Westwood's major state programs for the year ended December 31, 2011. The Borough of Westwood's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Borough of Westwood's management. Our responsibility is to express an opinion on the Borough of Westwood's compliance based on our audit.

We conducted our audit of compliance 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; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Westwood's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Borough of Westwood's compliance with those requirements.

In our opinion, the Borough of Westwood complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended December 31, 2011.

**Internal Control Over Compliance**

Management of the Borough of Westwood is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Borough of Westwood's internal control over compliance with the requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Borough of Westwood's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing body, others within the Borough, New Jersey Department of Community Affairs and state awarding agencies and pass-through entities 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  
July 6, 2012

**BOROUGH OF WESTWOOD  
SCHEDULE OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2011**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>2011 Grant Award</u>	<u>Expended</u>	<u>Balance, December 31, 2011</u>
U.S. Department of Health and Human Services: Centers for Disease Control and Prevention and Technical Assistance	93.283	\$ 819	\$ 819	\$ 7,727	\$	\$ 819 7,727
U.S. Department of Environmental Protection: Superfund State Site - Specific Co-Op Agreements Green Acres - Westvale Park - Ord. 10-4	66.802		335 340,379			335 340,379
U.S. Department of Homeland Security Federal Emergency Management Public Assistance Grants	97.036	\$ 63,242		63,242	\$ 63,242	
U.S. Department of Transportation: Over the Limit/Under Arrest	20.601	4,382		5,667	4,418	1,249 3,477
	20.601		3,477		4,418	532
	20.601		4,950			
Click It or Ticket Program	20.602		13			13
State and Community Highway Safety	20.600		1,300			1,300
Highway Planning and Construction						
NJ Dept. of Transportation - Ord. 09-01 (\$200,000)	20.205	129,762				
NJ Dept. of Transportation - Ord. 10-03 (\$200,000)	20.205					
NJ Dept. of Transportation - Ord. 11-06 (\$150,000)	20.205					
NJ Dept. of Transportation - Ord. 11-13 (\$141,335)	20.205	97,500		97,500	97,500	
NJ Dept. of Transportation - Bicycle Projects	20.205					
ADA Curb Cuts			45,000	-	-	45,000
			<u>\$ 396,273</u>	<u>\$ 174,136</u>	<u>\$ 169,578</u>	<u>\$ 400,831</u>

This schedule is not subject to single 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, 2011

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2011	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2011	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-1789000	2011	\$ 17,145	\$	\$ 17,145	\$ 15,365		\$ 1,780	\$ 15,365
		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	2011			8,806	2,619		6,187	2,619
		2010		2,980			2,980	294	294
		2009		1,218			1,218	-	10,015
Municipal Recycling Program (Passed through County of Bergen)	4910-759-690-50	2004		5,483		3,545		1,938	3,545
Recycling Tonnage Grant	**	2011	36,512		44,687	2,160		42,527	2,160
		2010		29,489				29,489	
		2009						1,614	
		2008		152				152	15,490
		2007		3				3	6,148
		2005		4,670				4,670	229
		2004		3,074				3,074	3,077
		2002		6,762				6,762	465
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	**	2010					9,545	9,545	2,754
		2009		10,507			10,507	510	510
		2008		7,380			6,498	5,002	5,002
		2006		105			-	-	11,500
Domestic Violence Training Program	**	2003		2,477			2,477	4,998	4,998
Alcohol Education and Rehabilitation	**	2011	1,024		1,024			1,024	946
		2010		863			863	863	1,350
		2008		5,343			5,343	247	5,050
		2007		247				2,818	2,565
		2004		2,818				1,044	1,382
		2003		1,044				2,680	3,338
		2002		2,680				720	720
		1998		1,444					
Police Body Armor Fund	**	2011	8,866			578		7	2,328
		2009		585				-	5,113
		2007		7					2,446
		2006		2,446			2,446	-	2,603
		2004		2,603			2,647	-	2,647
		2003		2,647			303	-	2,647
		2002		303		1,511	-	2,789	
		Prior		1,511			-		

**BOROUGH OF WESTWOOD  
SCHEDULE OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2011	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2011	Memo Cumulative Total Expenditures
Municipal Stormwater Regulation	**	2010		\$ 6,402				\$ 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	**	2011	\$ 2,807					5,000	
		2010		5,000					
Community Forestry Management Plan Grant	**	2004		1,338				1,338	4,662
SHARE - Feasibility Study - DPW Services	**	2009		1,450				1,450	20,000
Reconstruction of Fairview Ave.		2006		169,305				169,305	110,695
General Welfare Assistance	7500-150-158010-60	2011	286,420	84,625	286,420	248,697	1,863	124,211	246,342
Department of Environmental Protection									
New Jersey Environmental Infrastructure - Fund Loan	4860-150-093020-60	2010/2011	594,540		737,463	737,463			737,463
New Jersey Environmental Infrastructure - Trust Loan	4860-150-093020-60	2010/2011	198,180		245,821	245,821			245,821
** Not Available				\$ 378,569	\$ 1,341,366	\$ 1,268,690	\$ 13,022	\$ 464,267	\$ 1,559,573

**BOROUGH OF WESTWOOD  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2011**

**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	\$ 76,636	\$ 71,662	\$ 148,298
General Capital Fund	97,500	983,284	1,080,784
Public Assistance Fund	<u>-</u>	<u>286,420</u>	<u>286,420</u>
Total Financial Awards	<u>\$ 174,136</u>	<u>\$ 1,341,366</u>	<u>\$ 1,515,502</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, 2011**

**NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING**

The Borough's federal and state loans outstanding at December 31, 2011, 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	\$ 50,010
Environmental Infrastructure Trust	
Landfill Closure	1,609,069
Infrastructure Loan - 2010A	<u>987,918</u>
	<u>\$ 2,646,997</u>

**BOROUGH OF WESTWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

A) Type of auditors' report issued: Qualified, presentation of unaudited LOSAP Fund

B) Internal control over financial reporting:

    1) Material weakness(es) identified?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

    2) Significant deficiency(ies) identified that are  
        not considered to be material weaknesses?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

C) Noncompliance material to basic financial  
    statements noted?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

**Federal Awards Section**

Not Applicable

**State Awards**

Dollar threshold used to distinguish type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

Type of auditors' report issued on compliance for major programs: Unqualified

Internal Control over major programs:

    1) Material weakness (es) identified?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

    2) Significant deficiency(ies) identified that are not  
        considered to be material weaknesses?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X none reported

Any audit findings disclosed that are required to be reported  
in accordance with N.J. OMB Circular Letter 04-04?                   \_\_\_\_\_ yes                   \_\_\_\_\_ X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>4860-150-093020-60</u>	<u>NJ Environmental Infrastructure Trust Loan (NJ DEP)</u>
<u>4860-150-093050-60</u>	<u>NJ Department of Environmental Protection:</u>
_____	<u>Wastewater Treatment Grant</u>
_____	_____

**BOROUGH OF WESTWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**BOROUGH OF WESTWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

*Part 3 – Schedule of State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and NJ OMB Circular Letter 04-04.

**CURRENT YEAR STATE AWARDS**

There are none.

**BOROUGH OF WESTWOOD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

This section identifies the status of prior-year findings related to the financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

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**BOROUGH OF WESTWOOD**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2011**



**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,360,539	2.99%	\$ 1,350,000	3.16%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,998,809	6.60%	2,798,998	6.54%
Collection of Delinquent Taxes and Tax Title Liens	580,852	1.28%	385,400	0.90%
Collection of Current Tax Levy	39,896,341	87.82%	37,619,773	87.94%
Other Credits	<u>594,258</u>	<u>1.31%</u>	<u>624,569</u>	<u>1.46%</u>
 Total Income	 <u>45,430,799</u>	 <u>100.00%</u>	 <u>42,778,740</u>	 <u>100.00%</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	15,679,598	35.53%	15,459,806	36.88%
County Taxes	4,353,869	9.86%	4,002,557	9.55%
Regional School Taxes	24,015,413	54.41%	22,396,037	53.43%
Other Expenditures	<u>87,041</u>	<u>0.20%</u>	<u>61,261</u>	<u>0.15%</u>
 Total Expenditures	 <u>44,135,921</u>	 <u>100.00%</u>	 <u>41,919,661</u>	 <u>100.00%</u>
 Excess in Revenue	 1,294,878		 859,079	
 Adjustment to Income Before Fund Balance				
Expenditures Included Above which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>123,619</u>		<u>-</u>	
	1,418,497		859,079	
 Fund Balance, January 1	 <u>2,256,695</u>		 <u>2,747,616</u>	
	3,675,192		3,606,695	
 Less Utilization as Anticipated Revenue	 <u>1,360,539</u>		 <u>1,350,000</u>	
 Fund Balance, December 31	 <u>\$ 2,314,653</u>		 <u>\$ 2,256,695</u>	

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$2.325</u>	<u>\$2.231</u>	<u>\$2.133</u>

Apportionment of Tax Rate

Municipal	0.650	0.681	0.675
Library	0.039		
County	0.248	0.232	0.224
County Open Space	0.004	0.003	0.013
Regional School	1.384	1.315	1.221
	0.039		

Assessed Valuation

2011	<u>\$1,734,632,822</u>	
2010	<u>\$1,703,896,669</u>	
2009		<u>\$1,697,548,928</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>
2011	\$ 40,384,659	\$ 39,896,341	98.79%
2010	38,095,012	37,619,773	98.75%
2009	36,261,099	35,838,351	98.83%

**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>
2011	\$451,336	\$31,804	\$483,140	1.20%
2010	1,376,635	30,562	1,407,197	3.60
2009	1,331,899	28,715	1,360,614	3.75

**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>
2011	\$3,198,600
2010	3,188,600
2009	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. Sciara	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**

**GENERAL COMMENTS**

**Prior Year Findings Unresolved**

Our audit revealed unexpended grant reserve balances and uncollected grant receivable balances exist at December 31 in the Current Fund. It is recommended that the outstanding grant reserves and all grant 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 that were issued but were 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 Recreation Department revealed seven instances where cash receipts were not turned over to the Treasurer in a timely manner. It is recommended that all Recreation Department receipts be turned over to the Treasurer and deposited in a timely manner.

**Current Year Findings**

Our audit of the Other Trust Fund revealed that the Borough has not obtained State approval to dedicate code compliance penalties. It is recommended that the Borough have an approved Dedication by Rider for the code compliance penalties on deposit in the Other Trust Fund.

Our audit revealed grant receivable balances in the General Capital Fund which remain uncollected. It is recommended that grant receivable balances be reviewed and appropriate action taken to collect and/or cancel such receivables as deemed appropriate.

Our audit of Fixed Assets revealed that a master listing of all Borough assets is not currently maintained. The Borough had an appraisal in 2007; however, this data was not inputted into the Borough's fixed asset accounting system. Additions acquired since 2007 are included only in the Borough's accounting system. We also noted that the deletions have not been removed from the fixed asset records. It is recommended that the Borough currently maintain a master listing of all fixed assets.

Our audit noted that the address on the Borough's quarterly payroll tax returns is the address of the outside service payroll provider. It is recommended that the Borough's official address be referenced on all payroll tax returns.

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS (Continued)**

**Current Year Findings (Continued)**

Our audit noted the "Reserve for Unemployment Claims" had a deficit balance of \$10,944. This amount has been funded by a 2012 budget appropriation; therefore an audit recommendation is not warranted.

**GENERAL COMMENTS**

**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." If the municipality has a qualified purchasing agent ("QPA"), the bid threshold can be increased to \$36,000. The Borough has approved the Borough Administrator as its QPA.

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:

- Disposal of Vegetative Waste
- Westvale Park Field and Landscape Maintenance
- 2011 Road Resurfacing Program
- Heating and Cooling Systems Maintenance
- Barrier Free Curb Ramps

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**

**GENERAL COMMENTS (Continued)**

**Collection of Taxes on Delinquent Taxes and Assessments (Continued)**

The Governing Body on January 4, 2011 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 2011 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 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 7, 2011.

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>
2011	9
2010	10
2009	9

**Suggestions to Management**

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

Prospective assessments in the General Capital Fund be reviewed and action taken to assess or cancel of record.

Consideration be given to consolidate the various Other Trust Fund general ledgers and bank accounts.

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

- \* 1. The outstanding grant reserves and all grant 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. All Recreation Department receipts be turned over to the Treasurer and deposited in a timely manner.
- 6. The Borough have an approved Dedication by Rider for the code compliance penalties on deposit in the Other Trust Fund.
- 7. The Borough currently maintain a master listing of all fixed assets.
- 8. The Borough's official address be referenced on all payroll tax returns.

\* \* \* \* \*

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