

WESTWOOD PARKING AUTHORITY
(A Component Unit of the Borough of Westwood)
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2012

**WESTWOOD PARKING AUTHORITY
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INDEPENDENT AUDITOR'S REPORT

Honorable Commissioners
Westwood Parking Authority
Westwood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Westwood Authority, a component unit of the Borough of Westwood as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Westwood Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Westwood Authority as of December 31, 2012 and 2011, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

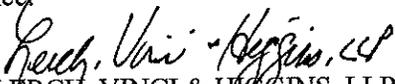
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2013 on our consideration of the Westwood Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Westwood Authority's internal control over financial reporting and compliance.


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

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 18, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This section of the Westwood Parking Authority's (the "Authority") annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended on December 31, 2012. Please read this discussion in conjunction with the Authority's financial statements and accompanying notes for the year ended December 31, 2012.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2012:

- The Authority's total net position decreased \$10,353.
- Cash and Cash Equivalents decreased \$3,231 or 5%. This was a result of the Authority's operating expenses exceeding operating revenues at year end.
- The Authority generated operating revenues of \$185,007 which was comprised of \$174,371 from parking meters and \$10,636 for shared parking violations and parking lot rentals.
- Operating expenses totaled \$214,270 which included \$84,396 of employee salary and fringe benefits, \$92,880 for operations and \$36,994 for depreciation.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position – The following table summarizes the Net Position between December 31, 2012, 2011 and 2010.

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2012 vs 2011</u> Increase / (Decrease) | Percent <u>Change</u> |
|----------------------------|-------------------|-------------------|-------------------|---|--------------------------|
| Invested in Capital Assets | \$ 128,206 | \$ 146,550 | \$ 170,692 | \$ (18,344) | -12.52% |
| Unrestricted | <u>61,405</u> | <u>53,414</u> | <u>52,231</u> | <u>7,991</u> | 14.96% |
| Total Net Position | <u>\$ 189,611</u> | <u>\$ 199,964</u> | <u>\$ 222,923</u> | <u>\$ (10,353)</u> | -5.18% |

The Authority's Net Position decreased \$10,353 for the year ended December 31, 2012. This was a result of the Authority's depreciation expense which is not included in the Authority's operating budget.

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

OPERATING ACTIVITIES

The following table summarizes the changes in net position for the years 2012, 2011 and 2010:

| | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2012 vs 2011</u> | |
|--|-------------------|-------------------|-------------------|----------------------------------|---------------------------|
| | | | | <u>Increase / (Decrease)</u> | <u>Percent Change</u> |
| OPERATING REVENUES | | | | | |
| Parking Meters | \$ 174,371 | \$ 166,462 | \$ 159,914 | \$ 7,909 | 4.75% |
| Shared Parking Violations | 9,636 | 9,414 | 8,030 | 222 | 2.36% |
| Parking Lot Rentals | 1,000 | 25 | 2,085 | 975 | |
| Donations | - | - | 6,000 | - | |
| Total Operating Revenues | <u>185,007</u> | <u>175,901</u> | <u>176,029</u> | <u>9,106</u> | <u>5.18%</u> |
| OPERATING EXPENSES | | | | | |
| Cost of Providing Services | 100,226 | 90,655 | 89,990 | 9,571 | 10.56% |
| Administration | 77,050 | 74,984 | 74,804 | 2,066 | 2.76% |
| Depreciation | 36,994 | 33,392 | 16,163 | 3,602 | 10.79% |
| Total Operating Expenses | <u>214,270</u> | <u>199,031</u> | <u>180,957</u> | <u>15,239</u> | <u>7.66%</u> |
| Operating Income / (Loss) | <u>(29,263)</u> | <u>(23,130)</u> | <u>(4,928)</u> | <u>(6,133)</u> | <u>26.52%</u> |
| NON-OPERATING REVENUES | | | | | |
| Donation | 16,500 | | | 16,500 | |
| Miscellaneous | 2,313 | | | 2,313 | |
| Interest Income | 97 | 171 | 318 | (74) | -43.27% |
| Total Non-Operating Revenues | <u>18,910</u> | <u>171</u> | <u>318</u> | <u>18,739</u> | |
| Change in Net Position | <u>(10,353)</u> | <u>(22,959)</u> | <u>(4,610)</u> | <u>12,606</u> | |
| Net Position, Beginning of Year | <u>199,964</u> | <u>222,923</u> | <u>227,533</u> | <u>(22,959)</u> | <u>-10.30%</u> |
| Net Position, End of Year | <u>\$ 189,611</u> | <u>\$ 199,964</u> | <u>\$ 222,923</u> | <u>\$ (10,353)</u> | <u>-5.18%</u> |

The Authority's net position decreased \$10,353 or 5.2% for the year ended December 31, 2012. Operating revenues increased \$9,106 or 5.2% mainly due to increased parking meter revenue. Operating expenses increased \$15,239 or 7.7% mainly due to increased cost of providing services. Non-operating revenues increased \$18,739 mainly due to the donation of a van.

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

CAPITAL ASSETS

Capital Assets as of December 31, 2012 were as follows:

| | Balance January 1 <u>2012</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2012</u> |
|--|-------------------------------------|--------------------|------------------|---|
| <u>2012</u> | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Site Improvements | \$ 445,164 | | | \$ 445,164 |
| Improvements to Facilities | 230,773 | | | 230,773 |
| Equipment and Meters | 254,286 | | \$ 4,050 | 250,236 |
| Vehicles | <u>6,500</u> | <u>\$ 18,700</u> | <u>6,500</u> | <u>18,700</u> |
| Total Capital Assets, Being Depreciated | <u>936,723</u> | <u>18,700</u> | <u>10,550</u> | <u>944,873</u> |
| Less: Accumulated Depreciation | | | | |
| Site Improvements | 396,729 | 9,078 | | 405,807 |
| Improvements to Facilities | 230,131 | 460 | | 230,591 |
| Equipment and Meters | 156,813 | 25,366 | 4,000 | 178,179 |
| Vehicles | <u>6,500</u> | <u>2,090</u> | <u>6,500</u> | <u>2,090</u> |
| Total Accumulated Depreciation | <u>790,173</u> | <u>36,994</u> | <u>10,500</u> | <u>816,667</u> |
| Total Capital Assets, Being Depreciated, Net | <u>\$ 146,550</u> | <u>\$ (18,294)</u> | <u>\$ 50</u> | <u>\$ 128,206</u> |

Total book value of the capital assets decreased \$18,344 during 2012. There were two new vehicles acquired in 2012 and one vehicle disposed of during 2012. In addition, a meter machine originally acquired in 2002 was disposed of in 2012.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The local economy and business district remain stable and if the economy is less robust no major impact is anticipated for the 2013 budget.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 64,547 | \$ 67,778 |
| Intergovernmental Receivable | <u>3,636</u> | <u>4,087</u> |
| Total Current Assets | <u>68,183</u> | <u>71,865</u> |
| Capital Assets | | |
| Site Improvements | 445,164 | 445,164 |
| Improvements to Facilities | 230,773 | 230,773 |
| Vehicles | 18,700 | 6,500 |
| Equipment and Meters | <u>250,236</u> | <u>254,286</u> |
| | 944,873 | 936,723 |
| Less Accumulated Depreciation | <u>(816,667)</u> | <u>(790,173)</u> |
| Total Capital Assets (Net of Accumulated Depreciation) | <u>128,206</u> | <u>146,550</u> |
| Total Assets | <u>196,389</u> | <u>218,415</u> |
| LIABILITIES | | |
| Current Liabilities | | |
| Contracts Payable | | 9,250 |
| Due to Borough of Westwood | <u>6,778</u> | <u>9,201</u> |
| Total Current Liabilities | <u>6,778</u> | <u>18,451</u> |
| NET POSITION | | |
| Invested in Capital Assets | 128,206 | 146,550 |
| Unrestricted | <u>61,405</u> | <u>53,414</u> |
| Total Net Position | <u>\$ 189,611</u> | <u>\$ 199,964</u> |

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITON
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---------------------------------|-------------------|-------------------|
| OPERATING REVENUES | | |
| Parking Meters | \$ 174,371 | \$ 166,462 |
| Shared Parking Violations | 9,636 | 9,414 |
| Parking Lot Rentals | <u>1,000</u> | <u>25</u> |
| Total Operating Revenues | <u>185,007</u> | <u>175,901</u> |
| OPERATING EXPENSES | | |
| Cost of Providing Services | 100,226 | 90,655 |
| Administration | 77,050 | 74,984 |
| Depreciation | <u>36,994</u> | <u>33,392</u> |
| Total Operating Expenses | <u>214,270</u> | <u>199,031</u> |
| Operating Income (Loss) | <u>(29,263)</u> | <u>(23,130)</u> |
| NON-OPERATING REVENUES | | |
| Donation | 16,500 | |
| Miscellaneous | 2,313 | |
| Interest Income | <u>97</u> | <u>171</u> |
| Total Non-Operating Revenues | <u>18,910</u> | <u>171</u> |
| Change in Net Position | (10,353) | (22,959) |
| Net Position, Beginning of Year | <u>199,964</u> | <u>222,923</u> |
| Net Position, End of Year | <u>\$ 189,611</u> | <u>\$ 199,964</u> |

**WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

| | <u>2012</u> | <u>2011</u> |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Parking Meters and Parking Violations | \$ 184,458 | \$ 173,456 |
| Cash Received from Rentals | 1,000 | 25 |
| Cash Received from Donations | | |
| Cash Paid for Salaries and Benefits | (86,819) | (76,976) |
| Cash Paid to Vendors for Goods and Services | <u>(92,880)</u> | <u>(88,793)</u> |
| Net Cash Provided by Operating Activities | <u>5,759</u> | <u>7,712</u> |
| CASH FLOWS FROM INVESTING AND CAPITAL ACTIVITIES | | |
| Acquisition of Vehicles and Equipment | (11,400) | (23,124) |
| Insurance Reimbursements | 2,313 | - |
| Interest Income | <u>97</u> | <u>171</u> |
| Net Cash (Used for) Investing and Capital Activities | <u>(8,990)</u> | <u>(22,953)</u> |
| Net Decrease in Cash and Cash Equivalents | (3,231) | (15,241) |
| Cash and Cash Equivalents, Beginning of Year | <u>67,778</u> | <u>83,019</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 64,547</u> | <u>\$ 67,778</u> |
| Reconciliation of Operating Income (Loss) to Net | | |
| Cash Provided by Operating Activities | | |
| Operating Income (Loss) | <u>\$ (29,263)</u> | <u>\$ (23,130)</u> |
| Adjustments to Reconcile Operating Income (Loss) to | | |
| Net Cash Provided by Operating Activities | | |
| Depreciation Expense | 36,994 | 33,392 |
| (Increase) Decrease in Intergovernmental Receivable | 451 | (2,420) |
| Increase (Decrease) in Due to Borough of Westwood | <u>(2,423)</u> | <u>(130)</u> |
| Total Adjustments | <u>35,022</u> | <u>30,842</u> |
| Net Cash Provided by Operating Activities | <u>\$ 5,759</u> | <u>\$ 7,712</u> |
| Noncash Investing, Capital and Financing Activities | | |
| Vehicle Donations | \$ 16,500 | |
| Purchase of Equipment on Account | | \$ 9,250 |

NOTES TO BASIC FINANCIAL STATEMENTS

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

The accounts of the Authority are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

The Authority has the following fund type:

Proprietary Fund

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

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

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Private-sector standards of accounting and financial reporting issued by the Financial Accounting Standards Board (FASB) prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow FASB guidance issued subsequent to December 1, 1989.

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

C. Assets, Liabilities and Net Position

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are stated at fair value and are limited by N.J.S.A. 40A:5-15.1 et seq.

Inventory

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

Capital Assets

All capital assets acquired or constructed by the Authority are reported as expenses in the account that finances the acquisition of the assets and are capitalized in the Operating Accounts. Capital assets are defined by the Authority as assets with an individual cost of \$2,000 and an estimated useful life of at least two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Position (Continued)

Capital Assets (Continued)

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

| | |
|----------------------|----------|
| Improvements | 15 Years |
| Equipment and Meters | 5 Years |
| Vehicles | 5 Years |

Net Position

Restricted net position is limited to outside third-party restrictions either by law or by other organizations or persons external to the Authority. Unrestricted net position represents the net position neither restricted nor invested in capital assets, net of related debt.

Net Position Flow Assumption

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

Reclassifications

Certain reclassifications have been made to the December 31, 2011 balances to conform to the December 31, 2012 presentation.

Use of Estimates

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

**WESTWOOD PARKING AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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 expenses. Revenues are derived from the collections of parking meter fees and 50% of the parking fines collected by the Violations Bureau within the Borough's Municipal Court operations. The budget presented in the accompanying supplementary schedules represent amounts adopted by the Authority and approved by the State of New Jersey Division of Local Government Services per N.J.S.A. 40A:4 et seq.

The Board shall introduce and approve the annual budget not earlier than 60 days prior to the commencement of the fiscal year. The budget shall be adopted not later than December 1, and must be certified by the Director of the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information about the previous year. The legal level of control for appropriations is exercised at the individual line item level. Management has no authority to amend the budget without the approval of the Board. There were no budget modifications made during the fiscal years ended December 31, 2012 and 2011.

Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations for 2012 and 2011.

| | <u>Modified Budget</u> | <u>Actual</u> | <u>Variance Over Budget</u> |
|----------------------------|----------------------------|---------------|---------------------------------|
| 2012 | | | |
| Cost of Providing Services | | | |
| Salaries and Wages | \$41,132 | \$48,750 | \$7,618 |
| Fringe Benefits | 3,146 | 3,596 | 450 |
| 2011 | | | |
| Cost of Providing Services | | | |
| Salaries and Wages | \$39,126 | \$43,536 | \$4,410 |
| Fringe Benefits | 2,993 | 3,326 | 333 |
| Other Expenses | 43,739 | 43,793 | 54 |

The above variances were offset with other available resources.

NOTE 3 DEPOSITS AND INVESTMENTS

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

Deposits

The Authority's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The 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.

**WESTWOOD PARKING AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Bank balances 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. At December 31, 2012 and 2011, the book value of the Authority's deposits were \$64,547 and \$67,778, respectively, and bank balances of the Authority's cash and deposits amounted to \$109,547 and \$67,778. The bank balances are covered by FDIC. The Authority's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

| <u>Depository Account</u> | <u>2012</u> | <u>2011</u> |
|---------------------------|------------------|-----------------|
| Insured | <u>\$109,547</u> | <u>\$67,778</u> |

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2012 and 2011, the Authority's bank balances were not exposed to custodial credit risk.

Investments

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

As of December 31, 2012 and 2011, the Authority had no investments outstanding.

NOTE 4 RELATED PARTY TRANSACTIONS

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

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

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

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 5 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to general liability; damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority is covered under the Borough of Westwood's policy to guard against these events and provide minimum exposure should they occur. During the years ended December 31, 2012 and 2011, the Authority did not suffer any losses in excess of available insurance coverages.

NOTE 6 OPERATING LEASE

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

NOTE 7 CAPITAL ASSETS

The following is a summary of the capital assets of the Authority for the years ended December 31, 2012 and 2011:

| | Balance January 1 <u>2012</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2012</u> |
|--|-------------------------------------|--------------------|------------------|---|
| <u>2012</u> | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Site Improvements | \$ 445,164 | | | \$ 445,164 |
| Improvements to Facilities | 230,773 | | | 230,773 |
| Equipment and Meters | 254,286 | | \$ 4,050 | 250,236 |
| Vehicles | <u>6,500</u> | <u>\$ 18,700</u> | <u>6,500</u> | <u>18,700</u> |
| Total Capital Assets, Being Depreciated | <u>936,723</u> | <u>18,700</u> | <u>10,550</u> | <u>944,873</u> |
| Less: Accumulated Depreciation | | | | |
| Site Improvements | 396,729 | 9,078 | | 405,807 |
| Improvements to Facilities | 230,131 | 460 | | 230,591 |
| Equipment and Meters | 156,813 | 25,366 | 4,000 | 178,179 |
| Vehicles | <u>6,500</u> | <u>2,090</u> | <u>6,500</u> | <u>2,090</u> |
| Total Accumulated Depreciation | <u>790,173</u> | <u>36,994</u> | <u>10,500</u> | <u>816,667</u> |
| Total Capital Assets, Being Depreciated, Net | <u>\$ 146,550</u> | <u>\$ (18,294)</u> | <u>\$ 50</u> | <u>\$ 128,206</u> |

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011**

NOTE 7 CAPITAL ASSETS (Continued)

| | Balance January 1 <u>2011</u> | <u>Increases</u> | <u>Decreases</u> | Balance, December 31, <u>2011</u> |
|--|-------------------------------------|--------------------|------------------|---|
| <u>2011</u> | | | | |
| Capital Assets, Being Depreciated: | | | | |
| Site Improvements | \$ 445,164 | | | \$ 445,164 |
| Improvements to Facilities | 230,773 | | | 230,773 |
| Equipment and Meters | 245,036 | \$ 9,250 | | 254,286 |
| Vehicles | 6,500 | - | - | 6,500 |
| Total Capital Assets, Being Depreciated | <u>927,473</u> | <u>9,250</u> | <u>-</u> | <u>936,723</u> |
| Less: Accumulated Depreciation | | | | |
| Site Improvements | 387,651 | 9,078 | | 396,729 |
| Improvements to Facilities | 229,342 | 789 | | 230,131 |
| Equipment and Meters | 133,288 | 23,525 | | 156,813 |
| Vehicles | 6,500 | - | - | 6,500 |
| Total Accumulated Depreciation | <u>756,781</u> | <u>33,392</u> | <u>-</u> | <u>790,173</u> |
| Total Capital Assets, Being Depreciated, Net | <u>\$ 170,692</u> | <u>\$ (24,142)</u> | <u>\$ -</u> | <u>\$ 146,550</u> |

NOTE 8 EMPLOYEE RETIREMENT SYSTEM

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

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

Financial information pertaining to this system is contained in the Borough's report of audit and the PERS audit report which can be obtained from the New Jersey Division of Pensions.

SUPPLEMENTARY SCHEDULES

WESTWOOD PARKING AUTHORITY
SCHEDULE OF REVENUES/EXPENSES COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

| | <u>2012</u> | | <u>Variance</u> | <u>2011</u> |
|---|----------------|--------------------|---------------------|--------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Over (Under)</u> | <u>Actual</u> |
| REVENUES | | | | |
| Operating Revenues | | | | |
| Parking Meters and Violations | \$ 175,000 | \$ 184,007 | \$ 9,007 | \$ 175,876 |
| Annual Rental Contract | <u>1,000</u> | <u>1,000</u> | <u>-</u> | <u>25</u> |
| Total Operating Revenues | <u>176,000</u> | <u>185,007</u> | <u>9,007</u> | <u>175,901</u> |
| Non-Operating Revenues | | | | |
| Miscellaneous | | 2,313 | 2,313 | |
| Interest Income | <u>-</u> | <u>97</u> | <u>97</u> | <u>171</u> |
| Total Non-Operating Revenues | <u>-</u> | <u>2,410</u> | <u>2,410</u> | <u>171</u> |
| Total Revenues | <u>176,000</u> | <u>187,417</u> | <u>11,417</u> | <u>176,072</u> |
| APPROPRIATIONS | | | | |
| Operating Appropriations | | | | |
| Cost of Providing Services | | | | |
| Salaries and Wages | 41,132 | 48,750 | 7,618 | 43,536 |
| Fringe Benefits | 3,146 | 3,596 | 450 | 3,326 |
| Other Expenses | <u>52,624</u> | <u>47,880</u> | <u>(4,744)</u> | <u>43,793</u> |
| Total Cost of Providing Services | <u>96,902</u> | <u>100,226</u> | <u>3,324</u> | <u>90,655</u> |
| Administration | | | | |
| Salaries and Wages | 31,675 | 29,848 | (1,827) | 27,853 |
| Fringe Benefits | 2,423 | 2,202 | (221) | 2,131 |
| Inter-Local Agreement - Borough of Westwood | <u>45,000</u> | <u>45,000</u> | <u>-</u> | <u>45,000</u> |
| Total Administration | <u>79,098</u> | <u>77,050</u> | <u>(2,048)</u> | <u>74,984</u> |
| Total Appropriations | <u>176,000</u> | <u>177,276</u> | <u>1,276</u> | <u>165,639</u> |
| Total Budget Income | <u>\$ -</u> | <u>\$ 10,141</u> | <u>\$ 10,141</u> | <u>\$ 10,433</u> |
| <u>Reconciliation to Change in Net Position (GAAP Basis)</u> | | | | |
| Increases to Budget Income | | | | |
| Donations | | 16,500 | | |
| Decreases to Budget Income | | | | |
| Depreciation | | <u>(36,994)</u> | | <u>(33,392)</u> |
| Change in Net Position - GAAP Basis | | <u>\$ (10,353)</u> | | <u>\$ (22,959)</u> |

**WESTWOOD PARKING AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | | |
|--|------------|-----------|
| Cash and Cash Equivalents, January 1, 2012 | | \$ 67,778 |
| Cash Receipts: | | |
| Parking Meters | \$ 174,371 | |
| Shared Parking Violations | 10,087 | |
| Insurance Reimbursement | 2,313 | |
| Annual Rental Contract | 1,000 | |
| Interest | 97 | |
| | | 187,868 |
| | | 255,646 |
| Cash Disbursements: | | |
| Budget Appropriations | 170,498 | |
| Acquisition of Vehicle | 2,200 | |
| Contracts Payable | 9,200 | |
| Due to Borough of Westwood | 9,201 | |
| | | 191,099 |
| Cash and Cash Equivalents, December 31, 2012 | | \$ 64,547 |

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

LERCH, VINCI & HIGGINS, LLP

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RALPH M. PICONE, CPA, RMA, PSA
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LORI T. MANUKIAN, CPA, PSA
MARK SACO, 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 Commissioners
Westwood Parking Authority
Westwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Westwood Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Westwood Authority's basic financial statements, and have issued our report thereon dated March 18, 2013.

Internal Control over Financial Reporting

Management of the Westwood Authority 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 Westwood Authority'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 Westwood Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Westwood Authority's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 18, 2013

**WESTWOOD PARKING AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2012**

Board Members

Francis Costello - Chairman

Matt Foley - Vice Chairman

Sue Bahng – Secretary

John Oberg - Treasurer

Joseph Green – Assistant Treasurer

Other Officials

Jack Sauer – Administrator

Thomas Garrity – Assistant Administrator

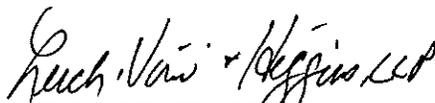
Michael Pellegrino – Attorney

Joseph Burgis – Planner

GENERAL COMMENTS

There are none.

Respectfully submitted,


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411