

WESTWOOD PARKING AUTHORITY
(A Component Unit of the Borough of Westwood)
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

**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 Parking Authority, a component unit of the Borough of Westwood, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Westwood Parking Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Westwood Parking Authority as of December 31, 2013 and 2012, 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.

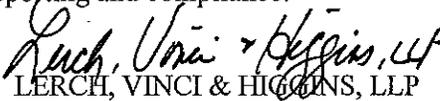
Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2014 on our consideration of the Westwood Parking Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Westwood Parking Authority's internal control over financial reporting and compliance.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 27, 2014

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, 2013. Please read this discussion in conjunction with the Authority's financial statements and accompanying notes for the year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2013:

- The Authority's total net position decreased \$20,162.
- Cash and Cash Equivalents increased 24%. This was a result of the Authority's increased operating revenues and decreased operating expenses during 2013.
- The Authority generated operating revenues of \$189,577 which was comprised of \$178,471 from parking meters and \$11,106 for shared parking violations and parking lot rentals.
- Operating expenses totaled \$209,796 which included \$76,975 of employee salary and fringe benefits, \$93,458 for operations and \$39,363 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, 2013, 2012 and 2011.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2013 vs 2012</u> Increase / (Decrease)	Percent Change
Invested in Capital Assets	\$ 98,838	\$ 128,206	\$ 146,550	\$ (29,368)	-22.9%
Unrestricted	<u>70,611</u>	<u>61,405</u>	<u>53,414</u>	<u>9,206</u>	15.0%
Total Net Position	<u>\$ 169,449</u>	<u>\$ 189,611</u>	<u>\$ 199,964</u>	<u>\$ (20,162)</u>	-10.6%

The Authority's Net Position decreased \$20,162 for the year ended December 31, 2013. This was a result of the Authority's depreciation expense which is not included in the Authority's operating budget partially offset by an increase in operating revenues and a decrease in budgetary expenditures.

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

OPERATING ACTIVITIES

The following table summarizes the changes in net position for the years 2013, 2012 and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2013 vs 2012</u>	
				<u>Increase / (Decrease)</u>	<u>Percent Change</u>
OPERATING REVENUES					
Parking Meters	\$ 178,471	\$ 174,371	\$ 166,462	\$ 4,100	2.4%
Shared Parking Violations	9,086	9,636	9,414	(550)	-5.7%
Parking Lot Rentals	<u>2,020</u>	<u>1,000</u>	<u>25</u>	<u>1,020</u>	102.0%
Total Operating Revenues	<u>189,577</u>	<u>185,007</u>	<u>175,901</u>	<u>4,570</u>	2.5%
OPERATING EXPENSES					
Cost of Providing Services	93,988	100,226	90,655	(6,238)	-6.2%
Administration	76,445	77,050	74,984	(605)	-0.8%
Depreciation	<u>39,363</u>	<u>36,994</u>	<u>33,392</u>	<u>2,369</u>	6.4%
Total Operating Expenses	<u>209,796</u>	<u>214,270</u>	<u>199,031</u>	<u>(4,474)</u>	-2.1%
Operating Income / (Loss)	<u>(20,219)</u>	<u>(29,263)</u>	<u>(23,130)</u>	<u>9,044</u>	30.9%
NON-OPERATING REVENUES					
Donation		16,500		(16,500)	
Miscellaneous		2,313		(2,313)	
Interest Income	<u>57</u>	<u>97</u>	<u>171</u>	<u>(40)</u>	-41.2%
Total Non-Operating Revenues	<u>57</u>	<u>18,910</u>	<u>171</u>	<u>(18,853)</u>	-99.7%
Change in Net Position	(20,162)	(10,353)	(22,959)	(9,809)	
Net Position, Beginning of Year	<u>189,611</u>	<u>199,964</u>	<u>222,923</u>	<u>(10,353)</u>	-5.2%
Net Position, End of Year	<u>\$ 169,449</u>	<u>\$ 189,611</u>	<u>\$ 199,964</u>	<u>\$ (20,162)</u>	-10.6%

The Authority's net position decreased \$20,162 or 10.6% for the year ended December 31, 2013. Operating revenues increased \$4,570 or 2.5% mainly due to increased parking meter revenue. Operating expenses decreased \$4,474 or 2.1% mainly due to decreases in employee salaries and fringe benefits paid. Non-operating revenues decreased \$18,853 mainly due to the donation of a van during 2012.

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

CAPITAL ASSETS

Capital Assets as of December 31, 2013 were as follows:

	Balance January 1 <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	250,236	\$ 9,995		260,231
Vehicles	18,700	-	-	18,700
	<u>944,873</u>	<u>9,995</u>	<u>-</u>	<u>954,868</u>
Total Capital Assets, Being Depreciated				
Less: Accumulated Depreciation				
Site Improvements	405,807	9,077		414,884
Improvements to Facilities	230,591	182		230,773
Equipment and Meters	178,179	26,364		204,543
Vehicles	2,090	3,740	-	5,830
	<u>816,667</u>	<u>39,363</u>	<u>-</u>	<u>856,030</u>
Total Accumulated Depreciation				
Total Capital Assets, Being Depreciated, Net	<u>\$ 128,206</u>	<u>\$ (29,368)</u>	<u>\$ -</u>	<u>\$ 98,838</u>

Total book value of the capital assets decreased \$29,368 during 2013. There was one new meter machine acquired in 2013.

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 2014 budget.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF NET POSITION
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 80,357	\$ 64,547
Intergovernmental Receivable	-	3,636
	<u>80,357</u>	<u>68,183</u>
 Capital Assets		
Site Improvements	445,164	445,164
Improvements to Facilities	230,773	230,773
Vehicles	18,700	18,700
Equipment and Meters	260,231	250,236
	954,868	944,873
Less Accumulated Depreciation	<u>(856,030)</u>	<u>(816,667)</u>
	<u>98,838</u>	<u>128,206</u>
Total Capital Assets (Net of Accumulated Depreciation)		
	<u>98,838</u>	<u>128,206</u>
Total Assets	<u>179,195</u>	<u>196,389</u>
 LIABILITIES		
Current Liabilities		
Contracts Payable	4,346	
Due to Borough of Westwood	5,400	6,778
	<u>9,746</u>	<u>6,778</u>
Total Current Liabilities		
	<u>9,746</u>	<u>6,778</u>
 NET POSITION		
Invested in Capital Assets	98,838	128,206
Unrestricted	70,611	61,405
	<u>169,449</u>	<u>189,611</u>
Total Net Position	<u>\$ 169,449</u>	<u>\$ 189,611</u>

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

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITON
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
Parking Meters	\$ 178,471	\$ 174,371
Shared Parking Violations	9,086	9,636
Parking Lot Rentals	<u>2,020</u>	<u>1,000</u>
 Total Operating Revenues	 <u>189,577</u>	 <u>185,007</u>
OPERATING EXPENSES		
Cost of Providing Services	93,988	100,226
Administration	76,445	77,050
Depreciation	<u>39,363</u>	<u>36,994</u>
 Total Operating Expenses	 <u>209,796</u>	 <u>214,270</u>
 Operating Income (Loss)	 <u>(20,219)</u>	 <u>(29,263)</u>
NON-OPERATING REVENUES		
Donation		16,500
Miscellaneous		2,313
Interest Income	<u>57</u>	<u>97</u>
 Total Non-Operating Revenues	 <u>57</u>	 <u>18,910</u>
 Change in Net Position	 (20,162)	 (10,353)
Net Position, Beginning of Year	<u>189,611</u>	<u>199,964</u>
Net Position, End of Year	<u>\$ 169,449</u>	<u>\$ 189,611</u>

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

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Parking Meters and Parking Violations	\$ 191,193	\$ 184,458
Cash Received from Rentals	2,020	1,000
Cash Paid for Salaries and Benefits	(78,353)	(86,819)
Cash Paid to Vendors for Goods and Services	<u>(89,112)</u>	<u>(92,880)</u>
Net Cash Provided by Operating Activities	<u>25,748</u>	<u>5,759</u>
CASH FLOWS FROM INVESTING AND CAPITAL ACTIVITIES		
Acquisition of Vehicles and Equipment	(9,995)	(11,400)
Insurance Reimbursements		2,313
Interest Income	<u>57</u>	<u>97</u>
Net Cash (Used for) Investing and Capital Activities	<u>(9,938)</u>	<u>(8,990)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	15,810	(3,231)
Cash and Cash Equivalents, Beginning of Year	<u>64,547</u>	<u>67,778</u>
Cash and Cash Equivalents, End of Year	<u>\$ 80,357</u>	<u>\$ 64,547</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ (20,219)</u>	<u>\$ (29,263)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation Expense	39,363	36,994
(Increase) Decrease in Intergovernmental Receivable	3,636	451
Increase (Decrease) in Contracts Payable	4,346	
Increase (Decrease) in Due to Borough of Westwood	<u>(1,378)</u>	<u>(2,423)</u>
Total Adjustments	<u>45,967</u>	<u>35,022</u>
Net Cash Provided by Operating Activities	<u>\$ 25,748</u>	<u>\$ 5,759</u>
Noncash Investing, Capital and Financing Activities		
Vehicle Donations		\$ 16,500

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

NOTES TO THE FINANCIAL STATEMENTS

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. New Accounting Standards

The Authority has adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the Authority elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the fiscal year ending December 31, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The Authority does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the fiscal year ending December 31, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The Authority does not expect this Statement to impact its financial statements.

C. Basis of Presentation – Financial Statements, Measurement Focus and Basis of Accounting

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

The Authority has the following major proprietary fund:

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the Board 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation- Financial Statements, Measurement Focus and Basis of Accounting (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.

D. Assets, Liabilities and Net Position

Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, cash in banks, certificates of deposit and all short-term investments with a maturity date within three months or less from the date purchased. Investments are 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 THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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:

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

Net Position

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

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

Net Position Flow Assumption

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

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Budgets and Budgetary Accounting

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

**WESTWOOD PARKING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

1. Budgets and Budgetary Accounting (Continued)

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

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

In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year-end for which goods or services are received or rendered, are classified to expenses and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are cancelled. Encumbrances at year-end in funds that are budgeted on a project basis automatically carry forward along with their related appropriations and are not subject to annual cancellations and reappropriations. There were no budget modifications made during the fiscal years ended December 31, 2013 and 2012.

2. Revenues

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

3. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations for 2012. There were no expenditures in excess of available appropriations for 2013.

2012

Cost of Providing Services			
Salaries and Wages	\$41,132	\$48,750	\$7,618
Fringe Benefits	3,146	3,596	450

The above variances were offset with other available resources.

NOTE 3 DEPOSITS AND INVESTMENTS

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

Deposits

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

**WESTWOOD PARKING AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits (Continued)

Bank balances for interest bearing accounts at December 31, 2013 and 2012 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, 2013 and 2012, the book value of the Authority's deposits were \$80,357 and \$64,547, respectively, and bank balances of the Authority's cash and deposits amounted to \$78,042 and \$109,547. The bank balances are covered by FDIC. The Authority's deposits which are displayed on the statement of net position as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>2013</u>	<u>2012</u>
Insured	<u>\$78,042</u>	<u>\$109,547</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, 2013 and 2012, 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, 2013 and 2012, 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 THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012, 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, 2013 and 2012:

	Balance January 1 <u>2013</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	250,236	\$ 9,995		260,231
Vehicles	18,700	-	-	18,700
Total Capital Assets, Being Depreciated	<u>944,873</u>	<u>9,995</u>	<u>-</u>	<u>954,868</u>
Less: Accumulated Depreciation				
Site Improvements	405,807	9,077		414,884
Improvements to Facilities	230,591	182		230,773
Equipment and Meters	178,179	26,364		204,543
Vehicles	2,090	3,740	-	5,830
Total Accumulated Depreciation	<u>816,667</u>	<u>39,363</u>	<u>-</u>	<u>856,030</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 128,206</u>	<u>\$ (29,368)</u>	<u>\$ -</u>	<u>\$ 98,838</u>

**WESTWOOD PARKING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 7 CAPITAL ASSETS (Continued)

	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>

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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	<u>2013</u>		<u>Variance</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>	<u>Actual</u>
REVENUES				
Operating Revenues				
Parking Meters and Violations	\$ 180,600	\$ 187,557	\$ 6,957	\$ 184,007
Annual Rental Contract	<u>1,000</u>	<u>2,020</u>	<u>1,020</u>	<u>1,000</u>
Total Operating Revenues	<u>181,600</u>	<u>189,577</u>	<u>7,977</u>	<u>185,007</u>
Non-Operating Revenues				
Miscellaneous		-	-	2,313
Interest Income	-	<u>57</u>	<u>57</u>	<u>97</u>
Total Non-Operating Revenues	<u>-</u>	<u>57</u>	<u>57</u>	<u>2,410</u>
Total Revenues	<u>181,600</u>	<u>189,634</u>	<u>8,034</u>	<u>187,417</u>
APPROPRIATIONS				
Operating Appropriations				
Cost of Providing Services				
Salaries and Wages	47,820	42,294	5,526	48,750
Fringe Benefits	3,658	3,236	422	3,596
Other Expenses	<u>48,892</u>	<u>48,458</u>	<u>434</u>	<u>47,880</u>
Total Cost of Providing Services	<u>100,370</u>	<u>93,988</u>	<u>6,382</u>	<u>100,226</u>
Administration				
Salaries and Wages	33,655	29,210	4,445	29,848
Fringe Benefits	2,575	2,235	340	2,202
Inter-Local Agreement - Borough of Westwood	<u>45,000</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Total Administration	<u>81,230</u>	<u>76,445</u>	<u>4,785</u>	<u>77,050</u>
Total Appropriations	<u>181,600</u>	<u>170,433</u>	<u>11,167</u>	<u>177,276</u>
Total Budget Income	<u>\$ -</u>	<u>\$ 19,201</u>	<u>\$ 19,201</u>	<u>\$ 10,141</u>
<u>Reconciliation to Change in Net Position (GAAP Basis)</u>				
Increases to Budget Income				
Donations				16,500
Decreases to Budget Income				
Depreciation		<u>(39,363)</u>		<u>(36,994)</u>
Change in Net Position - GAAP Basis		<u>\$ (20,162)</u>		<u>\$ (10,353)</u>

**WESTWOOD PARKING AUTHORITY
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH AND CASH EQUIVALENTS
 FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash and Cash Equivalents, January 1, 2013		\$ 64,547
Cash Receipts:		
Parking Meters	\$ 178,471	
Shared Parking Violations	12,722	
Annual Rental Contract	2,020	
Interest	<u>57</u>	
		<u>193,270</u>
		257,817
Cash Disbursements:		
Budget Appropriations	160,687	
Acquisition of Vehicles and Equipment	9,995	
Due to Borough of Westwood - 2012	<u>6,778</u>	
		<u>177,460</u>
Cash and Cash Equivalents, December 31, 2013		<u>\$ 80,357</u>

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



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
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 Parking Authority, as of and for the year ended December 31, 2013, and the related notes to the financial statements, as listed in the table of contents which collectively comprise the Westwood Parking Authority's basic financial statements, and have issued our report thereon dated March 27, 2014.

Internal Control over Financial Reporting

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

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

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

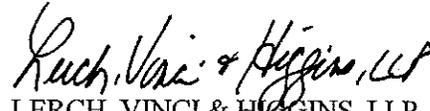
Compliance and Other Matters

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

We noted certain other matters that we have reported to management of the Westwood Parking Authority in the section of our report entitled, "General 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 Westwood Parking Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Westwood Parking Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 27, 2014

**WESTWOOD PARKING AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2013**

Board Members

Francis Costello - Chairman
Joseph Green - Vice Chairman
Sue Bahng – Secretary
John Oberg - Treasurer
Matt Foley – Assistant Treasurer

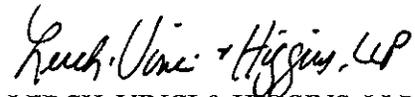
Other Officials

Jack Sauer – Administrator
Thomas Garrity – Assistant Administrator
Michael Pellegrino – Attorney
Joseph Burgis – Planner

GENERAL COMMENTS AND RECOMMENDATIONS

1. Financial disclosure statement forms for 2013 were not filed in a timely manner and/or not filed. It is recommended that financial disclosure statement forms be filed annually on or before April 30.
2. The Authority utilized part-time "collection assistants" throughout 2013. These assistants and the remuneration they received were not approved in the Authority's official minutes. Collection assistants were paid by voucher rather than through payroll. It is recommended that all collection assistants be approved by the Board and included in the Authority's official minutes. Furthermore, payment to collection assistants be made through payroll.

Respectfully submitted,


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411