BOROUGH OF WESTWOOD

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2012

BOROUGH OF WESTWOOD

TABLE OF CONTENTS

Exhibits		Page
	PART I	
	Independent Auditor's Report	1-4
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	5-6
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	7
A-2	Statement of Revenues – Regulatory Basis – Current Fund	8-10
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	11-16
B	Comparative Balance Sheets – Regulatory Basis -Trust Funds	17-18
B-1	Statement of Fund Balance – Regulatory Basis - Assessment Trust Fund	19
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	20
C-1	Comparative Statements of Fund Balance – Regulatory Basis - General Capital Fund	21
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	22
E	Schedule of General Fixed Assets – Regulatory Basis	23
	Notes to Financial Statements	24-53
	Current Fund	
A-4	Statement of Cash - Collector-Treasurer	54
A-5	Statement of Petty Cash Funds	55
A-6	Statement of Change Funds	55
A-7	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	55
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	56
A-9	Statement of Tax Title Liens Receivable	57
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	57
A-11	Statement of Revenue Accounts Receivable	58
A-12	Statement of Deferred Charges-Special Emergencies	59
A-13	Statement of Deferred Charges – Emergency Authorizations	59
A-14	Statement of 2011 Appropriation Reserves	60-61
A-15	Statement of Due To State of New Jersey – Marriage License Fees	62
A-16	Statement of Due To State of New Jersey – Construction Training Fees	62
A-17	Statement of Encumbrances Payable	63
A-18	Statement of Appropriated Grant Reserves	63
A-19	Statement of Prepaid Taxes	64
A-20	Statement of Tax Overpayments	64
A-21	Statement of Regional School District Tax Payable	64
A-22	Statement of County Taxes Payable	65
A-23	Statement of Other Liabilities – LOSAP Contribution	65
A-24	Statement of Due From Westwood Parking Authority	65
A-25	Statement of Grants Receivable	66
A-26	Statement of Unappropriated Reserves for Grants	66
A-27	Statement of Due to State of NJ – Burial Permits	67
A-28	Statement of Accounts Payable	67
A-29	Statement of Reserve for Codification of Ordinances	67
A-30	Statement of Reserve for Watershed Moratorium Aid	67

BOROUGH OF WESTWOOD

TABLE OF CONTENTS
(Continued)

Exhibits		Page
	Trust Funds	
B-2	Statement of Trust Cash	68
B-3	Analysis of Assessment Cash	69
B-4	Statement of Due To Current Fund - Assessment Trust Fund	69
B-5	Statement of Due from/to Current Fund – Other Trust Fund	70
B-6	Statement of Reserve for Animal Control Expenditures	70
B-7	Statement of Due To State of New Jersey Dog Regulation Fees	71
B-8	Statement of Due To/from Current Fund – Animal Control Fund	71
B-9	Statement of Escrow Deposits	71
B-10	Statement of Reserve for Unemployment Compensation Insurance	72
B-11	Reserve for POAA Court Expenditures	72
B-12	Statement of Due from General Capital Fund – Other Trust Fund	72
B-13	Statement of Miscellaneous Reserves	73
B-14	Statement of Reserve for Payroll and Payroll Deductions Payable	73
B-15	Statement of Due to/from Westwood Parking Authority	74
B-16	Statement of Due to (From) Current Fund – Unemployment Compensation Insurance Fund	74
B-17	Statement of Due to State of New Jersey	74
	General Capital Fund	
C-2	Statement of General Capital Cash - Collector-Treasurer	75
C-3	Analysis of General Capital Cash	76
C-4	Statement of Deferred Charges to Future Taxation - Funded	77
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	78-79
C-6	Statement of Grants Receivable	80
C-7	Statement of Due To/from Current Fund	80
C-8	Statement of General Serial Bonds	81
C-9	Statement of Bond Anticipation Notes	82-84
C-10	Statement of Improvement Authorizations	85
C-11	Statement of Encumbrances Payable	86
C-12	Statement of Capital Improvement Fund	86
C-13	Statement of Prospective Assessments Raised by Taxation	86
C-14	Statement of Loans Payable	87
C-15	Statement of Environmental Infrastructure Loan Receivable	87
C-16	Statement of Reserve for Payment of Bonds	87
C-17	Statement of Bonds and Notes Authorized But Not Issued	88
	Public Assistance Fund	
D-1	Statement of Public Assistance Cash - Treasurer	89
D-2	Statement of Reserve for Public Assistance Expenditures	89
D-3	Statement of Public Assistance Revenues	90
D-4	Statement of Public Assistance Expenditures	90
D-5	Statement of Due to Current Fund	91

BOROUGH OF WESTWOOD

TABLE OF CONTENTS
(Continued)

	Page
Part II	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards – Independent Auditor's Report	92-93
Report on Compliance for Each Major Federal and State Program; Report On Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 And Schedule of Expenditures of State Financial Assistance as Required By New Jersey OMB Circular 04-04	94-96
Schedule of Federal Awards	97
Schedule of State Financial Assistance	98-99
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	100-101
Schedule of Findings and Questioned Costs	102-107
Part III	
Comparative Statement of Operations and Changes in Fund Balance - Current Fund	108
Comparative Schedule of Tax Rate Information	109
Comparison of Tax Levies and Collection	109
Delinquent Taxes and Tax Title Liens	110
Property Acquired by Tax Title Lien Liquidation	110
Officials in Office and Surety Bonds	111
General Comments	112-115
Suggestions to Management	115
Recommendations	116-117

BOROUGH OF WESTWOOD

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2012

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2012 and 2011, 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, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Westwood on the basis of financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New Jersey for municipal government entities.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Westwood prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Westwood as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 21 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust 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 Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 47 percent and 32 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2012 and 2011.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above 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, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

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, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section 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 listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of 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. Such 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 supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Westwood's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J Vinci
Gary J Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 28, 2013

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011

ASSETS	Reference	2012	2011
Cash - Collector-Treasurer	A-4	$ 3,904,650	$ 3,691,487
Cash - Change Fund	A-6	550	550
Grants Receivable	A-25	97,278	97,278
		4,002,478	3,789,315
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	434,380	451,336
Tax Title Liens Receivable	A-9	33,439	31,804
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-11	11,587	8,094
Due from Westwood Parking Authority	A-24	6,778	
Due from Assessment Trust Fund	B-4		1,160
Due from General Capital Fund	C-7		24,260
Due from Animal Control Fund	B-8		7,736
Due from Other Trust Fund	B-5		7,582
Due from Public Assistance Trust Fund	D-5	5	173
		3,684,789	3,730,745
Deferred Charges			
Emergency Authorizations	A-13		103,619
Special Emergency Authorizations (40A:4-53)	A-12	22,805	33,610
		22,805	137,229
Total Assets		$ 7,710,072	$ 7,657,289

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2012 AND 2011
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	Reference	2012	2011
Liabilities			
Appropriation Reserves	A-3,A-14	$ 479,723	$ 803,048
Encumbrances Payable	A-17	660,389	295,253
Accounts Payable	A-28	2,596	311
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7	20,376	19,491
Marriage Fees	A-15	300	681
Construction Fees	A-16	2,326	6,792
Burial Permits	A-27		650
Tax Overpayments	A-20	37,411	19,431
Prepaid Taxes	A-19	156,861	170,766
Reserve for Codification of Ordinances	A-29	526	526
County Taxes Payable	A-22	4,137	25,442
Unappropriated Reserves for Grants	A-26	38,622	18,908
Appropriated Reserves for Grants	A-18	170,552	169,095
Reserve for Watershed Moratorium Aid	A-30	705	705
Due to Other Trust Fund	B-5	5,792	
Due to General Capital Fund	C-7	122,542	
Due to Animal Control Fund	B-8	2,309	
Due to Unemployment Insurance Trust Fund	B-16		12,084
Other Liabilities	A-23	66,720	68,708
		1,771,887	1,611,891
Reserve for Receivables and Other Assets	A	3,684,789	3,730,745
Fund Balance	A-1	2,253,396	2,314,653
Total Liabilities, Reserves and Fund Balance		$ 7,710,072	$ 7,657,289

The Accompanying Notes are an Integral Part of these Financial Statements

EXHIBIT A-1

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Reference	2012	2011
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	$ 1,500,000	$ 1,360,539
Miscellaneous Revenue Anticipated	A-2	2,807,809	2,906,557
Receipts from Delinquent Taxes	A-2	412,578	580,852
Receipts from Current Taxes	A-2	41,214,881	39,896,341
Non-Budget Revenues	A-2	166,957	92,252
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	607,756	525,264
Interfunds and Other Receivables Returned	A	40,911	51,930
Prior Year Balances Cancelled			
County Taxes	A-22	19,548	
Due to State	A-15,A-16,A-27	3,569	
Prior Year Reserve for Receivables Liquidated-WPA	A-1		9,331
Statutory Excess - Animal Control	B-8	5,423	7,733
Total Revenues		46,779,432	45,430,799
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	5,845,877	6,161,318
Other Expenses	A-3	6,446,121	6,264,079
Municipal Debt Service	A-3	1,927,237	1,841,435
Deferred Charges and Statutory Expenditures	A-3	1,394,655	1,362,766
Capital Improvement Fund	A-3	25,000	50,000
County Taxes	A-22	4,563,233	4,347,975
Due County for Added and Omitted Taxes	A-22	4,137	5,894
Regional School District Tax	A-21	25,066,091	24,015,413
Refunds of Prior Year Revenue	A-4	1,170	365
Interfunds and Other Receivables Established	A	5	40,911
Prior Year-Senior Citizens and Veterans Deductions	A-8	250	250
Prior Year Tax Appeals Granted	A-4	60,135	36,184
Reserve for Receivables Originating-WPA	A-24	6,778	
Prior Year Receivable Cancelled	A-1	-	9,331
Total Expenditures		45,340,689	44,135,921
Excess in Revenue		1,438,743	1,294,878
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		1,438,743	1,418,497
Fund Balance, January 1	A	2,314,653	2,256,695
		3,753,396	3,675,192
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	1,500,000	1,360,539
Fund Balance, December 31	A	$ 2,253,396	$ 2,314,653

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Reference	Anticipated Budget	Special N.J.S. 40A:4-87	Realized in 2012	Excess or (Deficit)
Surplus Anticipated	A-1	$ 1,500,000	-	$ 1,500,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	28,000		27,800	$ (200)
Other	A-2, A-11	18,000		20,792	2,792
Fees and Permits					
Other	A-2, A-11	52,000		42,725	(9,275)
Fines and Costs - Municipal Court	A-11	115,000		148,613	33,613
Interest and Costs on Taxes	A-11	100,000		106,343	6,343
Interest on Investments and Deposits	A-2	54,000		49,130	(4,870)
Consolidated Municipal Property Tax Relief	A-11	28,652		28,652	
Energy Receipts Tax	A-11	990,179		990,179	
Watershed Moratorium Offset Aid	A-11	705		705	
Uniform Construction Code Fees	A-11	311,000		488,474	177,474
Uniform Construction Code Fees - Additional	A-11	91,767		91,767	
Interlocal - Chief Financial Officer - Borough of Hillsdale	A-11	6,000			(6,000)
Interlocal - Tax Assessor - Boroughs of New Milford and Woodcliff Lake	A-11	63,000		58,607	(4,393)
Police Accreditation	A-25		$ 25,000	25,000	
Over the Limit / Under Arrest	A-26	4,382		4,382	
Clean Communities Program	A-25		16,864	16,864	
Alcohol Education and Rehab Fund	A-25		1,565	1,565	
Uniform Fire Safety Act	A-11	90,000		87,172	(2,828)
Recycling Contract	A-11	28,000		45,903	17,903
Westwood House - Contribution in Lieu of Taxes	A-11	101,000		98,218	(2,782)
Westwood Parking Authority	A-11	45,000		45,000	
Cellular One Lease Agreement	A-11	66,000		65,614	(386)
Cable Television Franchise Fees	A-11	153,000		153,304	304
Reserve for Payment of Bonds	C-16	25,000		25,000	
Police Outside Duty Admin. Fee	B-13	50,000		50,000	
General Capital Fund Balance	C-1	100,000		100,000	
Shade Tree Trust Fund	B-13	14,000		14,000	
Safe Schools Trust Reserve	B-13	22,000	-	22,000	-
Total Miscellaneous Revenues	A-1	2,556,685	43,429	2,807,809	207,695
Receipts from Delinquent Taxes	A-8,A-9	350,000	-	412,578	62,578
Amount to be Raised by Taxes for Support of:					
Municipal Budget		11,388,372	-	11,771,053	382,681
Municipal Library		710,367	-	710,367	-
Total Amount to be Raised by Taxes	A-2	12,098,739	-	12,481,420	382,681
Total General Revenues	A-3	$ 16,505,424	$ 43,429	17,201,807	$ 652,954
Non-Budget Revenue	A-2			166,957	
				$ 17,368,764	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

	Reference		
ANALYSIS OF REALIZED REVENUES			
Allocation of Current Tax Collections			
Revenues from Collections	A-1,A-8	$	41,214,881
Less: Allocation to School and County Taxes	A-21,A-22		29,633,461
Balance for Support of Municipal Budget Appropriation			11,581,420
Add Appropriation - "Reserve for Uncollected Taxes"	A-3		900,000
Amount for Support of Municipal Budget Appropriations	A-2	$	12,481,420
Licenses			
Clerk	A-11	$	5,725
Board of Health	A-11		15,067
	A-2	$	20,792
Fees and Permits			
Other			
Housing Task Force	A-11	$	1,765
Tax Collector	A-11		412
Police	A-11		3,694
Board of Health	A-11		36,854
	A-2	$	42,725
Interest on Investments and Deposits			
Revenue Accounts Receivable	A-11	$	43,518
Due from Other Trust Fund	B-5		640
Due from Animal Control Fund	B-8		31
Due from General Capital Fund	C-7		4,762
Due from Public Assistance Fund	D-5		179
	A-2	$	49,130

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)

	Reference		
Analysis of Non-Budget Revenue			
FEMA Reimbursement		$	97,806
Bid Specs			20
Printouts - Tax Dept.			580
Duplicate Tax Bills			295
Return Check Charges			360
Property Lists			350
Election Rentals			320
2% Administrative Fee - Senior Citizens and Veterans			1,803
Flood Gauge			1,563
Traffic Light - Emerson			83
Municipal Alliance Reimbursement			689
Miscellaneous			59,163
Non-Refundable Application Fees			3,925
	A-2, A-4	$	166,957

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS"	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	$ 238,020	$ 238,020	$ 237,564	$ 456	
Other Expenses	32,232	32,232	29,901	2,331	
Mayor and Council					
Salaries and Wages	36,900	36,900	36,838	62	
Other Expenses	900	900	600	300	
Municipal Clerk					
Salaries and Wages	109,100	109,100	104,558	4,542	
Other Expenses	43,675	36,675	22,966	13,709	
Elections	10,500	10,500	10,476	24	
Financial Department					
Salaries and Wages	175,400	182,600	182,546	54	
Other Expenses	52,700	52,700	50,730	1,970	
Audit Services	31,000	31,000	31,000	-	
Revenue Collection					
Salaries and Wages	10,795	10,795	10,795	-	
Other Expenses	11,050	11,050	7,821	3,229	
Liquidation of Tax Title Lien	100	100		100	
Tax Assessment Administration					
Salaries and Wages	47,760	48,030	48,030	-	
Other Expenses	99,225	98,955	58,399	40,556	
Legal Services and Costs					
Salaries and Wages	47,100	47,100	46,531	569	
Other Expenses	85,000	85,000	44,349	40,651	
Engineering					
Other Expenses	23,000	23,000	19,591	3,409	
Environmental					
Other Expenses	3,000	3,000	200	2,800	
Historical Commission					
Other Expenses	7,500	7,700	7,687	13	
Borough Historian					
Other Expenses	1,000	800	404	396	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	18,300	18,300	17,415	885	
Other Expenses	23,250	23,250	5,982	17,268	
OTHER CODE ENFORCEMENT - HOUSING TASK FORCE					
Salaries and Wages	20,000	20,000	20,000	-	
Other Expenses	500	500		500	
INSURANCE					
General Liability Insurance (BJIF)	226,740	226,740	221,620	5,120	
Workers' Compensation Insurance (BJIF)	229,800	229,800	229,543	257	
Employee Group Insurance (BMED)	1,259,000	1,259,000	1,259,000	-	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS" (Cont'd)	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	$ 3,426,360	$ 3,409,160	$ 3,398,390	$ 10,770	
Other Expenses	110,400	110,400	107,053	3,347	
Acquisition of Police Vehicles	53,668	53,668	46,298	7,370	
Police Reserves	8,850	8,850	1,618	7,232	
Police Dispatch/911					
Salaries and Wages	160,000	182,000	181,942	58	
Other Expenses	500	500	377	123	
Office of Emergency Management					
Salaries and Wages	3,100	3,100	2,500	600	
Other Expenses	3,650	3,650	75	3,575	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	43,200	43,200	43,046	154	
Clothing Allowance	38,000	38,000	38,000	-	
Fire Hose and Foam	1,000	1,000		1,000	
Fire Hydrant Service	158,000	158,000	144,629	13,371	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	68,900	68,900	68,829	71	
Other Expenses	2,525	2,525	2,338	187	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,497	3	
Prosecutor					
Salaries and Wages	19,300	19,300	19,289	11	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	878,641	878,641	866,989	11,652	
Other Expenses	133,170	133,170	123,879	9,291	
Repair to Traffic Lights	5,000	5,000	262	4,738	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	305,805	305,805	305,805	-	
Recycling					
Salaries and Wages	10,000	10,000	9,751	249	
Other Expenses	32,300	32,300	32,239	61	
Shade Tree - Advisory Committee					
Other Expenses	10,000	10,000	1,581	8,419	
Building and Grounds					
Salaries and Wages	68,180	68,180	68,180	-	
Other Expenses	80,250	80,250	75,473	4,777	
Vehicle Maintenance					
Other Expenses	88,500	88,500	82,661	5,839	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	122,500	122,500	113,935	8,565	
Other Expenses	117,287	117,287	112,022	5,265	
Welfare/Administration of Public Assistance					
Salaries and Wages	29,000	29,000	28,868	132	
Other Expenses	600	600	81	519	

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS" (Cont'd)	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	$ 124,711	$ 124,711	$ 115,783	$ 8,928	
Other Expenses	17,500	17,500	16,337	1,163	
Maintenance of Westvale Park	63,500	63,500	56,491	7,009	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	8,000	8,000	4,390	3,610	
MUNICIPAL COURT					
Salaries and Wages	130,000	130,000	129,217	783	
Other Expenses	16,000	16,000	12,197	3,803	
Public Defender					
Salaries and Wages	9,700	9,700	9,573	127	
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	250,500	250,500	238,048	12,452	
Salaries and Wages	10,840	10,840	2,046	8,794	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	150,000	150,000	142,053	7,947	
Street Lighting	140,000	140,000	74,938	65,062	
Telephone	70,300	70,300	69,565	735	
Water	20,000	26,000	23,461	2,539	
Natural Gas	50,000	50,000	20,448	29,552	
Sewerage Processing and Disposal	19,000	19,000	15,609	3,391	
Gasoline	140,000	134,000	117,120	16,880	
LANDFILL/SOLID WASTE DISPOSAL COSTS					
Garbage Tipping Fees	323,805	323,805	321,797	2,008	-
Total Operations Within "CAPS"	10,390,589	10,395,589	9,974,226	421,363	-
Contingent	1,000	1,000	-	1,000	-
Total Operations including Contingent - Within "CAPS"	10,391,589	10,396,589	9,974,226	422,363	-
Detail:					
Salaries and Wages	5,764,607	5,776,877	5,719,569	57,308	-
Other Expenses	4,626,982	4,619,712	4,254,657	365,055	-

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS WITHIN "CAPS" (Cont'd)	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	$ 263,000	$ 258,000	$ 254,571	$ 3,429	
Contribution to Public Employees Ret. System	309,418	309,418	309,418	-	
Police and Fireman's Retirement System of NJ	695,869	695,869	695,869	-	
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	10,944	10,944	10,944	-	-
Total Deferred Charges & Statutory Expenditures - Within "CAPS"	1,285,231	1,280,231	1,276,392	3,839	-
Total General Appropriations for Municipal Purposes within "CAPS"	11,676,820	11,676,820	11,250,618	426,202	$ -
OPERATIONS - EXCLUDED FROM "CAPS"					
EDUCATION FUNCTIONS					
Maintenance of Free Public Library	712,798	712,798	708,564	4,234	
UTILITY EXPENSES AND BULK PURCHASES					
Sewerage Processing and Disposal					
Other Municipalities-Contractual-Emerson				-	
Bergen County Utilities Authority					
Operating	675,356	675,356	675,315	41	
Debt Service	295,444	295,444	295,444		
Recycling Tonnage Tax	15,000	15,000	13,500	1,500	
Length of Service Awards Program - LOSAP	80,000	80,000	66,720	13,280	-
Total Operations - Excluded from "CAPS"	1,778,598	1,778,598	1,759,543	19,055	-
Interlocal Municipal Service Agreements					
Chief Financial Officer - Borough of Hillsdale	6,000	6,000		6,000	
Tax Assessors Agreements - Boroughs of New Milford and Woodcliff Lake	63,000	63,000	63,000	-	-
Total Interlocal Municipal Service Agreements	69,000	69,000	63,000	6,000	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS - EXCLUDED FROM "CAPS"	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Alcohol Education Enforcement		1,565	1,545	20	
Over the Limit Grant	4,382	4,382		4,382	
NJ Clean Communities		16,864	12,383	4,481	
Police Accreditation	-	25,000	5,417	19,583	-
Total Public and Private Programs Offset by Revenues	4,382	47,811	19,345	28,466	-
Total Operations Excluded from "CAPS"	1,851,980	1,895,409	1,841,888	53,521	-
Detail:					
Salaries and Wages	69,000	69,000	63,000	6,000	-
Other Expenses	1,782,980	1,826,409	1,778,888	47,521	-
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	25,000	25,000	25,000	-	-
Total Capital Improvements - Excluded from "CAPS"	25,000	25,000	25,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	835,000	835,000	835,000		
Payment of Bond Anticipation Notes	78,600	78,600	78,498		$ 102
Interest on Bonds	431,000	431,000	430,418		582
Interest on Notes	68,100	68,100	68,032		68
Economic Development Authority Loan Repayments for Principal and Interest	25,800	25,800	25,755		45
Environmental Infrastructure Trust/Fund Loans Loan Repayments for Principal and Interest	498,700	498,700	489,534	-	9,166
Total Municipal Debt Service - Excluded from "CAPS"	1,937,200	1,937,200	1,927,237	-	9,963

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Appropriated		Expended		
OPERATIONS - EXCLUDED FROM "CAPS"	2012 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
DEFERRED CHARGES					
Emergency Authorizations	$ 103,619	$ 103,619	$ 103,619		
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	10,805	10,805	10,805	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	114,424	114,424	114,424	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	3,928,604	3,972,033	3,908,549	$ 53,521	$ 9,963
Subtotal General Appropriations	15,605,424	15,648,853	15,159,167	479,723	9,963
RESERVE FOR UNCOLLECTED TAXES	900,000	900,000	900,000	-	-
Total General Appropriations	$ 16,505,424	$ 16,548,853	$ 16,059,167	$ 479,723	$ 9,963

	Reference	
Adopted Budget	A-2	$ 16,505,424
Added by N.J.S 40A:4-87	A-2	43,429
		$ 16,548,853

Cash Disbursed	A-4	$ 14,203,192
Encumbrances Payable	A-17	660,389
Reserve for Uncollected Taxes	A-3	900,000
Deferred Charges	A-12,A-13	114,424
Transfer to Other Liabilities-LOSAP Contribution	A-23	66,720
Due to Unemployment Trust Fund	B-16	10,944
Due to General Capital Fund	C-7	103,498
		$ 16,059,167

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011

ASSETS	Reference	2012	2011
Assessment Trust Fund			
Cash	B-2, B-3	$ 1,396	$ 2,556
		1,396	2,556
Animal Control Fund			
Cash	B-2	9,190	19,311
Due from Current Fund	B-8	2,309	-
		11,499	19,311
Other Trust Fund			
Cash	B-2	1,015,804	1,534,672
Due from Current Fund	B-5	5,792	
Due from General Capital Fund	B-12	-	80,750
		1,021,596	1,615,422
Unemployment Insurance Trust Fund			
Due From Current Fund	B-16	-	12,084
Length of Service Awards Program Fund (Unaudited)			
Investments	B	862,967	713,426
Contribution Receivable	A-23	66,720	68,708
		929,687	782,134
Total Assets		$ 1,964,178	$ 2,431,507

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2012 AND 2011

	Reference	2012	2011
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Due to Current Fund	B-4		$ 1,160
Fund Balance	B-1	$ 1,396	1,396
		1,396	2,556
Animal Control Fund			
Due to Current Fund	B-8		7,736
Due to State of New Jersey	B-7	7	1
Reserve for Animal Control Expenditures	B-6	11,492	11,574
		11,499	19,311
Other Trust Fund			
Escrow Deposits Payable	B-9	397,190	912,480
Reserve for Payroll and Payroll Deductions Payable	B-14	14,758	14,368
Miscellaneous Reserves	B-13	589,618	662,529
Reserve for POAA Court Expenditures	B-11	16,394	15,130
Due to Current Fund	B-5		7,582
Due to Westwood Parking Authority	B-15	3,636	3,333
		1,021,596	1,615,422
Unemployment Insurance Trust Fund			
Cash (Overdraft)	B-2	3,601	23,028
Due to State of New Jersey	B-17	1,510	
Reserve (Deficit) for Unemployment Claims	B-10	(5,111)	(10,944)
		-	12,084
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	929,687	782,134
Total Liabilities, Reserves and Fund Balance		$ 1,964,178	$ 2,431,507

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, 2012 AND 2011

	Reference	2012	2011
Balance, January 1	B	$ 1,396	$ 106,153
Increased by:			
Collection of Unpledged Assessments	B	-	1,243
		1,396	107,396
Decreased by:			
Realized as Current Fund Revenue		-	106,000
Balance, December 31	B	$ 1,396	$ 1,396

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2012 AND 2011

	Reference	2012	2011
ASSETS			
Cash	C-2,C-3	$ 2,130,156	$ 569,630
Deferred Charges to Future Taxation			
Funded	C-4	13,669,135	15,101,997
Unfunded	C-5	6,222,261	10,094,538
Grants Receivable	C-6	2,141,009	1,175,198
Environmental Infrastructure Loan Receivable	C-15	90,857	113,883
Due From Current Fund	C-7	122,542	
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
Total Assets		$ 24,378,910	$ 27,058,196
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	$ 11,486,000	$ 12,455,000
Bond Anticipation Notes	C-9	6,382,025	4,479,000
Loans Payable	C-14	2,183,135	2,646,997
Improvement Authorizations			
Funded	C-10	1,476,792	593,582
Unfunded	C-10	1,026,668	5,428,012
Due to Current Fund	C-7		24,260
Due to Other Trust Fund	B-12		80,750
Encumbrances Payable	C-11	1,321,523	739,949
Capital Improvement Fund	C-12	193,287	229,763
Reserve for:			
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
Payment of Bonds	C-16	90,428	97,500
Pascack Brook Park Bikeway	C	50,188	50,188
Fund Balance	C-1	165,914	230,245
Total Liabilities, Reserves and Fund Balance		$ 24,378,910	$ 27,058,196

There were bonds and notes authorized but not issued of $50,608 and $5,655,498 at December 31, 2012 and 2011, respectively (Exhibit C-17).

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Reference	2012	2011
Balance, January 1	C	$ 230,245	$ 311,248
Increased by:			
Premium on Sale of Bonds and Notes	C-2	35,669	9,877
Accounts Payable Cancelled	C-1	-	9,120
	C	265,914	330,245
Decreased by:			
Appropriated to 2012 Budget Revenue	A-2	100,000	100,000
Balance, December 31	C	$ 165,914	$ 230,245

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2012 AND 2011

	Reference	2012	2011
ASSETS			
Cash	D-1	$ 91,014	$ 127,886
Total Assets		$ 91,014	$ 127,886
LIABILITIES AND RESERVES			
Due to Current Fund	D-5	$ 5	$ 173
Reserve for Public Assistance Expenditures	D-2	91,009	127,713
Total Liabilities and Reserves		$ 91,014	$ 127,886

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
SCHEDULE OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Land and Improvements	$ 15,938,400	$ 15,893,400
Buildings and Building Improvements	8,671,805	8,651,335
Machinery and Equipment	7,440,095	6,871,112
	$ 32,050,300	$ 31,415,847
FUND BALANCE		
Investment in General Fixed Assets	$ 32,050,300	$ 31,415,847

The Accompanying Notes are an Integral Part of these Financial Statements

{THIS PAGE INTENTIONALLY LEFT BLANK}

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Regulatory Basis of Accounting

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.

B. 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.

C. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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:

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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

Trust Funds (except for Assessment Trust)
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 2012 and 2011 the Borough Council increased the original budget by $43,429 and $157,355. The increases in 2012 were funded by additional aid allotted to the Borough. 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. In addition, the governing body approved several budget transfers during 2012 and 2011.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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, 2011 balances to conform to the December 31, 2012 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.

D. Basic Financial Statements – Regulatory Basis

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 regulatory basis 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 regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

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 for interest bearing accounts are insured up to $250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were $7,149,159 and $5,923,064 and bank and brokerage firm balances of the Borough's deposits amounted to $7,521,599 and $6,347,114, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account	2012	2011
Insured	$ 7,449,582	$ 6,272,138
Uninsured and Collateralized	72,017	74,976
	$ 7,521,599	$ 6,347,114

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 have a formal policy for custodial credit risk. As of December 31, 2012 and 2011, the Borough's bank balance of $72,017 and $74,976 was exposed to custodial credit risk as follows:

	2012	2011
Uninsured and Collateralized		
Collateral Held by the Pledging Financial Institution Trust Department in the Borough's Name	$ 72,017	$ 74,976

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, 2012 and 2011, the Borough had the following investments:

	LOSAP Fair and Reported Value	
	2012	2011
Investments with Lincoln Financial - Unaudited	$ 862,967	$ 713,426

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 have a formal investment policy that limits investment maturities as a means of managing its 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, 2012 and 2011, 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.

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Current		
Property Taxes	$ 434,380	$ 451,336
Tax Title Liens	33,439	31,804
	$ 467,819	$ 483,140

In 2012 and 2011, the Borough collected $412,578 and $580,852 from delinquent taxes, which represented 85% and 41% 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:

	2012	2011
Issued		
General		
Bonds, Notes and Loans	$ 20,051,160	$ 19,580,997
Less Funds Temporarily Held to Pay Bonds and Notes	300,800	137,460
Net Debt Issued	19,750,360	19,443,537
Authorized But Not Issued		
General		
Bonds and Notes	50,608	5,655,498
Net Bonds and Notes Issued and Authorized But Not Issued	$ 19,800,968	$ 25,099,035

NOTE 4 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of .97% and 1.00% at December 31, 2012 and 2011, respectively.

	Gross Debt	Deductions	Net Debt
2012			
General Debt	$ 20,101,768	$ 300,800	$ 19,800,968
School Debt	8,294,948	8,294,948	-
Total	$ 28,396,716	$ 8,595,748	$ 19,800,968
2011			
General Debt	$ 25,236,495	$ 4,557,460	$ 20,679,035
School Debt	8,492,005	8,492,005	-
Total	$ 33,728,500	$ 13,049,465	$ 20,679,035

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

	2012	2011
3-1/2% of Equalized Valuation Basis (Municipal)	$ 71,662,727	$ 72,296,309
Net Debt	19,800,968	20,679,035
Remaining Borrowing Power	$ 51,861,759	$ 51,617,274

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's long-term debt consisted of the following at December31:

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:

	2012	2011
$5,674,000, 2003 Bonds, due in annual installments of $250,000 through September 2013	$ 250,000	$ 4,524,000
$4,555,000, 2004 Refunding Bonds, due in annual installments of $390,000 to $480,000 through August 2017, interest at 2.00% to 3.60%	2,225,000	2,595,000
$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%	1,435,000	1,625,000
$3,736,000, 2010 Bonds, due in annual installments of $35,000 to $636,000 through April 2022, interest at 2.00% to 3.50%	3,686,000	3,711,000
$3,890,000, 2012 Refunding Bonds, due in annual installments of $245,000 to $500,000 through September 2023, interest 2.00% to 4.00%	3,890,000	-
	$ 11,486,000	$ 12,455,000

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:

	2012	2011
$500,100, 1994 Loan due in Semi-annual installments of $25,005 through August 2013, interest at 1.5%	$ 25,005	$ 50,010
$2,520,000 Trust Loan due in Annual installments of $200,000 to $240,000 through August 2015, interest at 5%-5.13%	690,000	900,000
$2,445,000 Loan due in Semi-annual installments of $4,291 to $171,755 through August 2015, interest free	530,930	709,069
$265,000 Trust Loan due in Annual installments of $10,000 to $20,000 August 2029, interest at various interest rates	245,000	255,000
$1,065,781 Loan due in Semi-annual installments of $27,145 to $40,718 through August 2029, interest free	692,200	732,918
	$ 2,183,135	$ 2,646,997

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar	General		Loans		
Year	Principal	Interest	Principal	Interest	Total
2013	$ 860,000	$ 380,030	$ 473,513	$ 45,175	$ 1,758,718
2014	925,000	351,267	457,810	33,675	1,767,752
2015	960,000	324,771	466,764	21,675	1,773,210
2016	1,430,000	288,790	50,718	8,875	1,778,383
2017	1,480,000	242,015	50,718	8,375	1,781,108
2018-2022	5,331,000	615,608	278,590	32,625	6,257,823
2023-2027	500,000	20,000	283,590	17,700	821,290
2028-2029	-	-	121,432	2,400	123,832
Total	$ 11,486,000	$ 2,222,481	$ 2,183,135	$ 170,500	$ 16,062,116

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, December 31, 2011	Additions	Reductions	Balance, December 31, 2012	Due Within One Year
2012					
General Capital Fund					
Bonds Payable	$ 12,455,000	$ 3,890,000	$ 4,859,000	$ 11,486,000	$ 860,000
Intergovernmental Loans Payable	2,646,997	-	463,862	2,183,135	473,513
General Capital Fund Long-Term Liabilities	$ 15,101,997	$ 3,890,000	$ 5,322,862	$ 13,669,135	$ 1,333,513

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

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term capital debt activity for the years ended December 31, 2012 and 2011 was as follows:

Bond Anticipation Notes

2012

Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
Acquisition of Various Equipment-Fire Department	1.75%	5/3/2012	$ 239,349		$ 239,349	
	1.25%	5/3/2013		$ 226,571		$ 226,571
Road Improvements	1.75%	5/3/2012	858,216		858,216	-
	1.25%	5/3/2013		1,118,203		1,118,203
Acquisition of Technology Equipment	1.75%	5/3/2012	28,500		28,500	-
	1.25%	5/3/2013		25,333		25,333
Acquisition of Equipment	1.75%	5/3/2012	156,750		156,750	-
	1.25%	5/3/2013		139,333		139,333
Emerson Pump Station	1.75%	5/3/2012	120,000		120,000	-
	1.25%	5/3/2013		115,862		115,862
Acquisition of Playground Equipment	1.75%	5/3/2012	28,500		28,500	-
	1.25%	5/3/2013		27,517		27,517
Acq. Of Various Equipment - Public Works Department	1.75%	5/3/2012	110,185		110,185	-
	1.25%	5/3/2013		107,533		107,533
Improvements to Westvale Park and Related Expenses	1.75%	5/3/2012	1,809,500		1,809,500	-
	1.25%	5/3/2013		1,809,500		1,809,500

NOTE 4 MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

2012 (Continued)

Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
Various Capital Improvements and Other Related Expenses	1.75%	5/3/2012	$ 247,000		$ 247,000	
	1.25%	5/3/2013		$ 247,000		$ 247,000
Railroad Signalization Project	1.75%	5/3/2012	80,750		80,750	-
	1.25%	5/3/2013		100,700		100,700
Monitoring of Landfill Emissions	1.75%	5/3/2012	161,500		161,500	-
	1.25%	5/3/2013		218,975		218,975
Improvements to Various Municipal Buildings - Energy	1.75%	5/3/2012	76,000		76,000	-
	1.25%	5/3/2013		76,000		76,000
Pascack Brook Sewer Pipe Replacement	1.75%	5/3/2012	390,000		390,000	-
	1.25%	5/3/2013		735,000		735,000
Acquisition of Various Equipment	1.75%	5/3/2012	125,400		125,400	-
	1.25%	5/3/2013		125,400		125,400
Acquisition of Equipment	1.75%	5/3/2012	47,350	-	47,350	-
	1.25%	5/3/2013		47,500		47,500
Acq. Of Equipment - Police	1.25%	5/3/2013	-	22,325	-	22,325
Installation of Barrier Free Curb Cuts	1.25%	5/3/2013		26,665		26,665
Various Improvements - Hurricane Irene	1.25%	5/3/2013	-	305,358	-	305,358
Various Improvements to Veterans Park	1.25%	5/3/2013		85,500		85,500

NOTE 4 MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

2012 (Continued)

Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
Various Capital Improvements and Other Related Expenses	1.25%	5/3/2013		$ 532,000		$ 532,000
Closure of a Landfill Located in the Borough	1.25%	5/3/2013		33,250		33,250
Various Road and Park Improvements	1.25%	5/3/2013	-	256,500	-	256,500
			$ 4,479,000	$ 6,382,025	$ 4,479,000	$ 6,382,025

2011

Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
Acquisition of Various Equipment-Fire Department	1.07%	5/4/2011	$ 171,000		$ 171,000	
	1.75%	5/3/2012		$ 239,349		$ 239,349
Acquisition & Installation of Irrigation System	1.07%	5/4/2011	740		740	
Road Improvements	1.07%	5/4/2011	598,750		598,750	
	1.75%	5/3/2012		858,216		858,216
Acquisition of Technology Equipment	1.07%	5/4/2011	28,500		28,500	
	1.75%	5/3/2012		28,500		28,500
Acquisition of Equipment	1.07%	5/4/2011	156,750		156,750	
	1.75%	5/3/2012		156,750		156,750
Emerson Pump Station	1.07%	5/4/2011	120,000		120,000	
	1.75%	5/3/2012		120,000		120,000

NOTE 4 MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

2011

Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2010	Increased	Decreased	Balance, December 31, 2011
Acquisition of Playground Equipment	1.07%	5/4/2011	28,500		28,500	-
	1.75%	5/3/2012		28,500		28,500
Acq. Of Various Equipment - Public Works Department	1.07%	5/4/2011	135,185		135,185	
	1.75%	5/3/2012		110,185		110,185
Acq. Of Various Equipment - Police Department	1.07%	5/4/2011	80,750		80,750	-
Improvements to Westvale Park and Related Expenses	1.50%	5/4/2011	1,809,500		1,809,500	
	1.75%	5/3/2012		1,809,500		1,809,500
Various Capital Improvements and Other Related Expenses	1.50%	5/4/2011	247,000		247,000	
	1.75%	5/3/2012		247,000		247,000
Railroad Signalization Project	1.75%	5/3/2012		80,750		80,750
Monitoring of Landfill Emissions	1.75%	5/3/2012		161,500		161,500
Improvements to Various Municipal Buildings - Energy	1.75%	5/3/2012		76,000		76,000
Pascack Brook Sewer Pipe Replacement	1.75%	5/3/2012		390,000		390,000
Acquisition of Various Equipment	1.75%	5/3/2012		125,400		125,400
Acquisition of Equipment	1.75%	5/3/2012	-	47,350	-	47,350
			$ 3,376,675	$ 4,479,000	$ 3,376,675	$ 4,479,000

NOTE 4 MUNICIPAL DEBT (Continued)

Bond Anticipation Notes (Continued)

The purpose of these short-time borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

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, 2012 and 2011.

	December 31, 2011	Additions	Retirements	December 31, 2012
2012				
Land and Improvements	$ 15,893,400	$ 45,000		$ 15,938,400
Buildings and Building Improvements	8,651,335	20,470		8,671,805
Machinery and Equipment	6,871,112	568,983	$ -	7,440,095
	$ 31,415,847	$ 634,453	$ -	$ 32,050,300

	Balance December 31, 2010	Additions	Retirements	Balance, December 31, 2011
2011				
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
	$ 31,091,824	$ 324,023	$ -	$ 31,415,847

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	2012		2011	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 5	$ 130,643	$ 40,911	$ 12,084
Trust Funds				
Assessment Trust Fund				1,160
Animal Control Fund	2,309			7,736
Other Trust Fund	5,792		80,750	7,582
Unemployment Insurance Trust Fund			12,084	
General Capital Fund	122,542			105,010
Public Assistance Fund	-	5	-	173
Total	$ 130,648	$ 130,648	$ 133,745	$ 133,745

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, 2012	Utilized in Subsequent Year's Budget	Fund Balance December 31, 2011	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 2,133,313	$ 1,485,000	$ 2,080,146	$ 1,500,000
Non-Cash Surplus	120,083	-	234,507	-
	$ 2,253,396	$ 1,485,000	$ 2,314,653	$ 1,500,000

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, 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
2012			
Current Fund			
Special Emergency Authorizations (40A:4-55)	$ 22,805	$ 10,805	$ 12,000
Unemployment Insurance Trust Fund			
Operating Deficit	$ 5,111	$ 5,000	$ 111
2011			
Current Fund			
Special Emergency Authorizations (40A:4-55)	$ 33,610	$ 10,805	$ 22,805
Emergency Authorizations	103,619	103,619	-
	$ 137,229	$ 114,424	$ 22,805

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 $1,250,000 and $1,200,000 at December 31, 2012 and 2011, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

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.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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.

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:

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the PERS 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), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: 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 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 was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (continued)

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.

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 67.5 percent with an unfunded actuarial accrued liability of $41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and $30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and $11.6 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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2011 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: (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

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, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation.

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2012 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% employer contribution.

During the years ended December 31, 2012, 2011 and 2010, 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:

Year Ended December 31	PFRS	PERS	DCRP
2012	$ 695,869	$ 309,418	$ 590
2011	773,552	300,656	590
2010	690,966	279,232	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.

NOTE 12 RISK MANAGEMENT (Continued)

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

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

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

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

Year Ended December 31	Borough Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2012	$ 10,944	$ 10,238	$ 15,352	$ (5,111)
2011	18,741	8,311	19,260	(10,944)
2010	343	10,670	29,430	(18,741)

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, 2012 and 2011. 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.

NOTE 13 CONTINGENT LIABILITIES (continued)

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, 2012 and 2011, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2012 and 2011, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 15 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

Capital Project	Capital/ Construction Commitment	Estimated Date of Completion
2012		
Hazard Mitigation – Acquisition of Properties	$1,041,250	2013
Road Improvements	76,864	2013
Police Radio Equipment	120,749	2013
2011		
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

NOTE 16 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.

NOTE 17 DEFEASANCE OF DEBT

On February 29, 2012, the Borough issued $3,890,000 in General Obligation Refunding Bonds having an interest rate of 2.0% to 4.0%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various General Improvement Bonds of the Borough. The total bond principal defeased was $4,024,000 and the total interest payments defeased was $1,349,218. The net proceeds of $4,339,541 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability was removed from the General Capital Fund. This advance refunding resulted in the decrease of $134,000 in the amount of bonds issued and resulted in an increase of cash flows over the life of these bond issues in the amount $434,384. The economic gain (difference between the present value of the old and new debt service payments) was $400,439. The advanced refunding was undertaken to reduce total debt service payments over the next 12 years by $434,384.

NOTE 18 CAPITAL LEASE AGREEMENT

In 2012, the Borough entered into an agreement for the leasing of two 2013 Ford Police Interceptors totaling $61,811 under capital leases. The capital lease agreement is for a term of 3 years. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2012.

Years Ended December 31,	Amount
2013	$ 21,489
2014	21,489
2015	19,698
Total	62,676
Less: Amounts representing Interest	2,514
Present value of Net Minimum Lease Payments	$ 60,162

NOTE 18 CAPITAL LEASE AGREEMENT (continued)

The Borough's capital lease activity for the year ended December 31, 2012 was as follows:

	2012
Balance, January 1	-
Additions	$ 61,811
Reductions	1,649
Balance, December 31	$ 60,162
Due Within One Year	$ 20,086

NOTE 19 DEFICIT FUND BALANCES

The Borough has an accumulated deficit of $5,111 and $10,944 in the Unemployment Insurance Trust Fund as of December 31, 2012 and 2011, respectively. The Borough will fund these deficits through a Current Fund budget appropriation in 2013 and 2012.

NOTE 20 HURRICANE SANDY

On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore has not been recognized in the financial statements as of December 31, 2012. As of December 31, 2012, the Borough had not received any FEMA reimbursements relating to Hurricane Sandy.

NOTE 21 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.

NOTE 21 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (continued)

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

The Borough of Westwood has contributed $1,150 and $1,150 for 2012 and 2011, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed $1,150 and $1,150 for 2012 and 2011, respectively for each eligible volunteer first aid squad members into the Plan.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 22 SUBSEQUENT EVENTS

Bond Anticipation Notes

On May 13, 2013 the Borough issued Bond Anticipation Notes in the amount of $6,009,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to Jefferies at an interest rate of 1%. These notes will mature on May 2, 2014.

Debt Authorized

Subsequent to December 31, 2012, the Borough Council adopted the following bond ordinances:

Date	Purpose	Debt Authorized
February 19, 2013	Upgrade of the 911 System	$123,500
	Installation of Security System	119,225
May 7, 2013	Acquisition of DPW Equipment	142,500
May 21, 2013	Borough Community Garden	19,000
	Monitoring of Landfill Emissions	76,000
	Various Road and Park Impvts.	109,250

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, 2011		$ 3,691,487
Increased by Receipts:		
Taxes Receivable	$ 41,367,193	
Tax Overpayments	60,562	
Prepaid Taxes	156,861	
Petty Cash Returned	600	
Unappropriated Reserves for Grants	24,096	
Non-Budget Revenue	166,957	
State of NJ - Senior Citizens' and Veterans' Deductions	90,135	
Revenue Accounts Receivable	2,543,386	
State of NJ - Marriage Fees	1,450	
State of NJ - Construction Training Fees	44,588	
Grants Receivable	43,429	
Other Trust Receipt Deposited in Current Fund	175	
General Capital Receipts Deposited in Current Fund	44,641	
Receipts from Animal Control Fund	15,499	
Receipts from Other Trust Fund	93,583	
Receipts from Assessment Trust Fund	1,160	
Receipts from General Capital Fund	153,425	
Receipts from Public Assistance Fund	347	
Receipts from Westwood Parking Authority	77,618	
		44,885,705
		48,577,192
Decreased by Disbursements:		
2012 Budget Appropriations	14,203,192	
2011 Appropriation Reserves	159,396	
Encumbrances Payable	275,357	
State of NJ - Marriage Fees	1,275	
State of NJ - Construction Training Fees	46,691	
Tax Overpayments	42,582	
Regional School District Tax Payable	25,066,091	
County Taxes Payable	4,569,127	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	84,396	
Payments to LOSAP Fund	68,708	
Payments to Unemployment Insurance Trust Fund	23,028	
Payments to General Capital Fund	25,000	
Other Trust Fund Expenditures Paid by Current Fund	10,087	
Appropriated Grant Reserves	35,707	
Refund of Tax Appeals	60,135	
Refund of Prior Year Revenue	1,170	
		44,672,542
Balance, December 31, 2012		$ 3,904,650

EXHIBIT A-5

BOROUGH OF WESTWOOD
STATEMENT OF PETTY CASH FUNDS

Office	Balance, December 31, 2011	Advanced	Returned	Balance, December 31, 2012
Tax Collector - Treasurer		$ 300	$ 300	
Recreation	-	300	300	-
	$ -	$ 600	$ 600	$ -

EXHIBIT A-6

STATEMENT OF CHANGE FUNDS

Office	Balance, December 31, 2011	Balance, December 31, 2012
Recreation	$ 250	$ 250
Tax Collector - Treasurer	300	300
	$ 550	$ 550

EXHIBIT A-7

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

Balance, December 31, 2011		$ 19,491
Increased by:		
Received from State of New Jersey	$ 90,135	
Deductions Disallowed by Tax Collector - Prior Year	250	
		90,385
		109,876
Decreased by:		
Senior Citizens' Deductions Per Tax Billings	8,750	
Veterans' Deductions Per Tax Billings	79,000	
Deductions Allowed by Tax Collector - Current Year	1,750	
		89,500
Balance, December 31, 2012		$ 20,376

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

Year	Balance, December 31, 2011	2012 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collections 2011	Collections 2012	Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled Remitted or Abated	Transferred To Tax Title Liens	Balance, December 31, 2012
2007	$ 18,705									$ 18,705
2008	4,826									4,826
2009	4,919									4,919
2010	5,145									5,145
2011	417,741			$ 250		$ 412,578		$ 52		5,361
2012	-	$ 41,730,329	$ 37,652	-	$ 170,766	40,954,615	$ 89,500	156,041	$ 1,635	395,424
	$ 451,336	$ 41,730,329	$ 37,652	$ 250	$ 170,766	$ 41,367,193	$ 89,500	$ 156,093	$ 1,635	$ 434,380

Analysis of 2012 Property Tax Levy

TAX YIELD			
General Property Tax			
Real Property Tax		$ 41,730,329	
Added Taxes (54:4-63.1 et seq.)		37,652	
			$ 41,767,981
TAX LEVY			
Regional School Tax (Abstract)	$ 25,066,091		
County Taxes (Abstract)	4,509,842		
County Open Space Taxes (Abstract)	53,391		
Due County for Added Taxes (54:4-63.1)	4,137		
		$ 29,633,461	
Local Tax for Municipal Purposes	11,388,372		
Local Tax for Library	710,367		
Add Additional Tax Levied	35,781		
		12,134,520	
			$ 41,767,981

EXHIBIT A-9

BOROUGH OF WESTWOOD
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2011	$	31,804
Increased by:		
Transfer from 2012 Taxes Receivable		1,635
Balance, December 31, 2012	$	33,439

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2011	$	3,198,600
Balance, December 31, 2012	$	3,198,600

BOROUGH OF WESTWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2011	Accrued	Collected	Balance, December 31, 2012
Borough Clerk				
Licenses				
Alcoholic Beverage		$ 27,800	$ 27,800	
Other		5,725	5,725	
Construction Code Official				
Building Permits and Fees		580,241	580,241	
Police				
Fees and Permits		3,694	3,694	
Municipal Court				
Fines and Costs	$ 8,094	152,106	148,613	$ 11,587
Board of Health				
Other Licenses		15,067	15,067	
Fees and Permits		36,854	36,854	
Tax Collector				
Fees and Permits		412	412	
Housing Task Force				
Fees and Permits		1,765	1,765	
Interest and Cost on Taxes		106,343	106,343	
Interest on Investment and Deposits		43,518	43,518	
Consolidated Municipal Property Tax Relief		28,652	28,652	
Energy Receipts Tax		990,179	990,179	
Watershed Moratorium Offset Aid		705	705	
Westwood Parking Authority		45,000	45,000	
Interlocal Agreement - Tax Assessor		58,607	58,607	
Uniform Fire Safety Act		87,172	87,172	
Payment in Lieu of Taxes - Westwood House		98,218	98,218	
Cellular One Lease Agreement		65,614	65,614	
Cable TV Franchise Fees		153,304	153,304	
Recycling Contract	-	45,903	45,903	-
	$ 8,094	$ 2,546,879	$ 2,543,386	$ 11,587

EXHIBIT A-12

BOROUGH OF WESTWOOD
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY APPROPRIATIONS

Date Authorized	Purpose	Net Amount Authorized	1/5 of Net Amount Authorized	Balance, December 31, 2011	Authorized in 2012	Raised in 2012	Balance, December 31, 2012
5/20/2008	Codification of Ordinances	$ 34,025	$ 6,805	$ 13,610		$ 6,805	$ 6,805
5/31/2011	Master Plan	20,000	4,000	20,000	-	4,000	16,000
				$ 33,610	$ -	$ 10,805	$ 22,805

EXHIBIT A-13

STATEMENT OF DEFERRED CHARGES - EMERGENCY AUTHORIZATIONS

Date Authorized	Purpose	Balance, December 31, 2011	Raised in 2012	Balance, December 31, 2012
11/22/2011	Hurricane Irene	$ 80,598	$ 80,598	
11/22/2011	Pre-Halloween Snow Storm	23,021	23,021	-
		$ 103,619	$ 103,619	$ -

BOROUGH OF WESTWOOD
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, December 31, 2011	Orders Restored	Transfers	Balance After Transfers and Cancelled Orders	Paid or Charged	Balance Lapsed
SALARIES AND WAGES						
General Administration	$ 18			$ 18		$ 18
Mayor and Council	62			62		62
Municipal Clerk	3,492			3,492		3,492
Financial Administration	5			5		5
Tax Assessment Administration	789			789		789
Legal Services	569			569		569
Planning Board	10,644			10,644		10,644
Other Code Enforcement - Housing Task Force	11,611			11,611		11,611
Police Department	83,584		$ (12,400)	71,184	$ 9,906	61,278
Police Dispatch	1,393			1,393	209	1,184
Emergency Management	500			500		500
Fire Official	422			422		422
Prosecutor	119			119		119
Streets and Roads	18,406			18,406	9,630	8,776
Recycling	82			82	82	-
Buildings and Grounds	26			26		26
Public Health Services	838			838		838
Administration of Public Assistance	98			98		98
Recreation Services and Programs	19,102			19,102		19,102
Building Inspector	761			761		761
Municipal Court	4,626			4,626		4,626
OTHER EXPENSES						
General Administration	37		2,000	2,037	1,960	77
Mayor and Council	383			383		383
Municipal Clerk						
Other Expenses	9,205	$ 3,884	(10,000)	3,089		3,089
Elections	1,001			1,001		1,001
Financial Administration						
Other Expenses	922		2,000	2,922	2,584	338
Revenue Collection	42			42	2	40
Liquidation of Tax Title Lien	100			100		100
Tax Assessment Administration	4,000			4,000	2,754	1,246
Legal Services and Costs	24,724			24,724	13,364	11,360
Engineering	1,016			1,016		1,016
Historical Sites				-		-
Environmental	3,420			3,420		3,420
Historical Commission	787			787	100	687
Planning Board	5,313			5,313	1,025	4,288
Other Code Enforcement - Housing Task Force	1,500			1,500		1,500
Insurance						
Liability Insurance	2,525	4,708		7,233		7,233
Workers Compensation	97			97		97
Employee Group Insurance	127,783	3,413		131,196		131,196
Fire Department						
Other Expenses	10,140	325		10,465		10,465
Fire Hydrant	41,510			41,510	38,887	2,623
Fire Hose/Foam	1,000			1,000		1,000
Police Department						
Other Expenses	6,767			6,767	1,488	5,279
Acquisition of Police Vehicles	2,415			2,415	1,483	932
Police Dispatch 911	399			399	140	259
Police Reserves	861			861	195	666

BOROUGH OF WESTWOOD
STATEMENT OF 2011 APPROPRIATION RESERVES

	Balance, December 31, 2011	Orders Restored	Transfers	Balance After Transfers and Cancelled Orders	Paid or Charged	Balance Lapsed
OTHER EXPENSES (Continued)						
Emergency Management Svcs.	$ 5,280			$ 5,280		$ 5,280
Fire Official	1,239			1,239		1,239
Life Hazard Use Fees Payments	9			9		9
Streets and Roads	40,151	$ 5,132		45,283		45,283
Repairs to Traffic Lights	3,799			3,799	$ 3,368	431
Buildings and Grounds	1,715	12		1,727		1,727
Vehicle Maintenance	13,996			13,996	8,155	5,841
Public Health Services	6,275			6,275	814	5,461
Admin. of Public Assistance	625			625		625
Recreation	3,443			3,443	88	3,355
Maintenance of Westvale Park	3,908		$ 15,000	18,908	11,454	7,454
Celebration of Public Events	871			871	614	257
Municipal Court	6,578			6,578	4,348	2,230
Hurricane Irene	61,630			61,630		61,630
Electricity	45,739			45,739	11,800	33,939
Street Lighting	38,315			38,315	19,948	18,367
Gasoline	2,615		3,400	6,015	5,922	93
Natural Gas	21,030			21,030	5,674	15,356
Water	11,052			11,052	1,658	9,394
Sewerage Processing and Disp	14,104			14,104		14,104
Telephone	5,617			5,617	1,091	4,526
Solid Waste Collection	16			16		16
Garbage Tipping Fees	14,226			14,226		14,226
Contingent	1,000			1,000		1,000
Social Security System (O.A.S.I.)	5,733			5,733		5,733
Contribution to Public Employees Retirement System	4			4		4
Police and Firemen's Retirement System	8			8		8
Defined Contribution Plan	410			410	88	322
Maintenance of Free Public Library	12,883			12,883		12,883
Sewerage Proc. and Disp-Emerson	8,000			8,000		8,000
Bergen County Utilities Authority	1,514			1,514		1,514
Recycling Tax	1,500	1,442		2,942		2,942
Length of Service Awards	11,292			11,292		11,292
Over the Limit Grant	1,249			1,249	1,249	-
Alcohol Education Enforcement	1,024			1,024	1,024	-
Drunk Driving Enforcement Fund	1,070			1,070	1,070	-
Clean Communities Grant	1,780			1,780	1,780	-
Dept of Health Grant	7,727			7,727	7,727	-
Recycling Tonnage Grant	42,527	980	-	43,507	43,507	-
	$ 803,048	$ 19,896	$ -	$ 822,944	$ 215,188	$ 607,756

Cash Disbursements	$ 159,396
Transfer to Accounts Payable	2,285
Transfer to Appropriated Reserve for Grants	53,507
	$ 215,188

EXHIBIT A-15

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

Balance, December 31, 2011		$ 681
Increased by:		
Fees Collected		1,450
		2,131
Decreased by:		
Adjustment	$ 556	
Payments to State of New Jersey	1,275	
		1,831
Balance, December 31, 2012		$ 300

EXHIBIT A-16

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

Balance, December 31, 2011		$ 6,792
Increased by:		
Fees Collected		44,588
		51,380
Decreased by:		
Adjustment	$ 2,363	
Payments	46,691	
		49,054
Balance, December 31, 2012		$ 2,326

EXHIBIT A-17

BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2011		$ 295,253
Increased by:		
Transfer from 2012 Appropriations		660,389
		955,642
Decreased by:		
Cash Disbursements	$ 275,357	
Cancelled Payables Restored to Appropriation Reserves	19,896	
		295,253
Balance, December 31, 2012		$ 660,389

EXHIBIT A-18

STATEMENT OF APPROPRIATED GRANT RESERVES

	Balance, December 31, 2011	Transfer From Appropriation Reserves	Paid or Charged	Balance, December 31, 2012
Alcohol Education and Rehabilitation	$ 13,719	$ 1,024		$ 14,743
Drunk Driving Enforcement Fund	2,980		$ 2,980	-
Recycling Tonnage Grant	44,150	43,507	45,417	42,240
Clean Communities Grant	1,735			1,735
Graduated Driving License - Enforcement & Education	1,300			1,300
Police Body Armor Grant	7		7	-
Municipal Alliance Program	26,550		1,708	24,842
NJ Forestry - Tree Grant	6,338			6,338
Domestic Violence Training	2,477			2,477
New Jersey State Police	3,235			3,235
Municipal Stormwater Regulation	12,540			12,540
Green Communities	500			500
Municipal Recycling Assistance	1,938		1,938	-
Click It or Ticket	13			13
Over the Limit/Under Arrest	4,009	1,249		5,258
DPW Feasibility Study	1,450			1,450
Police Brownsfield	335			335
CDC-Dept of Health Grant	819	7,727		8,546
ADA Curb Cuts	45,000	-	-	45,000
	$ 169,095	$ 53,507	$ 52,050	$ 170,552

Cash Disbursements	$ 35,707
Due To Other Trust Fund	16,343
	$ 52,050

EXHIBIT A-19

BOROUGH OF WESTWOOD
STATEMENT OF PREPAID TAXES

Balance, December 31, 2011	$ 170,766
Increased by:	
Collection of 2013 Taxes	156,861
	327,627
Decreased by:	
Application to 2012 Taxes	170,766
Balance, December 31, 2012	$ 156,861

EXHIBIT A-20

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2011	$ 19,431
Increased by:	
Overpayments in 2012	60,562
	79,993
Decreased by:	
Refunded	42,582
Balance, December 31, 2012	$ 37,411

EXHIBIT A-21

STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Increased by:	
Levy - Calendar Year	$ 25,066,091
Decreased by:	
Payments	$ 25,066,091

EXHIBIT A-22

BOROUGH OF WESTWOOD
STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2011			$ 25,442
Increased by:			
2012 Levy	$ 4,509,842		
County Open Space Preservation	53,391		
		$ 4,563,233	
Added Taxes (54:4-63.1 et seq.)		4,137	
			4,567,370
			4,592,812
Decreased by:			
Payments		4,569,127	
Cancelled		19,548	
			4,588,675
Balance, December 31, 2012			$ 4,137

EXHIBIT A-23

STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION

Balance, December 31, 2011	$ 68,708
Increased by:	
Transfer from 2012 Budget Appropriations	66,720
	135,428
Decreased by:	
Payments	68,708
Balance, December 31, 2012	$ 66,720

EXHIBIT A-24

STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY

Increased by:	
Authority Expenditures Paid by Borough	$ 84,396
Decreased by:	
Receipts from Parking Authority	77,618
Balance, December 31, 2012	$ 6,778

EXHIBIT A-25

BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2011	2012 Grant Allotments	Receipts	Balance, December 31, 2012
Municipal Alliance on Alcoholism and Drugs	$ 14,191			$ 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		$ 16,864	$ 16,864	
NJ Forest Service Grant	5,000			5,000
ADA Curb Cuts Grant	45,000			45,000
Alcohol Education and Rehabilitation Fund	7	1,565	1,565	7
Disposal of Forfeited Property - Police Dept. Accreditation	8,667			8,667
Police Accreditation		25,000	25,000	
DCA - Office of Smart Growth	1,660	-	-	1,660
	$ 97,278	$ 43,429	$ 43,429	$ 97,278

EXHIBIT A-26

STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, 2011	Increased by Receipts	Realized as Revenue in 2012 Budget	Balance, December 31, 2012
Drunk Driving Enforcement Fund		$ 14,382		$ 14,382
Drove Sober		5,000		5,000
SHARE Grant - Feasibility Study - DPW Services	$ 2,853			2,853
Over The Limit/Under Arrest	4,382		$ 4,382	-
Police Body Armor	8,866	4,714		13,580
NJ Tree Grant	2,807	-	-	2,807
	$ 18,908	$ 24,096	$ 4,382	$ 38,622

EXHIBIT A-27

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

Balance, December 31, 2011	$ 650
Decreased by:	
Adjustment	650
Balance, December 31, 2012	$ -

EXHIBIT A-28

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2011	$ 311
Increased by:	
Transferred from Appropriation Reserves	2,285
Balance, December 31, 2012	$ 2,596

EXHIBIT A-29

STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, December 31, 2011	$ 526
Balance, December 31, 2012	$ 526

EXHIBIT A-30

STATEMENT OF RESERVE FOR WATERSHED MORATORIUM AID

Balance, December 31, 2011	$ 705
Balance, December 31, 2012	$ 705

TRUST FUNDS

BOROUGH OF WESTWOOD
STATEMENT OF TRUST CASH

	Assessment		Animal Control		Other Trust		Unemployment Insurance	
Balance (Overdraft), December 31, 2011		$ 2,556		$ 19,311		$ 1,534,672		$ (23,028)
Increased by Receipts:								
Interest on Investments and Deposits			$ 31		$ 640		$ 3	
Due to Westwood Parking Authority					10,390			
POAA Receipts					1,264			
Miscellaneous Reserves					1,185,995			
License Fees Collected			7,492					
Receipts from Current Fund							23,028	
Receipts from General Capital Fund					80,750			
Due to State of New Jersey			933					
Escrow Deposits					183,545			
Payroll and Payroll Deductions	-		-		8,134,249		10,238	
		-		8,456		9,596,833		33,269
		2,556		27,767		11,131,505		10,241
Decreased by Disbursements:								
Expenditures Under R.S. 4:19-15.11			2,151					
Payment to Current Fund	$ 1,160		15,499		93,583			
Escrow Deposits					698,835			
Payments to State of NJ			927				13,842	
Payroll and Payroll Deductions Payable					8,133,859			
Miscellaneous Reserves					1,173,081			
Current Fund Expenditure Paid by Other Trust Fund	-		-		16,343		-	
		1,160		18,577		10,115,701		13,842
Balance (Overdraft), December 31, 2012		$ 1,396		$ 9,190		$ 1,015,804		$ (3,601)

EXHIBIT B-3

BOROUGH OF WESTWOOD
ANALYSIS OF ASSESSMENT CASH

	Balance, December 31, 2011	Cash Receipts	Cash Disbursements	Balance, December 31, 2012
Due To Current Fund	$ 1,160		$ 1,160	
Fund Balance	1,396	-	-	$ 1,396
	$ 2,556	$ -	$ 1,160	$ 1,396

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND - ASSESSMENT TRUST FUND

Balance, December 31, 2011	$ 1,160
Decreased by:	
Payment to Current Fund	1,160
Balance, December 31, 2012	$ -

EXHIBIT B-5

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

Balance, December 31, 2011 (Due To)		$ 7,582
Increased by:		
Other Trust Expenditures Paid by Current Fund	$ 10,087	
Realized as Current Fund Revenue	86,000	
Interest on Investments and Deposits	640	
		96,727
		104,309
Decreased by:		
Payments to Current Fund	93,583	
Other Trust Fund Receipt Deposited in Current Fund	175	
Current Fund Expenditures Paid by Other Trust Fund	16,343	
		110,101
Balance, December 31, 2012 (Due To)		$ 5,792

EXHIBIT B-6

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2011		$ 11,574
Increased by:		
Animal Control Fees		7,492
		19,066
Decreased by:		
Statutory Excess Due Current Fund	$ 5,423	
Expenditures	2,151	
		7,574
Balance, December 31, 2012		$ 11,492

EXHIBIT B-7

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

Balance, December 31, 2011	$ 1
Increased by:	
Registration Fees - Due State	933
	934
Decreased by:	
Payments	927
Balance, December 31, 2012	$ 7

EXHIBIT B-8

STATEMENT OF DUE TO/FROM CURRENT FUND - ANIMAL CONTROL FUND

Balance, December 31, 2011 (Due To)		$ 7,736
Increased by:		
Statutory Excess	$ 5,423	
Interest on Investments and Deposits	31	
		5,454
		13,190
Decreased by:		
Payments to Current Fund		15,499
Balance, December 31, 2012 (Due From)		$ 2,309

EXHIBIT B-9

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2011	$ 912,480
Increased by:	
Cash Receipts	183,545
	1,096,025
Decreased by:	
Cash Disbursements	698,835
Balance, December 31, 2012	$ 397,190

EXHIBIT B-10

BOROUGH OF WESTWOOD
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2011		$ (10,944)
Increased by:		
Interest on Deposits	$ 3	
2012 Budget Appropriation	10,944	
Payroll Deductions from Employees	10,238	
		21,185
		10,241
Decreased by:		
Unemployment Claims		15,352
Balance, December 31, 2012		$ (5,111)

EXHIBIT B-11

RESERVE FOR POAA COURT EXPENDITURES

Balance, December 31, 2011	$ 15,130
Increased by:	
Cash Receipts	1,264
Balance, December 31, 2012	$ 16,394

EXHIBIT B-12

STATEMENT OF DUE FROM GENERAL CAPITAL FUND
OTHER TRUST FUND

Balance, December 31, 2011	$ 80,750
Decreased by:	
Receipts from General Capital Fund	80,750
Balance, December 31, 2012	$ -

EXHIBIT B-13

BOROUGH OF WESTWOOD
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2011	Receipts	Disbursements	Balance, December 31, 2012
Affordable Housing	$ 43,047	$ 2,306	$ 2,248	$ 43,105
Redemption of Tax Sale Certificates	37,748	249,818	272,164	15,402
Recycling Program	20,788	32,965	53,692	61
Police Overtime Detail	51,384	165,563	187,461	29,486
Beautification	12,840	750		13,590
Safe Schools	47,447	28,039	75,128	358
Code Compliance Penalty	76,610	17,900	8,104	86,406
Shade Tree	24,836	12,744	24,930	12,650
Fire Prevention	7,940	750	729	7,961
Premium on Tax Sale	240,400	194,000	220,400	214,000
Recreation Donation	4,613		3,285	1,328
Teen Center	46			46
Elevator Reserve	7,865	13,771	9,636	12,000
Tax Maps	100			100
Miscellaneous	306	1,038	180	1,164
Recreation Fees	86,559	466,526	401,124	151,961
	$ 662,529	$ 1,186,170	$ 1,259,081	$ 589,618

Due from Current Fund	$ 175
Cash Receipts	1,185,995
	$ 1,186,170

Realized as Current Fund Revenue	$ 86,000
Cash Disbursements	1,173,081
	$ 1,259,081

EXHIBIT B-14

STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2011	$ 14,368
Increased by:	
Cash Receipts	8,134,249
	8,148,617
Decreased by:	
Cash Disbursements	8,133,859
Balance, December 31, 2012	$ 14,758

EXHIBIT B-15

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

Balance, December 31, 2011	$	3,333
Increased by:		
Cash Receipts		10,390
		13,723
Decreased by:		
Other Trust Expenditures Paid by Current Fund		10,087
Balance, December 31, 2012	$	3,636

EXHIBIT B-16

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

Balance, December 31, 2011 (Due To)	$	12,084
Increased by:		
Budget Appropriation		10,944
		23,028
Decreased by:		
Receipts from Current Fund		23,028
Balance, December 31, 2012	$	-

EXHIBIT B-17

STATEMENT OF DUE TO STATE OF NEW JERSEY

Increased by:		
Unemployment Claims Due to State	$	15,352
Decreased by:		
Payments to State of New Jersey		13,842
Balance, December 31, 2012	$	1,510

{THIS PAGE INTENTIONALLY LEFT BLANK}

GENERAL CAPITAL FUND

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

Balance, December 31, 2011		$ 569,630
Increased by Receipts:		
Loan Proceeds	$ 23,026	
Bond Anticipation Notes	1,981,523	
Grants Received	1,499,409	
Premium on Sale of Bonds and Notes	35,669	
Interest on Investments	4,762	
Receipts from Current Fund	25,000	
Reserve for Payment of Bonds	17,928	
		3,587,317
		4,156,947
Decreased by:		
Improvement Authorizations	1,091,137	
Encumbrances Payable	622,981	
Payments to Current Fund	153,425	
Current Fund Expenditure Paid by General Capital Fund		
Paydown of Bond Anticipation Notes	78,498	
Payment to Other Trust Fund	80,750	
		2,026,791
Balance, December 31, 2012		$ 2,130,156

BOROUGH OF WESTWOOD
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2012

Fund Balance		$ 165,914
Capital Improvement Fund		193,287
Encumbrances Payable		1,321,523
Reserve for Pascack Brook Park Bikeway		50,188
Grants Receivable		(2,141,009)
Environmental Infrastructure Loan Receivable		(90,857)
Due from Current Fund		(122,542)
Reserve for Payment of Bonds		90,428
Reserve for Payment of Notes		210,372
Improvement Authorizations:		
Ord. No.	Improvement Description	
97-7	Impvt. of Drainage Ditch	(14,250)
00-13/09-17	Landfill Closure	200,626
02-14/03-13	Various Capital Improvements	18,158
04-23	Improvements to Fairview Avenue	288
05-16/05-37	Feasibility Study-Five Corners	9
06-04	Reconstruction of Fairview Avenue	92,846
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	88,623
07-21	Reconstruction of Fairview Avenue - Section 4	643
08-01	Road Improvements	(6,582)
08-02	Pascack Brook Sewer Pipe Replacement and Repair	29,142
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	138,659
09-11	Various Curb and Sidewalk Improvements	8,784
09-18	Preparation and Delivery of an Energy Report	171
09-22	Acq. Of Various Equipment - Public Works Department	589
09-24	Installation of Traffic Signals at Railroad Crossings	13
09-25/10-17	Acq. Of Various Equipment - Police Department	70
10-4	Improvements to Westvale Park and Related Expenses	60
10-12	Renovations to the Borough Hall	25,470
10-21	The Monitoring of Landfill Emissions	4,181
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and	10,274
11-09	Acquisition of Various Equipment - DPW	824
11-13	Installation of Barrier Free Curb Cuts	30,036
11-16	Various Improvements - Hurricane Irene	166,913
12-02	Borough Wide Road Improvements	183,401
12-04	Railroad Signalization Project	403
12-06	Monitoring of Landfill Emissions	13,151
12-13	Various Capital Improvements and Other Related Expenses	151,743
12-14	Closure of a Landfill Located in the Borough	33,812
12-20	Various Renovations to Library and Related Expenses	29,443
12-21	Flood Mitigation Acquisition Project	1,003,829
12-22	Various Road and Park Improvements	243,098
		$ 2,130,156

EXHIBIT C-4

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

Balance, December 31, 2011		$15,101,997
Increased by:		
Refunding Bonds Issued		3,890,000
		18,991,997
Decreased by:		
2012 Budget Appropriation		
Serial Bonds	$ 835,000	
EIT Loans	438,857	
EDA Loans	25,005	
Bonds Refunded	4,024,000	
		5,322,862
Balance, December 31, 2012		$13,669,135

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

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authorizations	Notes Paid by Budget Appropriation	Grants/ Other Aid	Cancelled	Balance, December 31, 2012	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
97-7	Impvt. of Drainage Ditch	$ 14,250					$ 14,250		$ 14,250	
07-09/08-25	Installation of Additional Lighting at Westvale Park	114,000				$ 114,000				
07-12	Acquisition of Various Equipment-Fire Department	62,506		$ 7,178			55,328	$ 49,771	5,557	
08-01	Road Improvements	104,548		12,500			92,048	85,466	6,582	
08-02/09-05	Pascack Brook Sewer Pipe Replacement and Repair	759,219					759,219	735,000		$ 24,219
08-11	Acquisition of Technology Equipment	28,500		3,167			25,333	25,333		
08-20	Acquisition of Equipment	156,750		17,417			139,333	139,333		
08-22	Suppl. - Emerson Pump Station	120,000		4,138			115,862	115,862		
08-32	Acquisition of Fire Department Equipment	52,725		2,775			49,950	49,950		
08-33	Acquisition of Playground Equipment	28,500		983			27,517	27,517		
09-01	2009 Road Improvement Program	237,750		12,513			225,237	225,237		
09-20	Acq. Of Various Equipment - Police Department	22,325					22,325	22,325	-	
09-21	Acq. Of Various Equipment - Fire Department	53,675		2,825			50,850	50,850		
09-22	Acq. Of Various Equipment - Public Works Department	110,185		15,002			95,183	95,183		
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	36,040					36,040	36,040		
11-06	Repaving of Various Roads	285,000			$ 7,825		277,175	277,175		
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	47,500		
11-12	Refunding Bonds	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			191,107		155,643	155,643		
12-02	Borough Wide Road Improvements		$ 285,000				285,000	285,000		
12-04	Railroad Signalization Project		19,950				19,950	19,950		
12-05	Various Improvements to Veterans Park		85,500		12,872		72,628	72,628		
12-06	Monitoring of Landfill Emissions		57,475				57,475	57,475		

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

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authorizations	Notes Paid by Budget Appropriation	Grants/ Other Aid	Cancelled	Balance, December 31, 2012	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
12-07	The Acquisition of Various Equipment - DPW		$ 12,350				$ 12,350	$ 12,350		
12-13	Various Capital Improvements and Other Related Expenses		532,000				532,000	532,000		
12-14	Closure of a Landfill Located in the Borough		33,250				33,250	33,250		
12-22	Various Road and Park Improvements	-	256,500	-	-	-	256,500	256,500	-	-
		$ 10,094,538	$ 1,282,025	$ 78,498	$ 211,804	$ 4,864,000	$ 6,222,261	$ 6,171,653	$ 26,389	$ 24,219

Cash Receipts	$ 167,163
Due From Current Fund	44,641
	$ 211,804

Notes Outstanding		$ 6,382,025
Less: Excess Note Proceeds		
Ord. 10-25	$ 39,960	
Ord. 11-06	7,825	
Ord. 11-16	149,715	
Ord. 12-5	12,872	
		210,372
		$ 6,171,653

Improvement Authorizations - Unfunded		$ 1,026,668
Unexpended Balance of Bond Anticipation Notes Issued		
Ord. 08-02	$ 29,142	
Ord. 08-11	96	
Ord. 09-01	138,659	
Ord. 09-22	589	
Ord. 10-04	60	
Ord. 10-21	4,181	
Ord. 10-25	10,274	
Ord. 11-09	824	
Ord. 11-13	26,665	
Ord. 11-16	166,913	
Ord. 12-02	183,401	
Ord. 12-04	403	
Ord. 12-06	13,151	
Ord. 12-13	151,743	
Ord. 12-14	33,250	
Ord. 12-22	243,098	
		1,002,449
		$ 24,219

EXHIBIT C-6

BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2011	Grant Awards	Cash Received	Due From Current Fund	Balance, December 31, 2012
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
County of Bergen - Ord. 12-05					
Various Improvements to Veterans Park		$ 12,872	$ 12,872		
Department of Transportation					
Fairview Avenue- Ordinance 06-04	169,305				169,305
2009 Road Improvement Pgm - Ord. 09-01	70,238				70,238
2010 Roadway Improvement - Ord. 10-3	200,000				200,000
Repaving of Various Roads - Ord. 11-06	150,000	7,825	157,825		-
Installation of Barrier Free Curb Cuts - Ord. 11-1	139,985		110,997		28,988
Road Improvements - Ord. 12-02		200,000			200,000
Department of Environmental Protection					
Westvale Park - Green Acres - Ord. 10-4	340,379				340,379
Flood Mitigation Acquisition Project - Ord. 12-21		517,014	260,312		256,702
Westwood Public Library					
Various Renovations to Library - Ord. - 12-20		30,000	30,000		
Office of Emergency Management					
Hurricane Irene - Ord. 11-16		191,107	146,466	$ 44,641	
Flood Mitigation Acquisition Project - Ord. 12-2	-	1,551,043	780,937	-	770,106
	$ 1,175,198	$ 2,509,861	$ 1,499,409	$ 44,641	$ 2,141,009

EXHIBIT C-7

STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, December 31, 2011 (Due To)		$ 24,260
Increased by:		
Current Fund Anticipated Revenue		
Reserve for Payment of Bonds	$ 25,000	
Fund Balance	100,000	
Receipts from Current Fund	25,000	
Interest on Investments and Deposits	4,762	
		154,762
		179,022
Decreased by:		
Current Fund Budget Appropriations		
Principal on Bond Anticipation Notes	78,498	
Capital Improvement Fund	25,000	
General Capital Receipts Deposited in Current Fund	44,641	
Payments to Current Fund	153,425	
		301,564
Balance, December 31, 2012 (Due From)		$ 122,542

EXHIBIT C-8

BOROUGH OF WESTWOOD
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012 Date	Amount	Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012
General Improvement Bonds of 2003	9/15/2003	$ 5,674,000	9/15/2013	$ 250,000	4.00-4.125%	$ 4,524,000		$ 4,274,000	$ 250,000
Refunding Bonds of 2004	4/1/2004	4,555,000	8/15/2013	390,000	2.00-3.60%				
			8/15/2014	435,000					
			8/15/2015	450,000					
			8/15/2016	470,000					
			8/15/2017	480,000		2,595,000		370,000	2,225,000
Refunding Bonds of 2008	5/6/2008	2,235,000	8/1/2013	185,000	3.00-5.00 %				
			8/1/2014	195,000					
			8/1/15-16	200,000		1,625,000		190,000	1,435,000
			8/1/17	210,000					
			8/1/18	215,000					
			8/1/19	230,000					
General Improvement Bonds, Series 2010	4/13/2010	3,736,000	4/1/2013	35,000	2.00-3.50%				
			4/1/2014	45,000					
			4/1/2015	65,000					
			4/1/2016	420,000					
			4/1/2017	455,000					
			4/1/2018	450,000					
			4/1/2019	475,000					
			4/1/2020	530,000					
			4/1/2021	575,000					
			4/1/2022	636,000		3,711,000		25,000	3,686,000
Refunding Bonds of 2012	2/29/2012	3,890,000	9/15/2014	250,000	2.00-4.00%				
			9/15/2015	245,000					
			9/15/2016	340,000					
			9/15/2017	335,000					
			9/15/2018	385,000					
			9/15/2019	380,000					
			9/15/2020	475,000					
			9/15/2021	490,000					
			9/15/2022	490,000					
			9/15/2023	500,000		-	$ 3,890,000	-	3,890,000
						$ 12,455,000	$ 3,890,000	$ 4,859,000	$ 11,486,000

Paid by Budget Appropriation	$ 835,000
Refunded	4,024,000
	$ 4,859,000

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, 2011	Increased	Decreased	Balance, December 31, 2012
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008	5/3/2011	5/3/2012	1.75%	56,949		56,949	
			5/3/2012	5/3/2013	1.25%		$ 49,771		$ 49,771
08-01	Road Improvements	7/24/2008	5/3/2011	5/3/2012	1.75%	97,966		97,966	-
			5/3/2012	5/3/2013	1.25%		85,466		85,466
08-11	Acquisition of Technology Equipment	5/11/2009	5/3/2011	5/3/2012	1.75%	28,500		28,500	-
			5/3/2012	5/3/2013	1.25%		25,333		25,333
08-20	Acquisition of Equipment	5/11/2009	5/3/2011	5/3/2012	1.75%	156,750		156,750	-
			5/3/2012	5/3/2013	1.25%		139,333		139,333
08-22	Suppl. - Emerson Pump Station	5/11/2009	5/3/2011	5/3/2012	1.75%	120,000		120,000	-
			5/3/2012	5/3/2013	1.25%		115,862		115,862
08-32	Acquisition of Fire Department Equipment	5/11/2009	5/3/2011	5/3/2012	1.75%	52,725		52,725	-
			5/3/2012	5/3/2013	1.25%		49,950		49,950
08-33	Acquisition of Playground Equipment	5/11/2009	5/3/2011	5/3/2012	1.75%	28,500		28,500	-
			5/3/2012	5/3/2013	1.25%		27,517		27,517
09-01	2009 Road Improvement Program	5/11/2009	5/3/2011	5/3/2012	1.75%	237,750		237,750	-
			5/3/2012	5/3/2013	1.25%		225,237		225,237
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009	5/3/2011	5/3/2012	1.75%	53,675		53,675	-
			5/3/2012	5/3/2013	1.25%		50,850		50,850
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009	5/3/2011	5/3/2012	1.75%	110,185		110,185	-
			5/3/2012	5/3/2013	1.25%		95,183		95,183
10-3	The 2010 Roadway Improvement Program	9/8/2010	5/3/2011	5/3/2012	1.75%	237,500		237,500	-
			5/3/2012	5/3/2013	1.25%		237,500		237,500

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, 2011	Increased	Decreased	Balance, December 31, 2012
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010	5/3/2011	5/3/2012	1.75%	1,809,500		1,809,500	-
			5/3/2012	5/3/2013	1.25%		1,809,500		1,809,500
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010	5/3/2011	5/3/2012	1.75%	247,000		247,000	-
			5/3/2012	5/3/2013	1.25%		247,000		247,000
10-19	Railroad Signalization Project	5/3/2011	5/3/2011	5/3/2012	1.75%	80,750		80,750	-
			5/3/2012	5/3/2013	1.25%		80,750		80,750
10-21	Monitoring of Landfill Emissions	5/3/2011	5/3/2011	5/3/2012	1.75%	109,250		109,250	-
			5/3/2012	5/3/2013	1.25%		109,250		109,250
10-24	Acquisition of Equipment - Fire Department	5/3/2011	5/3/2011	5/3/2012	1.75%	76,000		76,000	-
			5/3/2012	5/3/2013	1.25%		76,000		76,000
10-25	Improvements to Various Municipal Buildings - Energy	5/3/2011	5/3/2011	5/3/2012	1.75%	76,000		76,000	-
			5/3/2012	5/3/2013	1.25%		76,000		76,000
08-02	Pascack Brook Sewer Pipe Replacement	5/3/2011	5/3/2011	5/3/2012	1.75%	390,000		390,000	-
			5/3/2012	5/3/2013	1.25%		735,000		735,000
11-06	Repaving of Various Roads	5/3/2011	5/3/2011	5/3/2012	1.75%	285,000		285,000	-
			5/3/2012	5/3/2013	1.25%		285,000		285,000
11-07	Acquisition of Various Equipment	5/3/2011	5/3/2011	5/3/2012	1.75%	125,400		125,400	-
			5/3/2012	5/3/2013	1.25%		125,400		125,400
11-08	Monitoring of Landfill Emissions	5/3/2011	5/3/2011	5/3/2012	1.75%	52,250		52,250	-
			5/3/2012	5/3/2013	1.25%		52,250		52,250
11-09	Acquisition of Equipment	5/3/2011	5/3/2011	5/3/2012	1.75%	47,350	-	47,350	-
			5/3/2012	5/3/2013	1.25%		47,500		47,500
09-20	Acq. Of Equipment - Police	5/3/2012	5/3/2012	5/3/2013	1.25%	-	22,325	-	22,325

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, 2011	Increased	Decreased	Balance, December 31, 2012
11-13	Installation of Barrier Free Curb Cuts	5/3/2012	5/3/2012	5/3/2013	1.25%		26,665		26,665
11-16	Various Improvements - Hurricane Irene	5/3/2012	5/3/2012	5/3/2013	1.25%	-	305,358	-	305,358
12-02	Borough Wide Road Improvements	11/16/2012	11/16/2012	5/3/2013	1.25%		285,000		285,000
12-04	Railroad Signalization Project	11/16/2012	11/16/2012	5/3/2013	1.25%		19,950		19,950
12-05	Various Improvements to Veterans Park	11/16/2012	11/16/2012	5/3/2013	1.25%		85,500		85,500
12-06	Monitoring of Landfill Emissions	11/16/2012	11/16/2012	5/3/2013	1.25%		57,475		57,475
12-07	The Acquisition of Various Equipment - DPW	11/16/2012	11/16/2012	5/3/2013	1.25%		12,350		12,350
12-13	Various Capital Improvements and Other Related Expenses	11/16/2012	11/16/2012	5/3/2013	1.25%		532,000		532,000
12-14	Closure of a Landfill Located in the Borough	11/16/2012	11/16/2012	5/3/2013	1.25%		33,250		33,250
12-22	Various Road and Park Improvements	11/16/2012	11/16/2012	5/3/2013	1.25%	-	256,500	-	256,500
						$ 4,479,000	$ 6,382,025	$ 4,479,000	$ 6,382,025

Renewals	$ 4,400,502	$ 4,400,502
Issued for Cash	1,981,523	
Paid by Budget Appropriation	-	78,498
	$ 6,382,025	$ 4,479,000

BOROUGH OF WESTWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance, December 31, 2011 Funded	Balance, December 31, 2011 Unfunded	2012 Authorizations: Deferred Charges Unfunded	2012 Authorizations: Funded County/ State Grants	2012 Authorizations: Down-Payment or Capital Impvt. Fund	Encumbrances Cancelled	Expended	Ordinances Cancelled	Balance, December 31, 2012 Funded	Balance, December 31, 2012 Unfunded
00-13/09-17	Landfill Closure	$ 300,626						$ 100,000		$ 200,626	
02-14/03-13	Various Capital Improvements	29,358						11,200		18,158	
04-23	Improvements to Fairview Avenue	288								288	
05-16/05-37	Feasibility Stud-Five Corners	9								9	
06-04	Reconstruction of Fairview Avenue	92,846								92,846	
06-05	Repaving & Resurfacing of Various Roads	13,647						13,647			
07-04	2007 Roadway Improvement Program	10,376						10,376			
07-09/08-25	Installation of Additional Lighting at Westvale Park	5,999	$ 114,000						$ 119,999		
07-10	Acquisition of Various Equipment- Public Works	59								59	
07-13	Acquisition & Installation of Irrigation System	88,840						217		88,623	
07-21	Reconstruction of Fairview Avenue - Section 4	643								643	
08-01	Road Improvements		30,467					30,467			
08-02/9-05	Pascack Brook Sewer Pipe Replacement and Repair		133,359					79,998			$ 53,361
08-11	Acquisition of Technology Equipment		96								96
08-20	Acquisition of Equipment	210								210	
08-22	Suppl. - Emerson Pump Station	3,496								3,496	
08-35	Various Improvements at the Borough Library	121								121	
09-01	2009 Road Improvement Program		48,771				$ 105,689	15,801			138,659
09-11	Various Curb and Sidewalk Improvements	8,784								8,784	
09-18	Preparation and Delivery of an Energy Report	4,111						3,940		171	
09-20	Acq. Of Various Equipment - Police Department		355					355			-
09-21	Acq. Of Various Equipment - Fire Department		2,030					2,030			-
09-22	Acq. Of Various Equipment - Public Works Department		8,919					8,330			589
09-24	Installation of Traffic Signals at Railroad Crossings	163						150		13	
09-25/10-17	Acq. Of Various Equipment - Police Department	633						563		70	
10-3	The 2010 Roadway Improvement Program	-	29,510					29,510			-
10-4	Improvements to Westvale Park and Related Expenses		165					105			60
10-12	Renovations to the Borough Hall	31,470						6,000		25,470	
10-13	Various Capital Improvements and Other Related Expenses		14,783					14,783			-
10-21	The Monitoring of Landfill Emissions		6,995					2,814			4,181
10-24	The Acquisition of Various Equipment - Fire Department		5,109					5,109			-
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and		463				$ 9,811				10,274
11-06	Repaving of Various Roads		32,987					32,987			-
11-07	Acquisition of Various Equipment-Fire Department		1,864					1,864			-
11-09	Acquisition of Various Equipment - DPW		824								824
11-12	Refunding Bonds		4,750,000						4,750,000		
11-13	Installation of Barrier Free Curb Cuts	1,903	26,665				1,468			3,371	26,665
11-16	Various Improvements - Hurricane Irene		220,650					53,737			166,913
12-02	Borough Wide Road Improvements			$ 285,000	$ 200,000	$ 15,000		316,599			183,401
12-04	Railroad Signalization Project			19,950		1,050		20,597			403
12-05	Various Improvements to Veterans Park			85,500		4,500		90,000			-
12-06	Monitoring of Landfill Emissions			57,475		3,025		47,349			13,151
12-07	The Acquisition of Various Equipment - DPW			12,350		650		13,000			-
12-13	Various Capital Improvements and Other Related Expenses			532,000		28,000		408,257			151,743
12-14	Closure of a Landfill Located in the Borough			33,250		1,750		1,188		562	33,250
12-20	Various Renovations to Library and Related Expenses				30,000			557		29,443	
12-21	Flood Mitigation Acquisition Project				2,068,057			1,064,228		1,003,829	
12-22	Various Road and Park Improvements	-	-	256,500	-	13,500	-	26,902	-	-	243,098
		$ 593,582	$ 5,428,012	$ 1,282,025	$ 2,298,057	$ 67,475	$ 116,968	$ 2,412,660	$ 4,869,999	$ 1,476,792	$ 1,026,668

Cash Disbursed	$ 1,091,137
Encumbrances Payable	1,321,523
	$ 2,412,660

EXHIBIT C-11

BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE

Balance, December 31, 2011		$ 739,949
Increased by:		
Charges to Improvement Authorizations		1,321,523
		2,061,472
Decreased by:		
Payments	$ 622,981	
Cancelled - Restored to Improvement Authorizations	116,968	
		739,949
Balance, December 31, 2012		$ 1,321,523

EXHIBIT C-12

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2011		$ 229,763
Increased by:		
2012 Current Fund Budget Appropriations	$ 25,000	
Cancelled Ordinance	5,999	
		30,999
		260,762
Decreased by:		
Appropriation to Finance Impvt. Authorizations		67,475
Balance, December 31, 2012		$ 193,287

EXHIBIT C-13

STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

Ord. No.	Improvement Description	Ordinance Total Appropriated	Down-Payment	Balance, December 31, 2011	Balance, December 31, 2012
97-7	Impvts. of Drainage Ditch	$ 15,000	$ 750	$ 750	$ 750
04-14	Improvements to Bogert Pond	42,300	2,200	2,200	2,200
				$ 2,950	$ 2,950

EXHIBIT C-14

BOROUGH OF WESTWOOD
STATEMENT OF LOANS PAYABLE

Balance, December 31, 2011	$ 2,646,997
Decreased by:	
2012 Budget Appropriation	463,862
Balance, December 31, 2012	$ 2,183,135

EXHIBIT C-15

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, December 31, 2011	$ 113,883
Decreased by:	
Loan Proceeds Received	23,026
Balance, December 31, 2012	$ 90,857

EXHIBIT C-16

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2011	$ 97,500
Decreased by:	
Cash Receipts	17,928
	115,428
Decreased by:	
Anticipated As Current Fund Revenue	25,000
Balance, December 31, 2012	$ 90,428

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

Ord. No.	Improvement Description	Balance, December 31, 2011	2012 Authorizations	Bonds Issued	Notes Issued	Funded By Grant Proceeds	Cancelled	Balance, December 31, 2012
97-7	Impvt. of Drainage Ditch	$ 14,250						$ 14,250
07-12	Acquisition of Various Equipment-Fire Department	5,557						5,557
08-01	Road Improvements	6,582						6,582
08-02/09-05	Pascack Brook Sewer Pipe Replacement and Repair	369,219			$ 345,000			24,219
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			
11-09	Acquisition of Various Equipment - DPW	150			150			
11-12	Refunding Bonds	4,750,000		$ 3,890,000			860,000	
11-13	Installation of Barrier Free Curb Cuts	26,665			26,665			
11-16	Various Improvements - Hurricane Irene	346,750			305,358	$ 41,392		
12-02	Borough Wide Road Improvements		$ 285,000		285,000			
12-04	Railroad Signalization Project		19,950		19,950			
12-05	Various Improvements to Veterans Park		85,500		85,500			
12-06	Monitoring of Landfill Emissions		57,475		57,475			
12-07	The Acquisition of Various Equipment - DPW		12,350		12,350			
12-13	Various Capital Improvements and Other Related Expenses		532,000		532,000			
12-14	Closure of a Landfill Located in the Borough		33,250		33,250			
12-22	Various Road and Park Improvements	-	256,500	-	256,500	-	-	-
		$ 5,655,498	$ 1,282,025	$ 3,890,000	$ 1,981,523	$ 41,392	$ 974,000	$ 50,608

PUBLIC ASSISTANCE FUND

EXHIBIT D-1

BOROUGH OF WESTWOOD
STATEMENT OF PUBLIC ASSISTANCE CASH - TREASURER

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2011	$ 3,503	$ 124,383	$ 127,886
Increased by:			
Donations/State Aid/SSI	6,225	270,527	276,752
Return of Security Deposits/Interest on Security Deposits		1,796	1,796
Prior Year Voided Checks		1,090	1,090
Petty Cash Returned		100	100
Interest on Deposits	1	178	179
	6,226	273,691	279,917
	9,729	398,074	407,803
Decreased by:			
Petty Cash Advanced		100	100
Public Assistance Expenditures	6,000	310,342	316,342
Payments to Current Fund	2	345	347
	6,002	310,787	316,789
Balance, December 31, 2012	$ 3,727	$ 87,287	$ 91,014

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	Total
Balance, December 31, 2011	$ 3,502	$ 124,211	$ 127,713
Increased by:			
Revenues	6,225	273,413	279,638
	9,727	397,624	407,351
Decreased by:			
Expenditures	6,000	310,342	316,342
Balance, December 31, 2012	$ 3,727	$ 87,282	$ 91,009

EXHIBIT D-3

BOROUGH OF WESTWOOD
STATEMENT OF PUBLIC ASSISTANCE REVENUES

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Donations	$ 6,225		$ 6,225
State Aid		$ 8,227	8,227
SSI		262,300	262,300
Returned Security Deposits/Interest on Security Deposits		1,796	1,796
Prior Year Void Checks	-	1,090	1,090
Total Revenues	6,225	273,413	279,638
Petty Cash Returned		100	100
Interest on Deposits	1	178	179
Total Receipts	$ 6,226	$ 273,691	$ 279,917

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1 (75%)	PATF Account #2 (100%)	Total
Current Year Assistance - Reported			
Maintenance Payments		$ 60,106	$ 60,106
Temporary Rental Assistance		213,381	213,381
Emergency Assistance		24,773	24,773
Transportation Assistance		10,500	10,500
Work Related	-	90	90
Total Reported	-	308,850	308,850
Unreported Assistance	$ 6,000	1,492	7,492
Total Expenditures	6,000	310,342	316,342
Payments to Current Fund	2	345	347
Petty Cash Advanced	-	100	100
Total	$ 6,002	$ 310,787	$ 316,789

BOROUGH OF WESTWOOD
STATEMENT OF DUE TO CURRENT FUND

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2011	$ 1	$ 172	$ 173
Increased by:			
Interest on Investments and Deposits	1	178	179
	2	350	352
Decreased by:			
Payments to Current Fund	2	345	347
Balance, December 31, 2012	$ -	$ 5	$ 5

{THIS PAGE INTENTIONALLY LEFT BLANK}

BOROUGH OF WESTWOOD

PART II

GOVERNMENT AUDITING STANDARDS

AND

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the 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, the financial statements – regulatory basis of the Borough of Westwood, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 28, 2013

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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 Borough of Westwood's major federal and state programs for the year ended December 31, 2012. The Borough of Westwood's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Westwood's major federal and state programs based on our audit of the types of compliance requirements referred to above. 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; and 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 federal or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Westwood's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Westwood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Borough of Westwood is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Westwood's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program 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 over compliance 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 federal or 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 federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exit that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

We have audited the financial statements - regulatory basis of the Borough of Westwood as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 28, 2013, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

Lerch, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 28, 2013

BOROUGH OF WESTWOOD
SCHEDULE OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2012

Federal Funding Department	CFDA Number	Grant Receipts	Balance, January 1, 2012	2012 Grant Award	Expended	Adjustment	Balance, December 31, 2012
U.S. Department of Health and Human Services:							
Centers for Disease Control and Prevention and Technical Assistance	93.283		$ 819				$ 819
			7,727				7,727
U.S. Department of Environmental Protection:							
Superfund State Site - Specific Co-Op Agreements	66.802		335				335
Green Acres - Westvale Park - Ord. 10-4			340,379				340,379
							-
U.S. Department of Homeland Security							
Federal Emergency Management							
Public Assistance Grants	97.036	$ 156,936		$ 156,936	$ 156,936		
Flood Mitigation Acquisition Project - Ord. 12-21	97.039	780,937		1,551,043	798,171		752,872
U.S. Department of Transportation:							
Over the Limit/Under Arrest	20.601			4,382			4,382
	20.601		1,249				1,249
	20.601		3,477				3,477
	20.601		532				532
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						
NJ Dept. of Transportation - Ord. 10-03 ($200,000)	20.205						
NJ Dept. of Transportation - Ord. 11-06 ($150,000)	20.205	157,825					
NJ Dept. of Transportation - Ord. 11-13 ($141,335)	20.205	110,997					
NJ Dept. of Transportation - Ord. 12-02 ($200,000)	20.205			200,000			200,000
ADA Curb Cuts			45,000	-	-	-	45,000
			$ 400,831	$ 1,912,361	$ 955,107	$ -	$ 1,358,085

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, 2012

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2012	Revenue/ Receipts	Expended	Adjustments	Balance, December 31, 2012	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-1789000	2012	$ 16,864		$ 16,864	$ 12,383		$ 4,481	$ 12,383
		2011		$ 1,780		1,780		-	17,145
		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	2012	14,382						
		2011		6,187		1,070	$ (5,117)	-	8,806
		2010		2,980		2,980		-	3,274
Municipal Recycling Program (Passed through County of Bergen)	4910-759-690-50	2004		1,938		1,938		-	5,483
Recycling Tonnage Grant	* *	2011		42,527		1,267	980	42,240	2,447
		2010		29,489		29,489		-	29,489
		2009		1,614			(1,614)	-	
		2008		152		152		-	15,642
		2007		3		3		-	6,151
		2005		4,670		4,670		-	4,899
		2004		3,074		3,074		-	6,151
		2002		6,762		6,762		-	7,227
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
		2008		6,498		1,708		4,790	6,710
Domestic Violence Training Program	* *	2003		2,477				2,477	4,998
Alcohol Education and Rehabilitation	* *	2012	1,565		1,565	1,545		20	1,545
		2011		1,024				1,024	
		2010		863				863	946
		2008		5,343				5,343	1,350
		2007		247				247	5,050
		2004		2,818				2,818	
		2003		1,044				1,044	2,565
		2002		2,680				2,680	1,382
		1998		724				724	3,338
Police Body Armor Fund	* *	2012	4,714						
		2011							
		2009		7		7		-	2,335

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, 2012

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2012	Revenue/ Receipts	Expended	Adjustments	Balance, December 31, 2012	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	
NJ Forest Services Grant	**	2011							
		2010		5,000				5,000	
Community Forestry Management Plan Grant	**	2004		1,338				1,338	4,662
SHARE - Feasibility Study - DPW Services	**	2009		1,450				1,450	20,000
Reconstruction of Fairview Ave.		2006		169,305				169,305	110,695
General Welfare Assistance	7500-150-158010-60	2012		124,211	$ 272,323	$ 310,342	$ 1,090	87,282	310,342
Department of Environmental Protection									
New Jersey Environmental Infrastructure - Fund Loan	4860-150-093020-60	2010/2011	23,026	-	-	23,026	113,883	90,857	974,924
Flood Mitigation Acquisition Project - Ord. No. 12-21		2012	260,312	-	517,014	266,057	-	250,957	266,057
** Not Available				$ 464,267	$ 807,766	$ 668,253	$ 109,222	$ 713,002	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2012

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 prepared and presented using the regulatory basis of accounting as prescribed 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 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:

	Federal	State	Total
Current Fund	$ 97,806	$ 18,429	$ 116,235
General Capital Fund	1,814,555	517,014	2,331,569
Public Assistance Fund	-	272,323	272,323
Total Financial Awards	$ 1,912,361	$ 807,766	$ 2,720,127

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.

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the schedule of expenditures of state financial assistance, are as follows:

Loan Program	State
New Jersey Economic Development Authority Loans	
Construction of New Municipal Building	$ 25,005
Environmental Infrastructure Trust	
Landfill Closure	1,220,930
Infrastructure Loan - 2010A	937,200
	$ 2,183,135

BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 none reported

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

Federal Awards Section

Internal control over compliance:

1) Material weakness(es) identified? ____ yes X no

2) Were significant deficiency(ies) identified that are not considered to be material weaknesses? ____ yes X none reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accrordance with section .510(a) of Circular A-133? ____ yes X no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.039	Hazard Mitigation Program

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

Auditee qualified as low-risk auditee? ____ yes X no

BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Part I – Summary of Auditor's Results

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:	Unmodified	
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:

State Grant/Project Number(s)	Name of State Program
7500-150-158010-60	General Assistance

BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

Part 2 – Schedule of Financial Statement Findings

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

There are none

BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 FEDERAL AWARDS

There are none.

BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012

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.

BOROUGH OF WESTWOOD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA

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

	Year 2012		Year 2011	
	Amount	Percent	Amount	Percent
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	$ 1,500,000	3.21%	$ 1,360,539	2.99%
Miscellaneous - From Other Than Local Property Tax Levies	2,974,766	6.36%	2,998,809	6.60%
Collection of Delinquent Taxes and Tax Title Liens	412,578	0.88%	580,852	1.28%
Collection of Current Tax Levy	41,214,881	88.10%	39,896,341	87.82%
Other Credits	677,207	1.45%	594,258	1.31%
Total Income	46,779,432	100.00%	45,430,799	100.00%
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	15,638,890	34.49%	15,679,598	35.53%
County Taxes	4,567,370	10.07%	4,353,869	9.86%
Regional School Taxes	25,066,091	55.28%	24,015,413	54.41%
Other Expenditures	68,338	0.15%	87,041	0.20%
Total Expenditures	45,340,689	100.00%	44,135,921	100.00%
Excess in Revenue	1,438,743		1,294,878	
Adjustment to Income Before Fund Balance Expenditures Included Above which are by Statute Deferred Charges to Budget of Succeeding Year	-		123,619	
	1,438,743		1,418,497	
Fund Balance, January 1	2,314,653		2,256,695	
	3,753,396		3,675,192	
Less Utilization as Anticipated Revenue	1,500,000		1,360,539	
Fund Balance, December 31	$ 2,253,396		$ 2,314,653	

BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA

Comparative Schedule of Tax Rate Information

	2012	2011	2010
Tax Rate	$2.411	$2.325	$2.231
Apportionment of Tax Rate			
Municipal	.657	0.650	0.681
Library	.041	0.039	
County	.261	0.248	0.232
County Open Space	.004	0.004	0.003
Regional School	1.448	1.384	1.315
Assessed Valuation			
2012	$1,730,830,635		
2011		$1,734,632,822	
2010			$1,703,896,669

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.

Year	Tax Levy	Cash Collections	Percentage of Collection
2012	$ 41,767,981	$ 41,214,881	98.68%
2011	40,384,659	39,896,341	98.79%
2010	38,095,012	37,619,773	98.75%

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 Year	Amount of Delinquent Taxes	Amount of Tax Title Liens	Total	Percentage of Tax Levy
2012	$434,380	$33,439	$467,819	1.12%
2011	451,336	31,804	483,140	1.20
2010	1,376,635	30,562	1,407,197	3.60

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:

Year	Amount
2012	$3,198,600
2011	3,198,600
2010	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:

Name	Title	Amount of Bond	Corporate Surety
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 Hoffmann	Borough Administrator		
Karen Hughes	Borough Clerk, Assessment Search Officer		
Denise Holmes	Deputy Borough Clerk		
Stefanie Stokes	Collector, Tax Search Officer		
Stefanie Stokes	Acting CFO (June 14, 2012 to September 30, 2012)		
Raymond Herr	Treasurer, Chief Financial Officer (January 1, 2012 To June 13, 2012)	$1,000,000	(2)
Durene Ayer	Treasurer, Chief Financial Officer (October 1, 2012 to December 31, 2012)		
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 that Project (Escrow) Status Report does 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 203 tickets that were issued but were not assigned to an officer. It is recommended that tickets be assigned to an officer or other agency/authority prior to being issued.

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 the outstanding General Capital Fund 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; this data was inputted into the Borough's fixed asset accounting system in 2012, however the amounts were not proved to financial reports and audited balances. 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 that is in agreement with audited balances.

Current Year Findings

Our audit revealed that certain General Capital Fund contracts were not encumbered when awarded by the Borough Council. In addition, year-end encumbrances were not always adjusted to reflect the unpaid liability due to the vendor. It is recommended that the encumbrance system be enhanced to ensure that all contracts awarded are properly encumbered and that outstanding purchase orders are periodically reviewed to determine their validity.

Our audit of the Public Assistance Trust Fund revealed that certain cash disbursements from November and December 2012 were not recorded in the Borough's general ledger. It is recommended that all disbursements from the Public Assistance Trust Fund be recorded in the Public Assistance Trust Fund general ledger.

Our audit noted that Political Contribution Disclosure forms ("PCD") were not always obtained for vendors awarded contracts over $17,500. It is recommended that a PCD form be obtained in accordance with the requirements of the Local Public Contracts Law.

Our audit noted that vendors awarded through state contracts for were not approved by resolution of the governing body. It is recommended that all State contracts be approved by resolution and included in the official minutes of the Borough.

GENERAL COMMENTS (Continued)

Current Year Findings (Continued)

Our audit of municipal departments noted the following:

a) Receipts collected by the Police Department and Construction Code Office were not turned over to the Finance Department in a timely manner.

b) Program fees charged by Recreation were not always in agreement with the fee ordinance.

It is recommended that:

a) The Police Department and Construction Code Department remit monies collected to the Finance Department in a timely manner.

b) Recreation fees be charged in accordance with the Borough fee ordinances.

Our audit noted the "Reserve for Unemployment Claims" had a deficit balance of $5,111. This amount has been funded by a 2013 budget appropriation and other available resources; therefore an audit recommendation is not warranted.

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:

Recycling – Collection and Disposal
2012 Road Paving Program
Improvements to Isaac D. Bogert/Veterans Park
Renovations to Library Lobby
2013 International Workstar Chasis with Hook Lift Spreader, Container and Snow Plow

GENERAL COMMENTS (Continued)

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

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.

The Governing Body on January 3, 2012 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 June 12, 2012.

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:

Year	Number of Liens
2012	9
2011	9
2010	10

GENERAL COMMENTS (Continued)

Suggestions to Management

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.

RECOMMENDATIONS

It is recommended that:

1. The encumbrance system be enhanced to ensure that all contacts awarded are properly encumbered and that outstanding purchase orders are periodically reviewed to determine their validity.

* 2. The outstanding General Capital Fund grant receivable balances be reviewed and appropriate action taken to collect and/or cancel such receivables as deemed appropriate.

* 3. 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.

* 4. The Borough's improvement authorization ledger be reconciled and be in agreement with the audited balances.

* 5. The Borough have an approved Dedication by Rider for the code compliance penalties on deposit in the Other Trust Fund.

* 6. The Borough currently maintain a master listing of all fixed assets that is in agreement with audited balance.

* 7. Tickets be assigned to an officer or other agency/authority prior to being issued.

8. All disbursements from the Public Assistance Trust Fund be recorded in the Public Assistance Trust Fund general ledger.

9. A Political Contribution Disclosure form be obtained in accordance with the requirements of the Local Public Contracts Law.

10. All State contracts be approved by resolution and included in the official minutes of the Borough.

11. The Police Department and Construction Code Department remit monies collected to the Finance Department in a timely manner.

12. Recreation fees be charged in accordance with Borough fee ordinances.

* * * * * *

A review was performed on all prior year recommendations and corrective action was taken on all recommendations except the items 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