

WESTWOOD PARKING AUTHORITY
(A Component Unit of the Borough of Westwood)
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2011

**WESTWOOD PARKING AUTHORITY
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LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

INDEPENDENT AUDITORS' REPORT

Honorable Commissioners
Westwood Parking Authority
Westwood, New Jersey

We have audited the accompanying basic financial statements of the Westwood Parking Authority, a component unit of the Borough of Westwood as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

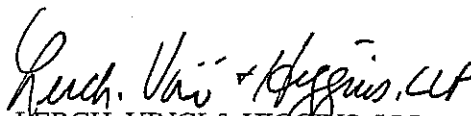
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan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

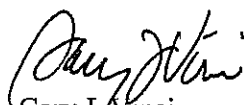
In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Westwood Parking Authority as of December 31, 2011 and 2010, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 2012 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Westwood Parking Authority 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 of the Westwood Parking Authority. The supplementary schedules 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. The 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 26, 2012

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, 2011. Please read this discussion in conjunction with the Authority's financial statements and accompanying notes for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2011:

- The Authority's total net assets decreased \$22,959.
- Cash and Cash Equivalents decreased \$15,241 or 19%. This was a result of the Authority's operating expenses exceeding operating revenues at year end.
- The Authority generated operating revenues of \$175,901 which was comprised of \$166,462 from parking meters and \$9,439 for shared parking violations and annual rental contract.
- Operating expenses totaled \$199,031 which included \$76,846 of employee salary and fringe benefits, \$88,793 for operations and \$33,392 for depreciation.
- Nonoperating revenue consisted of interest income of \$171, a decrease of \$147 from the prior year.

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 Assets – The following table summarizes the Net Assets between December 31, 2011, 2010 and 2009.

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2011 vs 2010</u>	
				<u>Increase / (Decrease)</u>	<u>Percent Change</u>
Invested in Capital Assets	\$ 146,550	\$ 170,692	\$ 69,223	\$ (24,142)	-14.14%
Unrestricted	<u>53,414</u>	<u>52,231</u>	<u>158,310</u>	<u>1,183</u>	2.26%
Total Net Assets	<u>\$ 199,964</u>	<u>\$ 222,923</u>	<u>\$ 227,533</u>	<u>\$ (22,959)</u>	-10.30%

The Authority's Net Assets decreased \$22,959 for the year ended December 31, 2011. This was a result of the Authority incurring an increase in depreciation expense for the new meters purchased and installed in 2010.

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

OPERATING ACTIVITIES

The following table summarizes the changes in net assets for the years 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2011 vs 2010</u>	
				<u>Increase / (Decrease)</u>	<u>Percent Change</u>
OPERATING REVENUES					
Parking Meters	\$ 166,462	\$ 159,914	\$ 153,111	\$ 6,548	4.09%
Shared Parking Violations	9,414	8,030	8,449	1,384	17.24%
Donations		6,000		(6,000)	100.00%
Annual Rental Contract	<u>25</u>	<u>2,085</u>	<u>560</u>	<u>(2,060)</u>	<u>-98.80%</u>
Total Operating Revenues	<u>175,901</u>	<u>176,029</u>	<u>162,120</u>	<u>(128)</u>	<u>-0.07%</u>
OPERATING EXPENSES					
Cost of Providing Services	90,655	89,990	80,865	665	0.74%
Administration	74,984	74,804	72,566	180	0.24%
Depreciation	<u>33,392</u>	<u>16,163</u>	<u>11,900</u>	<u>17,229</u>	<u>106.60%</u>
Total Operating Expenses	<u>199,031</u>	<u>180,957</u>	<u>165,331</u>	<u>18,074</u>	<u>9.99%</u>
Operating Income / (Loss)	(23,130)	(4,928)	(3,211)	(18,202)	
Nonoperating Revenues					
Interest Income	<u>171</u>	<u>318</u>	<u>1,004</u>	<u>(147)</u>	<u>-46.23%</u>
Change in Net Assets	(22,959)	(4,610)	(2,207)	(18,349)	
Net Assets, Beginning of Year	<u>222,923</u>	<u>227,533</u>	<u>229,740</u>	<u>(4,610)</u>	<u>-2.03%</u>
Net Assets, End of Year	<u>\$ 199,964</u>	<u>\$ 222,923</u>	<u>\$ 227,533</u>	<u>\$ (22,959)</u>	<u>-10.30%</u>

The Authority's net assets decreased \$22,959 or 10.30% for the year ended December 31, 2011. Decrease was mainly due to an increase in operating expenses of \$18,074. The most significant increase was for depreciation expense. Operating revenues remained relatively flat.

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

CAPITAL ASSETS

Capital Assets as of December 31, 2011 were as follows:

	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	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
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	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
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>

Total book value of the capital assets decreased \$24,142 during 2011. This is due to the increase in depreciation expense for new meters purchased in 2010.

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 2012 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 ASSETS
AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 67,778	\$ 83,019
Total Current Assets	<u>67,778</u>	<u>83,019</u>
Capital Assets		
Site Improvements	445,164	445,164
Improvements to Facilities	230,773	230,773
Vehicles	6,500	6,500
Equipment and Meters	<u>254,286</u>	<u>245,036</u>
	936,723	927,473
Less Accumulated Depreciation	<u>(790,173)</u>	<u>(756,781)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>146,550</u>	<u>170,692</u>
Total Assets	<u>214,328</u>	<u>253,711</u>
LIABILITIES		
Current Liabilities		
Contracts Payable	9,250	23,124
Intergovernmental Accounts Payable	<u>5,114</u>	<u>7,664</u>
Total Current Liabilities	<u>14,364</u>	<u>30,788</u>
NET ASSETS		
Invested in Capital Assets	146,550	170,692
Unrestricted	<u>53,414</u>	<u>52,231</u>
Total Net Assets	<u>\$ 199,964</u>	<u>\$ 222,923</u>

WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Parking Meters	\$ 166,462	\$ 159,914
Shared Parking Violations	9,414	8,030
Donation		6,000
Annual Rental Contract	<u>25</u>	<u>2,085</u>
 Total Operating Revenues	 <u>175,901</u>	 <u>176,029</u>
 OPERATING EXPENSES		
Cost of Providing Services	90,655	89,990
Administration	74,984	74,804
Depreciation	<u>33,392</u>	<u>16,163</u>
 Total Operating Expenses	 <u>199,031</u>	 <u>180,957</u>
 Operating Income / (Loss)	 (23,130)	 (4,928)
 Nonoperating Revenues		
Interest Income	<u>171</u>	<u>318</u>
 Change in Net Assets	 (22,959)	 (4,610)
 Net Assets, Beginning of Year	 <u>222,923</u>	 <u>227,533</u>
 Net Assets, End of Year	 <u>\$ 199,964</u>	 <u>\$ 222,923</u>

**WESTWOOD PARKING AUTHORITY
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Parking Meters and Parking Violations	\$ 173,456	\$ 167,944
Cash Received from Rentals	25	2,085
Cash Received from Donations		6,000
Cash Paid for Salaries and Benefits	(76,976)	(68,675)
Cash Paid to Vendors for Goods and Services	<u>(88,793)</u>	<u>(89,635)</u>
Net Cash (Used) Provided by Operating Activities	<u>7,712</u>	<u>17,719</u>
CASH FLOWS FROM INVESTING AND CAPITAL ACTIVITIES		
Acquisition of Equipment	(23,124)	(94,508)
Interest Income	<u>171</u>	<u>318</u>
Net Cash (Used)/Provided by Investing and Capital Activities	<u>(22,953)</u>	<u>(94,190)</u>
Net Increase (Decrease)/Increase in Cash and Cash Equivalents	(15,241)	(76,471)
Cash and Cash Equivalents, Beginning of Year	<u>83,019</u>	<u>159,490</u>
Cash and Cash Equivalents, End of Year	<u>\$ 67,778</u>	<u>\$ 83,019</u>
Reconciliation of Operating Income / (Loss) to Net Cash (Used) Provided by Operating Activities		
Operating Income / (Loss)	<u>\$ (23,130)</u>	<u>\$ (4,928)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation Expense	33,392	16,163
Increase (Decrease) in Intergovernmental Accounts Payable	<u>(2,550)</u>	<u>6,484</u>
Total Adjustments	<u>30,842</u>	<u>22,647</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ 7,712</u>	<u>\$ 17,719</u>
Noncash Investing, Capital and Financing Activities		
Purchase of Equipment on Account	<u>\$ 9,250</u>	<u>\$ 23,124</u>

NOTES TO BASIC FINANCIAL STATEMENTS

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 Basis of 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 Assets. 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, 2011 AND 2010**

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 Assets

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, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities and Net Assets (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 Assets

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

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

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.

**WESTWOOD PARKING AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budgets and Budgetary Accounting (Continued)

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, 2011 and 2010.

Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations for 2011 and 2010. The overexpended appropriations resulted in unfavorable budget variances.

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
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
2010			
Cost of Providing Services			
Salaries and Wages	\$34,968	\$42,172	\$7,204
Fringe Benefits	2,675	3,183	508
Administration			
Fringe Benefits	1,912	2,118	206

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, 2011 AND 2010**

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. At December 31, 2011 and 2010, the book value of the Authority's deposits were \$67,778 and \$83,019, respectively, and bank balances of the Authority's cash and deposits amounted to \$67,778 and \$177,526. 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>2011</u>	<u>2010</u>
Insured	<u>\$67,778</u>	<u>\$177,526</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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 AND 2010**

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, 2011 and 2010, 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, 2011 and 2010:

	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>

**WESTWOOD PARKING AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 CAPITAL ASSETS (Continued)

	Balance January 1 <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Capital Assets, Being Depreciated:				
Site Improvements	\$ 445,164			\$ 445,164
Improvements to Facilities	230,773			230,773
Equipment and Meters	238,900	\$ 117,632	\$ 111,496	245,036
Vehicles	6,500	-	-	6,500
	<u>921,337</u>	<u>117,632</u>	<u>111,496</u>	<u>927,473</u>
Total Capital Assets, Being Depreciated				
Less: Accumulated Depreciation				
Site Improvements	378,573	9,078		387,651
Improvements to Facilities	228,138	1,204		229,342
Equipment and Meters	238,903	5,881	(111,496)	133,288
Vehicles	6,500	-	-	6,500
	<u>852,114</u>	<u>16,163</u>	<u>(111,496)</u>	<u>756,781</u>
Total Accumulated Depreciation				
Total Capital Assets, Being Depreciated, Net	<u>\$ 69,223</u>	<u>\$ 101,469</u>	<u>\$ -</u>	<u>\$ 170,692</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, 2011
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	<u>2011</u>		<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Operating			
Parking Meters and Violations	\$ 163,500	\$ 175,876	\$ 167,944
Donations			6,000
Annual Rental Contract	<u>1,000</u>	<u>25</u>	<u>2,085</u>
Total Operating	<u>164,500</u>	<u>175,901</u>	<u>176,029</u>
Nonoperating			
Interest Income	<u>-</u>	<u>171</u>	<u>318</u>
Total Revenues	<u>\$ 164,500</u>	<u>\$ 176,072</u>	<u>\$ 176,347</u>
EXPENSES			
Operating (Exclusive of Depreciation)			
Cost of Providing Services			
Salaries and Wages	\$ 39,126	\$ 43,536	\$ 42,172
Fringe Benefits	2,993	3,326	3,183
Other Expenses	<u>43,739</u>	<u>43,793</u>	<u>44,635</u>
	<u>85,858</u>	<u>90,655</u>	<u>89,990</u>
Administration			
Salaries and Wages	31,500	27,853	27,686
Fringe Benefits	2,142	2,131	2,118
Inter-Local Agreement - Borough of Westwood	<u>45,000</u>	<u>45,000</u>	<u>45,000</u>
	<u>78,642</u>	<u>74,984</u>	<u>74,804</u>
Total Expenses	<u>\$ 164,500</u>	<u>\$ 165,639</u>	<u>\$ 164,794</u>

**WESTWOOD PARKING AUTHORITY
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash and Cash Equivalents, January 1		\$ 83,019
Cash Receipts:		
Parking Meters	\$ 166,462	
Shared Parking Violations	5,327	
Annual Rental Contract	25	
Interest	171	
	<u>171,985</u>	<u>171,985</u>
		255,004
Cash Disbursements:		
Budget Appropriations	156,438	
Contracts Payable	23,124	
Intergovernmental Accounts Payable	7,664	
	<u>187,226</u>	<u>187,226</u>
Cash and Cash Equivalents, December 31		<u>\$ 67,778</u>

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

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

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

Honorable Commissioners
Westwood Parking Authority
Westwood, New Jersey

We have audited the basic financial statements of the Westwood Parking Authority, a component unit of the Borough of Westwood, as of and for the year ended December 31, 2011 and have issued our report thereon dated March 26, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the Westwood Parking Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Westwood Parking Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

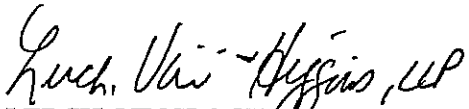
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

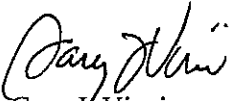
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

This report is intended solely for the information and use of the management, Westwood Parking Authority Board Members, others within the Authority and New Jersey State Department of Community Affairs and is not intended to be and should not be used by anyone other than these specified parties.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
March 26, 2012

WESTWOOD PARKING AUTHORITY
ROSTER OF OFFICIALS
DECEMBER 31, 2011

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

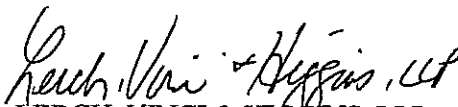
Mike Pellegrino – Attorney


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