

BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022

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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, 2022



LERCH, VINCI & BLISS, 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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, 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, 2022, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2022 and 2021, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2022 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.

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 section of our report, 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, 2022 and 2021, or changes in financial position for the years then ended.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Alpine and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 9.5 percent and 10.7 percent of the assets and liabilities of the Borough’s Trust Funds as of December 31, 2022 and 2021, respectively.

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Alpine’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Borough of Alpine’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Alpine's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Alpine. 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.

Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 27, 2023 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 & BLISS, LLP
LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 27, 2023

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	A-4	\$ 3,415,130	\$ 3,555,879
Cash - Change Funds	A-5	100	100
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>1,753</u>	<u>1,753</u>
		<u>3,416,983</u>	<u>3,557,732</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	193,767	223,591
Due from General Capital Fund	C-9	44,909	
Revenue Accounts Receivable	A-9	<u>16,626</u>	<u>11,447</u>
		<u>255,302</u>	<u>235,038</u>
Total Assets		<u>\$ 3,672,285</u>	<u>\$ 3,792,770</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-10	\$ 114,662	\$ 302,750
Encumbrances Payable	A-11	69,567	29,296
Fees Payable	A-12	5,458	2,627
Prepaid Taxes	A-13	298,452	316,018
Due to Other Trust Fund	B-12	74,889	74,889
Due to General Capital Fund	C-9		5,091
Due to Animal Control Fund	B-6	500	
County Taxes Payable	A-15	7,785	9,055
Local District School Tax Payable	A-16	1,282,948	1,225,641
Reserve for Tax Appeals	A-18	60,000	35,000
Reserve for Grants - Appropriated	A-19	47,430	57,170
Reserve for Grants and Aid - Unappropriated	A-20	<u>218,827</u>	<u>112,532</u>
		2,180,518	2,170,069
Reserve for Receivables and Other Assets	A	255,302	235,038
Fund Balance	A-1	<u>1,236,465</u>	<u>1,387,663</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 3,672,285</u>	<u>\$ 3,792,770</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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,200,000	\$ 1,050,000
Miscellaneous Revenue Anticipated	A-2	1,839,361	1,640,944
Receipts from Delinquent Taxes	A-2	223,591	365,999
Receipts from Current Taxes	A-2	15,066,807	15,220,805
Non-Budget Revenue	A-2	100,896	119,498
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-10	158,513	142,072
Appropriated Grant Reserves Cancelled	A-1	-	10,618
		<u>18,589,168</u>	<u>18,549,936</u>
Total Revenue			
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	3,058,457	2,905,107
Other Expenses	A-3	1,468,338	1,475,287
Capital Improvements	A-3	10,000	10,000
Debt Service	A-3	446,377	317,263
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	800,986	751,245
County Taxes	A-15	4,520,389	4,919,127
Due to County for Added and Omitted Taxes	A-15	7,785	9,055
Local District School Tax	A-16	7,016,693	6,902,078
Municipal Open Space Tax	A-17	99,800	99,740
Refund of Prior Year Taxes	A-4	66,632	74,182
Interfunds Advanced	A	44,909	-
		<u>17,540,366</u>	<u>17,463,084</u>
Total Expenditures			
Statutory Excess in Revenue		1,048,802	1,086,852
FUND BALANCE, JANUARY 1	A	<u>1,387,663</u>	<u>1,350,811</u>
		2,436,465	2,437,663
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,200,000</u>	<u>1,050,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,236,465</u>	<u>\$ 1,387,663</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, 2022

	<u>Reference</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,200,000	\$ 1,200,000	-
MISCELLANEOUS REVENUES				
Fees and Permits				
Other	A-2	72,000	89,633	\$ 17,633
Fines and Costs - Municipal Court	A-9	6,800	9,705	2,905
Interest and Costs on Taxes	A-9	62,000	92,333	30,333
Interest on Investments	A-2	6,400	3,207	(3,193)
Cell Tower Rent	A-9	285,000	347,336	62,336
Energy Receipts Tax	A-9	405,408	405,408	-
Open Space Pilot Aid	A-9	5,219	5,219	-
Uniform Construction Code Fees	A-9	350,000	494,018	144,018
Recycling Tonnage Grant	A-20	4,822	4,822	-
Body Armor Grant	A-20	936	936	-
Clean Communities Program	A-20	6,428	6,428	-
Police Donations	A-20	9,600	9,600	-
Rent - U.S. Post Office	A-9	102,220	93,702	(8,518)
Payment in Lieu of Taxes - Boy Scouts of America	A-9	59,110	59,110	-
Cresskill Leaf Compost	A-9	70,000	71,400	1,400
General Capital Fund Balance (Surplus)	C-9	50,000	50,000	-
American Rescue Plan (ARP)	A-20	96,504	96,504	-
 Total Miscellaneous Revenues	 A-1	 <u>1,592,447</u>	 <u>1,839,361</u>	 <u>246,914</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>210,000</u>	<u>223,591</u>	<u>13,591</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET				
Local Tax For Municipal Purposes	A-2	<u>3,631,884</u>	<u>4,272,140</u>	<u>640,256</u>
	A-3	<u>\$ 6,634,331</u>	7,535,092	<u>\$ 900,761</u>
Non-Budget Revenue	A-1,A-2		<u>100,896</u>	
			<u>\$ 7,635,988</u>	

**BOROUGH OF ALPINE
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-8	\$ 15,091,807
Less: Transfer to Reserve for Tax Appeals	A-18	<u>25,000</u>
 Revenue Realized	 A-1	 \$ 15,066,807
Less: Allocated to School, County and Municipal Open Space Taxes	A-15,A-16 A-17	 <u>11,644,667</u>
		3,422,140
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>850,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 4,272,140</u>
 Fees and Permits - Other		
Borough Clerk	A-9	\$ 17,358
Health Officer and Registrar	A-9	14,085
Police Department	A-9	5,175
Other Fees and Permits	A-9	<u>53,015</u>
	A-2	<u>\$ 89,633</u>
 Interest on Investments		
Interest on Investments	A-9	\$ 2,027
Due from Animal Control Fund	B-6	2
Due from Other Trust Fund	B-12	<u>1,178</u>
	A-2	<u>\$ 3,207</u>
 Analysis of Non-Budget Revenue		
Police Outside Duty Fees		\$ 52,000
Altice Franchise Fee		19,828
Miscellaneous		10,840
Verizon Franchise Fee		9,994
Bergen County JIF Safety Award		3,941
Recycling Drop Off		2,607
Sale of SREC		1,386
Library State Aid Per Capita		<u>300</u>
	A-2,A-4	<u>\$ 100,896</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 147,000	\$ 147,000	\$ 147,000	-	
Other Expenses	20,000	15,900	11,708	\$ 4,192	
Elections	2,600	2,600	2,349	251	
Financial Administration					
Salaries and Wages	101,000	101,000	99,229	1,771	
Other Expenses	7,000	6,000	5,815	185	
Audit Services					
Other Expenses	39,300	39,300	35,805	3,495	
Computer Data Processing					
	30,000	30,000	19,068	10,932	
Collection of Taxes					
Salaries and Wages	22,000	20,000	18,428	1,572	
Other Expenses	6,500	6,500	5,018	1,482	
Other Expenses - Postage	7,000	5,500	4,985	515	
Tax Assessment Administration					
Salaries and Wages	17,500	17,500	16,892	608	
Other Expenses	1,600	1,600	833	767	
Legal Services and Costs					
Other Expenses	140,000	103,281	96,400	6,881	
Engineering Services and Costs					
Other Expenses	30,000	13,500	12,744	756	
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	7,900	7,900	7,525	375	
Other Expenses	5,000	3,500	2,357	1,143	
Zoning Board of Adjustment					
Salaries and Wages	7,000	7,000	6,254	746	
Other Expenses	6,950	1,950	1,685	265	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	83,956	83,956	79,826	4,130	
Workers Compensation	73,159	73,159	73,159	-	
Employee Group Health	447,317	437,517	437,493	24	
Employee Group Health Waiver	10,093	10,093	10,093	-	
PUBLIC SAFETY					
Police					
Salaries and Wages	2,025,000	2,153,766	2,153,766	-	
Salaries and Wages - American Rescue Plan (ARP)	80,000	80,000	80,000	-	
Other Expenses	60,000	50,000	45,366	4,634	
Police Acquisition of Vehicles					
Other Expenses	20,000	17,635	17,635	-	
Police Dispatch/911					
Other Expenses	24,740	24,740	24,740	-	
Emergency Management Services					
Salaries and Wages	4,500	4,500	4,070	430	
Other Expenses	3,000	3,000	2,424	576	
First Aid Organization - Contribution					
	7,000	7,000	7,000	-	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 6,000	\$ 6,000	\$ 5,306	\$ 694	
Other Expenses	33,500	24,501	15,332	9,169	
Fire Hydrant Services	75,000	71,353	71,353	-	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	4,600	4,600	3,873	727	
Other Expenses	3,800	3,800	738	3,062	
Municipal Prosecutor					
Other Expenses - Contractual	7,350	7,350	6,959	391	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	333,496	302,937	298,808	4,129	
Salaries and Wages - American Rescue Plan (ARP)	16,504	16,504	16,504	-	
Other Expenses	50,000	50,000	45,102	4,898	
Public Buildings and Grounds					
Other Expenses	53,000	53,000	51,360	1,640	
Recycling - DPW					
Salaries and Wages	8,250	8,250	7,437	813	
Other Expenses	62,400	62,400	62,400	-	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	11,000	9,000	8,365	635	
Other Expenses	2,000	2,000	1,789	211	
Other Expenses - Contractual	17,844	17,844	17,733	111	
Environmental Commission (NJS A 40:56A et seq.)					
Other Expenses	1,250	1,250	609	641	
Animal Control					
Other Expenses	500	500	500	-	
Municipal Alliance Coordinator					
Salaries and Wages	1,000			-	
Occupational Safety and Health Act					
Other Expenses - Hepatitis B. Inoculation	1,400	1,400		1,400	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	1,895	105	
Swim Pool Committee					
Other Expenses	5,000	5,000	5,000	-	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,000	1,000	600	400	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	6,500	6,500	6,500	-	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	27,500	27,500	22,209	5,291	
Other Expenses	5,500	5,500	383	5,117	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	3,000	3,000	2,528	472	

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<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	\$ 102,000	\$ 102,000	\$ 99,870	\$ 2,130	
Other Expenses	11,000	5,000	3,980	1,020	
Electrical Inspector					
Salaries and Wages	14,500	14,500	13,085	1,415	
Plumbing Inspector					
Salaries and Wages	11,500	11,500	10,571	929	
Zoning Official					
Salaries and Wages	14,000	14,000	13,325	675	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	30,000	35,773	35,773	-	
Street Lighting	39,000	42,826	42,826	-	
Telephone	25,000	22,200	22,146	54	
Water	6,500	5,500	4,783	717	
Natural Gas	9,500	9,500	7,538	1,962	
Gasoline	40,000	46,624	46,624	-	
	<u>4,479,509</u>	<u>4,478,009</u>	<u>4,383,471</u>	<u>94,538</u>	<u>-</u>
Detail:					
Salaries and Wages	2,965,250	3,058,457	3,035,045	23,412	-
Other Expenses	1,514,259	1,419,552	1,348,426	71,126	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	105,000	105,000	101,070	3,930	
Police and Fireman's Retirement System of NJ	603,109	603,456	603,456	-	
Public Employees Retirement System	90,777	91,930	91,930	-	
Defined Contribution Retirement Program	600	600	350	250	
	<u>799,486</u>	<u>800,986</u>	<u>796,806</u>	<u>4,180</u>	<u>-</u>
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"					
	<u>799,486</u>	<u>800,986</u>	<u>796,806</u>	<u>4,180</u>	<u>-</u>
Total General Appropriations for Municipal					
Purposes Within "CAPS"					
	<u>5,278,995</u>	<u>5,278,995</u>	<u>5,180,277</u>	<u>98,718</u>	<u>-</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriated</u>	<u>Budget After</u>	<u>Expended</u>	<u>Unexpended</u>
	<u>Budget</u>	<u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u> <u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"				
PUBLIC SAFETY				
Fire				
Other Expense-LOSAP	\$ 27,000	\$ 27,000	\$ 27,000	-
Total Other Operations Excluded from "CAPS"	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>-</u>
PUBLIC AND PRIVATE PROGRAMS				
OFFSET BY REVENUES				
Clean Communities Program	6,428	6,428	624	\$ 5,804
Body Armor Grant	936	936	936	-
Police Donations - Equipment	9,600	9,600	4,282	5,318
Recycling Tonnage Grant	4,822	4,822	-	4,822
Total Public and Private Programs Offset by Revenues	<u>21,786</u>	<u>21,786</u>	<u>5,842</u>	<u>15,944</u>
Total Operations Excluded from "CAPS"	<u>48,786</u>	<u>48,786</u>	<u>32,842</u>	<u>15,944</u>
Detail:				
Other Expenses	<u>48,786</u>	<u>48,786</u>	<u>32,842</u>	<u>15,944</u>
CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"				
Capital Improvement Fund	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Capital Improvements-Excluded from "CAPS"	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"				
Payment of Bond Anticipation Notes	400,000	400,000	400,000	
Interest on Notes	46,550	46,550	46,377	\$ 173
Total Municipal Debt Service Excluded from "CAPS"	<u>446,550</u>	<u>446,550</u>	<u>446,377</u>	<u>-</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

		<u>Appropriated</u>		<u>Expended</u>	<u>Unexpended</u>
		<u>Budget</u>	<u>Budget After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>
					<u>Balance</u> <u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		\$ 505,336	\$ 505,336	\$ 489,219	\$ 15,944
		<u>5,784,331.00</u>	<u>5,784,331</u>	<u>5,669,496</u>	<u>114,662</u>
Subtotal General Appropriations					173
Reserve for Uncollected Taxes		<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Total General Appropriations		<u>\$ 6,634,331</u>	<u>\$ 6,634,331</u>	<u>\$ 6,519,496</u>	<u>\$ 173</u>
	<u>Reference</u>	A-2		A-1	A, A-1
Budget as Adopted	A-3		<u>\$ 6,634,331</u>		
Cash Disbursements	A-4			\$ 5,599,429	
Encumbrances Payable	A-12			69,567	
Due to Animal Control Fund	B-6			500	
Reserve for Uncollected Taxes	A-2			<u>850,000</u>	
				<u>\$ 6,519,496</u>	

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2022 AND 2021

ASSETS	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ANIMAL CONTROL FUND			
Cash	B-3	\$ 1,610	\$ 1,442
Due from Current Fund	B-6	500	
Due from State of New Jersey	B-5	<u>2</u>	<u>-</u>
		<u>2,112</u>	<u>1,442</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	<u>64,182</u>	<u>58,150</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	<u>546,867</u>	<u>296,856</u>
RECREATION TRUST FUND			
Cash	B-3	<u>4,269</u>	<u>3,995</u>
OTHER TRUST FUND			
Cash	B-3	5,191,906	5,543,125
Due from Current Fund	B-12	<u>74,889</u>	<u>74,889</u>
		<u>5,266,795</u>	<u>5,618,014</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	590,343	690,115
Contributions Receivable	B	<u>27,108</u>	<u>22,590</u>
		<u>617,451</u>	<u>712,705</u>
Total Assets		<u>\$ 6,501,676</u>	<u>\$ 6,691,162</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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Reserve for Animal Control Fund Expenditures	B-4	\$ 2,112	\$ 1,442
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Benefits	B-7	64,182	58,150
OPEN SPACE PRESERVATION TRUST FUND			
Reserve for Open Space Expenditures	B-10	546,867	296,856
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-11	4,269	3,995
OTHER TRUST FUND			
Payroll Deductions Payable	B-13	15,029	28,002
Miscellaneous Reserves and Deposits	B-14	5,251,766	5,590,012
		<u>5,266,795</u>	<u>5,618,014</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	617,451	712,705
Total Liabilities and Reserves		<u>\$ 6,501,676</u>	<u>\$ 6,691,162</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, 2022**

	Anticipated		Realized	Excess or Deficit
	Budget (Memo)	Budget After Modification (Memo)		
Amount to be Raised by Taxation	\$ 99,663	\$ 99,663	\$ 99,800	\$ 137
	<u>\$ 99,663</u>	<u>\$ 99,663</u>	99,800	<u>\$ 137</u>
Non-Budget Revenue:				
Interest on Investments			211	
Bergen County Open Space Grant			<u>150,000</u>	
			<u>\$ 250,011</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, 2022**

	Appropriated		Expended	
	Budget (Memo)	Budget After Modification (Memo)	Paid or Charged	Reserved
Reserve for Future Use	\$ 99,663	\$ 99,663	-	\$ 99,663
	<u>\$ 99,663</u>	<u>\$ 99,663</u>	<u>\$ -</u>	<u>\$ 99,663</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, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2,C-3	\$ 78,773	\$ 520,634
Grants Receivable	C-4	458,826	213,162
Due From Current Fund	C-9		5,091
Deferred Charges to Future Taxation Unfunded	C-5	<u>2,419,106</u>	<u>2,389,225</u>
 Total Assets		 <u>\$ 2,956,705</u>	 <u>\$ 3,128,112</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Bond Anticipation Notes Payable	C-11	\$ 1,989,000	\$ 2,325,311
Encumbrances Payable	C-7	66,447	206,379
Due to Current Fund	C-9	44,909	
Improvement Authorizations			
Funded	C-6	158,585	25,228
Unfunded	C-6	593,411	412,720
Capital Improvement Fund	C-8	29,781	39,431
Reserve for Field Improvements	C-10	10,000	10,000
Fund Balance	C-1	<u>64,572</u>	<u>109,043</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 2,956,705</u>	 <u>\$ 3,128,112</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$430,106 and \$471,000 , respectively. (Exhibit C-12)

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 109,043	\$ 12,862
Increased by:			
Funded Improvement Authorizations Cancelled	C-1		65,843
Premium on Notes Issued	C-2	<u>5,529</u>	<u>35,338</u>
		114,572	114,043
Decreased by:			
Due to Current Fund as Anticipated Revenue	C-9	<u>50,000</u>	<u>5,000</u>
Balance, December 31	C	<u>\$ 64,572</u>	<u>\$ 109,043</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Land	\$ 6,386,500	\$ 6,386,500
Buildings and Building Improvements	1,755,614	1,755,614
Machinery and Equipment	<u>3,623,798</u>	<u>3,355,106</u>
	<u>\$ 11,765,912</u>	<u>\$ 11,497,220</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 11,765,912</u>	<u>\$ 11,497,220</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, recycling services, 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, 2022 AND 2021**

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, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Reclassifications – Certain reclassifications may have been made to the December 31, 2021 balances to conform to the December 31, 2022 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of 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, 2022 AND 2021**

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, 2022 AND 2021**

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.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Pensions – The Borough appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The Borough funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the Borough is only required to disclose in the Notes to the Financial Statements it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

The Borough must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the Borough is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The Borough can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

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 2022 and 2021 the Borough Council did not increase the original budget. However, the governing body approved several budget transfers during 2022 and 2021.

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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 deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

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, 2022 and 2021, the book value of the Borough's deposits were \$9,302,837 and \$9,980,181 and bank and brokerage firm balances of the Borough's deposits amounted to \$9,396,648 and \$9,784,597, 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>2022</u>	<u>2021</u>
Insured	\$ 7,734,258	\$ 7,603,209
Uninsured and Collateralized	<u>1,662,390</u>	<u>2,181,388</u>
	<u>\$ 9,396,648</u>	<u>\$ 9,784,597</u>

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, 2022 and 2021, the Borough's bank balances of \$1,662,390 and \$2,181,388 were exposed to custodial credit risk as follows.

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 1,662,390</u>	<u>\$ 2,181,388</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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, 2022 and 2021, the Borough had the following investments:

	Fair Value (LOSAP Unaudited)	
	<u>2022</u>	<u>2021</u>
<u>Investment:</u>		
Lincoln Financial Group LOSAP Retirement Fund	<u>\$ 590,343</u>	<u>\$ 690,115</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$590,343 and \$690,115 of the Borough’s investments was exposed to custodial credit risk as follows:

	Fair Value (LOSAP Unaudited)	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name	<u>\$ 590,343</u>	<u>\$ 690,115</u>

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2022 and 2021, the Borough’s investment in Lincoln Financial Group, a subsidiary to Lincoln National Life Insurance Company was rated A1 by Moody’s Investor Service.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough’s investment in a single issuer. 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 Life Insurance Company. These investments are 100% of the Borough’s total investments.

Fair Value of Investments. The Borough of Alpine measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than those in Level 1; and
- *Level 3*: Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2022 and 2021 are categorized as Level 2.

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, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Property Taxes	\$ 193,767	\$ 223,591

In 2022 and 2021, the Borough collected \$223,591 and \$365,999 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, 2022 AND 2021**

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>2022</u>		<u>2021</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 44,409	\$ 75,389		\$ 79,980
Trust Funds:				
Animal Control Fund	500			
Other Trust Fund	74,889		\$ 74,889	
General Capital Fund	<u>-</u>	<u>44,409</u>	<u>5,091</u>	<u>-</u>
Total	<u>\$ 119,798</u>	<u>\$ 119,798</u>	<u>\$ 79,980</u>	<u>\$ 79,980</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, 2022 and 2021 are as follows:

	<u>Local District School</u>	
	<u>2022</u>	<u>2021</u>
Balance of Tax Deferred	\$ 3,622,930 <u>2,339,982</u>	\$ 3,565,623 <u>2,339,982</u>
Taxes Payable	<u>\$ 1,282,948</u>	<u>\$ 1,225,641</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7 FUND BALANCES APPROPRIATED

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

	<u>2022</u>		<u>2021</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,234,712	\$ 1,050,000	\$ 1,385,910	\$ 1,200,000
Non-Cash Surplus	<u>1,753</u>	<u>-</u>	<u>1,753</u>	<u>-</u>
	<u>\$ 1,236,465</u>	<u>\$ 1,050,000</u>	<u>\$ 1,387,663</u>	<u>\$ 1,200,000</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, 2022 and 2021.

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2022</u>
<u>2022</u>				
Land	\$ 6,386,500			\$ 6,386,500
Buildings and Building Improvements	1,755,614			1,755,614
Machinery and Equipment	<u>3,355,106</u>	<u>\$ 268,692</u>	<u>-</u>	<u>3,623,798</u>
	<u>\$ 11,497,220</u>	<u>\$ 268,692</u>	<u>\$ -</u>	<u>\$ 11,765,912</u>
	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, December 31, 2021</u>
<u>2021</u>				
Land	\$ 6,101,500	\$ 285,000		\$ 6,386,500
Buildings and Building Improvements	1,772,789		\$ (17,175)	1,755,614
Machinery and Equipment	<u>3,161,612</u>	<u>193,494</u>	<u>-</u>	<u>3,355,106</u>
	<u>\$ 11,035,901</u>	<u>\$ 478,494</u>	<u>\$ (17,175)</u>	<u>\$ 11,497,220</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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>2022</u>	<u>2021</u>
Issued		
General		
Notes	\$ 1,989,000	\$ 2,325,311
Less Funds Temporarily Held to Pay Notes	<u>-</u>	<u>407,086</u>
Net Debt Issued	1,989,000	1,918,225
Authorized But Not Issued		
General		
Bonds and Notes	<u>430,106</u>	<u>471,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 2,419,106</u>	<u>\$ 2,389,225</u>

Statutory Net Debt

The statement of debt condition that follows is in the format of the Borough's Annual Debt Statement and indicates a statutory net debt of .127% and .124% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	<u>\$ 2,419,106</u>	<u>\$ -</u>	<u>\$ 2,419,106</u>
<u>2021</u>			
General Debt	<u>\$ 2,796,311</u>	<u>\$ 407,086</u>	<u>\$ 2,389,225</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>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 66,891,841	\$ 67,686,296
Net Debt	<u>2,419,106</u>	<u>2,389,225</u>
Remaining Borrowing Power	<u>\$ 64,472,735</u>	<u>\$ 65,297,071</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

<u>2022</u>	<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2022</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2022</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	4.75%	8/15/2023	\$ 522,930	\$ 702,260	\$ 522,930	\$ 702,260
	Road Program	4.75%	8/15/2023	1,421,695	1,186,686	1,421,695	1,186,686
	Acquisition of Fire Engine and Computer Equipment	4.75%	8/15/2023	261,903		261,903	
	School Field Improvements and Vehicle Acq.	4.75%	8/15/2023	118,783	100,054	118,783	100,054
				<u>\$ 2,325,311</u>	<u>\$ 1,989,000</u>	<u>\$ 2,325,311</u>	<u>\$ 1,989,000</u>
<u>2021</u>				<u>Balance January 1, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
<u>General Capital Fund</u>							
	Various Capital Improvements	2.00%	11/16/2022	\$ 373,831	\$ 522,930	\$ 373,831	\$ 522,930
	Road Program	2.00%	11/16/2022	1,596,637	1,421,695	1,596,637	1,421,695
	Acquisition of Fire Engine and Computer Equipment	2.00%	11/16/2022	378,402	261,903	378,402	261,903
	School Field Improvements and Vehicle Acq.	2.00%	11/16/2022	130,141	118,783	130,141	118,783
				<u>\$ 2,479,011</u>	<u>\$ 2,325,311</u>	<u>\$ 2,479,011</u>	<u>\$ 2,325,311</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, 2022 AND 2021**

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

<u>2022</u>	<u>Capital Project</u>	<u>Commitment</u>	<u>Estimated Date of Completion</u>
	Road Improvements	\$60,687	2023
<u>2021</u>			
	Acquisition of Hook Lift Truck	\$179,649	2022
	Purchase of Salt Spreader	\$26,000	2022

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 \$902,070 and \$858,478 at December 31, 2022 and 2021, 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, 2022 and 2021, the Borough has reserved in the Other Trust Fund \$210,307 and \$232,994, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

B. Financing Agreements

Capital Financing Agreements

The Borough entered into the following agreements to finance the acquisition of capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the Borough's approved budget.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Financing Agreements (Continued)

Capital financing agreements at December 31 are comprised of the following:

	<u>2022</u>	<u>2021</u>
\$30,547, 2019 Agreement for the acquisition of a police car for a term of 3 years due in monthly principal installments of \$889 to \$920 through August, 2024 interest at 6.00%.		\$ 7,234
\$28,803, 2021 Agreement for the acquisition of a police car for a term of 3 years due in monthly principal installments of \$759 to \$925 through February 2024 with interest at 4.97%.	<u>\$ 12,510</u>	<u>22,505</u>
Total	<u>\$ 12,510</u>	<u>\$ 29,739</u>

The maturity schedule of the remaining capital financing agreement payments for principal and interest as of December 31, 2022:

Calendar Year	<u>Capital Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2023	\$ 10,664	\$ 499	\$ 11,163
2024	<u>1,846</u>	<u>14</u>	<u>1,860</u>
Total	<u>\$ 12,510</u>	<u>\$ 513</u>	<u>\$ 13,023</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 858,478	\$ 141,279	\$ 97,687	\$ 902,070	
Capital Financing Agreements	29,739		17,229	12,510	\$ 10,664
Net Pension Liability - PERS (1)	918,260			918,260	
Net Pension Liability - PFRS (1)	3,782,368			3,782,368	
Net OPEB Liability (1)	<u>3,751,694</u>	<u>-</u>	<u>-</u>	<u>3,751,694</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 9,340,539</u>	<u>\$ 141,279</u>	<u>\$ 114,916</u>	<u>\$ 9,366,902</u>	<u>\$ 10,664</u>

(1) GASB Statement numbers 68 Pension and 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>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 780,832	\$ 77,646		\$ 858,478	\$ 23,477
Capital Financing Agreements	37,242	28,803	\$ 36,306	29,739	17,229
Net Pension Liability - PERS	1,225,943		307,683	918,260	
Net Pension Liability - PFRS	6,513,639		2,731,271	3,782,368	
Net OPEB Liability	<u>1,722,336</u>	<u>2,029,358</u>	<u>-</u>	<u>3,751,694</u>	<u>-</u>
Other Long-Term Liabilities	<u>\$ 10,279,992</u>	<u>\$ 2,135,807</u>	<u>\$ 3,075,260</u>	<u>\$ 9,340,539</u>	<u>\$ 40,706</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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. 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) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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) Annual Comprehensive Financial Report (ACFR) 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.

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, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (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 on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment 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, 2022 AND 2021**

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, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022 and 2021 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, 2022 and 2021 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 2022, 2021 and 2020 were equal to the required contributions.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Continued)

During the years ended December 31, 2022, 2021, and 2020, 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>
2022	\$ 603,109	\$ 90,777	None
2021	563,166	82,240	None
2020	495,014	74,712	None

In addition for the years ended December 31, 2022, 2021 and 2020 the Borough contributed for long-term disability insurance premiums (LTDI) \$0, \$0 and \$318, 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.

Under GASB Statement No. 68 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 No. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 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 No. 68 financial information for the year ended December 31, 2022 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, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough reported a liability of \$918,260 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough's proportionate share was .00775 percent, which was an increase of .00023 percent from its proportionate share measured as of June 30, 2020 of .00752 percent.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the Borough’s pension benefit to be \$139,881, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough’s financial statements of \$82,240. At December 31, 2021, the Borough’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 14,482	\$ 6,574
Changes of Assumptions	4,782	326,907
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		241,894
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>51,545</u>	<u>100,756</u>
Total	<u>\$ 70,809</u>	<u>\$ 676,131</u>

At December 31, 2021 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>
2022	\$ (256,513)
2023	(176,142)
2024	(101,219)
2025	(72,460)
2026	1,012
Thereafter	-
	<u>\$ (605,322)</u>

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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 Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation 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, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	\$ <u>1,250,484</u>	\$ <u>918,260</u>	\$ <u>636,321</u>

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2021, the Borough reported a liability of \$3,782,368, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021, the Borough's proportionate share was .05175 percent, which was an increase of .00134 percent from its proportionate share measured as of June 30, 2020 of .05041 percent.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the Borough pension benefit to be \$386,385, for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$563,166. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 43,152	\$ 453,089
Changes of Assumptions	20,126	1,133,558
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,611,790
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>484,261</u>	<u>28,634</u>
Total	<u>\$ 547,539</u>	<u>\$ 3,227,071</u>

At December 31, 2021 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:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (868,871)
2023	(622,417)
2024	(556,218)
2025	(574,148)
2026	(49,467)
Thereafter	<u>(8,411)</u>
	<u>\$ (2,679,532)</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

The following presents the Borough’s proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, 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% or 1-percentage-point higher 8.00% than the current rate:

<u>2021</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 5,743,407</u>	<u>\$ 3,782,368</u>	<u>\$ 2,150,014</u>

The sensitivity analysis was based on the proportionate share of the Borough’s net pension liability at December 31, 2021. A sensitivity analysis specific to the Borough’s net pension liability was not provided by the pension system.

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, 2021, the State’s proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,063,790. For the year ended December 31, 2021, 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 \$118,475, which is more than the actual contribution the State made on behalf of the Borough of \$92,411. At December 31, 2021 (measurement date June 30, 2021) the State’s share of the PFRS net pension liability attributable to the Borough was .05175 percent, which was an increase of .00134 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .05041 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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.

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), 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 participating 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.

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

State Health Benefit Program Fund – Local Government Retired (the Plan) (Continued)

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.

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

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, 2022, 2021 and 2020 were \$21,693, \$12,168 and \$11,072, respectively, which equaled the required contributions for each year.

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 No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 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 No. 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 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, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2021, the Borough reported a liability of \$3,751,694, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. 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, 2021 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2021. As of the measurement date of June 30, 2021 the Borough's proportionate share was .02084 percent, which was an increase of .01124 percent from its proportionate share measured as of June 30, 2020 of .00960 percent.

For the year ended December 31, 2021, the Plan has determined the Borough's OPEB expense to be \$363,503, based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$12,168. At December 31, 2021, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 84,184	\$ 784,910
Changes of Assumptions	539,692	663,156
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,794	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>2,326,566</u>	<u>74,069</u>
Total	<u>\$ 2,952,236</u>	<u>\$ 1,522,135</u>

At December 31, 2021 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:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ 157,736
2023	157,612
2024	157,493
2025	207,286
2026	261,207
Thereafter	<u>488,767</u>
	<u>\$ 1,430,101</u>

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The Borough’s total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2021</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%

*Salary increases are based on years of service within the respective pension plan.

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 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.

Discount Rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 2.16%, 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 1.16% or 1-percentage-point higher 3.16% than the current rate:

<u>2021</u>	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 4,415,024	\$ 3,751,694	\$ 3,225,991

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the net OPEB liability as of December 31, 2021 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>2021</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	\$ 3,130,176	\$ 3,751,694	\$ 4,562,698

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium 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, 2021, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$1,901,101. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is a benefit of \$259,412. At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the Borough was .04923 percent, which was a decrease of .03721 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .08644 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

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

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 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 RISK MANAGEMENT (Continued)

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earned</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022	\$ 7,007	\$ 28	\$ 1,003	\$ 64,182
2021	6,006	26	57	58,150
2020	5,900	107	224	52,175

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, 2022 and 2021. 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 to be material. As of December 31, 2022 and 2021 the Borough has reserved \$60,000 and \$35,000, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budgets 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, 2022 and 2021, 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, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 \$1,506 for both 2022 and 2021, respectively, for each eligible volunteer fire department and volunteer ambulance corp. member into the Plan. The total Borough contributions were \$27,108 and \$22,590 for 2022 and 2021, respectively.

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

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

Vesting and Benefits

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

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

Reporting Requirements

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

Interlocal Services Agreement

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

The contributions are made in accordance with the plan established by the Borough of Closter pursuant to N.J.S.A. 40A:14-183 et seq. Alpine's share of the Closter Volunteer Ambulance Corps. The Borough's share of LOSAP contributions for the year ended December 31, 2021 and 2020 were \$5,750 and \$4,500, respectively.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022, there has been no default or event requiring repayment of the loan.

NOTE 19 LEASES RECEIVABLE

On April 1, 2000 the Borough began leasing cell tower space to a third party. The initial lease was for 10 years and the lease renews for three (3) additional 5-year terms unless the lessee notifies the Borough it’s intention not to renew the lease at least sixty (60) days from expiration. The Borough will receive annual payments of \$23,688 to \$94,750. The Borough recognized \$94,750 and \$94,750 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$1,130 and \$1,475, respectively. As of December 31, 2022 and 2021 the Borough’s receivable for lease payments, exclusive of future interest earnings is \$211,879 and \$305,499, respectively, for the lease term ending March 31, 2025.

On June 1, 2001 the Borough began leasing cell tower space to a third party. The initial lease was for 10 years and the lease renews for three (3) additional 5-year terms upon the lessee notifying the Borough it’s intention to renew the lease no later than ten (10) months prior to expiration. The Borough will receive annual payments of \$43,658 to \$102,700. The Borough recognized \$88,716 and \$88,088 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$1,028 and \$1,077, respectively. As of December 31, 2022 and 2021 the Borough’s receivable for lease payments, exclusive of future interest earnings is \$334,132 and \$421,820, respectively, for the lease term ending May 31, 2026.

On June 1, 2001 the Borough began leasing cell tower space to a third party. The initial lease was for 10 years and the lease renews for three (3) additional 5-year terms upon the lessee notifying the Borough it’s intention to renew the lease no later than ten (10) months prior to expiration. The Borough will receive annual payments of \$41,130 to \$96,753. The Borough recognized \$83,579 and \$79,599 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$400 and \$447, respectively. As of December 31, 2022 and 2021 the Borough’s receivable for lease payments, exclusive of future interest earnings is \$317,061 and \$400,240, respectively, for the lease term ending May 31, 2026.

On March 25, 2015 the Borough began leasing cell tower space to a third party. The initial lease was for 5 years and the lease renews for four (4) additional 5-year terms unless the lessee notifies the Borough it’s intention not to renew the lease at least three (3) months from expiration. The Borough will receive annual payments of \$2,700 to \$10,800. The Borough recognized \$10,800 and \$10,800 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$129 and \$168, respectively. As of December 31, 2022 and 2021 the Borough’s receivable for lease payments, exclusive of future interest earnings is \$24,151 and \$34,822, respectively, for the lease term ending March 25, 2025.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 19 LEASES RECEIVABLE

On June 1, 2016 the Borough began leasing cell tower space to a third party. The lease was for 5 years with a termination date of May 31, 2021. Subsequent to the termination date of May 31, 2021 the lessee pays on a month-to-month basis. The Borough recognized \$69,491 and \$50,539 in lease revenue for 2022 and 2021.

On February 1, 2018 the Borough began leasing building space to a third party. The initial lease was for 5 years and the lease was renewed for one (1) additional 5-year term at the option of the lessee to January 31, 2028. The Borough will receive annual payments of \$102,220 to \$110,000. The Borough recognized \$93,702 and \$102,220 in lease revenue for 2022 and 2021, respectively, which includes interest earnings of \$2,517 and \$4,787, respectively. As of December 31, 2022 and 2021 the Borough's receivable for lease payments, exclusive of future interest earnings is \$503,303 and \$594,488, respectively, for the lease term ending January 31, 2028.

The future lease revenue principal and interest payments as of December 31, 2022 were as follows:

Calendar Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 388,412	\$ 15,917	\$ 404,329
2024	384,819	20,686	405,505
2025	320,085	15,756	335,841
2026	183,890	10,898	194,788
2027	104,572	5,428	110,000
2028	8,748	419	9,167
Total	<u>\$ 1,390,526</u>	<u>\$ 69,104</u>	<u>\$ 1,459,630</u>

NOTE 20 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. 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 declared a public health emergency on March 9, 2020 and 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 on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) terminated on January 1, 2022.

On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 (“Chapter 74”) on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year’s operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The Borough of Alpine’s finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Alpine’s primary revenue source for supporting its budget. The Borough of Alpine cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the Borough include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The Borough will be required to provide periodic reports detailing the accounting of the use of funds.

The Borough will receive \$193,009 from the Plan in two equal payments. The Borough has received the full amount of its relief funds under the plan as of December 31, 2022. The Borough utilized \$96,504 of the funds in the 2022 budget to replace lost public sector revenue. The Borough utilized the remaining funds in the amount of \$96,505 in the 2023 budget to replace lost public sector revenue. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 20 HURRICANE IDA

On September 1, 2021 Hurricane Ida made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the cleanup and recovery from this federal disaster. The Federal Emergency Management Agency (“FEMA”) provides emergency grant assistance (voluntary nonexchange transaction) to help government’s cope with losses. As of December 31, 2022, the Borough has received \$76,707 in FEMA reimbursements relating to Hurricane Ida which have been reflected in the financial statements.

NOTE 21 SUBSEQUENT EVENTS

Debt Authorized

On April 26, 2023 the Borough adopted two (2) bond ordinances authorizing the issuance \$271,245 in Bonds or bond anticipation notes to fund certain road improvements and other capital improvements and acquisitions. 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, 2021		\$ 3,555,879
Increased by:		
Taxes Receivable	\$ 14,994,630	
Revenue Accounts Receivable	1,669,891	
Non-Budget Revenue	100,896	
Due from State of NJ (Ch. 20, P.L. 1972)	4,750	
Prepaid Taxes	298,452	
Tax Overpayments	73,865	
Fees Payable	16,479	
Reserve for Grants - Unappropriated	224,585	
Received From Animal Control Fund	2	
Received From Other Trust Fund	1,178	
Petty Cash	500	
		17,385,228
		20,941,107
Decreased by Disbursements:		
2022 Budget Appropriations	5,599,429	
2021 Appropriation Reserves	57,015	
Encumbrance Payables	29,296	
County Taxes Payable	4,529,444	
Local District School Tax Payable	6,959,386	
Fees Payable	13,648	
Tax Overpayments	73,865	
Reserve for Grants - Appropriated	21,962	
Payments to Other Trust Fund	75,000	
Payments to Open Space Trust Fund	99,800	
Refund of Prior Year Taxes	66,632	
Petty Cash	500	
		17,525,977
Balance, December 31, 2022		\$ 3,415,130

**BOROUGH OF ALPINE
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2021	\$ <u>100</u>
Balance, December 31, 2022	\$ <u>100</u>

EXHIBIT A-6

STATEMENT OF PETTY CASH FUNDS

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

EXHIBIT A-7

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

Balance, December 31, 2021	\$ 1,753
Increased by:	
Veterans' Deductions per Tax Duplicate	<u>4,750</u>
	6,503
Decreased by:	
Receipts from State of New Jersey	<u>4,750</u>
Balance, December 31, 2022	\$ <u>1,753</u>

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

<u>Year</u>	Balance,	2022 <u>Levy</u>	<u>Cash Collections</u>		Senior	Remitted, Abated or <u>Cancelled</u>	Balance,
	December 31, <u>2021</u>		<u>2021</u>	<u>2022</u>	and Veterans' Deductions <u>Allowed</u>		December 31, <u>2022</u>
2021	\$ 223,591			\$ 223,591			
2022	-	\$ 15,314,514	\$ 316,018	14,771,039	\$ 4,750	\$ 28,940	\$ 193,767
	<u>\$ 223,591</u>	<u>\$ 15,314,514</u>	<u>\$ 316,018</u>	<u>\$ 14,994,630</u>	<u>\$ 4,750</u>	<u>\$ 28,940</u>	<u>\$ 193,767</u>

Analysis of 2022 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 15,288,326	
Added and Omitted Taxes (54:4-63.10 et seq.)	<u>26,188</u>	
		<u>\$ 15,314,514</u>

TAX LEVY

Local District School Taxes	\$ 7,016,693	
County Taxes - General	\$ 4,340,212	
County Taxes - Open Space	180,177	
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>7,785</u>	
		4,528,174
Municipal Open Space Tax	99,663	
Municipal Open Space Added Taxes	<u>137</u>	
		99,800
Local Tax for Municipal Purposes	3,631,884	
Add Additional Tax Levies	<u>37,963</u>	
		<u>3,669,847</u>
		<u>\$ 15,314,514</u>

BOROUGH OF ALPINE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Accrued <u>in 2022</u>	<u>Collected</u>	Balance, December 31, <u>2022</u>
Borough Clerk				
Fees and Permits		\$ 17,358	\$ 17,358	
Health Officer and Registrar				
Fees and Permits		14,085	14,085	
Police Department				
Fees and Permits		5,175	5,175	
Other Fees and Permits		53,015	53,015	
Municipal Court				
Fines and Costs	\$ 60	10,804	9,705	\$ 1,159
Interest and Cost on Taxes	11,387	87,895	92,333	6,949
Interest on Investments		2,027	2,027	
Cell Tower Rent		347,336	347,336	
Energy Receipts Tax		405,408	405,408	
Open Space PILOT Aid		5,219	5,219	
Uniform Construction Code Fees		494,018	494,018	
Cresskill Leaf Compost		71,400	71,400	
Rent - U.S. Post Office		102,220	93,702	8,518
Payment in Lieu of Taxes - Boy Scouts of America	-	59,110	59,110	-
	<u>\$ 11,447</u>	<u>\$ 1,675,070</u>	<u>\$ 1,669,891</u>	<u>\$ 16,626</u>

BOROUGH OF ALPINE
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Financial Administration	\$ 115	\$ 115			\$ 115
Collection of Taxes	8,259	8,259		\$ 8,000	259
Tax Assessment Administration	639	639			639
Zoning Board Adjustment	1,675	1,675		1,600	75
Emergency Management Services	510	510			510
Fire	202	202			202
Fire Prevention/Uniform Fire Code	2,298	2,298		2,200	98
Road Repairs and Maintenance	58,370	58,370		55,000	3,370
Recycling-DPW	396	396			396
Board of Health	2,014	2,014			2,014
Municipal Alliance	1,189	1,189		1,189	-
Municipal Court	5,521	5,521		5,500	21
Public Defender	709	709			709
Uniform Construction Code	1,960	1,960		1,511	449
Electrical Inspector	1,210	1,210			1,210
Plumbing Inspector	1,096	1,096			1,096
Zoning Official	724	724	-	-	724
	<u>86,887</u>	<u>86,887</u>	<u>-</u>	<u>75,000</u>	<u>11,887</u>
Total Salaries & Wages					
Other Expenses					
General Administration	10,437	10,437	\$ 3,610		6,827
Election	704	704			704
Financial Administration	1,380	1,380	64		1,316
Collection of Taxes	2,207	2,207			2,207
Collection of Taxes - Postage	1,355	1,355			1,355
Tax Assessment Administration	1,050	1,050	10		1,040
Audit Services	2,800	2,800			2,800
Legal Services & Costs	36,697	35,298	8,911		26,387
Engineering Services & Costs	30,425	30,425	1,360		29,065
Planning Board	3,888	3,888	600		3,288
Zoning Board of Adjustment	2,608	2,608			2,608
Liability Insurance	6,847	6,847			6,847
Employee Group Insurance	1,285	1,285			1,285
Fire	14,099	14,099	9,570		4,529
Fire Hydrant Services	4,556	4,556			4,556
Police	1,442	1,442	981		461
Police Acquisition of Vehicles	1,719	1,719			1,719
Fire Prevention/Uniform Fire Code	1,825	1,825			1,825
Road Repairs and Maintenance	10,252	10,252	2,224		8,028
Public Buildings & Grounds	8,914	8,914	7,151		1,763
Board of Health	1,300	1,300	31		1,269
Board of Health Contractual	111	111			111

BOROUGH OF ALPINE
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfers</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Environmental Commission	\$ 850	\$ 850			\$ 850
Occupational Safety and Health Act	642	642			642
Parks and Playgrounds	178	178	\$ 178		-
Cresskill Library Fees	250	250			250
Celebration of Public Events	2,349	2,349	94		2,255
Contingent	5,000	5,000			5,000
Social Security System	14,765	14,765			14,765
Defined Contribution Retirement Program	600	600			600
Municipal Prosecutor Contractual	672	672			672
Municipal Court	3,615	3,615	200		3,415
Uniform Construction Code	7,272	7,272	1,505		5,767
Utility Expenses					
Electric	2,052	2,052			2,052
Natural Gas	1,568	1,568	1,200		368
Gasoline	4,078	5,477	5,477		-
L.O.S.A.P.	2,904	2,904	2,904		-
Body Armor Grant	603	603		\$ 603	-
Police Donations-Equipment	8,500	8,500	8,500		-
Clean Communities Grant	6,044	6,044	750	5,294	-
Recycling Tonnage Grant	8,020	8,020	1,695	6,325	-
	<u>\$ 215,863</u>	<u>\$ 215,863</u>	<u>\$ 57,015</u>	<u>\$ 12,222</u>	<u>\$ 146,626</u>
Total Other Expenses					
	<u>\$ 215,863</u>	<u>\$ 215,863</u>	<u>\$ 57,015</u>	<u>\$ 12,222</u>	<u>\$ 146,626</u>
Total	<u>\$ 302,750</u>	<u>\$ 302,750</u>	<u>\$ 57,015</u>	<u>\$ 87,222</u>	<u>\$ 158,513</u>

Cash Disbursements	\$ 57,015	
Due to Other Trust Fund - Terminal Leave		\$ 75,000
Transfer to Appropriated Grant Reserves	-	<u>12,222</u>
	<u>\$ 57,015</u>	<u>\$ 87,222</u>

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021	\$ 29,296
Increased by:	
Charges to Budget Appropriations	69,567
	98,863
Decreased by:	
Cash Disbursements	29,296
Balance, December 31, 2022	\$ 69,567

EXHIBIT A-12

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2021</u>	Fees <u>Collected</u>	<u>Payments</u>	Balance, December 31, <u>2022</u>
Due State of New Jersey				
Marriage License Fees		\$ 150	\$ 150	
State Training Fees	\$ 2,627	16,329	13,498	\$ 5,458
	\$ 2,627	\$ 16,479	\$ 13,648	\$ 5,458

EXHIBIT A-13

STATEMENT OF PREPAID TAXES

Balance, December 31, 2021	\$ 316,018
Increased by:	
Collection of 2023 Taxes	298,452
	614,470
Decreased by:	
Applied to 2022 Taxes Receivable	316,018
Balance, December 31, 2022	\$ 298,452

**BOROUGH OF ALPINE
STATEMENT OF TAX OVERPAYMENTS**

Increased by:		
Overpayments Received	\$	73,865
Decreased by:		
Overpayments Refunded	\$	<u>73,865</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2021		
	\$	9,055
Increased by:		
2022 Levy - General Taxes	\$	4,340,212
2022 Levy - Open Space Taxes		<u>180,177</u>
	\$	4,520,389
2022 Added and Omitted Taxes		<u>7,785</u>
		<u>4,528,174</u>
		4,537,229
Decreased by:		
Payments		<u>4,529,444</u>
Balance, December 31, 2022	\$	<u>7,785</u>

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

Balance, December 31, 2021		
School Tax Payable	\$ 1,225,641	
School Tax Deferred	<u>2,339,982</u>	
		\$ 3,565,623
Increased by:		
Levy - School Year July 1, 2021 to June 30, 2022		<u>7,016,693</u>
		10,582,316
Decreased by:		
Payments		<u>6,959,386</u>
Balance, December 31, 2022		
School Tax Payable	1,282,948	
School Tax Deferred	<u>2,339,982</u>	
		<u>\$ 3,622,930</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2022		\$ 1,282,948
Add: Payments		<u>6,959,386</u>
		8,242,334
Less: School Tax Payable at December 31, 2022		<u>1,225,641</u>
Amount Charged to 2022 Operations		<u>\$ 7,016,693</u>

EXHIBIT A-17

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
2022 Levy	\$ 99,663	
2022 Added and Omitted Taxes	<u>137</u>	
		\$ 99,800
Decreased by:		
Due to Open Space Preservation Trust Fund		<u>\$ 99,800</u>

EXHIBIT A-18

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2021		\$ 35,000
Increased by:		
Transfer from Current Year Tax Collections		<u>25,000</u>
Balance, December 31, 2022		<u>\$ 60,000</u>

BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2021</u>	Transferred from 2021 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2022</u>
Alcohol Education Rehab. Fund	\$ 1,970			\$ 1,970
Clean Communities Grant	17,741	\$ 5,294		23,035
Drunk Driving Enforcement Fund	2,339			2,339
Recycling Tonnage Grant	23,506	6,325	\$ 17,462	12,369
NJ DEP Stormwater Grant	967			967
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	4,500		4,500	-
DARE Municipal Alliance Program:				
County Share	2,101			2,101
Local Share	853			853
200 Club of Bergen County Grant	1,500			1,500
Body Armor Grant	-	603	-	603
	<u>\$ 57,170</u>	<u>\$ 12,222</u>	<u>\$ 21,962</u>	<u>\$ 47,430</u>

EXHIBIT A-20

STATEMENT OF RESERVE FOR GRANTS AND AID - UNAPPROPRIATED

	Balance, December 31, <u>2021</u>	Cash <u>Receipts</u>	Anticipated in 2022 <u>Budget</u>	Balance, December 31, <u>2022</u>
American Rescue Plan (ARP)	\$ 96,504	\$ 96,505	\$ 96,504	\$ 96,505
Municipal Relief Fund Aid		21,147		21,147
FEMA - Hurricane Ida		76,707		76,707
Body Armor Grant		2,081	936	1,145
Clean Communities Program	6,428	6,557	6,428	6,557
Alcohol Education Rehab. Fund		316		316
Police Donations	9,600	16,450	9,600	16,450
Recycling Tonnage Grant	-	4,822	4,822	-
	<u>\$ 112,532</u>	<u>\$ 224,585</u>	<u>\$ 118,290</u>	<u>\$ 218,827</u>

TRUST FUNDS

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

	<u>Animal Control</u>	<u>Unemployment Insurance</u>	<u>Open Space</u>	<u>Recreation Trust</u>	<u>Other Trust</u>
Balance, December 31, 2021	\$ 1,442	\$ 58,150	\$ 296,856	\$ 3,995	\$ 5,543,125
Increased by Receipts:					
Received From Current Fund			\$ 99,800		\$ 75,000
Interest on Deposits	\$ 2	\$ 28	211		2,356
Grant Reimbursement			150,000		
Miscellaneous Reserves and Deposits					993,732
Payroll Deductions Payable					4,513,468
Employee Unemployment Contributions		7,007			
Due to State of NJ - Registration Fees	379				
Animal License Fees	3,426				
Recreation Fees	-	-	-	\$ 48,267	-
	<u>3,807</u>	<u>7,035</u>	<u>250,011</u>	<u>48,267</u>	<u>5,584,556</u>
	5,249	65,185	546,867	52,262	11,127,681
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits					1,408,156
Payroll Deductions Payable					4,526,441
Payments to Current Fund	2				1,178
Due to State of NJ	381	1,003			
Reserve for Animal Control Expenditures	3,256				
Reserve for Recreation Expenditures	-	-	-	47,993	-
	<u>3,639</u>	<u>1,003</u>	<u>-</u>	<u>47,993</u>	<u>5,935,775</u>
Balance, December 31, 2022	<u>\$ 1,610</u>	<u>\$ 64,182</u>	<u>\$ 546,867</u>	<u>\$ 4,269</u>	<u>\$ 5,191,906</u>

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

Balance, December 31, 2021		\$ 1,442
Increased by:		
Dog License Fees	\$ 2,185	
Cat License Fees	455	
Late Fees	<u>786</u>	
	3,426	
2022 Budget Appropriation	<u>500</u>	<u>3,926</u>
		5,368
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Cash Disbursements		<u>3,256</u>
Balance, December 31, 2022		<u>\$ 2,112</u>

**STATEMENT OF DUE TO / (FROM) STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Increased by:		
State Fees Collected		\$ 379
Decreased by:		
Payments to the State		<u>381</u>
Balance, December 31, 2022 - Due from		<u>\$ (2)</u>

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

Increased by:		
2022 Budget Appropriation	\$ 500	
Interest on Deposits	<u>2</u>	
		\$ 502
Decreased by:		
Payments to the Current Fund		<u>2</u>
Balance, December 31, 2022		<u>\$ 500</u>

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

Balance, December 31, 2021		\$ 58,150
Increased by:		
Employee Contributions	\$ 7,007	
Interest on Investments	<u>28</u>	
		<u>7,035</u>
		65,185
Decrease by:		
Unemployment Claims Due to State		<u>1,003</u>
Balance, December 31, 2022		<u>\$ 64,182</u>

EXHIBIT B-8

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

Increased by:		
Unemployment Claims Charged to Reserve		\$ 1,003
Decreased by:		
Cash Disbursements		<u>\$ 1,003</u>

EXHIBIT B-9

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

Increased by:		
Open Space Tax Levy	\$ 99,663	
Added Open Space Tax Levy	<u>137</u>	
		\$ 99,800
Decreased by:		
Cash Received from Current Fund		<u>\$ 99,800</u>

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

Balance, December 31, 2021		\$	296,856
Increased by:			
Due from Current Fund:			
Open Space Tax Levy	\$ 99,663		
Added Open Space Tax Levy	<u>137</u>		
		\$	99,800
County Open Space Grant - 6 East Main Street			150,000
Interest on Deposit			<u>211</u>
			<u>250,011</u>
Balance, December 31, 2022		\$	<u>546,867</u>

EXHIBIT B-11

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

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
Swim and Racquet Club	\$ 33	\$ 44,017	\$ 43,743	\$ 307
Biddy Basketball	12			12
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 3,995</u>	<u>\$ 48,267</u>	<u>\$ 47,993</u>	<u>\$ 4,269</u>
Cash Receipts		\$ 48,267		
Cash Disbursements		<u>-</u>	<u>\$ 47,993</u>	
		<u>\$ 48,267</u>	<u>\$ 47,993</u>	

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

Balance, December 31, 2021		\$	74,889
Increased by:			
Transfer from 2021 Appropriation Reserves - Terminal Leave		\$	75,000
Payments to Current Fund			<u>1,178</u>
		\$	<u>76,178</u>
			151,067
Decreased by:			
Cash Receipts from Current Fund			75,000
Interest on Deposits			<u>1,178</u>
			<u>76,178</u>
Balance, December 31, 2022		\$	<u>74,889</u>

EXHIBIT B-13

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

Balance, December 31, 2021		\$	28,002
Increased by:			
Cash Receipts:			
Payroll Deposits			<u>4,513,468</u>
			4,541,470
Decreased by:			
Cash Disbursements			<u>4,526,441</u>
Balance, December 31, 2022		\$	<u>15,029</u>

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

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
Escrow Deposits	\$ 2,013,973	\$ 225,388	\$ 745,108	\$ 1,494,253
Affordable Housing Developer Fees	2,162,730	331,955	210,473	2,284,212
Cell Tower Security Deposits	131,075			131,075
POAA Fees	654	4		658
Fire Inspection Penalty Fees	374			374
COAH/Balanced Housing Note Reserve	1,038,403	73,571		1,111,974
COAH Security Deposits	6,357	3		6,360
Terminal Leave Reserve	232,994	75,000	97,687	210,307
Police Outside Duty Fees	<u>3,452</u>	<u>363,989</u>	<u>354,888</u>	<u>12,553</u>
	<u>\$ 5,590,012</u>	<u>\$ 1,069,910</u>	<u>\$ 1,408,156</u>	<u>\$ 5,251,766</u>
Cash Receipts		\$ 993,732		
Due from Current Fund		75,000		
Interest on Deposits		1,178		
Cash Disbursed		<u>-</u>	<u>\$ 1,408,156</u>	
		<u>\$ 1,069,910</u>	<u>\$ 1,408,156</u>	

GENERAL CAPITAL

BOROUGH OF ALPINE
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS

Balance, December 31, 2021		\$ 520,634
Increased by Receipts:		
Grants Receivable	\$ 97,805	
Bond Anticipation Notes	470,775	
Premium on Notes Issued	5,529	
Budget Appropriation - Capital Improvement Fund	<u>10,000</u>	
		<u>584,109</u>
		1,104,743
Decreased by Disbursements:		
Encumbrances Payable	206,379	
Improvement Authorizations	412,505	
Bond Anticipation Notes	<u>407,086</u>	
		<u>1,025,970</u>
Balance, December 31, 2022		<u>\$ 78,773</u>

BOROUGH OF ALPINE
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 64,572
Due from Current Fund	44,909
Encumbrances Payable	66,447
Capital Improvement Fund	29,781
Reserve for Field Improvements	10,000
Grants Receivable	(458,826)
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
729	3,000
753	6,068
759	6,703
769	29,189
786	41,776
787	14,082
788	12,470
795	4,104
796	8,657
805	42,421
806	81,320
813	136,412
814	(64,312)
	<u>\$ 78,773</u>

**BOROUGH OF ALPINE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2021</u>	Grant <u>Awards</u>	Grant <u>Receipts</u>	Balance, December 31, <u>2022</u>	<u>Balance Pledged to:</u>	
					<u>Improvement Authorization</u>	<u>Reserve</u>
N.J. Dept. of Transportation						
Ord. 788 - 2019 Road Improvements	\$ 59,162			\$ 59,162	\$ 59,162	
Ord. 795 - 2020 Road Improvements	154,000		\$ 97,805	56,195	56,195	
Ord. 813 - 2022 Road Improvements		\$ 153,469		153,469	153,469	
Ord. 813 - 2022 Road Improvements	<u>-</u>	<u>190,000</u>	<u>-</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
	<u>\$ 213,162</u>	<u>\$ 343,469</u>	<u>\$ 97,805</u>	<u>\$ 458,826</u>	<u>\$ 458,826</u>	<u>\$ -</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2021	2022 Authorizations	Notes Paid by Budget	Balance, December 31, 2022	Analysis of Balance		Unexpended Improvement Authorizations
						Bond Anticipation Note	Expenditures	
735	Acquisition of Fire Engine and Computer Equipment	\$ 245,874		\$ 245,874				
741	Various Capital Improvements	16,728		16,728				
742	2014 Road Program	95,611		45,631	\$ 49,980	\$ 49,980		
752	2015 Various Capital Improvements	71,165		10,267	60,898	60,898		
753	2015 Road Program	141,129		11,850	129,279	129,279		
758	School Field Improvements and Vehicle Acquisition	111,412		11,358	100,054	100,054		
760	2016 Road Program	113,655		12,200	101,455	101,455		
769	2017 Road Program	126,807		9,448	117,359	117,359		
776	2018 Road Program	197,129		19,716	177,413	177,413		
777/779	2018 Various Capital Improvements	76,815		5,678	71,137	71,137		
786	2019 Road Program	213,750		11,250	202,500	202,500		
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	146,300		
805	2021 Road Program	203,600			203,600	203,600		
806	2021 Various Capital Improvements	267,400			267,400	267,175		\$ 225
813	2022 Road Program		\$ 246,531		246,531			246,531
814	2022 Various Capital Improvements	-	183,350	-	183,350	-	\$ 64,312	119,038
		<u>\$ 2,389,225</u>	<u>\$ 429,881</u>	<u>\$ 400,000</u>	<u>\$ 2,419,106</u>	<u>\$ 1,989,000</u>	<u>\$ 64,312</u>	<u>\$ 365,794</u>

Improvement Authorizations Unfunded		\$ 593,411
Less: Unexpended Bond Anticipation Note Proceeds		
Ordinance No.	753	\$ 6,068
	769	29,189
	786	41,776
	787	14,082
	795	4,104
	796	8,657
	805	42,421
	806	81,320
		<u>227,617</u>
		<u>\$ 365,794</u>

**BOROUGH OF ALPINE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2021		2022 Authorizations				Balance, December 31, 2022	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants Receivable	Paid or Charged	Funded	Unfunded
729	2012 Capital Improvements	4/25/2012	\$ 182,500	\$ 3,000						\$ 3,000	
753	2015 Road Program	4/22/2015	237,000		\$ 6,068						\$ 6,068
759	2016 Various Capital Improvements	4/27/2016	147,100	6,703						6,703	
769	2017 Road Program	4/26/2017	335,000		29,189						29,189
786	2019 Road Program	4/24/2019	225,000		41,776						41,776
787	2019 Various Improvements	4/24/2019	165,000		14,082						14,082
788	Road and Swim Pool Improvements	8/28/2019	186,500	15,525					\$ 3,055	12,470	
795	2020 Road Program	4/22/2020	378,000		183,652				179,548		4,104
796	2020 Various Capital Improvements	4/22/2020	154,000		12,997				4,340		8,657
805	2021 Road Program	5/26/2021	214,000		42,421						42,421
806	2021 Various Capital Improvements	5/26/2021	281,000		82,535				990		81,545
813	2022 Road Program	4/27/2022	600,000			\$ 10,000	\$ 246,531	\$ 343,469	217,057	136,412	246,531
814	2022 Various Capital Improvements	4/27/2022	193,000	-	-	9,650	183,350	-	73,962	-	119,038
				<u>\$ 25,228</u>	<u>\$ 412,720</u>	<u>\$ 19,650</u>	<u>\$ 429,881</u>	<u>\$ 343,469</u>	<u>\$ 478,952</u>	<u>\$ 158,585</u>	<u>\$ 593,411</u>
									Cash Disbursements	\$ 412,505	
									Encumbrances Payable	<u>66,447</u>	
										<u>\$ 478,952</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021	\$ 206,379
Increase by:	
Charges to Improvement Authorization	<u>66,447</u>
	272,826
Decrease by:	
Cash Disbursements	<u>206,379</u>
Balance, December 31, 2022	<u>\$ 66,447</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2021	\$ 39,431
Increased by:	
2022 Budget Appropriation	<u>10,000</u>
	49,431
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>19,650</u>
Balance, December 31, 2022	<u>\$ 29,781</u>

STATEMENT OF DUE FROM/(TO) CURRENT FUND

Balance, December 31, 2021 - Due From	\$ 5,091
Decreased by:	
Fund Balance Realized as Budget Revenue	<u>50,000</u>
Balance, December 31, 2022 - Due To	<u>\$ (44,909)</u>

STATEMENT OF RESERVE FOR FIELD IMPROVEMENTS

Balance, December 31, 2021	\$ <u>10,000</u>
Balance, December 31, 2022	<u>\$ 10,000</u>

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

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2021	Increased	Decreased	Balance, December 31, 2022
735	2013 Acquisition of Fire Engine and Computer Equipment	12/12/2013	11/17/2021	11/16/2022	2.00	% \$ 261,903		\$ 261,903	
741	2014 Various Capital Improvements	12/10/2014	11/17/2021	11/16/2022	2.00	27,020		27,020	
742	2014 Road Program	12/10/2014	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	114,407	\$ 49,980	114,407	\$ 49,980
752	2015 Various Capital Improvements	12/8/2015	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	109,738	60,898	109,738	60,898
753	2015 Road Program	12/8/2015	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	177,750	129,279	177,750	129,279
758	School Field Improvements and Vehicle Acq.	12/5/2016	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	118,783	100,054	118,783	100,054
760	2016 Road Program	12/5/2016	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	195,200	101,455	195,200	101,455
769	2017 Road Program	11/30/2017	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	160,604	117,359	160,604	117,359
776	2018 Road Program	11/28/2018	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	354,884	177,413	354,884	177,413
777/779	2018 Various Capital Improvements	11/28/2018	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	83,122	71,137	83,122	71,137
786	2019 Road Program	11/26/2019	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	213,750	202,500	213,750	202,500
787	2019 Various Capital Improvements	11/19/2020	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	156,750	156,750	156,750	156,750
795	2020 Road Program	11/19/2020	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	205,100	205,100	205,100	205,100
796	2020 Various Capital Improvements	11/17/2021	11/15/2022 11/17/2021	8/15/2023 11/16/2022	4.75 2.00	146,300	146,300	146,300	146,300
805	2021 Road Program	11/15/2022	11/15/2022	8/15/2023	4.75		203,600		203,600
806	2021 Various Capital Improvements	11/15/2022	11/15/2022	8/15/2023	4.75	-	267,175	-	267,175
						<u>\$ 2,325,311</u>	<u>\$ 1,989,000</u>	<u>\$ 2,325,311</u>	<u>\$ 1,989,000</u>

Renewals	\$ 1,518,225	\$ 1,518,225
Issued for Cash	470,775	
Paid by Budget Appropriation		400,000
Paid by Capital Cash	-	407,086
	<u>\$ 1,989,000</u>	<u>\$ 2,325,311</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Bond Anticipation Notes <u>Issued</u>	Balance, December 31, <u>2022</u>
805	2021 Road Program	\$ 203,600		\$ 203,600	
806	2021 Various Capital Improvements	267,400		267,175	\$ 225
813	2022 Road Program		\$ 246,531		246,531
814	2022 Various Capital Improvements	<u>-</u>	<u>183,350</u>	<u>-</u>	<u>183,350</u>
		<u>\$ 471,000</u>	<u>\$ 429,881</u>	<u>\$ 470,775</u>	<u>\$ 430,106</u>

BOROUGH OF ALPINE
PART II
GOVERNMENT AUDITING STANDARDS



LERCH, VINCI & BLISS, LLP

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of 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, 2022, and the related notes to the financial statements, and have issued our report thereon dated July 27, 2023. 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.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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 & Bliss, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 27, 2023

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Program</u>	<u>Grant Program</u>	<u>AL Number</u>	<u>Grant Year</u>	<u>Award Amount</u>	<u>2022 Grant Receipts</u>	<u>Balance, December 31, 2021</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2022</u>	<u>Memo Cumulative Expenditures</u>
U.S. Department of Highway Safety (Passed through State Department of Law and Public Safety)										
FEMA - Hurricane Ida	N/A	97.036	2022	\$ 76,707	\$ 76,707					
U.S. Dept. of Treasury COVID-19 American Rescue Plan - State and Local Fiscal Recovery Funding - Non-Entitlement Units (Passed through State Division of Local Government Services)	N/A	21.027	2021-2022	193,009	96,505	-	\$ 96,504	\$ 96,504	-	\$ 96,504
						<u>\$ -</u>	<u>\$ 96,504</u>	<u>\$ 96,504</u>	<u>\$ -</u>	

Note: The Federal Award Program was not subject to an audit in accordance with Uniform Guidance.

**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, 2022**

NOTE 1 REPORTING ENTITY

The Borough of Alpine (the “Borough”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Borough is the reporting entity for these programs. The Borough is defined in Note 1 (A) to the Borough’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Borough. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Borough conform to the accounting principles and practices prescribed 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 federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The Borough’s summary of significant accounting policies are described in Note 1 to the Borough’s Financial Statements.

NOTE 4 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	\$ 96,504	\$ 12,186	\$ 108,690
General Capital Fund	<u>-</u>	<u>343,469</u>	<u>343,469</u>
	<u>\$ 96,504</u>	<u>\$ 355,655</u>	<u>\$ 452,159</u>

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough’s fiscal year and grant program year.

NOTE 6 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, 2022**

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, 2022**

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, 2022

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,200,000	6.46 %	\$ 1,050,000	5.66 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,940,257	10.44	1,760,442	9.49
Collection of Delinquent Taxes and Tax Title Liens	223,591	1.20	365,999	1.97
Collection of Current Tax Levy	15,066,807	81.05	15,220,805	82.06
Other Credits to Income	<u>158,513</u>	<u>0.85</u>	<u>152,690</u>	<u>0.82</u>
 Total Income	 <u>18,589,168</u>	 <u>100.00 %</u>	 <u>18,549,936</u>	 <u>100.00 %</u>
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	5,784,158	32.98 %	5,458,902	31.26 %
County Taxes	4,528,174	25.81	4,928,182	28.22
Local School Taxes	7,016,693	40.00	6,902,078	39.52
Municipal Open Space Tax	99,800	0.57	99,740	0.57
Other Expenditures	<u>111,541</u>	<u>0.64</u>	<u>74,182</u>	<u>0.43</u>
 Total Expenditures	 <u>17,540,366</u>	 <u>100.00 %</u>	 <u>17,463,084</u>	 <u>100.00 %</u>
 Excess in Revenue	 1,048,802		 1,086,852	
 Fund Balance, January 1	 <u>1,387,663</u>		 <u>1,350,811</u>	
	2,436,465		2,437,663	
 Less Utilization as Anticipated Revenue	 <u>1,200,000</u>		 <u>1,050,000</u>	
 Fund Balance, December 31	 <u>\$ 1,236,465</u>		 <u>\$ 1,387,663</u>	

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Property Acquired by Tax Title Lien Liquidation

No properties have been acquired in 2018 through 2022 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>	2022	\$1,236,465	\$1,050,000
	2021	1,387,663	1,200,000
	2020	1,350,811	1,050,000
	2019	1,530,701	1,185,000
	2018	1,566,091	1,200,000

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$0.767</u>	<u>\$0.777</u>	<u>\$0.759</u>

Apportionment of Tax Rate

Municipal	.182	.177	.172
Municipal Open Space	.004	.005	.005
County (Including Open Space)	.228	.248	.243
Local School	.353	.347	.339

Assessed Valuation

2022	<u>\$1,993,262,800</u>
2021	<u>\$1,991,132,500</u>
2020	<u>\$1,998,009,200</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>
2022	\$	15,314,514	\$	15,091,807	98.55%
2021		15,499,469		15,255,805	98.43%
2020		15,172,318		14,780,817	97.42%

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>
2022	None	\$ 193,767	\$	193,767	1.27%
2021	None	223,591		223,591	1.44%
2020	None	365,999		365,999	2.41%

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Name of Corporate Amount of Bond or Personal Surety</u>
Paul H. Tomasko	Mayor	
Vicki Frankel	Council President	
Scott Bosworth	Councilman	
Steven Cohen	Councilman	
Gayle Gerstein	Councilwoman	
Arthur Frankel	Councilman	
Laurence Shadek	Councilman (resigned 7/27/2022)	
David Kupferschmid	Councilman (appointed 8/24/2022)	
Stephanie Wehmann	Borough Clerk	
Jo Anna Myung	Deputy Borough Clerk	
Marilyn Hayward	Treasurer	
	Tax Search Officer	
	Tax Collector	\$ 1,000,000
	Chief Financial Officer	A
Robert J. Cohan	Magistrate	1,000,000
Dawn Curatola	Court Administrator	1,000,000
Erik Lenander	Qualified Purchasing Agent	
Brian Frugis	Building Inspector	
	Construction Code Official	
	Zoning Officer	
Keith Dalton	Fire Sub-Code Official	
Gregory Zarembo	DPW Superintendent	
Christopher Belcolle	Police Chief	
William Yirce	Tax Assessor	

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

Our comments with respect to the examination and any error, omission, irregularity, violation of law, discrepancy or other nonconformity to the law or regulation found during the examination are herewith set forth.

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 \$44,000. The Borough has adopted a resolution increasing the threshold to \$44,000 and has appointed Erik Lenander 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:

Marie Major and Glen Goin Paving 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 5, 2022 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 2022, 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 no tax sale held for the years ended December 31, 2022 and 2021.

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>
2022	None
2021	None
2020	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 and existing practices; specifically, health benefit contributions and payment of unused sick and vacation days at year-end and upon retirement.
- The Borough review its current procedures regarding the issuance of purchase orders when contracts are awarded and expenditures are incurred during the year.

APPRECIATION

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

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

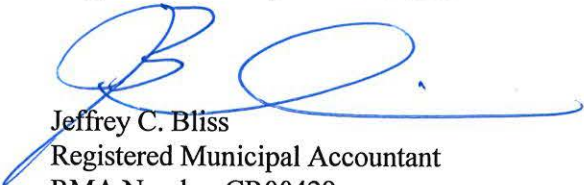
There are none.

A review was performed on the prior year's recommendation. The Borough has taken corrective action on the prior year recommendation.

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

Lerch, Vinci & Bliss, LLP

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


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429