

BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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BOROUGH OF ALPINE

BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2020



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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 9.8 percent and 9.4 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2020 and 2019.

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, 2020 and 2019, 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, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Alpine as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Alpine.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 17, 2021 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 solely 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
August 17, 2021

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	A-4	\$ 3,185,040	\$ 3,458,990
Cash - Change Funds	A-5	100	100
Grant Receivables	A-8	5,195	4,866
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>1,753</u>	<u>1,753</u>
		<u>3,192,088</u>	<u>3,465,709</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-9	365,999	293,339
Revenue Accounts Receivable	A-10	<u>74,362</u>	<u>37,528</u>
		<u>440,361</u>	<u>330,867</u>
Total Assets		<u>\$ 3,632,449</u>	<u>\$ 3,796,576</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 286,473	\$ 389,245
Encumbrances Payable	A-12	55,160	50,363
Fees Payable	A-13	4,447	1,529
Prepaid Taxes	A-14	242,982	253,135
Due to Other Trust Fund	B-13		50,000
Due to General Capital Fund	C-10	10,091	15,091
County Taxes Payable	A-16	2,176	16,273
Local District School Tax Payable	A-17	1,157,973	1,076,989
Reserve for Grants - Appropriated	A-19	67,431	66,112
Reserve for Grants - Unappropriated	A-20	<u>14,544</u>	<u>16,271</u>
		1,841,277	1,935,008
Reserve for Receivables and Other Assets	A	440,361	330,867
Fund Balance	A-1	<u>1,350,811</u>	<u>1,530,701</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,632,449</u>	<u>\$ 3,796,576</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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,185,000	\$ 1,200,000
Miscellaneous Revenue Anticipated	A-2	1,405,016	1,385,274
Receipts from Delinquent Taxes	A-2	293,339	263,393
Receipts from Current Taxes	A-2	14,780,817	15,266,026
Non-Budget Revenue	A-2	140,803	88,376
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-11	319,845	361,869
Escrow Account Balances Cancelled	A-1	-	81,350
 Total Revenue		<u>18,124,820</u>	<u>18,646,288</u>
 EXPENDITURES			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,844,049	2,678,215
Other Expenses	A-3	1,422,480	1,484,613
Capital Improvements	A-3	5,000	
Debt Service	A-3	453,658	470,219
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	675,614	649,177
County Taxes	A-16	4,845,440	5,428,626
Due to County for Added and Omitted Taxes	A-16	2,176	16,273
Local District School Tax	A-17	6,766,743	6,604,774
Municipal Open Space Tax	A-18	99,950	99,771
Refund of Prior Year Taxes	A-4	4,600	50,010
 Total Expenditures		<u>17,119,710</u>	<u>17,481,678</u>
 Statutory Excess in Revenue		1,005,110	1,164,610
 FUND BALANCE, JANUARY 1	A	<u>1,530,701</u>	<u>1,566,091</u>
		2,535,811	2,730,701
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,185,000</u>	<u>1,200,000</u>
 FUND BALANCE, DECEMBER 31	A	<u>\$ 1,350,811</u>	<u>\$ 1,530,701</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, 2020

	<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	\$ 1,185,000	-	\$ 1,185,000	-
MISCELLANEOUS REVENUES					
Fees and Permits					
Other	A-2	52,000		59,184	\$ 7,184
Fines and Costs - Municipal Court	A-10	20,000		8,956	(11,044)
Interest and Costs on Taxes	A-10	52,000		85,406	33,406
Interest on Investments	A-2	15,000		25,887	10,887
Cell Tower Rent	A-10	301,000		359,197	58,197
Energy Receipts Tax	A-10	405,408		405,408	-
Open Space Pilot Aid	A-10	5,219		5,219	-
Uniform Construction Code Fees	A-10	225,000		259,851	34,851
Municipal Alliance Grant	A-8		\$ 3,410	3,410	
Recycling Tonnage Grant	A-20	4,267		4,267	
Body Armor Grant	A-20	1,507		1,507	
Clean Communities Program	A-20	6,704		6,704	
Police Donations	A-20	5,300		5,300	
Rent - U.S. Post Office	A-10	102,220		102,220	
Payment in Lieu of Taxes - Boy Scouts of America	A-10	53,130			(53,130)
Cresskill Leaf Compost	A-10	65,000		67,500	2,500
General Capital Fund Balance (Surplus)	C-10	5,000	-	5,000	-
 Total Miscellaneous Revenues	 A-1	 <u>1,318,755</u>	 <u>3,410</u>	 <u>1,405,016</u>	 <u>82,851</u>
 RECEIPTS FROM DELINQUENT TAXES	 A-1,A-9	 <u>263,000</u>	 <u>-</u>	 <u>293,339</u>	 <u>30,339</u>
 AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax For Municipal Purposes	A-2	<u>3,440,778</u>	<u>-</u>	<u>3,876,508</u>	<u>435,730</u>
	A-3	<u>\$ 6,207,533</u>	<u>\$ 3,410</u>	6,759,863	<u>\$ 548,920</u>
 Non-Budget Revenue	 A-1,A-2			 <u>140,803</u>	
				 <u>\$ 6,900,666</u>	

**BOROUGH OF ALPINE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-9	\$ 14,780,817
Less: Allocated to School, County and Municipal Open Space Taxes	A-16,A-17 A-18	<u>11,714,309</u>
		3,066,508
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>810,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,876,508</u>
Fees and Permits - Other		
Borough Clerk	A-10	\$ 17,605
Health Officer and Registrar	A-10	14,303
Police Department	A-10	5,425
Other Fees and Permits	A-10	<u>21,851</u>
	A-2	<u>\$ 59,184</u>
Interest on Investments		
Interest on Investments	A-10	\$ 21,697
Due from Animal Control Fund	B-6	11
Due from Other Trust Fund	B-13	<u>4,179</u>
	A-2	<u>\$ 25,887</u>
Analysis of Non-Budget Revenue		
Bergen County C.A.R.E.S. Reimbursement		\$ 45,602
Police Outside Duty Fees		33,775
Altice Franchise Fee		22,364
Sale of Municipal Assets		12,063
Verizon Franchise Fee		10,711
Insurance Dividend		4,720
Uniform Fire Safety Act		2,861
Bergen County JIF Safety Award		2,500
Recycling Drop Off		2,299
Miscellaneous		2,040
Sale of SREC		1,308
Library State Aid Per Capita		450
Seniors' & Veterans' Admin. Fee		<u>110</u>
	A-2,A-4	<u>\$ 140,803</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, 2020

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 130,000	\$ 130,000	\$ 127,504	\$ 2,496	
Other Expenses	25,000	25,000	22,206	2,794	
Elections	2,600	2,600	438	2,162	
Financial Administration					
Salaries and Wages	97,000	97,000	92,889	4,111	
Other Expenses	7,000	7,000	4,091	2,909	
Audit Services					
Other Expenses	38,600	38,600	37,122	1,478	
Collection of Taxes					
Salaries and Wages	23,000	23,000	12,266	10,734	
Other Expenses	6,500	6,500	6,182	318	
Other Expenses - Postage	6,500	6,500	5,998	502	
Tax Assessment Administration					
Salaries and Wages	17,200	17,200	16,236	964	
Other Expenses	1,600	1,600	508	1,092	
Legal Services and Costs					
Other Expenses	150,000	100,774	66,373	34,401	
Engineering Services and Costs					
Other Expenses	48,000	48,000	37,553	10,447	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	7,200	7,200	7,200	-	
Other Expenses	13,000	13,000	11,703	1,297	
Zoning Board of Adjustment					
Salaries and Wages	8,800	8,800	6,643	2,157	
Other Expenses	6,950	6,950	2,126	4,824	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	74,246	74,246	67,181	7,065	
Workers Compensation	73,005	73,005	73,005	-	
Employee Group Health	362,163	363,486	363,486	-	
Employee Group Health Waiver	9,016	9,016	9,016	-	
PUBLIC SAFETY					
Police					
Salaries and Wages	1,960,000	2,075,258	2,075,258	-	
Other Expenses	65,000	49,000	47,700	1,300	
Police Acquisition of Vehicles					
Other Expenses	40,000	35,400	33,458	1,942	
Police Dispatch/911					
Other Expenses	23,227	23,227	23,227	-	
Emergency Management Services					
Salaries and Wages	4,200	4,200	3,912	288	
Other Expenses	3,000	3,000	2,982	18	
First Aid Organization - Contribution					
Contribution	6,000	6,000	6,000	-	

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<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					
Salaries and Wages	\$ 3,750	\$ 3,750	\$ 3,723	\$ 27	
Other Expenses	31,850	31,850	28,099	3,751	
Fire Hydrant Services	75,000	75,000	70,970	4,030	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	9,450	9,450	5,100	4,350	
Other Expenses	3,800	3,800	936	2,864	
Municipal Prosecutor					
Other Expenses - Contractual	7,200	7,200	6,396	804	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	330,000	281,144	237,830	43,314	
Other Expenses	48,000	48,000	46,182	1,818	
Public Buildings and Grounds					
Other Expenses	43,000	43,000	40,927	2,073	
Recycling - DPW					
Salaries and Wages	8,000	8,000	6,623	1,377	
Other Expenses	62,400	62,400	57,200	5,200	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	11,000	11,000	5,465	5,535	
Other Expenses	2,000	2,000	765	1,235	
Other Expenses - Contractual	17,942	17,942	17,831	111	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	400	850	
Animal Control					
Other Expenses	500	500	-	500	
Municipal Alliance Coordinator					
Salaries and Wages	2,150	1,297	-	1,297	
Occupational Safety and Health Act					
Other Expenses - Hepatitis B. Inoculation	1,362	1,362	620	742	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	2,000	-	
Swim Pool Committee					
Other Expenses	5,000	5,000	2,500	2,500	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	600	900	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	6,500	6,500	693	5,807	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	28,600	28,600	21,058	7,542	
Other Expenses	5,500	5,500	356	5,144	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,750	2,750	2,246	504	

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, 2020

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Uniform Construction Code					
Salaries and Wages	\$ 95,000	\$ 95,000	\$ 92,534	\$ 2,466	
Other Expenses	11,000	11,000	5,297	5,703	
Electrical Inspector					
Salaries and Wages	14,000	14,000	12,263	1,737	
Plumbing Inspector					
Salaries and Wages	12,900	12,900	10,672	2,228	
Zoning Official					
Salaries and Wages	13,500	13,500	12,744	756	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	35,000	34,497	25,109	9,388	
Street Lighting	35,000	35,503	35,503	-	
Telephone	25,000	26,731	26,731	-	
Water	6,000	6,000	5,894	106	
Natural Gas	9,000	9,000	5,932	3,068	
Gasoline	38,000	38,000	18,859	19,141	-
Total Operations Within "CAPS"	4,213,711	4,212,488	3,972,321	240,167	-
Contingent	5,000	5,000	-	5,000	-
Total Operations Including Contingent - Within "CAPS"	4,218,711	4,217,488	3,972,321	245,167	-
Detail:					
Salaries and Wages	2,778,500	2,844,049	2,752,166	91,883	-
Other Expenses	1,440,211	1,373,439	1,220,155	153,284	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	104,000	104,000	83,660	20,340	
Police and Fireman's Retirement System of NJ	495,114	495,310	495,310	-	
Public Employees Retirement System	75,630	75,804	75,804	-	
Defined Contribution Retirement Program	500	500	-	500	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	675,244	675,614	654,774	20,840	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	4,893,955	4,893,102	4,627,095	266,007	-

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY					
Fire					
Other Expense-LOSAP	\$ 27,000	\$ 27,000	\$ 21,761	\$ 5,239	-
Total Other Operations Excluded from "CAPS"	<u>27,000</u>	<u>27,000</u>	<u>21,761</u>	<u>5,239</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share		3,410	348	3,062	
Local Share	-	853	-	853	
Clean Communities Program	6,704	6,704	1,166	5,538	
Body Armor Grant	1,507	1,507	-	1,507	
Police Donations - Equipment	5,300	5,300	5,300	-	
Recycling Tonnage Grant	4,267	4,267	-	4,267	-
Total Public and Private Programs Offset by Revenues	<u>17,778</u>	<u>22,041</u>	<u>6,814</u>	<u>15,227</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>44,778</u>	<u>49,041</u>	<u>28,575</u>	<u>20,466</u>	<u>-</u>
Detail:					
Other Expenses	<u>44,778</u>	<u>49,041</u>	<u>28,575</u>	<u>20,466</u>	<u>-</u>
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"					
Capital Improvement Fund	5,000	5,000	5,000	-	-
Total Capital Improvements-Excluded from "CAPS"	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Anticipation Notes	400,000	400,000	400,000		
Interest on Notes	50,345	50,345	50,203		\$ 142
Green Trust Loan Program					
Loan Repayments for Principal and Interest	3,455	3,455	3,455	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>453,800</u>	<u>453,800</u>	<u>453,658</u>	<u>-</u>	<u>142</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

		<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"		\$ 503,578	\$ 507,841	\$ 487,233	\$ 20,466	\$ 142
Subtotal General Appropriations		5,397,533	5,400,943	5,114,328	286,473	142
Reserve for Uncollected Taxes		<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	-	-
Total General Appropriations		<u>\$ 6,207,533</u>	<u>\$ 6,210,943</u>	<u>\$ 5,924,328</u>	<u>\$ 286,473</u>	<u>\$ 142</u>
	<u>Reference</u>	A-2		A-1	A, A-1	
Budget As Adopted	A-3		\$ 6,207,533			
Added by 40A:4-87	A-2		<u>3,410</u>			
			<u>\$ 6,210,943</u>			
Cash Disbursements	A-4			\$ 5,059,168		
Encumbrances Payable	A-12			55,160		
Reserve for Uncollected Taxes	A-2			<u>810,000</u>		
				<u>\$ 5,924,328</u>		

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ANIMAL CONTROL FUND			
Cash	B-3	\$ <u>2,654</u>	\$ <u>3,669</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	<u>52,175</u>	<u>46,416</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	<u>487,832</u>	<u>392,678</u>
RECREATION TRUST FUND			
Cash	B-3	<u>5,090</u>	<u>5,672</u>
OTHER TRUST FUND			
Cash	B-3	5,272,491	4,777,338
Due from Current Fund	B-13	<u>-</u>	<u>50,000</u>
		<u>5,272,491</u>	<u>4,827,338</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	611,068	522,986
Contributions Receivable	B	<u>20,734</u>	<u>22,215</u>
		<u>631,802</u>	<u>545,201</u>
Total Assets		<u>\$ 6,452,044</u>	<u>\$ 5,820,974</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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Reserve for Animal Control Fund Expenditures	B-4	\$ 2,654	\$ 3,669
		<u>2,654</u>	<u>3,669</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-8		24
Reserve for Unemployment Insurance Benefits	B-7	52,175	46,392
		<u>52,175</u>	<u>46,416</u>
OPEN SPACE PRESERVATION TRUST FUND			
Encumbrances Payable	B-11	285,000	
Reserve for Open Space Expenditures	B-10	202,832	392,678
		<u>487,832</u>	<u>392,678</u>
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-12	5,090	5,672
OTHER TRUST FUND			
Payroll Deductions Payable	B-14	29,973	3,198
Miscellaneous Reserves and Deposits	B-15	5,242,518	4,824,140
		<u>5,272,491</u>	<u>4,827,338</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	631,802	545,201
Total Liabilities and Reserves		<u>\$ 6,452,044</u>	<u>\$ 5,820,974</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, 2020

	<u>Anticipated</u>		<u>Realized</u>	<u>Excess or Deficit</u>
	<u>Budget (Memo)</u>	<u>Budget After Modification (Memo)</u>		
Amount to be Raised by Taxation	\$ 99,905	\$ 99,905	\$ 99,950	\$ 45
Reserve Funds Anticipated	-	190,779	190,779	-
	<u>\$ 99,905</u>	<u>\$ 290,684</u>	290,729	<u>\$ 45</u>
Non-Budget Revenue:				
Interest on Investments			<u>888</u>	
			<u>\$ 291,617</u>	
<u>Reference</u>	B-2	B-2	B-10	

STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriated</u>		<u>Expended</u>	
	<u>Budget (Memo)</u>	<u>Budget After Modification (Memo)</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Acquisition of Lands for Recreation and Conservation		\$ 290,684	\$ 290,684	
Reserve for Future Use	\$ 99,905	-	-	-
	<u>\$ 99,905</u>	<u>\$ 290,684</u>	<u>\$ 290,684</u>	<u>\$ -</u>
<u>Reference</u>	B-1	B-1	B-10	

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2,C-3	\$ 528,349	\$ 458,781
Grants Receivable	C-4	482,500	337,804
Due From Current Fund	C-10	10,091	15,091
Deferred Charges to Future Taxation			
Funded	C-5	3,383	6,768
Unfunded	C-6	<u>2,634,615</u>	<u>2,683,215</u>
 Total Assets		 <u>\$ 3,658,938</u>	 <u>\$ 3,501,659</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bergen County Improvement Authority Loan Payable	C-13	\$ 3,383	\$ 6,768
Bond Anticipation Notes Payable	C-12	2,479,011	2,517,161
Encumbrances Payable	C-8	30,551	2,426
Improvement Authorizations			
Funded	C-7	215,706	218,545
Unfunded	C-7	693,691	484,259
Capital Improvement Fund	C-9	51,634	73,234
Reserve for Field Improvements	C-11	10,000	10,000
Reserve for Grants Receivable	C-4	162,100	171,404
Fund Balance	C-1	<u>12,862</u>	<u>17,862</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 3,658,938</u>	 <u>\$ 3,501,659</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$155,604 and 166,054, 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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	C	\$ 17,862	\$ 9,991
Increased by:			
Funded Improvement Authorizations Cancelled	C-1		22,871
Premium on Notes Issued	C-1	-	14,100
		<u>17,862</u>	<u>46,962</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-1		20,100
Due to Current Fund as Anticipated Revenue	C-10	<u>5,000</u>	<u>9,000</u>
		<u>5,000</u>	<u>29,100</u>
Balance, December 31	C	<u>\$ 12,862</u>	<u>\$ 17,862</u>

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Land	\$ 6,101,500	\$ 6,101,500
Buildings and Building Improvements	1,772,789	1,772,789
Machinery and Equipment	<u>3,161,612</u>	<u>3,327,826</u>
	<u>\$ 11,035,901</u>	<u>\$ 11,202,115</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 11,035,901</u>	<u>\$ 11,202,115</u>

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of 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, 2020 AND 2019**

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, 2020 AND 2019**

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, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 \$5,000 and an estimated useful life in excess of two years.

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

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

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

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

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

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020, the Borough Council approved to increase the original budget by \$3,410 and in 2019 the Borough Council did not increase the original budget. The governing body approved several budget transfers during 2020 and 2019.

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, 2020 and 2019, the book value of the Borough's deposits were \$9,533,731 and \$9,143,644 and bank and brokerage firm balances of the Borough's deposits amounted to \$9,589,739 and \$9,298,941, 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>2020</u>	<u>2019</u>
Insured	\$ <u>9,589,739</u>	\$ <u>9,298,941</u>

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, 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.

As of December 31, 2020 and 2019, the Borough had the following investments:

	<u>Fair Value</u> <u>(LOSAP)</u>	
	<u>2020</u>	<u>2019</u>
Investment:		
Lincoln Financial LOSAP		
Investment Fund (Unaudited)	\$ 611,068	\$ 522,986

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2020 and 2019, \$611,068 and \$522,986 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP) (Unaudited)	
	<u>2020</u>	<u>2019</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 611,068</u>	<u>\$ 522,986</u>

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, 2020 and 2019, 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.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Property Taxes	<u>\$ 365,999</u>	<u>\$ 293,339</u>

In 2020 and 2019, the Borough collected \$293,339 and \$263,393 from delinquent taxes, which represented 100% and 100%, respectively of the prior year delinquent taxes receivable balance.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>		<u>2019</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund		\$ 10,091		\$ 65,091
Trust Funds:				
Other Trust Fund			\$ 50,000	
General Capital Fund	<u>\$ 10,091</u>	<u>-</u>	<u>15,091</u>	<u>-</u>
Total	<u>\$ 10,091</u>	<u>\$ 10,091</u>	<u>\$ 65,091</u>	<u>\$ 65,091</u>

The above balances are the result of deposits made, revenues earned and/or appropriations budgeted by one fund on behalf of another fund.

The Borough expects all interfund balances to be liquidated within one year.

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, 2020 and 2019 are as follows:

	<u>Local District School</u>	
	<u>2020</u>	<u>2019</u>
Balance of Tax	\$ 3,497,955	\$ 3,416,971
Deferred	<u>2,339,982</u>	<u>2,339,982</u>
Taxes Payable	<u>\$ 1,157,973</u>	<u>\$ 1,076,989</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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:

	2020		2019	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,343,863	\$ 1,050,000	\$ 1,524,082	\$ 1,185,000
Non-Cash Surplus	<u>6,948</u>	<u>-</u>	<u>6,619</u>	<u>-</u>
	<u>\$ 1,350,811</u>	<u>\$ 1,050,000</u>	<u>\$ 1,530,701</u>	<u>\$ 1,185,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Land	\$ 6,101,500			\$ 6,101,500
Buildings and Building Improvements	1,772,789			1,772,789
Machinery and Equipment	<u>3,327,826</u>	\$ 47,386	\$ (213,600)	<u>3,161,612</u>
	<u>\$ 11,202,115</u>	<u>\$ 47,386</u>	<u>\$ (213,600)</u>	<u>\$ 11,035,901</u>
	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Land	\$ 6,101,500			\$ 6,101,500
Buildings and Building Improvements	1,755,614	\$ 17,175		1,772,789
Machinery and Equipment	<u>3,206,087</u>	<u>121,739</u>	<u>-</u>	<u>3,327,826</u>
	<u>\$ 11,063,201</u>	<u>\$ 138,914</u>	<u>\$ -</u>	<u>\$ 11,202,115</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et. seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects and acquisitions. 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 and acquisitions, 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>2020</u>	<u>2019</u>
Issued		
General		
Notes and Loans	\$ 2,482,394	\$ 2,523,929
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>-</u>	<u>-</u>
Net Debt Issued	2,482,394	2,523,929
Authorized But Not Issued		
General		
Bonds and Notes	<u>155,604</u>	<u>166,054</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,637,998</u>	<u>\$ 2,689,983</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 .129% and .126% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	<u>\$ 2,637,998</u>	<u>\$ -</u>	<u>\$ 2,637,998</u>
<u>2019</u>			
General Debt	<u>\$ 2,689,983</u>	<u>\$ -</u>	<u>\$ 2,689,983</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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 71,618,169	\$ 74,788,088
Net Debt	<u>2,637,998</u>	<u>2,689,983</u>
Remaining Borrowing Power	<u>\$ 68,980,171</u>	<u>\$ 72,098,105</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>	<u>2019</u>
\$47,368, 2008 BCIA Loan, due in annual installments of \$3,383 to \$3,385 through December, 2021, interest at 1.05%	\$ <u>3,383</u>	\$ <u>6,768</u>
	<u>\$ 3,383</u>	<u>\$ 6,768</u>

The Borough’s principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

Calendar Year	<u>BCIA Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ <u>3,383</u>	\$ <u>36</u>	\$ <u>3,419</u>
	<u>\$ 3,383</u>	<u>\$ 36</u>	<u>\$ 3,419</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 were as follows:

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
<u>General Capital Fund</u>					
Intergovernmental Loans Payable	\$ 6,768	\$ -	\$ 3,385	\$ 3,383	\$ 3,383
General Capital Fund Long-Term Liabilities	<u>\$ 6,768</u>	<u>\$ -</u>	<u>\$ 3,385</u>	<u>\$ 3,383</u>	<u>\$ 3,383</u>
	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
<u>General Capital Fund</u>					
Intergovernmental Loans Payable	\$ 10,150	\$ -	\$ 3,382	\$ 6,768	\$ 3,383
General Capital Fund Long-Term Liabilities	<u>\$ 10,150</u>	<u>\$ -</u>	<u>\$ 3,382</u>	<u>\$ 6,768</u>	<u>\$ 3,383</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

<u>2020</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2020</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	0.56%	11/18/2021	\$ 390,651	\$ 373,831	\$ 390,651	\$ 373,831
	Road Program	0.56%	11/18/2021	1,579,499	1,596,637	1,579,499	1,596,637
	Acquisition of Fire Engine and Computer Equipment	0.56%	11/18/2021	405,512	378,402	405,512	378,402
	School Field Improvements and Vehicle Acq.	0.56%	11/18/2021	141,499	130,141	141,499	130,141
				<u>\$ 2,517,161</u>	<u>\$ 2,479,011</u>	<u>\$ 2,517,161</u>	<u>\$ 2,479,011</u>
<u>2019</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2019</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2019</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.00%	11/25/2020	\$ 582,930	\$ 390,651	\$ 582,930	\$ 390,651
	Road Program	2.00%	11/25/2020	1,562,804	1,579,499	1,562,804	1,579,499
	Acquisition of Fire Engine and Computer Equipment	2.00%	11/25/2020	432,622	405,512	432,622	405,512
	School Field Improvements and Vehicle Acq.	2.00%	11/25/2020	152,855	141,499	152,855	141,499
				<u>\$ 2,731,211</u>	<u>\$ 2,517,161</u>	<u>\$ 2,731,211</u>	<u>\$ 2,517,161</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for general 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, 2020 AND 2019**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2020</u>	<u>Capital Project</u>	<u>Commitment</u>	<u>Estimated Date of Completion</u>
	Acquisition of Property for Open Space	\$285,000	May 2021

2019

There are 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 \$780,832 and \$701,162 at December 31, 2020 and 2019, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the Borough has reserved in the Other Trust Fund \$157,994 and \$162,991, 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 \$90,821 under capital leases. The capital lease agreements are for terms of three 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, 2020.

<u>Years Ended December 31,</u>	<u>Amount</u>
2021	\$ 31,390
2022	<u>7,397</u>
Total	38,787
Less: Amounts Representing Interest	<u>(1,545)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 37,242</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 701,162	\$ 84,667	\$ 4,997	\$ 780,832	\$ 5,000
Capital Leases	67,213		29,971	37,242	31,390
Net Pension Liability - PERS	1,383,972		158,029	1,225,943	
Net Pension Liability - PFRS	5,997,256	1,011,397	495,014	6,513,639	
Net OPEB Liability (1)	<u>1,211,290</u>	<u>-</u>	<u>-</u>	<u>1,211,290</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 9,360,893</u>	<u>\$ 1,096,064</u>	<u>\$ 688,011</u>	<u>\$ 9,768,946</u>	<u>\$ 36,390</u>

(1) GASB Statement number 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 700,109	\$ 82,271	\$ 81,218	\$ 701,162	\$ 5,380
Capital Leases	57,431	30,347	20,565	67,213	29,158
Net Pension Liability - PERS	1,498,016		114,044	1,383,972	
Net Pension Liability - PFRS	6,488,219		490,963	5,997,256	
Net OPEB Liability	<u>1,361,429</u>	<u>-</u>	<u>150,139</u>	<u>1,211,290</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 10,105,204</u>	<u>\$ 112,618</u>	<u>\$ 856,929</u>	<u>\$ 9,360,893</u>	<u>\$ 34,538</u>

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.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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 1/55th 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 1/60th 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
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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
YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 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 2020, 2019 and 2018 were equal to the required contributions.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2020	\$ 495,014	\$ 74,712	None
2019	468,767	75,677	None
2018	409,464	81,585	\$ 937

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$318, \$397 and \$904, 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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of \$1,225,943 and \$1,383,972, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .00752 percent, which was a decrease of .00016 percent from its proportionate share measured as of June 30, 2019 of .00768 percent.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension benefit to be \$6,862 for 2020 and its pension expense to be \$25,466 for 2019, for PERS based on the actuarial valuations which are less than the actual contribution reported in the Borough's financial statements of \$75,712 and \$75,677, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<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	\$ 22,322	\$ 4,335	\$ 24,840	\$ 6,114
Changes of Assumptions	39,771	513,314	138,195	480,372
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	41,904			21,847
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>40,316</u>	<u>155,889</u>	<u>85,485</u>	<u>201,260</u>
Total	<u>\$ 144,313</u>	<u>\$ 673,538</u>	<u>\$ 248,520</u>	<u>\$ 709,593</u>

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (181,296)
2022	(191,912)
2023	(111,541)
2024	(36,618)
2025	<u>(7,858)</u>
	<u>\$ (529,225)</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, 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 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2020</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 1,543,258</u>	<u>\$ 1,225,943</u>	<u>\$ 956,693</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	<u>\$ 1,748,182</u>	<u>\$ 1,383,972</u>	<u>\$ 1,077,074</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of \$6,513,639 and \$5,997,256, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .05041 percent, which was an increase of .00140 percent from its proportionate share measured as of June 30, 2019 of .04901 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$452,266 and \$553,770, respectively, for PFRS based on the actuarial valuations which are less in 2020 and more in 2019 than the actual contribution reported in the Borough's financial statements of \$495,310 and \$468,767, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 65,669	\$ 23,377	\$ 50,625	\$ 37,970
Changes of Assumptions	16,392	1,746,268	205,499	1,938,258
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	381,925			81,261
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>444,611</u>	<u>77,167</u>	<u>371,317</u>	<u>135,746</u>
Total	<u>\$ 908,597</u>	<u>\$ 1,846,812</u>	<u>\$ 627,441</u>	<u>\$ 2,193,235</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	<u>Total</u>
2021	\$ (504,523)
2022	(321,880)
2023	(75,426)
2024	(9,227)
2025	<u>(27,159)</u>
	<u>\$ (938,215)</u>

Actuarial Assumptions

The Borough’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PFRS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

The actuarial assumptions used in the July 1, 2019 and 2018 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</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	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

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

Calendar		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, 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 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2020</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>8,661,799</u>	\$ <u>6,513,639</u>	\$ <u>4,729,428</u>
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	\$ <u>8,106,105</u>	\$ <u>5,997,256</u>	\$ <u>4,251,880</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,010,887 and \$946,976, respectively. For the years ended December 31, 2020 and 2019, 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 \$114,564 and \$110,031, respectively, which are more than the actual contributions the State made on behalf of the Borough of \$77,787 and \$63,807, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .05041 percent, which was an increase of .00140 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .04901 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

- Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation 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 \$346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

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, 2020, 2019 and 2018 were \$11,072, \$10,923 and \$12,608, respectively, which equaled the required contributions for each year (or were not available).

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

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, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Borough reported a liability of \$1,211,290 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the Borough’s proportionate share was .00894 percent, which was an increase of .00025 percent from its proportionate share measured as of June 30, 2018 of .00869 percent.

For the year ended December 31, 2019, the Plan has determined the Borough’s OPEB benefit to be \$25,393, based on the actuarial valuation which is less than the actual contributions reported in the Borough’s financial statements of \$10,923. At December 31, 2019, 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:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		\$ 354,228
Changes of Assumptions		429,254
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 998	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	69,508	122,797
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 70,506</u>	<u>\$ 906,279</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2020	\$ (141,013)
2021	(141,013)
2022	(141,090)
2023	(141,214)
2024	(141,332)
Thereafter	<u>(130,111)</u>
	<u>\$ (835,773)</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

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 2.00% as of June 30, 2019.

Discount Rate

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

Calendar

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%

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.

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, 2019 calculated using the discount rate of 3.50% 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 2.50% or 1-percentage-point higher 4.50% than the current rate:

<u>2019</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 1,400,559	\$ 1,211,290	\$ 1,057,484

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 Healthcare Trend Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 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:

<u>2019</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 1,022,179</u>	<u>\$ 1,211,290</u>	<u>\$ 1,452,532</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

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 of 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, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$3,892,372. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$51,594. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .07044 percent, which was a decrease of .00346 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .07390 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.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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.

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>
2020	\$ 5,900	\$ 224	\$ 52,175
2019	6,343	1,639	46,392
2018	2,530	255	41,625

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019. 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 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, 2020 and 2019, 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, 2020 and 2019, 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.

The Borough of Alpine has contributed \$1,481 for 2020 and 2019, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$20,734 and \$22,215 for 2020 and 2019, 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

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, 2020 and 2019 were \$5,500 and \$4,250, respectively.

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, 2020, there has been no default or event requiring repayment of the loan.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Pandemic”). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

NOTE 20 SUBSEQUENT EVENTS

Debt Authorized

On May 26, 2021 the Borough adopted two (2) bond ordinances authorizing the issuance \$471,400 in Bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

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

Balance, December 31, 2019		\$ 3,458,990
Increased by:		
Taxes Receivable	\$ 14,815,521	
Revenue Accounts Receivable	1,374,638	
Non-Budget Revenue	140,803	
Grant Receivables	3,081	
Due from State of NJ (Ch. 20, P.L. 1972)	5,500	
Prepaid Taxes	242,982	
Tax Overpayments	35,130	
Fees Payable	8,332	
Reserve for Grants - Unappropriated	16,051	
Received From Animal Control Fund	11	
Received From Other Trust Fund	6,497	
Petty Cash	500	
	16,649,046	
		20,108,036
Decreased by Disbursements:		
2020 Budget Appropriations	5,059,168	
2019 Appropriation Reserves	47,674	
Encumbrance Payables	50,363	
County Taxes Payable	4,861,713	
Local District School Tax Payable	6,685,759	
Fees Payable	5,414	
Tax Overpayments	35,130	
Reserve for Grants - Appropriated	20,407	
Payments to Open Space Trust Fund	99,950	
Payments to Other Trust Fund	50,000	
Payments for Other Trust Fund	2,318	
Refund of Prior Year Taxes	4,600	
Petty Cash	500	
	16,922,996	
		\$ 3,185,040
Balance, December 31, 2020		\$ 3,185,040

**BOROUGH OF ALPINE
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2019	\$ <u>100</u>
Balance, December 31, 2020	\$ <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, 2019	\$ 1,753
Increased by:	
Veterans' Deductions per Tax Duplicate	<u>5,500</u>
	7,253
Decreased by:	
Receipts from State of New Jersey	<u>5,500</u>
Balance, December 31, 2020	\$ <u><u>1,753</u></u>

STATEMENT OF GRANT RECEIVABLES

	Balance, December 31, <u>2019</u>	Accrued in <u>2020</u>	Cash <u>Receipts</u>	Balance <u>Cancelled</u>	Balance, December 31, <u>2020</u>
Municipal Alliance Program	\$ <u>4,866</u>	\$ <u>3,410</u>	\$ <u>3,081</u>	\$ -	\$ <u>5,195</u>
	\$ <u><u>4,866</u></u>	\$ <u><u>3,410</u></u>	\$ <u><u>3,081</u></u>	\$ -	\$ <u><u>5,195</u></u>

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

<u>Year</u>	Balance,	2020	<u>Cash Collections</u>		Senior	Remitted,	Balance,
	December 31,		<u>Levy</u>	<u>2019</u>	<u>2020</u>		
2019	\$ 293,339			\$ 293,339			
2020	-	\$ 15,172,318	\$ 253,135	14,522,182	\$ 5,500	\$ 25,502	\$ 365,999
	<u>\$ 293,339</u>	<u>\$ 15,172,318</u>	<u>\$ 253,135</u>	<u>\$ 14,815,521</u>	<u>\$ 5,500</u>	<u>\$ 25,502</u>	<u>\$ 365,999</u>

Analysis of 2020 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 15,165,520	
Added and Omitted Taxes (54:4-63.10 et seq.)	6,798	
		<u>\$ 15,172,318</u>

TAX LEVY

Local District School Taxes	\$ 6,766,743	
County Taxes - General	\$ 4,649,528	
County Taxes - Open Space	195,912	
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>2,176</u>	4,847,616
Municipal Open Space Tax	99,905	
Municipal Open Space Added Taxes	<u>45</u>	99,950
Local Tax for Municipal Purposes	3,440,778	
Add Additional Tax Levies	<u>17,231</u>	3,458,009
		<u>\$ 15,172,318</u>

BOROUGH OF ALPINE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2019</u>	Accrued in <u>2020</u>	<u>Collected</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Fees and Permits		\$ 17,605	\$ 17,605	
Health Officer and Registrar				
Fees and Permits		14,303	14,303	
Police Department				
Fees and Permits		5,425	5,425	
Other Fees and Permits		21,851	21,851	
Municipal Court				
Fines and Costs	\$ 1,986	7,502	8,956	\$ 532
Interest and Cost on Taxes	12,643	93,463	85,406	20,700
Interest on Investments		21,697	21,697	
Cell Tower Rent	22,899	336,298	359,197	
Energy Receipts Tax		405,408	405,408	
Open Space PILOT Aid		5,219	5,219	
Uniform Construction Code Fees		259,851	259,851	
Cresskill Leaf Compost		67,500	67,500	
Rent - U.S. Post Office		102,220	102,220	
Payment in Lieu of Taxes - Boys Scouts	-	53,130	-	53,130
	<u>\$ 37,528</u>	<u>\$ 1,411,472</u>	<u>\$ 1,374,638</u>	<u>\$ 74,362</u>

BOROUGH OF ALPINE
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, 2019	Cancelled Encumbrances	Balance After Modification	Expended	Transfer	Balance Lapsed
Salaries and Wages						
Municipal Clerk	\$ 3,084		\$ 3,084			\$ 3,084
Financial Administration	4,483		4,483			4,483
Collection of Taxes	10,148		10,148			10,148
Tax Assessment Administration	912		912			912
Planning Board	220		220			220
Zoning Board Adjustment	2,081		2,081			2,081
Police	3,195		3,195	\$ 3,195		-
Emergency Management Services	909		909			909
Fire	111		111			111
Fire Prevention/Uniform Fire Code	2,968		2,968			2,968
Road Repairs and Maintenance	11,358		11,358			11,358
Recycling-DPW	1,428		1,428			1,428
Board of Health	5,442		5,442			5,442
Municipal Alliance	2,085		2,085			2,085
Municipal Court	7,355		7,355			7,355
Public Defender	493		493			493
Uniform Construction Code	2,264		2,264			2,264
Electrical Inspector	1,160		1,160			1,160
Plumbing Inspector	1,370		1,370			1,370
Zoning Official	706	-	706	-	-	706
Total Salaries & Wages	61,772	-	61,772	3,195	-	58,577
Other Expenses						
Municipal Clerk	6,975		6,975	4,964		2,011
Election	940		940			940
Financial Administration	5,178		5,178	5		5,173
Collection of Taxes	1,338		1,338			1,338
Collection of Taxes- Postages	1,752		1,752	157		1,595
Tax Assessment Administration	978		978			978
Audit Services	2,270		2,270			2,270
Legal Services & Costs	129,047		129,047	5,367		123,680
Engineering Services & Costs	16,424		16,424	4,442		11,982
Planning Board	2,642		2,642			2,642
Zoning Board of Adjustment	5,146		5,146	11		5,135
Liability Insurance	6,320		6,320			6,320
Employee Group Insurance	18,456		18,456			18,456
Fire	2,163		2,163	2,163		-
Fire Hydrant Services	5,123		5,123			5,123
Fire - Other Expenses- LOSAP	1,418		1,418	1,418		-
Police	821		821	821		-
Police Acquisition of Vehicles	238		238			238
Police Dispatch/911	5,807		5,807	5,807		-
Emergency Management Services	950		950			950
Fire Prevention/Uniform Fire Code	3,070		3,070			3,070
Road Repairs and Maintenance	1,073		1,073	249		824
Public Buildings & Grounds	8,750		8,750	5,972		2,778
Board of Health	1,886		1,886			1,886
Board of Health Contractual	150		150			150

BOROUGH OF ALPINE
STATEMENT OF 2019 APPROPRIATION RESERVES

	Balance, December 31, <u>2019</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)						
Environmental Commission	\$ 830		\$ 830			\$ 830
Animal Control	500		500			500
Occupational Safety and Health Act	552		552	\$ 18		534
Parks and Playgrounds	13		13			13
Swim Pool Committee	3,000		3,000			3,000
Cresskill Library Fees	1,500		1,500	900		600
Contingent	10,000		10,000			10,000
Social Security System	14,781		14,781			14,781
Police and Fireman's Retirement System	10		10			10
Public Employees Retirement System	315		315			315
Defined Contribution Retirement Program	600		600			600
Municipal Prosecutor Contractual	708		708			708
Municipal Court	4,115		4,115			4,115
Uniform Construction Code	4,875		4,875	540		4,335
Utility Expenses						
Electric	6,928		6,928			6,928
Street Lighting	1,966		1,966			1,966
Water	184		184			184
Natural Gas	5,387		5,387	1,636		3,751
Gasoline	17,738		17,738	7,179		10,559
Municipal Alliance						
County Share	7,075		7,075	974	\$ 6,101	-
Local Share	1,870		1,870	556	1,314	-
Alcohol Rehab and Education Fund	146		146		146	-
Body Armor Grant	1,592		1,592		1,592	-
Police Donations-Equipment	4,500		4,500		4,500	-
Clean Communities Grant	5,130		5,130		5,130	-
Recycling Tonnage Grant	4,243	-	4,243	1,300	2,943	-
	<u>\$ 327,473</u>	<u>\$ -</u>	<u>\$ 327,473</u>	<u>\$ 44,479</u>	<u>\$ 21,726</u>	<u>\$ 261,268</u>
Total	<u>\$ 389,245</u>	<u>\$ -</u>	<u>\$ 389,245</u>	<u>\$ 47,674</u>	<u>\$ 21,726</u>	<u>\$ 319,845</u>
				\$ 47,674		
				-	21,726	
				<u>\$ 47,674</u>	<u>\$ 21,726</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019		\$ 50,363
Increased by:		
Charges to Budget Appropriations		<u>55,160</u>
		105,523
Decreased by:		
Cash Disbursements		<u>50,363</u>
Balance, December 31, 2020		<u>\$ 55,160</u>

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2019</u>	Fees Collected	Payments	Balance, December 31, <u>2020</u>
Due State of New Jersey				
Marriage License Fees	\$ 206	\$ 194	\$ 400	
State Training Fees	<u>1,323</u>	<u>8,138</u>	<u>5,014</u>	<u>\$ 4,447</u>
	<u>\$ 1,529</u>	<u>\$ 8,332</u>	<u>\$ 5,414</u>	<u>\$ 4,447</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019		\$ 253,135
Increased by:		
Collection of 2021 Taxes		<u>242,982</u>
		496,117
Decreased by:		
Applied to 2020 Taxes Receivable		<u>253,135</u>
Balance, December 31, 2020		<u>\$ 242,982</u>

**BOROUGH OF ALPINE
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Overpayments Received	\$	35,130
Decreased by:		
Overpayments Refunded	\$	<u>35,130</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2019		
	\$	16,273
Increased by:		
2020 Levy - General Taxes	\$	4,649,528
2020 Levy - Open Space Taxes		<u>195,912</u>
	\$	4,845,440
2020 Added and Omitted Taxes		<u>2,176</u>
		<u>4,847,616</u>
		4,863,889
Decreased by:		
Payments		<u>4,861,713</u>
Balance, December 31, 2020	\$	<u>2,176</u>

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

Balance, December 31, 2019		
School Tax Payable	\$ 1,076,989	
School Tax Deferred	<u>2,339,982</u>	
		\$ 3,416,971
Increased by:		
Levy - School Year July 1, 2020 to June 30, 2021		<u>6,766,743</u>
		10,183,714
Decreased by:		
Payments		<u>6,685,759</u>
Balance, December 31, 2020		
School Tax Payable	1,157,973	
School Tax Deferred	<u>2,339,982</u>	
		<u>\$ 3,497,955</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2020		\$ 1,157,973
Add: Payments		<u>6,685,759</u>
		7,843,732
Less: School Tax Payable at December 31, 2020		<u>1,076,989</u>
Amount Charged to 2020 Operations		<u>\$ 6,766,743</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
2020 Levy	\$ 99,905	
2020 Added and Omitted Taxes	<u>45</u>	
		\$ 99,950
Decreased by:		
Due to Open Space Preservation Trust Fund		<u>\$ 99,950</u>

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

	Balance, December 31, <u>2019</u>	Transferred from 2019 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2020</u>
Alcohol Education Rehab. Fund	\$ 1,824	\$ 146		\$ 1,970
Clean Communities Grant	7,712	5,130		12,842
Drunk Driving Enforcement Fund	2,339			2,339
Recycling Tonnage Grant	25,061	2,943	\$ 4,573	23,431
NJ DEP Stormwater Grant	967			967
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	15,834	4,500	15,834	4,500
DARE Municipal Alliance Program:				
County Share	8,398	6,101		14,499
Local Share		1,314		1,314
200 Club of Bergen County Grant	1,500			1,500
Body Armor Grant	<u>784</u>	<u>1,592</u>	<u>-</u>	<u>2,376</u>
	<u>\$ 66,112</u>	<u>\$ 21,726</u>	<u>\$ 20,407</u>	<u>\$ 67,431</u>

EXHIBIT A-20

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2019</u>	Cash <u>Receipts</u>	Anticipated in 2020 <u>Budget</u>	Balance, December 31, <u>2020</u>
Body Armor Grant		\$ 1,507	\$ 1,507	
Clean Communities Program	\$ 6,704	6,044	6,704	\$ 6,044
Police Donations	5,300	8,500	5,300	8,500
Recycling Tonnage Grant	<u>4,267</u>	<u>-</u>	<u>4,267</u>	<u>-</u>
	<u>\$ 16,271</u>	<u>\$ 16,051</u>	<u>\$ 17,778</u>	<u>\$ 14,544</u>

TRUST FUNDS

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

	<u>Animal Control</u>	Unemployment <u>Insurance</u>	<u>Open Space</u>	<u>Recreation Trust</u>	<u>Other Trust</u>
Balance, December 31, 2019	\$ 3,669	\$ 46,416	\$ 392,678	\$ 5,672	\$ 4,777,338
Increased by Receipts:					
Received From Current Fund			\$ 99,950		\$ 50,000
Interest on Deposits	\$ 11	\$ 107	888		8,357
Miscellaneous Reserves and Deposits					1,055,466
Payroll Deductions Payable					3,948,137
Employee Unemployment Contributions		5,900			
Due to State of NJ - Registration Fees	397				
Animal License Fees	4,009				
Recreation Fees	-	-	-	\$ 7,812	-
	<u>4,417</u>	<u>6,007</u>	<u>100,838</u>	<u>7,812</u>	<u>5,061,960</u>
	8,086	52,423	493,516	13,484	9,839,298
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits			5,684		638,948
Payroll Deductions Payable					3,921,362
Payments to Current Fund	11				6,497
Due to State of NJ	397	248			
Reserve for Animal Control Expenditures	5,024				
Recreation Expenditures	-	-	-	8,394	-
	<u>5,432</u>	<u>248</u>	<u>5,684</u>	<u>8,394</u>	<u>4,566,807</u>
Balance, December 31, 2020	<u>\$ 2,654</u>	<u>\$ 52,175</u>	<u>\$ 487,832</u>	<u>\$ 5,090</u>	<u>\$ 5,272,491</u>

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

Balance, December 31, 2019		\$ 3,669
Increased by:		
Dog License Fees	\$ 2,871	
Cat License Fees	408	
Miscellaneous and Late Fees	<u>730</u>	
		<u>4,009</u>
		7,678
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash Disbursements		<u>5,024</u>
Balance, December 31, 2020		<u><u>\$ 2,654</u></u>

EXHIBIT B-5

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

Increased by:		
State Fees Collected	\$	397
Decreased by:		
Payments to the State	<u>\$</u>	<u>397</u>

EXHIBIT B-6

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Increased by:		
Interest on Deposits	\$	11
Decreased by:		
Payments to the Current Fund	<u>\$</u>	<u>11</u>

BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS

Balance, December 31, 2019		\$ 46,392
Increased by:		
Employee Contributions	\$ 5,900	
Interest on Investments	<u>107</u>	
		<u>6,007</u>
		52,399
Decrease by:		
Unemployment Claims Due to State		<u>224</u>
Balance, December 31, 2020		<u><u>\$ 52,175</u></u>

EXHIBIT B-8

STATEMENT OF DUE TO STATE
UNEMPLOYMENT INSURANCE FUND

Balance, December 31, 2019		\$ 24
Increased by:		
Unemployment Claims Charged to Reserve		<u>224</u>
		248
Decreased by:		
Cash Disbursements		<u><u>\$ 248</u></u>

EXHIBIT B-9

STATEMENT OF DUE FROM CURRENT FUND
OPEN SPACE PRESERVATION TRUST FUND

Increased by:		
Open Space Tax Levy	\$ 99,905	
Added Open Space Tax Levy	<u>45</u>	
		\$ 99,950
Decreased by:		
Cash Received from Current Fund		<u><u>\$ 99,950</u></u>

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

Balance, December 31, 2019		\$ 392,678
Increased by:		
Due from Current Fund:		
Open Space Tax Levy	\$ 99,905	
Added Open Space Tax Levy	<u>45</u>	
		\$ 99,950
Interest on Deposit		<u>888</u>
		<u>100,838</u>
		493,516
Decreased by:		
Cash Disbursements		5,684
Encumbrances Payable		<u>285,000</u>
		<u>290,684</u>
Balance, December 31, 2020		<u><u>\$ 202,832</u></u>

**STATEMENT OF ENCUMBRANCES PAYABLE
OPEN SPACE TRUST FUND**

Increased by:	
Charges to Reserve for Open Space Expenditures	\$ <u>285,000</u>
Balance, December 31, 2020	<u><u>\$ 285,000</u></u>

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

	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
Swim and Racquet Club	\$ 888	\$ 3,562	\$ 4,144	\$ 306
Biddy Basketball	834			834
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 5,672</u>	<u>\$ 7,812</u>	<u>\$ 8,394</u>	<u>\$ 5,090</u>
Cash Receipts		\$ 7,812		
Cash Disbursed		<u>-</u>	<u>\$ 8,394</u>	
		<u>\$ 7,812</u>	<u>\$ 8,394</u>	

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

Balance, December 31, 2019		\$ 50,000
Increased by:		
Payments to Current Fund		6,497
		56,497
Decreased by:		
Cash Receipts from Current Fund	\$ 50,000	
Payments Made by Current Fund	2,318	
Interest on Deposits	4,179	
		\$ 56,497

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

Balance, December 31, 2019		\$ 3,198
Increased by:		
Cash Receipts:		
Payroll Deposits		3,948,137
		3,951,335
Decreased by:		
Cash Disbursements		3,921,362
Balance, December 31, 2020		\$ 29,973

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

	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
Escrow Deposits	\$ 1,557,953	\$ 559,481	\$ 308,790	\$ 1,808,644
Affordable Housing Developer Fees	2,071,578	220,676	165,650	2,126,604
Cell Tower Security Deposits	132,575		1,500	131,075
POAA Fees	761	2	109	654
Fire Inspection Penalty Fees	1,564			1,564
COAH/Balanced Housing Note Reserve	890,047	74,337		964,384
COAH Security Deposits	6,340	14		6,354
Terminal Leave Reserve	162,991		4,997	157,994
Police Outside Duty Fees	331	161,134	160,220	1,245
Tax Sale Premiums	-	44,000	-	44,000
	<u>\$ 4,824,140</u>	<u>\$ 1,059,644</u>	<u>\$ 641,266</u>	<u>\$ 5,242,518</u>
Cash Receipts		\$ 1,055,466		
Interest on Deposits		4,178		
Due to Current Fund			\$ 2,318	
Cash Disbursed		<u>-</u>	<u>638,948</u>	
		<u>\$ 1,059,644</u>	<u>\$ 641,266</u>	

GENERAL CAPITAL

BOROUGH OF ALPINE
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS

Balance, December 31, 2019		\$ 458,781
Increased by Receipts:		
Bond Anticipation Notes	\$ 361,850	
Budget Appropriation - Capital Improvement Fund	<u>5,000</u>	
		<u>366,850</u>
		825,631
Decreased by Disbursements:		
Encumbrances Payable	2,426	
Improvement Authorizations	<u>294,856</u>	
		<u>297,282</u>
Balance, December 31, 2020		<u>\$ 528,349</u>

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

	Balance, December 31, <u>2020</u>
Fund Balance	\$ 12,862
Due from Current Fund	(10,091)
Encumbrances Payable	30,551
Capital Improvement Fund	51,634
Reserve for Field Improvements	10,000
Grants Receivable	(320,400)
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
699	2009 Various Capital Improvements 12,348
712	Various Capital Improvements 3,000
724	Various 2011 Capital Improvements 13,366
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 28,073
753	2015 Road Program 42,689
758	School Field Improvements and Vehicle Acquisition 7,371
759	2016 Various Improvements 27,619
760	2016 Road Program 81,545
769	2017 Road Program 62,986
776	2018 Road Program 26,543
777/779	2018 Various Improvements 6,307
786	2019 Road Program 42,292
787	2019 Various Improvements 15,423
788	2019 Various Improvements 170,942
795	2020 Road Program 186,180
796	2020 Various Capital Improvements (64,518)
	<u>\$ 528,349</u>

**BOROUGH OF ALPINE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2019</u>	Grant Awards	Cancelled by <u>Resolution</u>	Balance, December 31, <u>2020</u>	<u>Balance Pledged to:</u> Improvement <u>Authorization</u>	<u>Reserve</u>
N.J. Dept. of Transportation						
Ord. 769 - 2017 Road Program	\$ 9,304		\$ 9,304			
Ord. 776 - 2018 Road Program	162,100			\$ 162,100		\$ 162,100
Ord. 788 - 2019 Road Improvements	166,400			166,400	\$ 166,400	
Ord. 795 - 2020 Road Improvements	<u>-</u>	\$ <u>154,000</u>	<u>-</u>	<u>154,000</u>	<u>154,000</u>	<u>-</u>
	<u>\$ 337,804</u>	<u>\$ 154,000</u>	<u>\$ 9,304</u>	<u>\$ 482,500</u>	<u>\$ 320,400</u>	<u>\$ 162,100</u>
Reserve for Grants Receivable			<u>\$ 9,304</u>			

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2019	\$ 6,768
Decreased by:	
2020 Budget Appropriation:	
BCIA Loan	<u>3,385</u>
Balance, December 31, 2020	<u>\$ 3,383</u>

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

Analysis of Balance

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2019</u>	<u>2020 Authorizations</u>	<u>Notes Paid by Budget</u>	<u>Balance, December 31, 2020</u>	<u>Bond Anticipation Note</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
724	Various 2011 Capital Improvements	\$ 43,909		\$ 43,909				
729	2012 Capital Improvements	112,638		112,638				
730	2012 Road Program	230,650		144,443	\$ 86,207	\$ 86,207		
735	Acquisition of Fire Engine and Computer Equipment	405,512		27,110	378,402	378,402		
741	Various Capital Improvements	40,532		6,756	33,776	33,776		
742	2014 Road Program	159,949		10,021	149,928	149,928		
752	2015 Various Capital Improvements	104,772		10,267	94,505	94,505		
753	2015 Road Program	201,450		11,850	189,600	189,600		
758	School Field Improvements and Vehicle Acquisition	141,499		11,358	130,141	130,141		
760	2016 Road Program	219,600		12,200	207,400	207,400		
769	2017 Road Program	188,804		9,448	179,356	170,052		\$ 9,304
776	2018 Road Program	374,600			374,600	374,600		
777/779	2018 Various Capital Improvements	88,800			88,800	88,800		
786	2019 Road Program	213,750			213,750	213,750		
787	2019 Various Improvements	156,750			156,750	156,750		
795	2020 Road Program		\$ 205,100		205,100	205,100		
796	2020 Various Capital Improvements	-	146,300	-	146,300	-	\$ 64,518	81,782
		<u>\$ 2,683,215</u>	<u>\$ 351,400</u>	<u>\$ 400,000</u>	<u>\$ 2,634,615</u>	<u>\$ 2,479,011</u>	<u>\$ 64,518</u>	<u>\$ 91,086</u>

Improvement Authorizations Unfunded		\$ 693,691
Less: Unexpended Bond Anticipation Note Proceeds		
Ordinance No.		
	724	\$ 13,366
	729	3,000
	730	16,213
	735	16,029
	741	10,292
	742	44,296
	752	28,073
	753	42,689
	758	7,371
	760	81,545
	769	62,986
	776	26,543
	777/779	6,307
	786	42,292
	787	15,423
	795	186,180
		<u>602,605</u>
		<u>\$ 91,086</u>

**BOROUGH OF ALPINE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2019		2020 Authorizations				Balance, December 31, 2020	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants Receivable	Paid or Charged	Funded	Unfunded
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		\$ 13,366						\$ 13,366
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		30,568				\$ 2,495		28,073
753	2015 Road Program	4/22/2015	237,000		42,689						42,689
758	School Field Improvements & Vehicle Acquisition	4/27/2016	160,900		7,371						7,371
759	2016 Various Capital Improvements	4/27/2016	147,100	27,619						27,619	
760	2016 Road Program	4/27/2016	244,000		81,545						81,545
769	2017 Road Program	4/26/2017	335,000		72,290						72,290
776	2018 Road Program	4/25/2018	374,600		29,344				2,801		26,543
777/779	2018 Various Capital Improvements	4/25/2018	93,500		12,563				6,256		6,307
786	2019 Road Program	4/24/2019	225,000		46,616				4,324		42,292
787	2019 Various Improvements	4/24/2019	165,000		58,077				42,654		15,423
788	Road and Swim Pool Improvements	8/28/2019	186,500	173,781					2,839	170,942	
795	2020 Road Program	4/22/2020	378,000			\$ 18,900	\$ 205,100	\$ 154,000	191,820		186,180
796	2020 Various Capital Improvements	4/22/2020	154,000	-	-	7,700	146,300	-	72,218	-	81,782
				<u>\$ 218,545</u>	<u>\$ 484,259</u>	<u>\$ 26,600</u>	<u>\$ 351,400</u>	<u>\$ 154,000</u>	<u>\$ 325,407</u>	<u>\$ 215,706</u>	<u>\$ 693,691</u>

Cash Disbursements	\$ 294,856
Encumbrances Payable	<u>30,551</u>
	<u>\$ 325,407</u>

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019	\$	2,426
Increase by:		
Charges to Improvement Authorization		<u>30,551</u>
		32,977
Decrease by:		
Cash Disbursements		<u>2,426</u>
Balance, December 31, 2020	\$	<u><u>30,551</u></u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2019	\$	73,234
Increased by:		
2020 Budget Appropriation		<u>5,000</u>
		78,234
Decreased by:		
Appropriation to Finance Improvement Authorizations		<u>26,600</u>
Balance, December 31, 2020	\$	<u><u>51,634</u></u>

STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2019	\$	15,091
Decreased by:		
Fund Balance Realized as Budget Revenue		<u>5,000</u>
Balance, December 31, 2020	\$	<u><u>10,091</u></u>

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2019	\$	<u>10,000</u>
Balance, December 31, 2020	\$	<u><u>10,000</u></u>

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
724	2011 Capital Improvements	12/13/2012	11/26/2019	11/25/2020	2.00	% \$ 43,909		\$ 43,909	
729	2012 Capital Improvements	12/13/2012	11/26/2019	11/25/2020	2.00	112,638		112,638	
730	2012 Road Program	12/13/2012	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	230,650	\$ 86,207	230,650	\$ 86,207
735	2013 Acquisition of Fire Engine and Computer Equipment	12/12/2013	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	405,512	378,402	405,512	378,402
741	2014 Various Capital Improvements	12/10/2014	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	40,532	33,776	40,532	33,776
742	2014 Road Program	12/10/2014	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	159,949	149,928	159,949	149,928
752	2015 Various Capital Improvements	12/8/2015	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	104,772	94,505	104,772	94,505
753	2015 Road Program	12/8/2015	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	201,450	189,600	201,450	189,600
758	School Field Improvements and Vehicle Acq.	12/5/2016	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	141,499	130,141	141,499	130,141
760	2016 Road Program	12/5/2016	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	219,600	207,400	219,600	207,400
769	2017 Road Program	11/30/2017	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	179,500	170,052	179,500	170,052
776	2018 Road Program	11/28/2018	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	374,600	374,600	374,600	374,600
777/779	2018 Various Capital Improvements	11/28/2018	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	88,800	88,800	88,800	88,800
786	2019 Road Program	11/26/2019	11/26/2019 11/19/2020	11/25/2020 11/18/2021	2.00 0.56	213,750	213,750	213,750	213,750
787	2019 Various Capital Improvements	11/19/2020	11/19/2020	11/18/2021	0.56		156,750		156,750
795	2020 Road Program	11/19/2020	11/19/2020	11/18/2021	0.56	-	205,100	-	205,100
						<u>\$ 2,517,161</u>	<u>\$ 2,479,011</u>	<u>\$ 2,517,161</u>	<u>\$ 2,479,011</u>
							\$ 2,117,161	\$ 2,117,161	
							361,850		
							-	400,000	
						<u>\$ 2,479,011</u>	<u>\$ 2,517,161</u>		

BOROUGH OF ALPINE
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & HIGGINS, LLP

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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, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 17, 2021. 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
August 17, 2021

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Program</u>	<u>State Account Number</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Award Amount</u>	<u>2020 Grant Receipts</u>	<u>Balance December 31, 2019</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance December 31, 2020</u>	<u>Cumulative Expended</u>
U.S. Dept. of Homeland Security (Passed through the County of Passaic) COVID-19 Coronavirus Aid Relief & Economic Security Act	N/A	21.019	2020	\$ 45,602	\$ 45,602	-	\$ 45,602	\$ 45,602	-	\$ 45,602
						<u>\$ -</u>	<u>\$ 45,602</u>	<u>\$ 45,602</u>	<u>\$ -</u>	

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2020 Grant Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2020</u>	<u>Memo Cumulative Expenditures</u>
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004	\$ 1,591		\$ 1,591			\$ 1,591	
		2005	1,574		84			84	\$ 1,490
		2007	1,239		18			18	1,221
<u>Department of Environmental Protection</u>									
Clean Communities Program	042-4900-765-004	2015	6,463		2,629			2,629	3,834
		2017	6,280		5,083			5,083	1,197
		2018	6,005		5,130			5,130	875
		2019	6,704			\$ 6,704	\$ 1,166	5,538	1,166
		2020	6,044	\$ 6,044				-	
Recycling Tonnage	042-4910-100-224	2013	5,858		293		293	-	5,858
		2014	14,057		13,985		4,280	9,705	4,352
		2016	6,375		6,375			6,375	
		2017	13,857		4,408			4,408	9,449
		2018	4,243		4,243		1,300	2,943	1,300
		2019	4,267			4,267		4,267	
		2020	8,020					-	
NJ DEP Municipal Stormwater Program	N/A	2007	1,705		967			967	738
<u>Judiciary</u>									
Alcohol Education and Rehabilitation Fund	098-9735-760-001	2008	375		375			375	
		2009	325		325			325	
		2010	251		251			251	
		2011	54		54			54	
		2012	108		108			108	
		2013	53		53			53	
		2014	354		354			354	
		2015	59		59			59	
		2016	181		181			181	
		2017	64		64			64	
		2018	146		146			146	
Drunk Driving Enforcement Fund	1110-448031020-22	2013	4,678		2,339			2,339	2,339
Municipal Alliance Program	N/A	2016	14,280		2,266			2,266	6,946
		2017	4,760		105			105	4,655
		2018	9,520		6,027			6,027	3,493
		2019	9,520	\$ 3,081	7,075		974	6,101	3,419
		2020	3,410			3,410	348	3,062	348
Body Armor Grant	066-1020-718-001	2017	1,464		784			784	680
		2019	1,592		1,592			1,592	
		2020	1,507	1,507		1,507		1,507	
State Department of Transportation Local Municipal Aid									
Litchfield Way (Ord. #776)	078-6320-480-XXX	2018	162,100		23,950			23,950	138,150
Allison Road (Ord. #788)	078-6320-480-ANP	2019	166,400		166,400			166,400	
Cambridge Way (Ord. #795)	2020-480-078-6320-10-AN8-6010	2020	154,000		-	154,000	-	154,000	
					<u>\$ 257,314</u>	<u>\$ 169,888</u>	<u>\$ 8,361</u>	<u>\$ 418,841</u>	

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

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

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

**BOROUGH OF ALPINE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2020**

NOTE 1 GENERAL

The accompanying schedules present the activity of all Federal awards and State financial assistance programs of the Borough of Alpine. The Borough is defined in Note 1(A) to the Borough's financial statements. All Federal financial assistance received directly from Federal agencies, as well as Federal and State financial assistance, passed through other government agencies is included on the schedules of expenditures of Federal awards and State financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 45,602	\$ 15,888	\$ 61,490
General Capital Fund	<u>-</u>	<u>154,000</u>	<u>154,000</u>
	<u>\$ 45,602</u>	<u>\$ 169,888</u>	<u>\$ 215,490</u>

NOTE 4 RELATIONSHIP TO 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, 2020**

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, 2020**

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, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

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

	<u>Year 2020</u>		<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,185,000	6.54 %	\$ 1,200,000	6.44 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,545,819	8.53	1,473,650	7.90
Collection of Delinquent Taxes and Tax Title Liens	293,339	1.62	263,393	1.41
Collection of Current Tax Levy	14,780,817	81.55	15,266,026	81.87
Other Credits to Income	<u>319,845</u>	<u>1.76</u>	<u>443,219</u>	<u>2.38</u>
Total Income	<u>18,124,820</u>	<u>100.00 %</u>	<u>18,646,288</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	5,400,801	31.55 %	5,282,224	30.22 %
County Taxes	4,847,616	28.32	5,444,899	31.15
Local School Taxes	6,766,743	39.53	6,604,774	37.78
Municipal Open Space Tax	99,950	0.58	99,771	0.57
Other Expenditures	<u>4,600</u>	<u>0.02</u>	<u>50,010</u>	<u>0.28</u>
Total Expenditures	<u>17,119,710</u>	<u>100.00 %</u>	<u>17,481,678</u>	<u>100.00 %</u>
Excess in Revenue	1,005,110		1,164,610	
Fund Balance, January 1	<u>1,530,701</u>		<u>1,566,091</u>	
	2,535,811		2,730,701	
Less Utilization as Anticipated Revenue	<u>1,185,000</u>		<u>1,200,000</u>	
Fund Balance, December 31	<u>\$ 1,350,811</u>		<u>\$ 1,530,701</u>	

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2017 through 2020 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>	2020	\$1,350,811	\$1,050,000
	2019	1,530,701	1,185,000
	2018	1,566,091	1,200,000
	2017	1,424,257	1,125,000
	2016	1,389,266	1,100,000

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	<u>\$0.759</u>	<u>\$0.779</u>	<u>\$0.776</u>

Apportionment of Tax Rate

Municipal	.172	.169	.166
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.243	.273	.278
Local School	.339	.332	.327

Assessed Valuation

2020	<u>\$1,998,092,200</u>	
2019		<u>\$1,989,451,900</u>
2018		<u>\$1,980,990,900</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>
2020	\$	15,172,318	\$	14,780,817	97.41%
2019		15,562,481		15,266,026	98.09%
2018		15,400,804		15,102,087	98.06%

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>
2020	None	\$ 365,999	\$ 365,999	2.41%
2019	None	293,339	293,339	1.88%
2018	None	263,394	263,394	1.71%

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Paul H. Tomasko	Mayor		
Vicki Frankel	Council President		
Michael Cacouris	Councilman		
Arthur Frankel	Councilman		
Gayle Gerstein	Councilwoman		
John Halbreich	Councilman		
Laurence Shadek	Councilman		
Stephanie Wehmann	Borough Clerk		
Nancy Wehmann	Deputy Borough Clerk		
Marilyn Hayward	Treasurer		
	Tax Search Officer		
	Tax Collector	\$1,000,000	A
	Chief Financial Officer		
Rebecca Overgaard	Qualified Purchasing Agent		
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		
Keith Dalton	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

Current Year Findings

Finding – Our audit revealed the Fixed Assets accounting records in the Borough’s accounting software are incomplete and only include some equipment additions from prior years, and no building or land values. We noted the fixed assets from the 2016 inventory report were not included in the Borough’s fixed asset accounting records maintained on its existing financial accounting and reporting system.

Recommendation – It is recommended that the Borough centralize and integrate its prior years fixed asset inventory into its existing financial accounting and reporting software.

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 through June 30, 2020, and effective July 1, 2020 was \$44,000. The Borough has adopted a resolution increasing the threshold to \$44,000 and has appointed Rebecca Overgaard 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:

2020 Road Improvements

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 6, 2020 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 2020, 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

There was a tax sale held during 2020 on October 21, 2020; however there was no tax sale during 2019.

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>
2020	None
2019	None
2018	None

Management Suggestions

- The Borough should monitor its COAH administrative expenses to ensure they do not exceed the maximum allowable 20% threshold of development fee income.
- The employee personnel manual should be reviewed for compliance with current statutes; specifically, health benefit waiver payments and payment of unused sick days at year-end and upon retirement.

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

It is recommended that the Borough centralize and integrate its prior years fixed assets inventory into its existing financial accounting and reporting software.

There were no recommendations reported in the prior year.

Should any questions arise as to our comments, please do not hesitate to call us.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429