

BOROUGH OF WESTWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2013

BOROUGH OF WESTWOOD

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BOROUGH OF WESTWOOD

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2013



LERCH, VINCI & HIGGINS, LLP

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Westwood, as of December 31, 2013 and 2012, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Westwood prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Westwood as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Modified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 47 percent and 47 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2013 and 2012.

Modified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Modified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Westwood as of December 31, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Current Fund for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

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

Other Information

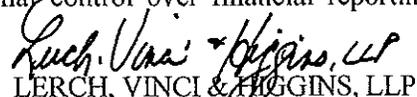
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Westwood as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, schedule of expenditures of state financial assistance as required by NJ OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Westwood.

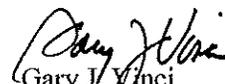
The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 24, 2014 on our consideration of the Borough of Westwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Westwood's internal control over financial reporting and compliance.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Cash - Collector-Treasurer	A-4	\$ 3,382,275	\$ 3,904,650
Cash - Change Fund	A	550	550
Grants Receivable	A-6	<u>68,638</u>	<u>97,278</u>
		<u>3,451,463</u>	<u>4,002,478</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	347,883	434,380
Tax Title Liens Receivable	A-9	105,970	33,439
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-11	12,689	11,587
Due from Westwood Parking Authority	A-23	5,400	6,778
Due from General Capital Fund	C-7	73,849	
Due from Animal Control Fund	B-6	1,058	
Due from Unemployment Trust Fund	B-14	13,775	
Due from Public Assistance Trust Fund	D-5	<u>13</u>	<u>5</u>
		<u>3,759,237</u>	<u>3,684,789</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-53)	A-12	<u>337,000</u>	<u>22,805</u>
		<u>337,000</u>	<u>22,805</u>
Total Assets		<u>\$ 7,547,700</u>	<u>\$ 7,710,072</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 446,820	\$ 479,723
Encumbrances Payable	A-16	592,433	660,389
Accounts Payable	A-26		2,596
Special Emergency Note Payable	A-24	325,000	
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7	20,376	20,376
Marriage Fees	A-14	250	300
Construction Fees	A-15	2,932	2,326
Tax Overpayments	A-19	137,412	37,411
Prepaid Taxes	A-18	160,577	156,861
Reserve for Codification of Ordinances	A-27	526	526
County Taxes Payable	A-21	50,354	4,137
Unappropriated Reserves for Grants	A-25	1,636	38,622
Appropriated Reserves for Grants	A-17	78,395	170,552
Reserve for Watershed Moratorium Aid	A-28	705	705
Due to Other Trust Fund	B-7	5,920	5,792
Due to General Capital Fund	C-7		122,542
Due to Animal Control Fund	B-6		2,309
Other Liabilities	A-22	<u>62,405</u>	<u>66,720</u>
		1,885,741	1,771,887
Reserve for Receivables and Other Assets	A	3,759,237	3,684,789
Fund Balance	A-1	<u>1,902,722</u>	<u>2,253,396</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,547,700</u>	<u>\$ 7,710,072</u>

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,485,000	\$ 1,500,000
Miscellaneous Revenue Anticipated	A-2	2,632,597	2,807,809
Receipts from Delinquent Taxes	A-2	392,352	412,578
Receipts from Current Taxes	A-2	42,146,309	41,214,881
Non-Budget Revenues	A-2	214,316	166,957
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	327,045	607,756
Interfunds and Other Receivables Returned	A	6,783	40,911
Prior Year Balances Cancelled			
Accounts Payable	A-26	2,326	
County Taxes	A-1		19,548
Due to State	A-1		3,569
Due to Westwood Parking Authority	B-12	1,007	
Appropriated and Unappropriated Reserves for Grants	A-17, A-25	67,462	
Statutory Excess - Animal Control	B-4	<u>3,365</u>	<u>5,423</u>
Total Revenues		<u>47,278,562</u>	<u>46,779,432</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	6,243,668	5,845,877
Other Expenses	A-3	6,624,390	6,446,121
Municipal Debt Service	A-3	1,942,347	1,927,237
Deferred Charges and Statutory Expenditures	A-3	1,379,545	1,394,655
Capital Improvements	A-3	9,290	25,000
County Taxes	A-21	4,467,250	4,563,233
Due County for Added and Omitted Taxes	A-21	50,354	4,137
Regional School District Tax	A-20	25,370,320	25,066,091
Refunds of Prior Year Revenue	A-4	2,378	1,170
Interfunds and Other Receivables Established	A	94,095	6,783
Prior Year-Senior Citizens and Veterans Deductions	A-8	3,194	250
Prior Year Tax Appeals Granted	A-4	231,805	60,135
Cancellation of Prior Year Grants Receivable	A-24	<u>50,600</u>	<u>-</u>
Total Expenditures		<u>46,469,236</u>	<u>45,340,689</u>
Excess in Revenue		809,326	1,438,743
Adjustment to Income before Fund Balance			
Expenditures Included above which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-12	<u>325,000</u>	<u>-</u>
Statutory Excess to Surplus		1,134,326	1,438,743
Fund Balance, January 1	A	<u>2,253,396</u>	<u>2,314,653</u>
		3,387,722	3,753,396
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,485,000</u>	<u>1,500,000</u>
Fund Balance, December 31	A	<u>\$ 1,902,722</u>	<u>\$ 2,253,396</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

		<u>Anticipated</u>		
	<u>Reference</u>	<u>Budget</u>	<u>Special N.J.S.</u> <u>40A:4-87</u>	<u>Realized</u> <u>in 2013</u>
				<u>Excess or</u> <u>(Deficit)</u>
SURPLUS ANTICIPATED	A-1	\$ 1,485,000	-	\$ 1,485,000
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	A-11	27,800		28,050
Other	A-2, A-11	20,700		21,945
Fees and Permits				
Other	A-2, A-11	40,900		45,617
Fines and Costs - Municipal Court	A-11	148,600		155,477
Interest and Costs on Taxes	A-11	106,300		102,519
Interest on Investments and Deposits	A-2	49,100		25,986
Consolidated Municipal Property Tax Relief	A-11	8,595		8,595
Energy Receipts Tax	A-11	1,010,236		1,010,236
Watershed Moratorium Offset Aid	A-11	705		705
Uniform Construction Code Fees	A-11	488,400		439,896
Interlocal - Tax Assessor - Boroughs of New Milford and Woodcliff Lake	A-11	29,303		30,153
Drunk Driving Enforcement Fund	A-25	14,382		14,382
Clean Communities Program	A-24		\$ 19,799	19,799
Police Body Armor	A-25	13,580		13,580
Recycling Tonnage Grant	A-24	17,591		17,008
Municipal Alliance	A-24	9,876		9,876
NJ Forestry Grant	A-24	3,000		3,000
HAVA	A-24	3,000		2,500
Drive Sober	A-25	5,000		5,000
NJ Tree Grant	A-25	2,807		2,807
Community Development - Senior Citizens	A-24	2,638	3,274	5,912
Community Development Block Grant - ADA Access	A-24	12,000		9,290
Drive Sober 2013	A-24		8,800	8,800
Bergen County Prosecutor's Office - Forfeiture of Funds	A-24		5,397	5,397
Federal Ballistic Vest Fund Grant	A-24		4,544	4,544
Uniform Fire Safety Act	A-11	87,100		95,561
Recycling Contract	A-11	28,000		25,199
Westwood House - Contribution in Lieu of Taxes	A-11	119,194		119,194
Westwood Parking Authority	A-11	45,000		45,000
Cellular One Lease Agreement	A-11	89,060		120,948
Cable TV Franchise Fees	A-11	100,621		100,621
Reserve for Payment of Bonds	C-16	35,000		35,000
General Capital Fund Balance	C-1	100,000		100,000
Special Building Trust Reserves	A-2	33,000	-	-
Total Miscellaneous Revenues	A-1	2,651,488	41,814	2,632,597
RECEIPTS FROM DELINQUENT TAXES	A-8	350,000	-	392,352
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF:				
Municipal Budget		11,686,675	-	12,541,432
Municipal Library		656,953	-	656,953
Total Amount to be Raised by Taxes	A-2	12,343,628	-	13,198,385
Total General Revenues	A-3	\$ 16,830,116	\$ 41,814	17,708,334
Non-Budget Revenue	A-2			214,316
				<u>\$ 17,922,650</u>

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 42,146,309
Less: Allocation to School and County Taxes	A-20,A-21	<u>29,887,924</u>
		12,258,385
Balance for Support of Municipal Budget Appropriation		12,258,385
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>940,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 13,198,385</u>
Licenses		
Clerk	A-11	\$ 6,910
Board of Health	A-11	<u>15,035</u>
	A-2	<u>\$ 21,945</u>
Fees and Permits		
Other		
Clerk	A-11	\$ 287
Tax Collector	A-11	1,427
Police	A-11	3,675
Board of Health	A-11	<u>40,228</u>
	A-2	<u>\$ 45,617</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-11	\$ 19,909
Due from Other Trust Fund	B-7	1,600
Due from Animal Control Fund	B-6	13
Due from Unemployment Compensation Insurance Fund	B-14	21
Due from General Capital Fund	C-7	4,294
Due from Public Assistance Fund	D-5	<u>149</u>
	A-2	<u>\$ 25,986</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
FEMA Reimbursement		\$ 102,691
Bid Specs		350
Sale of Assets		10,427
Reimbursement of COAH Fees		3,607
2% Administrative Fee - Senior Citizens and Veterans		1,661
Administrative Fee - Homestead Rebate		829
Closure of Bond and Coupon Account		30,370
Assessment Trust Fund Surplus		1,396
Cancellation of Lien Redemption Account Balance		15,403
Miscellaneous		19,570
LOSAP Refund		<u>28,012</u>
	A-2, A-4	<u>\$ 214,316</u>

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 242,315	\$ 242,315	\$ 242,310	\$ 5	
Other Expenses	37,300	37,300	35,985	1,315	
Mayor and Council					
Salaries and Wages	36,838	36,838	36,688	150	
Other Expenses	750	750		750	
Municipal Clerk					
Salaries and Wages	107,031	107,031	106,384	647	
Other Expenses	33,145	33,145	27,197	5,948	
Elections	10,500	10,500	10,318	182	
Financial Department					
Salaries and Wages	161,530	161,645	161,644	1	
Other Expenses	52,500	56,385	54,244	2,141	
Audit Services	31,000	31,000	31,000	-	
Revenue Collection					
Salaries and Wages	12,171	12,171	12,171	-	
Other Expenses	9,750	9,750	9,750	-	
Liquidation of Tax Title Lien	100	100		100	
Tax Assessment Administration					
Salaries and Wages	36,217	67,717	64,816	2,901	
Other Expenses	78,215	88,215	83,527	4,688	
Revaluation of Real Property		325,000	310,948	14,052	
Legal Services and Costs					
Other Expenses	118,100	118,100	115,693	2,407	
Engineering					
Other Expenses	21,000	21,000	20,960	40	
Environmental					
Other Expenses	3,000	3,000		3,000	
Historical Commission					
Other Expenses	7,500	7,500	4,732	2,768	
Borough Historian					
Other Expenses	1,000	1,000		1,000	
Planning Board/Board of Adjustment					
Salaries and Wages	18,611	18,611	16,169	2,442	
Other Expenses	8,000	8,000	7,985	15	
Other Code Enforcement - Housing Task Force					
Salaries and Wages	20,000	20,000	20,000		
Other Expenses	100	100		100	
Insurance					
General Liability Insurance (BJIF)	215,261	215,261	214,410	851	
Workers' Compensation Insurance (BJIF)	225,091	225,091	225,091	-	
Employee Group Insurance (BMED)	1,309,360	1,299,360	1,285,357	14,003	

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATIONS WITHIN "CAPS" (Cont'd)	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	\$ 3,609,515	\$ 3,609,515	\$ 3,530,961	\$ 78,554	
Other Expenses	110,774	110,199	96,790	13,409	
Other Expenses - Police Equipment	8,429	8,429	8,429		
Acquisition of Police Vehicles	72,925	72,925	66,098	6,827	
Police Reserves	8,300	8,300	503	7,797	
Police Dispatch/911					
Salaries and Wages	199,806	199,806	195,994	3,812	
Other Expenses	1,500	1,500	1,238	262	
Office of Emergency Management					
Salaries and Wages	4,000	4,000	3,476	524	
Other Expenses	3,650	3,650	284	3,366	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	43,150	43,150	43,150	-	
Clothing Allowance	42,000	42,000	42,000	-	
Fire Hydrant Service	158,000	158,000	157,500	500	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	70,206	70,206	68,790	1,416	
Other Expenses	2,350	2,350	1,678	672	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,499	1	
Prosecutor					
Salaries and Wages	19,675	19,675	19,675	-	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	909,308	909,308	893,539	15,769	
Other Expenses	137,750	137,750	111,513	26,237	
Repair to Traffic Lights	5,000	5,000		5,000	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	640,900	640,900	640,232	668	
Recycling					
Salaries and Wages	10,000	10,000	8,222	1,778	
Other Expenses	68,900	68,900	66,872	2,028	
Shade Tree - Advisory Committee					
Other Expenses	5,720	5,720	4,845	875	
Building and Grounds					
Salaries and Wages	68,532	68,532	67,738	794	
Other Expenses	81,550	81,550	66,929	14,621	
Vehicle Maintenance					
Other Expenses	88,500	88,500	78,777	9,723	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	124,827	127,327	126,541	786	
Other Expenses	114,775	112,275	110,634	1,641	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS" (Cont'd)					
HEALTH AND HUMAN SERVICES FUNCTIONS (Cont'd)					
Welfare/Administration of Public Assistance					
Salaries and Wages	\$ 29,446	\$ 29,446	\$ 29,446	-	
Other Expenses	600	1,175	1,153	\$ 22	
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	118,599	118,599	117,791	808	
Other Expenses	13,450	13,450	12,432	1,018	
Maintenance of Westvale Park	70,500	70,500	70,012	488	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	8,000	7,000	3,540	3,460	
Municipal Court					
Salaries and Wages	132,348	132,348	131,810	538	
Other Expenses	15,000	15,000	11,018	3,982	
Public Defender					
Salaries and Wages	8,744	9,544	9,544		
Landfill/Solid Waste Disposal Costs					
Garbage Tipping Fees	20,000	11,700	4,941	6,759	
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement and Administration					
Building Inspector					
Salaries and Wages	239,731	239,731	232,390	7,341	
Other Expenses	10,400	10,400	7,385	3,015	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	121,700	118,700	118,700		
Street Lighting	130,000	130,000	122,825	7,175	
Telephone	66,000	73,000	71,825	1,175	
Water	26,000	24,000	18,034	5,966	
Natural Gas	40,000	34,000	23,275	10,725	
Sewerage Processing and Disposal	19,000	19,000	16,767	2,233	
Gasoline	140,000	120,000	118,017	1,983	-
Total Operations Within "CAPS"	<u>10,640,445</u>	<u>10,968,445</u>	<u>10,655,191</u>	<u>313,254</u>	<u>-</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Operations including Contingent - Within "CAPS"	<u>10,641,445</u>	<u>10,969,445</u>	<u>10,655,191</u>	<u>314,254</u>	<u>-</u>
Detail:					
Salaries and Wages	\$ 6,179,450	\$ 6,214,365	\$ 6,096,099	\$ 118,266	-
Other Expenses	4,461,995	4,755,080	4,559,092	195,988	-

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Deferred Charges					
Deficit in Unemployment Insurance Trust Fund	5,000	5,000	5,000		
Statutory Charges					
Social Security System (O.A.S.I.)	270,000	262,500	260,284	2,216	
Contribution to Public Employees Ret. System	314,833	318,333	318,323	10	
Police and Fireman's Retirement System of NJ	775,907	775,907	775,907	-	
Defined Contribution Plan	1,000	2,000	1,738	262	
Widow Pension (Per R.S. 43.12-28.1 & 28.2)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
 Total Deferred Charges & Statutory Expenditures - Within "CAPS"	 <u>1,371,740</u>	 <u>1,368,740</u>	 <u>1,366,252</u>	 <u>2,488</u>	 <u>-</u>
 Total General Appropriations for Municipal Purposes within "CAPS"	 <u>12,013,185</u>	 <u>12,338,185</u>	 <u>12,021,443</u>	 <u>316,742</u>	 <u>\$ -</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	701,110	701,110	668,196	32,914	
Employee Group Insurance	11,240	11,240		11,240	
Bergen County Utilities Authority					
Operating	652,358	652,358	652,357	1	
Debt Service	298,538	298,538	298,538		
Length of Service Awards Program - LOSAP	<u>80,000</u>	<u>80,000</u>	<u>62,405</u>	<u>17,595</u>	<u>-</u>
 Total Operations - Excluded from "CAPS"	 <u>1,743,246</u>	 <u>1,743,246</u>	 <u>1,681,496</u>	 <u>61,750</u>	 <u>-</u>
Interlocal Municipal Service Agreements					
Chief Financial Officer - Borough of Hillsdale				-	
Tax Assessors Agreements - Boroughs of					
New Milford and Woodcliff Lake	<u>29,303</u>	<u>29,303</u>	<u>29,303</u>	<u>-</u>	<u>-</u>
 Total Interlocal Municipal Service Agreements	 <u>29,303</u>	 <u>29,303</u>	 <u>29,303</u>	 <u>-</u>	 <u>-</u>

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Drunk Driving Enforcement Fund - State Share	\$ 14,382	\$ 14,382	\$ 4,555	\$ 9,827	
Drive Sober - 2013		8,800	4,400	4,400	
Recycling Tonnage Grant	17,591	17,591		17,591	
Clean Communities Other Expenses		19,799	15,072	4,727	
Federal Ballistic Vest Fund		4,544	4,544		
Police Body Armor	13,580	13,580	4,544	9,036	
Municipal Alliance					
State Share	9,876	9,876	7,981	1,895	
Local Share	9,876	9,876		9,876	
NJ Forestry Grant					
State Share	3,000	3,000		3,000	
Local Share	3,000	3,000		3,000	
HAVA Grant	3,000	3,000	2,500		\$ 500
Drive Sober	5,000	5,000	865	4,135	
NJ Tree Grant	2,807	2,807	2,807		
Community Development - Senior Citizens Activities	2,638	5,912	5,071	841	
Bergen County Prosecutor - Forfeiture of Funds	-	5,397	5,397		
	<u>84,750</u>	<u>126,564</u>	<u>57,736</u>	<u>68,328</u>	<u>500</u>
Total Public and Private Programs Offset by Revenues					
	<u>84,750</u>	<u>126,564</u>	<u>57,736</u>	<u>68,328</u>	<u>500</u>
Total Operations Excluded from "CAPS"	<u>1,857,299</u>	<u>1,899,113</u>	<u>1,768,535</u>	<u>130,078</u>	<u>500</u>
Detail:					
Salaries and Wages	29,303	29,303	29,303	-	-
Other Expenses	1,827,996	1,869,810	1,739,232	130,078	-
	<u>1,827,996</u>	<u>1,869,810</u>	<u>1,739,232</u>	<u>130,078</u>	<u>-</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Community Development Block Grant - ADA Access - Borough Hall	12,000	12,000	9,290	-	2,710
	<u>12,000</u>	<u>12,000</u>	<u>9,290</u>	<u>-</u>	<u>2,710</u>
Total Capital Improvements - Excluded from "CAPS"	<u>12,000</u>	<u>12,000</u>	<u>9,290</u>	<u>-</u>	<u>2,710</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	860,000	860,000	860,000		
Payment of Bond Anticipation Notes	163,085	163,085	163,085		
Interest on Bonds	380,030	380,030	380,030		
Interest on Notes	71,184	71,184	71,184		
Economic Development Authority					
Loan Repayments for Principal and Interest	25,381	25,381	25,380		1
Environmental Infrastructure Trust/Fund Loans					
Loan Repayments for Principal and Interest	497,147	497,147	442,668	-	54,479
	<u>1,996,827</u>	<u>1,996,827</u>	<u>1,942,347</u>	<u>-</u>	<u>54,480</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>1,996,827</u>	<u>1,996,827</u>	<u>1,942,347</u>	<u>-</u>	<u>54,480</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2013 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
DEFERRED CHARGES					
Emergency Authorizations					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	\$ 10,805	\$ 10,805	\$ 10,805	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>10,805</u>	<u>10,805</u>	<u>10,805</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>3,876,931</u>	<u>3,918,745</u>	<u>3,730,977</u>	\$ 130,078	\$ 57,690
Subtotal General Appropriations	15,890,116	16,256,930	15,752,420	446,820	57,690
RESERVE FOR UNCOLLECTED TAXES	<u>940,000</u>	<u>940,000</u>	<u>940,000</u>	-	-
Total General Appropriations	<u>\$ 16,830,116</u>	<u>\$ 17,196,930</u>	<u>\$ 16,692,420</u>	<u>\$ 446,820</u>	<u>\$ 57,690</u>

Reference

Adopted Budget	A-2	\$ 16,830,116
Added by N.J.S 40A:4-87	A-2	41,814
Special Emergency Authorizations	A-12	<u>325,000</u>
		<u>\$ 17,196,930</u>
Cash Disbursed	A-4	\$ 14,667,337
Encumbrances Payable	A-16	592,433
Reserve for Uncollected Taxes	A-3	940,000
Deferred Charges	A-12	10,805
Current Fund Expenditures Paid by General Capital Fund	C-7	414,440
Transfer to Other Liabilities-LOSAP Contribution	A-22	62,405
Due to Unemployment Insurance Trust Fund	B-14	<u>5,000</u>
		<u>\$ 16,692,420</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Assessment Trust Fund			
Cash	B-2, B-3	-	\$ 1,396
		<u>-</u>	<u>1,396</u>
Animal Control Fund			
Cash	B-2	\$ 13,991	9,190
Due from Current Fund	B-6	-	2,309
		<u>13,991</u>	<u>11,499</u>
Other Trust Fund			
Cash	B-2	1,265,530	1,015,804
Due from Current Fund	B-7	5,920	5,792
		<u>1,271,450</u>	<u>1,021,596</u>
Unemployment Insurance Trust Fund			
Cash	B-2	14,118	-
Length of Service Awards Program Fund (Unaudited)			
Investments	B	1,077,615	862,967
Contribution Receivable	A-22	62,405	66,720
		<u>1,140,020</u>	<u>929,687</u>
Total Assets		<u>\$ 2,439,579</u>	<u>\$ 1,964,178</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Assessment Trust Fund			
Fund Balance	B-1	-	\$ 1,396
		-	1,396
Animal Control Fund			
Due to Current Fund	B-6	\$ 1,058	
Due to State of New Jersey	B-5	2	7
Reserve for Animal Control Expenditures	B-4	12,931	11,492
		13,991	11,499
Other Trust Fund			
Escrow Deposits Payable	B-8	310,506	397,190
Reserve for Payroll and Payroll Deductions Payable	B-11	14,451	14,758
Miscellaneous Reserves	B-10	929,505	589,618
Reserve for POAA Court Expenditures	B-9	16,988	16,394
Due to Westwood Parking Authority	B-12	-	3,636
		1,271,450	1,021,596
Unemployment Insurance Trust Fund			
Cash (Overdraft)	B-2		3,601
Due to State of New Jersey	B-15	191	1,510
Due to Current Fund	B-14	13,775	
Reserve (Deficit) for Unemployment Claims	B-13	152	(5,111)
		14,118	-
Length of Service Awards Program Fund (Unaudited)			
Reserve for Length of Service Award Program	B	1,140,020	929,687
Total Liabilities, Reserves and Fund Balance		\$ 2,439,579	\$ 1,964,178

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	B	\$ 1,396	\$ 1,396
Decreased by:			
Transferred to Current Fund (Non Budget Revenue)	A-2	<u>1,396</u>	<u>-</u>
Balance, December 31	B	<u>\$ -</u>	<u>\$ 1,396</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	C-2,C-3	\$ 984,416	\$ 2,130,156
Deferred Charges to Future Taxation			
Funded	C-4	12,335,622	13,669,135
Unfunded	C-5	6,359,833	6,222,261
Grants Receivable	C-6	1,197,267	2,141,009
Environmental Infrastructure Loan Receivable	C-15	90,857	90,857
Due From Current Fund	C-7		122,542
Prospective Assessments Raised by Taxation	C-13	<u>2,950</u>	<u>2,950</u>
 Total Assets		 <u>\$ 20,970,945</u>	 <u>\$ 24,378,910</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 10,626,000	\$ 11,486,000
Bond Anticipation Notes	C-9	6,734,000	6,382,025
Loans Payable	C-14	1,709,622	2,183,135
Improvement Authorizations			
Funded	C-10	857,068	1,476,792
Unfunded	C-10	370,085	1,026,668
Due to Current Fund	C-7	73,849	
Encumbrances Payable	C-11	177,880	1,321,523
Capital Improvement Fund	C-12	123,592	193,287
Reserve for:			
Grants Receivable	C-6	6,082	
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
Payment of Bonds	C-16	55,428	90,428
Pascack Brook Park Bikeway	C	50,188	50,188
Fund Balance	C-1	<u>184,201</u>	<u>165,914</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 20,970,945</u>	 <u>\$ 24,378,910</u>

There were bonds and notes authorized but not issued of \$123,614 and \$50,608 at December 31, 2013 and 2012, respectively (Exhibit C-17).

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 165,914	\$ 230,245
Increased by:			
Premium on Sale of Bonds and Notes	C-2	27,221	35,669
Improvement Authorizations Cancelled	C-10	<u>91,066</u>	<u>-</u>
	C	284,201	265,914
Decreased by:			
Appropriated to 2013 Budget Revenue	A-2	<u>100,000</u>	<u>100,000</u>
Balance, December 31	C	<u>\$ 184,201</u>	<u>\$ 165,914</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	D-1	\$ <u>132,989</u>	\$ <u>91,014</u>
Total Assets		\$ <u>132,989</u>	\$ <u>91,014</u>
 LIABILITIES AND RESERVES			
Due to Current Fund	D-5	\$ 13	\$ 5
Reserve for Public Assistance Expenditures	D-2	<u>132,976</u>	<u>91,009</u>
Total Liabilities and Reserves		<u>\$ 132,989</u>	<u>\$ 91,014</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
SCHEDULE OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Land and Improvements	\$ 17,429,307	\$ 15,938,400
Buildings and Building Improvements	8,679,845	8,671,805
Machinery and Equipment	<u>8,018,292</u>	<u>7,440,095</u>
	<u>\$ 34,127,444</u>	<u>\$ 32,050,300</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 34,127,444</u>	<u>\$ 32,050,300</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Westwood (the "Borough") was incorporated in 1894 and operates under an elected Mayor/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Westwood have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Assessment Trust Fund - This fund is used to account for special benefit assessments levied against properties for specific purposes.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

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

The Borough of Westwood follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Westwood has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$500 and an estimated useful life in excess of two years.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Fixed Assets purchased after December 31, 1995 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

Fixed Assets purchased prior to December 31, 1995 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

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

Trust Funds (except for Assessment Trust)
General Capital Fund
Public Assistance Fund

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$366,814 and \$43,429. The increases were funded by additional aid allotted to the Borough and a special emergency in 2013 for the revaluation of real property. In addition, the governing body approved several budget transfers during 2013 and 2012.

NOTE 3 DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$5,793,869 and \$7,149,159 and bank and brokerage firm balances of the Borough's deposits amounted to \$6,229,067 and \$7,521,599, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2013</u>	<u>2012</u>
Insured	\$ 6,229,067	\$ 7,449,582
Uninsured and Collateralized	-	72,017
	<u>\$ 6,229,067</u>	<u>\$ 7,521,599</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continue)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2013, there were no bank balances exposed to custodial credit risk. As of December 31, 2012, \$72,017 were exposed to custodial credit risk as follows:

	<u>2013</u>	<u>2012</u>
Uninsured and Collateralized		
Collateral Held by the Pledging Financial Institution Trust Department in the Borough's Name	\$ -	\$ 72,017

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Local Government investment pools, and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>LOSAP</u>	
	<u>Fair and Reported Value</u>	
	<u>2013</u>	<u>2012</u>
Investments with Lincoln Financial - Unaudited	\$ 1,077,615	\$ 862,967

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$1,077,615 and \$862,967 of the Borough’s investments was exposed to custodial credit risk as follows:

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2013 and 2012, the Borough’s investment in Lincoln Financial Group was rated Baa1 and Baa2, respectively, by Moody’s Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer.

The fair value of the above-listed investment was based on quoted market prices.

Interest earned in the General Capital Fund, Assessment Trust Fund, Animal Control Fund, certain Other Trust Funds and the Public Assistance Trust Fund are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ 347,883	\$ 434,380
Tax Title Liens	105,970	33,439
	<u>\$ 453,853</u>	<u>\$ 467,819</u>

In 2013 and 2012, the Borough collected \$392,352 and \$412,578 from delinquent taxes, which represented 84% and 85% of the prior year delinquent taxes receivable balance.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2013</u>		<u>2012</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 88,695	\$ 5,920	\$ 5	\$ 130,643
Trust Funds				
Animal Control Fund		1,058	2,309	
Other Trust Fund	5,920		5,792	
Unemployment Insurance Trust Fund		13,775		
General Capital Fund		73,849	122,542	
Public Assistance Fund	-	13	-	5
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 94,615	\$ 94,615	\$ 130,648	\$ 130,648

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Fund by</u> <u>Operations</u>	<u>Balance</u>
<u>2013</u>				
Current Fund				
Special Emergency Authorizations (40A:4-55)	\$ 337,000	\$ 69,000	\$ -	\$ 268,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2012</u>				
Current Fund				
Special Emergency Authorizations (40A:4-55)	\$ 22,805	\$ 10,805	\$ -	\$ 12,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Unemployment Insurance Trust Fund				
Operating Deficit	\$ 5,111	\$ 5,000	\$ 111	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Fund(s) are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,822,084	\$ 1,222,000	\$ 2,133,313	\$ 1,485,000
Non-Cash Surplus	<u>80,638</u>	<u>-</u>	<u>120,083</u>	<u>-</u>
	<u>\$ 1,902,722</u>	<u>\$ 1,222,000</u>	<u>\$ 2,253,396</u>	<u>\$ 1,485,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2013 and 2012.

	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Improvements	\$ 15,938,400	\$ 1,490,907		\$ 17,429,307
Buildings and Building Improvements	8,671,805	8,040		8,679,845
Machinery and Equipment	<u>7,440,095</u>	<u>578,197</u>	<u>\$ -</u>	<u>8,018,292</u>
	<u>\$ 32,050,300</u>	<u>\$ 2,077,144</u>	<u>\$ -</u>	<u>\$ 34,127,444</u>
	Balance December 31, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land and Improvements	\$ 15,893,400	\$ 45,000		\$ 15,938,400
Buildings and Building Improvements	8,651,335	20,470		8,671,805
Machinery and Equipment	<u>6,871,112</u>	<u>568,983</u>	<u>\$ -</u>	<u>7,440,095</u>
	<u>\$ 31,415,847</u>	<u>\$ 634,453</u>	<u>\$ -</u>	<u>\$ 32,050,300</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 19,069,622	\$ 20,051,160
Less Funds Temporarily Held to Pay Bonds and Notes	<u>553,209</u>	<u>300,800</u>
Net Debt Issued	<u>18,516,413</u>	<u>19,750,360</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>123,614</u>	<u>50,608</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,640,027</u>	<u>\$ 19,800,968</u>

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of .93% and .97% at December 31, 2013 and 2012, respectively.

Statutory Borrowing Power

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

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 70,150,411	\$ 71,662,727
Net Debt	<u>18,640,027</u>	<u>19,800,968</u>
Remaining Borrowing Power	<u>\$ 51,510,384</u>	<u>\$ 51,861,759</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$5,674,000, 2003 Bonds, due in annual installments of \$250,000 through September 2013		\$ 250,000
\$4,555,000, 2004 Refunding Bonds, due in annual installments of \$435,000 to \$480,000 through August 2017, interest at 2.00% to 3.60%	\$ 1,835,000	2,225,000
\$2,235,000, 2008 Refunding Bonds, due in annual installments of \$195,000 to \$230,000 through August 2019, interest at 3.00% to 5.00%	1,250,000	1,435,000
\$3,736,000, 2010 Bonds, due in annual installments of \$45,000 to \$636,000 through April 2022, interest at 2.00% to 3.50%	3,651,000	3,686,000
\$3,890,000, 2012 Refunding Bonds, due in annual installments of \$245,000 to \$500,000 through September 2023, interest 2.00% to 4.00%	<u>3,890,000</u>	<u>3,890,000</u>
	<u>\$ 10,626,000</u>	<u>\$ 11,486,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into loan agreements with the State of New Jersey for the financing relating to the construction of a new municipal building, improvements to the Free Public Library and closure of the municipal landfill. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$500,100, 1994 Loan due in Semi-annual installments of \$25,005 through August 2013, interest at 1.5%		\$ 25,005
\$2,520,000 Trust Loan due in Annual installments of \$230,000 to \$240,000 through August 2015, interest at 5%-5.13%	\$ 470,000	690,000
\$2,445,000 Loan due in Semi-annual installments of \$4,291 to \$171,755 through August 2015, interest free	353,140	530,930
\$265,000 Trust Loan due in Annual installments of \$10,000 to \$20,000 August 2029, interest at various interest rates	235,000	245,000
\$800,781 Loan due in Semi-annual installments of \$40,718 through August 2029, interest free	651,482	692,200
	<u>\$ 1,709,622</u>	<u>\$ 2,183,135</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	General		Loans		Total
	Principal	Interest	Principal	Interest	
2014	\$ 925,000	\$ 351,267	\$ 457,810	\$ 33,675	\$ 1,767,752
2015	960,000	324,771	466,764	21,675	1,773,210
2016	1,430,000	288,790	50,718	8,875	1,778,383
2017	1,480,000	242,015	50,718	8,375	1,781,108
2018	1,050,000	192,710	55,718	7,875	1,306,303
2019-2023	4,781,000	442,898	278,588	29,474	5,531,960
2024-2028			288,588	14,575	303,163
2029	-	-	60,718	800	61,518
Total	<u>\$ 10,626,000</u>	<u>\$ 1,842,451</u>	<u>\$ 1,709,622</u>	<u>\$ 125,324</u>	<u>\$ 14,303,397</u>

Prior Year Defeasance of Debt

In prior years, the Borough defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Borough's financial statements. On December 31, 2013 and 2012, \$-0- and \$4,024,000, respectively, of bonds outstanding are considered defeased.

BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	December 31, <u>2013</u>	Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 11,486,000		\$ 860,000	\$ 10,626,000	\$ 925,000
Intergovernmental Loans Payable	<u>2,183,135</u>	<u>-</u>	<u>473,513</u>	<u>1,709,622</u>	<u>457,810</u>
General Capital Fund Long-Term Liabilities	<u>\$ 13,669,135</u>	<u>\$ -</u>	<u>\$ 1,333,513</u>	<u>\$ 12,335,622</u>	<u>\$ 1,382,810</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 12,455,000	\$ 3,890,000	\$ 4,859,000	\$ 11,486,000	\$ 860,000
Intergovernmental Loans Payable	<u>2,646,997</u>	<u>-</u>	<u>463,862</u>	<u>2,183,135</u>	<u>473,513</u>
General Capital Fund Long-Term Liabilities	<u>\$ 15,101,997</u>	<u>\$ 3,890,000</u>	<u>\$ 5,322,862</u>	<u>\$ 13,669,135</u>	<u>\$ 1,333,513</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	Balance,			Balance,
			December 31, 2012	Increased	Decreased	December 31, 2013
Acquisition of Various Equipment-Fire Department	1.25%	5/3/2013	\$ 226,571			\$ 226,571
	1.00%	5/2/2014		\$ 213,793		\$ 213,793
	.50%	5/2/2014		109,250		109,250
Road Improvements	1.25%	5/3/2013	1,118,203		1,118,203	-
	1.00%	5/2/2014		1,072,865		1,072,865
Acquisition of Technology Equipment	1.25%	5/3/2013	25,333		25,333	-
	1.00%	5/2/2014		22,166		22,166
Acquisition of Equipment	1.25%	5/3/2013	139,333		139,333	-
	1.00%	5/2/2014		121,916		121,916
Emerson Pump Station	1.25%	5/3/2013	115,862		115,862	-
	1.00%	5/2/2014		111,724		111,724
Acquisition of Playground Equipment	1.25%	5/3/2013	27,517		27,517	-
	1.00%	5/2/2014		26,534		26,534
Acq. Of Various Equipment - Public Works Department	1.25%	5/3/2013	107,533		107,533	-
	1.00%	5/2/2014		92,513		92,513
	.50%	5/2/2014		142,500		142,500
Improvements to Westvale Park and Related Expenses	1.25%	5/3/2013	1,809,500		1,809,500	-
	1.00%	5/2/2014		1,747,103		1,747,103
Various Capital Improvements and Other Related Expenses	1.25%	5/3/2013	247,000		247,000	
	1.00%	5/2/2014		237,328		237,328
Railroad Signalization Project	1.25%	5/3/2013	100,700		100,700	-
	1.00%	5/2/2014		100,700		100,700
	.50%	5/2/2014		109,250		109,250
Monitoring of Landfill Emissions	1.25%	5/3/2013	218,975		218,975	-
	1.00%	5/2/2014		218,975		218,975
	.50%	5/2/2014		76,000		76,000

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

2013

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance, December 31,</u>			<u>Balance,</u>
			<u>2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>December 31,</u>
						<u>2013</u>
Improvements to Various Municipal Buildings - Energy	1.25%	5/3/2013	\$ 76,000		\$ 76,000	
	1.00%	5/2/2014		\$ 36,040		\$ 36,040
Pascack Brook Sewer Pipe Replacement	1.25%	5/3/2013	735,000		735,000	-
	1.00%	5/2/2014		735,000		735,000
Acquisition of Various Equipment	1.25%	5/3/2013	125,400		125,400	-
	1.00%	5/2/2014		125,400		125,400
Acquisition of Equipment	1.25%	5/3/2013	47,500		47,500	-
	1.00%	5/2/2014		47,500		47,500
Acq. Of Equipment - Police	1.25%	5/3/2013	22,325		22,325	-
	1.00%	5/2/2014		22,325		22,325
Installation of Barrier Free Curb Cuts	1.25%	5/3/2013	26,665		26,665	-
	1.00%	5/2/2014		26,665		26,665
Various Improvements - Hurricane Irene	1.25%	5/3/2013	305,358		305,358	-
	1.00%	5/2/2014		155,643		155,643
Various Improvements to Veterans Park	1.25%	5/3/2013	85,500		85,500	-
	1.00%	5/2/2014		73,060		73,060
Various Capital Improvements and Other Related Expenses	1.25%	5/3/2013	532,000		532,000	-
	1.00%	5/2/2014		532,000		532,000
Closure of a Landfill Located in the Borough	1.25%	5/3/2013	33,250		33,250	-
	1.00%	5/2/2014		33,250		33,250
Various Road and Park Improvements	1.25%	5/3/2013	256,500		256,500	-
	1.00%	5/2/2014		256,500		256,500
911 Upgrade	.50%	5/2/2014		123,500		123,500
Borough Hall Security System	.50%	5/2/2014		119,225		119,225
Community Garden	.50%	5/2/2014		19,000		19,000
Drainage and Parking	.50%	5/2/2014	-	26,275	-	26,275
			<u>\$ 6,382,025</u>	<u>\$ 6,734,000</u>	<u>\$ 6,382,025</u>	<u>\$ 6,734,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2012</u>			Balance, December 31, <u>2011</u>	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, <u>2012</u>
<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>				
Acquisition of Various Equipment-Fire Department	1.75%	5/3/2012	\$ 239,349		\$ 239,349	
	1.25%	5/3/2013		\$ 226,571		\$ 226,571
Road Improvements	1.75%	5/3/2012	858,216		858,216	-
	1.25%	5/3/2013		1,118,203		1,118,203
Acquisition of Technology Equipment	1.75%	5/3/2012	28,500		28,500	-
	1.25%	5/3/2013		25,333		25,333
Acquisition of Equipment	1.75%	5/3/2012	156,750		156,750	-
	1.25%	5/3/2013		139,333		139,333
Emerson Pump Station	1.75%	5/3/2012	120,000		120,000	-
	1.25%	5/3/2013		115,862		115,862
Acquisition of Playground Equipment	1.75%	5/3/2012	28,500		28,500	-
	1.25%	5/3/2013		27,517		27,517
Acq. Of Various Equipment - Public Works Departme	1.75%	5/3/2012	110,185		110,185	-
	1.25%	5/3/2013		107,533		107,533
Improvements to Westvale Park and Related Expenses	1.75%	5/3/2012	1,809,500		1,809,500	-
	1.25%	5/3/2013		1,809,500		1,809,500
Various Capital Improvements and Other Related Exp	1.75%	5/3/2012	247,000		247,000	
	1.25%	5/3/2013		247,000		247,000
Railroad Signalization Project	1.75%	5/3/2012	80,750		80,750	-
	1.25%	5/3/2013		100,700		100,700

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

<u>2012</u>			Balance,			Balance,
	<u>Interest</u>	<u>Date of</u>	December 31,	<u>Increased</u>	<u>Decreased</u>	December 31,
<u>Improvement Description</u>	<u>Rate</u>	<u>Maturity</u>	<u>2011</u>			<u>2012</u>
Monitoring of Landfill Emissions	1.75%	5/3/2012	\$ 161,500		\$ 161,500	-
	1.25%	5/3/2013		\$ 218,975		\$ 218,975
Improvements to Various Municipal Buildings - Energy	1.75%	5/3/2012	76,000		76,000	-
	1.25%	5/3/2013		76,000		76,000
Pascack Brook Sewer Pipe Replacement	1.75%	5/3/2012	390,000		390,000	-
	1.25%	5/3/2013		735,000		735,000
Acquisition of Various Equipment	1.75%	5/3/2012	125,400		125,400	-
	1.25%	5/3/2013		125,400		125,400
Acquisition of Equipment	1.75%	5/3/2012	47,350	-	47,350	-
	1.25%	5/3/2013		47,500		47,500
Acq. Of Equipment - Police	1.25%	5/3/2013	-	22,325	-	22,325
Installation of Barrier Free Curb Cuts	1.25%	5/3/2013		26,665		26,665
Various Improvements - Hurricane Irene	1.25%	5/3/2013	-	305,358	-	305,358
Various Improvements to Veterans Park	1.25%	5/3/2013		85,500		85,500
Various Capital Improvements and Other Related	1.25%	5/3/2013		\$ 532,000		\$ 532,000
Closure of a Landfill Located in the Borough	1.25%	5/3/2013		33,250		33,250
Various Road and Park Improvements	1.25%	5/3/2013	-	256,500	-	256,500
			<u>\$ 4,479,000</u>	<u>\$ 6,382,025</u>	<u>\$ 4,479,000</u>	<u>\$ 6,382,025</u>

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2013 as follows:

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the Borough may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2012</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, December 31, 2013</u>
Revaluation of Real Property	.50%	5/2/2014	\$ -	\$ 325,000	\$ -	\$ 325,000

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2013</u>		
Borough Hall Security System	\$67,046	2014
Landfill Monitoring	49,701	2014
<u>2012</u>		
Hazard Mitigation – Acquisition of Properties	\$1,041,250	2013
Road Improvements	76,864	2013
Police Radio Equipment	120,749	2013

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,289,000 and \$1,250,000 at December 31, 2013 and 2012, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

B. Capital Lease Agreement

The Borough entered into an agreement for the leasing of two police vehicles totaling \$61,811 under capital leases. The capital lease agreement is for a term of three years. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2013.

<u>Years Ended December 31,</u>	<u>Amount</u>
2014	\$ 21,489
2015	<u>19,698</u>
Total	41,187
Less: Amounts representing Interest	<u>1,111</u>
Present value of Net Minimum Lease Payments	<u>\$ 40,076</u>

The Borough's capital lease activity for the years 2013 and 2012 was as follows:

	<u>2013</u>	<u>2012</u>
Balance, January 1		-
Additions	\$ 60,162	\$ 61,811
Reductions	<u>20,086</u>	<u>1,649</u>
Balance, December 31	<u>\$ 40,076</u>	<u>\$ 60,162</u>
Due Within One Year	<u>\$ 20,646</u>	<u>\$ 20,086</u>

BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

The Borough's other long-term liabilities for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 1,250,000	\$ 140,000	\$ 101,000	\$ 1,289,000	\$ 56,000
Capital Leases	60,162	-	20,086	40,076	20,646
Total	<u>\$ 1,310,162</u>	<u>\$ 140,000</u>	<u>\$ 121,086</u>	<u>\$ 1,329,076</u>	<u>\$ 76,646</u>
<u>2012</u>					
Compensated Absences	\$ 1,200,000	\$ 50,000		\$ 1,250,000	
Capital Leases	-	61,811	\$ 1,649	60,162	\$ 20,086
Total	<u>\$ 1,200,000</u>	<u>\$ 111,811</u>	<u>\$ 1,649</u>	<u>\$ 1,310,162</u>	<u>\$ 20,086</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement healthcare for those eligible employees whose local employers elected to do so, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and, if applicable, 25 years for post-retirement healthcare coverage.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) -- established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employers who would otherwise be eligible to participate in PERS and do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits and refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

Significant Legislation (Continued)

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including CPFPE, PERS and PFRS, is 64.5 percent with an unfunded actuarial accrued liability of \$47.2 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 56.7 percent and \$34.4 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 76.1 percent and \$12.8 billion, respectively.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the retirement systems includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return and (b) changes to projected salary increases, which vary by fund.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013, for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2013, 2012 and 2011, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, early retirement incentive program contributions, deferred pension obligation contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2013	\$ 775,907	\$ 318,323	\$ 1,738
2012	695,869	309,418	590
2011	773,552	300,656	590

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

NOTE 14 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Westwood is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

The Borough is also a member of the Bergen County Municipal Employees Benefit Fund (BMED). This fund is an insured and self-administered group established for the sole purpose of providing medical insurance coverage to the employees of member municipalities. The BMED is a risk-sharing public entity pool. The BMED coverage amounts are on file with the Borough.

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

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 5,000	\$ 8,736	\$ 8,473	\$ 152
2012	10,944	10,238	15,352	(5,111)
2011	18,741	8,311	19,260	(10,944)

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget, from fund balance or a tax refunding bond ordinance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Westwood Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 27, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Westwood approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

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

The Borough of Westwood has contributed \$1,150 and \$1,150 for 2013 and 2012, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2013 and 2012, respectively for each eligible volunteer first aid squad members into the Plan.

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

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

Vesting and Benefits

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Reporting Requirements

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

NOTE 18 CLOSURE AND POST-CLOSURE CARE COSTS

In accordance with the requirements of the State of New Jersey, Department of Environmental Protection the Borough is required to develop a Closure and Post-Closure Financial Plan for the Westwood Landfill which has remained dormant for numerous years. In addition, the Borough must perform certain maintenance and monitoring functions at the site for a period of thirty years after closure. The closure was completed in 2009 with post closure commencing thereafter. The estimated closure and post closure costs will range between \$6 to \$6.5 million. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Borough has secured a loan with the State of New Jersey to finance the closure costs, and will issue municipal bonds to finance the post closure and monitoring costs.

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes and Special Emergency Note

On May 2, 2014 the Borough issued Bond Anticipation Notes in the amount of \$6,115,000 to temporarily finance expenditures related to various capital projects. In addition, the Borough issued a Special Emergency Note in the amount of \$260,000. The Borough has awarded the sale of said notes to Janney at an interest rate of 1.0%. These notes dated May 2, 2014 will mature on February 27, 2015.

Debt Authorized

On May 20, 2014 the Borough adopted a Bond Ordinance authorizing the issuance \$1,500,000 in Bonds or Bond Anticipation Notes to refund tax appeals. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

On April 9, 2014 the Borough of Westwood received approval from the New Jersey Department of Community Affairs, Local Finance Board (the "Board") to refund an amount not to exceed \$1.5 million for settled tax appeals for years 2009 through 2012. The Board approved a five (5) year amortization schedule, with the first payment commencing in 2014.

On March 18, 2014, the Borough adopted a Bond Ordinance authorizing the issuance of \$285,000 in Bonds or Bond Anticipation Notes to fund road resurfacing projects. As of the date of this report the Borough has not issued or awarded the sale of said bonds or notes.

CURRENT FUND

**BOROUGH OF WESTWOOD
STATEMENT OF CASH**

Balance, December 31, 2012		\$ 3,904,650
Increased by Receipts:		
Taxes Receivable	\$ 42,297,050	
Tax Overpayments	110,618	
Prepaid Taxes	160,577	
Petty Cash Returned	600	
Unappropriated Reserves for Grants	1,636	
Non-Budget Revenue	214,316	
State of NJ - Senior Citizens' and Veterans' Deductions	81,556	
Revenue Accounts Receivable	2,369,625	
State of NJ - Marriage Fees	1,375	
State of NJ - Construction Training Fees	19,479	
Grants Receivable	64,166	
Receipts from Animal Control Fund	11	
Receipts from Other Trust Fund	1,893	
Receipts from Unemployment Compensation Insurance Fund	10,018	
Receipts from General Capital Fund	139,090	
Receipts from Public Assistance Fund	141	
Receipts from Westwood Parking Authority	78,352	
	<u>45,550,503</u>	
Decreased by Disbursements:		49,455,153
2013 Budget Appropriations	14,667,337	
2012 Appropriation Reserves	162,033	
Encumbrances Payable	634,007	
Accounts Payable	270	
State of NJ - Marriage Fees	1,425	
State of NJ - Construction Training Fees	18,873	
Tax Overpayments	10,617	
Regional School District Tax Payable	25,370,320	
County Taxes Payable	4,471,387	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	76,974	
Payments to LOSAP Fund	66,720	
Payments to Unemployment Compensation Insurance Fund	28,772	
Payments to General Capital Fund	285,627	
Other Trust Fund Expenditures Paid by Current Fund	2,629	
Appropriated Grant Reserves	41,104	
Refund of Tax Appeals	231,805	
Refund of Prior Year Revenue	2,378	
	<u>46,072,878</u>	
Balance, December 31, 2013		<u>\$ 3,382,275</u>

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

<u>Office</u>	Balance, December 31, <u>2012</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2013</u>
Tax Collector - Treasurer		\$ 300	\$ 300	
Recreation	-	300	300	-
	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>

EXHIBIT A-6

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2012</u>	2013 Grant <u>Realized</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Municipal Alliance on Alcoholism and Drugs	\$ 14,191	\$ 9,876	\$ 6,177	\$ 14,191	\$ 3,699
Highway Safety Grant - GLE	1,300			1,300	-
Police Body Armor					
Federal Share	812			812	-
State Share	1,678				1,678
Municipal Stormwater Grant - DEP	17,862			17,862	-
Click it or Ticket	101			101	-
Green Community Challenge Grant	1,000			1,000	-
NJ Forest Service Grant	5,000	3,000		5,000	3,000
ADA Curb Cuts Grant	45,000	9,290	9,290		45,000
Alcohol Education and Rehabilitation Fund	7			7	-
Disposal of Forfeited Property - Police Dept. Accred.	8,667			8,667	-
DCA - Office of Smart Growth	1,660			1,660	-
Senior Citizens Activities Grant		5,912	2,638		3,274
Federal Ballistic Vest Fund Grant		4,544	3,354		1,190
Drive Sober		8,800	4,400		4,400
Clean Communities		19,799	19,799		-
Recycling Tonnage		17,008	17,008		-
HAVA		2,500	1,500		1,000
Bergen County Forfeiture	-	5,397	-	-	5,397
	<u>\$ 97,278</u>	<u>\$ 86,126</u>	<u>\$ 64,166</u>	<u>\$ 50,600</u>	<u>\$ 68,638</u>

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

Balance, December 31, 2012	\$	20,376
Increased by:		
Received from State of New Jersey	\$	81,556
Senior Citizen's Deductions Disallowed by Tax Collector - Current Year		250
Senior Citizen's Deductions Disallowed by Tax Collector - Prior Year		<u>3,194</u>
		<u>85,000</u>
		105,376
Decreased by:		
Senior Citizens' Deductions Per Tax Billings		7,000
Veterans' Deductions Per Tax Billings		76,000
Senior Citizens' Deductions Allowed by Tax Collector - Current Year		<u>2,000</u>
		<u>85,000</u>
Balance, December 31, 2013	\$	<u>20,376</u>

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

<u>Year</u>	<u>Balance, December 31, 2012</u>	<u>2013 Levy</u>	<u>Added Taxes</u>	<u>Senior Citizens' and Veterans' Deductions Disallowed</u>	<u>2012 Collections</u>	<u>2013 Collections</u>	<u>Senior Citizens' and Veterans' Deductions Allowed</u>	<u>Taxes Cancelled or Remitted or Abated</u>	<u>Transferred To Tax Title Liens</u>	<u>Balance, December 31, 2013</u>
2007	\$ 18,705		\$ 500	\$ 500	\$	500	\$	4,370	\$ 14,335	
2008	4,826		500	500		500		899	3,927	
2009	4,919		250	250		250		916	4,003	
2010	5,145		250	250		250		959	4,186	
2011	5,361			1,694		390,852		998	4,363	
2012	395,424				\$ 156,861	41,904,698	\$ 84,750	1,742	4,524	
2013	-	\$ 42,194,374	\$ 475,178	-	\$ 156,861	\$ 42,297,050	\$ 84,750	\$ 178,953	\$ 41,629	\$ 347,883
	\$ 434,380	\$ 42,194,374	\$ 475,178	\$ 3,194	\$ 156,861	\$ 42,297,050	\$ 84,750	\$ 178,953	\$ 41,629	\$ 347,883

Analysis of 2013 Property Tax Levy

TAX YIELD	
General Property Tax	
Real Property Tax	\$ 42,194,374
Added Taxes (54:4-63.1 et seq.)	<u>475,178</u>
	\$ <u>42,669,552</u>

TAX LEVY	
Regional School Tax (Abstract)	\$ 25,370,320
County Taxes (Abstract)	4,418,250
County Open Space Taxes (Abstract)	49,000
Due County for Added Taxes (54:4-63.1)	<u>50,354</u>
	\$ 29,887,924

Local Tax for Municipal Purposes	11,686,675
Local Tax for Library	656,953
Add Additional Tax Levied	<u>438,000</u>
	12,781,628
	\$ <u>42,669,552</u>

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

Balance, December 31, 2012		\$ 33,439
Increased by:		
Interest and Costs on Tax Sale	\$ 30,902	
Taxes Transferred at Tax Sale	<u>41,629</u>	
		<u>72,531</u>
Balance, December 31, 2013		<u>\$ 105,970</u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2012	<u>\$ 3,198,600</u>
Balance, December 31, 2013	<u>\$ 3,198,600</u>

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

	Balance, December 31, <u>2012</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 28,050	\$ 28,050	
Other		6,910	6,910	
Fees and Permits		287	287	
Construction Code Official				
Building Permits and Fees		439,896	439,896	
Police				
Fees and Permits		3,675	3,675	
Municipal Court				
Fines and Costs	\$ 11,587	156,579	155,477	\$ 12,689
Board of Health				
Other Licenses		15,035	15,035	
Fees and Permits		40,228	40,228	
Tax Collector				
Fees and Permits		1,427	1,427	
Interest and Cost on Taxes		102,519	102,519	
Interest on Investment and Deposits		19,909	19,909	
Consolidated Municipal Property Tax Relief		8,595	8,595	
Energy Receipts Tax		1,010,236	1,010,236	
Watershed Moratorium Offset Aid		705	705	
Westwood Parking Authority		45,000	45,000	
Interlocal Agreement - Tax Assessor		30,153	30,153	
Uniform Fire Safety Act		95,561	95,561	
Payment in Lieu of Taxes - Westwood House		119,194	119,194	
Cellular One Lease Agreement		120,948	120,948	
Cable TV Franchise Fees		100,621	100,621	
Recycling Contract	-	25,199	25,199	-
	<u>\$ 11,587</u>	<u>\$ 2,370,727</u>	<u>\$ 2,369,625</u>	<u>\$ 12,689</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY APPROPRIATIONS**

<u>Date</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>1/5 of</u> <u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2012</u>	<u>Authorized</u> <u>in</u> <u>2013</u>	<u>Raised in</u> <u>2013</u>	<u>Balance,</u> <u>December 31,</u> <u>2013</u>
5/20/2008	Codification of Ordinances	\$ 34,025	\$ 6,805	\$ 6,805	\$ -	\$ 6,805	\$ -
5/31/2011	Master Plan	20,000	4,000	16,000	\$ -	4,000	\$ 12,000
4/2/2013	Revaluation of Real Property	300,000	60,000	-	\$ 300,000	-	300,000
4/16/2013	Revaluation of Real Property	25,000	5,000	-	25,000	-	25,000
				<u>\$ 22,805</u>	<u>\$ 325,000</u>	<u>\$ 10,805</u>	<u>\$ 337,000</u>

BOROUGH OF WESTWOOD
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance, December 31, 2012	Orders Restored	Balance After Modification	Paid or Charged	Balance Lapsed
SALARIES AND WAGES					
General Administration	\$ 456		\$ 456		\$ 456
Mayor and Council	62		62		62
Municipal Clerk	4,542		4,542		4,542
Financial Department	54		54		54
Legal Services & Costs	569		569		569
Planning Board	885		885		885
Police Department	10,770		6,220	\$ 4,201	2,019
Police Dispatch/911	58		58		58
Office of Emergency Management	600		600		600
Fire Official	71		71		71
Prosecutor	11		11		11
Streets and Road Maintenance	11,652		11,652	8,194	3,458
Recycling	249		249		249
Public Health Services	8,565		8,565		8,565
Welfare/Administration of Public Assistance	132		132		132
Recreation Services and Programs	8,928		8,928		8,928
Building Inspector	12,452		12,452		12,452
Municipal Court	783		783		783
Public Defender	127		127		127
OTHER EXPENSES					
General Administration	2,331		2,331	2,331	-
Mayor and Council	300		300		300
Municipal Clerk					
Other Expenses	13,709		13,709	2,807	10,902
Elections	24		24		24
Financial Administration					
Other Expenses	1,970		1,970	1,449	521
Revenue Collection	3,229				
Liquidation of Tax Title Lien	100		100		100
Tax Assessment Administration	40,556		38,396	7,548	30,848
Legal Services and Costs	40,651		40,651	3,588	37,063
Engineering	3,409		3,409		3,409
Environmental	2,800	\$ 200	3,000		3,000
Historical Commission	13		13		13
Borough Historian	396		396		396
Planning Board	17,268		17,268		17,268
Other Code Enforcement -					
Housing Task Force	500		500		500
Insurance					
Health Insurance	-		5,613	5,613	-
General Liability Insurance	5,120		5,120	3,250	1,870
Workers' Compensation	257	5,430	5,687		5,687
Fire Department					
Other Expenses	154	130	40		40
Fire Hydrant Service	13,371		13,371	13,141	230
Fire Hose/Foam	1,000				
Police Department					
Other Expenses	3,347		3,347	3,031	316
Acquisition of Police Vehicles	7,370		7,370	626	6,744
Police Dispatch 911	123	18	141		141
Police Reserves	7,232		7,232	4,749	2,483

**BOROUGH OF WESTWOOD
STATEMENT OF 2012 APPROPRIATION RESERVES**

	Balance, December 31, <u>2012</u>	Orders <u>Restored</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)					
Emergency Management Svcs.	\$ 3,575		\$ 3,575	\$ 3,524	\$ 51
Fire Official	187	\$ 35	222		222
Fire Clothing	-		2,875	2,875	
Life Hazard Use Fees Payments	3		3	-	3
Streets and Road Maintenance	9,291		9,291	2,096	7,195
Repairs to Traffic Lights	4,738		4,738	240	4,498
Recycling	61		61		61
Shade Tree-Advisory Committee	8,419		8,419	4,758	3,661
Buildings and Grounds O/E	4,777		4,777	1,714	3,063
Vehicle Maintenance	5,839	6,766	12,605		12,605
Public Health Services	5,265		5,265	150	5,115
Welfare/Admin. of Public Assistance	519		519		519
Recreation Services and Programs	1,163		1,163	395	768
Maintenance of Westvale Park	7,009		7,009	3,221	3,788
Celebration of Public Events	3,610		3,610	1,836	1,774
Municipal Court	3,803		3,803	298	3,505
Building Inspector	8,794		8,794		8,794
Electricity	7,947		10,642	10,642	
Street Lighting	65,062		65,062	45,322	19,740
Gasoline	16,880	61	16,941		16,941
Natural Gas	29,552		29,552	4,522	25,030
Water	2,539		2,539	841	1,698
Sewerage Processing and Disp	3,391		3,391	2,448	943
Telephone	735		735	704	31
Garbage Tipping Fees	2,008	12,794	14,802		14,802
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I.)	3,429		3,429		3,429
Defined Contribution Plan	410		410	246	164
Maintenance of Free Public Library	4,234		4,234	4,234	
Bergen County Utilities Authority (Operating)	41		41		41
Recycling Tonnage Tax	1,500	948	2,448		2,448
Length of Service Awards	13,280		13,280		13,280
Chief Financial Officer - Borough of Hillsdale	6,000		6,000		6,000
Over the Limit Grant	4,382		4,382	4,382	
NJ Clean Communities	4,481		4,481	4,481	
Alcohol Education Enforcement	20		20	20	
Police Accreditation	19,583	-	19,583	19,583	-
	<u>\$ 479,723</u>	<u>\$ 26,382</u>	<u>\$ 506,105</u>	<u>\$ 179,060</u>	<u>\$ 327,044</u>
Cash Disbursements				\$ 162,033	
Transfer to Reserve for Snow Removal				3,471	
Transfer to Appropriated Reserve for Grants				<u>13,556</u>	
				<u>\$ 179,060</u>	

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

Balance, December 31, 2012	\$	300
Increased by:		
Fees Collected		<u>1,375</u>
		1,675
Decreased by:		
Payments to State of New Jersey		<u>1,425</u>
Balance, December 31, 2013	\$	<u><u>250</u></u>

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

Balance, December 31, 2012	\$	2,326
Increased by:		
Fees Collected		<u>19,479</u>
		21,805
Decreased by:		
Payments		<u>18,873</u>
Balance, December 31, 2013	\$	<u><u>2,932</u></u>

**BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 660,389
Increased by:		
Transfer from 2013 Appropriations		<u>592,433</u>
		1,252,822
Decreased by:		
Cash Disbursements	\$ 634,007	
Cancelled Payables Restored to Appropriation Reserves	<u>26,382</u>	
		<u>660,389</u>
Balance, December 31, 2013		<u>\$ 592,433</u>

EXHIBIT A-17

STATEMENT OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2012</u>	Transfer From Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
Alcohol Education and Rehabilitation	\$ 14,743	\$ 20	\$ 446		\$ 14,317
Recycling Tonnage Grant	42,240		36,698		5,542
Clean Communities Grant	1,735		1,735		
Graduated Driving License - Enforcement & Education	1,300			\$ 1,300	
Municipal Alliance Program	24,842		2,225	22,617	
NJ Forestry - Tree Grant	6,338			6,338	
Domestic Violence Training	2,477			2,477	
New Jersey State Police	3,235			3,235	
Municipal Stormwater Regulation	12,540			12,540	
Green Communities	500			500	
Click It or Ticket	13			13	
Over the Limit/Under Arrest	5,258	4,382		5,258	4,382
DPW Feasibility Study	1,450			1,450	
Police Brownsfield	335			335	
CDC-Dept of Health Grant	8,546			8,546	
ADA Curb Cuts	45,000	-	-		45,000
Police Accreditation	-	9,154	-	-	9,154
	<u>\$ 170,552</u>	<u>\$ 13,556</u>	<u>\$ 41,104</u>	<u>\$ 64,609</u>	<u>\$ 78,395</u>

**BOROUGH OF WESTWOOD
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012	\$ 156,861
Increased by:	
Collection of 2014 Taxes	<u>160,577</u>
	317,438
Decreased by:	
Application to 2013 Taxes	<u>156,861</u>
Balance, December 31, 2013	<u>\$ 160,577</u>

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2012	\$ 37,411
Increased by:	
Overpayments in 2013	<u>110,618</u>
	148,029
Decreased by:	
Refunded	<u>10,617</u>
Balance, December 31, 2013	<u>\$ 137,412</u>

EXHIBIT A-20

STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 25,370,320</u>
Decreased by:	
Payments	<u>\$ 25,370,320</u>

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

Balance, December 31, 2012		\$ 4,137
Increased by:		
2013 Levy	\$ 4,418,250	
County Open Space Preservation	<u>49,000</u>	
	\$ 4,467,250	
Added Taxes (54:4-63.1 et seq.)		<u>50,354</u>
		<u>4,517,604</u>
		4,521,741
Decreased by:		
Payments		<u>4,471,387</u>
Balance, December 31, 2013		<u>\$ 50,354</u>

EXHIBIT A-22

STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION

Balance, December 31, 2012		\$ 66,720
Increased by:		
Transfer from 2013 Budget Appropriations		<u>62,405</u>
		129,125
Decreased by:		
Payments		<u>66,720</u>
Balance, December 31, 2013		<u>\$ 62,405</u>

EXHIBIT A-23

STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY

Balance, December 31, 2012		\$ 6,778
Increased by:		
Authority Expenditures Paid by Borough		<u>76,974</u>
		83,752
Decreased by:		
Receipts from Parking Authority		<u>78,352</u>
Balance, December 31, 2013		<u>\$ 5,400</u>

**BOROUGH OF WESTWOOD
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance December 31, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2013</u>
Revaluation of Real Property	5/3/2013	5/2/2014	\$ -	\$ 325,000	\$ -	\$ 325,000
Due from General Capital Fund				\$325,000		

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	<u>Balance, December 31, 2012</u>	<u>Increased by Receipts</u>	<u>Realized as Revenue in 2013 Budget</u>	<u>Cancelled</u>	<u>Balance, December 31, 2013</u>
Drunk Driving Enforcement Fund	\$ 14,382		\$ 14,382		
Drove Sober	5,000		5,000		
SHARE Grant - Feasibility Study - DPW Servi	2,853			\$ 2,853	
Police Body Armor	13,580		13,580		
NJ Tree Grant	2,807		2,807		
Alcohol Education and Rehabilitation	-	\$ 1,636	-	-	\$ 1,636
	<u>\$ 38,622</u>	<u>\$ 1,636</u>	<u>\$ 35,769</u>	<u>\$ 2,853</u>	<u>\$ 1,636</u>

**BOROUGH OF WESTWOOD
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2012		\$	2,596
Decreased by:			
Payments		\$	270
Cancellations			<u>2,326</u>
			<u>2,596</u>
 Balance, December 31, 2013		 \$	 <u><u>-</u></u>

STATEMENT OF RESERVE FOR CODIFICATION OF ORDINANCES

Balance, December 31, 2012		\$	<u>526</u>
 Balance, December 31, 2013		 \$	 <u><u>526</u></u>

STATEMENT OF RESERVE FOR WATERSHED MORATORIUM AID

Balance, December 31, 2012		\$	<u>705</u>
 Balance, December 31, 2013		 \$	 <u><u>705</u></u>

TRUST FUNDS

**BOROUGH OF WESTWOOD
STATEMENT OF TRUST CASH**

	<u>Assessment</u>	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Insurance</u>
Balance (Overdraft), December 31, 2012	\$ 1,396	\$ 9,190	\$ 1,015,804	\$ (3,601)
Increased by Receipts:				
Interest on Investments and Deposits	\$ 13	\$ 1,600		\$ 21
Due to Westwood Parking Authority		10,092		
POAA Receipts		1,502		
Miscellaneous Reserves		1,508,404		
License Fees Collected	7,323			28,772
Receipts from Current Fund		901		
Due to State of New Jersey				
Escrow Deposits		295,916		
Payroll and Payroll Deductions		8,485,022		8,736
	<u>1,396</u>	<u>8,237</u>	<u>10,302,536</u>	<u>37,529</u>
Decreased by Disbursements:				
Expenditures Under R.S. 4:19-15.11	1,396	17,427	11,318,340	33,928
Payment to Current Fund	\$ 1,396			10,018
Escrow Deposits			382,600	9,792
Payments to State of NJ		906		
Payments to Westwood Parking Authority			10,092	
POAA Expenditures			908	
Payroll and Payroll Deductions Payable			8,485,329	
Miscellaneous Reserves			1,171,988	
Current Fund Expenditure Paid by Other Trust Fund			-	19,810
	<u>1,396</u>	<u>3,436</u>	<u>10,052,810</u>	<u>19,810</u>
Balance, December 31, 2013	\$ -	\$ 13,991	\$ 1,265,530	\$ 14,118

**BOROUGH OF WESTWOOD
ANALYSIS OF ASSESSMENT CASH**

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2013</u>
Fund Balance	\$ 1,396	-	1,396	\$ -
	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ 1,396</u>	<u>\$ -</u>

EXHIBIT B-4

STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2012	\$ 11,492
Increased by:	
Animal Control Fees	<u>7,323</u>
	18,815
Decreased by:	
Statutory Excess Due Current Fund Expenditures	\$ 3,365 <u>2,519</u>
	<u>5,884</u>
Balance, December 31, 2013	<u>\$ 12,931</u>

EXHIBIT B-5

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

Balance, December 31, 2012	\$ 7
Increased by:	
Registration Fees - Due State	<u>901</u>
	908
Decreased by:	
Payments	<u>906</u>
Balance, December 31, 2013	<u>\$ 2</u>

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

Balance, December 31, 2012		\$ 2,309
Increased by:		
Payments to Current Fund		<u>11</u>
		2,320
Decreased by:		
Statutory Excess	\$ 3,365	
Interest on Investments and Deposits	<u>13</u>	
		<u>3,378</u>
Balance, December 31, 2013		<u>\$ 1,058</u>

EXHIBIT B-7

STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND

Balance, December 31, 2012		\$ 5,792
Increased by:		
Payments to Current Fund	\$ 1,893	
Transfer to Reserve for Snow Removal	<u>3,471</u>	
		<u>5,364</u>
		11,156
Decreased by:		
Other Trust Expenditures Paid by Current Fund	2,629	
Prior Year Adjustment	1,007	
Interest on Investments and Deposits	<u>1,600</u>	
		<u>5,236</u>
Balance, December 31, 2013		<u>\$ 5,920</u>

EXHIBIT B-8

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2012		\$ 397,190
Increased by:		
Cash Receipts		<u>295,916</u>
		693,106
Decreased by:		
Cash Disbursements		<u>382,600</u>
Balance, December 31, 2013		<u>\$ 310,506</u>

**BOROUGH OF WESTWOOD
RESERVE FOR POAA COURT EXPENDITURES**

Balance, December 31, 2012		\$ 16,394
Increased by:		
Cash Receipts		<u>1,502</u>
		17,896
Decreased by:		
Cash Disbursements		<u>908</u>
Balance, December 31, 2013		<u>\$ 16,988</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2012</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2013</u>
Affordable Housing	\$ 43,105	\$ 42	\$ 3,608	\$ 39,539
Redemption of Tax Sale Certificates	15,402	345,235	349,484	11,153
Recycling Program	61	30,841	9,765	21,137
Police Overtime Detail	29,486	237,595	248,706	18,375
Beautification	13,590	2,750	27	16,313
Safe Schools	358	6,800	4,329	2,829
Code Compliance Penalty	86,406	13,525	452	99,479
Shade Tree	12,650	2,610		15,260
Fire Prevention	7,961	6,000		13,961
Premium on Tax Sale	214,000	421,000	140,400	494,600
Recreation Donation	1,328		1,328	-
Teen Center	46		46	-
Elevator Reserve	12,000	13,719	14,650	11,069
Tax Maps	100		100	-
Miscellaneous	1,164	1,982	3,146	-
Recreation Fees	151,961	426,305	395,947	182,319
Snow Removal	-	3,471	-	3,471
	<u>\$ 589,618</u>	<u>\$ 1,511,875</u>	<u>\$ 1,171,988</u>	<u>\$ 929,505</u>
Due from Current Fund		\$ 3,471		
Cash Receipts		<u>1,508,404</u>		
		<u>\$ 1,511,875</u>		

BOROUGH OF WESTWOOD
STATEMENT OF RESERVE FOR PAYROLL AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2012		\$ 14,758
Increased by:		
Cash Receipts		<u>8,485,022</u>
		8,499,780
Decreased by:		
Cash Disbursements		<u>8,485,329</u>
Balance, December 31, 2013		<u>\$ 14,451</u>

EXHIBIT B-12

STATEMENT OF DUE TO/FROM WESTWOOD PARKING AUTHORITY

Balance, December 31, 2012		\$ 3,636
Increased by:		
Fines and Costs Due to Parking Authority		<u>10,092</u>
		13,728
Decreased by:		
Other Trust Expenditures Paid by Current Fund	\$ 2,629	
Prior Year Adjustment	1,007	
Payments to Parking Authority	<u>10,092</u>	
		<u>13,728</u>
Balance, December 31, 2013		<u>\$ -</u>

EXHIBIT B-13

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2012		\$ (5,111)
Increased by:		
2013 Budget Appropriation	\$ 5,000	
Payroll Deductions from Employees	<u>8,736</u>	
		<u>13,736</u>
		8,625
Decreased by:		
Unemployment Claims		<u>8,473</u>
Balance, December 31, 2013		<u>\$ 152</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO CURRENT FUND -
UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Increased by:		
Interest on Deposits	\$ 21	
Receipts from Current Fund	<u>28,772</u>	
		\$ 15,018
Decreased by:		
Budget Appropriation	5,000	
Payments to Current Fund	<u>10,018</u>	
		<u>28,793</u>
Balance, December 31, 2013		<u>\$ 13,775</u>

EXHIBIT B-15

**STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION INSURANCE FUND**

Balance, December 31, 2012		\$ 1,510
Increased by:		
Unemployment Claims Due to State		<u>8,473</u>
		9,983
Decreased by:		
Payments to State of New Jersey		<u>9,792</u>
Balance, December 31, 2013		<u>\$ 191</u>

GENERAL CAPITAL FUND

**BOROUGH OF WESTWOOD
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2012		\$ 2,130,156
Increased by Receipts:		
Bond Anticipation Notes	\$ 725,000	
Grants Received	1,165,733	
Premium on Sale of Bonds and Notes	27,221	
Interest on Investments	4,294	
Receipts from Current Fund	285,627	
Current Fund Receipts Deposited in General Capital Fund	<u>325,000</u>	
		<u>2,532,875</u>
		4,663,031
Decreased by:		
Improvement Authorizations	1,652,737	
Encumbrances Payable	1,262,408	
Payments to Current Fund	139,090	
Current Fund Expenditure Paid by General Capital Fund	414,440	
Payment of Bond Anticipation Notes	<u>209,940</u>	
		<u>3,678,615</u>
Balance, December 31, 2013		<u>\$ 984,416</u>

**BOROUGH OF WESTWOOD
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2013**

Fund Balance	\$ 184,201
Capital Improvement Fund	123,592
Encumbrances Payable	177,880
Reserve for Pascack Brook Park Bikeway	50,188
Grants Receivable	(1,191,185)
Environmental Infrastructure Loan Receivable	(90,857)
Due to Current Fund	73,849
Reserve for Payment of Bonds	55,428
Reserve for Payment of Notes	497,781

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
		(14,250)
97-7	Impvt. of Drainage Ditch	182,448
00-13/09-17	Landfill Closure	(5,557)
07-12	Acquisition of Various Equipment-Fire Department	(6,582)
08-01	Road Improvements	6,164
11-06	Repaving of Various Roads	11,241
11-08	Monitoring of Landfill Emissions	32,628
11-13	Installation of Barrier Free Curb Cuts	80
12-04	Railroad Signalization Project	1,169
12-05	Various Improvements to Veteran's Park	2,173
12-06	Monitoring of Landfill Emissions	73,025
12-13	Various Capital Improvements and Other Related Expenses	33,712
12-14	Closure of a Landfill Located in the Borough	460,536
12-21	Flood Mitigation Acquisition Project	3,215
13-02	911 Upgrade	22,218
13-03	Borough Hall Security System	18,980
13-07	DPW Equipment	11,807
13-08	Community Garden	16,238
13-09	Monitoring of Landfill Emissions	(2,123)
13-12/13-23	Various Road and Park Improvements	48,758
13-16	Fire Department Equipment and Improvements to Engine 12	159,427
13-24	ADA Curb Cuts - Fourth, Third and Washington Avenue	39,666
13-27	Handicap Accessible Circulation Desk and Borough Hall Counters	3,851
13-28	Methane Investigation and Remediations	4,715
13-33	Drainage Improvements - Newark Avenue	<u>4,715</u>
		<u>\$ 984,416</u>

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

Balance, December 31, 2012		\$ 13,669,135
Decreased by:		
2013 Budget Appropriation		
Serial Bonds	\$ 860,000	
EIT Loans	448,508	
EDA Loans	<u>25,005</u>	
		<u>1,333,513</u>
Balance, December 31, 2013		<u>\$ 12,335,622</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2012	2013 Authorizations	Notes Paid by Budget Appropriation	Grants/ Other Aid	Cancelled by Resolution	Balance, December 31, 2013	Bond Anticipation Notes	Analysis of Balance	
									Expenditures	Unexpended Improvement Authorizations
97-7	Impvt. of Drainage Ditch	\$ 14,250					\$ 14,250		\$ 14,250	
07-12	Acquisition of Various Equipment-Fire Department	55,328		7,178			48,150	42,593	5,557	
08-01	Road Improvements	92,048		12,500			79,548	72,966	6,582	
08-02/09-05	Pasack Brook Sewer Pipe Replacement and Repair	759,219				\$ 60,953	698,266	698,266		
08-11	Acquisition of Technology Equipment	25,333		3,167			22,166	22,166		
08-20	Acquisition of Equipment	139,333		17,417			121,916	121,916		
08-22	Suppl. - Emerson Pump Station	115,862		4,138			111,724	111,724		
08-32	Acquisition of Fire Department Equipment	49,850		2,775			47,075	47,175		
08-33	Acquisition of Playground Equipment	27,517		983			26,534	26,534		
09-01	2009 Road Improvement Program	225,237		12,513		78,567	134,157	134,157		
09-20	Acq. Of Various Equipment - Police Department	22,325					22,325	22,325		
09-21	Acq. Of Various Equipment - Fire Department	50,850		2,825			48,025	48,025		
09-22	Acq. Of Various Equipment - Public Works Department	95,183		15,020			80,163	80,163		
10-3	The 2010 Roadway Improvement Program	237,500		12,500			225,000	225,000		
10-4	Improvements to Westvale Park and Related Expenses	1,809,500		62,397	\$ 223,649	60	1,521,394	1,521,394		
10-13	Various Capital Improvements and Other Related Expenses	247,000		9,672		5,792	231,536	231,536		
10-19	The Railroad Signalization Project	80,750					80,750	80,750		
10-21	The Monitoring of Landfill Emissions	109,250				4,385	104,865	104,865		
10-24	The Acquisition of Various Equipment - Fire Department	76,000					76,000	76,000		
10-25	Improvements to Various Municipal Buildings to Accomplish	36,040				10,274	25,766	25,766		
11-06	Repairing of Various Roads	277,175					277,175	277,175		
11-07	Acquisition of Various Equipment-Fire Department	125,400					125,400	125,400		
11-08	Monitoring of Landfill Emissions	52,250					52,250	52,250		
11-09	Acquisition of Various Equipment - DPW	47,500				824	46,676	46,676		
11-13	Installation of Barrier Free Curb Cuts	26,665					26,665	26,665		
11-16	Various Improvements - Hurricane Irene	155,643				131,146	24,497	24,497		
12-02	Borough Wide Road Improvements	285,000					285,000	285,000		
12-04	Railroad Signalization Project	19,950					19,950	19,950		
12-05	Various Improvements to Veterans Park	72,628					72,628	72,628		
12-06	Monitoring of Landfill Emissions	57,475					57,475	57,475		
12-07	The Acquisition of Various Equipment - DPW	12,350					12,350	12,350		
12-13	Various Capital Improvements and Other Related Expenses	532,000					532,000	532,000		
12-14	Closure of a Landfill Located in the Borough	33,250					33,250	33,250		
12-22	Various Road and Park Improvements	256,500					256,500	256,500		
13-01	Borough Wide Road Improvements		\$ 285,000			285,000				
13-02	911 Upgrade	123,500					123,500	123,500		
13-03	Borough Hall Security System	119,225					119,225	119,225		
13-07	DPW Equipment	142,500					142,500	142,500		
13-08	Community Garden				3,918		15,082	15,082		
13-09	Monitoring of Landfill Emissions	76,000					76,000	76,000		
13-12/13-23	Various Road and Park Improvements	137,750					137,750	137,750		
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	109,250					109,250	109,250		102
13-28	Methane Investigation and Remediation	95,000					95,000	95,000		95,000
		\$ 6,222,261	\$ 1,107,225	\$ 163,085	\$ 229,567	\$ 577,001	\$ 6,359,833	\$ 6,236,219	\$ 28,512	\$ 95,102

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

		Analysis of Balance	
Balance, December 31, 2013	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
	\$ 6,734,000		
Notes Outstanding			
Less: Excess Note Proceeds			
Ord. 08-02/09-05	36,754		
Ord. 09-01	78,567		
Ord. 10-04	225,709		
Ord. 10-13	5,792		
Ord. 10-21	4,385		
Ord. 10-25	10,274		
Ord. 11-09	824		
Ord. 11-16	131,146		
Ord. 12-05	432		
Ord. 13-08	<u>3,918</u>		
	497,781		
	<u>\$ 6,236,219</u>		
Improvement Authorizations - Unfunded			\$ 370,085
Unexpended Balance of Bond Anticipation Notes Issued			\$
Ord. 11-06		6,164	
Ord. 11-08		11,241	
Ord. 11-13		26,665	
Ord. 12-04		80	
Ord. 12-05		1,169	
Ord. 12-06		2,173	
Ord. 12-13		73,025	
Ord. 12-14		33,250	
Ord. 13-02		3,215	
Ord. 13-03		22,218	
Ord. 13-07		18,980	
Ord. 13-08		11,807	
Ord. 13-09		16,238	
Ord. 13-16		<u>48,758</u>	
			<u>274,983</u>
			<u>\$ 95,102</u>

**BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Grant <u>Awards</u>	Cash <u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2013</u>
County of Bergen					
Reconstruction of Bridges and Culverts Ord. 01-01	\$ 63,741				\$ 63,741
Ord. 03-13	40,000			\$ 11,659	28,341
Ord. 08-25	1,550				1,550
Ord. 13-27		\$ 37,500			37,500
Bergen County Open Space -					
Community Gardens - Ord. 2013-08		10,000	\$ 3,918		6,082
Westvale Park - Green Acres - Ord. 10-4		102,188	102,188		
Bergen County ADA Cooperative Curb Ramp					
Const. Program - Ord. 2013-24		165,650			165,650
Department of Transportation					
Fairview Avenue- Ordinance 06-04	169,305			90,846	78,459
2009 Road Improvement Pgm - Ord. 09-01	70,238		16,459	53,779	-
2010 Roadway Improvement - Ord. 10-3	200,000			3,562	196,438
Installation of Barrier Free Curb Cuts - Ord. 11-13	28,988				28,988
Road Improvements - Ord. 12-02	200,000		129,671	56,962	13,367
Department of Environmental Protection					
Westvale Park - Green Acres - Ord. 10-4	340,379	123,461	463,840		-
Flood Mitigation Acquisition Project - Ord. 12-21	256,702				256,702
Office of Emergency Management					
Flood Mitigation Acquisition Project - Ord. 12-21	<u>770,106</u>	<u>-</u>	<u>449,657</u>	<u>-</u>	<u>320,449</u>
	<u>\$ 2,141,009</u>	<u>\$ 438,799</u>	<u>\$ 1,165,733</u>	<u>\$ 216,808</u>	<u>\$ 1,197,267</u>

EXHIBIT C-7

STATEMENT OF DUE (TO) FROM CURRENT FUND

Balance, December 31, 2012 (Due From)	\$ 122,542
Increased by:	
Current Fund Expenditures Paid By General Capital Fund	\$ 414,440
Payments to Current Fund	<u>139,090</u>
	<u>553,530</u>
	676,072
Decreased by:	
Current Fund Anticipated Revenue	
Reserve for Payment of Bonds	35,000
Fund Balance	100,000
Receipts from Current Fund	285,627
Current Fund Receipts Deposited in General Capital	325,000
Interest on Investments and Deposits	<u>4,294</u>
	<u>749,921</u>
Balance, December 31, 2013 (Due To)	<u>\$ 73,849</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2013	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
General Improvement Bonds of 2003	9/15/2003	\$ 5,674,000			\$ 250,000	\$ 250,000		
Refunding Bonds of 2004	4/1/2004	4,555,000	8/15/2014 435,000	2.00-3.60%				
			8/15/2015 450,000					
			8/15/2016 470,000					
			8/15/2017 480,000		2,225,000		390,000	\$ 1,835,000
Refunding Bonds of 2008	5/6/2008	2,235,000	8/1/2014 195,000	3.00-5.00 %	1,435,000		185,000	1,250,000
			8/1/15-16 200,000					
			8/1/17 210,000					
			8/1/18 215,000					
			8/1/19 230,000					
General Improvement Bonds, Series 2010	4/13/2010	3,736,000	4/1/2014 45,000	2.00-3.50%				
			4/1/2015 65,000					
			4/1/2016 420,000					
			4/1/2017 455,000					
			4/1/2018 450,000					
			4/1/2019 475,000					
			4/1/2020 530,000					
		4/1/2021 575,000						
		4/1/2022 636,000		3,686,000		35,000	3,651,000	
Refunding Bonds of 2012	2/29/2012	3,890,000	9/15/2014 250,000	2.00-4.00%				
			9/15/2015 245,000					
			9/15/2016 340,000					
			9/15/2017 335,000					
			9/15/2018 385,000					
			9/15/2019 380,000					
			9/15/2020 475,000					
		9/15/2021 490,000						
		9/15/2022 490,000						
			9/15/2023 500,000		3,890,000			3,890,000
					\$ 11,486,000	\$ 860,000		\$ 10,626,000

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	\$ 49,771	\$ 42,593	\$ 49,771	\$ 42,593
08-01	Road Improvements	7/24/2008	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	85,466	72,966	85,466	72,966
08-11	Acquisition of Technology Equipment	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	25,333	22,166	25,333	22,166
08-20	Acquisition of Equipment	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	139,333	121,916	139,333	121,916
08-22	Suppl. - Emerson Pump Station	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	115,862	111,724	115,862	111,724
08-32	Acquisition of Fire Department Equipment	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	49,950	47,175	49,950	47,175
08-33	Acquisition of Playground Equipment	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	27,517	26,534	27,517	26,534
09-01	2009 Road Improvement Program	5/11/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	225,237	212,724	225,237	212,724
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	50,850	48,025	50,850	48,025
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	95,183	80,163	95,183	80,163

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
10-3	The 2010 Roadway Improvement Program	9/8/2010	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	\$ 237,500	\$ 225,000	\$ 237,500	\$ 225,000
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	1,809,500	1,747,103	1,809,500	1,747,103
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	247,000	237,328	247,000	237,328
10-19	Railroad Signalization Project	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	80,750	80,750	80,750	80,750
10-21	Monitoring of Landfill Emissions	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	109,250	109,250	109,250	109,250
10-24	Acquisition of Equipment - Fire Department	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	76,000	76,000	76,000	76,000
10-25	Improvements to Various Municipal Buildings - Energy	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	76,000	36,040	76,000	36,040
08-02	Pascack Brook Sewer Pipe Replacement	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	735,000	735,000	735,000	735,000
11-06	Repaving of Various Roads	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	285,000	277,175	285,000	277,175

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
11-07	Acquisition of Various Equipment	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	\$ 125,400	\$ 125,400	\$ 125,400	\$ 125,400
11-08	Monitoring of Landfill Emissions	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	52,250	52,250	52,250	52,250
11-09	Acquisition of Equipment	5/3/2011	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	47,500	47,500	47,500	47,500
09-20	Acq. Of Equipment - Police	5/3/2012	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	22,325	22,325	22,325	22,325
11-13	Installation of Barrier Free Curb Cuts	5/3/2012	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	26,665	26,665	26,665	26,665
11-16	Various Improvements - Hurricane Irene	5/3/2012	5/3/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	305,358	155,643	305,358	155,643
12-02	Borough Wide Road Improvements	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	285,000	285,000	285,000	285,000
12-04	Railroad Signalization Project	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	19,950	19,950	19,950	19,950
12-05	Various Improvements to Veterans Park	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	85,500	73,060	85,500	73,060
12-06	Monitoring of Landfill Emissions	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	57,475	57,475	57,475	57,475

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2012	Increased	Decreased	Balance, December 31, 2013
12-07	The Acquisition of Various Equipment - DPW	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	\$ 12,350	\$ 12,350	\$ 12,350	\$ 12,350
12-13	Various Capital Improvements and Other Related Expenses	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	532,000	532,000	532,000	532,000
12-14	Closure of a Landfill Located in the Borough	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	33,250	33,250	33,250	33,250
12-22	Various Road and Park Improvements	11/16/2012	11/16/2012 5/3/2013	5/3/2013 5/2/2014	1.25% 1.00%	256,500	256,500	256,500	256,500
13-02	911 Upgrade	12/19/2013	12/19/2013	5/2/2014	0.50%	123,500	123,500	123,500	123,500
13-03	Borough Hall Security System	12/19/2013	12/19/2013	5/2/2014	0.50%	119,225	119,225	119,225	119,225
13-07	DPW Equipment	12/19/2013	12/19/2013	5/2/2014	0.50%	142,500	142,500	142,500	142,500
13-08	Community Garden	12/19/2013	12/19/2013	5/2/2014	0.50%	19,000	19,000	19,000	19,000
13-09	Monitoring of Landfill Emissions	12/19/2013	12/19/2013	5/2/2014	0.50%	76,000	76,000	76,000	76,000
13-12	Train Signalization Project	12/19/2013	12/19/2013	5/2/2014	0.50%	109,250	109,250	109,250	109,250
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	12/19/2013	12/19/2013	5/2/2014	0.50%	109,250	109,250	109,250	109,250
13-23	Drainage and Parking	12/19/2013	12/19/2013	5/2/2014	0.50%	26,275	26,275	26,275	26,275
						<u>\$ 6,382,025</u>	<u>\$ 6,734,000</u>	<u>\$ 6,382,025</u>	<u>\$ 6,734,000</u>
	Renewals					\$ 6,009,000	\$ 6,009,000	\$ 6,009,000	\$ 6,009,000
	Issued for Cash					725,000	163,085	163,085	163,085
	Paid by Budget Appropriation					-	209,940	209,940	209,940
	Paid by Capital Cash					-	-	-	-
						<u>\$ 6,734,000</u>	<u>\$ 6,382,025</u>	<u>\$ 6,382,025</u>	<u>\$ 6,734,000</u>

BOROUGH OF WESTWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2013 Authorizations				Down- Payment or Capital Impvc. Fund	Encumbrances Cancelled	Expended	Ordinances Cancelled	Balance, December 31, 2012	
		Funded		Unfunded						Funded	Unfunded
		Funded	Deferred Charges Unfunded	Funded County/State Grants	Unfunded						
00-13/09-17	Landfill Closure	\$ 200,626					\$ 18,178	\$ 11,659	\$ 182,448		
02-14/03-13	Various Capital Improvements	18,158					6,499	288			
04-23	Improvements to Fairview Avenue	288						9			
05-16/05-37	Feasibility Stud-Five Corners	9									
06-04	Reconstruction of Fairview Avenue	92,846					2,000	90,846	59		
07-10	Acquisition of Various Equipment- Public Works	59					33,185	55,438	643		
07-13	Acquisition & Installation of Irrigation System	88,623									
07-21	Reconstruction of Fairview Avenue - Section 4	643						60,953			
08-02/09-05	Reconstruction of Brook Sewer Pipe Replacement and Repair		\$ 53,361								
08-11	Acquisition of Technology Equipment		96								
08-20	Acquisition of Equipment	210									
08-22	Suppl. - Emerson Pump Station	3,496					3,496				
08-35	Various Improvements at the Borough Library	121						121			
09-01	2009 Road Improvement Program	8,784	138,659				6,313	132,346	8,784		
09-11	Various Curb and Sidewalk Improvements	171						171			
09-18	Preparation and Delivery of an Energy Report		589								
09-22	Acq. Of Various Equipment - Public Works Department	13									
09-24	Installation of Traffic Signals at Railroad Crossings	70									
09-25/10-17	Acq. Of Various Equipment - Police Department										
10-3	The 2010 Roadway Improvement Program		60								
10-4	Improvements to Westvale Park and Related Expenses	25,470									
10-12	Renovations to the Borough Hall										
10-13	Various Capital Improvements and Other Related Expenses		4,181								
10-21	The Monitoring of Landfill Emissions		10,274								
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and										
11-06	Repaving of Various Roads										
11-08	Monitoring of Landfill Emissions		824								
11-09	Acquisition of Various Equipment - DPW	3,371									
11-13	Installation of Barrier Free Curb Cuts		26,665								
11-16	Various Improvements - Hurricane Irene		166,913								
12-02	Borough Wide Road Improvements		183,401								
12-04	Railroad Signalization Project		403								
12-05	Various Improvements to Veterans Park										
12-06	Monitoring of Landfill Emissions		13,151								
12-13	Various Capital Improvements and Other Related Expenses		151,743								
12-14	Closure of a Landfill Located in the Borough		33,250								
12-20	Various Renovations to Library and Related Expenses		562								
12-21	Flood Mitigation Acquisition Project		29,443								
12-22/13-12/13-23	Various Road and Park Improvements	1,003,829									
13-01	Borough Wide Road Improvements		243,098								
13-02	911 Upgrade		\$ 7,250								
13-03	Borough Hall Security System		15,000								
13-07	DPW Equipment		285,000								
13-08	Community Courten		123,500								
13-09	Monitoring of Landfill Emissions		119,225								
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump		6,275								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								
			123,500								
			119,225								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 2,592								
			6,164								
			11,241								
			2,592								
			1,169								
			10,978								
			78,718								
			100								
			29,443								
			543,293								
			408,795								
			20,799								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								
			123,500								
			119,225								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								
			123,500								
			119,225								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								
			123,500								
			119,225								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								
			123,500								
			119,225								
			7,500								
			142,500								
			19,000								
			76,000								
			109,250								
			\$ 7,250								
			15,000								
			6,500								
			6,275								
			7,500								
			1,000								
			4,000								
			5,750								
			137,750								
			\$ 243,098								
			285,000								

**BOROUGH OF WESTWOOD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 1,321,523
Increased by:		
Charges to Improvement Authorizations		<u>177,880</u>
		1,499,403
Decreased by:		
Payments	\$ 1,262,408	
Cancelled - Restored to Improvement Authorizations	<u>59,115</u>	
		<u>1,321,523</u>
Balance, December 31, 2013		<u>\$ 177,880</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2012		\$ 193,287
Increased by:		
Improvement Authorization Cancelled		<u>15,000</u>
		208,287
Decreased by:		
Appropriation to Finance Impvt. Authorizations		<u>84,695</u>
Balance, December 31, 2013		<u>\$ 123,592</u>

STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Total Appropriated</u>	<u>Down- Payment</u>	Balance, December 31, 2012	Balance, December 31, 2013
97-7	Impvts. of Drainage Ditch	\$ 15,000	\$ 750	\$ 750	\$ 750
04-14	Improvements to Bogert Pond	42,300	2,200	<u>2,200</u>	<u>2,200</u>
				<u>\$ 2,950</u>	<u>\$ 2,950</u>

**BOROUGH OF WESTWOOD
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2012	\$ 2,183,135
Decreased by:	
2013 Budget Appropriation	<u>473,513</u>
Balance, December 31, 2013	<u>\$ 1,709,622</u>

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, December 31, 2012	\$ <u>90,857</u>
Balance, December 31, 2013	<u>\$ 90,857</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2012	\$ 90,428
Decreased by:	
Anticipated As Current Fund Revenue	<u>35,000</u>
Balance, December 31, 2013	<u>\$ 55,428</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2012	2013 Authorizations	Notes Issued	Cancelled	Balance, December 31, 2013
97-7	Impvt. of Drainage Ditch	\$ 14,250				\$ 14,250
07-12	Acquisition of Various Equipment-Fire Department	5,557				5,557
08-01	Road Improvements	6,582				6,582
08-02/09-05	Pascack Brook Sewer Pipe Replacement and Repair	24,219			24,219	
13-01	Borough Wide Road Improvements		\$ 285,000		285,000	
13-02	911 Upgrade		123,500	\$ 123,500		
13-03	Borough Hall Security System		119,225	119,225		
13-07	DPW Equipment		142,500	142,500		
13-08	Community Garden		19,000	19,000		
13-09	Monitoring of Landfill Emissions		76,000	76,000		
13-12	Train Signalization Project		109,250	109,250		
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump		109,250	109,250		
13-23	Drainage and Parking		28,500	26,275		2,225
13-28	Methane Investigation and Remediation		95,000	-		95,000
		<u>\$ 50,608</u>	<u>\$ 1,107,225</u>	<u>\$ 725,000</u>	<u>\$ 309,219</u>	<u>\$ 123,614</u>

PUBLIC ASSISTANCE FUND

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2012	\$ 3,727	\$ 87,287	\$ 91,014
Increased by:			
Donations/State Aid/SSI	7,113	373,159	380,272
Return of Security Deposits/Interest on Security Deposits			-
Prior Year Voided Checks			-
Petty Cash Returned		100	100
Interest on Deposits	1	148	149
	<u>7,114</u>	<u>373,407</u>	<u>380,521</u>
	<u>10,841</u>	<u>460,694</u>	<u>471,535</u>
Decreased by:			
Petty Cash Advanced		100	100
Public Assistance Expenditures	10,448	327,857	338,305
Payments to Current Fund	1	140	141
	<u>10,449</u>	<u>328,097</u>	<u>338,546</u>
Balance, December 31, 2013	<u>\$ 392</u>	<u>\$ 132,597</u>	<u>\$ 132,989</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	Total
Balance, December 31, 2012	\$ 3,727	\$ 87,282	\$ 91,009
Increased by:			
Revenues	<u>7,113</u>	<u>373,159</u>	<u>380,272</u>
	<u>10,840</u>	<u>460,441</u>	<u>471,281</u>
Decreased by:			
Expenditures	<u>10,448</u>	<u>327,857</u>	<u>338,305</u>
Balance, December 31, 2013	<u>\$ 392</u>	<u>\$ 132,584</u>	<u>\$ 132,976</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Donations	\$ 7,113	\$ 1,658	\$ 8,771
State Aid		343,500	343,500
SSI		28,001	28,001
Prior Year Void Checks	-	-	-
 Total Revenues	 7,113	 373,159	 380,272
Petty Cash Returned		100	100
Interest on Deposits	1	148	149
 Total Receipts	 <u>\$ 7,114</u>	 <u>\$ 373,407</u>	 <u>\$ 380,521</u>

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Current Year Assistance - Reported			
Maintenance Payments		\$ 57,150	\$ 57,150
Temporary Rental Assistance		218,768	218,768
Emergency Assistance		35,770	35,770
Transportation Assistance		15,960	15,960
Work Related	-	282	282
 Total Reported	 -	 327,930	 327,930
Unreconciled		(73)	(73)
Unreported Assistance	\$ 10,448	-	10,448
 Total Expenditures	 10,448	 327,857	 338,305
Payments to Current Fund	1	140	141
Petty Cash Advanced	-	100	100
 Total	 <u>\$ 10,449</u>	 <u>\$ 328,097</u>	 <u>\$ 338,546</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO CURRENT FUND**

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>		<u>Total</u>
Balance, December 31, 2012		\$ 5	\$	5
Increased by:				
Interest on Investments and Deposits	\$ 1	148		<u>149</u>
	1	153		154
Decreased by:				
Payments to Current Fund	<u>1</u>	<u>140</u>		<u>141</u>
Balance, December 31, 2013	<u>\$ -</u>	<u>\$ 13</u>	<u>\$</u>	<u>13</u>

BOROUGH OF WESTWOOD

PART II

GOVERNMENT AUDITING STANDARDS

AND

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Westwood, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

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

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

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

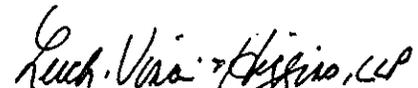
Compliance and Other Matters

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

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

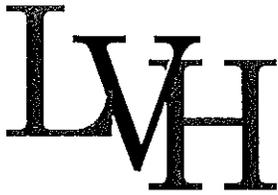
Purpose of this Report

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 24, 2014



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Westwood's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Borough of Westwood's major federal and state programs for the year ended December 31, 2013. The Borough of Westwood's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Westwood's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Westwood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Westwood's compliance.

Basis for Modified Opinion on General Welfare Assistance

As described in the accompanying schedule of findings and questioned costs, the Borough of Westwood did not comply with requirements regarding General Welfare Assistance as described in finding 2013-001 for eligibility. Compliance with such requirements is necessary, in our opinion, for the Borough of Westwood to comply with the requirements applicable to this program.

Modified Opinion on General Welfare Assistance

In our opinion, except for the noncompliance described in the "Basis for Modified Opinion" paragraph above, the Borough of Westwood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on General Welfare Assistance for the year ended December 31, 2013.

Unmodified Opinion on Each Major Federal and State Program

In our opinion, the Borough of Westwood complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

Other Matters

The Borough of Westwood's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Westwood's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weaknesses.

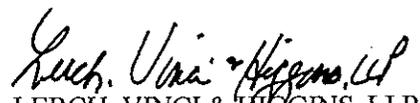
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

The Borough of Westwood's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Borough of Westwood's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements - regulatory basis of the Borough of Westwood as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated June 24, 2014, which contained a modified opinion on those financial statements because they were not prepared and presented in accordance with accounting principles generally accepted in the United States of America and also contained a modified opinion on those financial statements prepared and presented in accordance with the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

**BOROUGH OF WESTWOOD
SCHEDULE OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2013**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2013</u>	<u>2013 Grant Award</u>	<u>Expended</u>	<u>Cancellation</u>	<u>Balance, December 31, 2013</u>
U.S. Department of Health and Human Services: Centers for Disease Control and Prevention and Technical Assistance	93.283	\$ 819	\$ 819		\$ 819	7,727	
			7,727				
U.S. Department of Environmental Protection: Superfund State Site - Specific Co-Op Agreements Green Acres - Westvale Park - Ord. 10-4	66.802	\$ 340,379	335		\$ 340,379	335	
U.S. Department of Homeland Security Federal Emergency Management Public Assistance Grants Flood Mitigation Acquisition Project - Ord. 12-21	97.036 97.039	102,691 337,243	\$ 102,691		102,691 320,009		\$ 432,863
U.S. Department of Transportation: Over the Limit/Under Arrest	20.601	4,400		4,400	4,400		4,382
Click It or Ticket Program	20.602		13			13	
State and Community Highway Safety	20.600		1,300		1,300		
Highway Planning and Construction NJ Dept. of Transportation - Ord. 09-01 (\$200,000) NJ Dept. of Transportation - Ord. 12-02 (\$200,000)	20.205 20.205	16,459 129,671	200,000		129,671	56,962	13,367
ADA Curb Cuts	N/A	9,290	45,000	9,290	9,290	-	45,000
HAVA - ADA Grant	N/A	1,500		2,500	2,500		
Community Development - Senior Citizen Activities Grant	N/A	2,638		5,912	5,071		841
Federal Ballistic Vest Fund Grant	N/A	3,354	-	4,544	4,544	-	-
			<u>\$ 1,358,085</u>	<u>\$ 129,337</u>	<u>\$ 918,555</u>	<u>\$ 72,414</u>	<u>\$ 496,453</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2013	Revenue/Receipts	Expended	Cancellation	Balance, December 31, 2013	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-1789000	2013	\$ 19,799	\$ 4,481	\$ 19,799	\$ 15,072		\$ 4,727	\$ 15,072
		2012		4,481		4,481			16,864
		2008		107		107			13,511
		2007		728		728			13,136
		2003		312		312			9,528
		2002		588		588			9,252
Drunk Driving Enforcement Fund	1110-448-031020-22	2012			14,382	4,555		9,827	4,555
Recycling Tonnage Grant	**	2013	17,008		17,008			17,008	
		2011		42,240		36,698		5,542	36,698
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	**	2013	6,177		9,876	7,981		1,895	7,981
		2010		9,545			\$ 9,545		2,754
		2009		10,507			10,507		510
		2008		4,790		2,225	2,565		6,710
Domestic Violence Training Program	**	2003		2,477			2,477		4,998
Alcohol Education and Rehabilitation	**	2013	1,636					20	1,545
		2012		20				1,024	
		2011		1,024				863	946
		2010		863				5,343	1,550
		2008		5,343				247	5,050
		2007		247				2,818	
		2004		2,818				1,044	2,565
		2003		1,044				2,680	1,382
		2002		2,680				278	3,338
		1998		724		446			
Police Body Armor Fund	**	2013	3,354		3,354	3,354		9,036	3,354
		2012			13,580	4,544			4,544
Drive Sober	**	2012			5,000	865		4,135	865

BOROUGH OF WESTWOOD
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2013	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2013	Memo Cumulative Total Expenditures
Municipal Stormwater Regulation	**	2010		\$ 6,402			\$ 6,402		\$ 3,805
		2008		2,212			2,212		7,995
		2006		2,271			2,271		7,936
		2004		1,655			1,655		8,552
New Jersey State Police SLA HEOP Grant	**	2004		3,235			3,235		
DEP Green Communities Challenge	**	2004		500			500		
NJ Forest Services Grant	**	2013			3,000			\$ 3,000	
		2012			2,807				
		2010			5,000		2,807		
Community Forestry Management Plan Grant	**	2004		1,338				1,338	4,662
SHARE - Feasibility Study - DPW Services	**	2009		1,450			1,450		20,000
Reconstruction of Fairview Ave.		2006		169,305				169,305	110,695
General Welfare Assistance	7500-150-158010-60	2013	343,500	87,282	\$ 343,500	\$ 327,930		102,852	327,930
Department of Environmental Protection									
New Jersey Environmental Infrastructure - Fund Loan	4860-150-093020-60	2010/2011		90,857				90,857	974,924
Flood Mitigation Acquisition Project - Ord. No. 12-21		2012	112,414	250,957	-	106,669	-	144,288	372,726
** Not Available				\$ 713,002	\$ 432,306	\$ 519,362	\$ 47,819	\$ 578,127	

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**BOROUGH OF WESTWOOD
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2013**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Westwood. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 129,337	\$ 88,806	\$ 218,143
Public Assistance Fund	<u>-</u>	<u>343,500</u>	<u>343,500</u>
Total Financial Awards	<u>\$ 129,337</u>	<u>\$ 432,306</u>	<u>\$ 561,643</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

**BOROUGH OF WESTWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2013, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
New Jersey Economic Development Authority Loans	
Environmental Infrastructure Trust	
Landfill Closure	\$ 823,140
Infrastructure Loan - 2010A	<u>886,482</u>
	<u>\$ 1,709,622</u>

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 2 – Schedule of Financial Statement Findings

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

There are none

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 3 – Schedule of State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part 3 – Schedule of State Award Findings and Questioned Costs

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

CURRENT YEAR STATE AWARDS

Finding 2013-001

Our audit of client case files for General Welfare Assistance revealed that certain mandated applications, forms and documents required to substantiate and ascertain the individual's eligibility were not always present and available for audit.

Information on State Program

7500-150-158010-60

General Welfare Assistance

Criteria or Specific Requirement

Client case files are required to contain certain State mandated forms that are needed to substantiate client eligibility.

Condition

Our audit noted that:

- 1) Income verification was not obtained in twelve instances
- 2) Form GA-44 (Service Plan) was not present in six instances
- 3) Form GA-51 (Report Changes) was not present in two instances.
- 4) Form GA-1R (Six Month Determination) was not completed for client case files.

Questioned Costs

Currently not determinable.

Context

A review of 22 case files revealed that:

- Twelve files did not contain income verification.
- Six files did not contain Form GA-44 (Service Plan).
- Two files did not contain Form GA-51 (Report Changes).
- Form GA-1R (Six Month Determination) is not completed by Welfare Director.

Effect

Case files do not contain certain mandated forms and/or documents required to substantiate client eligibility. The Borough was reimbursed for certain costs, however the eligibility of the reimbursements could not be ascertained.

Cause

Unknown.

Recommendation

All State mandated applications, forms and documents which are required to substantiate client eligibility be completed and be retained in the respective case files.

Management's Response

A review of the audit findings was conducted with the Welfare Director. As determined by the Welfare Director, all case files will be reviewed and documentation obtained prior to issuing July 2014 client checks. A check list will be developed for each client file and reviewed each month when the client comes in to get their assistance check. This will ensure that all documentation is current prior to issuing client checks.

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF WESTWOOD



PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2013

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,485,000	3.14%	\$ 1,500,000	3.21%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,846,913	6.02%	2,974,766	6.36%
Collection of Delinquent Taxes and Tax Title Liens	392,352	0.83%	412,578	0.88%
Collection of Current Tax Levy	42,146,309	89.14%	41,214,881	88.10%
Other Credits	<u>407,988</u>	<u>0.86%</u>	<u>677,207</u>	<u>1.45%</u>
 Total Income	 <u>47,278,562</u>	 <u>100.00%</u>	 <u>46,779,432</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	16,199,240	34.86%	15,638,890	34.49%
County Taxes	4,517,604	9.72%	4,567,370	10.07%
Regional School Taxes	25,370,320	54.60%	25,066,091	55.28%
Other Expenditures	<u>382,072</u>	<u>0.82%</u>	<u>68,338</u>	<u>0.15%</u>
 Total Expenditures	 <u>46,469,236</u>	 <u>100.00%</u>	 <u>45,340,689</u>	 <u>100.00%</u>
 Excess in Revenue	 809,326		 1,438,743	
 Adjustment to Income Before Fund Balance				
Expenditures Included Above which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>325,000</u>		<u>-</u>	
	1,134,326		1,438,743	
 Fund Balance, January 1	 <u>2,253,396</u>		 <u>2,314,653</u>	
	3,387,722		3,753,396	
 Less Utilization as Anticipated Revenue	 <u>1,485,000</u>		 <u>1,500,000</u>	
 Fund Balance, December 31	 <u>\$ 1,902,722</u>		 <u>\$ 2,253,396</u>	

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$2.463</u>	<u>\$2.411</u>	<u>\$2.325</u>

Apportionment of Tax Rate

Municipal	.683	.657	0.650
Library	.038	.041	0.039
County	.258	.261	0.248
County Open Space	.003	.004	0.004
Regional School	1.481	1.448	1.384

Assessed Valuation

2013	<u>\$1,713,129,200</u>	
2012		<u>\$1,730,830,635</u>
2011		<u>\$1,734,632,822</u>

Comparison of Tax Levies and Collection

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2013	\$ 42,669,552	\$ 42,146,309	98.77%
2012	41,767,981	41,214,881	98.68%
2011	40,384,659	39,896,341	98.79%

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2013	\$347,883	\$105,970	\$453,853	1.06%
2012	434,380	33,439	467,819	1.12
2011	451,336	31,804	483,140	1.20

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>Year</u>	<u>Amount</u>
2013	\$3,198,600
2012	3,198,600
2011	3,198,600

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
John Birkner, Jr.	Mayor		
Robert Miller	Council President		
Raymond Arroyo	Councilmember		
Peter Grefrath	Councilmember		
Ingrid Quinn	Councilmember		
John J. Sciara	Councilmember		
Cynthia Waneck	Councilmember		
Robert Hoffmann	Borough Administrator		
Karen Hughes	Borough Clerk, Assessment Search Officer	1,000,000	(1)
Denise Holmes	Deputy Borough Clerk	1,000,000	(1)
Stefanie Stokes	Collector, Tax Search Officer	1,000,000	(2)
Durene Ayer	Treasurer, Chief Financial Officer	1,000,000	(2)
Barbara Potash	Tax Assessor	1,000,000	(1)
Russell R. Huntington	Borough Attorney		
Stephen Boswell	Borough Engineer		
Alan Karch	Magistrate	1,000,000	(2)
Letitia Candeloro	Court Administrator and Violations Clerk	1,000,000	(2)
Elizabeth Kraus	Deputy Court Administrator and Violations Clerk	1,000,000	(2)
Frank Regino	Chief of Police	1,000,000	(1)
Kathy Elgert	Welfare Director	1,000,000	(1)

- (1) Selective Insurance Company. Employees are covered by Blanket Public Employees Faithful Performance Bond with the Bergen County Municipal Joint Insurance Fund (BJIF) and the Municipal Excess Liability Insurance Fund in the amount of \$1,000,000 each.
- (2) Statutory Position Bond coverage under the Bergen County Municipal Joint Insurance Fund and the (BJIF) Municipal Excess Liability Joint Insurance Fund (Excess Crime Policy – Public Employee Bond)

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Findings Unresolved

Our audit revealed that Project (Escrow) Status Report does not agree to the general ledger and audit balances. It is recommended that the Project (Escrow) Report be reviewed and adjustments made to ensure that report balances agree to the general ledger and audit balances and that any inactive accounts be reviewed for disposition.

Our audit of Fixed Assets revealed that a master listing of all Borough assets is not currently maintained. The Borough had an appraisal in 2007; this data was inputted into the Borough's fixed asset accounting system in 2012, however the amounts were not reconciled to financial reports and audited balances. We also noted that the prior year deletions have not been removed from the fixed asset records nor could current year deletions be identified in the report. It is recommended that the Borough currently maintain a master listing of all fixed assets that is in agreement with audited balances.

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

Our audit of municipal departments noted the following:

- a) Receipts collected by the Police Department and Board of Health were not turned over to the Finance Department in a timely manner.
- b) Program fees charged by Recreation were not always in agreement with the fee ordinance.

It is recommended that:

- a) The Police Department Board and of Health remit monies collected to the Finance Department in a timely manner.
- b) Recreation fees be charged in accordance with the Borough fee ordinances.

Current Year Findings

Our audit revealed that the Current Fund cash balance in the Borough's General Ledger was not in agreement with the monthly bank reconciliation. It is recommended that cash balances in the general ledger be reconciled with the monthly bank reconciliations.

Our audit noted that the Borough does not independently verify that the state withholding taxes have been made timely and in correct amounts by the payroll service provider. It is recommended that the Borough implement procedures to verify the accuracy and timeliness of the state withholding taxes remitted by the payroll service provider.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Current Year Findings (Continued)

Our audit of Public Assistance noted that checks disbursed were not approved by the governing body and not included on the bills list. It is recommended that all Public Assistance disbursements be included on the monthly bills list and be ratified by the governing body.

Our audit of municipal departments noted the following:

- a) There is only one signature on checks disbursed from the municipal court.
- b) Fees charged by the Construction Code Office for dishwashers and air conditioning are not in accordance with the Borough's fee ordinance.
- c) In regards to Fire Prevention,
 - 1) There were unrecorded deposits of \$3,500 in the department's ledger.
 - 2) The composition of deposits and proper fee charged could not be determined.
 - 3) Copies of invoices sent to registrants are not retained.

It is recommended that:

- a) Two signatures be obtained on all checks disbursed from the municipal court.
- b) Fees charged by the Construction Code office be in agreement with the Borough's fee ordinance.
- c) Internal controls over billings and cash receipts in the Fire Prevention department be reviewed and enhanced.

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

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$21,000, except by contract or agreement." If the municipality has a qualified purchasing agent ("QPA"), the bid threshold can be increased to \$36,000. The Borough has approved the Borough Administrator as its QPA.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

The minutes indicate that bids were requested by public advertising for the following:

Roosevelt Avenue Improvements	Security System Upgrade and Installation
IT Consulting Services	2013 Road Resurfacing Program
Disposal of Vegetative Waste	Copier Machines
Wheel Loader	

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Taxes on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body on January 3, 2013 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

BE IT RESOLVED, by the Mayor and Council that the rate of interest on delinquent taxes for the year 2013 be fixed at the rate of 8% per annum on delinquent amounts up to \$1,500, and at 18% per annum on delinquent amounts on \$1,500 or more; and

BE IT FURTHER RESOLVED, that the interest charge on unpaid balances of assessment installments paid prior to delinquency is at the rate of 6% and 6.25% per annum, as stated at time of confirmation.

BE IT FURTHER RESOLVED, that a 10 day grace period will be allowed on the payment of taxes for each quarter from the first day of that month that taxes are due.

BE IT FURTHER RESOLVED that an additional penalty be charged for delinquency in the excess of \$10,000 that is not paid prior to the end of the year, the additional penalty so fixed shall not exceed 6% of the amount of delinquency.

BE IT FURTHER RESOLVED, that, in accordance with Chapter 99, the Tax Collector is hereby permitted to conduct the yearly tax sale.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 20, 2013.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2013	10
2012	9
2011	9

Suggestions to Management

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

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

Outstanding tax title liens receivable be reviewed for potential foreclosure.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

RECOMMENDATIONS

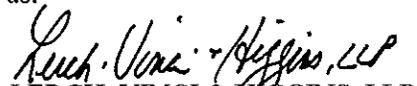
It is recommended that:

- * 1. The Project (Escrow) Report be reviewed and adjustments made to ensure that report balances agree to the general ledger and audit balances and that inactive accounts be reviewed for disposition.
- * 2. The Borough currently maintain a master listing of all fixed assets that is in agreement with audited balance.
- * 3. All purchases made through the utilization of State contracts be approved by resolution and included in the official minutes of the Borough.
- * 4. The Police Department and Board of Health remit monies collected to the Finance Department in a timely manner.
- * 5. Recreation fees and Construction Code fees be charged in accordance with Borough fee ordinances.
- 6. Cash balances in the general ledger be reconciled with the monthly bank reconciliations.
- 7. The Borough implement procedures to verify the accuracy and timeliness of the state withholding taxes remitted by the payroll service provider.
- 8. With regards to Public Assistance:
 - a) All disbursements be included on the bills list and ratified by the governing body.
 - b) All State mandated applications, forms and documents which are required to substantiate client eligibility be completed and be retained in the respective case files.
- 9. Two signatures be obtained on all checks disbursed from the municipal court.
- 10. Internal controls over billings and cash receipts in the Fire Prevention department be reviewed and enhanced.

A review was performed on all prior year recommendations and corrective action was taken on all recommendations except the items denoted with an asterisk (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to our comments and recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to call us.


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


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