

BOROUGH OF WESTWOOD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2014

BOROUGH OF WESTWOOD

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I</u>		
	Independent Auditor's Report	1-3
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	10-14
B	Comparative Balance Sheets – Regulatory Basis -Trust Funds	15-16
B-1	Statement of Fund Balance – Regulatory Basis - Assessment Trust Fund	17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Fund Balance – Regulatory Basis - General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis - Public Assistance Fund	20
E	Schedule of General Fixed Assets – Regulatory Basis	21
	Notes to Financial Statements	22-50
<u>Current Fund</u>		
A-4	Statement of Cash	51
A-5	Statement of Petty Cash Funds	52
A-6	Statement of Grants Receivable	52
A-7	Statement of Due To State of New Jersey Senior Citizens' and Veterans' Deductions	53
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	54
A-9	Statement of Tax Title Liens Receivable	55
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	55
A-11	Statement of Deferred Charges-Special Emergency Appropriations	55
A-12	Statement of Revenue Accounts Receivable	56
A-13	Statement of 2013 Appropriation Reserves	57-58
A-14	Statement of Due To State of New Jersey – Marriage License Fees	59
A-15	Statement of Due To State of New Jersey – Construction Training Fees	59
A-16	Statement of Encumbrances Payable	60
A-17	Statement of Appropriated Grant Reserves	60
A-18	Statement of Prepaid Taxes	61
A-19	Statement of Tax Overpayments	61
A-20	Statement of Regional School District Tax Payable	61
A-21	Statement of County Taxes Payable	62
A-22	Statement of Other Liabilities – LOSAP Contribution	62
A-23	Statement of Due From Westwood Parking Authority	62
A-24	Statement of Special Emergency Note Payable	63
A-25	Statement of Unappropriated Reserves for Grants	63
A-26	Statement of Miscellaneous Reserves	63

BOROUGH OF WESTWOOD

TABLE OF CONTENTS (Continued)

<u>Exhibits</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-2	Statement of Trust Cash	64
B-3	Statement of Reserve for Animal Control Expenditures	65
B-4	Statement of Due To State of New Jersey Dog Regulation Fees	65
B-5	Statement of Due To/from Current Fund – Animal Control Fund	66
B-6	Statement of Due from/to Current Fund – Other Trust Fund	66
B-7	Statement of Escrow Deposits	66
B-8	Reserve for POAA Court Expenditures	67
B-9	Statement of Miscellaneous Reserves	67
B-10	Statement of Reserve for Payroll and Payroll Deductions Payable	68
B-11	Statement of Due to/from Westwood Parking Authority	68
B-12	Statement of Reserve for Unemployment Compensation Insurance	68
B-13	Statement of Due to Current Fund – Unemployment Compensation Insurance Fund	69
B-14	Statement of Due to State of New Jersey – Unemployment Compensation Insurance Fund	69
	<u>General Capital Fund</u>	
C-2	Statement of General Capital Cash	70
C-3	Analysis of General Capital Cash	71
C-4	Statement of Deferred Charges to Future Taxation - Funded	72
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	73-74
C-6	Statement of Grants Receivable	75
C-7	Statement of Due (To) From Current Fund	75
C-8	Statement of General Serial Bonds	76
C-9	Statement of Bond Anticipation Notes	77-79
C-10	Statement of Improvement Authorizations	80
C-11	Statement of Accounts Payable	81
C-12	Statement of Capital Improvement Fund	81
C-13	Statement of Prospective Assessments Raised by Taxation	81
C-14	Statement of Loans Payable	82
C-15	Statement of Environmental Infrastructure Loan Receivable	82
C-16	Statement of Reserve for Payment of Bonds	82
C-17	Statement of Bonds and Notes Authorized But Not Issued	83
	<u>Public Assistance Fund</u>	
D-1	Statement of Public Assistance Cash	84
D-2	Statement of Reserve for Public Assistance Expenditures	84
D-3	Statement of Public Assistance Revenues	85
D-4	Statement of Public Assistance Expenditures	85
D-5	Statement of Due to Current Fund	86

BOROUGH OF WESTWOOD

**TABLE OF CONTENTS
(Continued)**

Page

Part II

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	87-88
Schedule of Federal Awards	89
Schedule of State Financial Assistance	90-91
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance	92-93
Schedule of Findings and Questioned Costs	94-99

Part III

Comparative Statement of Operations and Changes in Fund Balance - Current Fund	100
Comparative Schedule of Tax Rate Information	101
Comparison of Tax Levies and Collection	101
Delinquent Taxes and Tax Title Liens	102
Property Acquired by Tax Title Lien Liquidation	102
Officials in Office and Surety Bonds	103
General Comments	104-106
Suggestions to Management	106
Recommendations	107

BOROUGH OF WESTWOOD

COUNTY OF BERGEN

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2014



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, 2014 and 2013, 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, 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared and presented by the Borough of Westwood on the basis of 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 requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Westwood prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Westwood as of December 31, 2014 and 2013, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2014 and 2013. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 42 percent and 47 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2014 and 2013.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Westwood as of December 31, 2014 and 2013, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective statement of revenues – regulatory basis and statement of expenditures – regulatory basis of the Current Fund for the year ended December 31, 2014 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 17, 2015 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 17, 2015

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2013</u>
Cash - Collector-Treasurer	A-4	\$ 2,810,318	\$ 3,382,275
Cash - Change Fund	A	550	550
Grants Receivable	A-6	<u>13,909</u>	<u>68,638</u>
		<u>2,824,777</u>	<u>3,451,463</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	333,229	347,883
Tax Title Liens Receivable	A-9	123,684	105,970
Property Acquired for Taxes	A-10	3,198,600	3,198,600
Revenue Accounts Receivable	A-12	10,762	12,689
Due from Westwood Parking Authority	A-23	5,788	5,400
Due from General Capital Fund	C-7	227,187	73,849
Due from Animal Control Fund	B-5	7,160	1,058
Due from Unemployment Trust Fund	B-13	775	13,775
Due from Public Assistance Trust Fund	D-5	<u>11</u>	<u>13</u>
		<u>3,907,196</u>	<u>3,759,237</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-53)	A-11	<u>268,000</u>	<u>337,000</u>
		<u>268,000</u>	<u>337,000</u>
Total Assets		<u>\$ 6,999,973</u>	<u>\$ 7,547,700</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2014 AND 2013
(Continued)

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Liabilities			
Appropriation Reserves	A-3,A-13	\$ 820,055	\$ 446,820
Encumbrances Payable	A-16	307,974	592,433
Special Emergency Note Payable	A-24	260,000	325,000
Due to State of NJ -			
Senior Citizens' and Veterans' Deductions	A-7	21,377	20,376
Marriage Fees	A-14	250	250
Construction Fees	A-15	3,551	2,932
Tax Overpayments	A-19	33,530	137,412
Prepaid Taxes	A-18	152,638	160,577
County Taxes Payable	A-21	2,079	50,354
Unappropriated Reserves for Grants	A-25	28,812	1,636
Appropriated Reserves for Grants	A-17	41,890	78,395
Miscellaneous Reserve	A-26	112,814	1,231
Due to Other Trust Fund	B-6	15,333	5,920
Other Liabilities - LOSAP	A-22	<u>65,843</u>	<u>62,405</u>
		1,866,146	1,885,741
Reserve for Receivables and Other Assets	A	3,907,196	3,759,237
Fund Balance	A-1	<u>1,226,631</u>	<u>1,902,722</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,999,973</u>	<u>\$ 7,547,700</u>

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,222,000	\$ 1,485,000
Miscellaneous Revenue Anticipated	A-2	2,369,379	2,632,597
Receipts from Delinquent Taxes	A-2	343,454	392,352
Receipts from Current Taxes	A-2	43,041,592	42,146,309
Non-Budget Revenues	A-2	68,619	214,316
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-13	183,697	327,045
Interfunds and Other Receivables Returned	A		6,783
Prior Year Balances Cancelled			
Accounts Payable	A-1		2,326
Due to Westwood Parking Authority	A-1		1,007
Appropriated and Unappropriated Reserves for Grants	A-1		67,462
Statutory Excess - Animal Control	A-1	-	3,365
Total Revenues		<u>47,228,741</u>	<u>47,278,562</u>
EXPENDITURES			
Budget and Emergency Appropriations			
Operations			
Salaries and Wages	A-3	6,449,540	6,243,668
Other Expenses	A-3	6,594,348	6,624,390
Municipal Debt Service	A-3	2,003,002	1,942,347
Deferred Charges and Statutory Expenditures	A-3	1,666,301	1,379,545
Capital Improvements	A-3	50,000	9,290
County Taxes	A-21	4,293,236	4,467,250
Due County for Added and Omitted Taxes	A-21	2,079	50,354
Regional School District Tax	A-20	25,391,349	25,370,320
Refunds of Prior Year Revenue	A-4	100	2,378
Interfunds and Other Receivables Established	A	232,826	94,095
Prior Year-Senior Citizens and Veterans Deductions	A-8	51	3,194
Prior Year Tax Appeals Granted	A-1	-	231,805
Cancellation of Prior Year Grants Receivable	A-1	-	50,600
Total Expenditures		<u>46,682,832</u>	<u>46,469,236</u>
Excess in Revenue		545,909	809,326
Adjustment to Income before Fund Balance			
Expenditures Included above which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-1	-	325,000
Statutory Excess to Surplus		545,909	1,134,326
Fund Balance, January 1	A	<u>1,902,722</u>	<u>2,253,396</u>
		2,448,631	3,387,722
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,222,000</u>	<u>1,485,000</u>
Fund Balance, December 31	A	<u>\$ 1,226,631</u>	<u>\$ 1,902,722</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, 2014

	<u>Reference</u>	<u>Budget</u>	<u>Anticipated Special N.J.S. 40A:4-87</u>	<u>Realized in 2014</u>	<u>Excess or (Deficit)</u>
SURPLUS ANTICIPATED	A-1	\$ 1,222,000	-	\$ 1,222,000	-
MISCELLANEOUS REVENUES					
Licenses					
Alcoholic Beverages	A-12	28,050		27,800	\$ (250)
Other	A-2, A-12	21,945		27,364	5,419
Fees and Permits					
Other	A-2, A-12	45,617		75,456	29,839
Fines and Costs - Municipal Court	A-12	155,470		138,715	(16,755)
Interest and Costs on Taxes	A-12	80,000		86,300	6,300
Interest on Investments and Deposits	A-2	19,100		26,764	7,664
Consolidated Municipal Property Tax Relief	A-12	3,517		3,517	
Energy Receipts Tax	A-12	1,015,314		1,015,314	
Watershed Moratorium Offset Aid	A-12	705		705	
Uniform Construction Code Fees	A-12	439,896		344,483	(95,413)
Drunk Driving Enforcement Fund	A-6	4,132		4,132	
Alcohol Education and Rehabilitation Fund	A-6; A-25	1,636	2,068	3,704	
Clean Communities Program	A-6	-	\$ 18,568	18,568	
Municipal Alliance	A-6	-	6,299	6,299	
Community Development - Senior Citizens	A-6	-	3,274	3,274	
Federal Ballistic Vest Fund Grant	A-6	-	3,968	3,968	-
Uniform Fire Safety Act	A-12	95,527		93,785	(1,742)
Recycling Contract	A-12	25,200		8,951	(16,249)
Westwood House - Contribution in Lieu of Taxes	A-12	119,194		112,394	(6,800)
Westwood Parking Authority	A-12	45,000		45,000	
Cellular One Lease Agreement	A-12	121,000		119,002	(1,998)
Cable TV Franchise Fees	A-12	101,571		101,571	
Due from Unemployment Insurance Fund	B-13	13,000		13,000	
Due from Other Trust Fund	A-12	16,313		16,313	
Due from General Capital Fund	C-7	73,000	-	73,000	-
Total Miscellaneous Revenues	A-1	2,425,187	34,177	2,369,379	(89,985)
RECEIPTS FROM DELINQUENT TAXES	A-8	350,000	-	343,454	(6,546)
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF:					
Municipal Budget		13,080,471	-	13,656,749	576,278
Municipal Library		638,179	-	638,179	-
Total Amount to be Raised by Taxes	A-2	13,718,650	-	14,294,928	576,278
Total General Revenues	A-3	\$ 17,715,837	\$ 34,177	18,229,761	\$ 479,747
Non-Budget Revenue	A-2			68,619	
				<u>\$ 18,298,380</u>	

BOROUGH OF WESTWOOD
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenues from Collections	A-1,A-8	\$ 43,041,592
Less: Allocation to School and County Taxes	A-20,A-21	<u>29,686,664</u>
		13,354,928
Balance for Support of Municipal Budget Appropriation		13,354,928
Add Appropriation - "Reserve for Uncollected Taxes"	A-3	<u>940,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 14,294,928</u>
Licenses		
Clerk	A-12	\$ 11,321
Board of Health	A-12	<u>16,043</u>
	A-2	<u>\$ 27,364</u>
Fees and Permits		
Other		
Clerk	A-12	\$ 29,837
Tax Collector	A-12	20
Police	A-12	2,848
Board of Health	A-12	<u>42,751</u>
	A-2	<u>\$ 75,456</u>
Interest on Investments and Deposits		
Revenue Accounts Receivable	A-12	\$ 24,023
Due from Other Trust Fund	B-6	428
Due from Animal Control Fund	B-5	18
Due from Unemployment Compensation Insurance Fund	B-13	17
Due from General Capital Fund	C-7	2,071
Due from Public Assistance Fund	D-5	<u>207</u>
	A-2	<u>\$ 26,764</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, 2014
(Continued)

	<u>Reference</u>	
Analysis of Non-Budget Revenue		
FEMA Reimbursement		\$ 7,180
BCMJIF Safety Award		1,000
Sale of Assets		2,399
Sale of Borough Property		14,000
Shared Services		7,786
DMV Inspection Fines		950
BCMJIF Deductible		2,500
2% Administrative Fee - Senior Citizens and Veterans		1,609
Workers Compensation Reimbursement		3,372
Statutory Excess - Animal Control		6,102
Miscellaneous		15,793
BCUA Sewer Inspection Fee		<u>5,928</u>
	A-2	<u>\$ 68,619</u>
Cash Receipts	A-4	\$ 62,517
Due from Animal Control Fund	B-3	<u>6,102</u>
		<u>\$ 68,619</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT FUNCTIONS					
General Administration					
Salaries and Wages	\$ 248,100	\$ 248,100	\$ 247,574	\$ 526	
Other Expenses	48,700	38,700	22,596	16,104	
Mayor and Council					
Salaries and Wages	36,840	36,840	35,432	1,408	
Other Expenses	750	750	530	220	
Municipal Clerk					
Salaries and Wages	109,200	109,200	109,171	29	
Other Expenses	33,595	33,595	29,542	4,053	
Elections	11,000	11,000	9,171	1,829	
Financial Department					
Salaries and Wages	166,000	146,000	139,440	6,560	
Other Expenses	53,000	71,000	61,677	9,323	
Audit Services	31,000	31,000	31,000	-	
Revenue Collection					
Salaries and Wages	12,600	12,600	12,536	64	
Other Expenses	9,750	9,750	9,750	-	
Liquidation of Tax Title Lien	100	100		100	
Tax Assessment Administration					
Salaries and Wages	77,000	77,000	77,000	-	
Other Expenses	90,625	85,625	80,259	5,366	
Legal Services and Costs					
Other Expenses	118,100	118,100	110,660	7,440	
Engineering					
Other Expenses	21,000	24,000	24,000	-	
Environmental					
Other Expenses	1,500	1,500	365	1,135	
Historical Commission					
Other Expenses	4,500	4,500	3,346	1,154	
Borough Historian					
Other Expenses	800	800		800	
Planning Board/Board of Adjustment					
Salaries and Wages	18,770	18,770	15,638	3,132	
Other Expenses	11,000	11,000	4,888	6,112	
Other Code Enforcement - Housing Task Force					
Salaries and Wages	20,000	20,000	19,802	198	
Insurance					
General Liability Insurance (BJIF)	214,580	214,580	208,983	5,597	
Workers' Compensation Insurance (BJIF)	240,229	240,229	240,229	-	
Employee Group Insurance (BMED)	1,375,303	1,375,303	1,243,577	131,726	
Unemployment Insurance	8,500	8,500	8,500	-	
PUBLIC SAFETY FUNCTIONS					
Police Department					
Salaries and Wages	3,768,495	3,747,405	3,533,219	214,186	
Other Expenses	115,807	115,807	114,113	1,694	
Acquisition of Police Vehicles	62,281	57,281	54,053	3,228	
Police Reserves	8,000	8,000	5,753	2,247	

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, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY FUNCTIONS (Cont'd)					
Police Dispatch/911					
Salaries and Wages	\$ 204,050	\$ 204,050	\$ 194,127	\$ 9,923	
Other Expenses	1,500	1,500	781	719	
Office of Emergency Management					
Salaries and Wages	4,000	4,000	4,000	-	
Other Expenses	5,200	5,200	1,548	3,652	
Aid to Volunteer Ambulance Co.	22,000	22,000	22,000	-	
Fire Department					
Other Expenses	33,683	33,683	24,685	8,998	
Clothing Allowance	42,840	42,840	42,840	-	
Fire Hydrant Service	158,000	158,000	144,666	13,334	
Uniform Fire Safety Act					
Fire Official					
Salaries and Wages	71,150	71,150	70,932	218	
Other Expenses	2,725	2,725	850	1,875	
Life Hazard Use Fee Payments					
Other Expenses	2,500	2,500	-	2,500	
Prosecutor					
Salaries and Wages	20,100	20,100	20,068	32	
PUBLIC WORKS FUNCTIONS					
Streets and Road Maintenance					
Salaries and Wages	942,200	934,200	905,448	28,752	
Other Expenses	141,950	141,950	137,239	4,711	
Repair to Traffic Lights	5,000	-	-	-	
Solid Waste Collection					
Sanitation - Garbage and Trash Collection	653,692	653,692	652,692	1,000	
Recycling					
Salaries and Wages	10,000	10,000	7,241	2,759	
Other Expenses - Recycling Contract	69,368	69,368	69,368	-	
Shade Tree - Advisory Committee					
Other Expenses	6,243	6,243	95	6,148	
Building and Grounds					
Salaries and Wages	70,100	70,100	67,775	2,325	
Other Expenses	83,500	104,590	68,469	36,121	
Vehicle Maintenance					
Other Expenses	85,000	85,000	78,059	6,941	
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Health Services					
Salaries and Wages	132,450	132,450	131,726	724	
Other Expenses	119,828	119,828	113,392	6,436	
Welfare/Administration of Public Assistance					
Salaries and Wages	30,500	30,500	30,326	174	
Other Expenses	950	950	594	356	

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, 2014

	<u>Appropriated</u>		<u>Expended</u>		<u>Cancelled</u>
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS WITHIN "CAPS" (Cont'd)					
PARKS AND RECREATION FUNCTIONS					
Recreation Services and Programs					
Salaries and Wages	\$ 121,000	\$ 122,000	\$ 121,534	\$ 466	
Other Expenses	12,450	11,450	9,774	1,676	
Maintenance of Westvale Park	74,000	59,000	51,849	7,151	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	6,500	6,500	3,967	2,533	
Municipal Court					
Salaries and Wages	135,500	135,500	134,043	1,457	
Other Expenses	15,100	15,100	7,628	7,472	
Public Defender					
Salaries and Wages	10,550	10,550	8,919	1,631	
Salary Negotiations and Costs	42,315	42,315	3,672	38,643	
Landfill/Solid Waste Disposal Costs					
Garbage Tipping Fees	20,000	10,000	4,941	5,059	
CODE ENFORCEMENT AND ADMINISTRATION					
Code Enforcement and Administration					
Building Inspector					
Salaries and Wages	246,710	246,710	244,136	2,574	
Other Expenses	10,400	10,400	7,232	3,168	
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	122,000	162,000	141,945	20,055	
Street Lighting	130,000	148,000	123,702	24,298	
Telephone	74,000	79,000	72,608	6,392	
Water	26,500	21,500	17,397	4,103	
Natural Gas	40,000	40,000	34,103	5,897	
Sewerage Processing and Disposal	19,000	29,000	16,893	12,107	
Gasoline	140,000	138,000	121,774	16,226	-
Total Operations Within "CAPS"	<u>11,081,679</u>	<u>11,090,679</u>	<u>10,367,842</u>	<u>722,837</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>11,082,679</u>	<u>11,091,679</u>	<u>10,367,842</u>	<u>723,837</u>	<u>-</u>
Detail:					
Salaries and Wages	6,497,630	6,449,540	6,133,759	315,781	-
Other Expenses	<u>4,585,049</u>	<u>4,642,139</u>	<u>4,234,083</u>	<u>408,056</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Appropriated</u>		<u>Expended</u>		
	<u>2014 Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"					
Statutory Charges					
Social Security System (O.A.S.I.)	\$ 272,000	\$ 272,000	\$ 269,398	\$ 2,602	
Contribution to Public Employees Ret. System	327,458	322,458	320,001	2,457	
Police and Fireman's Retirement System of NJ	707,843	702,843	700,958	1,885	
Defined Contribution Plan	2,000	3,000	2,492	508	
Widow Pension (Per R.S. 43.12-28.1 & 28.2)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
 Total Deferred Charges & Statutory Expenditures - Within "CAPS"	 <u>1,314,301</u>	 <u>1,305,301</u>	 <u>1,297,849</u>	 <u>7,452</u>	 <u>-</u>
 Total General Appropriations for Municipal Purposes within "CAPS"	 <u>12,396,980</u>	 <u>12,396,980</u>	 <u>11,665,691</u>	 <u>731,289</u>	 <u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library	701,100	701,100	674,526	26,574	
Employee Group Insurance	34,076	34,076		34,076	
Bergen County Utilities Authority					
Operating	675,000	675,000	674,999	1	
Debt Service	307,088	307,088	307,088		
Length of Service Awards Program - LOSAP	70,000	70,000	65,843	4,157	-
Reserve for Tax Appeals	<u>125,000</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
 Total Operations - Excluded from "CAPS"	 <u>1,912,264</u>	 <u>1,912,264</u>	 <u>1,847,456</u>	 <u>64,808</u>	 <u>-</u>
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Drunk Driving Enforcement Fund - State Share	4,132	4,132		4,132	
Alcohol Education and Rehabilitation	1,636	3,704		3,704	
Clean Communities Other Expenses		18,568	14,553	4,015	
Federal Ballistic Vest Fund		3,968	1,434	2,534	
Municipal Alliance					
State Share		6,299		6,299	
Local Share					
Community Development - Senior Citizens Activities	<u>-</u>	<u>3,274</u>	<u>-</u>	<u>3,274</u>	<u>-</u>
 Total Public and Private Programs Offset by Revenues	 <u>5,768</u>	 <u>39,945</u>	 <u>15,987</u>	 <u>23,958</u>	 <u>-</u>
 Total Operations Excluded from "CAPS"	 <u>1,918,032</u>	 <u>1,952,209</u>	 <u>1,863,443</u>	 <u>88,766</u>	 <u>-</u>
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	<u>1,918,032</u>	<u>1,952,209</u>	<u>1,863,443</u>	<u>88,766</u>	<u>-</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF WESTWOOD
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"	<u>2014 Budget</u>	<u>Modification</u>	<u>Paid or</u>		
CAPITAL IMPROVEMENTS -			<u>Charged</u>		
EXCLUDED FROM "CAPS"					
Community Development Block Grant - ADA Access - Borough Hall	\$ 50,000	\$ 50,000	\$ 50,000	-	-
Total Capital Improvements - Excluded from "CAPS"	50,000	50,000	50,000	-	-
MUNICIPAL DEBT SERVICE -					
EXCLUDED FROM "CAPS"					
Payment of Bond Principal	925,000	925,000	925,000		
Payment of Bond Anticipation Notes	208,000	208,000	208,000		
Interest on Bonds	351,300	351,300	351,266		\$ 34
Interest on Notes	71,900	71,900	61,862		10,038
Loan Repayments for Principal and Interest	493,625	493,625	456,874	-	36,751
Total Municipal Debt Service - Excluded from "CAPS"	2,049,825	2,049,825	2,003,002	-	46,823
DEFERRED CHARGES					
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	292,000	292,000	292,000	-	-
Total Deferred Charges - Municipal Excluded from "CAPS"	361,000	361,000	361,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,378,857	4,413,034	4,277,445	\$ 88,766	46,823
Subtotal General Appropriations	16,775,837	16,810,014	15,943,136	820,055	46,823
RESERVE FOR UNCOLLECTED TAXES	940,000	940,000	940,000	-	-
Total General Appropriations	\$ 17,715,837	\$ 17,750,014	\$ 16,883,136	\$ 820,055	\$ 46,823
	<u>Reference</u>				
Adopted Budget	A-2	\$ 17,715,837			
Added by N.J.S 40A:4-87	A-2	34,177			
		\$ 17,750,014			
Cash Disbursed	A-4		\$ 15,319,977		
Accounts Payable	A-16		298,521		
Reserve for Uncollected Taxes	A-2		940,000		
Deferred Charges	A-11		69,000		
Current Fund Expenditures Paid by General Capital Fund	C-7		64,795		
Reserve for Tax Appeals	A-26		125,000		
Transfer to Other Liabilities-LOSAP Contribution	A-22		65,843		
			\$ 16,883,136		

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
ANIMAL CONTROL FUND			
Cash	B-2	\$ 19,717	\$ 13,991
		<u>19,717</u>	<u>13,991</u>
OTHER TRUST FUND			
Cash	B-2	1,756,627	1,265,530
Due from Current Fund	B-6	<u>15,333</u>	<u>5,920</u>
		<u>1,771,960</u>	<u>1,271,450</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-2	<u>7,738</u>	<u>14,118</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investments	B	1,220,593	1,077,615
Contribution Receivable	A-22	<u>65,843</u>	<u>62,405</u>
		<u>1,286,436</u>	<u>1,140,020</u>
Total Assets		<u>\$ 3,085,851</u>	<u>\$ 2,439,579</u>

BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Due to Current Fund	B-5	\$ 7,160	\$ 1,058
Due to State of New Jersey	B-4	-	2
Reserve for Animal Control Expenditures	B-3	<u>12,557</u>	<u>12,931</u>
		<u>19,717</u>	<u>13,991</u>
OTHER TRUST FUND			
Escrow Deposits Payable	B-7	597,670	310,506
Reserve for Payroll and Payroll Deductions Payable	B-10	58,234	14,451
Miscellaneous Reserves	B-9	1,097,408	929,505
Reserve for POAA Court Expenditures	B-8	17,784	16,988
Due to Westwood Parking Authority	B-11	<u>864</u>	<u>-</u>
		<u>1,771,960</u>	<u>1,271,450</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-14	2,415	191
Due to Current Fund	B-13	775	13,775
Reserve for Unemployment Claims	B-12	<u>4,548</u>	<u>152</u>
		<u>7,738</u>	<u>14,118</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Award Program	B	<u>1,286,436</u>	<u>1,140,020</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,085,851</u>	<u>\$ 2,439,579</u>

BOROUGH OF WESTWOOD
STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	B	\$ -	\$ 1,396
Decreased by:			
Transferred to Current Fund	B-1	<u>-</u>	<u>1,396</u>
Balance, December 31	B	<u>\$ -</u>	<u>\$ -</u>

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	C-2,C-3	\$ 975,195	\$ 984,416
Deferred Charges to Future Taxation			
Funded	C-4	10,952,812	12,335,622
Unfunded	C-5	8,761,955	6,359,833
Grants Receivable	C-6	736,750	1,197,267
Environmental Infrastructure Loan Receivable	C-15	90,857	90,857
Prospective Assessments Raised by Taxation	C-13	<u>2,950</u>	<u>2,950</u>
 Total Assets		 <u>\$ 21,520,519</u>	 <u>\$ 20,970,945</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-8	\$ 9,701,000	\$ 10,626,000
Bond Anticipation Notes	C-9	6,765,000	6,734,000
Loans Payable	C-14	1,251,812	1,709,622
Improvement Authorizations			
Funded	C-10	272,085	857,068
Unfunded	C-10	2,512,013	370,085
Due to Current Fund	C-7	227,187	73,849
Accounts Payable	C-11	357,880	177,880
Capital Improvement Fund	C-12	98,584	123,592
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	55,428	55,428
Pascack Brook Park Bikeway	C	50,188	50,188
Fund Balance	C-1	<u>220,310</u>	<u>184,201</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 21,520,519</u>	 <u>\$ 20,970,945</u>

There were bonds and notes authorized but not issued of \$2,019,988 and \$123,614 at December 31, 2014 and 2013, respectively (Exhibit C-17).

BOROUGH OF WESTWOOD
COMPARATIVE STATEMENTS OF FUND BALANCE -REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Balance, January 1	C	\$ 184,201	\$ 165,914
Increased by:			
Premium on Sale of Bonds and Notes	C-2	36,109	27,221
Improvement Authorizations Cancelled	C-1	<u>-</u>	<u>91,066</u>
	C	220,310	284,201
Decreased by:			
Appropriated to 2013 Budget Revenue	C-1	<u>-</u>	<u>100,000</u>
Balance, December 31	C	<u>\$ 220,310</u>	<u>\$ 184,201</u>

**BOROUGH OF WESTWOOD
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>Reference</u>	<u>2014</u>	<u>2013</u>
Cash	D-1	\$ 81,305	\$ 132,989
Total Assets		<u>\$ 81,305</u>	<u>\$ 132,989</u>
 LIABILITIES AND RESERVES			
Due to Current Fund	D-5	\$ 11	\$ 13
Reserve for Public Assistance Expenditures	D-2	<u>81,294</u>	<u>132,976</u>
Total Liabilities and Reserves		<u>\$ 81,305</u>	<u>\$ 132,989</u>

**BOROUGH OF WESTWOOD
SCHEDULE OF GENERAL FIXED ASSETS
REGULATORY BASIS
AS OF DECEMBER 31, 2014 AND 2013**

ASSETS	<u>2014</u>	<u>2013</u>
Land and Improvements	\$ 17,859,307	\$ 17,429,307
Buildings and Building Improvements	8,679,845	8,679,845
Machinery and Equipment	<u>8,334,434</u>	<u>8,018,292</u>
	<u>\$ 34,873,586</u>	<u>\$ 34,127,444</u>
 FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 34,873,586</u>	<u>\$ 34,127,444</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 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, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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

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

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

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

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

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 have been made to the December 31, 2013 balances to conform to the December 31, 2014 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, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, operating deficits and certain other items generally to be recognized when incurred, if measurable.

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

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

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

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

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

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

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

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, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

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, 2014 AND 2013**

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 2014 and 2013 the Borough Council increased the original budget by \$34,177 and \$366,814. The increases were funded by additional aid allotted to the Borough and a special emergency in 2013 for the revaluation of real property. In addition, the governing body approved several budget transfers during 2014 and 2013.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

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

Bank balances 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, 2014 and 2013, the book value of the Borough's deposits were \$5,651,450 and \$5,793,869 and bank and brokerage firm balances of the Borough's deposits amounted to \$5,913,921 and \$6,229,067, 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>2014</u>	<u>2013</u>
Insured	\$ 5,913,921	\$ 6,229,067
	<u>\$ 5,913,921</u>	<u>\$ 6,229,067</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. 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 have a formal policy for custodial credit risk. As of December 31, 2014 and 2013, none of the Borough’s bank balances were exposed to custodial credit risk.

B. Investments

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

As of December 31, 2014 and 2013, the Borough had the following investments:

	LOSAP	
	<u>Fair and Reported Value</u>	
	<u>2014</u>	<u>2013</u>
Investments with Lincoln Financial - Unaudited	\$ 1,220,593	\$ 1,077,615

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 have a policy for custodial risk. As of December 31, 2014 and 2013, \$1,220,593 and \$1,077,615 of the Borough’s investments was 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, 2014 and 2013, the Borough’s investment in Lincoln Financial Group was rated Baa1 by Moody’s Investor Services.

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

The fair value of the above-listed 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, 2014 AND 2013**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
<u>Current</u>		
Property Taxes	\$ 333,229	\$ 347,883
Tax Title Liens	<u>123,684</u>	<u>105,970</u>
	<u>\$ 456,913</u>	<u>\$ 453,853</u>

In 2014 and 2013, the Borough collected \$343,454 and \$392,352 from delinquent taxes, which represented 76% and 84%, 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>2014</u>		<u>2013</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 235,133	\$ 15,333	\$ 88,695	\$ 5,920
Trust Funds				
Animal Control Fund		7,160		1,058
Other Trust Fund	15,333		5,920	
Unemployment Insurance Trust Fund		775		13,775
General Capital Fund		227,187		73,849
Public Assistance Fund	<u>-</u>	<u>11</u>	<u>-</u>	<u>13</u>
Total	<u>\$ 250,466</u>	<u>\$ 250,466</u>	<u>\$ 94,615</u>	<u>\$ 94,615</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, 2014 AND 2013**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2014</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 268,000	\$ 69,000	\$ 199,000
<u>2013</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 337,000	\$ 69,000	\$ 268,000

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2014</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 1,204,722	\$ 674,000	\$ 1,822,084	\$ 1,222,000
Non-Cash Surplus	21,909	-	80,638	-
	<u>\$ 1,226,631</u>	<u>\$ 674,000</u>	<u>\$ 1,902,722</u>	<u>\$ 1,222,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013.

	Balance December 31, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2014</u>
<u>2014</u>				
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>	<u>\$ 28,348</u>	<u>8,334,434</u>
	<u>\$ 34,127,444</u>	<u>\$ 774,490</u>	<u>\$ 28,348</u>	<u>\$ 34,873,586</u>
	Balance December 31, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land and Improvements	\$ 15,938,400	\$ 1,490,907		\$ 17,429,307
Buildings and Building Improvements	8,671,805	8,040		8,679,845
Machinery and Equipment	<u>7,440,095</u>	<u>578,197</u>	<u>\$ -</u>	<u>8,018,292</u>
	<u>\$ 32,050,300</u>	<u>\$ 2,077,144</u>	<u>\$ -</u>	<u>\$ 34,127,444</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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>2014</u>	<u>2013</u>
Issued		
General		
Bonds, Notes and Loans	\$ 17,717,812	\$ 19,069,622
Less Funds Temporarily Held to Pay Bonds and Notes	<u>78,461</u>	<u>553,209</u>
Net Debt Issued	<u>17,639,351</u>	<u>18,516,413</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>2,019,988</u>	<u>123,614</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 19,659,339</u>	<u>\$ 18,640,027</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .96% and .93% at December 31, 2014 and 2013, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2014</u>			
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>
<u>2013</u>			
General Debt	\$ 19,193,236	\$ 553,209	\$ 18,640,027
School Debt	<u>7,998,821</u>	<u>7,998,821</u>	<u>-</u>
Total	<u>\$ 27,192,057</u>	<u>\$ 8,552,030</u>	<u>\$ 18,640,027</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2014</u>	<u>2013</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 67,264,718 <u>18,451,339</u>	\$ 70,150,411 <u>18,640,027</u>
Remaining Borrowing Power	<u>\$ 48,813,379</u>	<u>\$ 51,510,384</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2014</u>	<u>2013</u>
\$4,555,000, 2004 Refunding Bonds, due in annual installments of \$450,000 to \$480,000 through August 2017, interest at 2.00% to 3.60%	\$ 1,400,000	\$ 1,835,000
\$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%	1,055,000	1,250,000
\$3,736,000, 2010 Bonds, due in annual installments of \$65,000 to \$636,000 through April 2022, interest at 2.00% to 3.50%	3,606,000	3,651,000
\$3,890,000, 2012 Refunding Bonds, due in annual installments of \$245,000 to \$500,000 through September 2023, interest 2.00% to 4.00%	<u>3,640,000</u>	<u>3,890,000</u>
	<u>\$ 9,701,000</u>	<u>\$ 10,626,000</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

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

	<u>2014</u>	<u>2013</u>
\$2,520,000 Trust Loan due in Annual installments of \$240,000 through August 2015, interest at 5%-5.13%	\$ 240,000	\$ 470,000
\$2,445,000 Loan due in Semi-annual installments of \$4,291 to \$171,755 through August 2015, interest free	176,048	353,140
\$265,000 Trust Loan due in Annual installments of \$10,000 to \$20,000 August 2029, interest at various interest rates	225,000	235,000
\$800,781 Loan due in Semi-annual installments of \$40,718 through August 2029, interest free	<u>610,764</u>	<u>651,482</u>
	<u>\$ 1,251,812</u>	<u>\$ 1,709,622</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2014 is as follows:

Calendar Year	<u>General</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 960,000	\$ 324,771	\$ 466,764	\$ 22,470	\$ 1,774,005
2016	1,430,000	288,790	50,718	9,670	1,779,178
2017	1,480,000	242,015	50,718	9,170	1,781,903
2018	1,050,000	192,710	55,718	8,670	1,307,098
2019	1,085,000	158,685	55,718	7,920	1,307,323
2020-2024	3,696,000	284,213	278,588	30,450	4,289,251
2025-2029	-	-	<u>293,588</u>	<u>15,225</u>	<u>308,813</u>
Total	<u>\$ 9,701,000</u>	<u>\$ 1,491,184</u>	<u>\$ 1,251,812</u>	<u>\$ 103,575</u>	<u>\$ 12,547,571</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
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>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 11,486,000		\$ 860,000	\$ 10,626,000	\$ 925,000
Intergovernmental Loans Payable	<u>2,183,135</u>	<u>-</u>	<u>473,513</u>	<u>1,709,622</u>	<u>457,810</u>
General Capital Fund Long-Term Liabilities	<u>\$ 13,669,135</u>	<u>\$ -</u>	<u>\$ 1,333,513</u>	<u>\$ 12,335,622</u>	<u>\$ 1,382,810</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity (Bond Anticipation Notes) for the years ended December 31, 2014 and 2013 was as follows:

<u>Improvement Description</u>	Interest Rate	Date of Maturity	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
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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	Balance,		Balance,	
			December 31, 2013	<u>Increased</u>	<u>Decreased</u>	December 31, 2014
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
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>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

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

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.

**BOROUGH OF WESTWOOD
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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 2014 and 2013 as follows:

Special Emergency Notes

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

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, December 31, 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>
<u>2014</u>		
Borough Hall Security System	\$ 21,726	2015
ADA Curb Ramps	144,000	2015
Pascack Road Improvements	145,852	2015
<u>2013</u>		
Borough Hall Security System	\$67,046	2014
Landfill Monitoring	49,701	2014

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,215,810 and \$1,289,000 at December 31, 2014 and 2013, 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 year's payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2014.

<u>Years Ended December 31,</u>	<u>Amount</u>
2015	\$ 42,039
2016	25,533
2017	25,533
2018	<u>3,192</u>
Total	96,297
Less: Amounts representing Interest	<u>1,559</u>
Present value of Net Minimum Lease Payments	<u>\$ 94,738</u>

The Borough's capital lease activity for the years 2014 and 2013 was as follows:

	<u>2014</u>	<u>2013</u>
Balance, January 1	\$ 40,076	
Additions	<u>75,308</u>	<u>\$ 60,162</u>
	115,384	60,162
Reductions	<u>20,646</u>	<u>20,086</u>
Balance, December 31	<u>\$ 94,738</u>	<u>\$ 40,076</u>
Due Within One Year	<u>\$ 41,149</u>	<u>\$ 20,646</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

F. Deferred Pension Obligation

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Balance, December 31, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2014</u>	Due Within <u>One Year</u>
<u>2014</u>					
Compensated Absences	1,289,000		73,190	1,215,810	\$ 50,000
Capital Leases	<u>40,076</u>	<u>75,308</u>	<u>20,646</u>	<u>94,738</u>	<u>41,149</u>
Total	<u>\$ 1,329,076</u>	<u>\$ 75,308</u>	<u>\$ 93,836</u>	<u>\$ 1,310,548</u>	<u>\$ 91,149</u>
	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 1,250,000	\$ 140,000	\$ 101,000	\$ 1,289,000	\$ 56,000
Capital Leases	<u>60,162</u>	<u>-</u>	<u>20,086</u>	<u>40,076</u>	<u>20,646</u>
Total	<u>\$ 1,310,162</u>	<u>\$ 140,000</u>	<u>\$ 121,086</u>	<u>\$ 1,329,076</u>	<u>\$ 76,646</u>

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

Other Pension Funds

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

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

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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.

Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2014, the PERS member contribution rate was 6.78%. The rate increased to 6.92% effective July 2014. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.90% for investment rate of return for all the retirement systems except CPFPPF (2.00%) and (b) changes to projected salary increases of 4.22 percent for PERS and 6.01 percent for PFRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2013 for PERS, 10.0% for PFRS and 5.50% for DCRP of employees' annual compensation. The member contribution for PERS was 6.78% in fiscal year 2014 and 6.92% for fiscal year 2015 effective July 2014.

Annual Pension Cost (APC)

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Cost (APC) (Continued)

During the years ended December 31, 2014, 2013 and 2012, 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</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2014	\$ 700,958	\$ 320,001	\$ 2,492
2013	775,907	318,323	1,738
2012	695,869	309,418	590

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.

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

NOTE 13 RISK MANAGEMENT (Continued)

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

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

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

<u>Year Ended December 31</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014	\$ 8,500	\$ 8,611	\$ 12,715	\$ 4,548
2013	5,000	8,736	8,473	152
2012	10,944	10,238	15,352	(5,111)

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, 2014 and 2013. 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. In 2014, the Borough appropriated \$125,000 to fund their State Tax Court Judgments. As of December 31, 2014, the Borough reserved \$111,583 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 from fund balance or the Reserve for Tax Appeals.

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, 2014 and 2013, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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, 2014 and 2013, 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 2014 and 2013, respectively, for each eligible volunteer fire department member into the Plan. The Borough also contributed \$1,150 and \$1,150 for 2014 and 2013, respectively for each eligible volunteer first aid squad members into the Plan. The total Borough contributions were \$65,843 and \$62,405 for 2014 and 2013, respectively.

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

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

**BOROUGH OF WESTWOOD
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013**

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

Vesting and Benefits

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

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

Reporting Requirements

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

NOTE 17 CLOSURE AND POST-CLOSURE CARE COSTS

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

NOTE 18 SUBSEQUENT EVENTS

Bond Anticipation Notes

On February 18, 2015 the Borough issued Bond Anticipation Notes in the amount of \$6,647,000 to temporarily finance expenditures related to various capital projects. The Borough has awarded the sale of said notes to TD Securities at an interest rate of 1.0%. These notes dated February 27, 2015 will mature on November 24, 2015.

Debt Authorized

Through May 29, 2015 the Borough adopted several Bond Ordinances authorizing the issuance \$685,283 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTAL SCHEDULES

CURRENT FUND

**BOROUGH OF WESTWOOD
STATEMENT OF CASH**

Balance, December 31, 2013		\$ 3,382,275
Increased by Receipts:		
Taxes Receivable	\$ 43,144,969	
Tax Overpayments	3,244	
Prepaid Taxes	152,638	
Petty Cash Returned	600	
Unappropriated Reserves for Grants	28,812	
Non-Budget Revenue	62,517	
State of NJ - Senior Citizens' and Veterans' Deductions	80,450	
Revenue Accounts Receivable	2,240,693	
State of NJ - Marriage Fees	1,450	
State of NJ - Construction Training Fees	13,998	
Grants Receivable	48,038	
Special Emergency Note	260,000	
Receipts from Animal Control Fund	18	
Receipts from Other Trust Fund	312	
Receipts from Unemployment Compensation Insurance Fund	13,017	
Receipts from General Capital Fund	75,243	
Receipts from Public Assistance Fund	209	
Receipts from Westwood Parking Authority	77,176	
	<u>46,203,384</u>	
Decreased by Disbursements:		
2014 Budget Appropriations	15,319,977	49,585,659
2013 Appropriation Reserves	230,702	
Accounts Payable	579,010	
State of NJ - Marriage Fees	1,450	
State of NJ - Construction Training Fees	13,379	
Special Emergency Note Payable	325,000	
Tax Overpayments	107,126	
Regional School District Tax Payable	25,391,349	
County Taxes Payable	4,343,590	
Petty Cash Advanced	600	
Westwood Parking Authority Expenditures Paid by Current Fund	77,564	
Payments to LOSAP Trust Fund	62,405	
General Capital Expenditures Paid by Current Fund	291,305	
Other Trust Fund Expenditures Paid by Current Fund	3,471	
Appropriated Grant Reserves	14,896	
Reserve for Tax Appeals	13,417	
Refund of Prior Year Revenue	100	
	<u>46,775,341</u>	
Balance, December 31, 2014		<u>\$ 2,810,318</u>

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

<u>Office</u>	Balance, December 31, <u>2013</u>	<u>Advanced</u>	<u>Returned</u>	Balance, December 31, <u>2014</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>2013</u>	2014 Grant <u>Realized</u>	<u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
Municipal Alliance on Alcoholism and Drugs	\$ 3,699	\$ 6,299	\$ 6,299		\$ 3,699
Police Body Armor					
State Share	1,678				1,678
Drunk Driving Enforcement Fund	-	4,132	4,132		-
NJ Forest Service Grant	3,000				3,000
ADA Curb Cuts Grant	45,000			45,000	
Alcohol Education and Rehabilitation Fund	-	2,068	2,068		
Senior Citizens Activities Grant	3,274	3,274	3,274		3,274
Federal Ballistic Vest Fund Grant	1,190	3,968	3,900		1,258
Drive Sober	4,400		4,400		
Clean Communities	-	18,568	18,568		
HAVA	1,000				1,000
Bergen County Forfeiture	5,397	-	5,397	-	-
	<u>\$ 68,638</u>	<u>\$ 38,309</u>	<u>\$ 48,038</u>	<u>\$ 45,000</u>	<u>\$ 13,909</u>

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

Balance, December 31, 2013		\$	20,376
Increased by:			
Received from State of New Jersey		\$	80,450
Senior Citizen's Deductions Disallowed by Tax Collector - Prior Year			<u>51</u>
			<u>80,501</u>
			100,877
Decreased by:			
Senior Citizens' Deductions Per Tax Billings			7,500
Veterans' Deductions Per Tax Billings			71,250
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector - Current Year			<u>750</u>
			<u>79,500</u>
Balance, December 31, 2014		\$	<u><u>21,377</u></u>

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

<u>Year</u>	<u>Balance,</u>	<u>2014 Levy</u>	<u>Added</u>	<u>Senior</u>	<u>Collections</u>	<u>Senior</u>	<u>Taxes</u>	<u>Transferred</u>	<u>Balance,</u>	
	<u>December 31,</u>			<u>Deductions</u>		<u>Citizens'</u>				<u>Cancelled</u>
	<u>2013</u>		<u>Taxes</u>	<u>and</u>	<u>2013</u>	<u>2014</u>	<u>Remitted or</u>	<u>Title Liens</u>	<u>2014</u>	
				<u>Veterans'</u>			<u>Abated</u>			
				<u>Disallowed</u>						
2013	\$ 347,883		\$ 1,583	\$ -	\$ 343,454		\$ -	\$ 6,012	-	
2014	<u>-</u>	\$ 43,424,859	<u>-</u>	<u>-</u>	\$ 160,577	42,801,515	\$ 79,500	38,336	11,702	\$ 333,229
	<u>\$ 347,883</u>	<u>\$ 43,424,859</u>	<u>\$ 1,583</u>	<u>\$ -</u>	<u>\$ 160,577</u>	<u>\$ 43,144,969</u>	<u>\$ 79,500</u>	<u>\$ 38,336</u>	<u>\$ 17,714</u>	<u>\$ 333,229</u>

Analysis of 2014 Property Tax Levy

TAX YIELD

General Property Tax	
Real Property Tax	\$ 43,403,889
Added Taxes (54:4-63.1 et seq.)	<u>20,970</u>
	<u>\$ 43,424,859</u>

TAX LEVY

Regional School Tax (Abstract)	\$ 25,391,349
County Taxes (Abstract)	4,246,987
County Open Space Taxes (Abstract)	46,249
Due County for Added Taxes (54:4-63.1)	<u>2,079</u>
	\$ 29,686,664
Local Tax for Municipal Purposes	13,080,471
Local Tax for Library	638,179
Add Additional Tax Levied	<u>19,545</u>
	<u>13,738,195</u>
	<u>\$ 43,424,859</u>

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

Balance, December 31, 2013	\$	105,970
Increased by:		
Taxes Transferred at Tax Sale		17,714
Balance, December 31, 2014	\$	123,684

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2013	\$	3,198,600
Balance, December 31, 2014	\$	3,198,600

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>2013</u>	<u>2014</u> <u>Appropriations</u>	<u>Balance,</u> <u>December 31,</u> <u>2014</u>
5/31/2011	Master Plan	20,000	\$ 12,000	4,000	\$ 8,000
4/2/2013	Revaluation of Real Property	300,000	300,000	60,000	240,000
4/16/2013	Revaluation of Real Property	25,000	25,000	5,000	20,000
			\$ 337,000	\$ 69,000	\$ 268,000

BOROUGH OF WESTWOOD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2013</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2014</u>
Borough Clerk				
Licenses				
Alcoholic Beverage		\$ 27,800	\$ 27,800	
Other		11,321	11,321	
Fees and Permits		29,837	29,837	
Construction Code Official				
Building Permits and Fees		344,483	344,483	
Police				
Fees and Permits		2,848	2,848	
Municipal Court				
Fines and Costs	\$ 12,689	136,788	138,715	\$ 10,762
Board of Health				
Other Licenses		16,043	16,043	
Fees and Permits		42,751	42,751	
Tax Collector				
Fees and Permits		20	20	
Interest and Cost on Taxes		86,300	86,300	
Interest on Investment and Deposits		24,023	24,023	
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	
Other Trust Fund - Beautification		16,313	16,313	
Uniform Fire Safety Act		93,785	93,785	
Payment in Lieu of Taxes - Westwood House		112,394	112,394	
Cellular One Lease Agreement		119,002	119,002	
Cable TV Franchise Fees		101,571	101,571	
Recycling Contract	-	8,951	8,951	-
	<u>\$ 12,689</u>	<u>\$ 2,238,766</u>	<u>\$ 2,240,693</u>	<u>\$ 10,762</u>

BOROUGH OF WESTWOOD
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, <u>2013</u>	Orders <u>Restored</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
SALARIES AND WAGES					
General Administration	\$ 5		\$ 5		\$ 5
Mayor and Council	150		150		150
Municipal Clerk	647		647		647
Financial Department	1		1		1
Tax Assessment Administration	2,901		1		1
Planning Board	2,442		442		442
Police Department	78,554		46,484		46,484
Police Dispatch/911	3,812		3,812		3,812
Office of Emergency Management	524		524		524
Fire Official	1,416		1,416		1,416
Streets and Road Maintenance	15,769		15,769	\$ 15,716	53
Recycling	1,778		1,778		1,778
Buildings and Grounds	794		794		794
Public Health Services	786		786		786
Recreation Services and Programs	808		808		808
Building Inspector	7,341		1,241		1,241
Municipal Court	538		538		538
OTHER EXPENSES					
General Administration	1,315		1,315	635	680
Mayor and Council	750		750		750
Municipal Clerk					
Other Expenses	5,948		5,948	4,710	1,238
Elections	182		182		182
Financial Administration					
Other Expenses	2,141		2,141	2,141	-
Liquidation of Tax Title Lien	100		100		100
Tax Assessment Administration	4,688		4,688	3,817	871
Revaluation of Real Property	14,052		14,052	10,348	3,704
Legal Services and Costs	2,407		15,707	14,959	748
Engineering	40	\$ 1,436	1,476		1,476
Environmental	3,000		3,000		3,000
Historical Commission	2,768		2,768		2,768
Borough Historian	1,000		1,000		1,000
Planning Board	15		15		15
Other Code Enforcement -					
Housing Task Force	100		100		100
Insurance					
Health Insurance	14,003		22,003	22,003	-
General Liability Insurance	851		851	-	851
Fire Department					
Other Expenses	-	425	425		425
Fire Hydrant Service	500		500	327	173
Police Department					
Other Expenses	13,409		13,409	5,695	7,714
Acquisition of Police Vehicles	6,827	3,586	10,413	-	10,413
Police Dispatch 911	262		262		262
Police Reserves	7,797		7,797	6,429	1,368

BOROUGH OF WESTWOOD
STATEMENT OF 2013 APPROPRIATION RESERVES

	Balance, December 31, 2013	Orders Restored	Balance After Modification	Paid or Charged	Balance Lapsed
OTHER EXPENSES (Continued)					
Emergency Management Svcs.	\$ 3,366		\$ 3,366		\$ 3,366
Fire Official	672		672		672
Life Hazard Use Fees Payments	1		1	-	1
Streets and Road Maintenance	26,237		26,237	\$ 25,987	250
Repairs to Traffic Lights	5,000		5,000	5,000	-
Sanitation - Garbage and Trash Collection	668		668		668
Recycling	2,028		2,028		2,028
Shade Tree-Advisory Committee	875		875	202	673
Buildings and Grounds O/E	14,621		14,621	1,632	12,989
Vehicle Maintenance	9,723	-	9,723	3,136	6,587
Public Health Services	1,641		1,641	360	1,281
Welfare/Admin. of Public Assistance	22		22	22	-
Recreation Services and Programs	1,018		1,018	547	471
Maintenance of Westvale Park	488	\$ 2,317	2,805	-	2,805
Celebration of Public Events	3,460		3,460	1,503	1,957
Municipal Court	3,982		3,982	481	3,501
Building Inspector	3,015		2,015	496	1,519
Electricity	-		18,000	18,000	
Street Lighting	7,175		7,175	7,175	-
Telephone	1,175		1,175	1,143	32
Gasoline	1,983	2,000	3,983		3,983
Natural Gas	10,725		10,725	6,718	4,007
Water	5,966		5,966	1,256	4,710
Sewerage Processing and Disp	2,233	3,659	5,892	-	5,892
Garbage Tipping Fees	6,759	-	6,759		6,759
Contingent	1,000		1,000		1,000
Social Security System (O.A.S.I.)	2,216		2,216		2,216
Contribution to Public Employees Retirement System	10		3,460	3,436	24
Contribution to Police and Fireman's Retirement System			1,320	1,316	4
Defined Contribution Plan	262		262	-	262
Maintenance of Free Public Library	32,914		32,914	32,099	815
Health Insurance - Excluded from "CAPS"	11,240		11,240	10,929	311
Bergen County Utilities Authority (Operating)	1		1		1
Length of Service Awards	17,595		17,595		17,595
Drunk Driving Enforcement Fund	9,827		9,827	9,827	
Drive Sober - 2013	4,400		4,400	4,400	
Recycling Tonnage Grant	17,591		17,591	17,591	
Clean Communities Grant	4,727		4,727	4,727	
Police Body Armor	9,036		9,036	9,036	
Municipal Alliance					
State Share	1,895		1,895	1,895	
Local Share	9,876		9,876	9,876	
NJ Forestry Grant					
State Share	3,000		3,000	3,000	
Local Share	3,000		3,000	3,000	
Drive Sober	4,135		4,135	4,135	
Community Development - Senior Citizens Activities	841	-	841	841	-
	<u>\$ 446,820</u>	<u>\$ 13,423</u>	<u>\$ 460,243</u>	<u>\$ 276,546</u>	<u>\$ 183,697</u>
Cash Disbursements				\$ 230,702	
Reserve for Snow Removal - Other Trust Fund				13,000	
Accounts Payable				9,453	
Appropriated Reserve for Grants				<u>23,391</u>	
				<u>\$ 276,546</u>	

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

Balance, December 31, 2013	\$ 250
Increased by:	
Fees Collected	<u>1,450</u>
	1,700
Decreased by:	
Payments to State of New Jersey	<u>1,450</u>
Balance, December 31, 2014	<u>\$ 250</u>

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

Balance, December 31, 2013	\$ 2,932
Increased by:	
Fees Collected	<u>13,998</u>
	16,930
Decreased by:	
Payments	<u>13,379</u>
Balance, December 31, 2014	<u>\$ 3,551</u>

**BOROUGH OF WESTWOOD
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013		\$ 592,433
Increased by:		
Transfer from 2014 Appropriations		\$ 298,521
Transfer from 2013 Appropriations		<u>9,453</u>
		<u>307,974</u>
		900,407
Decreased by:		
Cash Disbursements		\$ 579,010
Cancelled Payables Restored to Appropriation Reserves		<u>13,423</u>
		<u>592,433</u>
Balance, December 31, 2014		<u>\$ 307,974</u>

EXHIBIT A-17

STATEMENT OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2013</u>	Transfer From Appropriation <u>Reserves</u>	Paid or <u>Charged</u>	<u>Cancelled</u>	Balance, December 31, <u>2014</u>
Alcohol Education and Rehabilitation	\$ 14,317		\$ 783		\$ 13,534
Recycling Tonnage Grant	5,542		4,959		583
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			2,420
Drive Sober/Get Pulled Over		5,010			5,010
Community Development - Senior Citizens Activities		16			16
Over the Limit/Under Arrest	4,382				4,382
ADA Curb Cuts	45,000			\$ 45,000	-
Police Accreditation	9,154	-	9,154	-	-
	<u>\$ 78,395</u>	<u>\$ 23,391</u>	<u>\$ 14,896</u>	<u>\$ 45,000</u>	<u>\$ 41,890</u>

**BOROUGH OF WESTWOOD
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2013	\$ 160,577
Increased by:	
Collection of 2014 Taxes	<u>152,638</u>
	313,215
Decreased by:	
Application to 2014 Taxes	<u>160,577</u>
Balance, December 31, 2014	<u>\$ 152,638</u>

EXHIBIT A-19

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2013	\$ 137,412
Increased by:	
Overpayments in 2014	<u>3,244</u>
	140,656
Decreased by:	
Refunded	<u>107,126</u>
Balance, December 31, 2014	<u>\$ 33,530</u>

EXHIBIT A-20

STATEMENT OF REGIONAL SCHOOL DISTRICT TAX PAYABLE

Increased by:	
Levy - Calendar Year	<u>\$ 25,391,349</u>
Decreased by:	
Payments	<u>\$ 25,391,349</u>

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

Balance, December 31, 2013		\$	50,354
Increased by:			
2014 Levy	\$		4,246,987
County Open Space Preservation			46,249
Added Taxes (54:4-63.1 et seq.)			<u>2,079</u>
			<u>4,295,315</u>
			4,345,669
Decreased by:			
Payments			<u>4,343,590</u>
Balance, December 31, 2014		\$	<u>2,079</u>

EXHIBIT A-22

STATEMENT OF OTHER LIABILITIES - LOSAP CONTRIBUTION

Balance, December 31, 2013		\$	62,405
Increased by:			
Transfer from 2014 Budget Appropriations			<u>65,843</u>
			128,248
Decreased by:			
Payments			<u>62,405</u>
Balance, December 31, 2014		\$	<u>65,843</u>

EXHIBIT A-23

STATEMENT OF DUE FROM WESTWOOD PARKING AUTHORITY

Balance, December 31, 2013		\$	5,400
Increased by:			
Authority Expenditures Paid by Borough			<u>77,564</u>
			82,964
Decreased by:			
Receipts from Parking Authority			<u>77,176</u>
Balance, December 31, 2014		\$	<u>5,788</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31, 2014</u>
Revaluation of Real Property	5/2/2014	2/27/2015	\$ 325,000	\$ 260,000	\$ 325,000	\$ 260,000

EXHIBIT A-25

STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	<u>Balance, December 31, 2013</u>	<u>Increased by Receipts</u>	<u>Realized as Revenue in 2014 Budget</u>	<u>Balance, December 31, 2014</u>
Drove Sober/Get Pulled Over		\$ 5,000		\$ 5,000
Police Body Armor		2,777		2,777
Recycling Tonnage Grant		21,035		21,035
Alcohol Education and Rehabilitation	\$ 1,636	-	\$ 1,636	-
	<u>\$ 1,636</u>	<u>\$ 28,812</u>	<u>\$ 1,636</u>	<u>\$ 28,812</u>

EXHIBIT A-26

STATEMENT OF MISCELLANEOUS RESERVES

	<u>Balance, December 31, 2013</u>	<u>Budget Appropriation</u>	<u>Cash Disbursements</u>	<u>Balance, December 31, 2014</u>
Codification of Ordinances	\$ 526			\$ 526
Watershed Moratorium	705			705
Tax Appeals	\$ -	\$ 125,000	\$ 13,417	\$ 111,583
	<u>\$ 1,231</u>	<u>\$ 125,000</u>	<u>\$ 13,417</u>	<u>\$ 112,814</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, 2013	\$ 13,991	\$ 1,265,530	\$ 14,118
Increased by Receipts:			
Interest on Investments and Deposits	\$ 18	\$ 428	\$ 17
Due to Westwood Parking Authority		7,205	
POAA Receipts		1,422	
Miscellaneous Reserves		1,583,002	
License Fees Collected	7,427		
Receipts from Current Fund			8,500
Due to State of New Jersey	923		
Escrow Deposits		468,027	
Payroll and Payroll Deductions	-	<u>7,972,733</u>	<u>8,611</u>
	<u>8,368</u>	<u>10,032,817</u>	<u>17,128</u>
	22,359	11,298,347	31,246
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	1,699		
Payment to Current Fund	18	312	13,017
Escrow Deposits		180,863	
Payments to State of NJ	925		10,491
Payments to Westwood Parking Authority		6,341	
POAA Expenditures		626	
Payroll and Payroll Deductions Payable		7,928,950	
Miscellaneous Reserves	-	<u>1,424,628</u>	<u>-</u>
	<u>2,642</u>	<u>9,541,720</u>	<u>23,508</u>
Balance, December 31, 2014	<u>\$ 19,717</u>	<u>\$ 1,756,627</u>	<u>\$ 7,738</u>

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

Balance, December 31, 2013		\$ 12,931
Increased by:		
Animal Control Fees		<u>7,427</u>
		20,358
Decreased by:		
Statutory Excess Due Current Fund	\$ 6,102	
Expenditures	<u>1,699</u>	
		<u>7,801</u>
Balance, December 31, 2014		<u><u>\$ 12,557</u></u>

EXHIBIT B-4

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

Balance, December 31, 2013		\$ 2
Increased by:		
Registration Fees - Due State		<u>923</u>
		925
Decreased by:		
Payments		<u>925</u>
Balance, December 31, 2014		<u><u>\$ -</u></u>

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

Balance, December 31, 2013		\$ 1,058
Increased by:		
Statutory Excess	\$ 6,102	
Interest on Investments and Deposits	<u>18</u>	
		<u>6,120</u>
		7,178
Decreased by:		
Payments to Current Fund		<u>18</u>
Balance, December 31, 2014		<u>\$ 7,160</u>

EXHIBIT B-6

STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND

Balance, December 31, 2013		\$ 5,920
Increased by:		
Payments to Current Fund	\$ 312	
Transfer to Reserve for Snow Removal	<u>13,000</u>	
		<u>13,312</u>
		19,232
Decreased by:		
Other Trust Expenditures Paid by Current Fund	3,471	
Interest on Investments and Deposits	<u>428</u>	
		<u>3,899</u>
Balance, December 31, 2014		<u>\$ 15,333</u>

EXHIBIT B-7

STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2013		\$ 310,506
Increased by:		
Cash Receipts		<u>468,027</u>
		778,533
Decreased by:		
Cash Disbursements		<u>180,863</u>
Balance, December 31, 2014		<u>\$ 597,670</u>

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

Balance, December 31, 2013	\$	16,988
Increased by:		
Cash Receipts		1,422
		18,410
Decreased by:		
Cash Disbursements		626
Balance, December 31, 2014	\$	17,784

EXHIBIT B-9

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2013</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, December 31, <u>2014</u>
Affordable Housing	\$ 39,539	\$ 40		\$ 39,579
Redemption of Tax Sale Certificates	11,153	165,043	\$ 176,194	2
Recycling Program	21,137	12,740	1,450	32,427
Police Overtime Detail	18,375	723,292	550,183	191,484
Beautification	16,313	-	16,313	-
Safe Schools	2,829	30,125	22,162	10,792
Code Compliance Penalty	99,479	14,325	7,570	106,234
Shade Tree	15,260	-	-	15,260
Fire Prevention	13,961	2,925	400	16,486
Premium on Tax Sale	494,600	204,300	259,500	439,400
Elevator Reserve	11,069	14,475	12,231	13,313
Recreation Fees	182,319	411,046	382,096	211,269
Snow Removal	3,471	17,691	-	21,162
	<u>\$ 929,505</u>	<u>\$ 1,596,002</u>	<u>\$ 1,428,099</u>	<u>\$ 1,097,408</u>
Due from Current Fund		\$ 13,000		
Cash Receipts		1,583,002		
Due to Current Fund			\$ 3,471	
Cash Disbursements		-	1,424,628	
		<u>\$ 1,596,002</u>	<u>\$ 1,428,099</u>	

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

Balance, December 31, 2013		\$ 14,451
Increased by:		
Cash Receipts		<u>7,972,733</u>
		7,987,184
Decreased by:		
Cash Disbursements		<u>7,928,950</u>
Balance, December 31, 2014		<u>\$ 58,234</u>

EXHIBIT B-11

STATEMENT OF DUE TO WESTWOOD PARKING AUTHORITY

Balance, December 31, 2013		\$ -
Increased by:		
Fines and Costs Due to Parking Authority		<u>7,205</u>
		7,205
Decreased by:		
Payments to Parking Authority		<u>6,341</u>
Balance, December 31, 2014		<u>\$ 864</u>

EXHIBIT B-12

STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance, December 31, 2013		\$ 152
Increased by:		
2014 Budget Appropriation	\$ 8,500	
Payroll Deductions from Employees	<u>8,611</u>	
		<u>17,111</u>
		17,263
Decreased by:		
Unemployment Claims		<u>12,715</u>
Balance, December 31, 2014		<u>\$ 4,548</u>

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

Balance, December 31, 2014		\$ 13,775
Increased by:		
Interest on Deposits		<u>17</u>
		\$ 13,792
Decreased by:		
Current Fund Anticipated Revenue	\$ 13,000	
Payments to Current Fund	<u>17</u>	
		<u>13,017</u>
Balance, December 31, 2014		<u>\$ 775</u>

EXHIBIT B-14

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

Balance, December 31, 2013		\$ 191
Increased by:		
Unemployment Claims Due to State		<u>12,715</u>
		12,906
Decreased by:		
Payments to State of New Jersey		<u>10,491</u>
Balance, December 31, 2014		<u>\$ 2,415</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2013		\$ 984,416
Increased by Receipts:		
Bond Anticipation Notes	\$ 746,784	
Other Aid	23,033	
Grants Received - Grants Receivable	480,767	
Premium on Sale of Bonds and Notes	36,109	
Interest on Investments	2,071	
Budget Appropriation		
Deferred Charges Unfunded	292,000	
Capital Improvement Fund	<u>50,000</u>	
		<u>1,630,764</u>
		2,615,180
Decreased by:		
Improvement Authorizations	992,163	
Payments to Current Fund	75,243	
Current Fund Expenditure Paid by General Capital Fund	64,795	
Payment of Bond Anticipation Notes	<u>507,784</u>	
		<u>1,639,985</u>
Balance, December 31, 2014		<u>\$ 975,195</u>

**BOROUGH OF WESTWOOD
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2014**

Fund Balance	\$ 222,361
Capital Improvement Fund	98,584
Accounts Payable	357,880
Reserve for Pascack Brook Park Bikeway	50,188
Grants Receivable	(732,719)
Environmental Infrastructure Loan Receivable	(90,857)
Due to Current Fund	227,187
Reserve for Payment of Bonds	55,428
Reserve for Payment of Notes	23,033

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
97-7	Impvt. of Drainage Ditch	(14,250)
00-13/09-17	Landfill Closure	189,948
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
12-04	Railroad Signalization Project	80
12-05	Various Improvements to Veteran's Park	669
12-06	Monitoring of Landfill Emissions	2,173
12-13	Various Capital Improvements and Other Related Expenses	19,618
12-14	Closure of a Landfill Located in the Borough	30,712
12-21	Flood Mitigation Acquisition Project	5,111
13-02	911 Upgrade	1,108
13-03	Borough Hall Security System	20,408
13-07	DPW Equipment	17,980
13-08	Community Garden	(1,111)
13-09	Monitoring of Landfill Emissions	5,063
13-12/13-23	Various Road and Park Improvements	102
13-16	Fire Department Equipment and Improvements to Engine 12	23,752
13-24	ADA Curb Cuts - Fourth, Third and Washington Avenue	35,677
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	695
14-08	2014 Road Resurfacing Program	298,839
14-15	Pascack Road Improvements	111,427
14-16	DPW Equipment	70,495
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)	(16,704)
14-18	Band Stand Improvements	(14,320)
14-23	Emerson Road Pump Station	12,793
14-28	2014 Landfill Monitoring	(54,047)
14-30	Renovations to Borough Hall	4,449
14-31	Purchase of Water Oil Furnace	553
14-36	Police Department Equipment	(39,209)
		<u>\$ 975,195</u>

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

Balance, December 31, 2013		\$ 12,335,622
Decreased by:		
2014 Budget Appropriation		
Serial Bonds	\$ 925,000	
EIT Loans	<u>457,810</u>	
		<u>1,382,810</u>
Balance, December 31, 2014		<u>\$ 10,952,812</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2013	2014 Authorizations	Notes Paid by Budget Appropriation	Grants/Other Aid	Budget Appropriation	Analysis of Balance			
							Balance, December 31, 2014	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
97-7	Impvt. of Drainage Ditch	\$ 14,250					\$ 14,250		\$ 14,250	
07-12	Acquisition of Various Equipment-Fire Department	48,150		\$ 7,331			40,819	\$ 35,259	5,560	
08-01	Road Improvements	79,548		12,500			67,048	60,466	6,582	
08-02/09-05	Pasceack Brook Sewer Pipe Replacement and Repair	698,266					698,266	698,266		
08-11	Acquisition of Technology Equipment	22,166		3,167			18,999	18,999		
08-20	Acquisition of Equipment	121,916		17,417			104,499	104,499		
08-22	Suppl. - Emerson Pump Station	111,724		4,138			107,586	107,586		
08-32	Acquisition of Fire Department Equipment	47,175		2,775			44,400	44,400		
08-33	Acquisition of Playground Equipment	26,534		983			25,551	25,551		
09-01	2009 Road Improvement Program	134,157		12,513			121,644	121,644		
09-20	Acq. Of Various Equipment - Police Department	22,325					22,325	22,325		
09-21	Acq. Of Various Equipment - Fire Department	48,025		2,825			45,200	45,200		
09-22	Acq. Of Various Equipment - Public Works Department	80,163		15,021			65,142	65,142		
10-3	The 2010 Roadway Improvement Program	225,000		12,500			212,500	212,500		
10-4	Improvements to Westvale Park and Related Expenses	1,521,394		62,397			1,458,997	1,458,997		
10-13	Various Capital Improvements and Other Related Expenses	231,536		9,672			221,864	221,864		
10-19	The Railroad Signalization Project	80,750		4,250			76,500	76,500		
10-21	The Monitoring of Landfill Emissions	104,865		3,767			101,098	101,098		
10-24	The Acquisition of Various Equipment - Fire Department	76,000		4,000			72,000	72,000		
10-25	Improvements to Various Municipal Buildings to Accomplish Energy and Related Expenses	25,766		2,621			23,145	23,145		
11-06	Repaving of Various Roads	277,175		15,000			262,175	262,175		
11-07	Acquisition of Various Equipment-Fire Department	125,400		8,043			117,357	117,357		
11-08	Monitoring of Landfill Emissions	52,250		1,802			50,448	50,448		
11-09	Acquisition of Various Equipment - DPW	46,676		5,278			41,398	41,398		
11-13	Installation of Barrier Free Curb Cuts	26,665					26,665	26,665		
11-16	Various Improvements - Hurricane Irene	24,497					24,497	24,497		
12-02	Borough Wide Road Improvements	285,000			\$ 23,033		261,967	261,967		
12-04	Railroad Signalization Project	19,950					19,950	19,950		
12-05	Various Improvements to Veterans Park	72,628					72,628	72,628		
12-06	Monitoring of Landfill Emissions	57,475					57,475	57,475		
12-07	The Acquisition of Various Equipment - DPW	12,350					12,350	12,350		
12-13	Various Capital Improvements and Other Related Expenses	532,000					532,000	532,000		
12-14	Closure of a Landfill Located in the Borough	33,250					33,250	33,250		
12-22	Various Road and Park Improvements	256,500					256,500	256,500		
13-02	911 Upgrade	123,500					123,500	123,500		
13-03	Borough Hall Security System	119,225					119,225	119,225		
13-07	DPW Equipment	142,500					142,500	142,500		
13-08	Community Garden	15,082					15,082	5,082	1,111	\$ 8,889
13-09	Monitoring of Landfill Emissions	76,000					76,000	76,000		
13-12/13-23	Various Road and Park Improvements	137,750					137,750	137,750		
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	109,250					109,250	109,250		
13-28	Methane Investigation and Remediation	95,000					95,000	94,559		441

73

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

Improvement Description	Balance, December 31, 2013	2014 Authorizations	Notes Paid by Budget Appropriation	Grants/ Other Aid	Budget Appropriation	Balance, December 31, 2014	Analysis of Balance		Unexpended Improvement Authorizations
							Bond Anticipation Notes	Expenditures	
14-04 Refunding Tax Appeals		\$ 1,500,000			\$ 292,000	\$ 1,208,000			\$ 1,208,000
14-08 2014 Road Resurfacing Program		285,000				285,000	\$ 285,000		-
14-15 Pascack Road Improvements		180,500				180,500	135,575		44,925
14-16 DPW Equipment		229,425				229,425	229,425		
14-17 Fire Department Equipment and Tank Rebuild (Engine 16)		107,980				107,980		\$ 16,704	91,276
14-18 Band Stand Improvements		15,200				15,200		14,320	880
14-23 Emerson Road Pump Station		380,000				380,000			380,000
14-28 2014 Landfill Monitoring		76,000				76,000		54,047	21,953
14-30 Renovations to Borough Hall		95,000				95,000			95,000
14-31 Purchase of Water Oil Furnace		11,400				11,400			11,400
14-36 Police Department Equipment		44,650				44,650		39,209	5,441
	<u>\$ 6,359,833</u>	<u>\$ 2,927,169</u>	<u>\$ 208,000</u>	<u>\$ 23,033</u>	<u>\$ 292,000</u>	<u>\$ 8,761,955</u>	<u>\$ 6,741,967</u>	<u>\$ 151,783</u>	<u>\$ 1,868,205</u>
						Notes Outstanding	\$ 6,765,000		
						Less: Excess Note Proceeds			
						Ord. 12-02	23,033		
							<u>\$ 6,741,967</u>		
						Improvement Authorizations - Unfunded			\$ 2,512,013
						Unexpended Balance of Bond Anticipation Notes Issued			
						Ord. 11-06	\$ 6,164		
						Ord. 11-08	11,241		
						Ord. 11-13	26,665		
						Ord. 12-04	80		
						Ord. 12-05	669		
						Ord. 12-06	2,173		
						Ord. 12-13	19,618		
						Ord. 12-14	30,712		
						Ord. 12-22/13-12/13-23	102		
						Ord. 13-02	1,108		
						Ord. 13-03	20,408		
						Ord. 13-07	17,980		
						Ord. 13-09	5,063		
						Ord. 13-16	23,752		
						Ord. 13-28	11,151		
						Ord. 14-08	285,000		
						Ord. 14-15	111,427		
						Ord. 14-16	70,495		
									<u>643,808</u>
									<u>\$ 1,868,205</u>

**BOROUGH OF WESTWOOD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2013</u>	Grant Awards	Cash Received	Prior Year Adjustment	Balance, December 31, <u>2014</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	37,500		\$ 37,400		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	165,650	\$ 20,250			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
Road Improvements - Ord. 12-02	13,367		13,367		-
Department of Environmental Protection					
Flood Mitigation Acquisition Project - Ord. 12-21	256,702		107,500	(112,414)	36,788
Office of Emergency Management					
Flood Mitigation Acquisition Project - Ord. 12-21	<u>320,449</u>	<u>-</u>	<u>322,500</u>	<u>112,414</u>	<u>110,363</u>
	<u>\$ 1,197,267</u>	<u>\$ 20,250</u>	<u>\$ 480,767</u>	<u>\$ -</u>	<u>\$ 736,750</u>

EXHIBIT C-7

STATEMENT OF DUE TO FROM CURRENT FUND

Balance, December 31, 2013	\$ 73,849
Increased by:	
General Capital Expenditures Paid by Current Fund	\$ 291,305
Interest on Investments and Deposits	<u>2,071</u>
	<u>293,376</u>
	367,225
Decreased by:	
Payments to Current Fund	2,243
Current Fund Expenditures Paid By General Capital Fund	64,795
Current Fund Anticipated Revenue	<u>73,000</u>
	<u>140,038</u>
Balance, December 31, 2014	<u>\$ 227,187</u>

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2014</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2013</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2014</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds of 2004	4/1/2004	\$ 4,555,000	8/15/2015	\$ 450,000	2.00-3.60%				
			8/15/2016	470,000					
			8/15/2017	480,000		\$ 1,835,000		\$ 435,000	\$ 1,400,000
Refunding Bonds of 2008	5/6/2008	2,235,000	8/1/15-16	200,000	3.00-5.00 %				
			8/1/17	210,000		1,250,000		195,000	1,055,000
			8/1/18	215,000					
			8/1/19	230,000					
General Improvement Bonds, Series 2010	4/13/2010	3,736,000	4/1/2015	65,000	2.00-3.50%				
			4/1/2016	420,000					
			4/1/2017	455,000					
			4/1/2018	450,000					
			4/1/2019	475,000					
			4/1/2020	530,000					
			4/1/2021	575,000					
			4/1/2022	636,000		3,651,000		45,000	3,606,000
Refunding Bonds of 2012	2/29/2012	3,890,000	9/15/2015	245,000	2.00-4.00%				
			9/15/2016	340,000					
			9/15/2017	335,000					
			9/15/2018	385,000					
			9/15/2019	380,000					
			9/15/2020	475,000					
			9/15/2021	490,000					
			9/15/2022	490,000					
			9/15/2023	500,000					
						<u>3,890,000</u>	<u>-</u>	<u>250,000</u>	<u>3,640,000</u>
						<u>\$ 10,626,000</u>	<u>\$ -</u>	<u>\$ 925,000</u>	<u>\$ 9,701,000</u>

**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, 2013	Increased	Decreased	Balance, December 31, 2014
07-12	Acquisition of Various Equipment-Fire Department	7/24/2008	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	\$ 42,593	\$ 35,259	\$ 42,593	\$ 35,259
08-01	Road Improvements	7/24/2008	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	72,966	60,466	72,966	- 60,466
08-11	Acquisition of Technology Equipment	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	22,166	18,999	22,166	- 18,999
08-20	Acquisition of Equipment	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	121,916	104,499	121,916	- 104,499
08-22	Suppl. - Emerson Pump Station	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	111,724	107,586	111,724	- 107,586
08-32	Acquisition of Fire Department Equipment	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	47,175	44,400	47,175	- 44,400
08-33	Acquisition of Playground Equipment	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	26,534	25,551	26,534	- 25,551
09-01	2009 Road Improvement Program	5/11/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	212,724	121,644	212,724	- 121,644
09-21	Acq. Of Various Equipment - Fire Department	10/30/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	48,025	45,200	48,025	- 45,200
09-22	Acq. Of Various Equipment - Public Works Department	10/30/2009	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	80,163	65,142	80,163	- 65,142
10-3	The 2010 Roadway Improvement Program	9/8/2010	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	225,000	212,500	225,000	- 212,500
10-4	Improvements to Westvale Park and Related Expenses	9/8/2010	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	1,747,103	1,458,997	1,747,103	- 1,458,997
10-13	Various Capital Improvements and Other Related Expenses	9/8/2010	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	237,328	221,864	237,328	- 221,864
10-19	Railroad Signalization Project	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	80,750	76,500	80,750	- 76,500
10-21	Monitoring of Landfill Emissions	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	109,250	101,098	109,250	- 101,098
10-24	Acquisition of Equipment - Fire Department	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	76,000	72,000	76,000	- 72,000

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
10-25	Improvements to Various Municipal Buildings - Energy	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	\$ 36,040	\$ 23,145	\$ 36,040	- 23,145
08-02	Pascack Brook Sewer Pipe Replacement	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	735,000	698,266	735,000	- 698,266
11-06	Repaving of Various Roads	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	277,175	262,175	277,175	- 262,175
11-07	Acquisition of Various Equipment	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	125,400	117,357	125,400	- 117,357
11-08	Monitoring of Landfill Emissions	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	52,250	50,448	52,250	- 50,448
11-09	Acquisition of Equipment	5/3/2011	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	47,500	41,398	47,500	- 41,398
09-20	Acq. Of Equipment - Police	5/3/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	22,325	22,325	22,325	- 22,325
11-13	Installation of Barrier Free Curb Cuts	5/3/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	26,665	26,665	26,665	- 26,665
11-16	Various Improvements - Hurricane Irene	5/3/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	155,643	24,497	155,643	- 24,497
12-02	Borough Wide Road Improvements	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	285,000	285,000	285,000	- 285,000
12-04	Railroad Signalization Project	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	19,950	19,950	19,950	- 19,950
12-05	Various Improvements to Veterans Park	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	73,060	72,628	73,060	- 72,628
12-06	Monitoring of Landfill Emissions	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	57,475	57,475	57,475	- 57,475
12-07	The Acquisition of Various Equipment - DPW	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	12,350	12,350	12,350	- 12,350
12-13	Various Capital Improvements and Other Related Expenses	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	532,000	532,000	532,000	- 532,000

BOROUGH OF WESTWOOD
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2013	Increased	Decreased	Balance, December 31, 2014
12-14	Closure of a Landfill Located in the Borough	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	\$ 33,250	\$ 33,250	\$ 33,250	- 33,250
12-22	Various Road and Park Improvements	11/16/2012	5/3/2013 5/2/2014	5/2/2014 2/27/2015	1.00% 1.00%	256,500	256,500	256,500	- 256,500
13-02	911 Upgrade	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	123,500	123,500	123,500	- 123,500
13-03	Borough Hall Security System	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	119,225	119,225	119,225	- 119,225
13-07	DPW Equipment	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	142,500	142,500	142,500	- 142,500
13-08	Community Garden	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	19,000	5,082	19,000	- 5,082
13-09	Monitoring of Landfill Emissions	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	76,000	76,000	76,000	- 76,000
13-12	Train Signalization Project	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	109,250	109,250	109,250	- 109,250
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	109,250	109,250	109,250	- 109,250
13-23	Drainage and Parking	12/19/2013	12/19/2013 5/2/2014	5/2/2014 2/27/2015	0.50% 1.00%	26,275	- 28,500	26,275	- 28,500
13-28	Methane Investigagtion and Remediation	5/2/2014	5/2/2014	2/27/2015	1.00%		94,559		94,559
14-08	2014 Road Resurfacing Program	12/30/2014	12/30/2014	2/27/2015	3.50%		285,000		285,000
14-15	Pascack Road Improvements	12/30/2014	12/30/2014	2/27/2015	3.50%		135,575		135,575
14-16	DPW Equipment	12/30/2014	12/30/2014	2/27/2015	3.50%	-	229,425	-	229,425
						<u>\$ 6,734,000</u>	<u>\$ 6,765,000</u>	<u>\$ 6,734,000</u>	<u>\$ 6,765,000</u>
Renewals							\$ 6,018,216	\$ 6,018,216	
Issued for Cash							746,784		
Paid by Budget Appropriation								208,000	
Paid by Capital Cash							-	507,784	
							<u>\$ 6,765,000</u>	<u>\$ 6,734,000</u>	

**BOROUGH OF WESTWOOD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

2014 Authorizations

Ord. No.	Improvement Description	Balance, December 31, 2013		Deferred Charges Unfunded	Funded County/State Grants	Capital Impvt. Fund	Payables Cancelled	Expended	Balance, December 31, 2014	
		Funded	Unfunded						Funded	Unfunded
00-13/09-17	Landfill Closure	\$ 182,448					\$ 7,500		\$ 189,948	
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	5,963	26,665					\$ 1,000	4,963	26,665
12-04	Railroad Signalization Project		80							80
12-05	Various Improvements to Veterans Park		1,169					500		669
12-06	Monitoring of Landfill Emissions		2,173							2,173
12-13	Various Capital Improvements and Other Related Expenses		73,025					53,407		19,618
12-14	Closure of a Landfill Located in the Borough	462	33,250					3,000	-	30,712
12-21	Flood Mitigation Acquisition Project	460,536						455,425	5,111	
12-22/13-12/13-23	Various Road and Park Improvements		102							102
13-02	911 Upgrade		3,215					2,107		1,108
13-03	Borough Hall Security System		22,218					1,810		20,408
13-07	DPW Equipment		18,980					1,000		17,980
13-08	Community Garden		11,807					2,918		8,889
13-09	Monitoring of Landfill Emissions		16,238					11,175		5,063
13-16	FD Equipment and Engine 12 Rebuild Tank/Pump		48,758					25,006		23,752
13-24/14-35	ADA Curb Cuts - Fourth, Third and Washington Avenues	159,427			\$ 20,250			144,000	35,677	-
13-27	Handicapped Accessible Circulation Desk/Borough Hall Counters	39,666						36,575	3,091	-
13-28	Methane Investigation and Remediation	3,851	95,000					87,259	-	11,592
13-33	Drainage Improvements along Newark Avenue	4,715	-					3,749	966	-
14-04	Refunding Tax Appeals			\$ 1,500,000				291,305	695	1,208,000
14-08	2014 Road Resurfacing Program			285,000		\$ 15,000		1,161	13,839	285,000
14-15	Pascack Road Improvements			180,500		9,500		33,648		156,352
14-16	DPW Equipment			229,425		12,075		171,005		70,495
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)			107,980		5,683		22,387		91,276
14-18	Band Stand Improvements			15,200		800		15,120		800
14-23	Emerson Road Pump Station			380,000		20,000		7,207	12,793	380,000
14-28	2014 Landfill Monitoring			76,000		4,000		58,047		21,953
14-30	Renovations to Borough Hall			95,000		5,000		551	4,449	95,000
14-31	Purchase of Water Oil Furnace			11,400		600		47	553	11,400
14-36	Police Department Equipment			44,650		2,350				5,441
		<u>\$ 857,068</u>	<u>\$ 370,085</u>	<u>\$ 2,925,155</u>	<u>\$ 20,250</u>	<u>\$ 75,008</u>	<u>\$ 7,500</u>	<u>\$ 1,470,968</u>	<u>\$ 272,085</u>	<u>\$ 2,512,013</u>

Cash Disbursed	\$ 992,163
Due from Current Fund	291,305
Accounts Payable	<u>187,500</u>
	<u>\$ 1,470,968</u>

**BOROUGH OF WESTWOOD
STATEMENT OF ACCOUNTS PAYABLE**

Balance, December 31, 2013	\$ 177,880
Increased by:	
Charges to Improvement Authorizations	<u>187,500</u>
	365,380
Decreased by:	
Cancelled - Restored to Improvement Authorizations	<u>7,500</u>
Balance, December 31, 2014	<u>\$ 357,880</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2013	\$ 123,592
Increased by:	
2014 Budget Appropriation	<u>50,000</u>
	173,592
Decreased by:	
Appropriation to Finance Impvt. Authorizations	<u>75,008</u>
Balance, December 31, 2014	<u>\$ 98,584</u>

STATEMENT OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Total Ordinance</u>	<u>Down- Payment</u>	<u>Balance, December 31, 2013</u>	<u>Balance, December 31, 2014</u>
97-7	Impvts. of Drainage Ditch	\$ 15,000	\$ 750	\$ 750	\$ 750
04-14	Improvements to Bogert Pond	42,300	2,200	<u>2,200</u>	<u>2,200</u>
				<u>\$ 2,950</u>	<u>\$ 2,950</u>

**BOROUGH OF WESTWOOD
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2013	\$ 1,709,622
Decreased by:	
2014 Budget Appropriation	<u>457,810</u>
Balance, December 31, 2014	<u>\$ 1,251,812</u>

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN RECEIVABLE

Balance, December 31, 2013	<u>\$ 90,857</u>
Balance, December 31, 2014	<u>\$ 90,857</u>

STATEMENT OF RESERVE FOR PAYMENT OF BONDS

Balance, December 31, 2013	<u>\$ 55,428</u>
Balance, December 31, 2014	<u>\$ 55,428</u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2013</u>	<u>2014 Authorizations</u>	<u>Notes Paid by Capital Cash</u>	<u>Notes Issued</u>	<u>Paid by Budget</u>	<u>Balance, December 31, 2014</u>
97-7	Impvt. of Drainage Ditch	\$ 14,250					\$ 14,250
07-12	Acquisition of Various Equipment-Fire Department	5,557		\$ 3			5,560
08-01	Road Improvements	6,582					6,582
13-09	Monitoring of Landfill Emissions			10,000			10,000
13-23	Drainage and Parking	2,225			\$ 2,225		-
13-28	Methane Investigation and Remediation	95,000			94,559		441
14-04	Tax Appeals		\$ 1,500,000			\$ 292,000	1,208,000
14-08	2014 Road Resurfacing Program		285,000		285,000		-
14-15	Pascack Road Improvements		180,500		135,575		44,925
14-16	DPW Equipment		229,425		229,425		-
14-17	Fire Department Equipment and Tank Rebuild (Engine 16)		107,980				107,980
14-18	Band Stand Improvements		15,200				15,200
14-23	Emerson Road Pump Station		380,000				380,000
14-28	2014 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
		<u>-</u>	<u>44,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,650</u>
		<u>\$ 123,614</u>	<u>\$ 2,925,155</u>	<u>\$ 10,003</u>	<u>\$ 746,784</u>	<u>\$ 292,000</u>	<u>\$ 2,019,988</u>

PUBLIC ASSISTANCE FUND

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

	PATF Account #1 <u>(75)%</u>	PATF Account #2 <u>(100)%</u>	<u>Total</u>
Balance, December 31, 2013	\$ 392	\$ 132,597	\$ 132,989
Increased by:			
Donations/State Aid/SSI	190	238,257	238,447
Petty Cash Returned		100	100
Interest on Deposits	<u>1</u>	<u>206</u>	<u>207</u>
	<u>191</u>	<u>238,563</u>	<u>238,754</u>
	<u>583</u>	<u>371,160</u>	<u>371,743</u>
Decreased by:			
Petty Cash Advanced		100	100
Public Assistance Expenditures	-	290,129	290,129
Payments to Current Fund	<u>1</u>	<u>208</u>	<u>209</u>
	<u>1</u>	<u>290,437</u>	<u>290,438</u>
Balance, December 31, 2014	<u>\$ 582</u>	<u>\$ 80,723</u>	<u>\$ 81,305</u>

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

	PATF <u>Account #1</u>	PATF <u>Account #2</u>	<u>Total</u>
Balance, December 31, 2013	\$ 392	\$ 132,584	\$ 132,976
Increased by:			
Revenues	<u>190</u>	<u>238,257</u>	<u>238,447</u>
	582	370,841	371,423
Decreased by:			
Expenditures	<u>-</u>	<u>290,129</u>	<u>290,129</u>
Balance, December 31, 2014	<u>\$ 582</u>	<u>\$ 80,712</u>	<u>\$ 81,294</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Donations	\$ 190	-	\$ 190
State Aid		\$ 235,000	235,000
SSI	-	3,257	3,257
Total Revenues	190	238,257	238,447
Petty Cash Returned		100	100
Interest on Deposits	1	206	207
Total Receipts	<u>\$ 191</u>	<u>\$ 238,563</u>	<u>\$ 238,754</u>

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

	PATF Account #1 (75%)	PATF Account #2 (100%)	Total
Current Year Assistance - Reported			
Maintenance Payments		\$ 61,326	\$ 61,326
Temporary Rental Assistance		193,182	193,182
Emergency Assistance		21,056	21,056
Transportation Assistance		14,952	14,952
Work Related	-	1,463	1,463
Total Reported	-	291,979	291,979
Unreconciled	-	(1,850)	(1,850)
Total Expenditures	-	290,129	290,129
Payments to Current Fund	\$ 1	208	209
Petty Cash Advanced	-	100	100
Total	<u>\$ 1</u>	<u>\$ 290,437</u>	<u>\$ 290,438</u>

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

	PATF Account #1 (75)%	PATF Account #2 (100)%	Total
Balance, December 31, 2013	-	\$ 13	\$ 13
Increased by:			
Interest on Deposits	\$ 1	206	207
	1	219	220
Decreased by:			
Payments to Current Fund	1	208	209
Balance, December 31, 2014	\$ -	\$ 11	\$ 11

BOROUGH OF WESTWOOD



PART II

GOVERNMENT AUDITING STANDARDS

AND

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Westwood as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2015. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Westwood in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

Purpose of this Report

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


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


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
June 17, 2015

**BOROUGH OF WESTWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED DECEMBER 31, 2014**

<u>Federal Funding Department</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>2014 Grant Award</u>	<u>Expended</u>	<u>Cancellation</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Total Expenditures</u>
U.S. Department of Homeland Security Federal Emergency Management Public Assistance Grants	97.036	\$ 7,180		\$ 7,180	\$ 7,180			7,180
Flood Mitigation Acquisition Project - Ord. 12-21	97.039	322,500	\$ 432,863		432,863		-	1,551,043
U.S. Department of Transportation: Over the Limit/Under Arrest	20.601		4,382				\$ 4,382	-
∞ Highway Planning and Construction NJ Dept. of Transportation - Ord. 12-02 (\$200,000)	20.205	13,367	13,367		13,367		-	143,038
ADA Curb Cuts	N/A		45,000			\$ 45,000	-	
Community Development - Senior Citizen Activities Grant	N/A		841		825		16	5,896
		3,274		3,274			3,274	
Federal Ballistic Vest Fund Grant	N/A	3,900	-	3,968	1,434	-	2,534	1,434
			<u>\$ 496,453</u>	<u>\$ 14,422</u>	<u>\$ 455,669</u>	<u>\$ 45,000</u>	<u>\$ 10,206</u>	

Note - This schedule was not subject to an audit in accordance with OMB Circular A-133.

**BOROUGH OF WESTWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue/Receipts</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Total Expenditures</u>
Clean Communities Grant	4900-765-1789000	2014	\$ 18,568		\$ 18,568	\$ 14,553		\$ 4,015	\$ 14,553
		2013		\$ 4,727		4,727		-	19,799
Drunk Driving Enforcement Fund	1110-448-031020-22	2014	4,132	-	4,132			4,132	-
		2013					\$ 2,420	2,420	-
		2012		9,827		9,827		-	14,382
Recycling Tonnage Grant	* *	2013		17,008		17,008		-	17,008
		2011		5,542		4,959		583	41,657
Municipal Alliance on Alcoholism and Drug Abuse (Passed through County of Bergen)	* *	2014	6,299	-	6,299			6,299	
		2013		1,895		1,895		-	9,876
Alcohol Education and Rehabilitation	* *	2014	2,068		3,704			3,704	-
		2012		20		20		20	1,545
		2011		1,024		1,024		1,024	-
		2010		863		863		863	946
		2008		5,343		5,343		5,343	1,350
		2007		247		247		247	5,050
		2004		2,818		2,818		2,818	-
		2003		1,044		1,044		1,044	2,565
		2002		2,680		2,680	505	2,175	1,887
		1998		278		278		-	3,616
Police Body Armor Fund	* *	2013					7,602	7,602	3,354
		2012		9,036		9,036		-	13,580
Drive Sober	* *	2013	4,400	-			5,010	5,010	
		2012		4,135		4,135		-	5,000

**BOROUGH OF WESTWOOD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2014</u>	<u>Revenue/ Receipts</u>	<u>Expended</u>	<u>Adjustments</u>	<u>Balance, December 31, 2014</u>	<u>Memo Cumulative Total Expenditures</u>
NJ Forest Services Grant	* *	2013		\$ 3,000				\$ 3,000	
Community Forestry Management Plan Grant	* *	2004		1,338			\$ (1,338)	-	4,662
Reconstruction of Fairview Ave.		2006		169,305				169,305	110,695
General Welfare Assistance	7500-150-158010-60	2013	\$ 235,000	102,852	\$ 235,000	\$ 291,979		45,873	201,979
Department of Environmental Protection New Jersey Environmental Infrastructure - Fund Loan	4860-150-093020-60	2010/2011		90,857				90,857	974,924
Flood Mitigation Acquisition Project - Ord. No. 12-21		2012	107,500	<u>144,288</u>	<u>-</u>	<u>139,177</u>	<u>-</u>	<u>5,111</u>	517,014
** Not Available				<u>\$ 578,127</u>	<u>\$ 267,703</u>	<u>\$ 498,079</u>	<u>\$ 13,694</u>	<u>\$ 361,445</u>	

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, 2014**

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	\$ 14,422	\$ 32,703	\$ 47,125
Public Assistance Fund	<u>-</u>	<u>235,000</u>	<u>235,000</u>
Total Financial Awards	<u>\$ 14,422</u>	<u>\$ 267,703</u>	<u>\$ 282,125</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, 2014**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2014, which are not required to be reported on the schedule of expenditures and state financial assistance, are as follows:

Loan Program

Environmental Infrastructure Trust	
Landfill Closure	\$ 416,048
Infrastructure Loan - 2010A	<u>835,764</u>
	<u>\$ 1,251,812</u>

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part I – Summary of Auditor’s Results

State Awards

Dollar threshold used to distinguish type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report issued on compliance for major programs: Modified

Internal Control over major programs:

1) Material weakness (es) identified? X yes no

2) Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 04-04? X yes no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
7500-150-158010-60	General Welfare Assistance

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 2 – Schedule of Financial Statement Findings

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

There are none

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 3 – Schedule of State Award Findings and Questioned Costs

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

CURRENT YEAR FEDERAL AWARDS

There are none.

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Part 3 – Schedule of State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and NJ OMB Circular Letter 15-08.

CURRENT YEAR STATE AWARDS

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.

Information on State Program

7500-150-158010-60

General Welfare Assistance

Criteria or Specific Requirement

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

Condition

Our audit noted that:

- 1) Income verification was not obtained in eleven instances.
- 2) Form GA-44 (Service Plan) was not present in one instance.
- 3) Form GA-51 (Report Changes) was not present in one instance.
- 4) Form GA-1R (Six Month Determination) was not completed in two instances.
- 5) Form GA-30 (SSI Application) was not present in three instances.

Questioned Costs

Currently not determinable.

Context

A review of case files revealed that:

- Eleven files did not contain income verification.
- One file did not contain Form GA-44 (Service Plan).
- One file did not contain Form GA-51 (Report Changes).
- Two files did not contain Form GA-1R (Six Month Determination).
- Three files did not contain form GA-30 (SSI Application).

Effect

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

Cause

Unknown.

Recommendation

All 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.

Management's Response

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

**BOROUGH OF WESTWOOD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

There were none.

BOROUGH OF WESTWOOD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2014

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

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

	<u>Year 2014</u>		<u>Year 2013</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,222,000	2.59%	\$ 1,485,000	3.14%
Miscellaneous - From Other Than Local				
Property Tax Levies	2,437,998	5.16%	2,846,913	6.02%
Collection of Delinquent Taxes and Tax Title Liens	343,454	0.73%	392,352	0.83%
Collection of Current Tax Levy	43,041,592	91.13%	42,146,309	89.14%
Other Credits	<u>183,697</u>	<u>0.39%</u>	<u>407,988</u>	<u>0.86%</u>
 Total Income	 <u>47,228,741</u>	 <u>100.00%</u>	 <u>47,278,562</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	16,763,191	35.91%	16,199,240	34.86%
County Taxes	4,295,315	9.20%	4,517,604	9.72%
Regional School Taxes	25,391,349	54.39%	25,370,320	54.60%
Other Expenditures	<u>232,977</u>	<u>0.50%</u>	<u>382,072</u>	<u>0.82%</u>
 Total Expenditures	 <u>46,682,832</u>	 <u>100.00%</u>	 <u>46,469,236</u>	 <u>100.00%</u>
 Excess in Revenue	 545,909		 809,326	
 Adjustment to Income Before Fund Balance				
Expenditures Included Above which are by Statute				
Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>325,000</u>	
	545,909		1,134,326	
 Fund Balance, January 1	 <u>1,902,722</u>		 <u>2,253,396</u>	
	2,448,631		3,387,722	
 Less Utilization as Anticipated Revenue	 <u>1,222,000</u>		 <u>1,485,000</u>	
 Fund Balance, December 31	 <u>\$ 1,226,631</u>		 <u>\$ 1,902,722</u>	

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Tax Rate</u>	<u>\$2.492</u>	<u>\$2.463</u>	<u>\$2.411</u>

Apportionment of Tax Rate

Municipal	.751	.683	.657
Library	.036	.038	.041
County	.244	.258	.261
County Open Space	.003	.003	.004
Regional School	1.458	1.481	1.448

Assessed Valuation

2014	<u>\$1,741,729,100</u>	
2013		<u>\$1,713,129,200</u>
2012		<u>\$1,730,830,635</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>
2014	\$ 43,424,859	\$ 43,041,592	99.11%
2013	42,669,552	42,146,309	98.77%
2012	41,767,981	41,214,881	98.68%

**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>
2014	\$333,229	\$123,684	\$456,913	1.05%
2013	347,883	105,970	453,853	1.06
2012	434,380	33,439	467,819	1.12

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>
2014	\$3,198,600
2013	3,198,600
2012	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		
Cynthia Waneck	Council President		
Raymond Arroyo	Councilmember		
Peter Grefrath	Councilmember		
Robert Bicocchi	Councilmember		
John J. Sciara	Councilmember (To February 2014)		
Robert Miller	Councilmember		
Christopher Owens	Councilmember (From February 2014)		
Robert Hoffmann	Borough Administrator		
Karen Hughes	Borough Clerk, Assessment Search Officer	1,000,000	(1)
Denise Holmes	Deputy Borough Clerk	1,000,000	(1)
Stefanie Stokes	Collector, Tax Search Officer	1,000,000	(2)
Durene Ayer	Treasurer, Chief Financial Officer	1,000,000	(2)
Barbara Potash	Tax Assessor	1,000,000	(1)
Russell R. Huntington	Borough Attorney		
Stephen Boswell	Borough Engineer		
Alan Karch	Magistrate	1,000,000	(2)
Letitia Candeloro	Court Administrator and Violations Clerk	1,000,000	(2)
Elizabeth Kraus	Deputy Court Administrator and Violations Clerk	1,000,000	(2)
Frank Regino	Chief of Police	1,000,000	(1)
Kathy Elgert	Welfare Director	1,000,000	(1)

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

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

GENERAL COMMENTS

Prior Year Findings Unresolved

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

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

Our audit 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) Program fees charged by Recreation were not always in agreement with the fee ordinance.

It is recommended that:

- a) All Departments remit monies collected to the Finance Department in a timely manner.
- b) Recreation fees be charged in accordance with the Borough fee ordinances.

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.

Current Year Finding

Our audit noted that the Borough did not provide documentation that competitive quotations were obtained for the purchase of vehicles, computer equipment and sewer repair work. It is recommended that competitive quotations be solicited when required in accordance with the New Jersey Local Public Contracts Law.

**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 \$36,000. The Borough has approved the Borough Administrator as its QPA.

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

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

Removal of Architectural Barriers	Rear Garbage Packer Trucks
Vending Machine Concessions	Pascack Road Improvements
2014 Road Paving Program	Waste Management Services

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 2, 2014 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 November 19, 2014.

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>
2014	10
2013	10
2012	9

Suggestions to Management

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

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

Outstanding tax title liens receivable be reviewed for potential foreclosure.

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

**BOROUGH OF WESTWOOD
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The Project (Escrow) Report be reviewed and continued efforts be made to ensure that report balances agree to the general ledger and audit balances and that inactive accounts be reviewed for disposition.
- * 2. The Borough currently maintain a master listing of all fixed assets that is in agreement with audited balance.
- * 3. All Departments remit monies collected to the Finance Department in a timely manner.
- * 4. Recreation fees be charged in accordance with Borough fee ordinances.
- * 5. The Borough implement procedures to verify the accuracy and timeliness of the state withholding taxes remitted by the payroll service provider.
- * 6. 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.
- 7. Competitive quotations be solicited when required in accordance with the New Jersey Local Public Contacts Law.

* * * * *

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

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Registered Municipal Accountants

Gary J. Vinci

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