

BOROUGH OF WESTWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2017

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, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2017 and 2016, 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, 2017, 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 provisions 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 as described in Note 1. 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 from material misstatement.

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

We believe 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 by the Borough of Westwood on the basis of the financial accounting and reporting provisions 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 financial reporting 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 matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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, 2017 and 2016, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 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, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 37 percent and 46 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Westwood as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2017 in accordance with the financial accounting and reporting provisions 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

Other Information

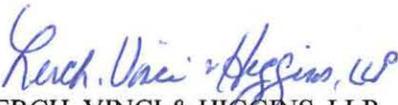
Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Westwood as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and 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 29, 2018 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 the effectiveness of the Borough of Westwood's 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

Fair Lawn, New Jersey
June 29, 2018

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash	A-4	\$ 7,507,320	\$ 4,562,662
Cash - Change Fund	A	300	550
Due from the State of NJ - Sr. Citizens' and Veterans' Deductions	A-7	11,680	
Grants Receivable	A-6	<u>13,214</u>	<u>5,651</u>
		<u>7,532,514</u>	<u>4,568,863</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	319,593	317,181
Tax Title Liens Receivable	A-9	70,376	64,328
Property Acquired for Taxes	A-10	3,383,100	3,383,100
Revenue Accounts Receivable	A-12	7,840	5,002
Due from Westwood Parking Authority	A-22	7,282	5,785
Due from Animal Control Fund	B-4	<u>1,037</u>	<u>4,235</u>
		<u>3,789,228</u>	<u>3,779,631</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-53)	A-11	<u>185,000</u>	<u>290,000</u>
		<u>185,000</u>	<u>290,000</u>
Total Assets		<u>\$ 11,506,742</u>	<u>\$ 8,638,494</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2017 AND 2016
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 776,371	\$ 1,068,988
Accounts Payable	A-15	573,082	458,400
Special Emergency Note Payable	A-23	185,000	290,000
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7		657
Other	A-14	3,993	5,313
Tax Overpayments	A-18	8,144	34,547
Prepaid Taxes	A-17	1,790,950	190,673
County Taxes Payable	A-20	27,130	15,357
Other Liabilities - LOSAP	A-21	66,258	59,233
Unappropriated Grant Reserves	A-24	-	2,882
Appropriated Grant Reserves	A-16	59,815	26,867
Reserve for Tax Appeals	A-25	595,647	145,411
Due to Other Trust Fund	B-5	200,000	
Reserve for Sale of Assets	A-26	5,000	5,000
Reserve for JIF Dividend	A-27	<u>220,205</u>	<u>60,298</u>
		4,511,595	2,363,626
Reserve for Receivables and Other Assets	A	3,789,228	3,779,631
Fund Balance	A-1	<u>3,205,919</u>	<u>2,495,237</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 11,506,742</u>	<u>\$ 8,638,494</u>

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 835,000	\$ 835,000
Miscellaneous Revenue Anticipated	2,519,136	2,463,208
Receipts from Delinquent Taxes	317,023	238,081
Receipts from Current Taxes	46,635,052	45,609,995
Non-Budget Revenues	143,651	66,181
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	643,524	439,322
Interfunds and Other Receivables Returned	10,020	6,152
Prior Year Balances Cancelled		
Grant Appropriated Reserves		20,386
Tax Overpayments	26,107	
Appropriation Reserves	<u>4,174</u>	<u>-</u>
Total Revenues	<u>51,133,687</u>	<u>49,678,325</u>
EXPENDITURES		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	6,272,520	6,127,735
Other Expenses	7,115,635	6,972,096
Municipal Debt Service	2,297,110	2,299,895
Deferred Charges and Statutory Expenditures	1,967,560	1,894,461
Capital Improvements	73,650	70,000
County Taxes	4,798,442	4,802,091
Due County for Added and Omitted Taxes	27,130	15,357
Regional School District Tax	27,026,416	26,313,133
Refunds of Prior Year Revenue	766	-
Grants Receivable Cancelled	207	13,087
Other	250	
Interfunds and Other Receivables Established	8,319	10,020
Prior Year-Senior Citizens and Veterans Deductions Disallowed	<u>-</u>	<u>750</u>
Total Expenditures	<u>49,588,005</u>	<u>48,518,625</u>
Excess in Revenue	1,545,682	1,159,700
Fund Balance, January 1	<u>2,495,237</u>	<u>2,170,537</u>
	4,040,919	3,330,237
Decreased by:		
Utilization as Anticipated Revenue	<u>835,000</u>	<u>835,000</u>
Fund Balance, December 31	<u>\$ 3,205,919</u>	<u>\$ 2,495,237</u>

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>	<u>Special N.J.S.</u>	<u>Realized</u>	<u>Excess or</u>
	<u>Budget</u>	<u>40A:4-87</u>		<u>(Deficit)</u>
SURPLUS ANTICIPATED	\$ 835,000	-	\$ 835,000	-
MISCELLANEOUS REVENUES				
Licenses				
Alcoholic Beverages	27,800		28,300	\$ 500
Other	32,300		43,295	10,995
Fees and Permits				
Other	82,650		94,055	11,405
Fines and Costs - Municipal Court	85,000		104,753	19,753
Interest and Costs on Taxes	60,000		72,703	12,703
Interest on Investments and Deposits	30,000		26,757	(3,243)
Consolidated Municipal Property Tax Relief	3,517		3,517	
Energy Receipts Tax	1,015,314		1,015,314	
Watershed Moratorium Offset Aid	705		705	
Uniform Construction Code Fees	340,100		403,579	63,479
Sustainable Jersey		\$ 2,000	2,000	
Mini Grant Clean Up - Westvale Park		300	300	
Bergen County Open Space - Stigma Free Initiative		2,000	2,000	
Federal Ballistic Vest Fund		975	975	
Alcohol Education and Rehabilitation Fund		2,574	2,574	
Drunk Driving Enforcement Fund	2,882	4,256	7,138	
Clean Communities Program		21,921	21,921	
Municipal Alliance		9,876	9,876	
Community Development - Senior Citizens		3,338	3,338	
Police Body Armor		2,669	2,669	
Recycling Tonnage Grant	16,342	23,491	39,833	
Uniform Fire Safety Act	90,314		93,698	3,384
Westwood House - Contribution in Lieu of Taxes	99,478		99,478	-
Westwood Parking Authority	45,000		45,000	-
Cellular One Lease Agreement	148,000		160,162	12,162
Cable TV Franchise Fees	99,000		99,898	898
Insurance Dividends	60,298		60,298	-
Police Outside Duty (Other Trust Fund)	75,000	-	75,000	-
	<u>2,313,700</u>	<u>73,400</u>	<u>2,519,136</u>	<u>132,036</u>
RECEIPTS FROM DELINQUENT TAXES	<u>235,000</u>	<u>-</u>	<u>317,023</u>	<u>82,023</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF:				
Municipal Budget	14,591,398		15,101,862	510,464
Municipal Library	641,202	-	641,202	-
	<u>15,232,600</u>	<u>-</u>	<u>15,743,064</u>	<u>510,464</u>
Total Amount to be Raised by Taxes	<u>15,232,600</u>	<u>-</u>	<u>15,743,064</u>	<u>510,464</u>
Total General Revenues	<u>\$ 18,616,300</u>	<u>\$ 73,400</u>	19,414,223	<u>\$ 724,523</u>
Non-Budget Revenue			<u>143,651</u>	
			<u>\$ 19,557,874</u>	

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Allocation of Current Tax Collections	
Revenues from Collections	\$ 46,985,052
Less : Reserve for Tax Appeals	350,000
Allocation to School and County Taxes	<u>31,851,988</u>
Balance for Support of Municipal Budget Appropriation	14,783,064
Add Appropriation - "Reserve for Uncollected Taxes"	<u>960,000</u>
Amount for Support of Municipal Budget Appropriations	<u>\$ 15,743,064</u>
Licenses	
Clerk	\$ 21,015
Board of Health	<u>22,280</u>
	<u>\$ 43,295</u>
Fees and Permits	
Other	
Clerk	\$ 587
Police	2,815
Zoning Applications	23,500
Board of Health	<u>67,153</u>
	<u>\$ 94,055</u>
Interest on Investments and Deposits	
Revenue Accounts Receivable	\$ 18,063
Due from Other Trust Fund	5,708
Due from Animal Control Fund	11
Due from Unemployment Compensation Insurance Fund	15
Due from General Capital Fund	2,900
Due from Public Assistance Fund	<u>60</u>
	<u>\$ 26,757</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, 2017
(Continued)

Analysis of Non-Budget Revenue		
2% Administrative Fee - Senior Citizens and Veterans	\$	1,167
Statutory Excess - Animal Control		4,853
Cancelled Escrow Balances		43,485
DPW Auction		17,535
Prior Year Gasoline Reimbursements - Borough of Hillsdale		9,797
Miscellaneous		41,945
Prior Year Pension Retro Overpayment		7,405
Prior Year Excess - Payroll and Payroll Agency		<u>17,464</u>
	\$	<u>143,651</u>
Cash Receipts	\$	138,798
Due from Animal Control Fund		<u>4,853</u>
	\$	<u>143,651</u>

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 199,200	\$ 196,000	\$ 187,108	\$ 8,892	
Other Expenses	85,730	85,730	62,711	23,019	
Mayor and Council					
Salaries and Wages	39,000	39,000	38,188	812	
Other Expenses	750	750	376	374	
Municipal Clerk					
Salaries and Wages	116,500	118,500	118,392	108	
Other Expenses	51,075	51,075	49,502	1,573	
Elections	13,000	13,000	11,836	1,164	
Financial Department					
Salaries and Wages	182,150	182,150	181,348	802	
Other Expenses	60,000	62,500	61,762	738	
Audit Services	32,000	32,000	32,000	-	
Revenue Collection					
Salaries and Wages	13,500	13,500	13,252	248	
Other Expenses	13,310	13,310	10,952	2,358	
Tax Assessment Administration					
Salaries and Wages	89,420	89,420	87,615	1,805	
Other Expenses	136,300	133,800	125,490	8,310	
Legal Services and Costs					
Other Expenses	132,100	132,100	75,257	56,843	
Engineering					
Other Expenses	21,000	21,000	21,000	-	
Environmental					
Other Expenses	2,000	2,000	1,976	24	
Historical Commission					
Other Expenses	5,300	5,300	4,496	804	
Planning Board/Board of Adjustment					
Salaries and Wages	18,300	18,300	16,051	2,249	
Other Expenses	13,200	17,200	16,275	925	
Insurance					
General Liability Insurance (BJIF)	257,205	257,205	239,219	17,986	
Workers' Compensation Insurance (BJIF)	280,275	280,275	263,072	17,203	
Employee Group Insurance (BMED)	1,505,884	1,505,884	1,283,445	222,439	
Unemployment Insurance	8,500	8,500	8,500	-	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	3,467,900	3,467,900	3,467,374	526	
Other Expenses	144,400	144,400	128,578	15,822	
Acquisition of Police Vehicles	82,345	82,345	81,309	1,036	
Police Reserves	10,785	10,785	9,177	1,608	

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Cont'd)					
Police Dispatch/911					
Salaries and Wages	\$ 210,000	\$ 210,000	\$ 209,940	\$ 60	
Other Expenses	1,500	1,500	1,142	358	
Office of Emergency Management					
Salaries and Wages	4,000	4,000	3,250	750	
Other Expenses	4,100	4,100	3,085	1,015	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	47,620	46,722	43,017	3,705	
Clothing Allowance	45,000	45,000	45,000	-	
Fire Hydrant Service	161,160	162,058	159,429	2,629	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	77,150	77,150	74,290	2,860	
Other Expenses	2,730	2,730	1,160	1,570	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,499	1	
Prosecutor					
Salaries and Wages	21,400	21,400	21,192	208	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	995,200	995,200	995,179	21	
Other Expenses	188,400	188,400	162,907	25,493	
Repair to Traffic Lights	5,000	5,000		5,000	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	608,125	608,125	603,817	4,308	
Recycling					
Salaries and Wages	10,000	10,000	3,000	7,000	
Other Expenses - Recycling Contract	130,000	95,000	94,420	580	
Building and Grounds					
Salaries and Wages	72,000	73,000	72,924	76	
Other Expenses	93,000	88,000	78,442	9,558	
Vehicle Maintenance					
Other Expenses	122,500	167,500	160,364	7,136	
HEALTH AND HUMAN SERVICES					
Public Health Services					
Salaries and Wages	143,000	143,000	142,835	165	
Other Expenses	124,755	124,755	121,525	3,230	
Welfare/Administration of Public Assistance					
Salaries and Wages	32,100	32,300	32,271	29	
Other Expenses	950	950	69	881	

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
PARKS AND RECREATION					
Recreation Services and Programs					
Salaries and Wages	\$ 140,000	\$ 142,100	\$ 142,054	\$ 46	
Other Expenses	15,650	14,650	14,589	61	
Maintenance of Westvale Park	78,000	71,900	54,198	17,702	
OTHER COMMON OPERATING					
Celebration of Public Events					
Other Expenses	7,000	7,000	3,336	3,664	
Municipal Court					
Salaries and Wages	145,050	145,050	141,655	3,395	
Other Expenses	15,050	15,050	7,093	7,957	
Public Defender					
Salaries and Wages	10,000	10,000	9,501	499	
Accumulated Absences	50,000	50,000	50,000		
Landfill/Solid Waste Disposal Costs					
Garbage Tipping Fees	20,000	16,000		16,000	
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement and Administration					
Building Inspector					
Salaries and Wages	234,550	234,550	215,145	19,405	
Other Expenses	10,960	10,960	9,988	972	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	165,000	148,790	130,737	18,053	
Street Lighting	155,000	155,000	152,701	2,299	
Telephone	39,200	80,200	79,448	752	
Water	26,500	26,500	24,536	1,964	
Natural Gas	40,000	40,000	24,061	15,939	
Sewerage Processing and Disposal	19,800	19,200	18,314	886	
Gasoline	111,530	80,530	71,453	9,077	-
Total Operations Within "CAPS"	<u>11,388,609</u>	<u>11,381,799</u>	<u>10,798,827</u>	<u>582,972</u>	-
Contingent	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	-
Total Operations including Contingent - Within "CAPS"	<u>11,393,609</u>	<u>11,386,799</u>	<u>10,798,827</u>	<u>587,972</u>	-
Detail:					
Salaries and Wages	6,270,420	6,272,520	6,222,564	49,956	-
Other Expenses	<u>5,123,189</u>	<u>5,114,279</u>	<u>4,576,263</u>	<u>538,016</u>	-

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>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"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 280,000	\$ 286,210	\$ 286,204	\$ 6	
Contribution to Public Employees Ret. System	368,325	370,175	370,173	2	
Police and Fireman's Retirement System of NJ	810,580	808,730	725,369	83,361	
Defined Contribution Retirement Program	5,000	5,000	3,042	1,958	
Widow Pension (Per R.S. 43.12-28.1 & 28.2)	5,000	5,000	5,000	-	-
Total Deferred Charges & Statutory Expenditures - Within "CAPS"	<u>1,468,905</u>	<u>1,475,115</u>	<u>1,389,788</u>	<u>85,327</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"	<u>12,862,514</u>	<u>12,861,914</u>	<u>12,188,615</u>	<u>673,299</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	641,202	641,202	622,984	18,218	
Bergen County Utilities Authority					
Operating	771,930	771,930	771,930	-	
Debt Service	300,000	300,600	300,579	21	
Length of Service Awards Program - LOSAP	70,000	70,000	66,258	3,742	
Reserve for Tax Appeals	125,000	125,000	125,000	-	-
Total Operations - Excluded from "CAPS"	<u>1,908,132</u>	<u>1,908,732</u>	<u>1,886,751</u>	<u>21,981</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Police - Body Armor		2,669		2,669	
Alcohol Education and Rehabilitation		2,574		2,574	
Clean Communities		21,921	4,826	17,095	
Federal Ballistic Vest Fund		975		975	
Municipal Alliance		9,876	1,518	8,358	
Sustainable Jersey		2,000	647	1,353	
Bergen County Open Space - Stigma Free Initiative		2,000	2,000	-	
Mini Grant - Clean Up Westvale Park		300		300	
Recycling Tonnage Grant	16,342	39,833	900	38,933	
Drunk Driving Enforcement Fund	2,882	7,138		7,138	
Community Development - Senior Citizens Activities	-	3,338	1,642	1,696	-
Total Public and Private Programs Offset by Revenues	<u>19,224</u>	<u>92,624</u>	<u>11,533</u>	<u>81,091</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>1,927,356</u>	<u>2,001,356</u>	<u>1,898,284</u>	<u>103,072</u>	<u>-</u>
Detail:					
Other Expenses	<u>1,927,356</u>	<u>2,001,356</u>	<u>1,898,284</u>	<u>103,072</u>	<u>-</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, 2017

	<u>Appropriated</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
CAPITAL IMPROVEMENTS -					
Capital Improvement Fund	\$ 73,650	\$ 73,650	\$ 73,650	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>73,650</u>	<u>73,650</u>	<u>73,650</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE -					
Payment of Bond Principal	1,780,000	1,780,000	1,780,000		
Interest on Bonds	460,440	460,440	460,440		
Interest on Notes					-
Loan Repayments for Principal and Interest	<u>59,895</u>	<u>59,895</u>	<u>56,670</u>	<u>-</u>	<u>\$ 3,225</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,300,335</u>	<u>2,300,335</u>	<u>2,297,110</u>	<u>-</u>	<u>3,225</u>
DEFERRED CHARGES					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	105,000	105,000	105,000		
Deferred Charges to Future Taxation - Unfunded					
Ordinance No. 14-4 Refunding Tax Appeals	292,000	292,000	292,000		
Ordinance No. 13-08 Community Garden	1,515	1,515	1,515		
Ordinance No. 14-17 Fire Dept. Equipment	1	1	1		
Ordinance No.15-18 Police Dept. Equipment	295	295	295		
Grants Receivable					
Ordinance No. 01-01 Reconstruction of Bridges	63,741	63,741	63,741		
Ordinance No. 03-13 Various Improvements	28,341	28,341	28,341		
Ordinance No. 06-04 Improvement to Fairview Ave	2	2	2		
Ordinance No. 08-25 Westvale Lights	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>492,445</u>	<u>492,445</u>	<u>492,445</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,793,786</u>	<u>4,867,786</u>	<u>4,761,489</u>	<u>\$ 103,072</u>	<u>3,225</u>
Subtotal General Appropriations	17,656,300	17,729,700	16,950,104	776,371	3,225
RESERVE FOR UNCOLLECTED TAXES	<u>960,000</u>	<u>960,000</u>	<u>960,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 18,616,300</u>	<u>\$ 18,689,700</u>	<u>\$ 17,910,104</u>	<u>\$ 776,371</u>	<u>\$ 3,225</u>
Adopted Budget		\$ 18,616,300			
Added by N.J.S. 40A:4-87		<u>73,400</u>			
		<u>\$ 18,689,700</u>			
Cash Disbursed			\$ 15,427,695		
Accounts Payable			565,056		
Reserve for Uncollected Taxes			960,000		
Reserve for Tax Appeals			125,000		
Deferred Charges			105,000		
Due to General Capital Fund			461,095		
Due to Other Trust Fund			200,000		
Other Liabilities-LOSAP			<u>66,258</u>		
			<u>\$ 17,910,104</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, 2017 AND 2016**

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ANIMAL CONTROL FUND			
Cash	B-1	\$ 13,139	\$ 16,150
OTHER TRUST FUND			
Cash	B-1	2,663,566	1,660,945
Due from Current Fund	B-5	200,000	-
		<u>2,863,566</u>	<u>1,660,945</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	31,992	22,698
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	1,608,366	1,376,044
Contribution Receivable	A-21	66,258	59,233
		<u>1,674,624</u>	<u>1,435,277</u>
Total Assets		<u>\$ 4,583,321</u>	<u>\$ 3,135,070</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2017 AND 2016

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-3	\$ 6	\$ 1
Due to Current Fund	B-4	1,037	4,235
Reserve for Animal Control Expenditures	B-2	<u>12,096</u>	<u>11,914</u>
		<u>13,139</u>	<u>16,150</u>
OTHER TRUST FUND			
Escrow Deposits Payable	B-6	255,835	297,256
Reserve for POAA Court Expenditures	B-7	16,910	18,652
Miscellaneous Reserves	B-8	2,561,780	1,288,332
Reserve for Payroll and Payroll Deductions Payable	B-9	29,041	35,592
Due to General Capital Fund	C-10	<u>-</u>	<u>21,113</u>
		<u>2,863,566</u>	<u>1,660,945</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-13		868
Reserve for Unemployment Insurance Claims	B-11	<u>31,992</u>	<u>21,830</u>
		<u>31,992</u>	<u>22,698</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,674,624</u>	<u>1,435,277</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,583,321</u>	<u>\$ 3,135,070</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2017 AND 2016

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Cash	C-2,C-3	\$ 2,173,432	\$ 822,395
Deferred Charges to Future Taxation			
Funded	C-4	14,019,565	15,848,098
Unfunded	C-5	2,918,051	1,478,431
Grants Receivable	C-6	532,452	694,538
Due from Other Trust Fund	C-10	<u>-</u>	<u>21,113</u>
 Total Assets		 <u>\$ 19,643,500</u>	 <u>\$ 18,864,575</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 13,391,000	\$ 15,171,000
Bond Anticipation Notes Payable	C-16	2,384,000	
Loans Payable	C-13	628,565	677,098
Improvement Authorizations			
Funded	C-9	472,410	689,409
Unfunded	C-9	1,172,666	915,761
Accounts Payable	C-11	688,839	457,839
Capital Improvement Fund	C-12	41,707	47,592
Reserve for:			
Grants Receivable	C-6	164,345	102,500
Payment of Bonds	C-14	205,428	205,428
Fund Balance	C-1	<u>494,540</u>	<u>597,948</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 19,643,500</u>	 <u>\$ 18,864,575</u>

There were bonds and notes authorized but not issued of \$534,051 and \$1,478,431 at December 31, 2017 and 2016, respectively (Exhibit C-17).

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ <u>597,948</u>	\$ <u>254,589</u>
Increased by:		
Excess Grant Proceeds		18,741
Miscellaneous Reserve Cancelled		50,188
Premium on Sale of Bonds and Notes	17,095	
Improvement Authorizations Cancelled	<u>129,697</u>	<u>435,730</u>
	146,792	504,659
	<u>744,740</u>	<u>759,248</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>250,200</u>	<u>161,300</u>
Balance, December 31	<u>\$ 494,540</u>	<u>\$ 597,948</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2017 AND 2016**

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	D-1	\$ <u>41,636</u>	\$ <u>80,108</u>
Total Assets		\$ <u>41,636</u>	\$ <u>80,108</u>
LIABILITIES AND RESERVES			
Reserve for Public Assistance Expenditures	D-2	\$ <u>41,636</u>	\$ <u>80,108</u>
Total Liabilities and Reserves		\$ <u>41,636</u>	\$ <u>80,108</u>

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Land and Improvements	\$ 30,716,400	\$ 30,716,400
Buildings and Building Improvements	8,687,000	8,687,000
Machinery and Equipment	<u>7,975,809</u>	<u>7,615,044</u>
	<u>\$ 47,379,209</u>	<u>\$ 47,018,444</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 47,379,209</u>	<u>\$ 47,018,444</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. 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, volunteer ambulance squad, or redevelopment agency, 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, 2017 AND 2016**

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.

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, 2017 AND 2016**

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.

Reclassifications - Certain reclassifications may have been made to the December 31, 2016 balances to conform to the December 31, 2017 presentation.

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.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 December 31, 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, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, 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.

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 \$2,000 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.

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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.

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
General Capital Fund
Public Assistance Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017 and 2016 the Borough Council increased the original budget by \$73,400 and \$44,626. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH 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. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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 or NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$12,431,385 and \$7,165,508 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,181,991 and \$7,790,362, 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>2017</u>	<u>2016</u>
Insured	\$ 15,181,991	\$ 7,790,362
	<u>\$ 15,181,991</u>	<u>\$ 7,790,362</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2017 and 2016 none of the Borough's bank balances were exposed to custodial credit risk.

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, 2017 and 2016, the Borough had the following investments:

	<u>LOSAP</u>	
	<u>Fair and Reported Value</u>	<u>Fair and Reported Value</u>
	<u>2017</u>	<u>2016</u>
Investments with Lincoln Financial - Unaudited	\$ 1,608,366	\$ 1,376,044

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

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, 2017 and 2016, \$1,608,366 and \$1,376,044 of the Borough’s investments was exposed to custodial credit risk as follows:

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, 2017 and 2016, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investors Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total investments.

The fair value of the above-listed investments were based on quoted market prices.

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

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
<u>Current</u>		
Property Taxes	\$ 319,593	\$ 317,181
Tax Title Liens	<u>70,376</u>	<u>64,328</u>
	<u>\$ 389,969</u>	<u>\$ 381,509</u>

In 2017 and 2016, the Borough collected \$317,023 and \$238,081 from delinquent taxes, which represented 83% and 63%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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>2017</u>		<u>2016</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	\$ 1,037	\$ 200,000	\$ 4,235	
Trust Funds				
Animal Control Fund		1,037		\$ 4,235
Other Trust Fund	200,000			21,113
General Capital Fund	-	-	21,113	-
Total	<u>\$ 201,037</u>	<u>\$ 201,037</u>	<u>\$ 25,348</u>	<u>\$ 25,348</u>

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 December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2017</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 185,000</u>	<u>\$ 105,000</u>	<u>\$ 80,000</u>
<u>2016</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	<u>\$ 290,000</u>	<u>\$ 105,000</u>	<u>\$ 185,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2017</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2016</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 3,181,025	\$ 1,085,000	\$ 2,489,586	\$ 835,000
Non-Cash Surplus	<u>24,894</u>	<u>-</u>	<u>5,651</u>	<u>-</u>
	<u>\$ 3,205,919</u>	<u>\$ 1,085,000</u>	<u>\$ 2,495,237</u>	<u>\$ 835,000</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, 2017 and 2016.

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land and Improvements	\$ 30,716,400			\$ 30,716,400
Buildings and Building Improvements	8,687,000			8,687,000
Machinery and Equipment	<u>7,615,044</u>	<u>\$ 360,765</u>	<u>-</u>	<u>7,975,809</u>
	<u>\$ 47,018,444</u>	<u>\$ 360,765</u>	<u>\$ -</u>	<u>\$ 47,379,209</u>
	Balance December 31, <u>2015</u> (Restated)	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land and Improvements	\$ 30,141,900	\$ 574,500		\$ 30,716,400
Buildings and Building Improvements	8,488,409	198,591		8,687,000
Machinery and Equipment	<u>7,024,174</u>	<u>590,870</u>	<u>-</u>	<u>7,615,044</u>
	<u>\$ 45,654,483</u>	<u>\$ 1,363,961</u>	<u>\$ -</u>	<u>\$ 47,018,444</u>

The General Fixed Assets Account Group has been restated based on an independent appraisal for December 31, 2017. The total of the General Fixed Assets Group at December 31, 2015 has been restated from \$35,151,900 to \$45,654,483.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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>2017</u>	<u>2016</u>
Issued		
General		
Bonds, Notes and Loans	\$ 16,403,565	\$ 15,848,098
Less Funds Temporarily Held to Pay Bonds and Notes	<u>205,428</u>	<u>205,428</u>
Net Debt Issued	<u>16,198,137</u>	<u>15,642,670</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>534,051</u>	<u>1,478,431</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 16,732,188</u>	<u>\$ 17,121,101</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .81% and .86% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	\$ 16,937,616	\$ 205,428	\$ 16,732,188
School Debt	<u>18,785,896</u>	<u>18,785,896</u>	<u>-</u>
Total	<u>\$ 35,723,512</u>	<u>\$ 18,991,324</u>	<u>\$ 16,732,188</u>
<u>2016</u>			
General Debt	\$ 17,326,529	\$ 205,428	\$ 17,121,101
School Debt	<u>6,549,078</u>	<u>6,549,078</u>	<u>-</u>
Total	<u>\$ 23,875,607</u>	<u>\$ 6,754,506</u>	<u>\$ 17,121,101</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

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>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 68,536,755 <u>16,732,188</u>	\$ 67,085,395 <u>16,497,101</u>
Remaining Borrowing Power	<u>\$ 51,804,567</u>	<u>\$ 50,588,294</u>

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>2017</u>	<u>2016</u>
\$4,555,000, 2004 Refunding Bonds		\$ 480,000
\$2,235,000, 2008 Refunding Bonds, due in annual installments of \$215,000 to \$230,000 through August 2019, interest at 3.00% to 5.00%	\$ 445,000	655,000
\$3,736,000, 2010 Bonds, due in annual installments of \$450,000 to \$636,000 through April 2022, interest at 2.00% to 3.50%	2,666,000	3,121,000
\$3,890,000, 2012 Refunding Bonds, due in annual installments of \$385,000 to \$500,000 through September 2023, interest 2.00% to 4.00%	2,720,000	3,055,000
\$8,160,000, 2015 Bonds, due in annual installments of \$575,000 to \$590,000 through November 2030, interest at 2.00% to 3.00%	<u>7,560,000</u>	<u>7,860,000</u>
	<u>\$ 13,391,000</u>	<u>\$ 15,171,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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>2017</u>	<u>2016</u>
\$265,000 Trust Loan due in Annual installments of \$14,000 to \$19,000 August 2029, interest at various interest rates	\$ 186,000	\$ 205,000
\$800,781 Loan due in Semi-annual installments of \$40,718 through August 2029, interest free	<u>442,565</u>	<u>472,098</u>
	<u>\$ 628,565</u>	<u>\$ 677,098</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2017 is as follows:

Calendar <u>Year</u>	<u>General</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,625,000	\$ 405,135	\$ 55,718	\$ 8,385	\$ 2,094,238
2019	1,660,000	359,610	55,718	7,920	2,083,248
2020	1,580,000	310,666	55,718	7,320	1,953,704
2021	1,640,000	264,416	54,718	6,435	1,965,569
2022	1,706,000	208,530	54,718	5,875	1,975,123
2023-2027	3,410,000	548,000	278,587	20,975	4,257,562
2028-2030	<u>1,770,000</u>	<u>106,200</u>	<u>73,388</u>	<u>3,870</u>	<u>1,953,458</u>
Total	<u>\$ 13,391,000</u>	<u>\$ 2,202,557</u>	<u>\$ 628,565</u>	<u>\$ 60,780</u>	<u>\$ 16,282,902</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	(A) <u>Adjustments</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>						
General Capital Fund						
Bonds Payable	\$ 15,171,000		\$ 1,780,000		\$ 13,391,000	\$ 1,625,000
Intergovernmental Loans Payable	<u>677,098</u>	<u>-</u>	<u>50,718</u>	<u>\$ 2,185</u>	<u>628,565</u>	<u>55,718</u>
General Capital Fund Long-Term Liabilities	<u>\$ 15,848,098</u>	<u>\$ -</u>	<u>\$ 1,830,718</u>	<u>\$ 2,185</u>	<u>\$ 14,019,565</u>	<u>\$ 1,680,718</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	(A) <u>Adjustments</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>						
General Capital Fund						
Bonds Payable	\$ 16,901,000		\$ 1,730,000		\$ 15,171,000	\$ 1,780,000
Intergovernmental Loans Payable	<u>772,625</u>	<u>-</u>	<u>50,718</u>	<u>\$ (44,809)</u>	<u>677,098</u>	<u>50,718</u>
General Capital Fund Long-Term Liabilities	<u>\$ 17,673,625</u>	<u>\$ -</u>	<u>\$ 1,780,718</u>	<u>\$ (44,809)</u>	<u>\$ 15,848,098</u>	<u>\$ 1,830,718</u>

(A) Loans Payable and/or Receivable adjusted by State in 2016

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the year ended December 31, 2017 was as follows:

Bond Anticipation Notes – General Capital Fund

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, December 31, 2017</u>
Monitoring of Landfill Emissions	2.50%	12/20/2018	\$	33,731		\$ 33,731
Acquisition of Computer/Telecommunications Equipment	2.50%	12/20/2018		261,250		261,250
2016 Road Resurfacing Program	2.50%	12/20/2018		403,745		403,745
Construction of Handicapped Accessible Curb Ramps	2.50%	12/20/2018		15,157		15,157
Acquisition of Vehicles, Machinery & Equipment	2.50%	12/20/2018		184,110		184,110
Monitoring of Landfill Emissions	2.50%	12/20/2018		57,000		57,000
2017 Road Resurfacing Program,	2.50%	12/20/2018		332,500		332,500
Rehabilitation of the McKinley Park Tennis Courts	2.50%	12/20/2018		84,462		84,462
Various Building Improvements	2.50%	12/20/2018		418,000		418,000
Refunding Tax Appeals	2.50%	12/20/2018	-	594,045	-	594,045
			<u>\$ -</u>	<u>\$ 2,384,000</u>	<u>\$ -</u>	<u>\$ 2,384,000</u>

The purpose of these short-term 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. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2017 and 2016 as follows:

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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</u> <u>Date</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2017</u>
Revaluation of Real Property	1.57%	5/16/2017	\$ 130,000		\$ 130,000	-
	1.05%	5/16/2017	160,000	-	160,000	-
	1.75%	5/16/2018	-	\$ 185,000	-	\$ 185,000
			<u>\$ 290,000</u>	<u>\$ 185,000</u>	<u>\$ 290,000</u>	<u>\$ 185,000</u>

<u>Purpose</u>	<u>Rate</u> %	<u>Maturity</u> <u>Date</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance,</u> <u>December 31,</u> <u>2016</u>
Revaluation of Real Property	0.98%	10/28/2016	\$ 195,000		\$ 195,000	
	1.57%	5/16/2017		\$ 130,000		\$ 130,000
	1.05%	5/16/2017	-	160,000	-	160,000
			<u>\$ 195,000</u>	<u>\$ 290,000</u>	<u>\$ 195,000</u>	<u>\$ 290,000</u>

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>Capital</u> <u>Commitments</u>	<u>Estimated</u> <u>Date of</u> <u>Completion</u>
<u>2017</u>		
2017 Road Resurfacing Program	\$26,584	2018
Clairmont Avenue Improvements	126,074	2018
Ackerman Avenue Paving	320,000	2018
Replacement of HVAC Units	33,500	2018
<u>2016</u>		
2016 Road Resurfacing Programs	\$228,008	2017
Acquisition of Telecommunications Equipment	76,544	2017

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 \$985,164 and \$981,307 at December 31, 2017 and 2016, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2017 and 2016, the Borough has reserved \$525,000 and \$190,000, respectively, in the Other Trust Fund to fund compensated absences in accordance with NJSA 40A:4-39.

B. Capital Lease Agreement

The Borough entered into agreements for the leasing of police vehicles totaling \$113,401 under capital leases. The capital lease agreements are for terms of 3 year's payable in advance. 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, 2017.

<u>Years Ended December 31,</u>	<u>Amount</u>
2018	\$ 16,133
2019	<u>3,235</u>
Total	19,368
Less: Amounts Representing Interest	<u>152</u>
Present Value of Net Minimum Lease Payments	<u>\$ 19,216</u>

The Borough's capital lease activity for the years ended December 31, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Balance, January 1	\$ 57,206	\$ 53,589
Additions	<u>-</u>	<u>38,093</u>
	57,206	91,682
Reductions	<u>37,990</u>	<u>34,476</u>
Balance, December 31	<u>\$ 19,216</u>	<u>\$ 57,206</u>
Due Within One Year	<u>\$ 15,990</u>	<u>\$ 37,990</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

C. Deferred Pension Obligation

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2017 and 2016 were as follows:

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 981,307	\$ 3,857		\$ 985,164	\$ 50,000
Net Pension Liability					
PERS	12,112,448		\$ 3,474,349	8,638,099	
PFRS	16,970,465		2,859,965	14,110,500	
Capital Leases	<u>57,206</u>	<u>-</u>	<u>37,990</u>	<u>19,216</u>	<u>15,990</u>
 Total	 <u>\$ 30,121,426</u>	 <u>\$ 3,857</u>	 <u>\$ 6,372,304</u>	 <u>\$ 23,752,979</u>	 <u>\$ 65,990</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
Compensated Absences	\$ 986,607		\$ 5,300	\$ 981,307	\$ 50,000
Net Pension Liability					
PERS	9,402,717	\$ 3,076,218	366,487	12,112,448	
PFRS	16,588,445	1,192,581	810,561	16,970,465	
Capital Leases	<u>53,589</u>	<u>38,093</u>	<u>34,476</u>	<u>57,206</u>	<u>37,990</u>
 Total	 <u>\$ 27,031,358</u>	 <u>\$ 4,306,892</u>	 <u>\$ 1,216,824</u>	 <u>\$ 30,121,426</u>	 <u>\$ 87,990</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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 December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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. PERS is a cost-sharing multi-employer defined benefit pension plan.

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 employees 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. DCRP is a defined contribution pension plan.

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 State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

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.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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.

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, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

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

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

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Methods and Assumptions

In the July 1, 2016 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) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

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 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee’s annual compensation for 2017.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended December 31, 2017, 2016 and 2015, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 725,369	\$ 370,173	\$ 3,042
2016	810,561	366,487	3,075
2015	743,973	352,273	2,558

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$8,638,099 and \$12,112,448, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough’s proportionate share was .037107 percent, which was a decrease of .003789 percent from its proportionate share measured as of June 30, 2016 of .040896 percent.

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$432,856 and \$1,110,575 respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$370,173 and \$366,487, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 203,397		\$ 225,255	
Changes of Assumptions	1,740,279	\$ 1,733,899	2,509,052	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	58,820		461,859	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	43,696	878,692	61,604	\$ 267,098
Total	\$ 2,046,192	\$ 2,612,591	\$ 3,257,770	\$ 267,098

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending December 31,	Total
2018	\$ 79,418
2019	79,418
2020	(10,170)
2021	(441,936)
2022	(273,129)
Thereafter	-
	\$ (566,399)

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	1.65-4.15% Based on Age	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age	2.65-5.15% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014, respectively.

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash Equivalents	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	5.00%
2016	June 30, 2016	3.98%

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 5.00% and 3.98%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00% and 2.98%, respectively) or 1-percentage-point higher (6.00% and 4.98%, respectively) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,716,148</u>	<u>\$ 8,638,099</u>	<u>\$ 6,906,827</u>
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 14,842,391</u>	<u>\$ 12,112,448</u>	<u>\$ 9,858,643</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$14,110,500 and \$16,970,465, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .091400 percent, which was an increase of .002562 percent from its proportionate share measured as of June 30, 2016 of .088838 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$1,167,877 and \$1,633,044 respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$725,369 and \$870,561, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 91,541	\$ 82,817		\$ 111,244
Changes of Assumptions	1,739,982	2,310,887	\$ 2,350,549	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	269,261		1,189,086	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>533,951</u>	<u>966,836</u>	<u>300,605</u>	<u>1,236,902</u>
Total	<u>\$ 2,634,735</u>	<u>\$ 3,360,540</u>	<u>\$ 3,840,240</u>	<u>\$ 1,348,146</u>

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

At December 31, 2017 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense as follows:

Year Ending December 31,	<u>Total</u>
2018	\$ 60,264
2019	371,111
2020	(176,618)
2021	(744,614)
2022	(235,948)
Thereafter	<u>-</u>
	<u>\$ (725,805)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2017 was based on the June 30, 2017 measurement date as determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The total pension liability reported for the year ended December 31, 2016 was based on the June 30, 2016 measurement date as determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2017</u>	<u>2016</u>
Inflation Rate	2.25%	3.08%
Salary Increases:		
Through 2026	2.10-8.98% Based on Age	2.10-8.98% Based on Age
Thereafter	3.10-9.98% Based on Age	3.10-9.98% Based on Age
Investment Rate of Return	7.00%	7.65%
Mortality Rate Table	RP-2000	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA and one year using Scale BB.

The actuarial assumptions used in the July 1, 2016 and July 1, 2015 valuations were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013.

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 and 2016, as reported for the years ended December 31, 2017 and 2016, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2017</u>		<u>2016</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%		
Cash	5.50%	1.00%	5.00%	0.87%
U.S. Treasuries	3.00%	1.87%	1.50%	1.74%
Investment Grade Credit	10.00%	3.78%	8.00%	1.79%
Mortgages			2.00%	1.67%
High Yield Bonds			2.00%	4.56%
Inflation-Indexed Bonds			1.50%	3.44%
US Equity	30.00%	8.19%	26.00%	8.53%
Non-US Developed Markets Equity	11.50%	9.00%	13.25%	6.83%
Emerging Markets Equity	6.50%	11.64%	6.50%	9.95%
Private Equity			9.00%	12.40%
Hedge Funds/Absolute Return			12.50%	4.68%
Real Estate (Property)			2.00%	6.91%
Commodities			0.50%	5.45%
Global Debt ex US			5.00%	-0.25%
REIT			5.25%	5.63%
Public High Yield	2.50%	6.82%		
Global Diversified Credit	5.00%	7.10%		
Credit Oriented Hedge Funds	1.00%	6.60%		
Debt Related Private Equity	2.00%	10.63%		
Debt Related Real Estate	1.00%	6.61%		
Private Real Asset	2.50%	11.83%		
Equity Related Real Estate	6.25%	9.23%		
Buyouts/Venture Capital	8.25%	13.08%		

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2017	6.14%
2016	June 30, 2016	5.55%

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Police and Firemen’s Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2057

Municipal Bond Rate * From July 1, 2057
and Thereafter

* The municipal bond return rate used is 3.58% and 2.85% as of the measurement dates of June 30, 2017 and 2016, respectively. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2017 and 2016 calculated using the discount rate of 6.14% and 5.55%, respectively, as well as what the Borough’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.14% and 4.55 % respectively) or 1-percentage-point higher (7.14% and 6.55%, respectively) than the current rate:

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
2017			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 18,591,746</u>	<u>\$ 14,110,500</u>	<u>\$ 10,428,647</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
2016			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 21,882,170</u>	<u>\$ 16,970,465</u>	<u>\$ 12,965,265</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2017 and 2016. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

**BOROUGH OF WESTWOOD
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,580,495 and \$1,425,098, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$193,330 and \$182,019, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$79,031 and \$54,606, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 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.

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 13 RISK MANAGEMENT (Continued)

The Borough is also a member of the Bergen County Municipal Employee 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.

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 December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 8,500	\$ 9,038	\$ 7,376	\$ 31,992
2016	8,500	8,737	8,920	21,830
2015	8,500	9,070	8,605	13,513

NOTE 14 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, 2017 and 2016. 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. As of December 31, 2017 and 2016, the Borough reserved \$595,647 and \$145,411, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 14 CONTINGENT LIABILITIES (Continued)

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2017 and 2016, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 15 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, 2017 and 2016, the Borough had no estimated arbitrage earnings due to the IRS.

NOTE 16 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 \$1,250 and \$1,150 for 2017 and 2016, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,250 and \$1,150 for 2017 and 2016, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$66,258 and \$59,233 for 2017 and 2016, respectively.

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.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 16 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 17 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 changed 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 18 TAX ABATEMENTS

For the years ended December 31, 2017 and 2016, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2017 and 2016 the Borough abated property taxes totaling \$403,999 and \$422,999, respectively, under the NJHMFA program. The Borough received \$99,478 and \$105,025, in PILOT payments under this program for the years ended December 31, 2017 and 2016, respectively.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

Through May 15, 2018 the Borough adopted various bond ordinances authorizing the issuance \$1,040,250 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF WESTWOOD
STATEMENT OF CASH**

Balance, December 31, 2016		\$ 4,562,662
Increased by Receipts:		
Taxes Receivable	\$ 47,028,235	
Tax Overpayments	8,144	
Prepaid Taxes	1,790,950	
Petty Cash Returned	600	
Non-Budget Revenue	138,798	
State of NJ - Senior Citizens' and Veterans' Deductions	70,830	
Revenue Accounts Receivable	2,357,520	
Due to State of New Jersey	16,446	
Grants Receivable	81,972	
Reserve for JIF Dividend	220,205	
Special Emergency Note	185,000	
Receipts from Animal Control Fund	8,062	
Receipts from Other Trust Fund	5,708	
Receipts from Unemployment Compensation Insurance Fund	15	
Receipts from General Capital Fund	585,775	
Receipts from Public Assistance Fund	60	
Receipts from Westwood Parking Authority	91,066	
	<u>52,589,386</u>	
Decreased by Disbursements:		
2017 Budget Appropriations	15,427,695	57,152,048
2016 Appropriation Reserves	872,851	
Accounts Payable	20,512	
State of New Jersey	17,766	
Special Emergency Note Payable	290,000	
Tax Overpayments	8,440	
Regional School District Tax Payable	27,026,416	
County Taxes Payable	4,813,799	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	92,563	
General Capital Expenditures Paid by Current Fund	582,875	
Payments to General Capital Fund	461,095	
Appropriated Grant Reserves	4,586	
Refund of Prior Year Revenue	766	
Reserve for Tax Appeals	24,764	
	<u>49,644,728</u>	
Balance, December 31, 2017		<u>\$ 7,507,320</u>

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

<u>Office</u>	Balance, December 31, <u>2016</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2017</u>
Borough Clerk		\$ 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>2016</u>	Grants <u>Realized</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Municipal Alliance on Alcoholism and Drugs	\$ 2,121	\$ 9,876	\$ 2,121		\$ 9,876
Recycling Tonnage Grant		39,833	39,833		
Drunk Driving Enforcement Fund		4,256	4,256		
Alcohol Education and Rehabilitation Fund		2,574	2,574		
Senior Citizens Activities Grant	3,530	3,338	3,323	\$ 207	3,338
Federal Ballistic Vest Fund Grant		975	975		
Mini Grant Clean Up - Westvale Park		300	300		
Sustainable Jersey		2,000	2,000		
Clean Communities		21,921	21,921		
Bergen County Open Space - Stigma Free Initiative		2,000	2,000		
Body Armor Fund	-	2,669	2,669	-	-
	<u>\$ 5,651</u>	<u>\$ 89,742</u>	<u>\$ 81,972</u>	<u>\$ 207</u>	<u>\$ 13,214</u>
Original Budget		\$ 16,342			
Added by NJSA 40A:4-87		73,400			
		<u>\$ 89,742</u>			

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

Balance, December 31, 2016 (Due To)		\$	657
Increased by:			
Received from State of New Jersey	\$	70,830	
Senior Citizen's Deductions Disallowed by Tax Collector - Prior Year			
Senior Citizen's and Veterans' Deductions Disallowed by Tax Collector - Current Year		<u>42</u>	
			<u>70,872</u>
			71,529
Decreased by:			
Senior Citizens' Deductions Per Tax Billings		5,750	
Veterans' Deductions Per Tax Billings		63,000	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - Prior Year			
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - Current Year		<u>14,459</u>	
			<u>83,209</u>
Balance , December 31, 2017 (Due From)		\$	<u>11,680</u>

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

Year	Balance,	Levy	Senior	Collections		Senior	Taxes	Transferred	Balance,
	December 31,		Veterans'	2016	2017	Citizens'	Cancelled	To Tax	December 31,
	2016		Disallowed			and	Remitted or	Title Liens	2017
						Veterans'	Abated		
						Deductions			
						Allowed			
2016	\$ 317,181				\$ 317,023				\$ 158
2017	-	\$ 47,327,756	\$ 42	\$ 190,673	46,711,212	\$ 83,209	\$ 18,419	\$ 4,850	319,435
	\$ 317,181	\$ 47,327,756	\$ 42	\$ 190,673	\$ 47,028,235	\$ 83,209	\$ 18,419	\$ 4,850	\$ 319,593

Analysis of Property Tax Levy

TAX YIELD

General Property Tax	
Real Property Tax	\$ 47,061,892
Added Taxes (54:4-63.1 et seq.)	265,864
	<u>\$ 47,327,756</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 27,026,416
County Taxes (Abstract)	4,606,890
County Open Space Taxes (Abstract)	191,552
Due County for Added Taxes (54:4-63.1)	<u>27,130</u>
	4,825,572
Local Tax	
Municipal Purposes	14,591,398
Library Purposes	641,202
Additional Tax Levied	<u>243,168</u>
	15,475,768
	<u>\$ 47,327,756</u>

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

Balance, December 31, 2016		\$	64,328
Increased by:			
Prior Year Adjustment		\$	1,198
Taxes Transferred at Tax Sale			<u>4,850</u>
			<u>6,048</u>
Balance, December 31, 2017		\$	<u>70,376</u>

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2016		\$	<u>3,383,100</u>
Balance, December 31, 2017		\$	<u>3,383,100</u>

EXHIBIT A-11

STATEMENT OF DEFERRED CHARGES - SPECIAL EMERGENCY APPROPRIATIONS

<u>Date Authorized</u>	<u>Purpose</u>	<u>Net Amount Authorized</u>	<u>Balance, December 31, 2016</u>	<u>2017 Appropriations</u>	<u>Balance, December 31, 2017</u>
4/2/2013	Revaluation of Real Property	300,000	\$ 120,000	\$ 60,000	\$ 60,000
4/16/2013	Revaluation of Real Property	25,000	10,000	5,000	5,000
9/1/2015	Master Plan	50,000	40,000	10,000	30,000
12/1/2015	Severance Liabilities	150,000	<u>120,000</u>	<u>30,000</u>	<u>90,000</u>
			<u>\$ 290,000</u>	<u>\$ 105,000</u>	<u>\$ 185,000</u>

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

	Balance, December 31, <u>2016</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2017</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 28,300	\$ 28,300	
Other		21,015	21,015	
Fees and Permits		587	587	
Construction Code Official				
Building Permits and Fees		403,579	403,579	
Police				
Fees and Permits		2,815	2,815	
Municipal Court				
Fines and Costs	\$ 5,002	107,591	104,753	\$ 7,840
Board of Health				
Other Licenses		22,280	22,280	
Fees and Permits		67,153	67,153	
Zoning				
Fees and Permits		23,500	23,500	
Interest and Cost on Taxes		72,703	72,703	
Interest on Investment and Deposits		18,063	18,063	
Consolidated Municipal Property Tax Relief		3,517	3,517	
Energy Receipts Tax		1,015,314	1,015,314	
Watershed Moratorium Offset Aid		705	705	
Westwood Parking Authority		45,000	45,000	
Police Off-Duty Detail		75,000	75,000	
Uniform Fire Safety Act		93,698	93,698	
Payment in Lieu of Taxes - Westwood House		99,478	99,478	
Cellular One Lease Agreement		160,162	160,162	
Cable TV Franchise Fees	-	99,898	99,898	-
	<u>\$ 5,002</u>	<u>\$ 2,360,358</u>	<u>\$ 2,357,520</u>	<u>\$ 7,840</u>

**BOROUGH OF WESTWOOD
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, December 31, 2016	Orders/Payables Restored	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed
SALARIES AND WAGES						
General Administration	\$ 10,755			\$ 10,755	\$ 10,000	\$ 755
Mayor and Council	262			262		262
Municipal Clerk	268			268		268
Financial Department	23			23		23
Revenue Collection	6,215			6,215		6,215
Tax Assessment	80			80		80
Planning Board	3,066			3,066		3,066
Police Department	28,564			28,564	20,000	8,564
Police Dispatch/911	31,008			31,008	30,000	1,008
Office of Emergency Management	1,841			1,841		1,841
Fire Official	784			784		784
Prosecutor	223			223		223
Streets and Road Maintenance	154,075		\$ 40,000	194,075	105,071	89,004
Recycling	5,801			5,801		5,801
Buildings and Grounds	639			639		639
Public Health Services	3,642			3,642		3,642
Welfare/Admin. of Public Assistance	354			354		354
Recreation Services and Programs	799			799		799
Building Inspector	23,455			23,455		23,455
Municipal Court	2,086			2,086		2,086
Public Defender	1,316			1,316		1,316
OTHER EXPENSES						
General Administration	14,149	\$ 6,951		21,100	5,501	15,599
Mayor and Council	614	16		630	16	614
Municipal Clerk						
Other Expenses	3,095	2,354		5,449	1,047	4,402
Elections	2,134			2,134		2,134
Financial Administration						
Other Expenses	4,369	2,423	(1,000)	5,792	5,792	-
Revenue Collection	2,472	450		2,922	1,927	995
Tax Assessment Administration	2,713	7,800	1,000	11,513	11,513	-
Legal Services and Costs	35,858			35,858	9,096	26,762
Engineering	2,440	3,365		5,805	2,182	3,623
Environmental	1,900			1,900		1,900
Historical Commission	1,066	3,053		4,119	3,053	1,066
Planning Board	3,188	1,528		4,716	4,716	-
Insurance						
Health Insurance	175,810	56,463		232,273	169,192	63,081
General Liability Insurance	22,717	45,421		68,138	43,825	24,313
Workers Compensation Insurance	22,484	51,194		73,678	51,194	22,484
Fire Department						
Other Expenses	1,162	5,469		6,631	4,922	1,709
Fire Hydrant Service	2			2		2
Police Department						
Other Expenses	5,601	19,401		25,002	20,372	4,630
Acquisition of Police Vehicles	1,381	7,634		9,015	8,387	628
Police Dispatch 911	520	45		565	45	520
Police Reserves	3,035	7,822		10,857	7,805	3,052

**BOROUGH OF WESTWOOD
STATEMENT OF 2016 APPROPRIATION RESERVES**

	Balance, December 31, <u>2016</u>	Orders/Payables <u>Restored</u>	<u>Transfers</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OTHER EXPENSES (Continued)						
Emergency Management Svcs.	\$ 1,415			\$ 1,415		\$ 1,415
Fire Official	2,076			2,076		2,076
Life Hazard Use Fees Payments	3	\$ 2,497		2,500	\$ 2,497	3
Streets and Road Maintenance						
Other Expenses	1,212	20,873		22,085	17,263	4,822
Repair to Traffic Lights	5,000			5,000		5,000
Sanitation - Garbage and Trash Collection	72,312	27,846	\$ (40,000)	60,158	47,063	13,095
Recycling	34,959	2,196		37,155	4,644	32,511
Buildings and Grounds	1,515	8,984		10,499	6,839	3,660
Vehicle Maintenance	13,258	32,544		45,802	26,650	19,152
Public Health Services	6,367	1,347		7,714	1,502	6,212
Welfare/Admin. of Public Assistance	843			843		843
Recreation Services and Programs	1,462			1,462	538	924
Maintenance of Westvale Park	11,595	6,211		17,806	9,018	8,788
Celebration of Public Events	2,811	1,000		3,811	1,058	2,753
Municipal Court	9,576	560		10,136	740	9,396
Building Inspector	2,581	915		3,496	881	2,615
Electricity	26,245	15,339		41,584	22,921	18,663
Street Lighting	17,143	19,425		36,568	34,915	1,653
Telephone	5,147	446		5,593	1,193	4,400
Gasoline	89,065	8,325		97,390	8,818	88,572
Natural Gas	19,136	1,131	(1,000)	19,267	5,470	13,797
Water	1,838	1,827	1,000	4,665	4,165	500
Sewerage Processing and Disp	3,640	6,373		10,013	6,323	3,690
Garbage Tipping Fees	20,000			20,000		20,000
Social Security System	20,453			20,453	4,001	16,452
Contribution to Public Employees Retirement System	2			2		2
Contribution to Police and Fireman's Retirement System	19			19		19
Defined Contribution Plan	1,925			1,925		1,925
Maintenance of Free Public Library	14,528	55,382		69,910	69,910	
Bergen County Utilities Authority	18,670			18,670		18,670
Length of Service Awards	10,767	59,233		70,000	55,783	14,217
Alcohol Education and Rehabilitation	1,269			1,269	1,269	-
Drunk Driving Enforcement Fund	3,730			3,730	3,730	-
Police - Body Armor	2,505			2,505	2,505	-
Clean Communities Grant	21,757	1,950		23,707	23,707	
Recycling Tonnage Grant	33,220			33,220	33,220	
Rain Garden Grant - Bergen SWAN	400			400	400	
Rain Garden Grant - Bergen Health Services	300			300	300	
Municipal Alliance						
State Share	5,688			5,688	5,688	
Community Development - Senior Citizens Activities	2,590			2,590	2,590	
	<u>\$ 1,068,988</u>	<u>\$ 495,793</u>	<u>\$ -</u>	<u>\$ 1,564,781</u>	<u>\$ 921,257</u>	<u>\$ 643,524</u>

Cash Disbursements	\$ 872,851
Accounts Payable	6,698
Cancelled	4,174
Appropriated Reserve for Grants	<u>37,534</u>
	<u>\$ 921,257</u>

**BOROUGH OF WESTWOOD
STATEMENT OF DUE TO STATE OF NEW JERSEY**

	Balance, December 31, <u>2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2017</u>
Marriage Licenses	\$ 425	\$ 1,100	\$ 1,325	\$ 200
Uniform Construction Fees	4,883	15,296	16,386	3,793
Burial Permit Fees	<u>5</u>	<u>50</u>	<u>55</u>	<u>-</u>
	<u>\$ 5,313</u>	<u>\$ 16,446</u>	<u>\$ 17,766</u>	<u>\$ 3,993</u>

EXHIBIT A-15

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2016	\$ 458,400
Increased by:	
Transfer from 2017 Appropriations	\$ 565,056
Transfer from 2016 Appropriations Reserves	<u>6,698</u>
	<u>571,754</u>
	1,030,154
Decreased by:	
Cash Disbursements	20,512
Payables Restored to Appropriation Reserves	<u>436,560</u>
	<u>457,072</u>
Balance, December 31, 2017	<u>\$ 573,082</u>

**BOROUGH OF WESTWOOD
STATEMENT OF APPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2016</u>	Transfer From Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	Balance, December 31, <u>2017</u>
Alcohol Education and Rehabilitation	\$ 16,651	\$ 1,269	\$ 1,500	\$ 16,420
Body Armor Fund	6,955	2,505	1,950	7,510
Drunk Driving Enforcement Fund	1,136	540	1,136	540
Federal Forfeiture Funds	2,125			2,125
Recycling Tonnage Grant	<u>-</u>	<u>33,220</u>	<u>-</u>	<u>33,220</u>
	<u>\$ 26,867</u>	<u>\$ 37,534</u>	<u>\$ 4,586</u>	<u>\$ 59,815</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, December 31, 2016	\$ 190,673
Increased by:	
Collection of 2018 Taxes	<u>1,790,950</u>
	1,981,623
Decreased by:	
Application to 2017 Taxes	<u>190,673</u>
Balance, December 31, 2017	<u>\$ 1,790,950</u>

**BOROUGH OF WESTWOOD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2016		\$ 34,547
Increased by:		
Tax Overpayments		<u>8,144</u>
		42,691
Decreased by:		
Cancelled	\$ 26,107	
Refunded	<u>8,440</u>	
		<u>34,547</u>
Balance, December 31, 2017		<u>\$ 8,144</u>

STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Increased by:		
Levy - Calendar Year		<u>\$ 27,026,416</u>
Decreased by:		
Payments		<u>\$ 27,026,416</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2016		\$ 15,357
Increased by:		
2017 Levy	\$ 4,606,890	
County Open Space Preservation	191,552	
Added Taxes (54:4-63.1 et seq.)	<u>27,130</u>	
		<u>4,825,572</u>
		4,840,929
Decreased by:		
Payments		<u>4,813,799</u>
Balance, December 31, 2017		<u>\$ 27,130</u>

**BOROUGH OF WESTWOOD
STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION**

Balance, December 31, 2016	\$ 59,233
Increased by:	
Transfer from 2017 Budget Appropriations	<u>66,258</u>
	125,491
Decreased by:	
Transferred to Appropriation Reserves	<u>59,233</u>
Balance, December 31, 2017	<u>\$ 66,258</u>

STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY

Balance, December 31, 2016	\$ 5,785
Increased by:	
Authority Expenditures Paid by Borough	<u>92,563</u>
	98,348
Decreased by:	
Receipts from Parking Authority	<u>91,066</u>
Balance, December 31, 2017	<u>\$ 7,282</u>

STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance December 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2017</u>
Revaluation of Real Property	5/16/2016	5/16/2017	\$ 160,000		\$ 160,000	
	10/28/2016	5/16/2017	130,000		130,000	
	5/16/2017	5/16/2018	<u>-</u>	<u>\$ 185,000</u>	<u>-</u>	<u>\$ 185,000</u>
			<u>\$ 290,000</u>	<u>\$ 185,000</u>	<u>\$ 290,000</u>	<u>\$ 185,000</u>

**BOROUGH OF WESTWOOD
STATEMENT OF UNAPPROPRIATED GRANT RESERVES**

	Balance, December 31, <u>2016</u>	Realized as Revenue in 2017 <u>Budget</u>	Balance, December 31, <u>2017</u>
Drunk Driving Enforcement Fund	\$ 2,882	\$ 2,882	\$ -
	<u>\$ 2,882</u>	<u>\$ 2,882</u>	<u>\$ -</u>

EXHIBIT A-25

STATEMENT OF RESERVE FOR TAX APPEALS

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Tax Appeals	\$ 145,411	\$ 475,000	\$ 24,764	\$ 595,647
	<u>\$ 145,411</u>	<u>\$ 475,000</u>	<u>\$ 24,764</u>	<u>\$ 595,647</u>
Budget Appropriation		\$ 125,000		
Current Tax Collections		<u>350,000</u>		
		<u>\$ 475,000</u>		

EXHIBIT A-26

STATEMENT OF RESERVE FOR SALE OF ASSETS

Balance, December 31, 2016	\$ 5,000
Balance, December 31, 2017	<u>\$ 5,000</u>

EXHIBIT A-27

STATEMENT OF RESERVE FOR INSURANCE DIVIDEND

Balance, December 31, 2016	\$ 60,298
Increased by:	
Cash Received	<u>220,205</u>
	280,503
Decreased by:	
Utilized as Budget Revenue	<u>60,298</u>
Balance, December 31, 2017	<u>\$ 220,205</u>

TRUST FUNDS

**BOROUGH OF WESTWOOD
STATEMENT OF TRUST CASH**

	<u>Animal Control</u>	<u>Other Trust</u>	<u>Unemployment Insurance</u>
Balance December 31, 2016	\$ 16,150	\$ 1,660,945	\$ 22,698
Increased by Receipts:			
Interest on Investments and Deposits	\$ 11	\$ 5,708	\$ 15
Due to Westwood Parking Authority		13,019	
POAA Receipts		1,532	
Miscellaneous Reserves		2,439,899	
License Fees Collected	6,760		
Budget Appropriation			8,500
Receipts from General Capital Fund		2,741	
Due to State of New Jersey	862		
Escrow Deposits		80,389	
Payroll and Payroll Deductions	-	8,024,871	9,038
	<u>7,633</u>	<u>10,568,159</u>	<u>17,553</u>
	23,783	12,229,104	40,251
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	1,725		
Payments to Current Fund	8,062	5,708	15
Escrow Deposits		121,810	
Payments to State of NJ	857		8,244
Payments to Westwood Parking Authority		13,019	
Payments to General Capital Fund		69,113	
POAA Expenditures		3,274	
Payroll and Payroll Deductions Payable		8,031,422	
Miscellaneous Reserves	-	1,321,192	-
	<u>10,644</u>	<u>9,565,538</u>	<u>8,259</u>
Balance, December 31, 2017	<u>\$ 13,139</u>	<u>\$ 2,663,566</u>	<u>\$ 31,992</u>

**BOROUGH OF WESTWOOD
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES**

Balance, December 31, 2016		\$ 11,914
Increased by:		
Animal Control Fees		<u>6,760</u>
		18,674
Decreased by:		
Statutory Excess Due Current Fund Expenditures	\$ 4,853	
	<u>1,725</u>	
		<u>6,578</u>
Balance, December 31, 2017		<u>\$ 12,096</u>

EXHIBIT B-3

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

Balance, December 31, 2016		\$ 1
Increased by:		
Registration Fees - Due State		<u>862</u>
		863
Decreased by:		
Payments		<u>857</u>
Balance, December 31, 2017		<u>\$ 6</u>

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

Balance, December 31, 2016		\$ 4,235
Increased by:		
Statutory Excess	\$ 4,853	
Interest on Investments and Deposits	<u>11</u>	
		<u>4,864</u>
		9,099
Decreased by:		
Payments to Current Fund		<u>8,062</u>
Balance, December 31, 2017		<u>\$ 1,037</u>

STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND

Increased by:		
Budget Appropriation - Accumulated Absences	\$ 200,000	
Payments to Current Fund	<u>5,708</u>	
		\$ 205,708
Decreased by:		
Interest on Investments and Deposits		<u>5,708</u>
Balance, December 31, 2017		<u>\$ 200,000</u>

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2016		\$ 297,256
Increased by:		
Cash Receipts		<u>80,389</u>
		377,645
Decreased by:		
Cash Disbursements		<u>121,810</u>
Balance, December 31, 2017		<u>\$ 255,835</u>

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

Balance, December 31, 2016	\$ 18,652
Increased by:	
Cash Receipts	1,532
	20,184
Decreased by:	
Cash Disbursements	3,274
Balance, December 31, 2017	\$ 16,910

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2017</u>
Affordable Housing	\$ 39,651	\$ 462,184	\$ 9,241	\$ 492,594
Redemption of Tax Sale Certificates		170,535	130,110	40,425
Recycling Program	36,478	7,797	6,992	37,283
Police Off-Duty Detail	301,995	679,100	621,736	359,359
Accumulated Absences	190,000	335,000		525,000
Public Safety Donations	22,521	8,316	11,000	19,837
Code Compliance Penalty	87,471	11,767	2,096	97,142
Shade Tree	11,140	3,620	4,350	10,410
Fire Prevention	3,596	5,799	1,236	8,159
Premium on Tax Sale	287,300	280,800	55,300	512,800
Elevator Reserve	23,211	10,670	14,622	19,259
Recreation Fees	228,409	565,612	512,509	281,512
Snow Removal	56,560	43,440		100,000
Self Insurance	-	58,000	-	58,000
	<u>\$ 1,288,332</u>	<u>\$ 2,642,640</u>	<u>\$ 1,369,192</u>	<u>\$ 2,561,780</u>
Due from/to General Capital Fund		\$ 2,741	\$ 48,000	
Due from Current Fund		200,000		
Cash Receipts		2,439,899		
Cash Disbursements		-	1,321,192	
		<u>\$ 2,642,640</u>	<u>\$ 1,369,192</u>	

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

Balance, December 31, 2016	\$	35,592
Increased by:		
Cash Receipts		8,024,871
		8,060,463
Decreased by:		
Cash Disbursements		8,031,422
Balance, December 31, 2017	\$	29,041

EXHIBIT B-10

STATEMENT OF DUE TO WESTWOOD PARKING AUTHORITY

Increased by:		
Fines and Costs Due to Parking Authority	\$	13,019
Decreased by:		
Payments to Parking Authority		13,019
Balance, December 31, 2017	\$	-

EXHIBIT B-11

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS

Balance, December 31, 2016	\$	21,830
Increased by:		
2017 Budget Appropriation	\$	8,500
Employee Payroll Deductions		9,038
		17,538
		39,368
Decreased by:		
Unemployment Claims		7,376
Balance, December 31, 2017	\$	31,992

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

Increased by:		
Interest on Deposits	\$	<u>15</u>
Decreased by:		
Payments to Current Fund	\$	<u><u>15</u></u>

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

Balance, December 31, 2016	\$	868
Increased by:		
Unemployment Claims Due to State		<u>7,376</u>
		8,244
Decreased by:		
Payments to State of New Jersey		<u>8,244</u>
Balance, December 31, 2017	\$	<u><u>-</u></u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2016		\$ 822,395
Increased by Receipts:		
Reserve for Preliminary Expenditures	\$ 17,400	
Premium on Sale of Bonds and Notes	17,095	
Grants Received - Grants Receivable	185,586	
Bond Anticipation Notes	2,384,000	
Receipts from Other Trust Fund	69,113	
Improvement Authorizations - Refunds	3,840	
Interest on Investments	2,900	
Receipts from Current Fund	<u>461,095</u>	
		<u>3,141,029</u>
		3,963,424
Decreased by:		
Improvement Authorizations	1,193,875	
Reserve for Preliminary Expenditures	7,601	
Payments to Current Fund	585,775	
Payments to Other Trust Funds	<u>2,741</u>	
		<u>1,789,992</u>
Balance, December 31, 2017		<u>\$ 2,173,432</u>

**BOROUGH OF WESTWOOD
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2017**

Fund Balance	\$ 494,540
Capital Improvement Fund	41,707
Accounts Payable	688,839
Grants Receivable	(368,107)
Reserve for Payment of Bonds	205,428

Improvement Authorizations:

Ord. No.	Description	
13-28	Methane Investigation and Remediations	22,452
14-04	Tax Appeals	2,782
14-23	Emerson Road Pump Station	350,514
15-18	Acquisition of a Radio Console for the Police Department Dispatch Desk	5,285
16-1	Acquisition of Property	(28,362)
16-2	Construction of Handicapped Accessible Curb Ramps	(27,276)
16-16	Acquisition of Computer/Telecommunications Equipment	40,127
16-17	2016 Road Resurfacing Program	168,979
17-05	Acquisition of Vehicle for DPW Department	1,654
17-07	Acquisition and Installation of Decorative Light Poles	2,000
17-08	Acquisition of Vehicles, Machinery & Equipment	26,229
17-09	Monitoring of Landfill Emissions	26,287
17-10	2017 Road Resurfacing Program,	40,021
17-11	Rehabilitation of the McKinley Park Tennis Courts	92,393
17-12	Various Building Improvements	345,997
17-15	Acquisition and Installation of Wall Mats for the Community Center Gym and Related Expenses	2,397
17-19	Reconfiguring of The Entrances to Borough Clerk, Finance and Tax Assessors Offices and Related Expenses	3,101
17-20	2017 NJDOT Clairmont Avenue Road Improvements	(49,019)
17-21	Acquisition of Various Equipment for the Borough Fire Dept.	933
17-22	Refunding Tax Appeals	11,170
17-32	Veterans Park Improvements	63,571
17-34	Acquisition of Playground Equipment	9,790
		<u>\$ 2,173,432</u>

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

Balance, December 31, 2016		\$ 15,848,098
Increased by:		
Prior Year Adjustment to EIT Loan Payable		2,185
		15,850,283
Decreased by:		
2017 Budget Appropriation		
Serial Bonds	\$ 1,780,000	
EIT Loans	50,718	
		1,830,718
Balance, December 31, 2017		\$ 14,019,565

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

Ord. No.	Improvement Description	Balance, December 31, 2016	2017			Budget Appropriation	Balance, December 31, 2017	Analysis of Balance		
			Authorizations	Cancelled	Grants/ Other Aid			Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
13-08	Community Garden	\$ 1,515				\$ 1,515				
14-04	Refunding Tax Appeals	624,000				292,000	\$ 332,000			\$ 332,000
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	1				1				
15-18	Acquisition of a Radio Console for the Police Department Dispatch Desk	295				295				
16-1	Acquisition of Property	87,875					87,875		\$ 28,362	59,513
16-2	Construction of Handicapped Accessible Curb Ramps	33,250		\$ 5,974			27,276		27,276	
16-15	Monitoring of Landfill Emissions	47,500		13,769			33,731	\$ 33,731		
16-16	Acquisition of Computer/Telecommunications Equipment	261,250					261,250	261,250		
16-17	2016 Road Resurfacing Program	403,745					403,745	403,745		
16-25	Construction of Handicapped Accessible Curb Ramps	19,000		3,843			15,157	15,157		
17-08	Acquisition of Vehicles, Machinery & Equipment		\$ 184,110				184,110	184,110		
17-09	Monitoring of Landfill Emissions		57,000				57,000	57,000		
17-10	2017 Road Resurfacing Program,		332,500				332,500	332,500		
17-11	Rehabilitation of the McKinley Park Tennis Courts		84,462				84,462	84,462		
17-12	Various Building Improvements		418,000				418,000	418,000		
17-20	2017 NJDOT Clairmont Avenue Road Improvements		180,500		\$ 94,555		85,945		49,019	36,926
17-22	Refunding Tax Appeals	-	595,000	-	-	-	595,000	594,045	-	955
		<u>\$ 1,478,431</u>	<u>\$ 1,851,572</u>	<u>\$ 23,586</u>	<u>\$ 94,555</u>	<u>\$ 293,811</u>	<u>\$ 2,918,051</u>	<u>\$2,384,000</u>	<u>\$ 104,657</u>	<u>\$ 429,394</u>
										Improvement Authorizations - Unfunded
										\$ 1,172,666
										Unexpended Balance of Bond Anticipation Notes Issued
										Ord. 16-16
										\$ 40,127
										Ord. 16-17
										168,979
										Ord. 17-08
										26,229
										Ord. 17-09
										26,287
										Ord. 17-10
										40,021
										Ord. 17-11
										84,462
										Ord. 17-12
										345,997
										Ord. 17-22
										11,170
										<u>743,272</u>
										<u>\$ 429,394</u>

**BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2016</u>	Grant <u>Awards</u>	Raised in 2017 <u>Budget</u>	Cash <u>Received</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
County of Bergen						
Ord. 01-01	\$ 63,741		\$ 63,741			
Ord. 03-13	28,341		28,341			
Ord. 08-25	1,550		1,550			
Ord. 13-27						
Ord. 17-35		\$ 9,790				\$ 9,790
Bergen County ADA Cooperative Curb Ramp						
Const. Program - Ord. 2013-24	17,360			\$ 17,360		
Department of Transportation						
Fairview Avenue- Ordinance 06-04	78,459		2			78,457
2009 Roadway Improvement - Ord. 09-01	121,762					121,762
2010 Roadway Improvement - Ord. 10-3	14,361					14,361
2011 Road Repaving - Ord. 11-06	23,915					23,915
2012 Road Repaving - Ord. 12-02	36,400					36,400
First and Elm Streets - Ord 15-12	37,250			37,250		
2016 Road Resurfacing Program - Ord. 16-17	62,329					62,329
Clairmont Avenue - Ord. 17-21		156,400		94,555		61,845
State of NJ Green Acres						
Acquisition of Property - Ord. 16-1	102,500					102,500
Bergen County Community Development Block Grant						
Construction of ADA Accessible Curb Ramps - Ord. 16-2	56,570				\$ 56,570	
Construction of ADA Accessible Curb Ramps - Ord. 16-25	50,000			36,421	13,579	
Rehabilitation of Mckinley Park Tennis Courts - Ord 17-11	-	21,093	-	-	-	21,093
	<u>\$ 694,538</u>	<u>\$ 187,283</u>	<u>\$ 93,634</u>	<u>\$ 185,586</u>	<u>\$ 70,149</u>	<u>\$ 532,452</u>
						Funded by Ordinance
						Reserve for Grants Receivable
						<u>\$ 368,107</u>
						<u>164,345</u>
						<u>\$ 532,452</u>

EXHIBIT C-7

STATEMENT OF DUE FROM CURRENT FUND

Increased by:		
Payments to Current Fund		\$ 585,775
2017 Budget Appropriations		
Grants Receivable		93,634
Deferred Charges - Unfunded		293,811
Capital Improvement Fund		<u>73,650</u>
		1,046,870
Decreased by:		
General Capital Fund Expenditures Paid By Current Fund		582,875
Interest on Investments and Deposits		2,900
Receipts from Current Fund		<u>461,095</u>
		<u>1,046,870</u>
Balance, December 31, 2017		<u>\$ -</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2017</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2016</u>		<u>Balance, December 31, 2017</u>
			<u>Date</u>	<u>Amount</u>		<u>Decreased</u>		
Refunding Bonds	4/1/2004	\$ 4,555,000				\$ 480,000	\$ 480,000	
Refunding Bonds	5/6/2008	2,235,000	8/1/18 8/1/19	215,000 230,000	3.00-5.00 %	655,000	210,000	\$ 445,000
General Improvement Bonds	4/13/2010	3,736,000	4/1/2018 4/1/2019 4/1/2020 4/1/2021 4/1/2022	450,000 475,000 530,000 575,000 636,000	2.00-3.50%	3,121,000	455,000	2,666,000
Refunding Bonds	2/29/2012	3,890,000	9/15/2018 9/15/2019 9/15/2020 9/15/2021 9/15/2022 9/15/2023	385,000 380,000 475,000 490,000 490,000 500,000	2.00-4.00%	3,055,000	335,000	2,720,000
General Improvement Bonds	11/24/2015	8,160,000	11/15/2018-21 11/15/2022-26 11/15/2027-30	575,000 580,000 590,000	2.00-3.00%	7,860,000	300,000	7,560,000
						<u>\$ 15,171,000</u>	<u>\$ 1,780,000</u>	<u>\$ 13,391,000</u>

BOROUGH OF WESTWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2017 Authorizations											Balance, December 31, 2017	
		Balance, December 31, 2016		Deferred Charges Unfunded	Funded County/State Grants	Funded by Capital Surplus	Funded by Recreation Trust	Capital Impvt. Fund	Payables Restored	Refunds	Authorizations Cancelled	Expended	Funded	Unfunded
		Funded	Unfunded										Funded	Unfunded
12-04	Railroad Signalization Project	\$ 368									\$ 368			
13-07	DPW Equipment	4									4			
13-09	Monitoring of Landfill Emissions	3									3			
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	1,195									1,195			
13-28	Methane Investigation and Remediation	24,952												
14-04	Refunding Tax Appeals	2,086	\$ 624,000											
14-08	Road Resurfacing Program	82,546						\$ 10,342			291,304	2,782	\$ 332,000	
14-15	Pascack Road Improvements	8,574									8,574			
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	1,644									1,645			
14-23	Emerson Road Pump Station	345,775						5,709				970	350,514	
14-28	Landfill Monitoring							21,898				21,898		
14-30	Renovations to Borough Hall	54,965									54,965			
15-01	Acquisition of Fire Apparatus for the Borough Fire Department	3,849									3,849			
15-09	Construction of New Lights for the Community Center													
15-11	Repair of the Borough Hall Roof													
15-12	Road Improvements to First and Elm	36,730							\$ 3,840		40,570			
15-13	Signage/Cones and Barricades	1,932										1,932		
15-16	Borough Wide Road Improvements							11,084				11,084		
15-17	Monitoring of Landfill Emissions	16,365										16,365		
15-18	Acquisition of a Radio Console for the Police Department Dispatch	9,106	295									4,116	5,285	
15-19	Acquisition of DPW Equipment- Mechanics Tools	1,967									1,967			
15-26	Acquisition of Various Equipment for the Borough Fire Department	4,412										4,412		
16-1	Acquisition of Property		82,454								1,305			
16-2	Construction of Handicapped Accessible Curb Ramps	24,749	33,250								5,991	62,543		
16-7	Acquisition of Scoreboards for Recreation	135										135		
16-12	Acquisition of Fire Prevention Vehicle	699										699		
16-13	Acquisition of Construction Code Vehicle	1,392										1,392		
16-15	Monitoring of Landfill Emissions		3,961								34,001	13,769	24,193	
16-16	Acquisition of Computer/Telecommunications Equipment		112,638								119,106		191,617	
16-17	2016 Road Resurfacing Program		40,162								214,547		85,730	
16-21	Acquisition of Various Equipment for the Borough Fire Department	9,153									25,156		34,309	
16-22	Acquisition of Various Equipment for the Police Department	10,550										10,550		
16-23	Acquisition of Various Equipment for the DPW Department	8										8		
16-25	Construction of Handicapped Accessible Curb Ramps	40,250	19,000						8,700			17,422	50,528	
16-26	Acquisition of Snow Plow Equipment	6,000										6,000		
17-05	Acquisition of Vehicle for DPW Department					36,000							34,346	
17-06	Installation of an Irrigation System at Berkeley School							25,000				515	24,485	
17-07	Acquisition and Installation of Decorative Light Poles					32,000							30,000	
													2,000	

**BOROUGH OF WESTWOOD
STATEMENT OF DUE FROM OTHER TRUST FUNDS**

Balance, December 31, 2016		\$ 21,113
Increased by:		
Payments to Other Trust Funds	\$ 2,741	
Improvement Authorizations Funded by Other Trust Funds	<u>48,000</u>	
		<u>50,741</u>
		71,854
Decreased by:		
Improvement Authorizations Cancelled	2,741	
Receipts from Other Trust Funds	<u>69,113</u>	
		<u>71,854</u>
Balance, December 31, 2017		<u>\$ -</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2016		\$ 457,839
Increased by:		
Charges to Reserve for Preliminary Expenses	\$ 23,199	
Charges to Improvement Authorizations	<u>665,640</u>	
		<u>688,839</u>
		1,146,678
Decreased by:		
Payables Restored to Improvement Authorizations		<u>457,839</u>
Balance, December 31, 2017		<u>\$ 688,839</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016		\$ 47,592
Increased by:		
2017 Budget Appropriation		<u>73,650</u>
		121,242
Decreased by:		
Reserve for Preliminary Expenses	\$ 13,400	
Appropriation to Finance Impvt. Authorizations	<u>66,135</u>	
		<u>79,535</u>
Balance, December 31, 2017		<u>\$ 41,707</u>

**BOROUGH OF WESTWOOD
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2016	\$	677,098
Increased by:		
Prior Year Adjustment		<u>2,185</u>
		679,283
Decreased by:		
2017 Budget Appropriation		<u>50,718</u>
Balance, December 31, 2017	\$	<u><u>628,565</u></u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2016	\$	<u>205,428</u>
Balance, December 31, 2017	\$	<u><u>205,428</u></u>

STATEMENT OF RESERVE FOR PRELIMINARY EXPENDITURES

Increased by:		
Cash Receipts	\$	17,400
Transfer from Capital Improvement Fund		<u>13,400</u>
		\$ <u>30,800</u>
Decreased by:		
Cash Disbursements		7,601
Accounts Payable		<u>23,199</u>
		\$ <u><u>30,800</u></u>

**BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Increased	Balance, December 31, 2017
16-15	Monitoring of Landfill Emissions	12/21/2017	12/21/2017	12/20/2018	2.50%	\$ 33,731	\$ 33,731
16-16	Acquisition of Computer/Telecommunications Equipment	12/21/2017	12/21/2017	12/20/2018	2.50%	261,250	261,250
16-17	2016 Road Resurfacing Program	12/21/2017	12/21/2017	12/20/2018	2.50%	403,745	403,745
16-25	Construction of Handicapped Accessible Curb Ramps	12/21/2017	12/21/2017	12/20/2018	2.50%	15,157	15,157
17-08	Acquisition of Vehicles, Machinery & Equipment	12/21/2017	12/21/2017	12/20/2018	2.50%	184,110	184,110
17-09	Monitoring of Landfill Emissions	12/21/2017	12/21/2017	12/20/2018	2.50%	57,000	57,000
17-10	2017 Road Resurfacing Program,	12/21/2017	12/21/2017	12/20/2018	2.50%	332,500	332,500
17-11	Rehabilitation of the McKinley Park Tennis Courts	12/21/2017	12/21/2017	12/20/2018	2.50%	84,462	84,462
17-12	Various Building Improvements	12/21/2017	12/21/2017	12/20/2018	2.50%	418,000	418,000
17-22	Refunding Tax Appeals	12/21/2017	12/21/2017	12/20/2018	2.50%	<u>594,045</u>	<u>594,045</u>
						<u>\$ 2,384,000</u>	<u>\$ 2,384,000</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2016</u>	<u>2017 Authorizations</u>	<u>Notes Issued</u>	<u>Funded By Grant Proceeds</u>	<u>Budget Appropriation</u>	<u>Cancelled</u>	<u>Balance, December 31, 2017</u>
13-08	Community Garden	\$ 1,515				\$ 1,515		
14-04	Tax Appeals	624,000				292,000		\$ 332,000
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	1				1		
15-18	Acquisition of a Radio Console for the Police Department	295				295		
16-1	Acquisition of Property	87,875						87,875
16-2	Construction of Handicapped Accessible Curb Ramps	33,250					\$ 5,974	27,276
16-15	Monitoring of Landfill Emissions	47,500		\$ 33,731			13,769	
16-16	Acquisition of Computer/Telecommunications Equipment	261,250		261,250				
16-17	2016 Road Resurfacing Program	403,745		403,745				
16-25	Construction of Handicapped Accessible Curb Ramps	19,000		15,157			3,843	
17-08	Acquisition of Vehicles, Machinery & Equipment		\$ 184,110	184,110				
17-09	Monitoring of Landfill Emissions		57,000	57,000				
17-10	2017 Road Program		332,500	332,500				
17-11	Rehabilitation of McKinley Park Tennis Courts		84,462	84,462				
17-12	Various Building Improvements		418,000	418,000				
17-20	2017 NJDOT Clirmont Avenue Road Improvements		180,500		\$ 94,555			85,945
17-22	Tax Appeals	-	595,000	594,045	-	-	-	955
		<u>\$ 1,478,431</u>	<u>\$ 1,851,572</u>	<u>\$ 2,384,000</u>	<u>\$ 94,555</u>	<u>\$ 293,811</u>	<u>\$ 23,586</u>	<u>\$ 534,051</u>

PUBLIC ASSISTANCE FUND

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

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Balance, December 31, 2016	\$ 225	\$ 79,883	\$ 80,108
Increased by:			
State Aid		132,831	132,831
Petty Cash Returned		100	100
Transfers		225	225
Interest on Deposits	-	60	60
	<u>-</u>	<u>133,216</u>	<u>133,216</u>
	<u>225</u>	<u>213,099</u>	<u>213,324</u>
Decreased by:			
Petty Cash Advanced		100	100
Public Assistance Expenditures		171,303	171,303
Transfers	225		225
Payments to Current Fund	-	60	60
	<u>225</u>	<u>171,463</u>	<u>171,688</u>
Balance, December 31, 2017	<u>\$ -</u>	<u>\$ 41,636</u>	<u>\$ 41,636</u>

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1	PATF Account #2	<u>Total</u>
Balance, December 31, 2016	\$ 225	\$ 79,883	\$ 80,108
Increased by:			
Transfers		225	225
Revenues	-	132,831	132,831
	<u>-</u>	<u>133,056</u>	<u>133,056</u>
	<u>225</u>	<u>212,939</u>	<u>213,164</u>
Decreased by:			
Transfers	225		225
Expenditures	-	171,303	171,303
	<u>-</u>	<u>171,303</u>	<u>171,303</u>
Balance, December 31, 2017	<u>\$ -</u>	<u>\$ 41,636</u>	<u>\$ 41,636</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
State Aid	-	\$ 132,831	\$ 132,831
Total Revenues	-	132,831	132,831
Petty Cash Returned		100	100
Interest on Deposits	-	60	60
Total Receipts	<u>\$ -</u>	<u>\$ 132,991</u>	<u>\$ 132,991</u>

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1 (75%)	PATF Account #2 (100%)	Total
Current Year Assistance - Reported			
Maintenance Payments		\$ 42,773	\$ 42,773
Temporary Rental Assistance		111,512	111,512
Emergency Assistance		13,980	13,980
Transportation Assistance	-	2,016	2,016
Total Reported	-	170,281	170,281
Unreimbursable Expenditures	-	1,022	1,022
Total Expenditures	-	171,303	171,303
Payments to Current Fund		60	60
Petty Cash Advanced	-	100	100
Total	<u>\$ -</u>	<u>\$ 171,463</u>	<u>\$ 171,463</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	<u>Total</u>
Increased by:			
Interest on Deposits	\$ -	60	60
Decreased by:			
Payments to Current Fund	\$ -	\$ 60	\$ 60

BOROUGH OF WESTWOOD



PART II

GOVERNMENT AUDITING STANDARDS

AND

SINGLE AUDIT SECTION

LVH 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, 2017, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared 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 financial reporting 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 financial statements.

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 (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the 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.

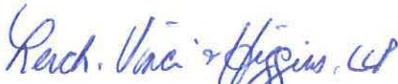
Compliance and Other Matters

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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Westwood in Part III of this report of audit 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 29, 2018

**BOROUGH OF WESTWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2017**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2016</u>	<u>Grant Award</u>	<u>Expended</u>	<u>Cancellation</u>	<u>Balance, December 31, 2017</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Department of Transportation:								
Forfeiture Funds			\$ 2,125				\$ 2,125	
Highway Planning and Construction								
NJ Dept. of Transportation - Ord. 15-12	20.205	37,250	37,250		37,250		-	\$ 37,250
NJ Dept. of Transportation - Ord. 16-17		-	62,329				62,329	85,676
NJ Dept. of Transportation - Ord. 17-21		94,555		156,400	94,555		61,845	94,555
Community Development - Senior Citizen Activities Grant								
Senior Citizen Activities - 2017	N/A	3,338	-	3,338	1,642		1,696	1,642
Senior Citizen Activities- 2016	N/A		2,590		2,590		-	3,530
Handicapped Accessible Curb Ramps	N/A	36,421	22,999		9,420	13,579	-	161,421
Construction of MsKinley Park Tennis Courts	N/A	-		21,093			21,093	
Ballistic Vest Fund	N/A	975		975			975	
			-	-	-	-	-	
			<u>\$ 127,293</u>	<u>\$ 181,806</u>	<u>\$ 145,457</u>	<u>\$ 13,579</u>	<u>\$ 150,063</u>	

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance.

**BOROUGH OF WESTWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2017**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2016</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2017</u>	<u>Memo Cumulative Total Expenditures</u>
Department of Environmental Protection: Clean Communities Grant	4900-765-1789000	2017	\$ 21,921		\$ 21,921	\$ 4,826	\$ 17,095	\$ 4,826
		2016		\$ 21,757		21,757	-	25,802
Recycling Tonnage Grant	**	2017	39,833	-	39,833	900	38,933	900
		2016		33,220			33,220	256
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	**	2017	9,876	-	9,876	1,518	8,358	1,518
		2016		5,688		5,688	-	7,407
Division of Judiciary-Municipal Court: Alcohol Education and Rehabilitation	**	2017	2,574	-	2,574		2,574	
		2016		1,269			1,269	
		2015		648			648	
		2014		3,704			3,704	
		2012		20			20	
		2011		1,024			1,024	
		2010		863			863	
		2008		5,343			5,343	
		2007		247			247	
		2004		2,818			2,818	
		2003		1,044		560	484	560
		2002		940		940	-	1,885
Drunk Driving Enforcement Fund	1110-448-031020-22	2017	7,138	-	7,138	-	7,138	-
		2016		3,730		3,190	540	7,661
		2014		1,136		1,136	-	1,406
Department of Law and Politics: Police Body Armor Fund	**	2017	2,669	-	2,669		2,669	
		2016		2,505			2,505	
		2015		2,766			2,766	
		2013		4,189		1,950	2,239	5,363
Sustainable Jersey	**	2017	2,000		2,000	647	1,353	647
General Welfare Assistance	7500-150-158010-60	2017	132,831	42,435	132,831	171,303	3,963	171,303
Green Acres Acquisition of Property - Ord. No. 16-1		2016	\$ 97,500	<u>102,500</u>	<u>-</u>	<u>-</u>	<u>102,500</u>	97,500
				<u>\$ 237,846</u>	<u>\$218,842</u>	<u>\$ 214,415</u>	<u>\$ 242,275</u>	

** Not Available

Note - This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

**BOROUGH OF WESTWOOD
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2017**

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 schedules 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	\$ 25,406	\$ 86,011	\$ 111,417
General Capital Fund	156,400		156,400
Public Assistance Fund	<u>-</u>	<u>132,831</u>	<u>132,831</u>
Total Financial Awards	<u>\$ 181,806</u>	<u>\$ 218,842</u>	<u>\$ 400,648</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, 2017**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's federal and state loans outstanding at December 31, 2017, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

Loan Program

Environmental Infrastructure Loan - 2010A	<u>\$ 628,565</u>
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**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | | |
|--|---|------------------------------|
| A) Type of auditors' report issued: | <u>Modified, Presentation of Unaudited LOSAP Fund</u> | |
| B) Internal control over financial reporting: | | |
| 1) Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2) Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ yes | _____ <u>X</u> none reported |
| C) Noncompliance material to basic financial statements noted? | _____ yes | _____ <u>X</u> no |

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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 U.S. Uniform Guidance and NJ OMB Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

Not Applicable.

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

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. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF WESTWOOD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

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

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 835,000	1.63%	\$ 835,000	1.68%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,662,787	5.21%	2,529,389	5.09%
Collection of Delinquent Taxes and Tax Title Liens	317,023	0.62%	238,081	0.48%
Collection of Current Tax Levy	46,635,052	91.20%	45,609,995	91.81%
Other Credits	<u>683,825</u>	<u>1.34%</u>	<u>465,860</u>	<u>0.94%</u>
 Total Income	 <u>51,133,687</u>	 <u>100.00%</u>	 <u>49,678,325</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	17,726,475	35.75%	17,364,187	35.79%
County Taxes	4,825,572	9.73%	4,817,448	9.93%
Regional School Taxes	27,026,416	54.50%	26,313,133	54.23%
Other Expenditures	<u>9,542</u>	<u>0.02%</u>	<u>23,857</u>	<u>0.05%</u>
 Total Expenditures	 <u>49,588,005</u>	 <u>100.00%</u>	 <u>48,518,625</u>	 <u>100.00%</u>
 Excess in Revenue	 1,545,682		 1,159,700	
 Fund Balance, January 1	 <u>2,495,237</u>		 <u>2,170,537</u>	
	4,040,919		3,330,237	
 Less Utilization as Anticipated Revenue	 <u>835,000</u>		 <u>835,000</u>	
 Fund Balance, December 31	 <u>\$ 3,205,919</u>		 <u>\$ 2,495,237</u>	

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$2.509</u>	<u>\$2.627</u>	<u>\$2.544</u>
 <u>Apportionment of Tax Rate</u>			
Municipal	.778	.810	.781
Library	.034	.037	.036
County	.246	.272	.249
County Open Space	.010	.003	.003
Regional School	1.441	1.505	1.475

Assessed Valuation

2017	<u>\$1,875,723,000</u>
2016	<u>\$1,748,751,200</u>
2015	<u>\$1,742,384,300</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>
2017	\$ 47,327,756	\$ 46,985,052	99.27%
2016	46,092,501	45,684,995	99.11%
2015	44,412,543	44,094,094	99.28%

**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</u> <u>Year</u>	<u>Amount of</u> <u>Delinquent</u> <u>Taxes</u>	<u>Amount of</u> <u>Tax Title</u> <u>Liens</u>	<u>Total</u>	<u>Percentage</u> <u>of</u> <u>Tax Levy</u>
2017	\$319,593	\$70,376	\$389,969	0.82%
2016	317,181	64,328	381,509	0.83%
2015	241,038	135,631	376,669	0.84%

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>
2017	\$3,383,100
2016	3,383,100
2015	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 Bicocchi	Council President		
Christopher Montana	Councilmember		
Peter Grefrath	Councilmember		
Raymond Arroyo	Councilmember		
Beth Dell	Councilmember		
Christopher Owens	Councilmember		
Ben Kezmarsky	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, Qualified Purchasing Agent	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

Current Year Finding

Our audit noted that Fire Prevention invoices for the annual registrations were not available for audit. In addition, there are accounts receivables for unpaid invoices for registration and inspections in the amount of \$5,500 at December 31, 2017. It is recommended that Fire Prevention invoices for the annual registrations be available for audit and fees be collected for registrations and inspections when they are due.

Our audit revealed that in certain instances the employee health benefit contributions were not calculated in accordance with Chapter 78 of the Public Laws of 2011. It is recommended that employee contributions toward health benefits be calculated and withheld in accordance with Chapter 78 of the Public Laws of 2011.

Our audit revealed that several purchase orders examined had invoice dates that preceded the purchase order dates. It is recommended that efforts be made to ensure all purchase orders be issued prior to the ordering of goods or services.

Prior Year Findings Unresolved

Our audit noted that the receipts collected by the Recreation Department were not always turned over to the Finance Department in a timely manner. It is recommended that the Recreation Department remit monies collected to the Finance Department in a timely manner.

In 2016, 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. The Department of Human Services Division of Family Development, State of New Jersey instructed the Borough that auditors are no longer allowed to review public assistance client files. Therefore, we were unable to determine if this finding had been corrected in 2017.

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 \$17,500, except by contract or agreement." If the municipality has a qualified purchasing agent ("QPA"), the bid threshold can be increased to \$40,000. The Borough has approved the Chief Financial Officer as its QPA and has set the bid threshold at \$40,000.

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

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

2017 NJDOT Claimont Avenue Improvement Project
Barrier Free Curb Ramp Project
2017 Road Paving Program

**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 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, 2017 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 2017 be fixed at the rate of 8% per annum on delinquent amounts up to \$1,500, and at 18% per annum on delinquent amounts on \$1,500 or more; and

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

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

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

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on September 6, 2017.

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>
2017	12
2016	10
2015	11

Suggestions to Management

Outstanding tax title liens receivable be reviewed for potential foreclosure.

Outstanding checks in the Public Assistance Fund be reviewed and cleared of record.

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

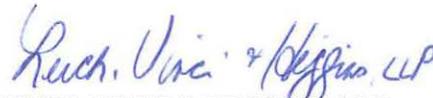
- * 1. The Recreation Department remit monies collected to the Finance Department in a timely manner.
- 2. Fire Prevention invoices for the annual registration be available for audit and fees be collected for registrations and inspections when they are due.
- 3. Employee contributions toward health benefits be calculated and withheld in accordance with Chapter 78 of the Public Law of 2011.
- 4. Efforts be made to ensure all purchase orders be issued prior to the ordering of goods or services.

* * * * *

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