

**BOROUGH OF ALPINE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**BOROUGH OF ALPINE**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



# 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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, or changes in financial position, for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2018 and 2017. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 8.1 percent and 7.9 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2018 and 2017.

***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, 2018 and 2017, 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, 2018 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 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 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 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.

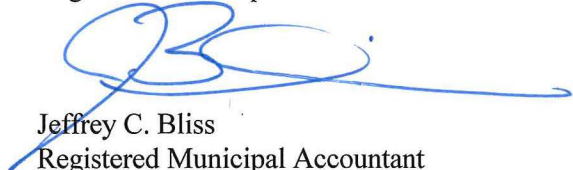
The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2019 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  
July 16, 2019



**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	A-4	\$ 3,571,065	\$ 6,177,861
Cash - Change Funds	A-5	100	100
Grant Receivables	A-10	5,711	
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>2,003</u>	<u>1,753</u>
		<u>3,578,879</u>	<u>6,179,714</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	263,394	424,317
Revenue Accounts Receivable	A-9	<u>14,439</u>	<u>30,798</u>
		<u>277,833</u>	<u>455,115</u>
Total Assets		<u>\$ 3,856,712</u>	<u>\$ 6,634,829</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 486,841	\$ 505,454
Encumbrances Payable	A-12	32,672	16,800
Fees Payable	A-13	2,037	2,362
Prepaid Taxes	A-14	304,796	3,019,740
Due to Other Trust Fund	B-11	75,000	125,000
Due to General Capital Fund	C-10	9,991	22,991
County Taxes Payable	A-16	10,144	44,171
Local District School Tax Payable	A-17	1,012,238	931,766
Reserve for Grants - Appropriated	A-19	68,418	67,855
Reserve for Grants - Unappropriated	A-20	<u>10,651</u>	<u>19,318</u>
		2,012,788	4,755,457
Reserve for Receivables and Other Assets	A	277,833	455,115
Fund Balance	A-1	<u>1,566,091</u>	<u>1,424,257</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,856,712</u>	<u>\$ 6,634,829</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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,125,000	\$ 1,100,000
Miscellaneous Revenue Anticipated	A-2	1,434,778	1,572,966
Receipts from Delinquent Taxes	A-2	424,314	185,424
Receipts from Current Taxes	A-2	15,102,087	15,500,771
Non-Budget Revenue	A-2	89,586	131,138
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-11	<u>349,515</u>	<u>354,453</u>
Total Revenue		<u>18,525,280</u>	<u>18,844,752</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,665,840	2,562,000
Other Expenses	A-3	1,441,948	1,452,944
Capital Improvements	A-3	13,000	16,000
Debt Service	A-3	456,228	433,998
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	594,126	590,851
County Taxes	A-16	5,502,659	6,193,156
Due to County for Added and Omitted Taxes	A-16	10,144	44,171
Local District School Tax	A-17	6,475,269	6,314,325
Municipal Open Space Tax	A-18	99,232	99,715
Grant Receivables Cancelled	A-1	<u>-</u>	<u>2,601</u>
Total Expenditures		<u>17,258,446</u>	<u>17,709,761</u>
Statutory Excess in Revenue		1,266,834	1,134,991
FUND BALANCE, JANUARY 1	A	<u>1,424,257</u>	<u>1,389,266</u>
		2,691,091	2,524,257
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,125,000</u>	<u>1,100,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,566,091</u>	<u>\$ 1,424,257</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, 2018**

	<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	\$ 1,125,000	-	\$ 1,125,000	-
MISCELLANEOUS REVENUES					
Fees and Permits					
Other	A-2	50,000		52,366	\$ 2,366
Fines and Costs - Municipal Court	A-9	28,000		21,086	(6,914)
Interest and Costs on Taxes	A-9	40,000		164,822	124,822
Interest on Investments	A-2	20,000		16,853	(3,147)
Cell Tower Rent	A-9	285,000		309,434	24,434
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	225,000		191,754	(33,246)
Municipal Alliance Grant	A-10	9,520		9,520	
Recycling Tonnage Grant	A-20	6,710		6,710	
Alcohol Education and Rehab Fund	A-20	64		64	
Body Armor Grant	A-20	1,464		1,464	
Clean Communities Program	A-20	6,280		6,280	
Police Donations-Equipment	A-20	4,800		4,800	
Rent - U.S. Post Office	A-9	99,350		107,868	8,518
Payment in Lieu of Taxes - Boy Scouts of America	A-9	53,130		53,130	
Cresskill Leaf Compost	A-9	65,000		65,000	
General Capital Fund Balance (Surplus)	C-10	13,000	-	13,000	-
Total Miscellaneous Revenues	A-1	<u>1,317,945</u>	<u>-</u>	<u>1,434,778</u>	<u>116,833</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>222,600</u>	<u>-</u>	<u>424,314</u>	<u>201,714</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax For Municipal Purposes	A-2	<u>3,275,763</u>	<u>-</u>	<u>3,784,783</u>	<u>509,020</u>
	A-3	<u>\$ 5,941,308</u>	<u>\$ -</u>	<u>6,768,875</u>	<u>\$ 827,567</u>
Non-Budget Revenue	A-1,A-2			<u>89,586</u>	
				<u>\$ 6,858,461</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, 2018**

	<u>Reference</u>	<u>Realized</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 15,102,087
Less Allocated to School, County and Municipal Open Space Taxes	A-16,A-17 A-18	<u>12,087,304</u>
		3,014,783
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>770,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,784,783</u>
<b>Fees and Permits - Other</b>		
Borough Clerk	A-9	\$ 9,945
Health Officer and Registrar	A-9	13,340
Police Department	A-9	5,981
Other Fees and Permits	A-9	<u>23,100</u>
	A-2	<u>\$ 52,366</u>
<b>Interest on Investments</b>		
Interest on Investments	A-9	\$ 12,734
Due from Other Trust Fund	B-11	<u>4,119</u>
	A-2	<u>\$ 16,853</u>
<b>Analysis of Non-Budget Revenue</b>		
Police Outside Duty Fees		\$ 33,550
Cablevision Franchise Fee		23,957
Verizon Franchise Fee		11,053
NJ Clean Energy Rebate		6,200
B-Med Dividend		5,361
Uniform Fire Safety Act		2,979
Bergen County JIF Safety Award		2,500
Sale of SREC		1,362
Recycling Drop Off		1,135
Miscellaneous		699
Library State Aid Per Capital		675
Senior's & Veteran's Admin Fee		<u>115</u>
	A-2,A-4	<u>\$ 89,586</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, 2018**

	<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>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
Municipal Clerk					
Salaries and Wages	\$ 124,200	\$ 124,200	\$ 120,856	\$ 3,344	
Other Expenses	30,989	30,989	24,840	6,149	
Financial Administration					
Salaries and Wages	93,100	93,100	88,611	4,489	
Other Expenses	8,500	8,500	4,296	4,204	
Audit Services					
Other Expenses	37,700	37,700	34,705	2,995	
Revenue Administration					
Salaries and Wages	21,900	21,900	11,834	10,066	
Other Expenses	13,000	13,000	10,154	2,846	
Tax Assessment Administration					
Salaries and Wages	16,500	16,500	15,606	894	
Other Expenses	2,100	2,100	1,222	878	
Legal Services and Costs					
Other Expenses	165,000	164,487	44,000	120,487	
Engineering Services and Costs					
Other Expenses	48,000	48,000	29,624	18,376	
<b>MUNICIPAL LAND USE LAW</b>					
<b>(N.J.S.A. 40:55D-1)</b>					
Planning Board					
Salaries and Wages	6,850	6,850	6,850	-	
Other Expenses	5,000	5,000	3,187	1,813	
Zoning Board of Adjustment					
Salaries and Wages	8,400	8,400	6,338	2,062	
Other Expenses	6,950	6,950	1,886	5,064	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	64,739	64,739	61,239	3,500	
Workers Compensation	70,779	70,779	70,779	-	
Employee Group Health	356,410	356,410	340,719	15,691	
Employee Group Health Waiver	8,940	8,940	8,892	48	
<b>PUBLIC SAFETY</b>					
Police					
Salaries and Wages	1,860,000	1,860,000	1,826,155	33,845	
Other Expenses	65,000	65,000	64,663	337	
Police Acquisition of Vehicles					
Other Expenses	20,000	20,000	8,816	11,184	
Police Dispatch/911					
Other Expenses	23,227	23,227	23,227	-	
Emergency Management Services					
Salaries and Wages	4,000	4,000	3,760	240	
Other Expenses	3,000	3,000	2,729	271	
First Aid Organization - Contribution					
Contribution	6,000	6,000	6,000	-	

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, 2018**

	<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	\$ 25,270	\$ 8,230	
Fire Hydrant Services	75,000	75,000	71,449	3,551	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	16,000	16,000	14,086	1,914	
Other Expenses	3,690	3,690	1,049	2,641	
Municipal Prosecutor					
Contractual	6,850	6,850	6,394	456	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	323,000	323,000	244,291	78,709	
Other Expenses	43,050	43,050	40,916	2,134	
Public Buildings and Grounds					
Other Expenses	39,950	39,950	36,038	3,912	
Solid Waste Collection					
Salaries and Wages	7,650	7,650	6,240	1,410	
Other Expenses	35,135	35,135	34,615	520	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	12,000	12,000	5,214	6,786	
Other Expenses	2,000	2,000	540	1,460	
Other Expenses - Contractual	15,634	15,634	15,414	220	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	449	801	
Animal Control					
Other Expenses	500	500		500	
Municipal Alliance Coordinator					
Salaries and Wages	2,040	2,040		2,040	
Occupational Safety and Health Act					
Other Expenses - Hepatitis B. Inoculation	1,362	1,362	1,080	282	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	1,949	51	
Swim Pool Committee					
Other Expenses	8,000	8,000	5,000	3,000	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	900	600	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	6,000	6,000	5,926	74	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	27,500	27,500	20,242	7,258	
Other Expenses	5,500	5,500	2,109	3,391	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,650	2,650	2,159	491	

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, 2018**

	<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>
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Building Inspector					
Salaries and Wages	\$ 90,700	\$ 90,700	\$ 86,086	\$ 4,614	
Other Expenses	11,000	11,000	6,460	4,540	
Electrical Inspector					
Salaries and Wages	13,400	13,400	12,240	1,160	
Plumbing Inspector					
Salaries and Wages	14,100	14,100	13,515	585	
Zoning Official					
Salaries and Wages	15,000	15,000	12,270	2,730	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	35,000	35,000	25,526	9,474	
Street Lighting	35,000	35,000	33,936	1,064	
Telephone	24,000	24,000	21,117	2,883	
Water	6,000	6,000	5,406	594	
Natural Gas	12,000	12,000	7,691	4,309	
Gasoline	42,500	42,500	28,674	13,826	-
Total Operations Within "CAPS"	4,040,745	4,040,232	3,615,239	424,993	-
Contingent	10,000	10,000	-	10,000	-
Total Operations Including Contingent - Within "CAPS"	4,050,745	4,050,232	3,615,239	434,993	-
Detail:					
Salaries and Wages	2,665,840	2,665,840	2,502,747	163,093	-
Other Expenses	1,384,905	1,384,392	1,112,492	271,900	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	99,960	99,960	82,507	17,453	
Police and Fireman's Retirement System of NJ	409,764	409,940	409,940	-	
Public Employees Retirement System	83,289	83,289	83,092	197	
Defined Contribution Retirement Program	600	937	937	-	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	593,613	594,126	576,476	17,650	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	4,644,358	4,644,358	4,191,715	452,643	-



**BOROUGH OF ALPINE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<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	\$ 26,338	\$ 26,338	\$ 22,884	\$ 3,454	-
Total Other Operations Excluded from "CAPS"	<u>26,338</u>	<u>26,338</u>	<u>22,884</u>	<u>3,454</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share	9,520	9,520	1,928	7,592	
Local Share	2,380	2,380	367	2,013	
Clean Communities Program	6,280	6,280	1,197	5,083	
Body Armor Grant	1,464	1,464	680	784	
Police Donations - Equipment	4,800	4,800		4,800	
Alcohol Education and Rehab. Fund	64	64		64	
Recycling Tonnage Grant	6,710	6,710	2,302	4,408	-
Total Public and Private Programs Offset by Revenues	<u>31,218</u>	<u>31,218</u>	<u>6,474</u>	<u>24,744</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>57,556</u>	<u>57,556</u>	<u>29,358</u>	<u>28,198</u>	<u>-</u>
Detail:					
Other Expenses	<u>57,556</u>	<u>57,556</u>	<u>29,358</u>	<u>28,198</u>	<u>-</u>
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Energy Efficient Lighting & Electric Upgrades to Buildings	<u>13,000</u>	<u>13,000</u>	<u>7,000</u>	<u>6,000</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"	<u>13,000</u>	<u>13,000</u>	<u>7,000</u>	<u>6,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Principal Capital Notes	393,000	393,000	393,000		
Interest on Notes	59,868	59,868	59,702		\$ 166
Green Trust Loan Program					
Loan Repayments for Principal and Interest	<u>3,526</u>	<u>3,526</u>	<u>3,526</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>456,394</u>	<u>456,394</u>	<u>456,228</u>	<u>-</u>	<u>166</u>

**BOROUGH OF ALPINE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 526,950	\$ 526,950	\$ 492,586	\$ 34,198	\$ 166
Subtotal General Appropriations	5,171,308	5,171,308	4,684,301	486,841	166
Reserve for Uncollected Taxes	<u>770,000</u>	<u>770,000</u>	<u>770,000</u>	-	-
Total General Appropriations	<u>\$ 5,941,308</u>	<u>\$ 5,941,308</u>	<u>\$ 5,454,301</u>	<u>\$ 486,841</u>	<u>\$ 166</u>
<u>Reference</u>	A-2		A-1	A, A-1	
Budget As Adopted	A-3	<u>\$ 5,941,308</u>			
Cash Disbursements	A-4		\$ 4,651,629		
Encumbrances Payable	A-12		32,672		
Reserve for Uncollected Taxes	A-2		<u>770,000</u>		
			<u>\$ 5,454,301</u>		

**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2018 AND 2017**

ASSETS	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ <u>4,650</u>	\$ <u>4,142</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-3	<u>41,625</u>	<u>39,248</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>292,066</u>	<u>192,250</u>
<b>RECREATION TRUST FUND</b>			
Cash	B-3	<u>7,323</u>	<u>14,349</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	4,592,654	4,736,068
Due from Current Fund	B-11	<u>75,000</u>	<u>125,000</u>
		<u>4,667,654</u>	<u>4,861,068</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	426,078	420,165
Contributions Receivable	B	<u>17,134</u>	<u>21,088</u>
		<u>443,212</u>	<u>441,253</u>
<b>Total Assets</b>		<u>\$ 5,456,530</u>	<u>\$ 5,552,310</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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-5	\$ 4	
Reserve for Animal Control Fund Expenditures	B-4	<u>4,646</u>	<u>\$ 4,142</u>
		<u>4,650</u>	<u>4,142</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Reserve for Unemployment Insurance Benefits	B-6	<u>41,625</u>	<u>39,248</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Open Space Expenditures	B-9	<u>292,066</u>	<u>192,250</u>
<b>RECREATION TRUST FUND</b>			
Reserve for Recreation Expenditures	B-10	<u>7,323</u>	<u>14,349</u>
<b>OTHER TRUST FUND</b>			
Payroll Deductions Payable	B-12	38,292	34,667
Miscellaneous Reserves and Deposits	B-13	<u>4,629,362</u>	<u>4,826,401</u>
		<u>4,667,654</u>	<u>4,861,068</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP Benefits	B	<u>443,212</u>	<u>441,253</u>
<b>Total Liabilities and Reserves</b>		<u>\$ 5,456,530</u>	<u>\$ 5,552,310</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, 2018**

	Anticipated			
	Budget	Budget After		Excess or
	(Memo)	Modification	Realized	Deficit
		(Memo)		
Amount to be Raised by Taxation	\$ 99,050	\$ 99,050	\$ 99,232	\$ 182
	<u>\$ 99,050</u>	<u>\$ 99,050</u>	99,232	<u>\$ 182</u>
Non-Budget Revenue:				
Interest on Investments			<u>584</u>	
			<u>\$ 99,816</u>	
	<u>Reference</u>	B-2	B-2	B-9

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS  
OPEN SPACE PRESERVATION TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Appropriated			
	Budget	Budget After		Expended
	(Memo)	Modification	Paid or	Reserved
		(Memo)	Charged	
Reserve for Future Use	\$ 99,050	\$ 99,050	\$ -	\$ 99,050
	<u>\$ 99,050</u>	<u>\$ 99,050</u>	<u>\$ -</u>	<u>\$ 99,050</u>
	<u>Reference</u>	B-1	B-1	B-9

**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>			
Cash	C-2,C-3	\$ 779,559	\$ 562,850
Grants Receivable	C-4	171,404	73,261
Due From Current Fund	C-10	9,991	22,991
Deferred Charges to Future Taxation			
Funded	C-5	10,150	13,534
Unfunded	C-6	<u>2,712,715</u>	<u>2,706,272</u>
 Total Assets		 <u>\$ 3,683,819</u>	 <u>\$ 3,378,908</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Bergen County Improvement Authority Loan Payable	C-13	10,150	13,534
Bond Anticipation Notes Payable	C-12	2,731,211	2,660,811
Encumbrances Payable	C-8	130,411	
Improvement Authorizations			
Funded	C-7	76,932	78,195
Unfunded	C-7	450,986	422,682
Capital Improvement Fund	C-9	92,734	97,434
Reserve for Grants Receivable	C-4	171,404	73,261
Reserve for Field Improvements	C-11	10,000	10,000
Fund Balance	C-1	<u>9,991</u>	<u>22,991</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,683,819</u>	 <u>\$ 3,378,908</u>

There were bonds and notes authorized but not issued on December 31, 2018 and 2017 of \$9,304 and \$45,461, 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, 2018 AND 2017**

	<u>Reference</u>	<u>2018</u>	<u>2017</u>
Balance, January 1	C	\$ 22,991	\$ 37,699
Increased by:			
Premium on Notes Issued	C-1	-	22,991
		22,991	60,690
Decreased by:			
Due to Current Fund as Anticipated Revenue	C-10	13,000	37,699
Balance, December 31	C	<u>\$ 9,991</u>	<u>\$ 22,991</u>



**BOROUGH OF ALPINE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Land	\$ 6,101,500	\$ 6,101,500
Buildings and Building Improvements	1,755,614	1,755,614
Machinery and Equipment	<u>3,206,087</u>	<u>3,105,156</u>
	<u>\$ 11,063,201</u>	<u>\$ 10,962,270</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 11,063,201</u>	<u>\$ 10,962,270</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, 2018 AND 2017**

**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 do not include the volunteer fire department which is considered a component unit 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, 2018 AND 2017**

**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, 2018 AND 2017**

**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, 2018 AND 2017**

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

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

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

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

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

**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.

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

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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

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

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

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

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

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

**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.



**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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

**General Fixed Assets – (Continued)**

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

- Trust Funds (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 2018 and 2017 the Borough Council did not increase the original budget. In addition, the governing body approved several budget transfers during 2018 and 2017.

**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 and 2017, the book value of the Borough's deposits were \$9,289,042 and \$11,726,868 and bank and brokerage firm balances of the Borough's deposits amounted to \$9,359,298 and \$11,588,245, 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>2018</u>	<u>2017</u>
Insured	\$ 9,359,298	\$ 11,588,245

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, 2018 and 2017, 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, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law, “ (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); 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, 2018 AND 2017**

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

**B. Investments (Continued)**

As of December 31, 2018 and 2017, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP)</u>	
	<u>2018</u>	<u>2017</u>
Investment:		
Lincoln Financial LOSAP		
Investment Fund (Unaudited)	\$ 426,078	\$ 420,165

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, 2018 and 2017, \$426,078 and \$420,165 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u> <u>(LOSAP)</u> <u>(Unaudited)</u>	
	<u>2018</u>	<u>2017</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 426,078	\$ 420,165

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 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2018 and 2017, 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 investment was based on information provided by 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, 2018 AND 2017**

**NOTE 4 TAXES RECEIVABLE**

Receivables at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Property Taxes	\$ <u>263,394</u>	\$ <u>424,317</u>

In 2018 and 2017, the Borough collected \$424,314 and \$185,424 from delinquent taxes, which represented 100% of the prior year delinquent taxes receivable balances.

**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>2018</u>		<u>2017</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		\$ 84,991		\$ 147,991
Trust Funds:				
Other Trust Fund	\$ 75,000		\$ 125,000	
General Capital Fund	<u>9,991</u>	<u>-</u>	<u>22,991</u>	<u>-</u>
Total	<u>\$ 84,991</u>	<u>\$ 84,991</u>	<u>\$ 147,991</u>	<u>\$ 147,991</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, 2018 AND 2017**

**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 school 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, 2018 and 2017 are as follows:

	<u>Local District School</u>	
	<u>2018</u>	<u>2017</u>
Balance of Tax	\$ 3,352,220	\$ 3,271,748
Deferred	<u>2,339,982</u>	<u>2,339,982</u>
Taxes Payable	<u>\$ 1,012,238</u>	<u>\$ 931,766</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>2018</u>		<u>2017</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	\$ 1,558,377	\$ 1,200,000	\$ 1,422,504	\$ 1,125,000
Non-Cash Surplus	<u>7,714</u>	<u>-</u>	<u>1,753</u>	<u>-</u>
	<u>\$ 1,566,091</u>	<u>\$ 1,200,000</u>	<u>\$ 1,424,257</u>	<u>\$ 1,125,000</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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, 2018 and 2017.

	Balance January 1, <u>2018</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2018</u>
<b><u>2018</u></b>				
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>\$ 100,931</u>	<u>\$ -</u>	<u>3,206,087</u>
	<u>\$ 10,962,270</u>	<u>\$ 100,931</u>	<u>\$ -</u>	<u>\$ 11,063,201</u>
	Balance January 1, <u>2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2017</u>
<b><u>2017</u></b>				
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>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**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>2018</u>	<u>2017</u>
Issued		
General		
Notes and Loans	\$ 2,741,361	\$ 2,674,345
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>27,800</u>	<u>-</u>
Net Debt Issued	2,713,561	2,674,345
Authorized But Not Issued		
General		
Bonds and Notes	<u>9,304</u>	<u>45,461</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,722,865</u>	<u>\$ 2,719,806</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 .118% and .117% at December 31, 2018 and 2017, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2018</u>			
General Debt	<u>\$ 2,750,665</u>	<u>\$ 27,800</u>	<u>\$ 2,722,865</u>
<u>2017</u>			
General Debt	<u>\$ 2,719,806</u>	<u>\$ -</u>	<u>\$ 2,719,806</u>

**Statutory Borrowing Power**

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

	<u>2018</u>	<u>2017</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 80,487,232	\$ 81,490,102
Net Debt	<u>2,722,865</u>	<u>2,719,806</u>
Remaining Borrowing Power	<u>\$ 77,764,367</u>	<u>\$ 78,770,296</u>



**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**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 loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
\$47,368, 2008 BCIA Loans, due in annual installments of \$3,383 to \$3,384 through December, 2021, interest at 1.05%	\$ 10,150	\$ 13,534
	<u>\$ 10,150</u>	<u>\$ 13,534</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2018 is as follows:

Calendar Year	BCIA Loan		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,383	\$ 107	\$ 3,490
2020	3,383	72	3,455
2021	<u>3,384</u>	<u>36</u>	<u>3,420</u>
	<u>\$ 10,150</u>	<u>\$ 215</u>	<u>\$ 10,365</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

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

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2018 and 2017 were as follows:

	Balance, January 1, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2018</u>	Due Within <u>One Year</u>
<b><u>2018</u></b>					
General Capital Fund Intergovernmental Loans Payable	\$ 13,534	\$ -	\$ 3,384	\$ 10,150	\$ 3,383
General Capital Fund Long-Term Liabilities	<u>\$ 13,534</u>	<u>\$ -</u>	<u>\$ 3,384</u>	<u>\$ 10,150</u>	<u>\$ 3,383</u>
	Balance, January 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2017</u>	Due Within <u>One Year</u>
<b><u>2017</u></b>					
General Capital Fund Intergovernmental Loans Payable	\$ 16,917	\$ -	\$ 3,383	\$ 13,534	\$ 3,384
General Capital Fund Long-Term Liabilities	<u>\$ 16,917</u>	<u>\$ -</u>	<u>\$ 3,383</u>	<u>\$ 13,534</u>	<u>\$ 3,384</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2018 and 2017 was as follows:

**Bond Anticipation Notes**

<u>2018</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2018</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2018</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.45%	11/27/2019	\$ 625,511	\$ 582,930	\$ 625,511	\$ 582,930
	Road Program	2.45%	11/27/2019	1,422,713	1,562,804	1,422,713	1,562,804
	Acquisition of Fire Engine and Computer Equipment	2.45%	11/27/2019	459,732	432,622	459,732	432,622
	School Field Improvements and Vehicle Acq.	2.45%	11/27/2019	<u>152,855</u>	<u>152,855</u>	<u>152,855</u>	<u>152,855</u>
				<u>\$ 2,660,811</u>	<u>\$ 2,731,211</u>	<u>\$ 2,660,811</u>	<u>\$ 2,731,211</u>

<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>

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, 2018 AND 2017**

**NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

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

<u>2018</u>	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
	Road Improvements	\$130,411	2019

2017

There were none.

**NOTE 11 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused 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 \$700,109 and \$704,457 at December 31, 2018 and 2017, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2018 and 2017, the Borough has reserved in the Other Trust Fund \$194,209 and \$182,864, 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 \$88,985 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, 2018.

<u>Years Ended December 31,</u>	<u>Amount</u>
2019	\$ 20,293
2020	22,139
2021	<u>20,293</u>
Total	62,725
Less: Amounts Representing Interest	<u>(5,294)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 57,431</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 11 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, 2018 and 2017 were as follows:

	Balance, December 31, 2017	Additions	Reductions	Balance, December 31, 2018	Due Within One Year	
<b><u>2018</u></b>						
Compensated Absences	\$ 704,457	\$ 59,307	\$ 63,655	\$ 700,109	\$ 80,718	
Capital Leases	5,860	60,819	9,248	57,431	17,501	
Net Pension Liability - PERS	2,050,067		552,051	1,498,016		
Net Pension Liability - PFRS	7,142,600		654,381	6,488,219		
Net OPEB Liability	1,751,266	-	389,837	1,361,429	-	
Other Long-Term Liabilities	<u>\$ 11,654,250</u>	<u>\$ 120,126</u>	<u>\$ 1,279,335</u>	<u>\$ 10,105,204</u>	<u>\$ 98,219</u>	
	Balance, December 31, 2016	Prior Period Adjustment (A)	Additions	Reductions	Balance, December 31, 2017	Due Within One Year
<b><u>2017</u></b>						
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	9,178,002			2,035,402	7,142,600	
Net OPEB Liability	-	2,058,816	-	307,550	1,751,266	-
Other Long-Term Liabilities	<u>\$ 12,512,754</u>	<u>\$ 2,058,816</u>	<u>\$ 61,453</u>	<u>\$ 2,978,773</u>	<u>\$ 11,654,250</u>	<u>\$ 68,015</u>

(A) The prior period adjustment reflects the opening balance of the Net OPEB Liability as of December 31, 2016 resulting from the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension" during the year ended December 31, 2018.

**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS**

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

**Police and Firemen's Retirement System (PFRS)** – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALPINE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement benefits as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tier 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case, benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Public Employees' Retirement System (PERS)** – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). 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 earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. 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](http://www.state.nj.us/treasury/pensions).

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**BOROUGH OF ALPINE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for PERS at June 30, 2018 and 2017 is \$43.4 billion and \$48.9 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 40.45% and 36.78%, respectively. The collective net pension liability of the participating employers for PFRS at June 30, 2018 and 2017 is \$19.7 billion and \$21.6 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 57.91% and 54.52%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017, respectively.

**Actuarial Methods and Assumptions**

In the July 1, 2017 and 2016 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**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 for 2018 and 2017 based on 10.0% for PFRS, 7.50% (effective July 1, 2018) and 7.34% (effective July 1, 2017) for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2018 and 2017 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2018, 2017 and 2016 were equal to the required contributions.



**BOROUGH OF ALPINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions (Continued)**

During the years ended December 31, 2018, 2017 and 2016, 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:

Year Ended <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2018	\$ 409,464	\$ 81,585	\$ 937
2017	391,738	76,587	539
2016	378,330	65,981	None

In addition for the years ended December 31, 2018 and 2017, the Borough contributed for long-term disability insurance premiums (LTDI) \$904 and \$377, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No.68) their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2018 and 2017, the Borough reported a liability of \$1,498,016 and \$2,050,067, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough's proportionate share was .00761 percent, which was a decrease of .00012 percent from its proportionate share measured as of June 30, 2017 of .00881 percent.

**BOROUGH OF ALPINE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough's pension expense to be \$41,306 and \$154,792, respectively, for PERS based on the actuarial valuations which are less and more than the actual contributions reported in the Borough's financial statements of \$81,585 and \$76,587, respectively. At December 31, 2018 and 2017, 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:

	<u>2018</u>		<u>2017</u>	
	<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	\$ 28,567	\$ 7,724	\$ 48,272	
Changes of Assumptions	246,848	478,986	413,018	\$ 411,504
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		14,051	13,960	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>115,316</u>	<u>286,728</u>	<u>158,447</u>	<u>101,874</u>
Total	<u>\$ 390,731</u>	<u>\$ 787,489</u>	<u>\$ 633,697</u>	<u>\$ 513,378</u>

At December 31, 2018 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>
2019	\$ (23,060)
2020	(46,691)
2021	(128,715)
2022	(139,330)
2023	<u>(58,962)</u>
	<u>\$ (396,758)</u>

**BOROUGH OF ALPINE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
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%	7.00%
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, 2017 and 2016 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  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash Equivalents	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	5.66%
2017	June 30, 2017	5.00%

**BOROUGH OF ALPINE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit		
Payments for which the Following		
Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2046	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2046 and Thereafter	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 5.66% and 5.00%, 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 4.66% and 4.00%, respectively or 1-percentage-point higher 6.66% and 6.00%, respectively than the current rate:

<u>2018</u>	<b>1% Decrease (4.66%)</b>	<b>Current Discount Rate (5.66%)</b>	<b>1% Increase (6.66%)</b>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>1,883,583</u>	\$ <u>1,498,016</u>	\$ <u>1,174,550</u>
	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
<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>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2018 and 2017. 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  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Pension Plan Fiduciary Net Position*

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

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

At December 31, 2018 and 2017, the Borough reported a liability of \$6,488,219 and \$7,142,600, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 and 2016, 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, 2018, the Borough’s proportionate share was .04795 percent, which was an increase of .00168 percent from its proportionate share measured as of June 30, 2017 of .04627 percent.

For the years ended December 31, 2018 and 2017, the pension system has determined the Borough pension expense to be \$492,916 and \$591,166, respectively, for PFRS based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$409,464 and \$391,738, respectively. At December 31, 2018 and 2017, 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:

	2018		2017	
	<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	\$ 66,009	\$ 26,850	\$ 46,337	\$ 41,921
Changes of Assumptions	556,926	1,662,819	880,762	1,169,749
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		35,496	136,298	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	316,196	230,533	135,086	325,320
Total	<u>\$ 939,131</u>	<u>\$ 1,955,698</u>	<u>\$ 1,198,483</u>	<u>\$ 1,536,990</u>

**BOROUGH OF ALPINE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

At December 31, 2018 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 <u>December 31,</u>	<u>Total</u>
2019	\$ 40,768
2020	(160,462)
2021	(502,873)
2022	(320,226)
2023	<u>(73,774)</u>
	<u>\$ (1,016,567)</u>

***Actuarial Assumptions***

The Borough’s total pension liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2018</u>	<u>2017</u>
Inflation Rate	2.25%	2.25%
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%	7.00%
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, 2017 and July 1, 2016 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  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2018 and 2017, as reported for the years ended December 31, 2018 and 2017, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2018</u>		<u>2017</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>
Risk Mitigation Strategies	5.00%	5.51%	5.00%	5.51%
Cash	5.50%	1.00%	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%	3.00%	1.87%
Investment Grade Credit	10.00%	3.87%	10.00%	3.78%
US Equity	30.00%	8.19%	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%	6.50%	11.64%
High Yield	2.50%	6.82%	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%	1.00%	6.61%
Private Real Asset	2.50%	11.83%	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%	8.25%	13.08%

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	6.51%
2017	June 30, 2017	6.14%



**BOROUGH OF ALPINE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

**Discount Rate (Continued)**

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

	<u>2018</u>	<u>2017</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	Through June 30, 2062	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2062 and Thereafter	From July 1, 2057 and Thereafter

\* The municipal bond return rate used is 3.87% and 3.58% as of the measurement dates of June 30, 2018 and 2017, 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, 2018 and 2017 calculated using the discount rate of 6.51% and 6.14%, 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 5.51% and 5.14%, respectively or 1-percentage-point higher 7.51% and 7.14%, respectively than the current rate:

<u>2018</u>	1% Decrease <u>(5.51%)</u>	Current Discount Rate <u>(6.51%)</u>	1% Increase <u>(7.51%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>8,683,676</u>	\$ <u>6,488,219</u>	\$ <u>4,677,367</u>
	1% Decrease <u>(5.14%)</u>	Current Discount Rate <u>(6.14%)</u>	1% Increase <u>(7.14%)</u>
<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>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2018 and 2017. 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, 2018 AND 2017**

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

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

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

***Special Funding Situation – PFRS***

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

At December 31, 2018 and 2017, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$881,317 and \$800,031, respectively. For the years ended December 31, 2018 and 2017, 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 \$104,391 and \$97,862, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$52,195 and \$40,005, respectively. At December 31, 2018 (measurement date June 30, 2018) the State's share of the PFRS net pension liability attributable to the Borough was .04795 percent, which was an increase of .00168 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .04627 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

***Pension Plan Fiduciary Net Position***

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

**Plan Description and Benefits Provided**

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

**State Health Benefit Program Fund – Local Government Retired (the Plan)** (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level coverage.

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

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

**Collective Net OPEB Liability**

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2018 and 2017 is \$15.7 billion and \$20.4 billion, respectively, and the plan fiduciary net position as a percentage of the total OPEB liability is 1.97% and 1.03%, respectively.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 and 2016 which were rolled forward to June 30, 2018 and 2017.

**Actuarial Methods and Assumptions**

In the June 30, 2017 and 2016 OPEB actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contribution**

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$421.2 million and \$381.8 million and the State of New Jersey, as the non-employer contributing entity, contributed \$53.5 million and \$53.1 million for fiscal years 2018 and 2017, respectively.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan—using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2018, 2017 and 2016 were \$12,608, \$13,457 and \$14,887, respectively, which equaled the required contributions for each year.

**BOROUGH OF ALPINE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2018 and 2017. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2018 and 2017, the Borough reported a liability of \$1,361,429 and \$1,751,266, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018 and 2017, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and 2016, respectively. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2018 and 2017 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2018 and 2017, respectively. As of the measurement date of June 30, 2018 the Borough’s proportionate share was .00869 percent, which was an increase of .00011 percent from its proportionate share measured as of June 30, 2017 of .00858 percent.

For the years ended December 31, 2018 and 2017, the Plan has determined the Borough’s OPEB expense to be \$31,741 and \$95,357, respectively, based on the actuarial valuations which are more than the actual contributions reported in the Borough’s financial statements of \$12,608 and \$13,457, respectively. At December 31, 2018 and 2017, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2018</u>		<u>2017</u>	
	<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		\$ 276,419		
Changes of Assumptions		345,344		\$ 194,376
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 719		\$ 300	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	22,280	147,162	-	171,527
Total	<u>\$ 22,999</u>	<u>\$ 768,925</u>	<u>\$ 300</u>	<u>\$ 365,903</u>

**BOROUGH OF ALPINE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

At December 31, 2018 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2019	\$ (112,381)
2020	(112,381)
2021	(112,381)
2022	(112,458)
2023	(112,580)
Thereafter	<u>(183,745)</u>
	<u>\$ (745,926)</u>

***Actuarial Assumptions***

The Borough's total OPEB liability reported for the year ended December 31, 2018 was based on the June 30, 2018 measurement date as determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total OPEB 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 June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2018</u>	<u>2017</u>
Inflation Rate	2.50%	2.50%
Salary Increases*		
Initial Fiscal Year Applied Through	2026	2026
Rate	1.65% to 8.98%	1.65% to 8.98%
Rate Thereafter	2.65% to 9.98%	2.65% to 9.98%
Mortality	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.	RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2017.
Long-Term Rate of Return	1.00%	1.00%

\*Salary increases are based on the defined benefit pension plan that the member is enrolled in and his or her age.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Actuarial Assumptions (Continued)*

For the June 30, 2018 measurement date healthcare cost trend rates for pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

For the June 30, 2017 measurement date healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine year. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefit, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 and 2016 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

*Long-Term Expected Rate of Return*

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% and 1.00% as of June 30, 2018 and 2017, respectively.

**Discount Rate**

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2018	3.87%
2017	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Sensitivity of Net OPEB Liability to Changes in the Discounts Rate*

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the discount rate of 3.87% and 3.58%, respectively, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.87% and 2.58%, respectively or 1-percentage-point higher 4.87% and 4.58%, respectively than the current rate:

<b><u>2018</u></b>	<b><u>1% Decrease (2.87%)</u></b>	<b><u>Current Discount Rate (3.87%)</u></b>	<b><u>1% Increase (4.87%)</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>1,597,316</u>	\$ <u>1,361,429</u>	\$ <u>1,173,009</u>
<b><u>2017</u></b>	<b><u>1% Decrease (2.58%)</u></b>	<b><u>Current Discount Rate (3.58%)</u></b>	<b><u>1% Increase (4.58%)</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>2,065,670</u>	\$ <u>1,751,266</u>	\$ <u>1,501,791</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

*Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate*

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2018 and 2017 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<b><u>2018</u></b>	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>1,135,650</u>	\$ <u>1,361,429</u>	\$ <u>1,653,620</u>
<b><u>2017</u></b>	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
Borough's Proportionate Share of the Net OPEB Liability	\$ <u>1,455,353</u>	\$ <u>1,751,266</u>	\$ <u>2,136,579</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2018 and 2017. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.



**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

*Special Funding Situation*

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB 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 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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. 75 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. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2018 and 2017, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$4,592,155 and \$6,560,254, respectively. For the years ended December 31, 2018 and 2017 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$139,010 and \$469,492, respectively. At December 31, 2018, (measurement date June 30, 2018), the State's share of the OPEB liability attributable to the Borough was .07390 percent, which was a decrease of .00155 percent from its proportionate share measured as of December 31, 2017 (measurement date June 30, 2017) of .07545 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

*OPEB Plan Fiduciary Net Position*

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 14 RISK MANAGEMENT**

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

The Borough of 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.

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 2,530	\$ 255	\$ 41,625
2017	2,626	87	39,248
2016	2,626	88	36,613

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 15 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2018 and 2017. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. Funding of any ultimate liability would be provided for in succeeding years' budget 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, 2018 and 2017, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**NOTE 16 FEDERAL ARBITRAGE REGULATIONS**

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2018 and 2017, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 17 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, 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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

The Borough of Alpine has contributed \$1,318 for 2018 and 2017, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$17,134 and \$21,088 for 2018 and 2017, 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.

**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, 2018 and 2017 were \$5,750 and \$5,000 respectively.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE 18 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, 2018, there has been no default or event requiring repayment of the loan.

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

On April 24, 2019 the Borough adopted two bond ordinances authorizing the issuance of \$213,750 and \$156,750 in bonds or bond anticipation notes to fund the 2019 road program and 2019 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, 2017		\$ 6,177,861
Increased by:		
Taxes Receivable	\$ 12,500,911	
Revenue Accounts Receivable	1,388,821	
Non-Budget Revenue	89,586	
Grant Receivables	3,809	
Due from State of NJ (Ch. 20, P.L. 1972)	5,500	
Prepaid Taxes	304,796	
Fees Payable	7,420	
Tax Overpayments	765	
Reserve for Grants - Unappropriated	10,651	
Received From Other Trust Fund	4,119	
Petty Cash	500	
	<u>14,316,878</u>	
		20,494,739
Decreased by Disbursements:		
2018 Budget Appropriations	4,651,629	
2017 Appropriation Reserves	71,303	
Encumbrance Payables	16,800	
County Taxes Payable	5,546,830	
Local District School Tax Payable	6,394,797	
Fees Payable	7,745	
Tax Overpayments	765	
Reserve for Grants- Appropriated	9,073	
Payments to Open Space Trust Fund	99,232	
Payments to Other Trust Fund	125,000	
Petty Cash	500	
	<u>16,923,674</u>	
Balance, December 31, 2018		<u>\$ 3,571,065</u>

**BOROUGH OF ALPINE  
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2017	\$ <u>100</u>
Balance, December 31, 2018	\$ <u><u>100</u></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, 2017	\$ 1,753
Increased by:	
Veterans' Deductions per Tax Duplicate 2018	<u>5,750</u>
	7,503
Decreased by:	
Receipts from State of New Jersey	<u>5,500</u>
Balance, December 31, 2018	\$ <u><u>2,003</u></u>



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

<u>Year</u>	Balance, December 31, <u>2017</u>	2018 <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>2018</u>
				<u>2017</u>	<u>2018</u>			
2017	\$ 424,317				\$ 424,314		\$ 3	
2018	<u>-</u>	<u>\$ 15,400,804</u>	<u>-</u>	<u>\$ 3,019,740</u>	<u>12,076,597</u>	<u>\$ 5,750</u>	<u>35,323</u>	<u>\$ 263,394</u>
	<u>\$ 424,317</u>	<u>\$ 15,400,804</u>	<u>\$ -</u>	<u>\$ 3,019,740</u>	<u>\$ 12,500,911</u>	<u>\$ 5,750</u>	<u>\$ 35,326</u>	<u>\$ 263,394</u>

Analysis of 2017 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 15,372,489
Added and Omitted Taxes (54:4-63.10 et seq.)	<u>28,315</u>
	<u>\$ 15,400,804</u>

TAX LEVY

Local District School Taxes	\$ 6,475,269
County Taxes - General	\$ 5,277,954
County Taxes - Open Space	224,705
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>10,144</u>
	5,512,803
Municipal Open Space Tax	99,050
Municipal Open Space Added Taxes	<u>182</u>
	99,232
Local Tax for Municipal Purposes	3,275,763
Add Additional Tax Levies	<u>37,737</u>
	<u>3,313,500</u>

\$ 15,400,804

**BOROUGH OF ALPINE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Accrued in <u>2018</u>	<u>Collected</u>	Balance, December 31, <u>2018</u>
Borough Clerk				
Fees and Permits	\$	9,945	\$	9,945
Health Officer and Registrar				
Fees and Permits		13,340	13,340	
Police Department				
Fees and Permits		5,981	5,981	
Other Fees and Permits		23,100	23,100	
Municipal Court				
Fines and Costs		22,283	21,086	\$ 1,197
Interest and Cost on Taxes	\$ 23,715	154,349	164,822	13,242
Interest on Investments		12,734	12,734	
Cell Tower Rent		309,434	309,434	
Energy Receipts Tax		405,408	405,408	
Open Space PILOT Aid		5,219	5,219	
Uniform Construction Code Fees		191,754	191,754	
Cresskill Leaf Compost		65,000	65,000	
Rent - U.S. Post Office	7,083	100,785	107,868	
Payment in Lieu of Taxes - Boys Scouts	-	53,130	53,130	-
	<u>\$ 30,798</u>	<u>\$ 1,372,462</u>	<u>\$ 1,388,821</u>	<u>\$ 14,439</u>

**BOROUGH OF ALPINE  
STATEMENT OF GRANT RECEIVABLES**

	Balance, December 31, <u>2017</u>	Accrued in <u>2018</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2018</u>
Municipal Alliance Program	\$ -	\$ 9,520	\$ 3,809	\$ 5,711
	<u>\$ -</u>	<u>\$ 9,520</u>	<u>\$ 3,809</u>	<u>\$ 5,711</u>

**BOROUGH OF ALPINE**  
**STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
Municipal Clerk	\$ 2,145	\$ 2,145		\$ 2,000	\$ 145
Financial Administration	1,655	1,655		1,000	655
Revenue Administration	10,748	10,748		4,000	6,748
Tax Assessment Administration	900	900			900
Planning Board	231	231			231
Zoning Board Adjustment	2,009	2,009		1,000	1,009
Police	10,327	10,327	\$ 6,138	4,000	189
Emergency Management Services	515	515			515
Fire Prevention/Uniform Fire Code	2,469	2,469		2,000	469
Road Repairs and Maintenance	94,977	94,977		51,000	43,977
Solid Waste Collection	1,335	1,335		1,000	335
Board of Health	9,857	9,857		2,000	7,857
Municipal Alliance	2,000	2,000			2,000
Municipal Court	7,155	7,155		2,000	5,155
Public Defender	483	483			483
Building Inspector	9,797	9,797		5,000	4,797
Electrical Inspector	3,221	3,221			3,221
Plumbing Inspector	1,384	1,384			1,384
Zoning Official	1,979	1,979	-	-	1,979
<b>Total Salaries &amp; Wages</b>	<u>163,187</u>	<u>163,187</u>	<u>6,138</u>	<u>75,000</u>	<u>82,049</u>
<b>Other Expenses</b>					
Municipal Clerk	5,978	5,978	599		5,379
Financial Administration	333	333	10		323
Revenue Administration	5,077	5,077			5,077
Tax Assessment Administration	793	793			793
Audit Services	1,957	1,957			1,957
Legal Services & Costs	106,231	106,231	11,599		94,632
Engineering Services & Costs	20,859	20,859	3,684		17,175
Planning Board	3,340	3,340			3,340
Zoning Board of Adjustment	5,898	5,898	400		5,498
Liability Insurance	5,147	5,147	4,897		250
Workers Compensation	1	1			1
Employee Group Insurance	24,603	24,603	16		24,587
Employee Group Health Waiver	1,417	1,417			1,417
Fire - Other Expenses	5,418	5,418	5,418		-
Police	5,051	5,051	3,056		1,995
Police Acquisition of Vehicles	10,797	10,797			10,797
Emergency Management Services	2,241	2,241			2,241
Fire Prevention/Uniform Fire Code	2,604	2,604	236		2,368
Road Repairs and Maintenance	4,426	4,426	3,994		432
Public Buildings & Grounds	6,597	6,597	1,050		5,547
Solid Waste Collection	3,694	3,694	2,928		766
Board of Health	1,442	1,442			1,442
Board of Health Contractual	220	220			220

**BOROUGH OF ALPINE**  
**STATEMENT OF 2017 APPROPRIATION RESERVES**

	Balance, December 31, <u>2017</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Environmental Commission	\$ 676	\$ 676			\$ 676
Animal Control	500	500			500
Occupational Safety and Health Act	552	552			552
Parks and Playgrounds	113	113			113
Swim Pool Committee	6,000	6,000			6,000
Cresskill Library Fees	150	150			150
Celebration of Public Events	4,239	4,239	\$ 376		3,863
Contingent	10,000	10,000			10,000
Social Security System	16,117	16,117			16,117
Police and Fireman's Retirement System	5	5			5
Defined Contribution Retirement Program	61	61			61
Municipal Prosecutor Contractual	426	426			426
Municipal Court	4,651	4,651			4,651
Building Inspector	5,865	5,865	707		5,158
Utility Expenses					
Electric	2,297	1,457	1,146		311
Street Lighting	-	840	840		-
Telephone	3,905	3,905			3,905
Water	1,192	1,192			1,192
Natural Gas	6,358	6,358			6,358
Gasoline	24,433	24,433	3,307		21,126
Municipal Alliance					-
County Share	2,819	2,819	2,717	\$ 102	-
Local Share	543	543	540	3	-
Alcohol Rehab and Education Fund	181	181		181	-
Police Donations-Equipment-Reserve	9,350	9,350		9,350	-
Clean Communities Grant	7,052	7,052	7,052		-
Recycling Tonnage Grant - Reserve	7,147	7,147	7,147		-
Energy Efficient Lighting & Elec. Upgrades	65	65			65
Acquisition of Fire Dept. Vehicle Equip.	3,446	3,446	3,446	-	-
Total Other Expenses	<u>\$ 342,267</u>	<u>\$ 342,267</u>	<u>\$ 65,165</u>	<u>\$ 9,636</u>	<u>\$ 267,466</u>
Total	<u>\$ 505,454</u>	<u>\$ 505,454</u>	<u>\$ 71,303</u>	<u>\$ 84,636</u>	<u>\$ 349,515</u>
			\$ 71,303		
				\$ 75,000	
			-	9,636	
			<u>\$ 71,303</u>	<u>\$ 84,636</u>	

**BOROUGH OF ALPINE**  
**STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2017	\$	16,800
Increased by:		
Charges to Budget Appropriations		<u>32,672</u>
		49,472
Decreased by:		
Cash Disbursements		<u>16,800</u>
Balance, December 31, 2018	\$	<u><u>32,672</u></u>

**STATEMENT OF FEES PAYABLE**

	Balance, December 31, <u>2017</u>	Fees <u>Collected</u>	<u>Payments</u>	Balance, December 31, <u>2018</u>
Due State of New Jersey				
Marriage License Fees	\$ 77	\$ 252	\$ 125	\$ 204
State Training Fees	<u>2,285</u>	<u>7,168</u>	<u>7,620</u>	<u>1,833</u>
	<u>\$ 2,362</u>	<u>\$ 7,420</u>	<u>\$ 7,745</u>	<u>\$ 2,037</u>

**STATEMENT OF PREPAID TAXES**

Balance, December 31, 2017	\$	3,019,740
Increased by:		
Collection of 2019 Taxes		<u>304,796</u>
		3,324,536
Decreased by:		
Applied to 2018 Taxes Receivable		<u>3,019,740</u>
Balance, December 31, 2018	\$	<u><u>304,796</u></u>

**BOROUGH OF ALPINE  
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Transfers of Overpayments	\$	765
Decreased by:		
Overpayments Refunded	\$	<u>765</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2017	\$	44,171
Increased by:		
2018 Levy - General Taxes	\$	5,277,954
2018 Levy - Open Space Taxes		224,705
2018 Added and Omitted Taxes		<u>10,144</u>
		<u>5,512,803</u>
		5,556,974
Decreased by:		
Payments		<u>5,546,830</u>
Balance, December 31, 2018	\$	<u>10,144</u>

**BOROUGH OF ALPINE  
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE**

Balance, December 31, 2017		
School Tax Payable	\$ 931,766	
School Tax Deferred	<u>2,339,982</u>	\$ 3,271,748
Increased by:		
Levy - School Year July 1, 2018 to June 30, 2019		<u>6,475,269</u>
		9,747,017
Decreased by:		
Payments		<u>6,394,797</u>
Balance, December 31, 2018		
School Tax Payable December 31, 2018	1,012,238	
School Tax Deferred	<u>2,339,982</u>	<u>\$ 3,352,220</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2018		\$ 1,012,238
Add: Payments		<u>6,394,797</u>
		7,407,035
Less: School Tax Payable at December 31, 2017		<u>931,766</u>
Amount Charged to 2018 Operations		<u>\$ 6,475,269</u>

**STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE**

Increased by:		
2018 Levy	\$ 99,050	
2018 Added and Omitted Taxes	<u>182</u>	\$ 99,232
Decreased by:		
Due to Open Space Preservation Trust Fund		<u>\$ 99,232</u>



**BOROUGH OF ALPINE**  
**STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED**

	Balance, December 31, <u>2017</u>	Transferred from 2017 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2018</u>
Alcohol Education Rehab. Fund	\$ 1,579	\$ 181		\$ 1,760
Clean Communities	2,629			2,629
Drunk Driving Enforcement	2,339			2,339
Recycling Tonnage Grant	26,638		\$ 302	26,336
NJ DEP Stormwater Grant	967			967
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	21,478	9,350	7,073	23,755
DARE Municipal Alliance	7,334	105		7,439
200 Club of Bergen County Grant	1,500			1,500
Body Armor	1,698	-	1,698	-
	<u>\$ 67,855</u>	<u>\$ 9,636</u>	<u>\$ 9,073</u>	<u>\$ 68,418</u>

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2017</u>	Cash <u>Receipts</u>	Anticipated in 2018 <u>Budget</u>	Balance, December 31, <u>2018</u>
Alcohol Education Rehabilitation Fund	\$ 64	\$ 146	\$ 64	\$ 146
Body Armor Grant	1,464		1,464	
Clean Communities	6,280	6,005	6,280	6,005
Police Donations	4,800	4,500	4,800	4,500
Recycling Tonnage	6,710	-	6,710	-
	<u>\$ 19,318</u>	<u>\$ 10,651</u>	<u>\$ 19,318</u>	<u>\$ 10,651</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, 2017	\$ 4,142	\$ 39,248	\$ 192,250	\$ 14,349	\$ 4,736,068
Increased by Receipts:					
Received From Current Fund			\$ 99,232		\$ 125,000
Interest on Deposits		\$ 102	584		10,937
Miscellaneous Reserves and Deposits					699,349
Payroll Deductions Payable					3,749,797
Unemployment Employee Contributions		2,530			
Due to State of NJ - Registration Fees	\$ 420				
Animal License Fees	3,667				
Recreation Fees	-	-	-	\$ 38,205	-
	<u>4,087</u>	<u>2,632</u>	<u>99,816</u>	<u>38,205</u>	<u>4,585,083</u>
	8,229	41,880	292,066	52,554	9,321,151
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits					978,206
Payroll Deductions Payable					3,746,172
Payments to Current Fund			-	-	4,119
Dog License Fees Paid to State of NJ	416				
Reserve for Animal Expenditures	3,163				
Reserve for Unemployment Insurance		255			
Recreation Expenditures	-	-	-	45,231	-
	<u>3,579</u>	<u>255</u>	<u>-</u>	<u>45,231</u>	<u>4,728,497</u>
Balance, December 31, 2018	<u>\$ 4,650</u>	<u>\$ 41,625</u>	<u>\$ 292,066</u>	<u>\$ 7,323</u>	<u>\$ 4,592,654</u>

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

Balance, December 31, 2017		\$ 4,142
Increased by:		
Dog License Fees	\$ 2,528	
Cat License Fees	469	
Miscellaneous and Late Fees	<u>670</u>	
		<u>3,667</u>
		7,809
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash Disbursements		<u>3,163</u>
Balance, December 31, 2018		<u>\$ 4,646</u>

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

Increased by:		
State Fees Collected	\$ 420	
Decreased by:		
Payments to the State		<u>416</u>
Balance, December 31, 2018		<u>\$ 4</u>

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

Balance, December 31, 2017		\$	39,248
Increased by:			
Employee Contributions		\$	2,530
Interest on Investments			<u>102</u>
			<u>2,632</u>
			41,880
Decrease by:			
Unemployment Claims Due to State			<u>255</u>
Balance, December 31, 2018		\$	<u>41,625</u>

EXHIBIT B-7

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

Increased by:			
Unemployment Claims Charged to Reserve		\$	255
Decreased by:			
Cash Disbursements		\$	<u>255</u>

EXHIBIT B-8

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

Increased by:			
Open Space Tax Levy		\$	99,050
Added Open Space Tax Levy			<u>182</u>
		\$	99,232
Decreased by:			
Cash Received from Current Fund		\$	<u>99,232</u>

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

Balance, December 31, 2017		\$ 192,250
Increased by:		
Due from Current Fund:		
Open Space Tax Levy	\$ 99,050	
Added Open Space Tax Levy	<u>182</u>	
		\$ 99,232
Interest on Deposit		<u>584</u>
		<u>99,816</u>
Balance, December 31, 2018		<u>\$ 292,066</u>

EXHIBIT B-10

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

	Balance, December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
Swim and Racquet Club	\$ 9,565	\$ 33,955	\$ 40,981	\$ 2,539
Biddy Basketball	834			834
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 14,349</u>	<u>\$ 38,205</u>	<u>\$ 45,231</u>	<u>\$ 7,323</u>
Cash Receipts		\$ 38,205		
Cash Disbursed		<u>-</u>	<u>\$ 45,231</u>	
		<u>\$ 38,205</u>	<u>\$ 45,231</u>	

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

Balance, December 31, 2017		\$ 125,000
Increased by:		
Transfer from 2017 Appropriation Reserves - Terminal Leave	\$ 75,000	
Payments to Current Fund	<u>4,119</u>	
		<u>79,119</u>
		204,119
Decreased by:		
Cash Receipts from Current Fund	125,000	
Interest on Investment	<u>4,119</u>	
		<u>129,119</u>
Balance, December 31, 2018		<u>\$ 75,000</u>

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

Balance, December 31, 2017		\$ 34,667
Increased by:		
Cash Receipts:		
Payroll Deposits	<u>3,749,797</u>	
		3,784,464
Decreased by:		
Cash Disbursements	<u>3,746,172</u>	
Balance, December 31, 2018		<u>\$ 38,292</u>

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

	Balance, December 31, <u>2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2018</u>
Escrow Deposits	\$ 1,693,429	\$ 397,281	\$ 501,961	\$ 1,588,749
Affordable Housing Developer Fees	1,865,871	77,377	74,604	1,868,644
Cell Tower Security Deposits	132,346	296		132,642
POAA Fees	737	8		745
Fire Inspection Penalty Fees	1,564			1,564
COAH/Balanced Housing Note Reserve	741,124	74,011		815,135
COAH Security Deposits	6,313	23	12	6,324
Terminal Leave Reserve	182,864	75,000	63,655	194,209
Tax Sale Premiums	200,900		200,900	-
Police Outside Duty Fees	<u>1,253</u>	<u>157,171</u>	<u>137,074</u>	<u>21,350</u>
	<u>\$ 4,826,401</u>	<u>\$ 781,167</u>	<u>\$ 978,206</u>	<u>\$ 4,629,362</u>
Cash Receipts		\$ 699,349		
Interest on Deposits		6,818		
Due from Current Fund		75,000		
Cash Disbursed		<u>-</u>	<u>\$ 978,206</u>	
		<u>\$ 781,167</u>	<u>\$ 978,206</u>	



**GENERAL CAPITAL**

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

Balance, December 31, 2017		\$ 562,850
Increased by Receipts:		
Grants Receivable	\$ 63,957	
Bond Anticipation Notes	<u>463,400</u>	
		<u>527,357</u>
		1,090,207
Decreased by Disbursements:		
Improvement Authorizations		<u>310,648</u>
Balance, December 31, 2018		<u>\$ 779,559</u>

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

	Balance, December 31, <u>2018</u>
Fund Balance	\$ 9,991
Due from Current Fund	(9,991)
Encumbrances Payable	130,411
Capital Improvement Fund	92,734
Reserve for Field Improvements	10,000
Excess Note Proceeds	27,800
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
683 2009 Capital Improvements	22,871
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	49,891
753 2015 Road Program	42,689
758 School Field Improvements and Vehicle Acquisition	12,156
759 2016 Various Improvements	36,916
760 2016 Road Program	81,545
769 2017 Road Program	62,986
776 2018 Road Program	40,807
777 Various 2018 Capital Improvements	<u>44,426</u>
	<u>\$ 779,559</u>

**BOROUGH OF ALPINE  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2017</u>	Grant Awards	Grant Receipts	Balance, December 31, <u>2018</u>	Balance Pledged to <u>Reserve</u>
<b>N.J. Dept. of Transportation</b>					
Ord. 769 - 2017 Road Program	\$ 45,461		\$ 36,157	\$ 9,304	\$ 9,304
Ord. 776 - 2018 Road Program		\$ 162,100		162,100	162,100
<b>County of Bergen</b>					
Ord. 752 - Soccer Field Upgrade Phase 2	<u>27,800</u>	<u>-</u>	<u>27,800</u>	<u>-</u>	<u>-</u>
	<u>\$ 73,261</u>	<u>\$ 162,100</u>	<u>\$ 63,957</u>	<u>\$ 171,404</u>	<u>\$ 171,404</u>

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

Balance, December 31, 2017	\$ 13,534
Decreased by:	
2018 Budget Appropriation:	
BCIA Loan	<u>3,384</u>
Balance, December 31, 2018	<u>\$ 10,150</u>

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

		<u>Analysis of Balance</u>						
<u>Ord. No.</u>	<u>Improvement Description</u>	Balance, December 31, 2017	2018 <u>Authorizations</u>	Grant <u>Proceeds</u>	Notes Paid by <u>Budget</u>	Balance, December 31, 2018	Bond Anticipation <u>Note</u>	Unexpended Improvement <u>Authorizations</u>
700	2009 Road Program	\$ 24,330			\$ 24,330			
711	2010 Road Program	157,694			157,694			
712	Various Capital Improvements	84,509			84,509			
723	2011 Road Program	160,656			14,143	\$ 146,513	\$ 146,513	
724	Various 2011 Capital Improvements	199,304			18,894	180,410	180,410	
729	2012 Capital Improvements	134,554			10,958	123,596	123,596	
730	2012 Road Program	263,600			16,475	247,125	247,125	
735	Acquisition of Fire Engine and Computer Equipment	459,732			27,110	432,622	432,622	
741	Various Capital Improvements	54,044			6,756	47,288	47,288	
742	2014 Road Program	179,983			10,017	169,966	169,966	
752	2015 Various Capital Improvements	153,100		\$ 27,800	10,264	115,036	115,036	
753	2015 Road Program	225,150			11,850	213,300	213,300	
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	224,961		36,157		188,804	179,500	\$ 9,304
776	2018 Road Program		\$ 374,600			374,600	374,600	
777	2018 Various Capital Improvements	-	88,800	-	-	88,800	88,800	-
		<u>\$ 2,706,272</u>	<u>\$ 463,400</u>	<u>\$ 63,957</u>	<u>\$ 393,000</u>	<u>\$ 2,712,715</u>	<u>\$ 2,703,411</u>	<u>\$ 9,304</u>
							Bond Anticipation Notes	\$ 2,731,211
							Excess Notes Ord. #752	27,800
							<u>\$ 2,703,411</u>	
								Improvement Authorizations Unfunded
								\$ 450,986
								Less: Unexpended Bond Anticipation Note Proceeds
								Ordinance No. 724
								\$ 17,352
								729
								3,000
								730
								16,213
								735
								16,029
								741
								10,292
								742
								44,296
								752
								49,891
								753
								42,689
								758
								12,156
								760
								81,545
								769
								62,986
								776
								40,807
								777
								44,426
								<u>441,682</u>
								<u>\$ 9,304</u>

**BOROUGH OF ALPINE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2017		2018 Authorizations		Paid or Charged	Balance, December 31, 2018	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded		Funded	Unfunded
683	2009 Capital Improvements	5/28/2009	\$ 130,200	\$ 23,471				\$ 600	\$ 22,871	
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		17,352					\$ 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 Equipment	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		44,296					44,296
752	2015 Various Capital Improvements	4/22/2015	188,000		55,743			5,852		49,891
753	2015 Road Program	4/22/2015	237,000		78,983			36,294		42,689
758	School Field Improvements & Vehicle Acquisition	4/27/2016	160,900		16,587			4,431		12,156
759	2016 Various Capital Improvements	4/27/2016	147,100	40,579				3,663	36,916	
760	2016 Road Program	4/27/2016	244,000		81,545					81,545
769	2017 Road Program	4/26/2017	335,000		79,642			7,352		72,290
776	2018 Road Program	4/25/2018	374,600				\$ 374,600	333,793		40,807
777	2018 Various Capital Improvements	4/25/2018	93,500	-	-	\$ 4,700	\$ 88,800	49,074	-	44,426
				<u>\$ 78,195</u>	<u>\$ 422,682</u>	<u>\$ 4,700</u>	<u>\$ 463,400</u>	<u>\$ 441,059</u>	<u>\$ 76,932</u>	<u>\$ 450,986</u>
								Cash Disbursements	\$ 310,648	
								Encumbrances Payable	130,411	
									<u>\$ 441,059</u>	

**BOROUGH OF ALPINE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Increase by:	
Charges to Improvement Authorization	\$ <u>130,411</u>
Balance, December 31, 2018	\$ <u>130,411</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2017	\$ 97,434
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>4,700</u>
Balance, December 31, 2018	\$ <u>92,734</u>

**STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2017	\$ 22,991
Decreased by:	
Fund Balance Realized as Budget Revenue	<u>13,000</u>
Balance, December 31, 2018	\$ <u>9,991</u>

**STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS**

Balance, December 31, 2017	\$ <u>10,000</u>
Balance, December 31, 2018	\$ <u>10,000</u>

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

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2017	Increased	Decreased	Balance, December 31, 2018
700	2009 Road Program	2/10/2010	11/30/2017	11/29/2018	2.25	\$ 24,330		\$ 24,330	
711	2010 Road Program	2/14/2011	11/30/2017	11/29/2018	2.25	157,694		157,694	
712	2010 Capital Improvements	2/14/2011	11/30/2017	11/29/2018	2.25	84,509		84,509	
723	2011 Road Program	12/5/2016	11/30/2017	11/29/2018	2.25	160,656		160,656	
			11/28/2018	11/27/2019	2.45		\$ 146,513		\$ 146,513
724	2011 Capital Improvements	12/13/2012	11/30/2017	11/29/2018	2.25	199,304		199,304	
			11/28/2018	11/27/2019	2.45		180,410		180,410
729	2012 Capital Improvements	12/13/2012	11/30/2017	11/29/2018	2.25	134,554		134,554	
			11/28/2018	11/27/2019	2.45		123,596		123,596
730	2012 Road Program	12/13/2012	11/30/2017	11/29/2018	2.25	263,600		263,600	
			11/28/2018	11/27/2019	2.45		247,125		247,125
735	2013 Acquisition of Fire Engine and Computer Equipment	12/12/2013	11/30/2017	11/29/2018	2.25	459,732		459,732	
			11/28/2018	11/27/2019	2.45		432,622		432,622
741	2018 Various Capital Improvements	12/10/2014	11/30/2017	11/29/2018	2.25	54,044		54,044	
			11/28/2018	11/27/2019	2.45		47,288		47,288
742	2014 Road Program	12/10/2014	11/30/2017	11/29/2018	2.25	179,983		179,983	
			11/28/2018	11/27/2019	2.45		169,966		169,966
752	2015 Various Capital Improvements	12/8/2015	11/30/2017	11/29/2018	2.25	153,100		153,100	
			11/28/2018	11/27/2019	2.45		142,836		142,836
753	2015 Road Program	12/8/2015	11/30/2017	11/29/2018	2.25	225,150		225,150	
			11/28/2018	11/27/2019	2.45		213,300		213,300
758	School Field Improvements and Vehicle Acq.	12/5/2016	11/30/2017	11/29/2018	2.25	152,855		152,855	
			11/28/2018	11/27/2019	2.45		152,855		152,855
760	2016 Road Program	12/5/2016	11/30/2017	11/29/2018	2.25	231,800		231,800	
			11/28/2018	11/27/2019	2.45		231,800		231,800
769	2017 Road Program	11/30/2017	11/30/2017	11/29/2018	2.25	179,500		179,500	
			11/28/2018	11/27/2019	2.45		179,500		179,500
776	2018 Road Program	11/28/2018	11/28/2018	11/27/2019	2.45		374,600		374,600
777	2018 Various Capital Improvements	11/28/2018	11/28/2018	11/27/2019	2.45	-	88,800	-	88,800
						<u>\$ 2,660,811</u>	<u>\$ 2,731,211</u>	<u>\$ 2,660,811</u>	<u>\$ 2,731,211</u>
							\$ 2,267,811	\$ 2,267,811	
							463,400		
							-	393,000	
							<u>\$ 2,731,211</u>	<u>\$ 2,660,811</u>	

Renewals  
Issued for Cash  
Paid by Budget Appropriation



**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, 2017</u>	<u>Decrease: Loan Repayment</u>	<u>Balance, December 31, 2018</u>
685	Solar Power System	12/4/2008	\$ 47,368	1.05%	\$ 13,534	\$ 3,384	\$ 10,150
					<u>\$ 13,534</u>	<u>\$ 3,384</u>	<u>\$ 10,150</u>
				Paid by Budget Appropriation		<u>\$ 3,384</u>	

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2017</u>	<u>2018 Authorizations</u>	<u>Grant Receipts</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2018</u>
769	2017 Road Improvements	\$ 45,461		\$ 36,157		\$ 9,304
776	2018 Road Program		\$ 374,600		\$ 374,600	
777	2018 Various Capital Improvements	-	88,800	-	88,800	-
		<u>\$ 45,461</u>	<u>\$ 463,400</u>	<u>\$ 36,157</u>	<u>\$ 463,400</u>	<u>\$ 9,304</u>

**BOROUGH OF ALPINE**  
**PART II**  
**GOVERNMENT AUDITING STANDARDS**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of 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, 2018, and the related notes to the financial statements, and have issued our report thereon dated July 16, 2019. 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  
July 16, 2019

**BOROUGH OF ALPINE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2018 Grant Receipts</u>	<u>Balance, January 1, 2018</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2018</u>	<u>Memo Cumulative Expenditures</u>
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004 2005 2007	\$ 1,591 1,574 1,239		\$ 1,591 84 18				\$ 1,591 84 18	\$ 1,490 1,221
<u>Department of Environmental Protection</u> Clean Communities Program	042-4900-765-004	2015 2016 2017 2018	6,463 7,392 6,280 6,005		2,629 7,052	\$ 6,280	\$ 7,052 1,197		2,629 - 5,083	3,834 7,392 1,197
Recycling Tonnage	042-4910-100-224	2012 2013 2014 2016 2017	5,918 5,858 14,057 6,375 13,857		2,951 3,327 13,985 6,375 7,147		302 - - - 9,449		2,649 3,327 13,985 6,375 4,408	3,269 2,531 72 - 9,449
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 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018	375 325 251 54 108 53 354 59 181 64 146		375 325 251 54 108 53 354 59 181			64	375 325 251 54 108 53 354 59 181 64	
Drunk Driving Enforcement Fund	1110-448031020-22	2013	4,678		2,339				2,339	2,339
Municipal Alliance Program	N/A	2016 2017 2018	14,280 4,760 9,520		7,334 2,819	9,520	2,714 1,928		7,334 105 7,592	6,946 4,655 1,928
Body Armor Grant	066-1020-718-001	2014 2015 2017	1,512 1,510 1,464		1,436 262		1,436 262 680		- - 784	1,512 1,510 680
State Department of Transportation Local Municipal Aid Church St./Graham St. (Ord. #769) Litchfield Way (Ord. #776)	078-6320-480-AMF 078-6320-480-XXX	2016 2018	155,500 162,100	36,157	-	162,100	132,141	-	29,959	155,500 132,141
					<u>\$ 62,076</u>	<u>\$ 186,138</u>	<u>\$ 157,161</u>	<u>\$ -</u>	<u>\$ 91,053</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 SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE**

**BOROUGH OF ALPINE  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF  
 STATE FINANCIAL ASSISTANCE  
 YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 GENERAL**

The accompanying schedule presents the activity of all state financial assistance programs of the Borough of Alpine. The Borough is defined in Note 1(A) to the Borough's financial statements. All state financial assistance passed through other government agencies is included on the schedule of expenditures of state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedule is 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 schedule 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>State</u>
Current Fund	\$ 24,038
General Capital Fund	<u>162,100</u>
	<u>\$ 186,138</u>

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedule may not necessarily agree with the amounts reported in the related 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, 2018**

*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, 2018**

*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, 2018**

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**

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**PART III**

**SUPPLEMENTARY DATA**  
**LETTER OF COMMENTS AND RECOMMENDATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**BOROUGH OF ALPINE  
SUPPLEMENTARY DATA**

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

	<u>Year 2018</u>		<u>Year 2017</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,125,000	6.07 %	\$ 1,100,000	5.84 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,524,364	8.23	1,704,104	9.04
Collection of Delinquent Taxes and Tax Title Liens	424,314	2.29	185,424	0.98
Collection of Current Tax Levy	15,102,087	81.52	15,500,771	82.26
Other Credits to Income	349,515	1.89	354,453	1.88
	<u>18,525,280</u>	<u>100.00</u> %	<u>18,844,752</u>	<u>100.00</u> %
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	5,171,142	29.97 %	5,055,793	28.56 %
County Taxes	5,512,803	31.94	6,237,327	35.22
Local School Taxes	6,475,269	37.52	6,314,325	35.65
Municipal Open Space Tax	99,232	0.57	99,715	0.56
Other Expenditures	-	-	2,601	0.01
	<u>17,258,446</u>	<u>100.00</u> %	<u>17,709,761</u>	<u>100.00</u> %
Excess in Revenue	1,266,834		1,134,991	
Fund Balance, January 1	<u>1,424,257</u>		<u>1,389,266</u>	
	2,691,091		2,524,257	
Less Utilization as Anticipated Revenue	<u>1,125,000</u>		<u>1,100,000</u>	
Fund Balance, December 31	<u>\$ 1,566,091</u>		<u>\$ 1,424,257</u>	

**BOROUGH OF ALPINE  
SUPPLEMENTARY DATA**

**Property Acquired By Tax Title Lien Liquidation**

No properties have been acquired in 2016 through 2018 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>	2018	\$1,566,091	\$1,200,000
	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

**Comparative Schedule Of Tax Rate Information**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Tax Rate</u>	<u>\$0.776</u>	<u>\$0.801</u>	<u>\$0.768</u>

Apportionment of Tax Rate

Municipal	.166	.164	.163
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.278	.313	.290
Local School	.327	.319	.310

Assessed Valuation

2018	<u>\$1,980,990,900</u>	
2017		<u>\$1,980,125,600</u>
2016		<u>\$1,964,490,500</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>
2018	\$	15,400,804	\$	15,102,087	98.06%
2017		15,974,073		15,500,771	97.03%
2016		15,142,524		14,957,100	98.77%

**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>
2018	None	\$ 263,394	\$	263,394	1.71%
2017	None	424,317		424,317	2.66%
2016	None	185,424		185,424	1.22%

**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		
	Deputy 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 2018. 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:

- 2018 Road Improvements
- Curbside Recycling

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 3, 2018 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 2018, 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. There was no tax sale held during 2018.

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>
2018	None
2017	None
2016	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.

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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.

*Leach, Vinci & Higgins, LLP*

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



Jeffrey C. Bliss  
Registered Municipal Accountant  
RMA Number CR00429