

BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2017

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BOROUGH OF ALPINE

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Alpine
Alpine, 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 Alpine, as of December 31, 2017 and 2016, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Alpine as of December 31, 2017 and 2016, or changes in financial position, for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2017 and 2016. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 7.9 percent and 7.2 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2017 and 2016.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Alpine as of December 31, 2017 and 2016, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2017 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Alpine 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 Alpine.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2018 on our consideration of the Borough of Alpine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Alpine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Alpine's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants



Jeffrey C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey
June 29, 2018

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	A-4	\$ 6,177,861	\$ 3,337,944
Cash - Change Funds	A-5	100	100
Grant Receivables	A-10	-	11,470
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>1,753</u>	<u>2,003</u>
		<u>6,179,714</u>	<u>3,351,517</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	424,317	185,424
Revenue Accounts Receivable	A-9	<u>30,798</u>	<u>16,883</u>
		<u>455,115</u>	<u>202,307</u>
Total Assets		<u>\$ 6,634,829</u>	<u>\$ 3,553,824</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 505,454	\$ 547,230
Encumbrances Payable	A-12	16,800	53,406
Fees Payable	A-13	2,362	3,771
Prepaid Taxes	A-14	3,019,740	313,034
Tax Overpayments	A-15	-	2,986
Due to Open Space Preservation Trust Fund	B-8	-	142
Due to Other Trust Fund	B-11	125,000	100,000
Due to General Capital Fund	C-10	22,991	23,098
County Taxes Payable	A-16	44,171	20,652
Local District School Tax Payable	A-17	931,766	817,023
Reserve for Grants - Appropriated	A-19	67,855	62,523
Reserve for Grants - Unappropriated	A-20	<u>19,318</u>	<u>18,386</u>
		4,755,457	1,962,251
Reserve for Receivables and Other Assets	A	455,115	202,307
Fund Balance	A-1	<u>1,424,257</u>	<u>1,389,266</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 6,634,829</u>	<u>\$ 3,553,824</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,100,000	\$ 1,150,000
Miscellaneous Revenue Anticipated	A-2	1,572,966	1,611,941
Receipts from Delinquent Taxes	A-2	185,424	127,617
Receipts from Current Taxes	A-2	15,500,771	14,957,100
Non-Budget Revenue	A-2	131,138	65,598
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-11	354,453	193,831
Prior Year Interfunds Returned	A-1	<u>-</u>	<u>106</u>
 Total Revenue		 <u>18,844,752</u>	 <u>18,106,193</u>
 EXPENDITURES			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,562,000	2,572,100
Other Expenses	A-3	1,452,944	1,434,547
Capital Improvements	A-3	16,000	
Debt Service	A-3	433,998	596,339
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	590,851	537,988
County Taxes	A-16	6,193,156	5,689,768
Due to County for Added and Omitted Taxes	A-16	44,171	20,652
Local District School Tax	A-17	6,314,325	6,084,841
Municipal Open Space Tax	A-18	99,715	98,581
Grant Receivables Cancelled	A-10	2,601	1,209
Prior Year Taxes Refunded	A-1	<u>-</u>	<u>13,362</u>
 Total Expenditures		 <u>17,709,761</u>	 <u>17,049,387</u>
 Statutory Excess in Revenue		 1,134,991	 1,056,806
 FUND BALANCE, JANUARY 1	 A	 <u>1,389,266</u>	 <u>1,482,460</u>
		2,524,257	2,539,266
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,100,000</u>	<u>1,150,000</u>
 FUND BALANCE, DECEMBER 31	 A	 <u>\$ 1,424,257</u>	 <u>\$ 1,389,266</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Budget</u>	<u>Added By:</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,100,000	-	\$ 1,100,000	-
MISCELLANEOUS REVENUES					
Fees and Permits					
Other	A-2	50,000		68,866	\$ 18,866
Fines and Costs - Municipal Court	A-9	37,000		29,292	(7,708)
Interest and Costs on Taxes	A-9	30,000		59,432	29,432
Interest on Investments	A-2	7,000		35,897	28,897
Cell Tower Rent	A-9	280,000		295,669	15,669
Energy Receipts Tax	A-9	405,408		405,408	
Open Space Pilot Aid	A-9	5,219		5,219	
Uniform Construction Code Fees	A-9	200,000		404,561	204,561
Municipal Alliance Grant	A-10	4,760		4,760	
Recycling Tonnage Grant	A-10	7,147		7,147	
Alcohol Education and Rehab Fund	A-20	181		181	
Body Armor Grant	A-20	1,463		1,463	
Clean Communities Program	A-20	7,392		7,392	
Police Donations-Equipment	A-20	9,350		9,350	
Rent - U.S. Post Office	A-9	85,000		85,000	
Payment in Lieu of Taxes - Boy Scouts of America	A-9	53,130		53,130	
Cresskill Leaf Compost	A-9	62,500		62,500	-
General Capital Fund Balance (Surplus)	A-4	37,698	-	37,699	1
Total Miscellaneous Revenues	A-1	<u>1,283,248</u>	<u>-</u>	<u>1,572,966</u>	<u>289,718</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>170,000</u>	<u>-</u>	<u>185,424</u>	<u>15,424</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax For Municipal Purposes	A-2	<u>3,252,705</u>	<u>-</u>	<u>3,599,404</u>	<u>346,699</u>
	A-3	<u>\$ 5,805,953</u>	<u>\$ -</u>	<u>6,457,794</u>	<u>\$ 651,841</u>
Non-Budget Revenue	A-1,A-2			<u>131,138</u>	
				<u>\$ 6,588,932</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 15,500,771
Less Allocated to School, County and Municipal Open Space Taxes	A-16,A-17 A-18	<u>12,651,367</u>
		2,849,404
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>750,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,599,404</u>
Fees and Permits - Other		
Borough Clerk	A-9	\$ 13,743
Health Officer and Registrar	A-9	14,950
Police Department	A-9	6,333
Other Fees and Permits	A-9	<u>33,840</u>
	A-2	<u>\$ 68,866</u>
Interest on Investments		
Interest on Investments	A-9	\$ 10,840
Due from Other Trust Fund	B-11	<u>25,057</u>
	A-2	<u>\$ 35,897</u>
Analysis of Non-Budget Revenue		
Police Outside Duty		\$ 58,850
Cablevision Franchise Fee		22,787
FEMA Reimbursements - Winter Storm		17,754
Verizon Franchise Fee		11,152
FEMA Reimbursements Hurricane Sandy		6,143
Sale of Assets		5,886
Miscellaneous		2,759
Uniform Fire Safety Act		2,128
Bergen County JIF		2,000
Sale of SREC		1,569
Senior's & Veteran's Admin Fee		<u>110</u>
	A-2,A-4	<u>\$ 131,138</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Municipal Clerk					
Salaries and Wages	\$ 121,700	\$ 121,700	\$ 119,555	\$ 2,145	
Other Expenses	31,100	31,100	25,122	5,978	
Financial Administration					
Salaries and Wages	91,500	91,500	89,845	1,655	
Other Expenses	9,500	9,500	9,167	333	
Audit Services					
Other Expenses	37,000	37,000	35,043	1,957	
Revenue Administration					
Salaries and Wages	21,500	21,500	10,752	10,748	
Other Expenses	13,000	13,000	7,923	5,077	
Tax Assessment Administration					
Salaries and Wages	16,200	16,200	15,300	900	
Other Expenses	2,100	2,100	1,307	793	
Legal Services and Costs					
Other Expenses	165,000	159,541	53,310	106,231	
Engineering Services and Costs					
Other Expenses	48,000	48,000	27,141	20,859	
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	6,700	6,700	6,469	231	
Other Expenses	5,000	5,000	1,660	3,340	
Zoning Board of Adjustment					
Salaries and Wages	8,200	8,200	6,191	2,009	
Other Expenses	6,950	6,950	1,052	5,898	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	68,559	68,559	63,412	5,147	
Workers Compensation	73,152	73,152	73,151	1	
Employee Group Health	368,400	368,400	343,797	24,603	
Employee Group Health Waiver	10,950	10,950	9,533	1,417	
PUBLIC SAFETY					
Police					
Salaries and Wages	1,755,000	1,755,000	1,744,673	10,327	
Other Expenses	65,000	65,000	59,949	5,051	
Police Acquisition of Vehicles					
Other Expenses	15,500	15,500	4,703	10,797	
Police Dispatch/911					
Other Expenses	22,772	22,772	22,772	-	
Emergency Management Services					
Salaries and Wages	3,900	3,900	3,385	515	
Other Expenses	3,000	3,000	759	2,241	
First Aid Organization - Contribution					
Contribution	6,000	6,000	6,000	-	

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Continued)					
Fire					
Other Expenses	\$ 33,500	\$ 33,500	\$ 28,082	\$ 5,418	
Fire Hydrant Services	75,000	75,053	75,053	-	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	15,700	15,700	13,231	2,469	
Other Expenses	3,690	3,690	1,086	2,604	
Municipal Prosecutor					
Contractual	6,700	6,700	6,274	426	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	325,000	325,000	230,023	94,977	
Other Expenses	43,050	43,050	38,624	4,426	
Public Buildings and Grounds					
Other Expenses	39,938	39,938	33,341	6,597	
Solid Waste Collection					
Salaries and Wages	7,500	7,500	6,165	1,335	
Other Expenses	35,136	35,136	31,442	3,694	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	20,000	15,000	5,143	9,857	
Other Expenses	2,000	2,000	558	1,442	
Other Expenses - Contractual	7,008	12,008	11,788	220	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	574	676	
Animal Control					
Other Expenses	500	500		500	
Municipal Alliance Coordinator					
Salaries and Wages	2,000	2,000		2,000	
Occupational Safety and Health Act					
Other Expenses - Hepatitis B. Inoculation	1,362	1,362	810	552	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	1,887	113	
Swim Pool Committee					
Other Expenses	11,000	11,000	5,000	6,000	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	1,350	150	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	6,000	6,000	1,761	4,239	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	27,000	27,000	19,845	7,155	
Other Expenses	5,500	5,500	849	4,651	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,600	2,600	2,117	483	

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Building Inspector					
Salaries and Wages	\$ 94,000	\$ 94,000	\$ 84,203	\$ 9,797	
Other Expenses	11,000	11,000	5,135	5,865	
Electrical Inspector					
Salaries and Wages	13,300	13,300	10,079	3,221	
Plumbing Inspector					
Salaries and Wages	13,800	13,800	12,416	1,384	
Zoning Official					
Salaries and Wages	14,700	14,700	12,721	1,979	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	35,000	31,129	28,832	2,297	
Street Lighting	22,000	30,674	30,674	-	
Telephone	24,000	24,000	20,095	3,905	
Water	6,000	5,947	4,755	1,192	
Natural Gas	14,000	14,000	7,642	6,358	
Gasoline	52,500	52,500	28,067	24,433	-
Total Operations Within "CAPS"	3,950,917	3,950,261	3,501,593	448,668	-
Contingent	10,000	10,000	-	10,000	-
Total Operations Including Contingent - Within "CAPS"	3,960,917	3,960,261	3,501,593	458,668	-
Detail:					
Salaries and Wages	2,567,000	2,562,000	2,398,387	163,613	-
Other Expenses	1,393,917	1,398,261	1,103,206	295,055	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	98,000	98,000	81,883	16,117	
Police and Fireman's Retirement System of NJ	392,038	392,038	392,033	5	
Public Employees Retirement System	77,087	77,743	77,743	-	
Defined Contribution Retirement Program	600	600	539	61	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	567,725	568,381	552,198	16,183	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	4,528,642	4,528,642	4,053,791	474,851	-

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

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY					
Fire					
Other Expense-LOSAP	\$ 23,200	\$ 23,200	\$ 23,200	-	-
Total Other Operations Excluded from "CAPS"	<u>23,200</u>	<u>23,200</u>	<u>23,200</u>	<u>-</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share	4,760	4,760	1,941	\$ 2,819	
Local Share	1,190	1,190	647	543	
Clean Communities Program	7,392	7,392	340	7,052	
Body Armor Grant	1,463	1,463	1,463	-	
Police Donations - Equipment	9,350	9,350		9,350	
Alcohol Education and Rehab. Fund	181	181		181	
Recycling Tonnage Grant	<u>7,147</u>	<u>7,147</u>	<u>-</u>	<u>7,147</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>31,483</u>	<u>31,483</u>	<u>4,391</u>	<u>27,092</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>54,683</u>	<u>54,683</u>	<u>27,591</u>	<u>27,092</u>	<u>-</u>
Detail:					
Other Expenses	<u>54,683</u>	<u>54,683</u>	<u>27,591</u>	<u>27,092</u>	<u>-</u>
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Energy Efficient Lighting & Electric Upgrades to Buildings	12,000	12,000	11,935	65	
Acquisition of Fire Dept. Vehicle Equipment	<u>4,000</u>	<u>4,000</u>	<u>554</u>	<u>3,446</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"	<u>16,000</u>	<u>16,000</u>	<u>12,489</u>	<u>3,511</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Principal Capital Notes	373,000	373,000	373,000		
Interest on Notes	57,596	57,596	57,436		\$ 160
Green Trust Loan Program					
Loan Repayments for Principal and Interest	<u>3,562</u>	<u>3,562</u>	<u>3,562</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>434,158</u>	<u>434,158</u>	<u>433,998</u>	<u>-</u>	<u>160</u>

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

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>	Balance <u>Cancelled</u>
DEFERRED CHARGES-MUNICIPAL-EXCLUDED FROM "CAPS"					
Deferred Charges - Unfunded:					
Ordinance-#671/695	\$ 1,000	\$ 1,000	\$ 1,000		
Ordinance-#735	48	48	48		
Ordinance-#723	<u>21,422</u>	<u>21,422</u>	<u>21,422</u>	-	-
Total Deferred Charges-Municipal-Excluded from "CAPS"	<u>22,470</u>	<u>22,470</u>	<u>22,470</u>	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>527,311</u>	<u>527,311</u>	<u>496,548</u>	\$ 30,603	\$ 160
Subtotal General Appropriations	5,055,953	5,055,953	4,550,339	505,454	160
Reserve for Uncollected Taxes	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	-	-
Total General Appropriations	<u>\$ 5,805,953</u>	<u>\$ 5,805,953</u>	<u>\$ 5,300,339</u>	<u>\$ 505,454</u>	<u>\$ 160</u>
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget As Adopted	A-3	<u>\$ 5,805,953</u>			
Cash Disbursements	A-4		\$ 4,533,539		
Encumbrances Payable	A-12		16,800		
Reserve for Uncollected Taxes	A-2		<u>750,000</u>		
			<u>\$ 5,300,339</u>		

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

ASSETS	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ANIMAL CONTROL FUND			
Cash	B-3	\$ 4,142	\$ 4,079
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	39,248	36,613
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	192,250	92,078
Due from Current Fund	B-8	-	142
		<u>192,250</u>	<u>92,220</u>
RECREATION TRUST FUND			
Cash	B-3	14,349	5,310
OTHER TRUST FUND			
Cash	B-3	4,736,068	4,575,657
Due from Current Fund	B-11	125,000	100,000
		<u>4,861,068</u>	<u>4,675,657</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	420,165	354,478
Contributions Receivable	B	21,088	19,550
		<u>441,253</u>	<u>374,028</u>
Total Assets		<u>\$ 5,552,310</u>	<u>\$ 5,187,907</u>

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-5		\$ 2
Reserve for Animal Control Fund Expenditures	B-4	<u>\$ 4,142</u>	<u>4,077</u>
		<u>4,142</u>	<u>4,079</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Benefits	B-6	<u>39,248</u>	<u>36,613</u>
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Expenditures	B-9	<u>192,250</u>	<u>92,220</u>
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-10	<u>14,349</u>	<u>5,310</u>
OTHER TRUST FUND			
Payroll Deductions Payable	B-12	34,667	14,790
Miscellaneous Reserves and Deposits	B-13	<u>4,826,401</u>	<u>4,660,867</u>
		<u>4,861,068</u>	<u>4,675,657</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>441,253</u>	<u>374,028</u>
Total Liabilities and Reserves		<u>\$ 5,552,310</u>	<u>\$ 5,187,907</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
STATEMENT OF REVENUES-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit</u>
	<u>Budget (Memo)</u>	<u>Budget After Modification (Memo)</u>		
Amount to be Raised by Taxation	\$ 99,006	\$ 99,006	\$ 99,715	\$ 709
	<u>\$ 99,006</u>	<u>\$ 99,006</u>	99,715	<u>\$ 709</u>
Non-Budget Revenue:				
Interest on Investments			<u>315</u>	
			<u>\$ 100,030</u>	
	<u>Reference</u>	B-2	B-9	

EXHIBIT B-2

STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget (Memo)</u>	<u>Budget After Modification (Memo)</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Reserve for Future Use	\$ 99,006	\$ 99,006	\$ -	\$ 99,006
	<u>\$ 99,006</u>	<u>\$ 99,006</u>	<u>\$ -</u>	<u>\$ 99,006</u>
	<u>Reference</u>	B-1	B-1	B-9

The Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
ASSETS			
Cash	C-2,C-3	\$ 562,850	\$ 748,958
Grants Receivable	C-4	73,261	183,800
Due From Current Fund	C-10	22,991	23,098
Deferred Charges to Future Taxation			
Funded	C-5	13,534	16,917
Unfunded	C-6	<u>2,706,272</u>	<u>2,876,781</u>
 Total Assets		 <u>\$ 3,378,908</u>	 <u>\$ 3,849,554</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bergen County Improvement Authority Loan Payable	C-13	13,534	16,917
Bond Anticipation Notes Payable	C-12	2,660,811	2,879,811
Encumbrances Payable	C-8	-	118,644
Improvement Authorizations			
Funded	C-7	78,195	104,953
Unfunded	C-7	422,682	400,296
Capital Improvement Fund	C-9	97,434	97,434
Reserve for Grants Receivable	C-4	73,261	183,800
Reserve for Field Improvements	C-11	10,000	10,000
Fund Balance	C-1	<u>22,991</u>	<u>37,699</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,378,908</u>	 <u>\$ 3,849,554</u>

There were bonds and notes authorized but not issued on December 31, 2017 and 2016 of \$45,461 and \$22,470, respectively. (Exhibit C-14)

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

	<u>Reference</u>	<u>2017</u>	<u>2016</u>
Balance, January 1	C	\$ 37,699	\$ 162,138
Increased by:			
Premium on Notes Issued	C-2	<u>22,991</u>	<u>23,098</u>
		<u>60,690</u>	<u>185,236</u>
Decreased by:			
Prior Year Excess Grant Proceeds	C-1		437
Appropriation to Finance Improvement Authorizations	C-1		147,100
Payment to Current Fund as Anticipated Revenue	C-2	<u>37,699</u>	<u>-</u>
		<u>37,699</u>	<u>147,537</u>
Balance, December 31	C	<u>\$ 22,991</u>	<u>\$ 37,699</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Land	\$ 6,101,500	\$ 6,101,500
Buildings and Building Improvements	1,755,614	1,755,614
Machinery and Equipment	<u>3,105,156</u>	<u>3,037,512</u>
	<u>\$ 10,962,270</u>	<u>\$ 10,894,626</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 10,962,270</u>	<u>\$ 10,894,626</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Alpine (the "Borough") was incorporated in 1903 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. 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 does not include the volunteer fire department, which is considered component units under GAAP. Complete financial statements of the above component unit 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 Alpine 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 ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The Borough has the following funds and account group:

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

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

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

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.

Open Space Preservation Trust Fund - This fund is used to account for the revenues and expenditures relating to taxes and other revenues dedicated to the acquisition and maintenance of real property for open space.

Recreation Trust Fund - This fund is used to account for receipts from dedicated fees and associated disbursements relating to recreational activities administered by the Borough.

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.

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.

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 ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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 Alpine 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 ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

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

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

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.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Deferred School Taxes – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount. GAAP does not permit the deferral of unpaid school taxes to fund balance at year end.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Alpine 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.

General Fixed Assets purchased after December 31, 1985 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1985 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

No depreciation has been provided for in the financial statements.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds (Except for Open Space Preservation Trust Fund)
General Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2017, the Borough Council did not increase the original budget. During 2016 the Borough Council increased the original budget by \$9,520. The increase was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2017 and 2016.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2017 and 2016, the book value of the Borough's deposits were \$11,726,868 and \$8,800,739 and bank and brokerage firm balances of the Borough's deposits amounted to \$11,588,245 and \$8,858,992 respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2017</u>	<u>2016</u>
Insured	\$ 11,588,245	\$ 8,858,992

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

B. Investments

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

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2017 and 2016, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP)</u>	
	<u>2017</u>	<u>2016</u>
Investment:		
Lincoln Financial Group LOSAP		
Investment Fund (Unaudited)	\$ 420,165	\$ 354,478

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2017 and 2016, \$420,165 and \$354,478 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair</u> <u>Value</u> <u>(LOSAP)</u> <u>(Unaudited)</u>	
	<u>2017</u>	<u>2016</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 420,165	\$ 354,478

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2017 and 2016, the Borough’s investment in Lincoln Financial Group a subsidiary to Lincoln National Corporation was rated Baa1 by Moody’s Investor Service.

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

The fair value of the above-listed investments were based on quoted market prices provided by the Lincoln Financial Group.

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 ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 4 TAXES RECEIVABLE

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

	<u>2017</u>	<u>2016</u>
Property Taxes	\$ <u>424,317</u>	\$ <u>185,424</u>

In 2017 and 2016, the Borough collected \$185,424 and \$127,617 from delinquent taxes, which represented 100%, 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>2017</u>		<u>2016</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		\$ 147,991		\$ 123,240
Trust Funds:				
Open Space Preservation Trust Fund	-		\$ 142	
Other Trust Fund	\$ 125,000		100,000	
General Capital Fund	<u>22,991</u>	<u>-</u>	<u>23,098</u>	<u>-</u>
Total	<u>\$ 147,991</u>	<u>\$ 147,991</u>	<u>\$ 123,240</u>	<u>\$ 123,240</u>

The above balances are the result of revenues earned and/or appropriations budgeted in one fund that are due to another fund. The Borough expects all interfund balances to be liquidated within one year.

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

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31. The balance of unpaid school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, 2017 and 2016 are as follows:

	<u>Local District School</u>	
	<u>2017</u>	<u>2016</u>
Balance of Tax	\$ 3,271,748	\$ 3,157,005
Deferred	<u>2,339,982</u>	<u>2,339,982</u>
Taxes Payable	<u>\$ 931,766</u>	<u>\$ 817,023</u>

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:

	<u>2017</u>		<u>2016</u>	
	<u>Fund</u> <u>Balance</u> <u>December 31,</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>	<u>Fund</u> <u>Balance</u> <u>December 31,</u>	<u>Utilized</u> <u>in Subsequent</u> <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,422,504	\$ 1,125,000	\$ 1,375,793	\$ 1,100,000
Non-Cash Surplus	<u>1,753</u>	<u>-</u>	<u>13,473</u>	<u>-</u>
	<u>\$ 1,424,257</u>	<u>\$ 1,125,000</u>	<u>\$ 1,389,266</u>	<u>\$ 1,100,000</u>

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

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2017 and 2016.

	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2017</u>
<u>2017</u>				
Land	\$ 6,101,500			\$ 6,101,500
Buildings and Building Improvements	1,755,614			1,755,614
Machinery and Equipment	<u>3,037,512</u>	<u>\$ 118,644</u>	<u>\$ (51,000)</u>	<u>3,105,156</u>
	<u>\$ 10,894,626</u>	<u>\$ 118,644</u>	<u>\$ (51,000)</u>	<u>\$ 10,962,270</u>
	Balance January 1, <u>2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2016</u>
<u>2016</u>				
Land	\$ 6,101,500			\$ 6,101,500
Buildings and Building Improvements	1,755,614			1,755,614
Machinery and Equipment	<u>3,158,257</u>	<u>\$ 152,255</u>	<u>\$ (273,000)</u>	<u>3,037,512</u>
	<u>\$ 11,015,371</u>	<u>\$ 152,255</u>	<u>\$ (273,000)</u>	<u>\$ 10,894,626</u>

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

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2017</u>	<u>2016</u>
Issued		
General		
Notes and Loans	\$ 2,674,345	\$ 2,896,728
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>-</u>	<u>25,500</u>
Net Debt Issued	2,674,345	2,871,228
Authorized But Not Issued		
General		
Bonds and Notes	<u>45,461</u>	<u>22,470</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,719,806</u>	<u>\$ 2,893,698</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 .117% and .121% at December 31, 2017 and 2016, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2017</u>			
General Debt	<u>\$ 2,719,806</u>	<u>\$ -</u>	<u>\$ 2,719,806</u>
<u>2016</u>			
General Debt	<u>\$ 2,919,198</u>	<u>\$ 25,500</u>	<u>\$ 2,893,698</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2017</u>	<u>2016</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 81,490,102 <u>2,719,806</u>	\$ 83,833,658 <u>2,893,698</u>
Remaining Borrowing Power	<u>\$ 78,770,296</u>	<u>\$ 80,939,960</u>

A. Long-Term Debt

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

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the Bergen County Improvement Authority ("BCIA") for the financing relating to the Borough's solar power system program. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loan issued. General intergovernmental loan outstanding at December 31 are as follows:

	<u>2017</u>	<u>2016</u>
\$47,368, 2008 BCIA Loans, due in annual installments of \$3,383 to \$3,384 through December, 2021, interest at 1.05%	<u>\$ 13,534</u>	<u>\$ 16,917</u>
	<u>\$ 13,534</u>	<u>\$ 16,917</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

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

Calendar Year	Principal	BCIA Loan Interest	Total
2018	\$ 3,383	\$ 142	\$ 3,525
2019	3,383	107	3,490
2020	3,384	71	3,455
2021	<u>3,384</u>	<u>36</u>	<u>3,420</u>
	<u>\$ 13,534</u>	<u>\$ 356</u>	<u>\$ 13,890</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2017 and 2016 were as follows:

	Balance, January 1, <u>2017</u>	Additions	Reductions	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
General Capital Fund					
Intergovernmental Loans Payable	<u>\$ 16,917</u>	<u>\$ -</u>	<u>\$ 3,383</u>	<u>\$ 13,534</u>	<u>\$ 3,383</u>
General Capital Fund Long-Term Liabilities	<u>\$ 16,917</u>	<u>\$ -</u>	<u>\$ 3,383</u>	<u>\$ 13,534</u>	<u>\$ 3,383</u>
	Balance, January 1, <u>2016</u>	Additions	Reductions	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
General Capital Fund					
Bonds Payable	<u>\$ 280,000</u>		<u>\$ 280,000</u>		
Intergovernmental Loans Payable	<u>166,803</u>	<u>-</u>	<u>149,886</u>	<u>\$ 16,917</u>	<u>\$ 3,383</u>
General Capital Fund Long-Term Liabilities	<u>\$ 446,803</u>	<u>\$ -</u>	<u>\$ 429,886</u>	<u>\$ 16,917</u>	<u>\$ 3,383</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2017 and 2016 was as follows:

Bond Anticipation Notes

<u>2017</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2017</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2017</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.25%	11/29/2018	\$ 823,281	\$ 625,511	\$ 823,281	\$ 625,511
	Road Program	2.25%	11/29/2018	1,416,833	1,422,713	1,416,833	1,422,713
	Acquisition of Fire Engine and Computer Equipment	2.25%	11/29/2018	486,842	459,732	486,842	459,732
	School Field Improvements and Vehicle Acq.	2.25%	11/29/2018	<u>152,855</u>	<u>152,855</u>	<u>152,855</u>	<u>152,855</u>
				<u>\$ 2,879,811</u>	<u>\$ 2,660,811</u>	<u>\$ 2,879,811</u>	<u>\$ 2,660,811</u>

<u>2016</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2016</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2016</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.00%	12/5/2017	\$ 888,585	\$ 823,281	\$ 888,585	\$ 823,281
	Road Program	2.00%	12/5/2017	1,053,213	1,416,833	1,053,213	1,416,833
	Acquisition of Fire Engine and Computer Equipment	2.00%	12/5/2017	513,952	486,842	513,952	486,842
	School Field Improvements and Vehicle Acq.	2.00%	12/5/2017	<u>-</u>	<u>152,855</u>	<u>-</u>	<u>152,855</u>
				<u>\$ 2,455,750</u>	<u>\$ 2,879,811</u>	<u>\$ 2,455,750</u>	<u>\$ 2,879,811</u>

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

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

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

NOTE 10 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 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 \$704,457 and \$760,266 at December 31, 2017 and 2016, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2017 and 2016, the Borough has reserved in the Other Trust Fund \$182,864 and \$175,126, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Capital Lease Agreement

The Borough entered into agreements for the leasing of police vehicles totaling \$55,981 under capital leases. The capital lease agreements are for terms of 3 year’s payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2017.

<u>Years Ended December 31,</u>	<u>Amount</u>
2018	\$ <u>5,981</u>
Total	5,981
Less: Amounts Representing Interest	<u>(121)</u>
Present Value of Net Minimum Lease Payments	\$ <u>5,860</u>

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

NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

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

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

	Balance, December 31, <u>2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<u>2017</u>					
Compensated Absences	\$ 760,266	\$ 61,453	\$ 117,262	\$ 704,457	\$ 62,155
Capital Leases	21,218		15,358	5,860	5,860
Net Pension Liability - PERS	2,553,268		503,201	2,050,067	
Net Pension Liability - PFRS	<u>9,178,002</u>	<u>-</u>	<u>2,035,402</u>	<u>7,142,600</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 12,512,754</u>	<u>\$ 61,453</u>	<u>\$ 2,671,223</u>	<u>\$ 9,902,984</u>	<u>\$ 68,015</u>
	Balance, December 31, <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2016</u>	Due Within <u>One Year</u>
<u>2016</u>					
Compensated Absences	\$ 771,714	\$ 105,414	\$ 116,862	\$ 760,266	\$ 117,262
Capital Leases	49,696		28,478	21,218	15,358
Net Pension Liability - PERS	1,722,795	907,060	76,587	2,553,268	
Net Pension Liability - PFRS	<u>7,752,540</u>	<u>1,817,200</u>	<u>391,738</u>	<u>9,178,002</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 10,296,745</u>	<u>\$ 2,829,674</u>	<u>\$ 613,665</u>	<u>\$ 12,512,754</u>	<u>\$ 132,620</u>

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees with vesting occurring after 10 years of membership. PFRS is a cost-sharing multi-employer defined benefit pension plan.

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

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

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

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, which was rolled forward to June 30, 2017, the aggregate funded ratio for all the State administered retirement systems, including local PERS and local PFRS is 35.79 percent with an unfunded actuarial accrued liability of \$142.3 billion. The aggregate funded ratio and unfunded accrued liability for the local PERS system is 48.10 percent and \$23.3 billion, respectively and the aggregate funded ratio and unfunded accrued liability for local PFRS is 58.60 percent and \$17.2 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuations, the date of the most recent actuarial valuations, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 7.00% for investment rate of return for all the retirement systems and (b) changes to projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for PERS and 2.10-9.98 percent based on age for PFRS.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 10.0% for PFRS, 7.20% for PERS and 5.50% for DCRP of employee’s annual compensation for 2017.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employees*, for the years ended December 31, 2017 and 2016. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2017	\$ 391,738	\$ 76,587	\$ 539
2016	378,330	65,981	None
2015	359,408	72,443	None

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

Public Employees Retirement System (PERS)

At December 31, 2017 and 2016, the Borough reported a liability of \$2,050,067 and \$2,553,268, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough’s proportionate share of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough’s proportionate share was .00881 percent, which was an increase of .00019 percent from its proportionate share measured as of June 30, 2016 of .00862 percent.

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2017 and 2016, the pension system has determined the Borough's pension expense to be \$154,472 and \$242,048 respectively, for PERS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$76,587 and \$65,981, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 48,272		\$ 47,483	
Changes of Assumptions	413,018	\$ 411,504	528,901	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,960		97,358	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>158,447</u>	<u>101,874</u>	<u>161,063</u>	<u>\$ 139,327</u>
Total	<u>\$ 633,697</u>	<u>\$ 513,378</u>	<u>\$ 834,805</u>	<u>\$ 139,327</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2018	\$ 51,981
2019	76,496
2020	58,170
2021	(27,999)
2022	<u>(38,329)</u>
	<u>\$ 120,319</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
<u>2017</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,543,247</u>	<u>\$ 2,050,067</u>	<u>\$ 1,639,187</u>
	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
<u>2016</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,128,732</u>	<u>\$ 2,553,268</u>	<u>\$ 2,078,173</u>

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2017 and 2016, the Borough reported a liability of \$7,142,600 and \$9,178,002, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 and 2015, respectively. The Borough's proportionate share of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. As of the measurement date of June 30, 2017, the Borough's proportionate share was .04627 percent, which was a decrease of .00178 percent from its proportionate share measured as of June 30, 2016 of .04805 percent.

For the years ended December 31, 2017 and 2016, the pension system has determined the Borough pension expense to be \$591,166 and \$973,496, respectively, for PFRS based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$391,738 and \$378,330, respectively. At December 31, 2017 and 2016, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2017		2016	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 46,337	\$ 41,921		\$ 60,163
Changes of Assumptions	880,762	1,169,749	\$ 1,271,229	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	136,298		643,084	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>135,086</u>	<u>325,320</u>	<u>172,819</u>	<u>148,808</u>
Total	<u>\$ 1,198,483</u>	<u>\$ 1,536,990</u>	<u>\$ 2,087,132</u>	<u>\$ 208,971</u>

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

Year Ending December 31,	Total
2018	\$ 33,338
2019	183,508
2020	(17,726)
2021	(360,137)
2022	(177,490)
	<u>\$ (338,507)</u>

Actuarial Assumptions

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

PFRS

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

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
<u>2017</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 9,410,964</u>	<u>\$ 7,142,600</u>	<u>\$ 5,278,881</u>
	1% Decrease (4.55%)	Current Discount Rate (5.55%)	1% Increase (6.55%)
<u>2016</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 11,834,361</u>	<u>\$ 9,178,002</u>	<u>\$ 7,011,901</u>

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

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

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Special Funding Situation – PFRS

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

At December 31, 2017 and 2016, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$800,031 and \$770,725, respectively. For the years ended December 31, 2017 and 2016, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$97,862 and \$98,440, respectively, which is more than the actual contributions the State made on behalf of the Borough of \$40,005 and \$29,532, respectively. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for participating municipalities including the Borough. The plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 580 state and local participating employers and contributing entities for Fiscal Year 2017.

The State of New Jersey sponsors and administers the following health benefit program covering substantially all local government employees from local participating employers.

State Health Benefits Program Funds (HBPF) – Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

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 the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

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

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$85.4 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$25.5 billion for state active and retired members, \$16.1 billion for local active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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 OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the 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, 2016 OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$184.6 million for 10,994 eligible retired members for Fiscal Year 2017. This benefit covers the Police and Firemen's Retirement System.

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

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$52.1 ~~\$48.3~~ million in Fiscal Year 2017 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2017, 2016 and 2015 were \$13,457, \$14,887 and \$12,378, respectively, which equaled the required contributions for each year

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

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

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

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

NOTE 13 RISK MANAGEMENT (Continued)

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 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>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 2,626	\$ 87	\$ 39,248
2016	2,626	88	36,613
2015	6,962	107	50,932

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2017 and 2016. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be immaterial. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

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

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

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2017 and 2016, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Alpine Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on June 26, 2000 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 Alpine approved the adoption of the Plan at the general election held on November 7, 2000.

The first year of eligibility for entrance into the Plan was calendar year 2001. 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 Alpine has contributed \$1,318 and \$1,150 for 2017 and 2016, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$21,088 and \$19,550 for 2017 and 2016, respectively.

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

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

Vesting and Benefits

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

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

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

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

Reporting Requirements

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

Interlocal Services Agreement

The Borough of Alpine and Closter entered into an interlocal service agreement for the purposes of reimbursing the Borough of Closter as sponsoring agency for a length of service awards program for the Closter Volunteer Ambulance Corps., a volunteer organization which services each of the Boroughs.

The contributions are made in accordance with the plan established by the Borough of Closter pursuant to N.J.S.A. 40A:14-183 et seq. Alpine's share of the Closter Volunteer Ambulance Corps. LOSAP contributions for the years ended December 31, 2017 and 2016 were \$5,000 and \$5,500 respectively.

NOTE 17 MORTGAGE NOTE

On January 10, 2006 the Borough entered into a mortgage and mortgage note agreement with the Neighborhood Preservation Balanced Housing Program, Division of Housing and Community Resources, New Jersey Department of Community Affairs in the amount of \$2,000,000. The proceeds of the loan were used to fund a portion of the development costs incurred in the construction of an eight (8) unit family rental project occupied by duly qualified low and moderate income families in accordance with the Fair Housing Act of 1985 ("the Project").

The mortgage note will mature upon the expiration of thirty (30) years from the first day of the month following the issuance of a final Certificate of Occupancy for the Project by the Borough, if not sooner according to the terms of the mortgage note and the mortgage. Upon maturity, at the option of the Lender, the entire unpaid balance of the principal sum shall become due and payable. No interest shall accrue during the entire term of the mortgage and mortgage note.

It was expressly agreed that the entire balance of said principal sum shall become due at the option of the Lender, its successor or assignee upon (i) the happening of any default as described in the mortgage; (ii) the expiration of Affordability Controls on dwelling units completed with the proceeds of this loan, if said units are not retained exclusively for occupancy by low and moderate households as defined in the State of New Jersey's Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq.; and (iii) the unapproved sale, transfer or refinancing of the Project by the Municipal Borrower. As of December 31, 2017, there has been no default or event requiring repayment of the loan.

NOTE 18 SUBSEQUENT EVENTS

On April 25, 2018 the Borough adopted a bond ordinance authorizing the issuance of \$374,600 and \$88,800 in bonds or bond anticipation notes to fund the 2018 capital road project and 2018 various capital improvements, respectively. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

BOROUGH OF ALPINE
STATEMENT OF CURRENT CASH AND INVESTMENTS - COLLECTOR/TREASURER

Balance, December 31, 2016		\$ 3,337,944
Increased by:		
Taxes Receivable	\$ 15,367,911	
Revenue Accounts Receivable	1,479,917	
Non-Budget Revenue	131,138	
Grant Receivables	16,801	
Due from State of NJ (Ch. 20, P.L. 1972)	5,500	
Prepaid Taxes	3,019,740	
Fees Payable	14,397	
Reserve for Grants - Unappropriated	19,318	
Received From Other Trust Fund	25,057	
Received From General Capital Fund	22,991	
General Capital Fund Balance (Surplus)	37,699	
Petty Cash	<u>500</u>	
		<u>20,140,969</u>
		23,478,913
Decreased by Disbursements:		
2017 Budget Appropriations	4,533,539	
2016 Budget Reserves	47,118	
Encumbrance Payables	53,406	
County Taxes Payable	6,213,808	
Local District School Tax Payable	6,199,582	
Fees Payable	15,806	
Tax Overpayments	2,986	
Reserve for Grants- Appropriated	11,352	
Payments to Open Space Trust Fund	99,857	
Payments to General Capital Fund	23,098	
Payments to Other Trust Fund	100,000	
Petty Cash	<u>500</u>	
		<u>17,301,052</u>
Balance, December 31, 2017		<u>\$ 6,177,861</u>

**BOROUGH OF ALPINE
STATEMENT OF CHANGE FUNDS**

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

STATEMENT OF PETTY CASH FUNDS

Increased by:	
Received from Treasurer	\$ 500
Decreased by:	
Returned to Treasurer	<u>\$ 500</u>

**STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2016	\$ 2,003
Increased by:	
Veterans' Deductions per Tax Duplicate 2017	<u>5,250</u>
	7,253
Decreased by:	
Receipts from State of New Jersey	<u>5,500</u>
Balance, December 31, 2017	<u>\$ 1,753</u>

BOROUGH OF ALPINE
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, <u>2016</u>	2017 <u>Levy</u>	Senior Citizens' and Veterans' Deductions <u>Disallowed</u>	<u>Cash Collections</u>		Senior Citizens' and Veterans' Deductions <u>Allowed</u>	Remitted, Abated or Cancelled	Balance, December 31, <u>2017</u>
				<u>2016</u>	<u>2017</u>			
2016	\$ 185,424				\$ 185,424			
2017	<u>-</u>	<u>\$ 15,974,073</u>	<u>-</u>	<u>\$ 313,034</u>	<u>15,182,487</u>	<u>\$ 5,250</u>	<u>\$ 48,985</u>	<u>\$ 424,317</u>
	<u>\$ 185,424</u>	<u>\$ 15,974,073</u>	<u>\$ -</u>	<u>\$ 313,034</u>	<u>\$ 15,367,911</u>	<u>\$ 5,250</u>	<u>\$ 48,985</u>	<u>\$ 424,317</u>

Analysis of 2017 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 15,860,806
Added and Omitted Taxes (54:4-63.10 et seq.)	<u>113,267</u>
	<u>\$ 15,974,073</u>

TAX LEVY

Local District School Taxes	\$ 6,314,325
County Taxes - General	\$ 5,947,286
County Taxes - Open Space	245,870
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>44,171</u>
	6,237,327
Municipal Open Space Tax	99,006
Municipal Open Space Added Taxes	<u>709</u>
	99,715
Local Tax for Municipal Purposes	3,252,705
Add Additional Tax Levies	<u>70,001</u>
	<u>3,322,706</u>
	<u>\$ 15,974,073</u>

BOROUGH OF ALPINE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2016</u>	Accrued in <u>2017</u>	<u>Collected</u>	Balance, December 31, <u>2017</u>
Borough Clerk				
Fees and Permits		\$ 13,743	\$ 13,743	
Health Officer and Registrar				
Fees and Permits		14,950	14,950	
Police Department				
Fees and Permits		6,333	6,333	
Other Fees and Permits		33,840	33,840	
Municipal Court				
Fines and Costs		29,292	29,292	
Interest and Cost on Taxes	\$ 9,800	73,347	59,432	\$ 23,715
Interest on Investments		10,840	10,840	
Cell Tower Rent		295,669	295,669	
Energy Receipts Tax		405,408	405,408	
Open Space PILOT Aid		5,219	5,219	
Uniform Construction Code Fees		404,561	404,561	
Cresskill Leaf Compost		62,500	62,500	
Rent - U.S. Post Office	7,083	85,000	85,000	7,083
Payment in Lieu of Taxes - Boys Scouts	-	53,130	53,130	-
	<u>\$ 16,883</u>	<u>\$ 1,493,832</u>	<u>\$ 1,479,917</u>	<u>\$ 30,798</u>

BOROUGH OF ALPINE
STATEMENT OF GRANT RECEIVABLES

	Balance, December 31, <u>2016</u>	Accrued in <u>2017</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2017</u>
Municipal Alliance Program	\$ 11,470	\$ 4,760	\$ 9,654	\$ 6,576	
Recycling Tonnage Grant	<u>-</u>	<u>7,147</u>	<u>7,147</u>	<u>-</u>	<u>\$ -</u>
	<u>\$ 11,470</u>	<u>\$ 11,907</u>	<u>\$ 16,801</u>	<u>\$ 6,576</u>	<u>\$ -</u>
				Charged to Operations	\$ 2,601
				Reserve for Appropriated Grants	<u>3,975</u>
					<u>\$ 6,576</u>

BOROUGH OF ALPINE
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, December 31, <u>2016</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Municipal Clerk	\$ 2,838	\$ 2,838			\$ 2,838
Financial Administration	923	923			923
Revenue Administration	10,852	10,852			10,852
Tax Assessment Administration	2,942	2,942			2,942
Planning Board	528	528			528
Zoning Board Adjustment	2,067	2,067			2,067
Police	78,834	78,834	\$ 11,073	\$ 55,000	12,761
Emergency Management Services	782	782			782
Fire Prevention/Uniform Fire Code	3,156	3,156			3,156
Road Repairs and Maintenance	87,806	87,806	1,446	70,000	16,360
Solid Waste Collection	3,341	3,341			3,341
Board of Health	88	88			88
Municipal Alliance	1,900	1,900			1,900
Municipal Court	6,638	6,638			6,638
Public Defender	594	594			594
Building Inspector	10,536	10,536	50		10,486
Electrical Inspector	3,116	3,116	-	-	3,116
Total Salaries & Wages	<u>216,941</u>	<u>216,941</u>	<u>12,569</u>	<u>125,000</u>	<u>79,372</u>
Other Expenses					
Municipal Clerk	5,709	4,896	470		4,426
Election	-	813			813
Revenue Administration	3,698	3,698			3,698
Tax Assessment Administration	1,433	1,433			1,433
Audit Services	2,760	2,760			2,760
Legal Services & Costs	130,933	130,933	2,638		128,295
Engineering Services & Costs	9,290	9,290	2,208		7,082
Planning Board	3,310	3,310			3,310
Liability Insurance	4,404	4,404			4,404
Employee Group Insurance	12,694	12,694			12,694
Fire - Other Expenses	9,568	9,568	6,748		2,820
Police	2,336	2,336	2,336		-
Police Acquisition of Vehicles	425	425			425
Emergency Management Services	1,254	1,254			1,254
Fire Prevention/Uniform Fire Code	2,276	2,276			2,276
Road Repairs and Maintenance	8,359	7,764	5,794		1,970
Public Buildings & Grounds	503	1,098			1,098
Solid Waste Collection	1,784	1,784	53		1,731
Board of Health	1,888	2,274	126		2,148
Board of Health Contractual	245	245			245

BOROUGH OF ALPINE
STATEMENT OF 2016 APPROPRIATION RESERVES

	Balance, December 31, <u>2016</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Environmental Commission	\$ 656	\$ 656			\$ 656
Animal Control	500	500			500
Occupational Safety and Health Act	661	-			-
Parks and Playgrounds	14	14			14
Cresskill Library Fees	1,500	1,500	\$ 900		600
Celebration of Public Events		275			275
Contingent	10,000	10,000			10,000
Social Security System	8,381	8,381			8,381
Municipal Prosecutor Contractual	344	344			344
Municipal Court	3,847	3,847			3,847
Building Inspector	2,665	2,665			2,665
Utility Expenses					
Electric	6,435	6,435			6,435
Street Lighting	2,398	2,398			2,398
Telephone	4,605	4,605	892		3,713
Water	2,948	2,948			2,948
Natural Gas	7,426	7,426			7,426
Gasoline	32,830	32,830	2,761		30,069
L.O.S.A.P.	3,350	3,350	3,350		
Municipal Alliance					
County Share	9,880	9,880	2,546	\$ 7,334	
Local Share	1,919	1,919	1,919		
Alcohol Rehab and Education Fund - Reserv	59	59		59	
Body Armor Grant - Reserve	1,510	1,510	1,248	262	
Police Donations-Equipment-Reserve	4,000	4,000		4,000	
Clean Communities Grant	3,189	3,189	560	2,629	
Recycling Tonnage Grant - Reserve	6,375	6,375	-	6,375	-
	<u>\$ 330,289</u>	<u>\$ 330,289</u>	<u>\$ 34,549</u>	<u>\$ 20,659</u>	<u>\$ 275,081</u>
Total	<u>\$ 547,230</u>	<u>\$ 547,230</u>	<u>\$ 47,118</u>	<u>\$ 145,659</u>	<u>\$ 354,453</u>
			\$ 47,118		
				\$ 125,000	
			-	20,659	
			<u>\$ 47,118</u>	<u>\$ 145,659</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2016	\$ 53,406
Increased by:	
Charges to Budget Appropriations	16,800
	70,206
Decreased by:	
Cash Disbursements	53,406
Balance, December 31, 2017	\$ 16,800

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2016</u>	Fees <u>Collected</u>	<u>Payments</u>	Balance, December 31, <u>2017</u>
Due State of New Jersey				
Marriage License Fees	\$ 78	\$ 224	\$ 225	\$ 77
State Training Fees	3,693	14,173	15,581	2,285
	\$ 3,771	\$ 14,397	\$ 15,806	\$ 2,362

STATEMENT OF PREPAID TAXES

Balance, December 31, 2016	\$ 313,034
Increased by:	
Collection of 2018 Taxes	3,019,740
	3,332,774
Decreased by:	
Applied to 2017 Taxes Receivable	313,034
Balance, December 31, 2017	\$ 3,019,740

**BOROUGH OF ALPINE
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2016	\$	2,986
Decreased by:		
Overpayments Refunded	\$	<u>2,986</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2016	\$	20,652
Increased by:		
2017 Levy - General Taxes	\$	5,947,286
2017 Levy - Open Space Taxes		245,870
2017 Added and Omitted Taxes		<u>44,171</u>
		<u>6,237,327</u>
		6,257,979
Decreased by:		
Payments		<u>6,213,808</u>
Balance, December 31, 2017	\$	<u>44,171</u>

BOROUGH OF ALPINE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2016		
School Tax Payable	\$ 817,023	
School Tax Deferred	<u>2,339,982</u>	\$ 3,157,005
Increased by:		
Levy - School Year July 1, 2017 to June 30, 2018		<u>6,314,325</u>
		9,471,330
Decreased by:		
Payments		<u>6,199,582</u>
Balance, December 31, 2017		
School Tax Payable December 31, 2017	931,766	
School Tax Deferred	<u>2,339,982</u>	<u>\$ 3,271,748</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2017		\$ 931,766
Add: Payments		<u>6,199,582</u>
		7,131,348
Less: School Tax Payable at December 31, 2016		<u>817,023</u>
Amount Charged to 2017 Operations		<u>\$ 6,314,325</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
2017 Levy	\$ 99,006	
2017 Added and Omitted Taxes	<u>709</u>	99,715
Decreased by:		
Due to Open Space Preservation Trust Fund		<u>\$ 99,715</u>

BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2016</u>	Transferred from 2016 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	<u>Cancellation</u>	Balance, December 31, <u>2017</u>
Alcohol Education Rehab. Fund	\$ 1,520	\$ 59			\$ 1,579
Clean Communities	-	2,629			2,629
Drunk Driving Enforcement	2,339				2,339
Recycling Tonnage Grant	22,850	6,375	\$ 2,587		26,638
NJ DEP Stormwater Grant	967				967
Municipal Recycling Assistance Program	1,693				1,693
Police Donations	26,243	4,000	8,765		21,478
DARE Municipal Alliance	3,975	7,334		\$ 3,975	7,334
200 Club of Bergen County Grant	1,500				1,500
Body Armor	1,436	262	-	-	1,698
	<u>\$ 62,523</u>	<u>\$ 20,659</u>	<u>\$ 11,352</u>	<u>\$ 3,975</u>	<u>\$ 67,855</u>
		Grants Receivable		<u>\$ 3,975</u>	

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2016</u>	Cash <u>Receipts</u>	Anticipated in 2017 <u>Budget</u>	Balance, December 31, <u>2017</u>
Alcohol Education Rehabilitation Fund	\$ 181	\$ 64	\$ 181	\$ 64
Body Armor Grant	1,463	1,464	1,463	1,464
Clean Communities	7,392	6,280	7,392	6,280
Police Donations	9,350	4,800	9,350	4,800
Recycling Tonnage	-	6,710	-	6,710
	<u>\$ 18,386</u>	<u>\$ 19,318</u>	<u>\$ 18,386</u>	<u>\$ 19,318</u>

TRUST FUNDS

**BOROUGH OF ALPINE
STATEMENT OF TRUST FUNDS CASH**

	<u>Animal Control</u>	<u>Unemployment Insurance</u>	<u>Open Space</u>	<u>Recreation Trust</u>	<u>Other Trust</u>
Balance, December 31, 2016	\$ 4,079	\$ 36,613	\$ 92,078	\$ 5,310	\$ 4,575,657
Increased by Receipts:					
Received From Current Fund			\$ 99,857		\$ 100,000
Interest on Deposits		\$ 96	315		29,242
Miscellaneous Reserves and Deposits					1,114,858
Payroll Deductions Payable					3,365,064
Unemployment Employee Contributions		2,626			
Due to State of NJ - Registration Fees	\$ 387				
Animal License Fees	3,173				
Recreation Fees	-	-	-	\$ 43,610	-
	<u>3,560</u>	<u>2,722</u>	<u>100,172</u>	<u>43,610</u>	<u>4,609,164</u>
	7,639	39,335	192,250	48,920	9,184,821
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits					1,078,509
Payroll Deductions Payable					3,345,187
Payments to Current Fund			-	-	25,057
Dog License Fees Paid to State of NJ	389				
Reserve for Animal Expenditures	3,108				
Reserve for Unemployment Insurance		87			
Recreation Expenditures	-	-	-	34,571	-
	<u>3,497</u>	<u>87</u>	<u>-</u>	<u>34,571</u>	<u>4,448,753</u>
Balance, December 31, 2016	<u>\$ 4,142</u>	<u>\$ 39,248</u>	<u>\$ 192,250</u>	<u>\$ 14,349</u>	<u>\$ 4,736,068</u>

**BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

Balance, December 31, 2016		\$	4,077
Increased by:			
Dog License Fees		\$	2,459
Cat License Fees			399
Miscellaneous and Late Fees			<u>315</u>
			<u>3,173</u>
			7,250
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash Disbursements			<u>3,108</u>
Balance, December 31, 2017		\$	<u>4,142</u>

**STATEMENT OF DUE TO THE STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2016		\$	2
Increased by:			
State Fees Collected			<u>387</u>
			389
Decreased by:			
Payments to the State		\$	<u>389</u>

**BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS**

Balance, December 31, 2016		\$ 36,613
Increased by:		
Employee Contributions	\$ 2,626	
Interest on Investments	<u>96</u>	
		<u>2,722</u>
		39,335
Decrease by:		
Unemployment Claims Due to State		<u>87</u>
Balance, December 31, 2017		<u>\$ 39,248</u>

EXHIBIT B-7

**STATEMENT OF DUE TO STATE
UNEMPLOYMENT INSURANCE FUND**

Increased by:		
Unemployment Claims Charged to Reserve		\$ 87
Decreased by:		
Cash Disbursements		<u>\$ 87</u>

EXHIBIT B-8

**STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE PRESERVATION TRUST FUND**

Balance, December 31, 2016		\$ 142
Increased by:		
Open Space Tax Levy	\$ 99,006	
Added Open Space Tax Levy	<u>709</u>	
		<u>99,715</u>
		99,857
Decreased by:		
Cash Received from Current Fund		<u>\$ 99,857</u>

**BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR OPEN SPACE EXPENDITURES
OPEN SPACE TRUST FUND**

Balance, December 31, 2016		\$ 92,220
Increased by:		
Due from Current Fund:		
Open Space Tax Levy	\$ 99,006	
Added Open Space Tax Levy	<u>709</u>	
		\$ 99,715
Interest on Deposit		<u>315</u>
		<u>100,030</u>
Balance, December 31, 2017		<u>\$ 192,250</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR RECREATION EXPENDITURES
RECREATION TRUST FUND**

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Swim and Racquet Club		\$ 39,360	\$ 29,795	\$ 9,565
Biddy Basketball	\$ 1,360		526	834
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 5,310</u>	<u>\$ 43,610</u>	<u>\$ 34,571</u>	<u>\$ 14,349</u>
Cash Receipts		\$ 43,610		
Cash Disbursed		<u>-</u>	<u>\$ 34,571</u>	
		<u>\$ 43,610</u>	<u>\$ 34,571</u>	

**BOROUGH OF ALPINE
STATEMENT OF DUE FROM CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2016		\$ 100,000
Increased by:		
Transfer from 2016 Appropriation Reserves - Terminal Leave	\$ 125,000	
Payments to Current Fund	<u>25,057</u>	
		<u>150,057</u>
		250,057
Decreased by:		
Cash Receipts from Current Fund	100,000	
Interest on Investment	<u>25,057</u>	
		<u>125,057</u>
Balance, December 31, 2017		<u>\$ 125,000</u>

**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2016		\$ 14,790
Increased by:		
Cash Receipts:		
Payroll Deposits		<u>3,365,064</u>
		3,379,854
Decreased by:		
Cash Disbursements		<u>3,345,187</u>
Balance, December 31, 2017		<u>\$ 34,667</u>

BOROUGH OF ALPINE
STATEMENT OF MISCELLANEOUS RESERVES AND DEPOSITS
OTHER TRUST FUND

	Balance, December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2017</u>
Escrow Deposits	\$ 1,878,076	\$ 350,646	\$ 535,293	\$ 1,693,429
Affordable Housing Developer Fees	1,668,360	244,957	47,446	1,865,871
Cell Tower Security Deposits	234,387		102,041	132,346
POAA Fees	707	30		737
Fire Inspection Penalty Fees	1,564			1,564
COAH/Balanced Housing Note Reserve	667,167	73,957		741,124
COAH Security Deposits	6,313	19	19	6,313
Terminal Leave Reserve	175,126	125,000	117,262	182,864
Tax Sale Premiums		200,900		200,900
Police Outside Duty Fees	29,167	248,534	276,448	1,253
	<u>\$ 4,660,867</u>	<u>\$ 1,244,043</u>	<u>\$ 1,078,509</u>	<u>\$ 4,826,401</u>
Cash Receipts		\$ 1,114,858		
Interest on Deposits		4,185		
Due from Current Fund		125,000		
Cash Disbursed		<u>-</u>	<u>\$ 1,078,509</u>	
		<u>\$ 1,244,043</u>	<u>\$ 1,078,509</u>	

GENERAL CAPITAL

BOROUGH OF ALPINE
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS

Balance, December 31, 2016		\$ 748,958
Increased by Receipts:		
Premium on Notes Issued	\$ 22,991	
Grant Receipts	110,039	
Bond Anticipation Notes	179,500	
Receipts from Current Fund	23,098	
Budget Appropriation - Deferred Charges Unfunded	<u>22,470</u>	
		<u>358,098</u>
		1,107,056
Decreased by Disbursements:		
Encumbrances Payable	118,644	
Improvement Authorizations	339,372	
Payments to Current Fund	22,991	
Capital Fund Balance to Current Fund	37,699	
Bond Anticipation Notes	<u>25,500</u>	
		<u>544,206</u>
Balance, December 31, 2017		<u>\$ 562,850</u>

**BOROUGH OF ALPINE
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS**

		Balance, December 31, <u>2017</u>
Fund Balance		\$ 22,991
Capital Improvement Fund		97,434
Due from Current Fund		(22,991)
Reserve for Field Improvements		10,000
Improvement Authorizations:		
Ordinance		
<u>Number</u>		
683	2009 Capital Improvemtns	23,471
699	2009 Various Capital Improvements	12,348
712	Various Capital Improvements	3,000
724	Various 2011 Capital Improvements	17,352
726	Acquisition of Computer Server	1,797
729	2012 Capital Improvements	3,000
730	2012 Road Program	16,213
735	Acquisition of Fire Engine and Computer Equipment	16,029
741	Various Capital Improvements	10,292
742	2014 Road Program	44,296
752	2015 Various Capital Improvements	55,743
753	2015 Road Program	78,983
758	School Field Improvements and Vehicle Acquisition	16,587
759	2016 Various Improvements	40,579
760	2016 Road Program	81,545
769	2017 Road Program	34,181
		<hr/>
		\$ 562,850
		<hr/>

**BOROUGH OF ALPINE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2016</u>	Grant Awards <u>Adjustments</u>	Grant <u>Receipts</u>	Balance, December 31, <u>2017</u>	Balanced Pledged to <u>Reserve</u>
N.J. Dept. of Transportation					
Ord. 760 - 2016 Road Program	\$ 155,500	\$ (155,500)			
Ord. 769 - 2017 Road Program		155,500	\$ 110,039	\$ 45,461	\$ 45,461
County of Bergen					
Ord. 752 - Soccer Field Upgrade Phase 2	<u>27,800</u>	<u>-</u>	<u>-</u>	<u>27,800</u>	<u>27,800</u>
	<u>\$ 183,300</u>	<u>\$ -</u>	<u>\$ 110,039</u>	<u>\$ 73,261</u>	<u>\$ 73,261</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2016	\$ 16,917
Decreased by:	
2017 Budget Appropriation:	
BCIA Loan	<u>3,383</u>
Balance, December 31, 2017	<u>\$ 13,534</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2016	2017 Authorizations	Grant Proceeds	Notes Paid by Budget	Funded by Budget Appropriation	Analysis of Balance			
							Balance, December 31, 2017	Bond Anticipation Note	Unexpended Improvement Authorizations	
671/695	Acquisition of Real Property	\$ 1,000				\$ 1,000				
683	2009 Capital Improvement	47,199			\$ 47,199					
684	2009 Road Program	7,290			7,290					
699	Various 2009 Capital Improvements	81,768			81,768					
700	2009 Road Program	130,535			106,205	\$ 24,330	\$ 24,330			
711	2010 Road Program	169,905			12,211	157,694	157,694			
712	Various Capital Improvements	91,204			6,695	84,509	84,509			
723	2011 Road Program	203,500			21,422	21,422	160,656	160,656		
724	Various 2011 Capital Improvements	218,198			18,894	199,304	199,304			
729	2012 Capital Improvements	145,512			10,958	134,554	134,554			
730	2012 Road Program	280,075			16,475	263,600	263,600			
735	Acquisition of Fire Engine and Computer Equipment	486,890			27,110	48	459,732	459,732		
741	Various Capital Improvements	60,800			6,756	54,044	54,044			
742	2014 Road Program	190,000			10,017	179,983	179,983			
752	2015 Various Capital Improvements	153,100				153,100	153,100			
753	2015 Road Program	225,150				225,150	225,150			
758	School Field Improvements and Vehicle Acquisition	152,855				152,855	152,855			
760	2016 Road Program	231,800				231,800	231,800			
769	2017 Road Program	-	\$ 335,000	\$ 110,039	-	-	224,961	179,500	\$ 45,461	
		<u>\$ 2,876,781</u>	<u>\$ 335,000</u>	<u>\$ 110,039</u>	<u>\$ 373,000</u>	<u>\$ 22,470</u>	<u>\$ 2,706,272</u>	<u>\$ 2,660,811</u>	<u>\$ -</u>	<u>\$ 45,461</u>

Improvement Authorizations Unfunded		\$ 422,682
Less: Unexpended Bond Anticipation Note Proceeds		
Ordinance No.		
712	3,000	
724	17,352	
729	3,000	
730	16,213	
735	16,029	
741	10,292	
742	44,296	
752	55,743	
753	78,983	
758	16,587	
760	81,545	
769	34,181	
	<u>377,221</u>	
		<u>\$ 45,461</u>

**BOROUGH OF ALPINE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ordinance</u> <u>Date</u>	<u>Amount</u>	<u>Balance,</u> <u>December 31, 2016</u>		<u>2017</u> <u>Authorizations</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance,</u> <u>December 31, 2017</u>	
				<u>Funded</u>	<u>Unfunded</u>	<u>Deferred</u> <u>Charges</u> <u>Unfunded</u>		<u>Funded</u>	<u>Unfunded</u>
683	2009 Capital Improvements	5/28/2009	\$ 130,200		\$ 23,471			\$ 23,471	
699	Various 2009 Capital Improvements	5/27/2009	229,500		12,348			12,348	
712	Various Capital Improvements	5/26/2010	135,386		3,000				\$ 3,000
724	Various 2011 Capital Improvements	5/25/2011	286,325		25,162		\$ 7,810		17,352
726	Acquisition of Computer Server	8/24/2011	10,000	\$ 1,797				1,797	
729	2012 Capital Improvements	4/25/2012	182,500		3,000				3,000
730	2012 Road Program	4/25/2012	1,039,500		16,213				16,213
735	Acquisition of Fire Engine and Computer Equipme	4/24/2013	541,500		16,029				16,029
741	Various Capital Improvements	4/23/2014	64,000		10,292				10,292
742	2014 Road Program	4/23/2014	350,000	34,428	9,868				44,296
752	2015 Various Capital Improvements	4/22/2015	188,000	26,490	77,374		48,121		55,743
753	2015 Road Program	4/22/2015	237,000		78,983				78,983
758	School Field Impr & Vehicle Acquisition	4/27/2016	160,900		42,011		25,424		16,587
759	2016 Various Capital Improvements	4/27/2016	147,100	42,238			1,659	40,579	
760	2016 Road Program	4/27/2016	244,000		82,545		1,000		81,545
769	2017 Road Program	4/26/2017	335,000	-	-	\$ 335,000	255,358	-	79,642
				<u>\$ 104,953</u>	<u>\$ 400,296</u>	<u>\$ 335,000</u>	<u>\$ 339,372</u>	<u>\$ 78,195</u>	<u>\$ 422,682</u>
							Cash Disbursements	<u>\$ 339,372</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2016	\$ 118,644
Decrease by:	
Cash Disbursements	<u>\$ 118,644</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2016	<u>\$ 97,434</u>
Balance, December 31, 2017	<u>\$ 97,434</u>

STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2016	\$ 23,098
Increased by:	
Cash Disbursements	<u>22,991</u>
	46,089
Decreased by:	
Cash Receipts	<u>23,098</u>
Balance, December 31, 2017	<u>\$ 22,991</u>

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2016	<u>\$ 10,000</u>
Balance, December 31, 2017	<u>\$ 10,000</u>

**BOROUGH OF ALPINE
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2016</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2017</u>
683	2008 Capital Improvements	2/12/2009	12/5/2016	12/5/2017	2.00	% \$ 47,199		\$ 47,199	
684	2008 Road Program	2/12/2009	12/5/2016	12/5/2017	2.00	7,290		7,290	
699	2009 Capital Improvements	2/10/2010	12/5/2016	12/5/2017	2.00	81,768		81,768	
700	2009 Road Program	2/10/2010	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	130,535	\$ 24,330	130,535	\$ 24,330
711	2010 Road Program	2/14/2011	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	169,905	157,694	169,905	157,694
712	2010 Capital Improvements	2/14/2011	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	91,204	84,509	91,204	84,509
723	2011 Road Program	12/5/2016	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	182,078	160,656	182,078	160,656
724	2011 Capital Improvements	12/13/2012	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	218,198	199,304	218,198	199,304
729	2012 Capital Improvements	12/13/2012	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	145,512	134,554	145,512	134,554
730	2012 Road Program	12/13/2012	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	280,075	263,600	280,075	263,600
735	2013 Acquisition of Fire Engine and Computer Equipment	12/12/2013	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	486,842	459,732	486,842	459,732
741	Various Capital Improvements	12/10/2014	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	60,800	54,044	60,800	54,044
742	2014 Road Program	12/10/2014	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	190,000	179,983	190,000	179,983
752	2015 Various Capital Improvements	12/8/2015	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	178,600	153,100	178,600	153,100
753	2015 Road Program	12/8/2015	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	225,150	225,150	225,150	225,150
758	School Field Improvements and Vehicle Acc	12/5/2016	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	152,855	152,855	152,855	152,855
760	2016 Road Program	12/5/2016	12/5/2016 11/30/2017	12/5/2017 11/29/2018	2.00 2.25	231,800	231,800	231,800	231,800
769	2017 Road Program	11/30/2017	11/30/2017	11/29/2018	2.25	-	179,500	-	179,500
						<u>\$ 2,879,811</u>	<u>\$ 2,660,811</u>	<u>\$ 2,879,811</u>	<u>\$ 2,660,811</u>
							\$ 2,481,311	\$ 2,481,311	
							179,500		
								25,500	
							-	373,000	
							<u>\$ 2,660,811</u>	<u>\$ 2,879,811</u>	

**BOROUGH OF ALPINE
STATEMENT OF BERGEN COUNTY IMPROVEMENT AUTHORITY LOAN PAYABLE**

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2016</u>	<u>Decrease: Loan Repayment</u>	<u>Balance, December 31, 2017</u>
685	Solar Power System	12/4/2008	\$ 47,368	1.05%	\$ 16,917	\$ 3,383	\$ 13,534
					<u>\$ 16,917</u>	<u>\$ 3,383</u>	<u>\$ 13,534</u>
				Paid by Budget Appropriation		<u>\$ 3,383</u>	

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2016</u>	<u>2017 Authorizations</u>	<u>Grant Receipts</u>	<u>Paid by Budget</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2017</u>
671/695	Acquisition of Real Property	\$ 1,000			\$ 1,000		
723	2011 Road Program	21,422			21,422		
735	Acquisition of Fire Engine and Computer Equipment	48			48		
769	2017 Road Improvements	-	\$ 335,000	\$ 110,039	-	\$ 179,500	\$ 45,461
		<u>\$ 22,470</u>	<u>\$ 335,000</u>	<u>\$ 110,039</u>	<u>\$ 22,470</u>	<u>\$ 179,500</u>	<u>\$ 45,461</u>

BOROUGH OF ALPINE
PART II
GOVERNMENT AUDITING STANDARDS

LMH LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
ADWOA BOACHIE, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Alpine
Alpine, 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 Alpine as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated June 29, 2018. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Alpine'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 Alpine's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Alpine'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

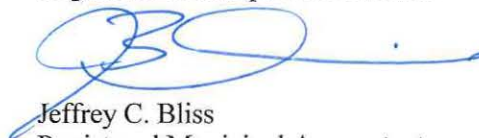
As part of obtaining reasonable assurance about whether the Borough of Alpine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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.

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 Alpine'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 Alpine's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
June 29, 2018

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

<u>Federal Funding Department</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Grant Period</u>	<u>Grant Award Amount</u>	<u>2017 Grant Receipts</u>	<u>Balance, January 1, 2017</u>	<u>Revenue Realized</u>	<u>Expenditures</u>	<u>Adjustments/ (Cancellations)</u>	<u>Balance, December 31, 2017</u>	<u>(Memo) Cumulative Expenditures</u>
U.S. Department of Homeland Security (Passed Through State Department of Law and Public Safety)											
FEMA Public Assistance - Hurricane Sandy - 2012	066-120-100-A92	97.036	2012	\$ 6,143	\$ 6,143		\$ 6,143	\$ 6,143			\$ 6,143
FEMA Severe Winter Storm - 2016	066-120-100-B20	97.036	2016	17,754	17,754	\$ -	17,754	17,754	\$ -	\$ -	17,754
						<u>\$ -</u>	<u>\$ 23,897</u>	<u>\$ 23,897</u>	<u>\$ -</u>	<u>\$ -</u>	

Note - The Federal Award Programs were not subject to an audit in accordance with U.S. Uniform Guidance

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2017 Grant Receipts</u>	<u>Balance, January 1, 2017</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2017</u>	<u>Memo Cumulative Expenditures</u>
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004	\$ 1,591		\$ 1,591				\$ 1,591	
		2005	1,574		84				84	\$ 1,490
		2007	1,239		18				18	1,221
<u>Department of Environmental Protection</u> Clean Communities Program	042-4900-765-004	2015	6,463		3,189		\$ 560		2,629	3,834
		2016	7,392			\$ 7,392	340		7,052	340
		2017		\$ 6,280						
Recycling Tonnage	042-4910-100-224	2011	3,991		346		346		-	3,991
		2012	5,918		5,192		2,241		2,951	2,967
		2013	5,858		3,327				3,327	2,531
		2014	14,057		13,985				13,985	72
		2016	6,375		6,375				6,375	
		2017	13,857	13,857		7,147			7,147	
NJ DEP Municipal Stormwater Program	N/A	2007	1,705		967				967	738
<u>Judiciary</u> Alcohol Education and Rehabilitation Fund	098-9735-760-001	2008	375		375				375	
		2009	325		325				325	
		2010	251		251				251	
		2011	54		54				54	
		2012	108		108				108	
		2013	53		53				53	
		2014	354		354				354	
		2015	59		59				59	
		2016	181			181			181	
		2017	64	64						
Drunk Driving Enforcement Fund	1110-448031020-22	2013	4,678		2,339				2,339	2,339
Municipal Alliance Program	N/A	2015	9,520		2,505			\$ (2,505)	-	7,015
		2016	14,280	4,894	9,880		2,546		7,334	6,946
		2017	4,760	4,760		4,760	1,941		2,819	1,941
Body Armor Grant	066-1020-718-001	2014	1,512		1,436				1,436	76
		2015	1,510		1,510		1,248		262	1,248
		2016	1,463			1,463	1,463		-	1,463
		2017		1,464					-	-
State Department of Transportation Local Municipal Aid 2016 Road Program (Ord. #769)	78-6320-480-AMF	2016	155,500	110,039	155,500	-	155,500	-	-	155,500
					<u>\$ 209,823</u>	<u>\$ 20,943</u>	<u>\$ 166,185</u>	<u>\$ (2,505)</u>	<u>\$ 62,076</u>	

Note: The State Financial Assistance Programs were not subject to an audit in accordance with New Jersey OMB Circular 15-08.

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

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

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Alpine. 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	\$ 23,897	\$ 20,943	\$ 44,840
	<u>\$ 23,897</u>	<u>\$ 20,943</u>	<u>\$ 44,840</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.

NOTE 5 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

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

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Modified - Unaudited LOSAP Fund

Internal control over financial reporting:

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

2) Significant deficiency(ies) that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

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

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards*.

There were none.

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

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*.

STATUS OF PRIOR YEAR FINDINGS

There were none.

**BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY**

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
CURRENT FUND**

	<u>Year 2017</u>		<u>Year 2016</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,100,000	5.84 %	\$ 1,150,000	6.35 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,704,104	9.04	1,677,539	9.27
Collection of Delinquent Taxes and Tax Title Liens	185,424	0.98	127,617	0.70
Collection of Current Tax Levy	15,500,771	82.26	14,957,100	82.61
Other Credits to Income	<u>354,453</u>	<u>1.88</u>	<u>193,937</u>	<u>1.07</u>
 Total Income	 <u>18,844,752</u>	 <u>100.00 %</u>	 <u>18,106,193</u>	 <u>100.00 %</u>
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	5,055,793	28.56 %	5,140,974	30.15 %
County Taxes	6,237,327	35.22	5,710,420	33.49
Local School Taxes	6,314,325	35.65	6,084,841	35.69
Municipal Open Space Tax	99,715	0.56	98,581	0.58
Other Expenditures	<u>2,601</u>	<u>0.01</u>	<u>14,571</u>	<u>0.09</u>
 Total Expenditures	 <u>17,709,761</u>	 <u>100.00 %</u>	 <u>17,049,387</u>	 <u>100.00 %</u>
 Excess in Revenue	 1,134,991		 1,056,806	
 Fund Balance, January 1	 <u>1,389,266</u>		 <u>1,482,460</u>	
	2,524,257		2,539,266	
 Less Utilization as Anticipated Revenue	 <u>1,100,000</u>		 <u>1,150,000</u>	
 Fund Balance, December 31	 <u>\$ 1,424,257</u>		 <u>\$ 1,389,266</u>	

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2015 through 2017 by foreclosure or deed, as a result of liquidation of tax title liens.

Comparative Schedule Of Fund Balances

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2017	\$1,424,257	\$1,125,000
	2016	1,389,266	1,100,000
	2015	1,482,460	1,150,000
	2014	1,134,771	1,000,000
	2013	1,208,046	1,050,000

Comparative Schedule Of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Tax Rate</u>	<u>\$0.801</u>	<u>\$0.768</u>	<u>\$0.770</u>

Apportionment of Tax Rate

Municipal	.164	.163	.162
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.313	.290	.299
Local School	.319	.310	.304

Assessed Valuation

2017	<u>\$1,980,125,600</u>	
2016		<u>\$1,964,490,500</u>
2015		<u>\$1,957,304,700</u>

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Comparison Of Levies And Collection Currently

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

<u>Year</u>		<u>Tax Levy</u>		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2017	\$	15,974,073	\$	15,500,771	97.03%
2016		15,142,524		14,957,100	98.77%
2015		15,113,451		14,982,599	99.13%

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 Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>		<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2017	None	\$ 424,317	\$	424,317	2.66%
2016	None	185,424		185,424	1.22%
2015	None	127,623		127,623	0.84%

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Paul H. Tomasko	Mayor		
Vicki Frankel	Council President		
Michael Cacouris	Councilman		
Arthur Frankel	Councilman		
Gayle Gerstein	Councilwoman		
John Halbreich	Councilman		
Laurence Shadek	Councilman		
Stephanie Wehmann	Borough Clerk		
Nancy Wehmann	Deputy Borough Clerk		
Marilyn Hayward	Treasurer		
	Tax Search Officer		
	Tax Collector	\$1,000,000	A
	Chief Financial Officer		
Rebecca Overgaard	Deputy Financial Officer		
Robert J. Cohan	Magistrate	1,000,000	A
Dawn Curatola	Court Administrator	1,000,000	A
Brian Frugis	Building Inspector		
Alden Blackwell	Construction Code Official		
Frank Rickenbaugh	Fire Sub-Code Official		
Christopher Belcolle	Police Chief		
William Yirce	Tax Assessor		
Alden Blackwell	Zoning Officer		

A The Municipal Excess Liability Joint Insurance Fund (MELJIF) provides a statutory position bond in the amount of \$1,000,000. In addition, MELJIF provides an Excess Public Officials Bond covering all other Borough employees in the amount of \$1,000,000.

**BOROUGH OF ALPINE
LETTER OF COMMENTS AND RECOMMENDATION**

GENERAL COMMENTS

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 of the bid threshold except by contract or agreement".

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$40,000 for 2017. The Borough has adopted a resolution increasing the threshold to \$40,000 and has appointed the Chief Financial Officer as the qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid 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 items:

2017 Road Improvements
DPW Pick Up Truck

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 Interest on Delinquent Taxes And Assessments

The New Jersey statute provides the method for authorizing interest and the maximum rate 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 4, 2017 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Alpine, County of Bergen, State of New Jersey, that the rate of interest on delinquent taxes for the year 2017, shall be computed at the rate of eight (8%) percent per annum and,

**BOROUGH OF ALPINE
LETTER OF COMMENTS AND RECOMMENDATIONS**

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes And Assessments (Continued)

BE IT FURTHER RESOLVED, that the rate of interest on delinquent taxes in excess of \$1,500 shall be computed at eighteen (18%) percent per annum, and

BE IT FURTHER RESOLVED, that a grace period of ten (10) days be given on delinquent taxes without interest."

BE IT FURTHER RESOLVED, in connection with any delinquency of taxes, assessments or municipal charges in excess of \$10,000 which has not been paid prior to the end of a calendar year, there shall be imposed a penalty in a sum equal to six (6%) percent of the delinquency in excess of \$10,000.

It appears from an examination of the collector's records that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The date of the last tax sale was on October 26, 2017.

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

<u>Year</u>	<u>Number of Liens</u>
2017	None
2016	None
2015	None

APPRECIATION

We desire to express our appreciation to the Borough Clerk, Chief Financial Officer/Treasurer and other Borough staff who assisted us during the course of our audit.

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

There are none.

A review was performed on all prior year's recommendations and corrective action has been taken on all.

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429