

**BOROUGH OF WESTWOOD**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**YEAR ENDED DECEMBER 31, 2015**

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, 2015**



# 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, 2015 and 2014, 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, 2015, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Westwood on the basis of the financial accounting and reporting principles and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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, 2015 and 2014, or changes in financial position, or, where applicable, cash flows 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, 2015 and 2014. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 42 percent and 42 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2015 and 2014.

***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 Current Fund and account group of the Borough of Westwood as of December 31, 2015 and 2014, 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, 2015 in accordance with the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

*Other Matters*

*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 16, 2016 on our consideration of the Borough of Westwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Westwood's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 16, 2016

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**

ASSETS	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Cash - Collector-Treasurer	A-4	\$ 3,777,305	\$ 2,810,318
Cash - Change Fund	A	550	550
Grants Receivable	A-6	<u>16,956</u>	<u>13,909</u>
		<u>3,794,811</u>	<u>2,824,777</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	241,038	333,229
Tax Title Liens Receivable	A-9	135,631	123,684
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-12	8,872	10,762
Due from Westwood Parking Authority	A-22	-	5,788
Due from General Capital Fund	C-7	-	227,187
Due from Animal Control Fund	B-4	5,986	7,160
Due from Other Trust Fund	B-5	166	
Due from Unemployment Trust Fund	B-12	-	775
Due from Public Assistance Trust Fund	D-5	<u>-</u>	<u>11</u>
		<u>3,590,293</u>	<u>3,907,196</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-53)	A-11	<u>399,000</u>	<u>268,000</u>
		<u>399,000</u>	<u>268,000</u>
Total Assets		<u>\$ 7,784,104</u>	<u>\$ 6,999,973</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2015 AND 2014**  
**(Continued)**

<b>LIABILITIES, RESERVES AND FUND BALANCE</b>	<u>Reference</u>	<u>2015</u>	<u>2014</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 779,701	\$ 820,055
Accounts Payable	A-15	200,830	307,974
Special Emergency Note Payable	A-23	195,000	260,000
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7	20,331	21,377
Other	A-14	12,391	3,801
Tax Overpayments	A-18	31,794	33,530
Prepaid Taxes	A-17	131,103	152,638
County Taxes Payable	A-20	8,155	2,079
Unappropriated Reserves for Grants	A-24	-	28,812
Appropriated Reserves for Grants	A-16	48,140	41,890
Miscellaneous Reserves	A-25	111,044	112,814
Due to General Capital Fund	C-7	416,352	
Due to Other Trust Fund	B-5	-	15,333
Other Liabilities - LOSAP	A-21	68,433	65,843
		<u>2,023,274</u>	<u>1,866,146</u>
Reserve for Receivables and Other Assets	A	3,590,293	3,907,196
Fund Balance	A-1	<u>2,170,537</u>	<u>1,226,631</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 7,784,104</u>	<u>\$ 6,999,973</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS - CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>		
Fund Balance Utilized	\$ 674,000	\$ 1,222,000
Miscellaneous Revenue Anticipated	2,868,186	2,369,379
Receipts from Delinquent Taxes	333,229	343,454
Receipts from Current Taxes	44,094,094	43,041,592
Non-Budget Revenues	61,637	68,619
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	456,495	183,697
Interfunds and Other Receivables Returned	21,921	
Prior Year Balances Cancelled		
Accounts Payable	5,698	
Other Liabilities - LOSAP	1,150	
Miscellaneous Reserves	1,231	-
Total Revenues	<u>48,517,641</u>	<u>47,228,741</u>
<b>EXPENDITURES</b>		
Budget and Emergency Appropriations		
Operations		
Salaries and Wages	6,291,291	6,449,540
Other Expenses	6,784,986	6,594,348
Municipal Debt Service	2,132,162	2,003,002
Deferred Charges and Statutory Expenditures	1,741,300	1,666,301
Capital Improvements	50,000	50,000
County Taxes	4,385,468	4,293,236
Due County for Added and Omitted Taxes	8,155	2,079
Regional School District Tax	25,697,304	25,391,349
Refunds of Prior Year Revenue	-	100
Grants Receivable Cancelled	2,917	
Interfunds and Other Receivables Established	6,152	232,826
Prior Year-Senior Citizens and Veterans Deductions	-	51
Total Expenditures	<u>47,099,735</u>	<u>46,682,832</u>
<b>Excess in Revenue</b>	1,417,906	545,909
Adjustment to Income before Fund Balance		
Expenditures Included above which are by Statute Deferred		
Charges to Budget of Succeeding Year	<u>200,000</u>	<u>-</u>
Statutory Excess to Surplus	1,617,906	545,909
<b>Fund Balance, January 1</b>	<u>1,226,631</u>	<u>1,902,722</u>
	2,844,537	2,448,631
Decreased by:		
Utilization as Anticipated Revenue	<u>674,000</u>	<u>1,222,000</u>
<b>Fund Balance, December 31</b>	<u>\$ 2,170,537</u>	<u>\$ 1,226,631</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, 2015**

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or</u>
	<u>Budget</u>	<u>Special N.J.S.</u>	<u>in 2015</u>	<u>(Deficit)</u>
		<u>40A:4-87</u>		
<b>SURPLUS ANTICIPATED</b>	<b>\$ 674,000</b>	<b>-</b>	<b>\$ 674,000</b>	<b>-</b>
<b>MISCELLANEOUS REVENUES</b>				
Licenses				
Alcoholic Beverages	27,800		27,800	
Other	24,895		29,904	\$ 5,009
Fees and Permits				
Other	65,510		83,536	18,026
Fines and Costs - Municipal Court	137,000		115,548	(21,452)
Interest and Costs on Taxes	85,000		79,251	(5,749)
Interest on Investments and Deposits	23,100		26,524	3,424
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	344,300		589,317	245,017
JIF Safety Award		\$ 1,500	1,500	
Drive Sober	5,000		5,000	
Federal Ballistic Vest Fund		1,488	1,488	
Alcohol Education and Rehabilitation Fund		648	648	
Federal Forfeiture Funds		2,125	2,125	
Clean Communities Program		22,569	22,569	
Municipal Alliance	3,577	9,876	13,453	
Community Development - Senior Citizens		8,125	8,125	
Police Body Armor	2,777	2,605	5,382	
Recycling Tonnage Grant	21,035		21,035	
Uniform Fire Safety Act	92,300		90,872	(1,428)
Recycling Contract	5,000		4,453	(547)
Westwood House - Contribution in Lieu of Taxes	105,000		105,025	25
Westwood Parking Authority	45,000		45,000	-
Cellular One Lease Agreement	119,000		170,233	51,233
Cable TV Franchise Fees	105,000		105,862	862
Due from Other Trust Fund	75,000		75,000	
Due from General Capital Fund	219,000	-	219,000	-
 Total Miscellaneous Revenues	 <u>2,524,830</u>	 <u>48,936</u>	 <u>2,868,186</u>	 <u>294,420</u>
<b>RECEIPTS FROM DELINQUENT TAXES</b>	<b>325,000</b>	<b>-</b>	<b>333,229</b>	<b>8,229</b>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF:</b>				
Municipal Budget	13,606,373	-	14,335,857	729,484
Municipal Library	627,310	-	627,310	-
 Total Amount to be Raised by Taxes	 <u>14,233,683</u>	 <u>-</u>	 <u>14,963,167</u>	 <u>729,484</u>
 Total General Revenues	 <u>\$ 17,757,513</u>	 <u>\$ 48,936</u>	 18,838,582	 <u>\$ 1,032,133</u>
Non-Budget Revenue			<u>61,637</u>	
			<u>\$ 18,900,219</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, 2015**  
**(Continued)**

ANALYSIS OF REALIZED REVENUES

Allocation of Current Tax Collections		\$ 44,094,094
Revenues from Collections		30,090,927
Less: Allocation to School and County Taxes		<u>30,090,927</u>
Balance for Support of Municipal Budget Appropriation		14,003,167
Add Appropriation - "Reserve for Uncollected Taxes"		<u>960,000</u>
Amount for Support of Municipal Budget Appropriations		<u>\$ 14,963,167</u>
Licenses		
Clerk	\$	11,899
Board of Health		<u>18,005</u>
	\$	<u>29,904</u>
Fees and Permits		
Other		
Clerk	\$	30,439
Police		3,064
Board of Health		<u>50,033</u>
	\$	<u>83,536</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	\$	23,385
Due from Other Trust Fund		166
Due from Animal Control Fund		22
Due from Unemployment Compensation Insurance Fund		15
Due from General Capital Fund		2,854
Due from Public Assistance Fund		<u>82</u>
	\$	<u>26,524</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**  
**(Continued)**

Analysis of Non-Budget Revenue		
BMED Dividend	\$	41,543
Sale of Borough Property		1,063
DMV Inspection Fines		650
2% Administrative Fee - Senior Citizens and Veterans		1,456
Statutory Excess - Animal Control		5,986
Miscellaneous		10,216
BCUA Sewer Inspection Fee		<u>723</u>
	\$	<u>61,637</u>
Cash Receipts	\$	55,651
Due from Animal Control Fund		<u>5,986</u>
	\$	<u>61,637</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries and Wages	\$ 244,610	\$ 257,910	\$ 257,886	\$ 24	
Other Expenses	45,230	31,930	27,491	4,439	
Mayor and Council					
Salaries and Wages	37,000	37,000	36,588	412	
Other Expenses	750	750	219	531	
Municipal Clerk					
Salaries and Wages	111,430	111,430	111,390	40	
Other Expenses	35,145	35,145	25,727	9,418	
Elections	11,000	11,000	9,163	1,837	
Financial Department					
Salaries and Wages	175,020	175,445	175,442	3	
Other Expenses	53,500	52,935	47,322	5,613	
Audit Services	31,500	31,500	31,500	-	
Revenue Collection					
Salaries and Wages	12,790	12,790	12,554	236	
Other Expenses	10,750	10,750	10,607	143	
Tax Assessment Administration					
Salaries and Wages	98,645	101,595	101,589	6	
Other Expenses	91,025	88,075	87,261	814	
Legal Services and Costs					
Other Expenses	132,100	132,100	106,261	25,839	
Engineering					
Other Expenses	21,000	21,000	19,962	1,038	
Environmental					
Other Expenses	1,500	1,500	439	1,061	
Historical Commission					
Other Expenses	4,500	4,575	2,633	1,942	
Borough Historian					
Other Expenses	800	725	-	725	
Planning Board/Board of Adjustment					
Salaries and Wages	18,270	18,270	16,169	2,101	
Other Expenses	11,200	61,200	22,621	38,579	
Other Code Enforcement - Housing Task Force					
Salaries and Wages					
Insurance					
General Liability Insurance (BJIF)	223,020	223,020	219,128	3,892	
Workers' Compensation Insurance (BJIF)	244,620	243,620	228,501	15,119	
Employee Group Insurance (BMED)	1,465,754	1,465,754	1,453,502	12,252	
Unemployment Insurance	8,500	8,500	8,500	-	
<b>PUBLIC SAFETY</b>					
Police Department					
Salaries and Wages	3,323,560	3,465,710	3,354,236	111,474	
Other Expenses	130,550	130,550	129,774	776	
Acquisition of Police Vehicles	83,029	83,029	77,538	5,491	
Police Reserves	8,200	8,200	7,990	210	

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

OPERATIONS WITHIN "CAPS" (Cont'd)	Appropriated		Expended		
	2015 Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<b>PUBLIC SAFETY (Cont'd)</b>					
Police Dispatch/911					
Salaries and Wages	\$ 204,670	\$ 204,670	\$ 198,397	\$ 6,273	
Other Expenses	1,500	1,500	469	1,031	
Office of Emergency Management					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	5,200	5,200	3,849	1,351	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	45,700	45,700	42,553	3,147	
Clothing Allowance	45,000	45,000	45,000	-	
Fire Hydrant Service	158,000	158,000	157,141	859	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	74,800	74,800	73,254	1,546	
Other Expenses	2,600	2,600	1,421	1,179	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	2,495	5	
Prosecutor					
Salaries and Wages	20,510	20,650	20,647	3	
<b>PUBLIC WORKS</b>					
Streets and Road Maintenance					
Salaries and Wages	979,620	987,470	906,354	81,116	
Other Expenses	147,800	147,800	124,959	22,841	
Repair to Traffic Lights	5,000	5,000	437	4,563	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	640,600	652,400	597,933	54,467	
Recycling					
Salaries and Wages	10,000	10,000	8,615	1,385	
Other Expenses - Recycling Contract	70,000	70,000	69,992	8	
Shade Tree - Advisory Committee					
Other Expenses				-	
Building and Grounds					
Salaries and Wages	70,100	70,100	65,076	5,024	
Other Expenses	84,000	84,000	83,548	452	
Vehicle Maintenance					
Other Expenses	90,000	90,000	80,854	9,146	
<b>HEALTH AND HUMAN SERVICES</b>					
Public Health Services					
Salaries and Wages	134,510	135,755	135,752	3	
Other Expenses	121,655	120,410	119,458	952	
Welfare/Administration of Public Assistance					
Salaries and Wages	31,000	31,000	30,933	67	
Other Expenses	950	950	163	787	

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS WITHIN "CAPS" (Cont'd)</b>					
<b>PARKS AND RECREATION</b>					
Recreation Services and Programs					
Salaries and Wages	\$ 130,200	\$ 130,336	\$ 130,335	\$ 1	
Other Expenses	12,950	12,814	11,487	1,327	
Maintenance of Westvale Park	75,000	75,000	68,983	6,017	
<b>OTHER COMMON OPERATING</b>					
Celebration of Public Events					
Other Expenses	7,000	7,000	5,361	1,639	
Municipal Court					
Salaries and Wages	138,210	138,210	136,763	1,447	
Other Expenses	15,100	15,100	7,548	7,552	
Public Defender					
Salaries and Wages	10,550	10,550	9,176	1,374	
Salary Negotiations and Costs	42,000	42,000	-	42,000	
Landfill/Solid Waste Disposal Costs					
Garbage Tipping Fees	20,000	20,000	-	20,000	
<b>CODE ENFORCEMENT AND ADMINISTRATION</b>					
Code Enforcement and Administration					
Building Inspector					
Salaries and Wages	251,600	251,600	243,514	8,086	
Other Expenses	10,600	10,600	8,679	1,921	
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	165,000	165,000	150,697	14,303	
Street Lighting	150,000	159,000	144,832	14,168	
Telephone	79,000	79,000	70,635	8,365	
Water	26,500	26,500	19,351	7,149	
Natural Gas	50,000	50,000	26,895	23,105	
Sewerage Processing and Disposal	19,800	19,800	18,296	1,504	
Gasoline	154,000	133,200	55,455	77,745	-
Total Operations Within "CAPS"	<u>10,964,223</u>	<u>11,163,223</u>	<u>10,485,300</u>	<u>677,923</u>	<u>-</u>
Contingent	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total Operations including Contingent - Within "CAPS"	<u>10,965,223</u>	<u>11,164,223</u>	<u>10,485,300</u>	<u>678,923</u>	<u>-</u>
Detail:					
Salaries and Wages	6,123,095	6,291,291	6,028,670	262,621	-
Other Expenses	<u>4,842,128</u>	<u>4,872,932</u>	<u>4,456,630</u>	<u>416,302</u>	<u>-</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2015 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"</b>					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 275,000	\$ 276,000	\$ 275,952	\$ 48	
Contribution to Public Employees Ret. System	352,300	352,300	352,273	27	
Police and Fireman's Retirement System of NJ	744,000	744,000	743,973	27	
Defined Contribution Plan	3,000	3,000	2,558	442	
Widow Pension (Per R.S. 43.12-28.1 & 28.2)	5,000	5,000	5,000	-	-
<b>Total Deferred Charges &amp; Statutory Expenditures - Within "CAPS"</b>	<b>1,379,300</b>	<b>1,380,300</b>	<b>1,379,756</b>	<b>544</b>	<b>-</b>
<b>Total General Appropriations for Municipal Purposes within "CAPS"</b>	<b>12,344,523</b>	<b>12,544,523</b>	<b>11,865,056</b>	<b>679,467</b>	<b>-</b>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Maintenance of Free Public Library	627,310	627,310	598,457	28,853	
Employee Group Insurance	26,976	26,976	-	26,976	
Bergen County Utilities Authority					
Operating	687,751	687,751	687,750	1	
Debt Service	296,609	296,609	296,609	-	
Length of Service Awards Program - LOSAP	70,000	70,000	68,433	1,567	-
Reserve for Tax Appeals	125,000	125,000	118,911	6,089	-
<b>Total Operations - Excluded from "CAPS"</b>	<b>1,833,646</b>	<b>1,833,646</b>	<b>1,770,160</b>	<b>63,486</b>	<b>-</b>
<b>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES</b>					
<b>FEDERAL AND STATE GRANTS</b>					
Federal Forfeiture Funds		2,125		2,125	
Alcohol Education and Rehabilitation		648		648	
Clean Communities Other Expenses		22,569	8,801	13,768	
Federal Ballistic Vest Fund		1,488	1,422	66	
Municipal Alliance					
State Share	3,577	13,453	3,038	7,607	\$ 2,808
Local Share		-		-	
Drive Sober	5,000	5,000	-	5,000	
Police - Body Armor	2,777	5,382	938	4,444	
Recycling Tonnage Grant	21,035	21,035	21,035	-	
BJIF Safety Award	-	1,500	1,348	152	
Community Development - Senior Citizens Activities	-	8,125	5,078	2,938	109
<b>Total Public and Private Programs Offset by Revenues</b>	<b>32,389</b>	<b>81,325</b>	<b>41,660</b>	<b>36,748</b>	<b>2,917</b>
<b>Total Operations Excluded from "CAPS"</b>	<b>1,866,035</b>	<b>1,914,971</b>	<b>1,811,820</b>	<b>100,234</b>	<b>2,917</b>
Detail:					
Other Expenses	1,866,035	1,914,971	1,811,820	100,234	2,917

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, 2015**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>	<u>2015 Budget</u>	<u>Modification</u>	<u>Paid or</u>		
<b>CAPITAL IMPROVEMENTS -</b>			<u>Charged</u>		
Capital Improvement Fund	\$ 50,000	\$ 50,000	\$ 50,000	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-	-
<b>MUNICIPAL DEBT SERVICE -</b>					
Payment of Bond Principal	960,000	960,000	960,000		
Payment of Bond Anticipation Notes	291,100	291,100	291,059	\$ 41	
Interest on Bonds	324,773	324,773	324,772		1
Interest on Notes	110,842	110,842	105,242		5,600
Loan Repayments for Principal and Interest	<u>489,240</u>	<u>489,240</u>	<u>451,089</u>	-	<u>38,151</u>
Total Municipal Debt Service - Excluded from "CAPS"	<u>2,175,955</u>	<u>2,175,955</u>	<u>2,132,162</u>	-	<u>43,793</u>
<b>DEFERRED CHARGES</b>					
Special Emergency Authorizations - 5 yrs. (N.J.S. 40A:4-55)	69,000	69,000	69,000	-	-
Deferred Charges to Future Taxation - Unfunded Ordinance 14-4 Refunding Tax Appeals	<u>292,000</u>	<u>292,000</u>	<u>292,000</u>	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	<u>361,000</u>	<u>361,000</u>	<u>361,000</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>4,452,990</u>	<u>4,501,926</u>	<u>4,354,982</u>	\$ 100,234	<u>46,710</u>
Subtotal General Appropriations	16,797,513	17,046,449	16,220,038	779,701	46,710
<b>RESERVE FOR UNCOLLECTED TAXES</b>	<u>960,000</u>	<u>960,000</u>	<u>960,000</u>	-	-
Total General Appropriations	<u>\$ 17,757,513</u>	<u>\$ 18,006,449</u>	<u>\$ 17,180,038</u>	<u>\$ 779,701</u>	<u>\$ 46,710</u>
Adopted Budget		\$ 17,757,513			
Added by N.J.S. 40A:4-53		200,000			
Added by N.J.S. 40A:4-87		<u>48,936</u>			
		<u>\$ 18,006,449</u>			
Cash Disbursed			\$ 14,972,814		
Accounts Payable			198,947		
Reserve for Uncollected Taxes			960,000		
Deferred Charges			69,000		
Due to General Capital Fund			292,000		
Current Fund Expenditures Paid by General Capital Fund			618,844		
Other Liabilities-LOSAP Contribution			<u>68,433</u>		
			<u>\$ 17,180,038</u>		

**BOROUGH OF WESTWOOD  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
TRUST FUNDS  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL FUND</b>			
Cash	B-1	\$ 17,538	\$ 19,717
		<u>17,538</u>	<u>19,717</u>
<b>OTHER TRUST FUND</b>			
Cash	B-1	1,805,794	1,756,627
Due from Current Fund	B-5	<u>-</u>	<u>15,333</u>
		<u>1,805,794</u>	<u>1,771,960</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-1	<u>14,996</u>	<u>7,738</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Investments	B	1,246,594	1,220,593
Contribution Receivable	A-21	<u>68,433</u>	<u>65,843</u>
		<u>1,315,027</u>	<u>1,286,436</u>
Total Assets		<u>\$ 3,153,355</u>	<u>\$ 3,085,851</u>

**BOROUGH OF WESTWOOD**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-3	\$ 7	
Due to Current Fund	B-4	5,986	\$ 7,160
Reserve for Animal Control Expenditures	B-2	<u>11,545</u>	<u>12,557</u>
		<u>17,538</u>	<u>19,717</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund	B-5	166	
Escrow Deposits Payable	B-6	560,183	597,670
Reserve for POAA Court Expenditures	B-7	18,874	17,784
Reserve for Payroll and Payroll Deductions Payable	B-9	64,512	58,234
Miscellaneous Reserves	B-8	1,161,855	1,097,408
Due to Westwood Parking Authority	B-10	<u>204</u>	<u>864</u>
		<u>1,805,794</u>	<u>1,771,960</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to Current Fund	B-12	-	775
Due to State of New Jersey	B-13	1,483	2,415
Reserve for Unemployment Insurance Claims	B-11	<u>13,513</u>	<u>4,548</u>
		<u>14,996</u>	<u>7,738</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)</b>			
Reserve for Length of Service Award Program	B	<u>1,315,027</u>	<u>1,286,436</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 3,153,355</u>	<u>\$ 3,085,851</u>

**BOROUGH OF WESTWOOD  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
GENERAL CAPITAL FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 1,819,527	\$ 975,195
Deferred Charges to Future Taxation			
Funded	C-4	17,673,625	10,952,812
Unfunded	C-5	953,129	8,761,955
Grants Receivable	C-6	742,856	736,750
Due from Current Fund	C-7	416,352	
Environmental Infrastructure Loan Receivable	C-15	44,809	90,857
Prospective Assessments Raised by Taxation	C-13	<u>2,950</u>	<u>2,950</u>
 Total Assets		 <u>\$ 21,653,248</u>	 <u>\$ 21,520,519</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
General Serial Bonds	C-8	\$ 16,901,000	\$ 9,701,000
Bond Anticipation Notes	C-9	-	6,765,000
Loans Payable	C-14	772,625	1,251,812
Improvement Authorizations			
Funded	C-10	1,255,783	272,085
Unfunded	C-10	925,222	2,512,013
Due to Current Fund	C-7	-	227,187
Accounts Payable	C-11	1,295,025	357,880
Capital Improvement Fund	C-12	32,467	98,584
Reserve for:			
Grants Receivable	C-6	6,082	6,082
Prospective Assessments Raised by Taxation	C-13	2,950	2,950
Payment of Bonds	C-16	157,317	55,428
Pascack Brook Park Bikeway	C	50,188	50,188
Fund Balance	C-1	<u>254,589</u>	<u>220,310</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 21,653,248</u>	 <u>\$ 21,520,519</u>

There were bonds and notes authorized but not issued of \$953,129 and \$2,019,988 at December 31, 2015 and 2014, respectively (Exhibit C-17).

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD**  
**COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Balance, January 1	\$ 220,310	\$ 184,201
Increased by:		
Premium on Sale of Bonds and Notes	40,379	36,109
Improvement Authorizations Cancelled	<u>18,900</u>	<u>-</u>
	279,589	220,310
Decreased by:		
Appropriated to Finance Improvement Authorizations	<u>25,000</u>	<u>-</u>
Balance, December 31	<u>\$ 254,589</u>	<u>\$ 220,310</u>

**BOROUGH OF WESTWOOD  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
PUBLIC ASSISTANCE FUND  
AS OF DECEMBER 31, 2015 AND 2014**

	<u>Reference</u>	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>			
Cash	D-1	\$ <u>87,779</u>	\$ <u>81,305</u>
Total Assets		\$ <u>87,779</u>	\$ <u>81,305</u>
 <b>LIABILITIES AND RESERVES</b>			
Due to Current Fund	D-5	\$ -	\$ 11
Reserve for Public Assistance Expenditures	D-2	<u>87,779</u>	<u>81,294</u>
Total Liabilities and Reserves		<u>\$ 87,779</u>	<u>\$ 81,305</u>

**BOROUGH OF WESTWOOD  
SCHEDULE OF GENERAL FIXED ASSETS  
REGULATORY BASIS  
AS OF DECEMBER 31, 2015 AND 2014**

<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
Land and Improvements	\$ 17,859,307	\$ 17,859,307
Buildings and Building Improvements	8,791,738	8,679,845
Machinery and Equipment	<u>8,500,855</u>	<u>8,334,434</u>
	<u>\$ 35,151,900</u>	<u>\$ 34,873,586</u>
 <b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 35,151,900</u>	<u>\$ 34,873,586</u>

**NOTES TO FINANCIAL STATEMENTS**

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 or volunteer ambulance squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

**B. Description of Regulatory Basis of Accounting**

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

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

BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014**

**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, 2014 balances to conform to the December 31, 2015 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.

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

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 11<sup>th</sup> 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, 2015 AND 2014

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.

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

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Westwood has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$2000 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 as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**General Fixed Assets (Continued)**

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

**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

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgets and Budgetary Accounting (Continued)**

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2015 and 2014 the Borough Council increased the original budget by \$248,936 and \$34,177. The increases were funded by additional aid allotted to the Borough and special emergency authorizations in 2015 for master plan and severance liabilities. In addition, the governing body approved several budget transfers during 2015 and 2014.

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2015 and 2014, the book value of the Borough's deposits were \$7,523,489 and \$5,651,450 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,710,226 and \$5,913,921, 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>2015</u>	<u>2014</u>
Insured	\$ 8,710,226	\$ 5,913,921
	<u>\$ 8,710,226</u>	<u>\$ 5,913,921</u>

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash Deposits (Continued)**

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, 2015 and 2014, none 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, 2015 and 2014, the Borough had the following investments:

	<b>LOSAP</b>	
	<b><u>Fair and Reported Value</u></b>	
	<b><u>2015</u></b>	<b><u>2014</u></b>
Investments with Lincoln Financial - Unaudited	\$ <u>1,246,594</u>	\$ <u>1,220,593</u>

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, 2015 and 2014, \$1,246,594 and \$1,220,593 of the Borough’s investments were exposed to custodial credit risk.

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, 2015 and 2014, the Borough’s investment in Lincoln Financial Group was rated Baal 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.

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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
<u>Current</u>		
Property Taxes	\$ 241,038	\$ 333,229
Tax Title Liens	<u>135,631</u>	<u>123,684</u>
	<u>\$ 376,669</u>	<u>\$ 456,913</u>

In 2015 and 2014, the Borough collected \$333,229 and \$343,454 from delinquent taxes, which represented 73% and 76%, respectively of the prior year delinquent taxes receivable balance.

**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>2015</u>		<u>2014</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	\$ 6,152	\$ 416,352	\$ 235,133	\$ 15,333
Trust Funds				
Animal Control Fund		5,986		7,160
Other Trust Fund		166	15,333	
Unemployment Insurance Trust Fund		-		775
General Capital Fund	416,352	-		227,187
Public Assistance Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
Total	<u>\$ 422,504</u>	<u>\$ 422,504</u>	<u>\$ 250,466</u>	<u>\$ 250,466</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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 399,000	\$ 109,000	\$ 290,000
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 268,000	\$ 69,000	\$ 199,000

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, the fund balance in the Current Fund is 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 current fund's budget for the succeeding year were as follows:

	<u>Fund Balance December 31, 2015</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31, 2014</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,949,581	\$ 835,000	\$ 1,204,722	\$ 674,000
Non-Cash Surplus	220,956	-	21,909	-
	<u>\$ 2,170,537</u>	<u>\$ 835,000</u>	<u>\$ 1,226,631</u>	<u>\$ 674,000</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014.

	Balance December 31, <u>2014</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2015</u>
<b><u>2015</u></b>				
Land and Improvements	\$ 17,859,307			\$ 17,859,307
Buildings and Building Improvements	8,679,845	\$ 111,893		8,791,738
Machinery and Equipment	<u>8,334,434</u>	<u>166,421</u>	\$ -	<u>8,500,855</u>
	<u>\$ 34,873,586</u>	<u>\$ 278,314</u>	<u>\$ -</u>	<u>\$ 35,151,900</u>
	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<b><u>2014</u></b>				
Land and Improvements	\$ 17,429,307	\$ 430,000		\$ 17,859,307
Buildings and Building Improvements	8,679,845	-		8,679,845
Machinery and Equipment	<u>8,018,292</u>	<u>344,490</u>	\$ 28,348	<u>8,334,434</u>
	<u>\$ 34,127,444</u>	<u>\$ 774,490</u>	<u>\$ 28,348</u>	<u>\$ 34,873,586</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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>2015</u>	<u>2014</u>
Issued		
General		
Bonds, Notes and Loans	\$ 17,673,625	\$ 17,717,812
Less Funds Temporarily Held to Pay Bonds and Notes	<u>157,317</u>	<u>78,461</u>
Net Debt Issued	<u>17,516,308</u>	<u>17,639,351</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>953,129</u>	<u>2,019,988</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 18,469,437</u>	<u>\$ 19,659,339</u>

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**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 .92% and .96% at December 31, 2015 and 2014, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2015</u></b>			
General Debt	\$ 18,626,754	\$ 1,073,317	\$ 17,553,437
School Debt	<u>7,223,155</u>	<u>7,223,155</u>	<u>-</u>
Total	<u>\$ 25,849,909</u>	<u>\$ 8,296,472</u>	<u>\$ 17,553,437</u>
<b><u>2014</u></b>			
General Debt	\$ 19,737,800	\$ 1,286,461	\$ 18,451,339
School Debt	<u>7,576,580</u>	<u>7,576,580</u>	<u>-</u>
Total	<u>\$ 27,314,380</u>	<u>\$ 8,863,041</u>	<u>\$ 18,451,339</u>

**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>2015</u>	<u>2014</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 66,979,597	\$ 67,264,718
Net Debt	<u>17,553,437</u>	<u>18,451,339</u>
Remaining Borrowing Power	<u>\$ 49,426,160</u>	<u>\$ 48,813,379</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt**

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

**General Obligation Bonds**

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

	<u>2014</u>	<u>2014</u>
\$4,555,000, 2004 Refunding Bonds, due in annual installments of \$470,000 to \$480,000 through August 2017, interest at 2.00% to 3.60%	\$ 950,000	\$ 1,400,000
\$2,235,000, 2008 Refunding Bonds, due in annual installments of \$200,000 to \$230,000 through August 2019, interest at 3.00% to 5.00%	855,000	1,055,000
\$3,736,000, 2010 Bonds, due in annual installments of \$420,000 to \$636,000 through April 2022, interest at 2.00% to 3.50%	3,541,000	3,606,000
\$3,890,000, 2012 Refunding Bonds, due in annual installments of \$335,000 to \$500,000 through September 2023, interest 2.00% to 4.00%	3,395,000	3,640,000
\$8,160,000, 2015 Bonds, due in annual installments of \$300,000 to \$590,000 through November 2030, interest at 2.00% to 3.00%	<u>8,160,000</u>	<u>-</u>
	<u>\$ 16,901,000</u>	<u>\$ 9,701,000</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The Borough has entered into a 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>2015</u>	<u>2014</u>
\$2,520,000 Trust Loan through August 2015		\$ 240,000
\$2,445,000 Loan through August 2015		176,048
\$265,000 Trust Loan due in Annual installments of \$10,000 to \$20,000 August 2029, interest at various interest rates	\$ 215,000	225,000
\$800,781 Loan due in Semi-annual installments of \$40,718 through August 2029, interest free	<u>557,625</u>	<u>610,764</u>
	<u>\$ 772,625</u>	<u>\$ 1,251,812</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2015 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>	
2016	\$ 1,730,000	\$ 507,604	\$ 50,718	\$ 8,875	\$ 2,297,197
2017	1,780,000	460,440	50,718	8,375	2,299,533
2018	1,625,000	405,135	55,718	7,875	2,093,728
2019	1,660,000	359,610	55,718	7,125	2,082,453
2020	1,580,000	310,666	55,718	6,525	1,952,909
2021-2025	5,586,000	861,946	278,588	23,475	6,750,009
2065-2030	<u>2,940,000</u>	<u>265,200</u>	<u>225,447</u>	<u>7,725</u>	<u>3,438,372</u>
Total	<u>\$ 16,901,000</u>	<u>\$ 3,170,601</u>	<u>\$ 772,625</u>	<u>\$ 69,975</u>	<u>\$ 20,914,201</u>

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 were as follows:

	Balance, December 31, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	(A) <u>Adjustments</u>	Balance, December 31, <u>2015</u>	Due Within <u>One Year</u>
<b><u>2015</u></b>						
General Capital Fund						
Bonds Payable	\$ 9,701,000	\$ 8,160,000	\$ 960,000		\$ 16,901,000	\$ 1,730,000
Intergovernmental Loans Payable	<u>1,251,812</u>	<u>-</u>	<u>433,139</u>	<u>\$ 46,048</u>	<u>772,625</u>	<u>50,718</u>
General Capital Fund Long-Term Liabilities	<u>\$ 10,952,812</u>	<u>\$ 8,160,000</u>	<u>\$ 1,393,139</u>	<u>\$ 46,048</u>	<u>\$ 17,673,625</u>	<u>\$ 1,780,718</u>

(A) Loans Payable and Receivable cancelled in 2015

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<b><u>2014</u></b>					
General Capital Fund					
Bonds Payable	\$ 10,626,000		\$ 925,000	\$ 9,701,000	\$ 960,000
Intergovernmental Loans Payable	<u>1,709,622</u>	<u>-</u>	<u>457,810</u>	<u>1,251,812</u>	<u>466,764</u>
General Capital Fund Long-Term Liabilities	<u>\$ 12,335,622</u>	<u>\$ -</u>	<u>\$ 1,382,810</u>	<u>\$ 10,952,812</u>	<u>\$ 1,426,764</u>

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2015 and 2014 was as follows:

**Bond Anticipation Notes**

The Borough had no outstanding Bond Anticipation Notes as of December 31, 2015.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	Balance,		Balance,	
			December 31, 2013	Increased	Decreased	December 31, 2014
Acquisition of Various Equipment-Fire Department	1.00%	5/2/2014	\$ 213,793		\$ 213,793	\$ -
	.50%	5/2/2014	109,250		109,250	-
	1.00%	2/27/2015		\$ 306,109		306,109
Road Improvements	1.00%	5/2/2014	1,072,865		1,072,865	-
	1.00%	2/27/2015		941,785		941,785
	3.50%	2/27/2015		285,000		285,000
Acquisition of Technology Equipment	1.00%	5/2/2014	22,166		22,166	-
	1.00%	2/27/2015		18,999		18,999
Acquisition of Equipment	1.00%	5/2/2014	121,916		121,916	-
	1.00%	2/27/2015		104,499		104,499
Emerson Pump Station	1.00%	5/2/2014	111,724		111,724	-
	1.00%	2/27/2015		107,586		107,586
Acquisition of Playground Equipment	1.00%	5/2/2014	26,534		26,534	-
	1.00%	2/27/2015		25,551		25,551
Acq. Of Various Equipment - Public Works Department	1.00%	5/2/2014	92,513		92,513	-
	.50%	5/2/2014	142,500		142,500	-
	1.00%	2/27/2015		219,992		219,992
	3.50%	2/27/2015		229,425		229,425
Improvements to Westvale Park and Related Expenses	1.00%	5/2/2014	1,747,103		1,747,103	-
	1.00%	2/27/2015		1,458,997		1,458,997
Various Capital Improvements and Other Related Expenses	1.00%	5/2/2014	237,328		237,328	-
	1.00%	2/27/2015		221,864		221,864
Railroad Signalization Project	1.00%	5/2/2014	100,700		100,700	-
	.50%	5/2/2014	109,250		109,250	-
	1.00%	2/27/2015		205,700		205,700

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
Monitoring of Landfill Emissions	1.00%	5/2/2014	218,975		218,975	-
	.50%	5/2/2014	76,000		76,000	-
	1.00%	2/27/2015		285,021		285,021
Improvements to Various Municipal Buildings - Energy	1.00%	5/2/2014	36,040		36,040	-
	1.00%	2/27/2015		23,145		23,145
Pascack Brook Sewer Pipe Replacement	1.00%	5/2/2014	\$ 735,000		\$ 735,000	-
	1.00%	2/27/2015		\$ 698,266		\$ 698,266
Acquisition of Various Equipment	1.00%	5/2/2014	125,400		125,400	-
	1.00%	2/27/2015		117,357		117,357
Acquisition of Equipment	1.00%	5/2/2014	47,500		47,500	-
	1.00%	2/27/2015		41,398		41,398
Acq. Of Equipment - Police	1.00%	5/2/2014	22,325		22,325	-
	1.00%	2/27/2015		22,325		22,325
Installation of Barrier Free Curb Cuts	1.00%	5/2/2014	26,665		26,665	-
	1.00%	2/27/2015		26,665		26,665
Various Improvements - Hurricane Irene	1.00%	5/2/2014	155,643		155,643	-
	1.00%	2/27/2015		24,497		24,497
Various Improvements to Veterans Park	1.00%	5/2/2014	73,060		73,060	-
	1.00%	2/27/2015		72,628		72,628
Various Capital Improvements and Other Related Expenses	1.00%	5/2/2014	532,000		532,000	-
	1.00%	2/27/2015		532,000		532,000
Closure of a Landfill Located in the Borough	1.00%	5/2/2014	33,250		33,250	-
	1.00%	2/27/2015		33,250		33,250
Various Road and Park Improvements	1.00%	5/2/2014	256,500		256,500	-
	1.00%	2/27/2015		256,500		256,500

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
911 Upgrade	.50%	5/2/2014	123,500		123,500	-
	1.00%	2/27/2015		123,500		123,500
Borough Hall Security System	.50%	5/2/2014	119,225		119,225	-
	1.00%	2/27/2015		119,225		119,225
Community Garden	.50%	5/2/2014	19,000		19,000	-
	1.00%	2/27/2015		5,082		5,082
Drainage and Parking	.50%	5/2/2014	26,275	-	26,275	-
	1.00%	2/27/2015		28,500		28,500
Methane Investigation and Remediation	1.0	2/27/2015	-	94,559	-	94,559
Pascack Road Improvements	3.5	2/27/2015	-	135,575	-	135,575
			<u>\$ 6,734,000</u>	<u>\$ 6,765,000</u>	<u>\$ 6,734,000</u>	<u>\$ 6,765,000</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 to temporarily finance operating expenditures. This debt which is not included in the Borough's statutory debt limit calculation is reported in the Current Fund for the years 2015 and 2014 as follows:

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 Date</u>	<u>Balance, December 31, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, December 31, 2015</u>
Revaluation of Real Property	0.98%	10/28/2016	\$ 260,000	\$ 195,000	\$ 260,000	\$ 195,000

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2013</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance, December 31, 2014</u>
Revaluation of Real Property	1.0 %	2/27/2015	\$ 325,000	\$ 260,000	\$ 325,000	\$ 260,000

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<b><u>2015</u></b>		
ADA Curb Ramps	\$57,898	2016
KME Custom Fire Pumper	401,350	2016
Roof Replacement at Borough Hall	70,536	2016
1 <sup>st</sup> Ave. & Elm Street Road Resurfacing	201,165	2016
2015 Road Resurfacing Programs	384,185	2016
<b><u>2014</u></b>		
Borough Hall Security System	\$21,726	2015
ADA Curb Ramps	144,000	2015
Pascack Road Improvements	145,852	2015

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 \$986,607 and \$1,215,810 at December 31, 2015 and 2014, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

**B. Capital Lease Agreement**

The Borough entered into agreements for the leasing of police vehicles totaling \$137,119 under capital leases. The capital lease agreements are for terms of 3 years 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, 2015.

<u>Years Ended December 31,</u>	<u>Amount</u>
2016	\$ 25,533
2017	25,533
2018	<u>3,191</u>
Total	54,257
Less: Amounts Representing Interest	<u>668</u>
Present Value of Net Minimum Lease Payments	<u>\$ 53,589</u>

The Borough's capital lease activity for the years 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Balance, January 1	\$ 94,738	\$ 40,076
Additions	<u>-</u>	<u>75,308</u>
	94,738	115,384
Reductions	<u>41,149</u>	<u>20,646</u>
Balance, December 31	<u>\$ 53,589</u>	<u>\$ 94,738</u>
Due Within One Year	<u>\$ 25,079</u>	<u>\$ 41,149</u>



**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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 which includes the CPFPPF. 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.

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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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](http://www.state.nj/treasury/doinvest).

**Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, which was rolled forward to June 30, 2014, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 52.08 percent and \$18.7 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 62.4 percent and \$13.9 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.

**Actuarial Methods and Assumptions**

In the July 1, 2013 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems (2.00%) and (b) changes to projected salary increases of 2.15-5.40 percent based on age for PERS and 3.95-9.62 percent based on age for PFRS.

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**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, 5.50% for DCRP and 6.92% for fiscal year 2015 for PERS of employee's annual compensation.

**Annual Pension Cost (APC)**

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the year ended December 31, 2015 for CPFPPF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. 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, 2015, 2014 and 2013, 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>
2015	\$ 743,973	\$ 352,273	\$ 2,558
2014	700,958	320,001	2,492
2013	775,907	318,323	1,738

**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, 2015 and 2014, the Borough had a liability of \$9,402,717 and \$8,000,521, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .041886 percent, which was a decrease of .000845 percent from its proportionate share measured as of June 30, 2014 of .042731 percent.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

For the year ended December 31, 2015 and 2014, the pension system has determined the Borough's pension expense to be \$606,291 and \$438,735, respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$352,273 and \$320,001, respectively. At December 31, 2015 and 2014, 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:

	2015		2014	
	<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	\$ 234,316	\$ 151,178		\$ 476,788
Changes of Assumptions	1,009,777		\$ 251,579	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments				
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>79,512</u>	<u>134,211</u>	<u>97,420</u>	<u>-</u>
Total	<u>\$ 1,323,605</u>	<u>\$ 285,389</u>	<u>\$ 348,999</u>	<u>\$ 476,788</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2016	\$ 255,796
2017	255,796
2018	255,796
2019	255,796
2020	<u>15,032</u>
	<u>\$ 1,038,216</u>

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.15-4.40%	2.15-4.40%
	Based on Age	Based on Age
Thereafter	3.15-5.40%	3.15-5.40%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
Mortality Rate Table	RP-2000	RP-2000

*Actuarial Assumptions*

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

The actuarial assumptions used in the July 1, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

*Discount Rate*

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

<u>Year</u>	<u>Discount Rate</u>
2015	4.90%
2014	5.39%

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

\* The municipal bond return rate used is 3.80 and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(3.90%)</u>	Current Discount Rate <u>(4.90%)</u>	1% Increase <u>(5.90%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,686,427</u>	<u>\$ 9,402,717</u>	<u>\$ 7,488,071</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

*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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

At December 31, 2015 and 2014, the Borough had a liability of \$16,588,445 and \$12,184,438, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014 and 2013, 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. At June 30, 2015, the Borough's proportionate share was .099591 percent, which was an increase of .002729 percent from its proportionate share measured as of June 30, 2014 of .096862 percent.

For the years ended December 31, 2015 and 2014, the pension system has determined the Borough pension expense to be \$1,518,706 and \$861,747, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$743,973 and \$700,958, respectively. At December 31, 2015 and 2014, 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:

	<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		\$ 143,081		
Changes of Assumptions	\$ 3,062,639		\$ 457,445	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		288,707		\$ 1,243,381
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>387,930</u>	<u>-</u>	<u>109,890</u>	<u>-</u>
Total	<u>\$ 3,450,569</u>	<u>\$ 431,788</u>	<u>\$ 567,335</u>	<u>\$ 1,243,381</u>

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 <u>December 31,</u>	<u>Total</u>
2016	\$ 588,963
2017	588,963
2018	588,963
2019	899,808
2020	352,084
Thereafter	<u>-</u>
	<u>\$ 3,018,781</u>

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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)**

*Actuarial Assumptions*

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2015</u>	<u>2014</u>
Inflation Rate	3.04%	3.01%
Salary Increases:		
2012-2021	2.60-9.48%	3.95-8.62%
	Based on Age	Based on Age
Thereafter	3.60-10.48%	4.95-9.62%
	Based on Age	Based on Age
Investment Rate of Return	7.90%	7.90%
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, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2013. The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2010.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2015 and 2014 are summarized in the following table:

<u>Asset Class</u>	<u>2015</u>		<u>2014</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>
Cash	5.00%	1.04%	6.00%	0.80%
U.S. Treasuries	1.75%	1.64%		
Investment Grade Credit	10.00%	1.79%		
Core Bonds			1.00%	2.49%
Intermediate-Term Bonds			11.20%	2.26%
Mortgages	2.10%	1.62%	2.50%	2.17%
High Yield Bonds	2.00%	4.03%	5.50%	4.82%
Inflation-Indexed Bonds	1.50%	3.25%	2.50%	3.51%
Broad US Equities	27.25%	8.52%	25.90%	8.22%
Developed Foreign Equities	12.00%	6.88%	12.70%	8.12%
Emerging Market Equities	6.40%	10.00%	6.50%	9.91%
Private Equity	9.25%	12.41%	8.25%	13.02%
Hedge Funds/Absolute Return	12.00%	4.72%	12.25%	4.92%
Real Estate (Property)	2.00%	6.83%	3.20%	5.80%
Commodities	1.00%	5.32%	2.50%	5.35%
Global Debt ex US	3.50%	-0.40%		
REIT	4.25%	5.12%		

*Discount Rate*

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

<u>Year</u>	<u>Discount Rate</u>
2015	5.79%
2014	6.32%

**BOROUGH OF WESTWOOD  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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, 2045
Municipal Bond Rate *	From July 1, 2045 and Thereafter

\* The municipal bond return rate used is 3.80% and 4.29% as of June 30, 2015 and 2014, 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, 2015 calculated using the discount rate of 5.79%, 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 (4.79 percent) or 1-percentage-point higher (6.79 percent) than the current rate:

	<b>1% Decrease (4.79%)</b>	<b>Current Discount Rate (5.79%)</b>	<b>1% Increase (6.79%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 21,868,837</u>	<u>\$ 16,588,445</u>	<u>\$ 12,282,757</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2015. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

**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 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, 2015 and 2014, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,454,751 and \$1,312,059, respectively. For the years ended December 31, 2015 and 2014, 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 \$181,459 and \$166,244, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$75,727 and \$54,480, 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](http://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, 2015 AND 2014**

**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>
2015	\$ 8,500	\$ 9,070	\$ 8,605	\$ 13,513
2014	8,500	8,611	12,715	4,548
2013	5,000	8,736	8,473	152

**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, 2015 and 2014. 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, 2015 and 2014, the Borough reserved \$111,044 and \$111,583, 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, 2015 AND 2014**

**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, 2015 and 2014, 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, 2015 and 2014, 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 \$1,150 and \$1,150 for 2015 and 2014, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2015 and 2014, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$68,433 and \$65,843 for 2015 and 2014, 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.

**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.

**BOROUGH OF WESTWOOD  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

**Vesting and Benefits (Continued)**

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 SUBSEQUENT EVENTS**

**Debt Authorized**

Through May 31, 2016 the Borough adopted several Bond Ordinances authorizing the issuance of \$1,225,370 in Bonds or Bond Anticipation Notes to fund various capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

**Special Emergencies**

On May 3, 2016 the Borough adopted an ordinance providing for a special emergency appropriation of \$50,000 for the preparation of a master plan.

On May 3, 2016, the Borough adopted an ordinance providing for a special emergency appropriation of \$150,000 for the payment of contractually required severance liabilities resulting from the retirement of Borough employees.

**Special Emergency Notes**

On May 16, 2016 the Borough issued special emergency notes in the amount of \$160,000 to temporarily finance expenditures related to special emergencies. The Borough has awarded the sale of said notes to Valley National Bank at an interest rate of 1.05%. These notes dated May 16, 2016 will mature on May 16, 2017.

**SUPPLEMENTARY SCHEDULES**

**CURRENT FUND**

**BOROUGH OF WESTWOOD  
STATEMENT OF CASH**

Balance, December 31, 2014		\$ 2,810,318
<b>Increased by Receipts:</b>		
Taxes Receivable	\$ 44,200,862	
Tax Overpayments	31,794	
Prepaid Taxes	131,103	
Petty Cash Returned	600	
Non-Budget Revenue	55,651	
State of NJ - Senior Citizens' and Veterans' Deductions	72,777	
Revenue Accounts Receivable	2,564,722	
State of NJ	33,620	
Grants Receivable	46,549	
Receipts from Animal Control Fund	7,182	
Receipts from Unemployment Compensation Insurance Fund	790	
Receipts from General Capital Fund	221,854	
Receipts from Public Assistance Fund	93	
Receipts from Westwood Parking Authority	81,776	
	47,449,373	
<b>Decreased by Disbursements:</b>		
2015 Budget Appropriations	14,972,814	50,259,691
2014 Appropriation Reserves	652,452	
Accounts Payable	3,756	
State of NJ	25,030	
Special Emergency Note Payable	260,000	
Tax Overpayments	33,530	
Regional School District Tax Payable	25,697,304	
County Taxes Payable	4,387,547	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	75,988	
Payments to LOSAP Trust Fund	64,693	
General Capital Expenditures Paid by Current Fund	291,305	
Appropriated Grant Reserves	1,495	
Reserve for Tax Appeals	539	
Payments to Other Trust Fund	15,333	
	46,482,386	
Balance, December 31, 2015		<u>\$ 3,777,305</u>

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

<u>Office</u>	Balance, December 31, <u>2014</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2015</u>
Tax Collector - Treasurer		\$ 300	\$ 300	
Recreation	-	300	300	-
	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ -</u>

EXHIBIT A-6

**STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	2015 Grant <u>Realized</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2015</u>
Municipal Alliance on Alcoholism and Drugs	\$ 3,699	\$ 13,453	\$ 8,530	\$ 2,808	\$ 5,814
NJ Forest Service Grant	3,000				3,000
Federal Forfeiture Funds		2,125	2,125		
Alcohol Education and Rehabilitation Fund		648	648		
Senior Citizens Activities Grant	3,274	8,125	7,084	109	4,206
Federal Ballistic Vest Fund Grant	1,258	1,488	1,488		1,258
JIF Safety Award		1,500	1,500		
Clean Communities		22,569	22,569		
HAVA	1,000				1,000
Body Armor Fund	1,678	2,605	2,605	-	1,678
	<u>\$ 13,909</u>	<u>\$ 52,513</u>	<u>\$ 46,549</u>	<u>\$ 2,917</u>	<u>\$ 16,956</u>

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

Balance, December 31, 2014		\$	21,377
Increased by:			
Received from State of New Jersey		\$	72,777
Senior Citizen's Deductions Disallowed by Tax Collector - Current Year			<u>427</u>
			<u>73,204</u>
			94,581
Decreased by:			
Senior Citizens' Deductions Per Tax Billings			6,750
Veterans' Deductions Per Tax Billings			66,000
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - Current Year			<u>1,500</u>
			<u>74,250</u>
Balance, December 31, 2015		\$	<u>20,331</u>

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

Year	Balance, December 31, 2014	Senior Citizens' and Veterans' Deductions		Collections		Senior Citizens' and Veterans' Deductions Allowed	Taxes Cancelled or Remitted or Abated	Transferred To Tax Title Liens	Balance, December 31, 2015
		2015 Levy	Disallowed	2014	2015				
2014	\$ 333,229		\$ 427	\$ 152,638	\$ 333,229				
2015	-	\$ 44,412,543	\$ 427	\$ 152,638	43,867,633	\$ 74,250	\$ 65,464	\$ 11,947	\$ 241,038
	\$ 333,229	\$ 44,412,543	\$ 427	\$ 152,638	\$ 44,200,862	\$ 74,250	\$ 65,464	\$ 11,947	\$ 241,038

Analysis of 2015 Property Tax Levy

<b>TAX YIELD</b>	
General Property Tax	
Real Property Tax	\$ 44,326,511
Added Taxes (54:4-63.1 et seq.)	<u>86,032</u>
	\$ 44,412,543

<b>TAX LEVY</b>	
Regional School Tax (Abstract)	
County Taxes (Abstract)	\$ 25,697,304
County Open Space Taxes (Abstract)	4,338,213
Due County for Added Taxes (54:4-63.1)	47,255
	<u>8,155</u>
	\$ 30,090,927

<b>Local Tax</b>	
Municipal Purposes	13,606,373
Library Purposes	627,310
Additional Tax Levied	13,694,306
	<u>27,927,989</u>
	\$ 58,018,916

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

Balance, December 31, 2014	\$ 123,684
Increased by:	
Taxes Transferred at Tax Sale	<u>11,947</u>
Balance, December 31, 2015	<u>\$ 135,631</u>

EXHIBIT A-10

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, December 31, 2014	<u>\$ 3,198,600</u>
Balance, December 31, 2015	<u>\$ 3,198,600</u>

EXHIBIT A-11

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

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Net</u> <u>Amount</u> <u>Authorized</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>	<u>2015</u> <u>Authorizations</u>	<u>2015</u> <u>Appropriations</u>	<u>Balance,</u> <u>December 31,</u> <u>2015</u>
5/31/2011	Master Plan	20,000	\$ 8,000		\$ 4,000	\$ 4,000
4/2/2013	Revaluation of Real Property	300,000	240,000		60,000	180,000
4/16/2013	Revaluation of Real Property	25,000	20,000		5,000	15,000
9/1/2015	Master Plan	50,000		\$ 50,000		50,000
12/1/2015	Severance Liabilities	150,000	-	150,000	-	150,000
			<u>\$ 268,000</u>	<u>\$ 200,000</u>	<u>\$ 69,000</u>	<u>\$ 399,000</u>

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

	Balance, December 31, <u>2014</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2015</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 27,800	\$ 27,800	
Other		11,899	11,899	
Fees and Permits		30,439	30,439	
Construction Code Official				
Building Permits and Fees		589,317	589,317	
Police				
Fees and Permits		3,064	3,064	
Municipal Court				
Fines and Costs	\$ 10,762	113,658	115,548	\$ 8,872
Board of Health				
Other Licenses		18,005	18,005	
Fees and Permits		50,033	50,033	
Interest and Cost on Taxes		79,251	79,251	
Interest on Investment and Deposits		23,385	23,385	
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		90,872	90,872	
Payment in Lieu of Taxes - Westwood House		105,025	105,025	
Cellular One Lease Agreement		170,233	170,233	
Cable TV Franchise Fees		105,862	105,862	
Recycling Contract	-	4,453	4,453	-
	<u>\$ 10,762</u>	<u>\$ 2,562,832</u>	<u>\$ 2,564,722</u>	<u>\$ 8,872</u>

**BOROUGH OF WESTWOOD**  
**STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, 2014	Orders Restored	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed
<b>SALARIES AND WAGES</b>						
General Administration	\$ 526			\$ 526		\$ 526
Mayor and Council	1,408			1,408		1,408
Municipal Clerk	29			29		29
Financial Department	6,560		\$ (5,000)	1,560		1,560
Revenue Collection	64			64		64
Planning Board	3,132			3,132		3,132
Other Code Enforcement -						
Housing Task Force	198			198		198
Police Department	214,186		(10,800)	203,386	\$ 131	203,255
Police Dispatch/911	9,923		(7,000)	2,923		2,923
Fire Official	218			218		218
Prosecutor	32			32		32
Streets and Road Maintenance	28,752			28,752	15,397	13,355
Recycling	2,759			2,759		2,759
Buildings and Grounds	2,325			2,325		2,325
Public Health Services	724			724		724
Welfare/Admin. of Public Assistance	174			174		174
Recreation Services and Programs	466			466		466
Building Inspector	2,574			2,574		2,574
Municipal Court	1,457			1,457		1,457
Public Defender	1,631			1,631		1,631
<b>OTHER EXPENSES</b>						
General Administration	16,104	\$ 1,004	(10,850)	6,258	1,987	4,271
Mayor and Council	220	345		565	409	156
Municipal Clerk						
Other Expenses	4,053	2,335		6,388	3,330	3,058
Elections	1,829			1,829	-	1,829
Financial Administration						
Other Expenses	9,323	15,527	(5,470)	19,380	19,379	1
Revenue Collection		668		668	624	44
Liquidation of Tax Title Lien	100			100		100
Tax Assessment Administration	5,366	1,150		6,516	3,161	3,355
Legal Services and Costs	7,440	5,225		12,665	8,933	3,732
Engineering		2,369	1,050	3,419	2,793	626
Environmental	1,135			1,135	-	1,135
Historical Commission	1,154			1,154	839	315
Borough Historian	800			800	-	800
Planning Board	6,112	1,095	(2,000)	5,207	2,331	2,876
Insurance						
Health Insurance	131,726	180	29,000	160,906	139,624	21,282
General Liability Insurance	5,597	42,648	6,100	54,345	54,312	33
Workers Compensation Insurance	-	73,973	(10,000)	63,973	61,245	2,728
Fire Department						
Other Expenses	8,998	2,052		11,050	7,733	3,317
Fire Hydrant Service	13,334			13,334	13,151	183
Police Department						
Other Expenses	1,694	23,178	800	25,672	24,312	1,360
Acquisition of Police Vehicles	3,228	4,953		8,181	6,604	1,577
Police Dispatch 911	719	360		1,079	240	839
Police Reserves	2,247	196		2,443	1,247	1,196

**BOROUGH OF WESTWOOD  
STATEMENT OF 2014 APPROPRIATION RESERVES**

	Balance, December 31, 2014	Orders Restored	Transfers	Balance After Modification	Paid or Charged	Balance Lapsed
<b>OTHER EXPENSES (Continued)</b>						
Emergency Management Svcs.	\$ 3,652	\$ 1,350		\$ 5,002	\$ 4,230	\$ 772
Fire Official	1,875	130		2,005	130	1,875
Life Hazard Use Fees Payments	2,500			2,500	-	2,500
Streets and Road Maintenance	4,711	20,540	\$ 500	25,751	19,308	6,443
Sanitation - Garbage and Trash Collection	1,000	54,391		55,391	54,391	1,000
Shade Tree-Advisory Committee	6,148		(5,000)	1,148		1,148
Buildings and Grounds	36,121	6,103		42,224	31,820	10,404
Vehicle Maintenance	6,941	18,740		25,681	14,767	10,914
Public Health Services	6,436	801		7,237	801	6,436
Welfare/Admin. of Public Assistance	356			356		356
Recreation Services and Programs	1,676	836		2,512	1,262	1,250
Maintenance of Westvale Park	7,151	3,484	10,000	20,635	16,797	3,838
Celebration of Public Events	2,533			2,533	657	1,876
Municipal Court	7,472	2,218		9,690	2,447	7,243
Salary Negotiations and Costs	38,643			38,643	3,572	35,071
Building Inspector	3,168			3,168	1,373	1,795
Electricity	20,055	4,515	5,500	30,070	30,009	61
Street Lighting	24,298		3,070	27,368	27,362	6
Telephone	6,392	128		6,520	6,464	56
Gasoline	16,226	3,447		19,673	11,757	7,916
Natural Gas	5,897	270	400	6,567	6,528	39
Water	4,103	2,155	(300)	5,958	4,302	1,656
Sewerage Processing and Disp	12,107	949		13,056	4,584	8,472
Garbage Tipping Fees	5,059			5,059		5,059
Contingent	1,000			1,000		1,000
Social Security System	2,602			2,602		2,602
Contribution to Public Employees Retirement System	2,457			2,457		2,457
Contribution to Police and Fireman's Retirement System	1,885			1,885		1,885
Defined Contribution Plan	508			508		508
Maintenance of Free Public Library	26,574			26,574	26,574	-
Health Insurance - Excluded from "CAPS"	34,076			34,076		34,076
Bergen County Utilities Authority	1			1		1
Length of Service Awards	4,157			4,157		4,157
Drunk Driving Enforcement Fund	4,132			4,132	4,132	-
Alcohol Education and Rehabilitation	3,704			3,704	3,704	-
Recycling Tonnage Grant				-		
Clean Communities Grant	4,015	1,205		5,220	5,220	-
Federal Ballistic Vest Fund	2,534			2,534	2,534	-
Municipal Alliance						
State Share	6,299			6,299	6,299	
Local Share				-		
Community Development - Senior Citizens Activities	3,274	-	-	3,274	3,274	-
	<u>\$ 820,055</u>	<u>\$ 298,520</u>	<u>\$ -</u>	<u>\$ 1,118,575</u>	<u>\$ 662,080</u>	<u>\$ 456,495</u>
Cash Disbursements					\$ 652,452	
Accounts Payable					1,883	
Appropriated Reserve for Grants					<u>7,745</u>	
					<u>\$ 662,080</u>	

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

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
Marriage Licenses	\$ 250	\$ 975	\$ 925	\$ 300
Uniform Construction Fees	3,551	32,595	24,075	12,071
Burial Permit Fees	<u>-</u>	<u>50</u>	<u>30</u>	<u>20</u>
	<u>\$ 3,801</u>	<u>\$ 33,620</u>	<u>\$ 25,030</u>	<u>\$ 12,391</u>

EXHIBIT A-15

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014	\$ 307,974
Increased by:	
Transfer from 2015 Appropriations	\$ 198,947
Transfer from 2014 Appropriations	<u>1,883</u>
	<u>200,830</u>
	508,804
Decreased by:	
Cash Disbursements	\$ 3,756
Cancelled to Fund Balance	5,698
Cancelled Payables Restored to Appropriation Reserves	<u>298,520</u>
	<u>307,974</u>
Balance, December 31, 2015	<u>\$ 200,830</u>

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

	Balance, December 31, <u>2014</u>	Transfer From Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2015</u>
Alcohol Education and Rehabilitation	\$ 13,534	\$ 3,704	\$ 290		\$ 16,948
Recycling Tonnage Grant	583		583		-
Municipal Alliance Program - State Share		2,635			2,635
Municipal Alliance Program - Local Match	2,343				2,343
NJ Forestry - Tree Grant - State Grant	3,000				3,000
NJ Forestry - Tree Grant - Local Match	3,000				3,000
Body Armor Fund	7,602				7,602
Drunk Driving Enforcement Fund	2,420	1,406	622		3,204
Drive Sober/Get Pulled Over	5,010				5,010
Community Development - Senior Citizens Activities Over the Limit/Under Arrest	16 4,382				16 4,382
	<u>\$ 41,890</u>	<u>\$ 7,745</u>	<u>\$ 1,495</u>	<u>\$ -</u>	<u>\$ 48,140</u>

EXHIBIT A-17

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2014	\$ 152,638
Increased by:	
Collection of 2016 Taxes	<u>131,103</u>
	283,741
Decreased by:	
Application to 2015 Taxes	<u>152,638</u>
Balance, December 31, 2015	<u>\$ 131,103</u>

**BOROUGH OF WESTWOOD  
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2014	\$	33,530
Increased by:		
Tax Overpayments		<u>31,794</u>
		65,324
Decreased by:		
Refunded		<u>33,530</u>
Balance, December 31, 2015	\$	<u><u>31,794</u></u>

EXHIBIT A-19

**STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:		
Levy - Calendar Year	\$	<u>25,697,304</u>
Decreased by:		
Payments	\$	<u><u>25,697,304</u></u>

EXHIBIT A-20

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2014	\$	2,079
Increased by:		
2015 Levy	\$ 4,338,213	
County Open Space Preservation	47,255	
Added Taxes (54:4-63.1 et seq.)	<u>8,155</u>	
		<u>4,393,623</u>
		4,395,702
Decreased by:		
Payments		<u>4,387,547</u>
Balance, December 31, 2015	\$	<u><u>8,155</u></u>

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

Balance, December 31, 2014		\$	65,843
Increased by:			
Transfer from 2015 Budget Appropriations			68,433
			134,276
Decreased by:			
Payments		\$	64,693
Cancelled			1,150
			65,843
Balance, December 31, 2015		\$	68,433

EXHIBIT A-22

**STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY**

Balance, December 31, 2014		\$	5,788
Increased by:			
Authority Expenditures Paid by Borough			75,988
			81,776
Decreased by:			
Receipts from Parking Authority			81,776
Balance, December 31, 2015		\$	-

EXHIBIT A-23

**STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	Balance December 31, 2014	<u>Increased</u>	<u>Decreased</u>	Balance December 31, 2015
Revaluation of Real Property	10/29/2015	10/28/2016	\$ 260,000	\$ 195,000	\$ 260,000	\$ 195,000

**BOROUGH OF WESTWOOD  
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS**

	Balance, December 31, <u>2014</u>	Increased by <u>Receipts</u>	Realized as Revenue in 2015 <u>Budget</u>	Balance, December 31, <u>2015</u>
Drove Sober/Get Pulled Over	\$ 5,000		\$ 5,000	-
Police Body Armor	2,777		2,777	-
Recycling Tonnage Grant	<u>21,035</u>	-	<u>21,035</u>	<u>-</u>
	<u>\$ 28,812</u>	<u>\$ -</u>	<u>\$ 28,812</u>	<u>\$ -</u>

EXHIBIT A-25

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2014</u>	<u>Decreases</u>	Balance, December 31, <u>2015</u>
Codification of Ordinances	\$ 526	\$ 526	-
Watershed Moratorium	705	705	-
Tax Appeals	<u>111,583</u>	<u>539</u>	<u>\$ 111,044</u>
	<u>\$ 112,814</u>	<u>\$ 1,770</u>	<u>\$ 111,044</u>
		Disbursed \$ 539	
		Cancelled <u>1,231</u>	
		<u>\$ 1,770</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, 2014	\$ 19,717	\$ 1,756,627	\$ 7,738
Increased by Receipts:			
Interest on Investments and Deposits	\$ 22	\$ 166	\$ 15
Due to Westwood Parking Authority		5,880	
POAA Receipts		1,090	
Miscellaneous Reserves		1,676,076	
License Fees Collected	6,083	15,333	8,500
Receipts from Current Fund	917	209,171	
Due to State of New Jersey		8,055,935	9,070
Escrow Deposits	-	7,022	17,585
Payroll and Payroll Deductions		9,963,651	
	26,739	11,720,278	25,323
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	1,109		
Payment to Current Fund	7,182		790
Escrow Deposits		246,658	
Payments to State of NJ	910		9,537
Payments to Westwood Parking Authority		6,540	
Payroll and Payroll Deductions Payable		8,049,657	
Miscellaneous Reserves	-	1,611,629	-
	9,201	9,914,484	10,327
Balance, December 31, 2015	<u>\$ 17,538</u>	<u>\$ 1,805,794</u>	<u>\$ 14,996</u>

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

Balance, December 31, 2014		\$ 12,557
Increased by:		
Animal Control Fees		<u>6,083</u>
		18,640
Decreased by:		
Statutory Excess Due Current Fund Expenditures	\$ 5,986	
	<u>1,109</u>	
		<u>7,095</u>
Balance, December 31, 2015		<u>\$ 11,545</u>

EXHIBIT B-3

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

Increased by:		
Registration Fees - Due State		\$ 917
Decreased by:		
Payments		<u>910</u>
Balance, December 31, 2015		<u>\$ 7</u>

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

Balance, December 31, 2014		\$ 7,160
Increased by:		
Statutory Excess	\$ 5,986	
Interest on Investments and Deposits	<u>22</u>	
		<u>6,008</u>
		13,168
Decreased by:		
Payments to Current Fund		<u>7,182</u>
Balance, December 31, 2015		<u>\$ 5,986</u>

EXHIBIT B-5

**STATEMENT OF DUE FROM/(TO) CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2014 (Due From)		\$ 15,333
Increased by:		
Interest on Investments and Deposits		<u>166</u>
		15,499
Decreased by:		
Receipts from Current Fund		<u>15,333</u>
Balance, December 31, 2015 (Due To)		<u>\$ 166</u>

EXHIBIT B-6

**STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2014		\$ 597,670
Increased by:		
Cash Receipts		<u>209,171</u>
		806,841
Decreased by:		
Cash Disbursements		<u>246,658</u>
Balance, December 31, 2015		<u>\$ 560,183</u>

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

Balance, December 31, 2014	\$	17,784
Increased by:		
Cash Receipts		1,090
		18,874
Balance, December 31, 2015	\$	18,874

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2015</u>
Affordable Housing	\$ 39,579	\$ 39		\$ 39,618
Redemption of Tax Sale Certificates	2	-	-	2
Recycling Program	32,427	9,271	\$ 3,406	38,292
Police Off-Duty Detail	191,484	828,031	780,652	238,863
Public Safety Donations	10,792	19,050	10,804	19,038
Code Compliance Penalty	106,234	9,300	1,630	113,904
Shade Tree	15,260	-	3,875	11,385
Fire Prevention	16,486	7,800	1,624	22,662
Premium on Tax Sale	439,400	156,400	185,800	410,000
Elevator Reserve	13,313	14,316	10,350	17,279
Recreation Fees	211,269	499,471	496,488	214,252
Snow Removal	21,162	132,398	117,000	36,560
	<u>\$ 1,097,408</u>	<u>\$ 1,676,076</u>	<u>\$ 1,611,629</u>	<u>\$ 1,161,855</u>

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

Balance, December 31, 2014	\$	58,234
Increased by:		
Cash Receipts		<u>8,055,935</u>
		8,114,169
Decreased by:		
Cash Disbursements		<u>8,049,657</u>
Balance, December 31, 2015	\$	<u>64,512</u>

EXHIBIT B-10

**STATEMENT OF DUE TO WESTWOOD PARKING AUTHORITY**

Balance, December 31, 2014	\$	864
Increased by:		
Fines and Costs Due to Parking Authority		<u>5,880</u>
		6,744
Decreased by:		
Payments to Parking Authority		<u>6,540</u>
Balance, December 31, 2015	\$	<u>204</u>

EXHIBIT B-11

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE CLAIMS**

Balance, December 31, 2014	\$	4,548
Increased by:		
2015 Budget Appropriation	\$	8,500
Employee Payroll Deductions		<u>9,070</u>
		<u>17,570</u>
		22,118
Decreased by:		
Unemployment Claims		<u>8,605</u>
Balance, December 31, 2015	\$	<u>13,513</u>

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

Balance, December 31, 2014	\$	775
Increased by:		
Interest on Deposits		15
		790
Decreased by:		
Payments to Current Fund		790
Balance, December 31, 2015	\$	-

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

Balance, December 31, 2014	\$	2,415
Increased by:		
Unemployment Claims Due to State		8,605
		11,020
Decreased by:		
Payments to State of New Jersey		9,537
Balance, December 31, 2015	\$	1,483

**GENERAL CAPITAL FUND**

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

Balance, December 31, 2014		\$	975,195
Increased by Receipts:			
Bond Anticipation Notes	\$	92	
Serial Bonds		8,483,000	
Reserve for Payment of Bonds		101,889	
Due to Current Fund		195,000	
Grants Received - Grants Receivable		142,894	
Receipts from Recreation Trust		30,000	
Premium on Sale of Bonds and Notes		40,379	
Interest on Investments		2,854	
Receipts from Current Fund		<u>50,000</u>	
			<u>9,046,108</u>
			10,021,303
Decreased by:			
Improvement Authorizations		886,045	
Payments to Current Fund		221,854	
Current Fund Expenditures Paid by General Capital Fund		618,844	
Payment of Bond Anticipation Notes		<u>6,475,033</u>	
			<u>8,201,776</u>
Balance, December 31, 2015		\$	<u>1,819,527</u>

**BOROUGH OF WESTWOOD  
ANALYSIS OF GENERAL CAPITAL CASH  
AS OF DECEMBER 31, 2015**

Fund Balance	\$ 254,589
Capital Improvement Fund	32,467
Accounts Payable	1,295,025
Reserve for Pascack Brook Park Bikeway	50,188
Grants Receivable	(736,774)
Environmental Infrastructure Loan Receivable	(44,809)
Due from Current Fund	(416,352)
Reserve for Payment of Bonds	157,317

## Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
97-7	Impvt. of Drainage Ditch	(14,250)
00-13/09-17	Landfill Closure	143,900
07-12	Acquisition of Various Equipment-Fire Department	(5,560)
08-01	Road Improvements	(6,582)
11-06	Repaving of Various Roads	6,164
11-08	Monitoring of Landfill Emissions	11,241
11-13	Installation of Barrier Free Curb Cuts	31,628
12-02	Borough Wide Road Improvements	2,000
12-13	Various Capital Improvements and Other Related Expenses	13,461
12-14	Closure of a Landfill Located in the Borough	17,389
12-21	Flood Mitigation Acquisition Project	388
13-02	911 Upgrade	1,108
13-03	Borough Hall Security System	12,304
13-07	DPW Equipment	10,626
13-08	Community Garden	(1,515)
13-09	Monitoring of Landfill Emissions	374
13-12/13-23	Various Road and Park Improvements	102
13-24	ADA Curb Cuts - Fourth, Third and Washington Avenue	16,783
13-27	Handicap Accessible Circulation Desk and Borough Hall Counters	3,091
13-28	Methane Investigation and Remediations	11,151
13-33	Drainage Improvements - Newark Avenue	966
14-04	Tax Appeals	1,390
14-08	Road Resurfacing Program	9,819
14-15	Pascack Road Improvements	3,393
14-16	DPW Equipment	70,401
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	990
14-18	Band Stand Improvements	800
14-23	Emerson Road Pump Station	347,667
14-28	Landfill Monitoring	19,300
14-30	Renovations to Borough Hall	83,794
14-31	Purchase of Water Oil Furnace	1,910
14-36	Police Department Equipment	137
15-01	Acquisition of Fire Apparatus for the Borough Fire Department	8,759
15-09	Construction of New Lights for the Community Center	29,943
15-11	Repair of the Borough Hall Roof	174,608
15-12	Road Improvements to First and Elm	1,652
15-13	Signage/Cones and Barricades	3,294
15-16	Borough Wide Road Improvements	1,427
15-17	Monitoring of Landfill Emissions	17,905
15-18	Acquisition of a Radio Console for the Police Department Dispatch Desk	144,106
15-19	Acquisition of DPW Equipment- Mechanics Tools	1,967
15-26	Acquisition of Various Equipment for the Borough Fire Department	49,845
		<u>\$ 1,819,527</u>

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

Balance, December 31, 2014		\$ 10,952,812
Increased by:		
Serial Bonds Issued		<u>8,160,000</u>
		19,112,812
Decreased by:		
2015 Budget Appropriation		
Serial Bonds	\$ 960,000	
EIT Loans	433,139	
Cancelled EIT Loans	<u>46,048</u>	
		<u>1,439,187</u>
Balance, December 31, 2015		<u>\$ 17,673,625</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2014	2015 Authorizations	Notes Paid by Budget Appropriation	Funded by Bond Sale	Budget Appropriation	Balance, December 31, 2015	Analysis of Balance		
								Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
97-7	Imprt. of Drainage Ditch	\$ 14,250					\$ 14,250		\$ 14,250	
07-12	Acquisition of Various Equipment-Fire Department	40,819		7,178	28,081		5,560		5,560	
08-01	Road Improvements	67,048		12,500	47,966		6,582		6,582	
08-02/09-05	Pasack Brook Sewer Pipe Replacement and Repair	698,266		9,304	688,962					
08-11	Acquisition of Technology Equipment	18,999		3,167	15,832					
08-20	Acquisition of Equipment	104,499		17,417	87,082					
08-22	Suppl. - Emerson Pump Station	107,586		4,128	103,458					
08-32	Acquisition of Fire Department Equipment	44,400		2,775	41,625					
08-33	Acquisition of Playground Equipment	25,551		983	24,568					
09-01	2009 Road Improvement Program	121,644		12,513	109,131					
09-20	Acq. Of Various Equipment - Police Department	22,325		2,481	19,844					
09-21	Acq. Of Various Equipment - Fire Department	45,200		2,825	42,375					
09-22	Acq. Of Various Equipment - Public Works Department	65,142		15,021	50,121					
10-3	The 2010 Roadway Improvement Program	212,500		12,500	200,000					
10-4	Improvements to Westvale Park and Related Expenses	1,458,997		62,397	1,396,600					
10-13	Various Capital Improvements and Other Related Expenses	221,864		9,672	212,192					
10-19	The Railroad Signalization Project	76,500		4,250	72,250					
10-21	The Monitoring of Landfill Emissions	101,098		3,767	97,331					
10-24	The Acquisition of Various Equipment - Fire Department	72,000		4,000	68,000					
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and Related	23,145		2,621	20,524					
11-06	Repaving of Various Roads	262,175		15,000	247,175					
11-07	Acquisition of Various Equipment-Fire Department	117,557		8,044	109,513					
11-08	Monitoring of Landfill Emissions	50,448		1,802	48,646					
11-09	Acquisition of Various Equipment - DPW	41,398		5,278	36,120					
11-13	Installation of Barrier Free Curb Cuts	26,665		1,403	25,262					
11-16	Various Improvements - Hurricane Irene	24,497		10,530	13,967					
12-02	Borough Wide Road Improvements	261,967		14,000	247,967					
12-04	Railroad Signalization Project	19,950		1,050	18,900					
12-05	Various Improvements to Veterans Park	72,628		2,948	69,680					
12-06	Monitoring of Landfill Emissions	57,475		1,982	55,493					
12-07	The Acquisition of Various Equipment - DPW	12,350		426	11,924					
12-13	Various Capital Improvements and Other Related Expenses	532,000		23,440	508,560					
12-14	Closure of a Landfill Located in the Borough	33,250		1,147	32,103					
12-22	Various Road and Park Improvements	256,500		13,500	243,000					
13-02	911 Upgrade	123,500			123,500					
13-03	Borough Hill Security System	119,225			119,225					
13-07	DPW Equipment	142,500			142,500					
13-08	Community Garden	15,082			5,082					
13-09	Monitoring of Landfill Emissions	76,000			76,000					
13-12/13-23	Various Road and Park Improvements	137,750			137,750					
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	109,250			109,250					
13-28	Methane Investigation and Remediation	95,000			94,559					
							10,000	1,515	\$ 8,485	
										441

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

Improvement Description	Balance, December 31, 2014	2015 Authorizations	Notes Paid by Budget Appropriation	Funded by Bond Sale	Budget Appropriation	Balance, December 31, 2015	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
14-04 Refunding Tax Appeals	\$ 1,208,000				\$ 292,000	\$ 916,000			\$ 916,000
14-08 Road Resurfacing Program	285,000			285,000					
14-15 Paccack Road Improvements	180,500			180,500					
14-16 DPW Equipment	229,425			229,425					
14-17 Fire Department Equipment and Tank Rebuild (Engine 16)	107,979			107,979					
14-18 Band Stand Improvements	15,200			15,200					
14-23 Emerson Road Pump Station	380,000			380,000					
14-28 Landfill Monitoring	76,000			76,000					
14-30 Renovations to Borough Hall	95,000			95,000					
14-31 Purchase of Water Oil Furnace	11,400			11,400					
14-36 Police Department Equipment	44,650			44,650					
15-01 Acquisition of Fire Apparatus for the Borough Fire Department		400,283		400,283					
15-11 Repair of the Borough Hall Roof		285,000		285,000					
15-12 Road Improvements to First and Elm		38,950		38,950					
15-16 Borough Wide Road Improvements		332,500		332,500					
15-17 Monitoring of Landfill Emissions		57,000		57,000					
15-18 Acquisition of a Radio Console for the Police Department Dispatch Desk		142,500		142,205		295			295
	<u>\$ 8,761,955</u>	<u>\$ 1,256,233</u>	<u>\$ 290,059</u>	<u>\$ 8,483,000</u>	<u>\$ 292,000</u>	<u>\$ 953,129</u>	<u>\$ -</u>	<u>\$ 27,907</u>	<u>\$ 925,222</u>

Bond Sale \$ 8,483,000  
Less: Bonds Cancelled 323,000  
\$ 8,160,000

**BOROUGH OF WESTWOOD  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2014</u>	Grant <u>Awards</u>	Cash <u>Received</u>	Balance, December 31, <u>2015</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	100			100
Bergen County Open Space - Community Gardens - Ord. 2013-08	6,082			6,082
Bergen County ADA Cooperative Curb Ramp Const. Program - Ord. 2013-24	185,900			185,900
Department of Transportation				
Fairview Avenue- Ordinance 06-04	78,459			78,459
2010 Roadway Improvement - Ord. 10-3	196,438			196,438
Installation of Barrier Free Curb Cuts - Ord. 11-13	28,988			28,988
First and Elm Streets - Ord 15-12		\$ 149,000	111,750	37,250
Department of Environmental Protection				
Flood Mitigation Acquisition Project - Ord. 12-21	36,788			36,788
Office of Emergency Management				
Flood Mitigation Acquisition Project - Ord. 12-21	<u>110,363</u>	<u>-</u>	<u>31,144</u>	<u>79,219</u>
	<u>\$ 736,750</u>	<u>\$ -</u>	<u>\$ 142,894</u>	<u>\$ 742,856</u>

EXHIBIT C-7

**STATEMENT OF DUE TO/ FROM CURRENT FUND**

Balance, December 31, 2014 (Due To)	\$ 227,187
Increased by:	
Current Fund Emergency Notes Deposited in General Capital Fund	\$ 195,000
General Capital Fund Expenditures Paid By Current Fund	291,305
Interest on Investments and Deposits	2,854
Receipts from Current Fund	<u>50,000</u>
	<u>539,159</u>
	766,346
Decreased by:	
Payments to Current Fund - Anticipated Revenue	219,000
Payments to Current Fund - Interest on Investments	2,854
2015 Budget Appropriations	
Payments of Bond Anticipation Notes (By General Capital Fund)	290,059
Deferred Charges - Unfunded	292,000
Capital Improvement Fund	50,000
Current Fund Expenditures Paid By General Capital Fund	<u>328,785</u>
	<u>1,182,698</u>
Balance, December 31, 2015 (Due From)	<u>\$ 416,352</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
			Date	Amount					
Refunding Bonds	4/1/2004	\$ 4,555,000	8/15/2016	470,000	2.00-3.60%	\$ 1,400,000	\$ 450,000	\$ 950,000	
			8/15/2017	480,000					
Refunding Bonds	5/6/2008	2,235,000	8/1/16	200,000	3.00-5.00%	1,055,000	200,000	855,000	
			8/1/17	210,000					
			8/1/18	215,000					
			8/1/19	230,000					
General Improvement Bonds	4/13/2010	3,736,000	4/1/2016	420,000	2.00-3.50%	3,606,000	65,000	3,541,000	
			4/1/2017	455,000					
			4/1/2018	450,000					
			4/1/2019	475,000					
			4/1/2020	530,000					
			4/1/2021	575,000					
			4/1/2022	636,000					
Refunding Bonds	2/29/2012	3,890,000	9/15/2016	340,000	2.00-4.00%				
			9/15/2017	335,000					
			9/15/2018	385,000					
			9/15/2019	380,000					
			9/15/2020	475,000					
General Improvement Bonds			9/15/2021	490,000					
			9/15/2022	490,000					
			9/15/2023	500,000		3,640,000	245,000	3,395,000	
	11/24/2015	8,160,000	11/15/2016-17	300,000	2.00-3.00%				
			11/15/2018-21	575,000					
			11/15/2022-26	580,000					
			11/15/2027-30	590,000					
						\$ 9,701,000	\$ 8,160,000	\$ 960,000	\$ 16,901,000

BOROUGH OF WESTWOOD  
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2013
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	\$ 35,259	\$ 28,081	\$ 35,259 28,081	
08-01	Road Improvements	7/24/2008 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	60,466	47,966	60,466 47,966	
08-11	Acquisition of Technology Equipment	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	18,999	15,832	18,999 15,832	
08-20	Acquisition of Equipment	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	104,499	87,082	104,499 87,082	
08-22	Suppl. - Emerson Pump Station	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	107,586	103,448	107,586 103,448	
08-32	Acquisition of Fire Department Equipment	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	44,400	41,625	44,400 41,625	
08-33	Acquisition of Playground Equipment	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	25,551	24,568	25,551 24,568	
09-01	2009 Road Improvement Program	5/11/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	121,644	109,131	121,644 109,131	
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	45,200	42,375	45,200 42,375	
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	65,142	50,121	65,142 50,121	
10-3	The 2010 Roadway Improvement Program	9/8/2010 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	212,500	200,000	212,500 200,000	
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	1,458,997	1,396,600	1,458,997 1,396,600	
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	221,864	212,192	221,864 212,192	
10-19	Railroad Signalization Project	5/3/2011 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	76,500	72,250	76,500 72,250	
10-21	Monitoring of Landfill Emissions	5/3/2011 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	101,098	97,331	101,098 97,331	
10-24	Acquisition of Equipment - Fire Department	5/3/2011 2/27/2015	5/2/2014 11/24/2015	1.00% 1.00%	72,000	68,000	72,000 68,000	

BOROUGH OF WESTWOOD  
STATEMENT OF BOND ANTICIPATION NOTES

Ovd. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
10-25	Improvements to Various Municipal Buildings - Energy	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	\$ 23,145	\$ 20,524	\$ 23,145 20,524	
08-02	Pascack Brook Sewer Pipe Replacement	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	698,266	688,962	698,266 688,962	
11-06	Reparing of Various Roads	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	262,175	247,175	262,175 247,175	
11-07	Acquisition of Various Equipment	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	117,357	109,313	117,357 109,313	
11-08	Monitoring of Landfill Emissions	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	50,448	48,646	50,448 48,646	
11-09	Acquisition of Equipment	5/3/2011	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	41,398	36,120	41,398 36,120	
09-20	Acq. Of Equipment - Police	5/3/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	22,325	19,844	22,325 19,844	
11-13	Installation of Barrier Free Curb Cuts	5/3/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	26,665	25,262	26,665 25,262	
11-16	Various Improvements - Hurricane Irene	5/3/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	24,497	13,967	24,497 13,967	
12-02	Borough Wide Road Improvements	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	285,000	247,967	285,000 247,967	
12-04	Railroad Signalization Project	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	19,950	18,900	19,950 18,900	
12-05	Various Improvements to Veterans Park	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	72,628	69,680	72,628 69,680	
12-06	Monitoring of Landfill Emissions	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	57,475	55,493	57,475 55,493	
12-07	The Acquisition of Various Equipment - DPW	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	12,350	11,924	12,350 11,924	
12-13	Various Capital Improvements and Other Related Expenses	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	532,000	508,560	532,000 508,560	

BOROUGH OF WESTWOOD  
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2014	Increased	Decreased	Balance, December 31, 2015
12-14	Landfill Closure	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	\$ 33,250	\$ 32,103	\$ 33,250 32,103	-
12-22	Various Road and Park Improvements	11/16/2012	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	256,500	243,000	256,500 243,000	
13-02	911 Upgrade	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	123,500	123,500	123,500 123,500	
13-03	Borough Hall Security System	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	119,225	119,225	119,225 119,225	
13-07	DPW Equipment	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	142,500	142,500	142,500 142,500	
13-08	Community Garden	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	5,082	5,082	5,082 5,082	
13-09	Monitoring of Landfill Emissions	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	76,000	76,000	76,000 76,000	
13-12	Train Signalization Project	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	109,250	109,250	109,250 109,250	
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	109,250	109,250	109,250 109,250	
13-23	Drainage and Parking	12/19/2013	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	28,500	28,500	28,500 28,500	
13-28	Methane Investigation and Remediation	5/2/2014	5/2/2014 2/27/2015	2/27/2015 11/24/2015	1.00% 1.00%	94,559	94,559	94,559 94,559	
14-08	2014 Road Resurfacing Program	12/30/2014	12/30/2014 2/27/2015	2/27/2015 11/24/2015	3.50% 1.00%	285,000	285,000	285,000 285,000	
14-15	Pasencok Road Improvements	12/30/2014	12/30/2014 2/27/2015	2/27/2015 11/24/2015	3.50% 1.00%	135,575	135,667	135,575 135,667	
14-16	DPW Equipment	12/30/2014	12/30/2014 2/27/2015	2/27/2015 11/24/2015	3.50% 1.00%	229,425	229,425	229,425 229,425	
						\$ 6,765,000	\$ 6,452,000	\$ 13,217,000	\$ -
Renewals						\$ -	\$ 6,451,908	\$ 6,451,908	
Notes Issued						92	-	6,452,000	
Paid by Bond Proceeds						-	-	290,059	
Budget Appropriation						-	-	23,033	
Paid by Capital Cash						-	-	-	
						\$ -	\$ 6,452,000	\$ 13,217,000	\$ -

BOROUGH OF WESTWOOD  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

2015 Authorizations

Ord. No.	Improvement Description	Balance, December 31, 2014		Funded County/State Grants	Funded by Capital Surplus	Funded by Recreation Trust	Capital Impr. Fund	Payables Cancelled	Authorizations Cancelled	Expended	Balance, December 31, 2015	
		Funded	Unfunded								Funded	Unfunded
00-13/09-17	Landfill Closure	\$ 189,948	\$ -					\$ 776	\$ 46,048	\$ 776	\$ 143,900	
11-06	Repaving of Various Roads		6,164								6,164	
11-08	Monitoring of Landfill Emissions		11,241								11,241	
11-13	Installation of Barrier Free Curb Cuts	4,963	26,665					2,000			31,628	
12-02	Borough Wide Road Improvements							6,182			2,000	
12-04	Railroad Signalization Project		80							6,262		
12-05	Various Improvements to Veterans Park		669							669		
12-06	Monitoring of Landfill Emissions		2,173							2,173		
12-13	Various Capital Improvements and Other Related Expenses		19,618					1,587		7,744	13,461	
12-14	Closure of a Landfill Located in the Borough		30,712					11,739		16,462	388	
12-21	Flood Mitigation Acquisition Project		5,111							102	102	
12-22/13-12/13-23	Various Road and Park Improvements		1,108							1,108		
13-02	911 Upgrade		20,408					21,726		29,830	12,304	
13-03	Borough Hall Security System		17,980							7,354	10,626	
13-07	DPW Equipment		8,889							404		
13-08	Community Garden		5,063					2		4,691	374	
13-09	Monitoring of Landfill Emissions		23,752					1,195		24,947		
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	35,677	-					157,736		176,630	16,783	
13-24/14-35	ADA Curb Cuts - Fourth, Third and Washington Avenues	3,091	-					24,952		24,952	3,091	
13-27	Handicapped Accessible Circulation Desk/Borough Hall Counters		-								11,151	441
13-28	Methane Investigation and Remediation		966							966		
13-33	Drainage Improvements along Newark Avenue		1,208,000					291,305		291,305	1,390	916,000
14-04	Refunding Tax Appeals	695						289,020		289,020	9,819	
14-08	Road Resurfacing Program	13,839						170,500		170,500	3,393	
14-15	Piscataway Road Improvements		156,332								70,401	
14-16	DPW Equipment		70,495								990	
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)		91,276					13,743	18,900	85,128	800	
14-18	Band Stand Improvements		880					14,770		14,850		
14-23	Emerson Road Pump Station	12,793	380,000					45,023		347,667	19,300	
14-28	Landfill Monitoring		21,953					15,655		16,043	1,910	
14-30	Renovations to Borough Hall	4,449	95,000					46,863		48,712	137	
14-31	Purchase of Water Oil Furnace	553	11,400					41,559		42,512	8,759	
15-01	Police Department Equipment		5,441								29,943	
15-01	Acquisition of Fire Apparatus for the Borough Fire Department		400,233				21,067			57	174,608	
15-09	Construction of New Lights for the Community Center		285,000			30,000	15,000			123,392	1,652	
15-11	Repair of the Borough Hall Roof		38,950				2,050			188,348	1,652	
15-12	Road Improvements to First and Elm				5,000					1,706	3,294	
15-13	Signage/Cones and Barriades									348,573	1,427	
15-16	Borough Wide Road Improvements		332,500				17,500			42,095	17,905	
15-17	Monitoring of Landfill Emissions		57,000				3,000			5,599	144,106	295
15-18	Acquisition of a Radio Console for the Police Department Dispatch Desk		142,500				7,500			18,033	18,033	
15-19	Acquisition of DPW Equipment- Mechanics Tools				20,000					155	49,845	
15-26	Acquisition of Various Equipment for the Borough Fire Department						50,000					
		\$ 272,085	\$ 2,512,013	\$ 149,000	\$ 25,000	\$ 30,000	\$ 116,117	\$ 357,880	\$ 64,948	\$ 2,472,375	\$ 1,255,783	\$ 925,222

Cash Disbursed \$ 886,045  
Due to Current Fund 291,305  
Accounts Payable 1,295,025  
\$ 2,472,375

**BOROUGH OF WESTWOOD  
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2014	\$ 357,880
Increased by:	
Charges to Improvement Authorizations	1,295,025
	1,652,905
Decreased by:	
Cancelled - Restored to Improvement Authorizations	357,880
Balance, December 31, 2015	\$ 1,295,025

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2014	\$ 98,584
Increased by:	
2015 Budget Appropriation	50,000
	148,584
Decreased by:	
Appropriation to Finance Impvt. Authorizations	116,117
Balance, December 31, 2015	\$ 32,467

**STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION**

Ord. No.	<u>Improvement Description</u>	<u>Total Ordinance</u>	<u>Down- Payment</u>	<u>Balance, December 31, 2014</u>	<u>Balance, December 31, 2015</u>
97-7	Impvts. of Drainage Ditch	\$ 15,000	\$ 750	\$ 750	\$ 750
04-14	Improvements to Bogert Pond	42,300	2,200	2,200	2,200
				\$ 2,950	\$ 2,950

**BOROUGH OF WESTWOOD  
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2014		\$ 1,251,812
Decreased by:		
2015 Budget Appropriation	\$ 433,139	
Cancelled	<u>46,048</u>	
		<u>479,187</u>
Balance, December 31, 2015		<u>\$ 772,625</u>

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE**

Balance, December 31, 2014		\$ 90,857
Decreased by:		
Cancelled		<u>46,048</u>
Balance, December 31, 2015		<u>\$ 44,809</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, December 31, 2014		\$ 55,428
Increased by:		
State Aid Received in 2015		<u>101,889</u>
Balance, December 31, 2015		<u>\$ 157,317</u>

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

Ord. No.	Improvement Description	Balance,	2015	Bonds	Notes	Budget	Balance,
		December 31, 2014	Authorizations	Issued	Issued	Appropriation	December 31, 2015
97-7	Impvt. of Drainage Ditch	\$ 14,250					\$ 14,250
07-12	Acquisition of Various Equipment-Fire Department	5,560					5,560
08-01	Road Improvements	6,582					6,582
13-08	Community Garden	10,000					10,000
13-28	Methane Investigation and Remediation	441					441
14-04	Tax Appeals	1,208,000				\$ 292,000	916,000
14-08	Road Resurfacing Program	-			92		
14-15	Pascack Road Improvements	44,925		\$ 44,833			
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	107,980		107,979			1
14-18	Band Stand Improvements	15,200		15,200			
14-23	Emerson Road Pump Station	380,000		380,000			
14-28	Landfill Monitoring	76,000		76,000			
14-30	Renovations to Borough Hall	95,000		95,000			
14-31	Purchase of Water Oil Furnace	11,400		11,400			
14-36	Police Department Equipment	44,650		44,650			
15-01	Acquisition of Fire Apparatus for the Borough Fire Department		\$ 400,283	400,283			
15-11	Repair of the Borough Hall Roof		285,000	285,000			
15-12	Road Improvements to First and Elm		38,950	38,950			
15-16	Borough Wide Road Improvements		332,500	332,500			
15-17	Monitoring of Landfill Emissions		57,000	57,000			
15-18	Acquisition of a Radio Console for the Police Department Dispatch		142,500	142,205			295
		\$ 2,019,988	\$ 1,256,233	\$ 2,031,000	\$ 92	\$ 292,000	\$ 953,129

**PUBLIC ASSISTANCE FUND**

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2014	\$ 582	\$ 80,723	\$ 81,305
Increased by:			
Donations/State Aid	3,500	305,000	308,500
Petty Cash Returned		100	100
Voided Checks		2,852	2,852
Interest on Deposits	<u>1</u>	<u>81</u>	<u>82</u>
	<u>3,501</u>	<u>308,033</u>	<u>311,534</u>
	<u>4,083</u>	<u>388,756</u>	<u>392,839</u>
Decreased by:			
Petty Cash Advanced		100	100
Public Assistance Expenditures	3,250	301,577	304,827
Bank Service Charges		40	40
Payments to Current Fund	<u>1</u>	<u>92</u>	<u>93</u>
	<u>3,251</u>	<u>301,809</u>	<u>305,060</u>
Balance, December 31, 2015	<u>\$ 832</u>	<u>\$ 86,947</u>	<u>\$ 87,779</u>

**STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES**

	PATF Account #1	PATF Account #2	Total
Balance, December 31, 2014	\$ 582	\$ 80,712	\$ 81,294
Increased by:			
Revenues	<u>3,500</u>	<u>307,852</u>	<u>311,352</u>
	4,082	388,564	392,646
Decreased by:			
Expenditures	<u>3,250</u>	<u>301,617</u>	<u>304,867</u>
Balance, December 31, 2015	<u>\$ 832</u>	<u>\$ 86,947</u>	<u>\$ 87,779</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Donations	\$ 3,500	-	\$ 3,500
State Aid		\$ 305,000	305,000
Voided Checks	-	2,852	2,852
	<hr/>	<hr/>	<hr/>
Total Revenues	3,500	307,852	311,352
Petty Cash Returned		100	100
Interest on Deposits	1	81	82
	<hr/>	<hr/>	<hr/>
Total Receipts	<u>\$ 3,501</u>	<u>\$ 308,033</u>	<u>\$ 311,534</u>

EXHIBIT D-4

**STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES**

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Current Year Assistance - Reported			
Maintenance Payments		\$ 55,166	\$ 55,166
Temporary Rental Assistance		215,107	215,107
Emergency Assistance		17,248	17,248
Transportation Assistance	-	13,104	13,104
	<hr/>	<hr/>	<hr/>
Total Reported	-	300,625	300,625
Unreimburseable Expenditures	3,250		3,250
Bank Service Charges		40	40
Unallocated	-	952	952
	<hr/>	<hr/>	<hr/>
Total Expenditures	3,250	301,617	304,867
Payments to Current Fund	\$ 1	92	93
Petty Cash Advanced	-	100	100
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 3,251</u>	<u>\$ 301,809</u>	<u>\$ 305,060</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	<u>Total</u>
Balance, December 31, 2014	-	\$ 11	\$ 11
Increased by:			
Interest on Deposits	<u>\$ 1</u>	<u>81</u>	<u>82</u>
	1	92	93
Decreased by:			
Payments to Current Fund	<u>1</u>	<u>92</u>	<u>93</u>
Balance, December 31, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF WESTWOOD**



**PART II**

**GOVERNMENT AUDITING STANDARDS**

**AND**

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT AMPONSAH, CPA

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

### INDEPENDENT AUDITOR'S REPORT

Honorable 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, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2016. 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. Vitoci  
Registered Municipal Accountant  
RMA Number CR00411

Fair Lawn, New Jersey  
June 16, 2016

**BOROUGH OF WESTWOOD  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR YEAR ENDED DECEMBER 31, 2015**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2015</u>	<u>2015 Grant Award</u>	<u>Expended</u>	<u>Cancellation</u>	<u>Balance, December 31, 2015</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Department of Transportation: Over the Limit/Under Arrest	20.601	\$ 2,125	\$ 4,382	\$ 2,125			\$ 4,382	-
Forfeiture Funds							2,125	-
Highway Planning and Construction								
NJ Dept. of Transportation - Ord. 15-12	20.205	111,750	-	149,000	111,750		37,250	111,750
NJ Dept. of Transportation - Ord. 14-15	20.205	101,889	-	101,889	101,889		-	101,889
Community Development - Senior Citizen Activities Grant	N/A	3,810	-	8,125	5,078	\$ 109	2,938	5,078
			16				16	5,896
		3,174	3,274		3,274		-	3,274
Ballistic Vest Fund	N/A	1,488		1,488	1,422		66	1,422
	N/A		2,534	-	2,534		-	1,434
			<u>\$ 10,206</u>	<u>\$ 262,627</u>	<u>\$ 225,947</u>	<u>\$ 109</u>	<u>\$ 46,777</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, 2015**

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2015	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2015	Memo Cumulative Total Expenditures
Clean Communities Grant	4900-765-1789000	2015	\$ 22,569	\$	\$ 22,569	\$ 8,801		\$ 13,768	\$ 8,801
		2014		\$ 4,015		4,015			18,568
Drunk Driving Enforcement Fund	1110-448-031020-22	2014		4,132		2,726		1,406	2,926
		2013		2,420		622		1,798	622
Recycling Tonnage Grant	**	2015	21,035	-	21,035	21,035		-	21,035
		2011		583		583			42,240
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	**	2015	4,831	-	13,453	3,038	2,808	7,607	3,038
		2014	3,699	6,299		3,664		2,635	3,664
Alcohol Education and Rehabilitation	**	2015	648	-	648			648	-
		2014		3,704				3,704	-
		2012		20				20	1,545
		2011		1,024				1,024	-
		2010		863				863	946
		2008		5,343				5,343	1,350
		2007		247				247	5,050
		2004		2,818				2,818	-
Police Body Armor Fund	**	2015	5,382	-	5,382	938		4,444	938
		2013		7,602				7,602	3,354
Drive Sober	**	2015	5,000		5,000			5,000	
		2013		5,010				5,010	
NJ Forest Services Grant	**	2013		3,000				3,000	
		2006		169,305			169,305		280,000
Reconstruction of Fairview Ave.	7500-150-158010-60	2013	305,000	45,873	305,000	301,577		49,296	301,577
		2013							
General Welfare Assistance									

BOROUGH OF WESTWOOD  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2015

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, January 1, 2015	Revenue/Receipts	Expended	Adjustments	Balance, December 31, 2015	Memo
									Cumulative Total Expenditures
Department of Environmental Protection	4860-150-093020-60	2010/2011		\$ 90,857			\$ 46,048	\$ 44,809	\$ 974,924
New Jersey Environmental Infrastructure - Fund Loan		2012	\$ 31,144	5,111	-	\$ 4,723	-	388	521,737
Flood Mitigation Acquisition Project - Ord. No. 12-21				\$ 361,445	\$ 373,087	\$ 352,012	\$ 218,161	\$ 164,359	

\*\* 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, 2015**

**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	\$ 11,738	\$ 68,087	\$ 79,825
General Capital Fund	250,889		250,889
Public Assistance Fund	<u>-</u>	<u>305,000</u>	<u>305,000</u>
Total Financial Awards	<u>\$ 262,627</u>	<u>\$ 373,087</u>	<u>\$ 635,714</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, 2015**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2015, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

Loan Program

Infrastructure Loan - 2010A

\$ 772,625

**BOROUGH OF WESTWOOD  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

*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, 2015**

*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, 2015**

This section identifies the status of prior-year findings related to the financial statements and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2014-001**

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

**Current Year Status**

See General Comments.

**BOROUGH OF WESTWOOD**

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2015**

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**Comparative Schedule of Tax Rate Information**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rate</u>	<u>\$2.544</u>	<u>\$2.492</u>	<u>\$2.463</u>

Apportionment of Tax Rate

Municipal	.781	.751	.683
Library	.036	.036	.038
County	.249	.244	.258
County Open Space	.003	.003	.003
Regional School	1.475	1.458	1.481

Assessed Valuation

2015	<u>\$1,742,384,300</u>	
2014		<u>\$1,741,729,100</u>
2013		<u>\$1,713,129,200</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>
2015	\$ 44,412,543	\$ 44,094,094	99.28%
2014	43,424,859	43,041,592	99.11%
2013	42,669,552	42,146,309	98.77%

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**Delinquent Taxes and Tax Title Liens**

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

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Amount of Tax Title Liens</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2015	\$241,038	\$135,631	\$376,669	0.84%
2014	333,229	123,684	456,913	1.05%
2013	347,883	105,970	453,853	1.06

**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>
2015	\$3,198,600
2014	3,198,600
2013	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		
Raymond Arroyo	Council President		
Christopher Montana	Councilmember		
Peter Grefrath	Councilmember		
Robert Bicocchi	Councilmember		
Beth Dell	Councilmember (From September 1, 2015)		
Robert Miller	Councilmember (To September 1, 2015)		
Christopher Owens	Councilmember		
Ben Kezmarsky	Acting Borough Administrator (From April 6, 2015)		
Karen Hughes	Borough Clerk, Assessment Search Officer	1,000,000	(1)
Denise Holmes	Deputy Borough Clerk	1,000,000	(1)
Stefanie Stokes	Collector, Tax Search Officer	1,000,000	(2)
Durene Ayer	Treasurer, Chief Financial Officer	1,000,000	(2)
Barbara Potash	Tax Assessor	1,000,000	(1)
Russell R. Huntington	Borough Attorney		
Stephen Boswell	Borough Engineer		
Alan Karch	Magistrate	1,000,000	(2)
Letitia Candeloro	Court Administrator and Violations Clerk	1,000,000	(2)
Elizabeth Kraus	Deputy Court Administrator and Violations Clerk	1,000,000	(2)
Frank Regino	Chief of Police	1,000,000	(1)
Kathy Elgert	Welfare Director	1,000,000	(1)

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

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS**

**Prior Year Findings Unresolved**

Our audit revealed that Project (Escrow) Status Report does not agree to the general ledger and audit balances. Subsequent to year end, the finance department has reviewed and reconciled the escrow balances with the general ledger, therefore no recommendation is warranted.

Our audit of Fixed Assets revealed that a master listing of all Borough assets is not currently maintained. The Borough had an appraisal in 2007; this data was inputted into the Borough's fixed asset accounting system in 2012, however the amounts were not reconciled to financial reports and audited balances. It is recommended that the Borough currently maintain a master listing of all fixed assets that is in agreement with audited balances.

Our audit of municipal departments noted the following:

- a) Receipts collected by the certain Departments were not always turned over to the Finance Department in a timely manner.
- b) Fire Prevention invoices for the annual registrations were not available for audit.

It is recommended that:

- a) All Departments remit monies collected to the Finance Department in a timely manner.
- b) Fire Prevention invoices for the annual registrations be available for audit.

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

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. It is recommended that all Public Assistance State mandated applications, forms and documents which are required to substantiate client eligibility be completed and be retained in the respective case files.

**Current Year Finding**

Our audit noted that certain municipal departments ordered goods or services prior to the issuance of a purchase order. It is recommended that procedures be enhanced to ensure that goods or services be ordered only after a purchase order has been executed.

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.

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS (Continued)**

**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 Borough Administrator as its QPA and has set the bid threshold at \$36,000.

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:

Construction of Additional ADA Ramps  
Roof Replacement at Borough Hall

First Ave & Elm Street Improvements  
2015 Road Resurfacing Program

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 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

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

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

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

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**GENERAL COMMENTS (Continued)**

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

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 October 14, 2015.

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>
2015	11
2014	10
2013	10

**Suggestions to Management**

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

Outstanding tax title liens receivable be reviewed for potential foreclosure.

Outstanding grant receivable balances in the Current Fund and General Capital Fund be reviewed.

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

**BOROUGH OF WESTWOOD  
SUPPLEMENTARY DATA**

**RECOMMENDATIONS**

It is recommended that:

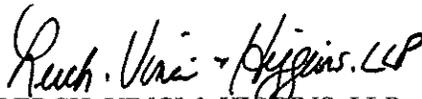
- \* 1. The Borough currently maintain a master listing of all fixed assets that is in agreement with audited balance.
- \* 2. All Departments remit monies collected to the Finance Department in a timely manner.
- \* 3. The Borough implement procedures to verify the accuracy and timeliness of the state withholding taxes remitted by the payroll service provider.
- \* 4. All Public Assistance State mandated applications, forms and documents which are required to substantiate client eligibility be completed and be retained in the respective case files.
- 5. Employee contributions toward health benefits be calculated and withheld in accordance with Chapter 78 of the Public Laws of 2011.
- 6. Fire Prevention invoices for the annual registrations be available for audit.
- 7. Procedures be enhanced to ensure that goods or services be ordered only after a purchase order has been executed.

\* \* \* \* \*

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