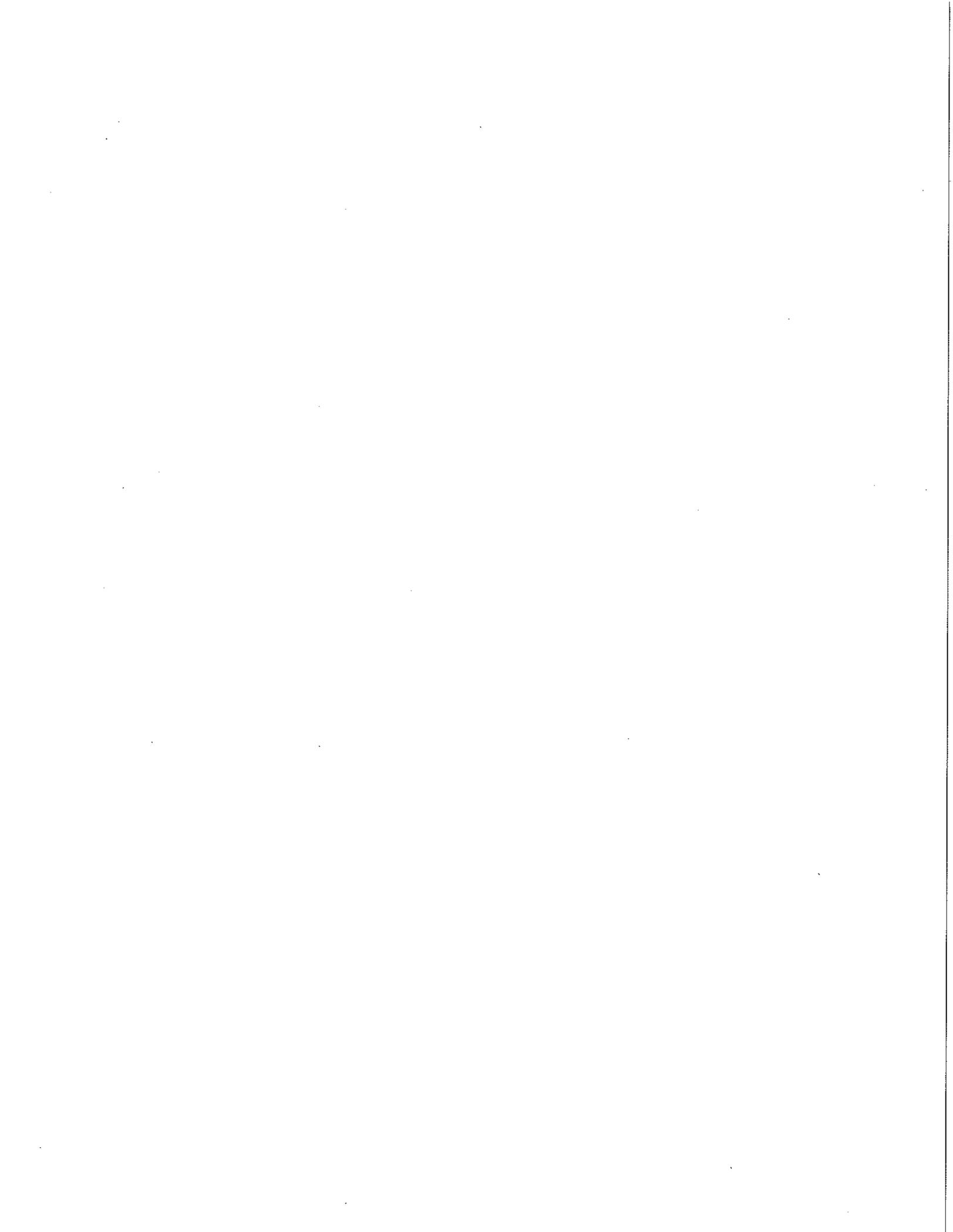


BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2013



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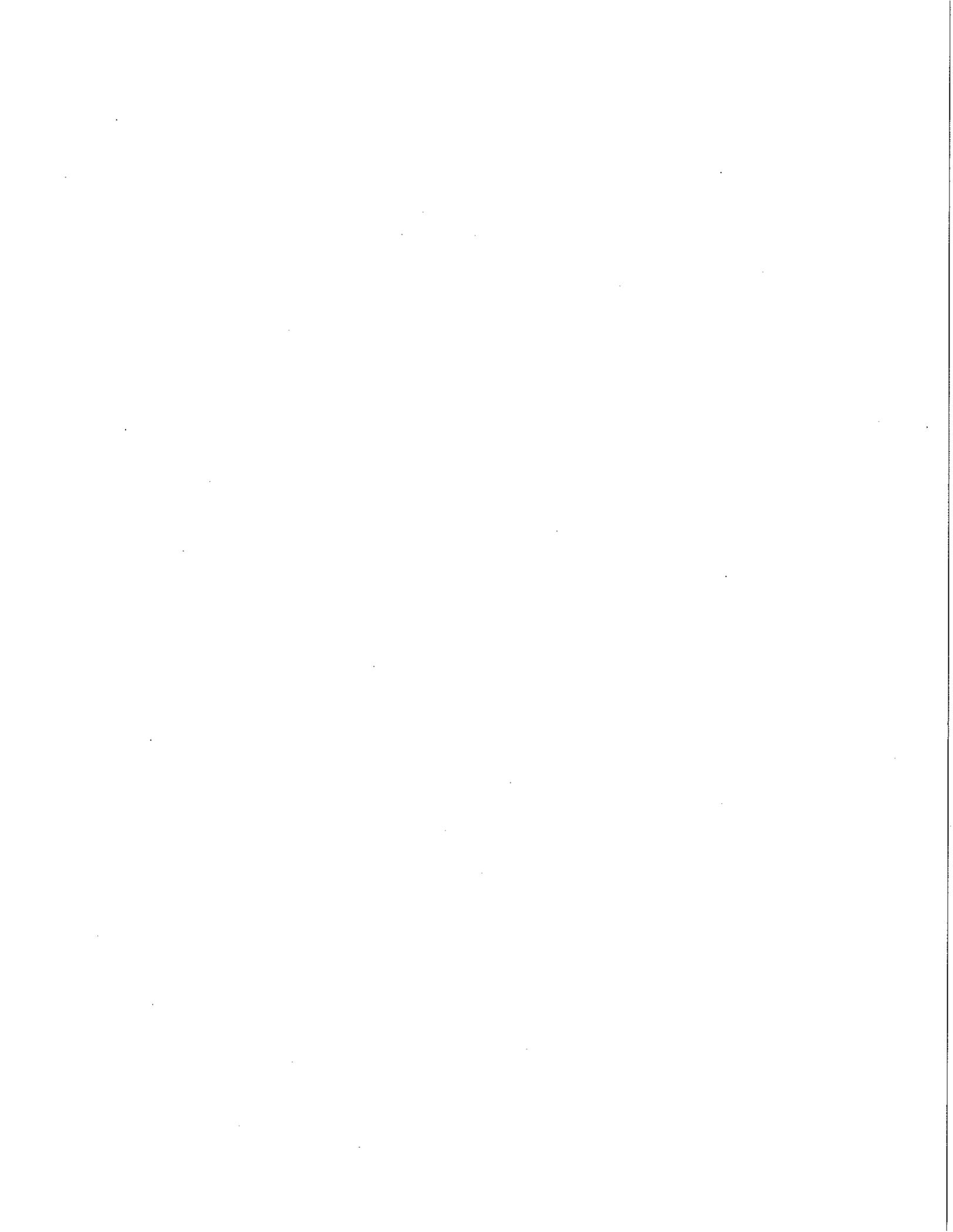
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BOROUGH OF ALPINE

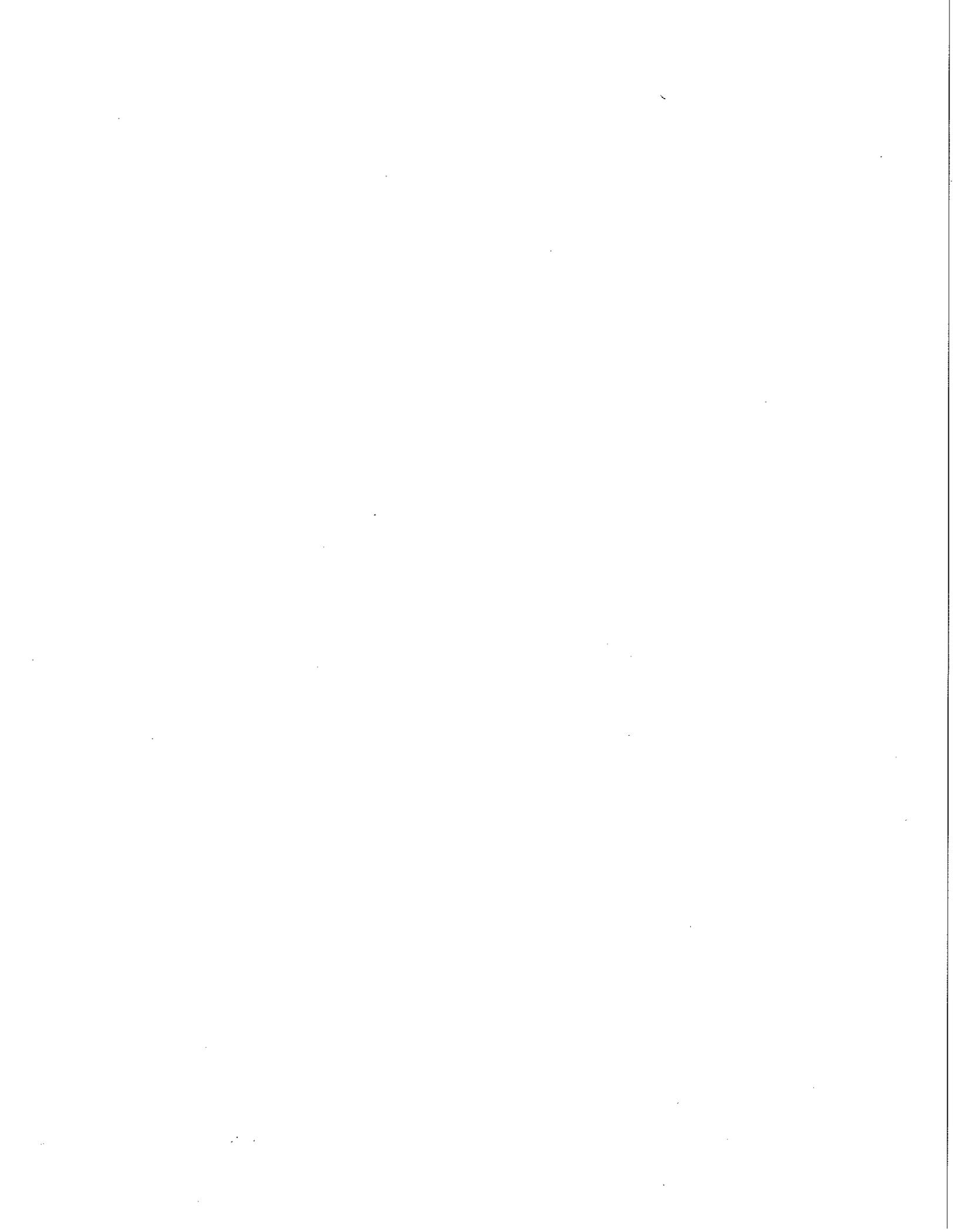
BERGEN COUNTY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2013





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Alpine, as of December 31, 2013 and 2012, 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, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the requirement that the Borough of Alpine prepare and present its financial statements on the regulatory basis of accounting as discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Alpine as of December 31, 2013 and 2012, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2013 and 2012. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 5.8 percent and 5.5 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2013 and 2012.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Alpine as of December 31, 2013 and 2012, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2013 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Required Supplementary Information

The Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. A management discussion and analysis is not required by the financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to supplement the regulatory basis financial statements and therefore it has not been presented by management. Our opinion on the financial statements – regulatory basis is not affected by this missing information.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

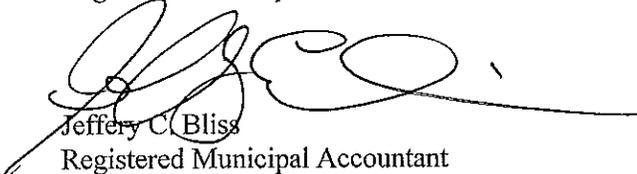
In accordance with Government Auditing Standards, we have also issued our report dated June 4, 2014 on our consideration of the Borough of Alpine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Alpine's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants


Jeffery C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey
June 4, 2014

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash	A-4	\$ 2,608,573	\$ 2,516,685
Cash - Change Funds	A-5	100	100
Grant Receivables	A-10	15,792	11,360
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>3,253</u>	<u>3,003</u>
		<u>2,627,718</u>	<u>2,531,148</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	104,465	94,200
Revenue Accounts Receivable	A-9	9,259	5,213
Due from Municipal Open Space Trust Fund	B-8	100,000	
Due from General Capital Fund	C-9	<u>438</u>	<u>437</u>
		<u>214,162</u>	<u>99,850</u>
Total Assets		<u>\$ 2,841,880</u>	<u>\$ 2,630,998</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 421,910	\$ 470,008
Encumbrances Payable	A-12	25,818	50,915
Fees Payable	A-13	3,660	1,830
Prepaid Taxes	A-14	181,153	160,495
Tax Overpayments	A-15		1,333
Due to Other Trust Fund	B-11	39,843	58,161
County Taxes Payable	A-16	27,484	2,208
Local District School Tax Payable	A-17	608,277	527,956
Reserve for Tax Appeals	A-19	23,331	73,331
Miscellaneous Reserves	A-20	17,962	17,962
Reserve for Grants - Appropriated	A-21	53,667	47,387
Reserve for Grants - Unappropriated	A-22	<u>16,567</u>	<u>15,958</u>
		1,419,672	1,427,544
Reserve for Receivables and Other Assets	A	214,162	99,850
Fund Balance	A-1	<u>1,208,046</u>	<u>1,103,604</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,841,880</u>	<u>\$ 2,630,998</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,000,000	\$ 900,000
Miscellaneous Revenue Anticipated	A-2	1,694,146	1,542,100
Receipts from Delinquent Taxes	A-2	94,200	134,197
Receipts from Current Taxes	A-2	14,070,079	13,607,988
Non-Budget Revenue	A-2	54,423	99,871
Other Credits to Income			
Unexpended Balances of Appropriation Reserves	A-11	<u>359,506</u>	<u>303,923</u>
Total Revenue		<u>17,272,354</u>	<u>16,588,079</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,474,050	2,508,650
Other Expenses	A-3	1,426,616	1,430,163
Debt Service	A-3	592,520	466,353
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	547,076	517,112
County Taxes	A-16	5,232,966	5,042,396
Due to County for Added and Omitted Taxes	A-16	29,431	4,156
Local District School Tax	A-17	5,667,351	5,506,402
Municipal Open Space Tax	A-18	97,901	97,328
Interfunds Advanced	A	100,001	437
Refund of Prior Year Taxes	A-1	<u>-</u>	<u>9,143</u>
Total Expenditures		<u>16,167,912</u>	<u>15,582,140</u>
Excess in Revenue		1,104,442	1,005,939
FUND BALANCE, JANUARY 1	A	<u>1,103,604</u>	<u>997,665</u>
		2,208,046	2,003,604
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,000,000</u>	<u>900,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,208,046</u>	<u>\$ 1,103,604</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, 2013

	<u>Reference</u>	<u>Budget</u>	<u>Added By:</u> <u>40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,000,000	-	\$ 1,000,000	-
MISCELLANEOUS REVENUES					
Fees and Permits					
Other	A-2	45,000		68,522	\$ 23,522
Fines and Costs - Municipal Court	A-9	40,000		41,683	1,683
Interest and Costs on Taxes	A-9	30,000		32,681	2,681
Interest on Investments	A-2	90,000		102,807	12,807
Cell Tower Rent	A-9	354,113		348,353	(5,760)
Energy Receipts Tax	A-9	405,408		405,408	
Uniform Construction Code Fees	A-9	130,000		237,679	107,679
Garden State Trust Fund	A-9	5,219			(5,219)
Recycling Tonnage Grant - Unappropriated	A-22	5,918		5,918	
Alcohol Education and Rehabilitation Fund-Unappropriated	A-22	108		108	
Drunk Driving Enforcement	A-10		\$ 4,678	4,678	
Municipal Alliance on Alcoholism & Drug Abuse Grant	A-10	9,520		9,520	
Clean Communities Program	A-22	4,831		4,831	
Body Armor Grant - Unappropriated	A-22	1,551		1,551	
Police Donations-Equipment-Unappropriated	A-22	3,550		3,550	
Uniform Fire Safety Act	A-9	1,917		1,185	(732)
Cresskill Leaf Compost	A-9	50,000		50,000	
Rent - U.S. Post Office	A-9	85,000		90,100	5,100
Payment in Lieu of Taxes - Boy Scouts of America	A-9	44,499		44,499	
FEMA Reimbursements	A-9	27,908		42,857	14,949
Reserve for Payment of Loan	C-9	48,216		48,216	
Reserve for Tax Appeals	A-19	50,000		50,000	
Open Space Trust Fund - Green Acres Loan	B-8	100,000	-	100,000	-
Total Miscellaneous Revenues	A-1	<u>1,532,758</u>	<u>4,678</u>	<u>1,694,146</u>	<u>156,710</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>94,000</u>	-	<u>94,200</u>	<u>200</u>
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax For Municipal Purposes	A-2	<u>3,084,005</u>	-	<u>3,717,430</u>	<u>633,425</u>
	A-3	<u>\$ 5,710,763</u>	<u>\$ 4,678</u>	6,505,776	<u>\$ 790,335</u>
Non-Budget Revenue	A-1,A-2			<u>54,423</u>	
				<u>\$ 6,560,199</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, 2013

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 14,070,079
Less Allocated to School, County and Municipal Open Space Taxes	A-16,A-17 A-18	<u>11,027,649</u>
		3,042,430
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>675,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,717,430</u>
Fees and Permits - Other		
Borough Clerk	A-9	\$ 17,859
Health Officer and Registrar	A-9	16,954
Police Department	A-9	7,066
Other Fees and Permits	A-9	<u>26,643</u>
	A-2	<u>\$ 68,522</u>
Interest on Investments		
Interest on Investments	A-9	404
Due from Other Trust Fund	B-11	1,618
Due from General Capital Fund	C-9	<u>100,785</u>
	A-2	<u>\$ 102,807</u>
Analysis of Non-Budget Revenue		
United Water Refund		\$ 18,657
Sale of Assets		13,123
Verizon Franchise Fee		7,519
Cablevision Franchise Fee		6,579
Bergen County JIF		2,000
Library State Aid		450
NJLM Conference Refund		315
Senior's & Veteran's Admin Fee		140
Motor Vehicle Inspection Fee		50
Miscellaneous		<u>5,590</u>
	A-1,A-2	<u>\$ 54,423</u>

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Municipal Clerk					
Salaries and Wages	\$ 128,000	\$ 128,000	\$ 126,346	\$ 1,654	
Other Expenses	23,600	23,600	18,451	5,149	
Financial Administration					
Salaries and Wages	82,000	82,000	79,496	2,504	
Other Expenses	13,450	13,450	13,125	325	
Audit Services					
Other Expenses	33,300	33,300	33,300		
Revenue Administration (Collection of Taxes)					
Salaries and Wages	19,500	19,500	8,881	10,619	
Other Expenses	13,000	13,000	9,318	3,682	
Tax Assessment Administration					
Salaries and Wages	18,900	18,900	18,014	886	
Other Expenses	2,125	2,125	655	1,470	
Legal Services and Costs					
Other Expenses	175,000	175,000	59,673	115,327	
Engineering Services and Costs					
Other Expenses	32,000	32,000	26,897	5,103	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	6,200	6,200	5,342	858	
Other Expenses	10,000	10,000	2,491	7,509	
Zoning Board of Adjustment					
Salaries and Wages	7,400	7,400	5,566	1,834	
Other Expenses	11,950	11,950	2,177	9,773	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	66,563	66,563	56,173	10,390	
Workers Compensation	75,200	75,200	75,199	1	
Employee Group Health	355,345	355,345	341,777	13,568	
Employee Group Health Waivers	14,322	14,322	12,928	1,394	
PUBLIC SAFETY					
Police					
Salaries and Wages	1,642,600	1,642,600	1,632,261	10,339	
Other Expenses	65,000	65,000	65,000	-	
Police Acquisition of Vehicles					
Other Expenses	25,000	25,000	24,308	692	
Police Dispatch/911					
Other Expenses	22,500	22,500	22,138	362	
Emergency Management Services					
Other Expenses	3,000	3,000	500	2,500	
First Aid Organization - Contribution					
Contribution	5,000	5,000		5,000	

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, 2013

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Continued)					
Fire					
Other Expenses	\$ 33,000	\$ 33,000	\$ 21,713	\$ 11,287	
Fire Hydrant Services	73,780	73,780	67,632	6,148	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	13,500	13,500	9,986	3,514	
Other Expenses	2,107	2,107	2,107		
Municipal Prosecutor					
Contractual	5,900	5,900	5,815	85	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	358,000	358,000	307,405	50,595	
Other Expenses	46,950	46,950	46,588	362	
Public Buildings and Grounds					
Other Expenses	36,130	36,130	36,002	128	
Solid Waste Collection					
Salaries and Wages	8,700	8,700	6,432	2,268	
Other Expenses	16,776	16,776	16,776	-	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	31,500	31,500	19,503	11,997	
Other Expenses	2,600	2,600	1,224	1,376	
Other Expenses - Contractual	8,471	8,471	8,011	460	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	543	707	
Animal Control					
Other Expenses	1,000	1,000	1,000		
Public Assistance Liaison					
Salaries and Wages	750	750	404	346	
Occupational Safety and Health Act					
Other Expenses	2,950	2,950	2,600	350	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	2,000	-	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	-	1,500	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	5,600	5,600	5,262	338	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	24,700	24,700	18,148	6,552	
Other Expenses	6,100	6,100	1,770	4,330	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,200	2,200	1,795	405	

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, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Building Inspector					
Salaries and Wages	\$ 86,000	\$ 86,000	\$ 76,365	\$ 9,635	
Other Expenses	10,311	10,311	4,184	6,127	
Electrical Inspector					
Salaries and Wages	11,900	11,900	11,900	-	
Plumbing Inspector					
Salaries and Wages	12,800	12,800	12,240	560	
Zoning Official					
Salaries and Wages	13,500	13,500	11,500	2,000	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	35,000	35,000	26,303	8,697	
Street Lighting	17,500	17,500	13,654	3,846	
Telephone	24,000	24,000	16,981	7,019	
Water	6,000	6,000	4,266	1,734	
Natural Gas	14,000	14,000	8,171	5,829	
Gasoline	60,000	60,000	40,406	19,594	-
Total Operations Within "CAPS"	3,827,430	3,827,430	3,448,702	378,728	-
Contingent	20,000	20,000	-	20,000	-
Total Operations Including Contingent - Within "CAPS"	3,847,430	3,847,430	3,448,702	398,728	-
Detail:					
Salaries and Wages	2,474,050	2,474,050	2,357,399	116,651	
Other Expenses	1,373,380	1,373,380	1,091,303	282,077	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	86,000	86,000	83,173	2,827	
Police and Fireman's Retirement System of NJ	394,953	394,953	394,953		
Public Employees Retirement System	66,123	66,123	66,123	-	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	547,076	547,076	544,249	2,827	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	4,394,506	4,394,506	3,992,951	401,555	-

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY					
Fire					
Other Expense-LOSAP	\$ 20,700	\$ 20,700	\$ 17,250	\$ 3,450	-
Total Other Operations Excluded from "CAPS"	<u>20,700</u>	<u>20,700</u>	<u>17,250</u>	<u>3,450</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share	9,520	9,520	5,494	4,026	
Local Share	2,380	2,380	40	2,340	
Clean Communities Program	4,831	4,831	4,753	78	
Body Armor Grant Reserve	1,551	1,551	1,042	509	
Police Donations - Equipment - Reserve	3,550	3,550	1,963	1,587	
Drunk Driving Enforcement		4,678	2,339	2,339	
Alcohol Education and Rehab. Fund - Reserve	108	108		108	
Recycling Tonnage Grant - Reserve	5,918	5,918	-	5,918	\$ -
Total Public and Private Programs Offset by Revenues	<u>27,858</u>	<u>32,536</u>	<u>15,631</u>	<u>16,905</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>48,558</u>	<u>53,236</u>	<u>32,881</u>	<u>20,355</u>	<u>-</u>
Detail:					
Other Expenses	<u>48,558</u>	<u>53,236</u>	<u>32,881</u>	<u>20,355</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	250,000	250,000	250,000		
Payment of Principal Capital Notes	121,706	121,706	121,706		
Interest on Bonds	29,811	29,811	29,810		1
Interest on Notes	38,705	38,705	38,597		108
Green Trust Loan Program					
Loan Repayments for Principal and Interest	148,773	148,773	148,704		69
BCIA Loan Repayments - Principal and Interest	<u>3,704</u>	<u>3,704</u>	<u>3,703</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>592,699</u>	<u>592,699</u>	<u>592,520</u>	<u>-</u>	<u>179</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Appropriated</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 641,257	\$ 645,935	\$ 625,401	\$ 20,355	\$ 179
Subtotal General Appropriations	5,035,763	5,040,441	4,618,352	421,910	179
Reserve for Uncollected Taxes	<u>675,000</u>	<u>675,000</u>	<u>675,000</u>	-	-
Total General Appropriations	<u>\$ 5,710,763</u>	<u>\$ 5,715,441</u>	<u>\$ 5,293,352</u>	<u>\$ 421,910</u>	<u>\$ 179</u>
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget As Adopted	A-3	\$ 5,710,763			
Added by 40A:4-87	A-2	<u>4,678</u>			
		<u>\$ 5,715,441</u>			
Cash Disbursements	A-4		\$ 4,592,534		
Encumbrances Payable	A-12		25,818		
Reserve for Uncollected Taxes	A-2		<u>675,000</u>		
			<u>\$ 5,293,352</u>		

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2013 AND 2012

ASSETS	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ANIMAL CONTROL FUND			
Cash	B-3	\$ 2,204	\$ 285
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	37,338	34,851
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	294,388	196,454
RECREATION TRUST FUND			
Cash	B-3	42,453	52,479
OTHER TRUST FUND			
Cash	B-3	4,343,997	3,708,493
Due from Current Fund	B-11	39,843	58,161
		<u>4,383,840</u>	<u>3,766,654</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	275,363	213,351
Contributions Receivable	B	16,100	20,700
		<u>291,463</u>	<u>234,051</u>
Total Assets		<u>\$ 5,051,686</u>	<u>\$ 4,284,774</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, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Due to State of New Jersey	B-5		\$ 4
Reserve for Animal Control Fund Expenditures	B-4	\$ 2,204	281
		<u>2,204</u>	<u>285</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Insurance Benefits	B-6	37,338	34,851
OPEN SPACE PRESERVATION TRUST FUND			
Due to Current Fund	B-8	100,000	
Reserve for Open Space Expenditures	B-9	194,388	196,454
		<u>294,388</u>	<u>196,454</u>
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-10	42,453	52,479
OTHER TRUST FUND			
Payroll Deductions Payable	B-12	17,537	25,873
Miscellaneous Reserves and Deposits	B-13	4,366,303	3,740,781
		<u>4,383,840</u>	<u>3,766,654</u>
LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	291,463	234,051
Total Liabilities and Reserves		<u>\$ 5,051,686</u>	<u>\$ 4,284,774</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, 2013**

	Budget (Memo)	<u>Realized</u>	Excess or Deficit
Amount to be Raised by Taxation	\$ 97,353	\$ 97,901	\$ <u>548</u>
Non-Budget Revenue:			
Interest on Investments		<u>33</u>	
		<u>\$ 97,934</u>	
<u>Reference</u>	B-2	B-9	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget (Memo)	Paid or <u>Charged</u>	<u>Expended</u> Reserved
Reserve for Future Use	\$ 97,353	\$ -	\$ <u>97,353</u>
<u>Reference</u>	B-1	B-9	

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2013 AND 2012

	<u>Reference</u>	<u>2013</u>	<u>2012</u>
ASSETS			
Cash and Investments	C-2,C-3	\$ 876,722	\$ 1,891,191
Grants Receivable	C-4	733,033	733,033
Deferred Charges to Future Taxation			
Funded	C-5	1,267,970	1,659,366
Unfunded	C-6	<u>2,084,532</u>	<u>1,699,267</u>
 Total Assets		 <u>\$ 4,962,257</u>	 <u>\$ 5,982,857</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-12	810,000	1,060,000
Green Trust Loan Payable	C-13	430,903	568,915
Bergen County Improvement Authority Loan Payable	C-14	27,067	30,451
Bond Anticipation Notes Payable	C-11	2,092,000	3,117,360
Due to Current Fund	C-9	438	437
Improvement Authorizations			
Funded	C-7	378,017	373,285
Unfunded	C-7	945,936	478,797
Capital Improvement Fund	C-8	137,129	164,629
Reserve for Debt Service- Loans	C-10	19,964	68,180
Reserve for Grants Receivable	C-4	4,630	4,630
Fund Balance	C-1	<u>116,173</u>	<u>116,173</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 4,962,257</u>	 <u>\$ 5,982,857</u>

There were bonds and notes authorized but not issued on December 31, 2013 and 2012 of \$1,048 and \$1,000, respectively. (Exhibit C-15)

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

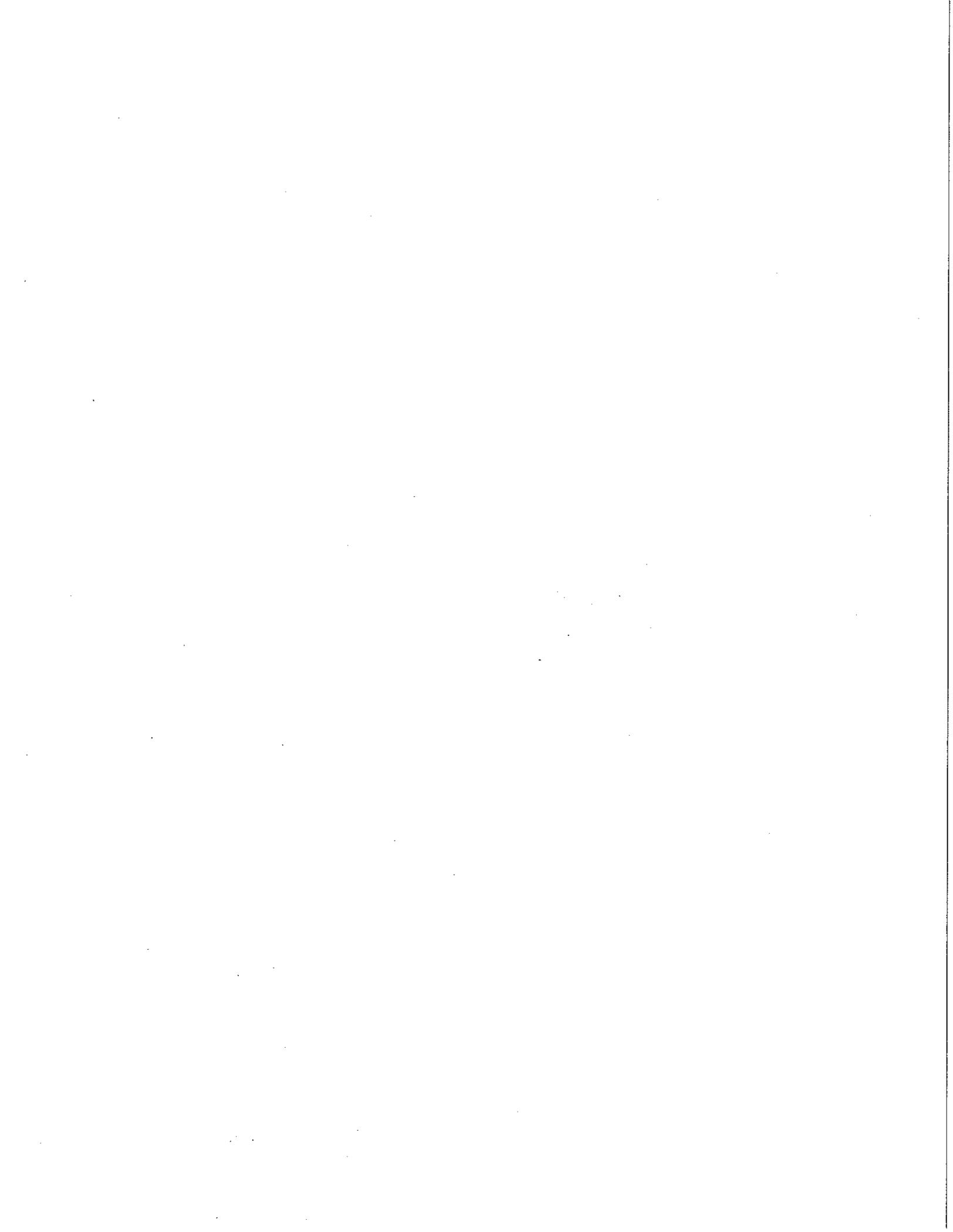
	<u>Reference</u>	<u>2013</u>	<u>2012</u>
Balance, January 1	C	\$ 116,173	\$ 5,676
Increased by:			
Cancellation of Funded Improvement Authorizations	C-1		144,475
Premium on Notes Issued	C-1	-	<u>11,733</u>
		116,173	161,884
Decreased by:			
Cancellation of Grants Receivable	C-1	-	<u>45,711</u>
Balance, December 31	C	<u>\$ 116,173</u>	<u>\$ 116,173</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Land	\$ 6,107,500	\$ 6,107,500
Buildings and Building Improvements	1,748,795	1,748,795
Machinery and Equipment	<u>3,020,401</u>	<u>3,056,431</u>
	<u>\$ 10,876,696</u>	<u>\$ 10,912,726</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 10,876,696</u>	<u>\$ 10,912,726</u>

NOTES TO FINANCIAL STATEMENTS



**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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/Council form of government. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the volunteer fire department, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of 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, 2013 AND 2012**

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 Trust 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 and 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 Trust 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, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

The Borough of Alpine follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division (“regulatory basis of accounting”) differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Alpine has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of \$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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Fixed Assets purchased after December 31, 1985 are stated as cost. Donated fixed assets are recorded at estimated fair market value at the date of donation.

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.

Reclassifications - Certain reclassifications have been made to the December 31, 2012 balances to conform to the December 31, 2013 presentation.

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 Trust Fund)
General Capital Fund

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2013 and 2012 the Borough Council increased the original budget by \$5,678 and \$0, respectively. The increase in 2013 was funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2013 and 2012.

NOTE 3 DEPOSITS AND INVESTMENTS

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

A. Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2013 and 2012, the book value of the Borough's deposits were \$8,186,219 and \$8,332,766 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,251,287 and \$8,389,571, 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>2013</u>	<u>2012</u>
Insured	\$ <u>8,251,287</u>	\$ <u>8,389,571</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

A. Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2013 and 2012, none of the Borough’s bank balances were exposed to custodial credit risk.

B. Investments

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

As of December 31, 2013 and 2012, the Borough had the following investments:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>
<u>2013</u>		
Investment:		
U.S. Government Securities - Treasury Strips		\$ 19,556
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	\$ 275,363	-
	<u>\$ 275,363</u>	<u>\$ 19,556</u>

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>
<u>2012</u>		
Investment:		
U.S. Government Securities - Treasury Strips		\$ 67,772
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	\$ 213,351	-
	<u>\$ 213,351</u>	<u>\$ 67,772</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2013 and 2012, \$294,919 and \$281,123 of the Borough’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP) (Unaudited)</u>	<u>Book Value</u>	<u>Total</u>
<u>2013</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 275,363	\$ 19,556	\$ 294,919
<u>2012</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 213,351	\$ 67,772	\$ 281,123

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2013 and 2012, the Borough’s investment in Lincoln Financial Group, a subsidiary to Lincoln National Corporation, was rated Baa1 and Baa2, respectively, by Moody’s Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough’s investments are in Lincoln Financial Group. These investments are 100% of the Borough’s total non – U.S. government security investments.

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

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
<u>Current</u>		
Property Taxes	\$ <u>104,465</u>	\$ <u>94,200</u>

In 2013 and 2012, the Borough collected \$94,200 and \$134,197 from delinquent taxes, which represented 100% and 100% of the prior year delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2013</u>		<u>2012</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 100,438	\$ 39,843	\$ 437	\$ 58,161
Trust Funds:				
Other Trust Fund	39,843		58,161	
Open Space Trust Fund		100,000		
General Capital Fund	-	438	-	437
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 140,281</u>	<u>\$ 140,281</u>	<u>\$ 58,598</u>	<u>\$ 58,598</u>

The above balances are the result of revenues earned in one fund that are due to another fund.

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 6 DEFERRED SCHOOL TAXES

Under the regulatory basis of accounting, regulations allow for the deferral to fund balance of not more than 50% of the annual levy when school taxes are raised in advance for a school year and have not been requisitioned by the school district as of December 31.

	<u>Local District School</u>	
	<u>2013</u>	<u>2012</u>
Balance of Tax Deferred	\$ 2,948,259 <u>2,339,982</u>	\$ 2,867,938 <u>2,339,982</u>
Taxes Payable	<u>\$ 608,277</u>	<u>\$ 527,956</u>

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2013</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,189,001	\$ 1,050,000	\$ 1,089,241	\$ 1,000,000
Non-Cash Surplus	<u>19,045</u>	<u>-</u>	<u>14,363</u>	<u>-</u>
	<u>\$ 1,208,046</u>	<u>\$ 1,050,000</u>	<u>\$ 1,103,604</u>	<u>\$ 1,000,000</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, 2013 and 2012.

	Balance January 1, <u>2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2013</u>
<u>2013</u>				
Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,748,795			1,748,795
Machinery and Equipment	<u>3,056,431</u>	<u>55,970</u>	<u>\$ 92,000</u>	<u>3,020,401</u>
	<u>\$ 10,912,726</u>	<u>\$ 55,970</u>	<u>\$ 92,000</u>	<u>\$ 10,876,696</u>
	Balance January 1, <u>2012</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2012</u>
<u>2012</u>				
Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,748,795			1,748,795
Machinery and Equipment	<u>2,986,370</u>	<u>\$ 128,561</u>	<u>\$ 58,500</u>	<u>3,056,431</u>
	<u>\$ 10,842,665</u>	<u>\$ 128,561</u>	<u>\$ 58,500</u>	<u>\$ 10,912,726</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT

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

The Borough's debt is summarized as follows:

	<u>2013</u>	<u>2012</u>
Issued		
General		
Bonds, Notes and Loans	\$ 3,359,970	\$ 4,776,726
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>28,480</u>	<u>1,487,273</u>
Net Debt Issued	3,331,490	3,289,453
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,048</u>	<u>1,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,332,538</u>	<u>\$ 3,290,453</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of .15% and .14% at December 31, 2013 and 2012, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2013</u>			
General Debt	<u>\$ 3,361,018</u>	<u>\$ 28,480</u>	<u>\$ 3,332,538</u>
<u>2012</u>			
General Debt	<u>\$ 4,777,726</u>	<u>\$ 1,487,273</u>	<u>\$ 3,290,453</u>

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

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

	<u>2013</u>	<u>2012</u>
3-1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 80,269,685 <u>3,332,538</u>	\$ 81,568,892 <u>3,290,453</u>
Remaining Borrowing Power	<u>\$ 76,937,147</u>	<u>\$ 78,278,439</u>

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2013</u>	<u>2012</u>
\$1,635,000, 2008 Bonds, due in annual installments of \$250,000 to \$280,000 through May, 2016, interest at 3.10 to 3.25%	<u>\$ 810,000</u>	<u>\$ 1,060,000</u>
	<u>\$ 810,000</u>	<u>\$ 1,060,000</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into a loan agreement with the Bergen County Improvement Authority (“BCIA”) for the financing relating to the Borough’s Solar Financing Program. The Borough has also entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing related to the acquisition of land under the Green Trust Program. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2013</u>	<u>2012</u>
\$47,368, 2008 BCIA Loans, due in annual installments of \$3,383 through December, 2021, interest at 1.05%	\$ 27,067	\$ 30,451
\$2,390,500, 1997 Green Acres Loan, due in semi-annual installments of \$68,663 to \$73,616 through November, 2016, interest at 2.00%	<u>430,903</u>	<u>568,915</u>
	<u>\$ 457,970</u>	<u>\$ 599,366</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2013 is as follows:

Calendar Year	<u>General Bonds</u>		<u>Green Acres Loans</u>		<u>BCIA Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 260,000	\$ 21,906	\$ 140,786	\$ 7,918	\$ 3,383	\$ 284	\$ 434,277
2015	270,000	13,488	143,615	5,088	3,383	249	435,823
2016	280,000	4,550	146,502	2,201	3,383	213	436,849
2017					3,383	178	3,562
2018					3,383	142	
2019-2023	-	-	-	-	10,152	214	10,366
	<u>\$ 810,000</u>	<u>\$ 39,944</u>	<u>\$ 430,903</u>	<u>\$ 15,207</u>	<u>\$ 27,067</u>	<u>\$ 1,280</u>	<u>\$ 1,320,877</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Balance, January 1, <u>2013</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
General Capital Fund					
Bonds Payable	\$ 1,060,000		\$ 250,000	\$ 810,000	\$ 260,000
Intergovernmental Loans Payable	<u>599,366</u>	<u>-</u>	<u>141,396</u>	<u>457,970</u>	<u>144,169</u>
General Capital Fund Long-Term Liabilities	<u>\$ 1,659,366</u>	<u>\$ -</u>	<u>\$ 391,396</u>	<u>\$ 1,267,970</u>	<u>\$ 404,169</u>
	Balance, January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
General Capital Fund					
Bonds Payable	\$ 1,310,000		\$ 250,000	\$ 1,060,000	\$ 250,000
Intergovernmental Loans Payable	<u>738,374</u>	<u>-</u>	<u>139,008</u>	<u>599,366</u>	<u>141,395</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,048,374</u>	<u>\$ -</u>	<u>\$ 389,008</u>	<u>\$ 1,659,366</u>	<u>\$ 391,395</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2013 and 2012 was as follows:

Bond Anticipation Notes

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2013</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2013</u>
<u>2013</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	0.70%	12/11/2014	\$ 1,334,856	\$ 838,866	1,334,856	\$ 838,866
Road Program	0.70%	12/11/2014	1,749,338	723,274	1,749,338	723,274
Acquisition and Installation of Photovoltaic Power System	0.70%	12/11/2014	33,166	15,908	33,166	15,908
Acquisition of Fire Engine and Computer Equipment	0.70%	12/11/2014	-	513,952	-	513,952
			<u>\$ 3,117,360</u>	<u>\$ 2,092,000</u>	<u>\$ 3,117,360</u>	<u>\$ 2,092,000</u>

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2012</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2012</u>
<u>2012</u>						
<u>General Capital Fund</u>						
Various Capital Improvements	1.50%	2/8/2013	\$ 469,714	\$ 459,592	\$ 469,714	\$ 459,592
Various Capital Improvements	1.10%	12/12/2013		875,264		875,264
Road Program	1.50%	2/8/2013	635,702	627,030	635,702	627,030
Road Program	1.10%	12/12/2013		1,122,308		1,122,308
Acquisition and Installation of Photovoltaic Power System	1.50%	2/8/2013	17,534	16,808	17,534	16,808
Acquisition and Installation of Photovoltaic Power System	1.10%	12/12/2013	-	16,358	-	16,358
			<u>\$ 1,122,950</u>	<u>\$ 3,117,360</u>	<u>\$ 1,122,950</u>	<u>\$ 3,117,360</u>

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

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 10 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

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

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$731,704 and \$737,074 at December 31, 2013 and 2012, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2013 and 2012, the Borough has reserved in the Other Trust Fund \$171,069 and \$209,241, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

Changes in Other Long-Term Liabilities

The Borough's changes in other long-term liabilities for the years ended December 31, 2013 and 2012 were as follows:

	Balance, December 31, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2013</u>	Due Within <u>One Year</u>
<u>2013</u>					
Compensated Absences	\$ 737,074	\$ 92,802	\$ 98,172	\$ 731,704	\$ 74,235
Other Long-Term Liabilities	<u>\$ 737,074</u>	<u>\$ 92,802</u>	<u>\$ 98,172</u>	<u>\$ 731,704</u>	<u>\$ 74,235</u>
	Balance, December 31, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<u>2012</u>					
Compensated Absences	\$ 924,710	\$ 74,600	\$ 262,236	\$ 737,074	\$ 98,172
Other Long-Term Liabilities	<u>\$ 924,710</u>	<u>\$ 74,600</u>	<u>\$ 262,236</u>	<u>\$ 737,074</u>	<u>\$ 98,172</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Significant Legislation

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

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

- For new members of PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65. The eligibility age to qualify for a service retirement in the PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2013, the PERS member contribution rate was 6.64%. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

Investment Valuation

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

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

Funded Status and Funding Progress

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

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on 6.50% plus an additional 1% phased-in over 7 years beginning in July 2012 for PERS and 10.0% for PFRS of employees' annual compensation. The member contribution for PERS was 6.64% in fiscal year 2013.

Annual Pension Cost (APC)

For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made.

During the years ended December 31, 2013, 2012 and 2011, 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>
2013	\$ 394,953	\$ 66,123
2012	367,279	65,833
2011	403,741	64,506

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher's Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 585 state and local participating employers and contributing entities for Fiscal Year 2013.

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

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

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

Basis of Accounting

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

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary. For those employed on or after June 28, 2011 the 4-year phase in does not apply, and contributions based on the full percentage rate of contribution are required.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the State had a \$51.5 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$19.3 billion for state active and retired members and \$32.2 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

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

Actuarial Methods and Assumptions

In the July 1, 2012 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Public Employees' Retirement System to fund post-retirement medical benefits for those State and participating local government employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$139.8 million for 9,404 eligible retired members for Fiscal Year 2013. This benefit covers the Police and Firemen's Retirement System.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

P.L. 1997, c. 330 provides paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and to dependents of qualified retirees. The State and participating local governments are responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State and participating local governments contributed \$38.0 million in Fiscal Year 2013 to provide benefits under Chapter 330 to qualified retirees.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Borough's contributions to the State Health Benefits Program Fund-Local Government for post-retirement benefits for the years ended December 31, 2013, 2012 and 2011 were \$14,885, \$15,487 and \$5,244, respectively, which equaled the required contributions for each year.

NOTE 13 RISK MANAGEMENT

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

The Borough of Alpine is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

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

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

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

BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 13 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 2,577	\$ 90	\$ 37,338
2012	8,205	643	34,851
2011	3,751	277	27,289

NOTE 14 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2013 and 2012. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, would be immaterial. As of December 31, 2013 and 2012, the Borough reserved \$23,331 and \$73,331, 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' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2013 and 2012, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 15 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2013 and 2012, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

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

The Borough of Alpine Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on July 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 \$1,150 for 2013 and 2012, respectively, for each eligible volunteer fire department member into the Plan. The Borough contributed \$16,100 and \$20,700 for 2013 and 2012, respectively for all eligible Volunteer Fire Department members into the Plan.

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

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

Vesting and Benefits

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

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

Reporting Requirements

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

Interlocal Services Agreement

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

The contributions are made in accordance with the plan established by the Borough of Closter pursuant to N.J.S.A. 40A:14-183 et seq. Alpine's share of the Closter Volunteer Ambulance Corps. LOSAP contributions for the years ended December 31, 2013 and 2012 were \$4,750 and \$0, respectively.

NOTE 17 MORTGAGE NOTE

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

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

It was expressly agreed that the entire balance of said principal sum shall become due at the option of the Lender, its successor or assignee upon (i) the happening of any default as described in the mortgage; (ii) the expiration of Affordability Controls on dwelling units completed with the proceeds of this loan, if said units are not retained exclusively for occupancy by low and moderate households as defined in the State of New Jersey's Fair Housing Act of 1985, N.J.S.A. 52:27D-301 et seq.; and (iii) the unapproved sale, transfer or refinancing of the Project by the Municipal Borrower. As of December 31, 2013, there has been no default or event requiring repayment of the loan.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012**

NOTE 18 HURRICANE SANDY

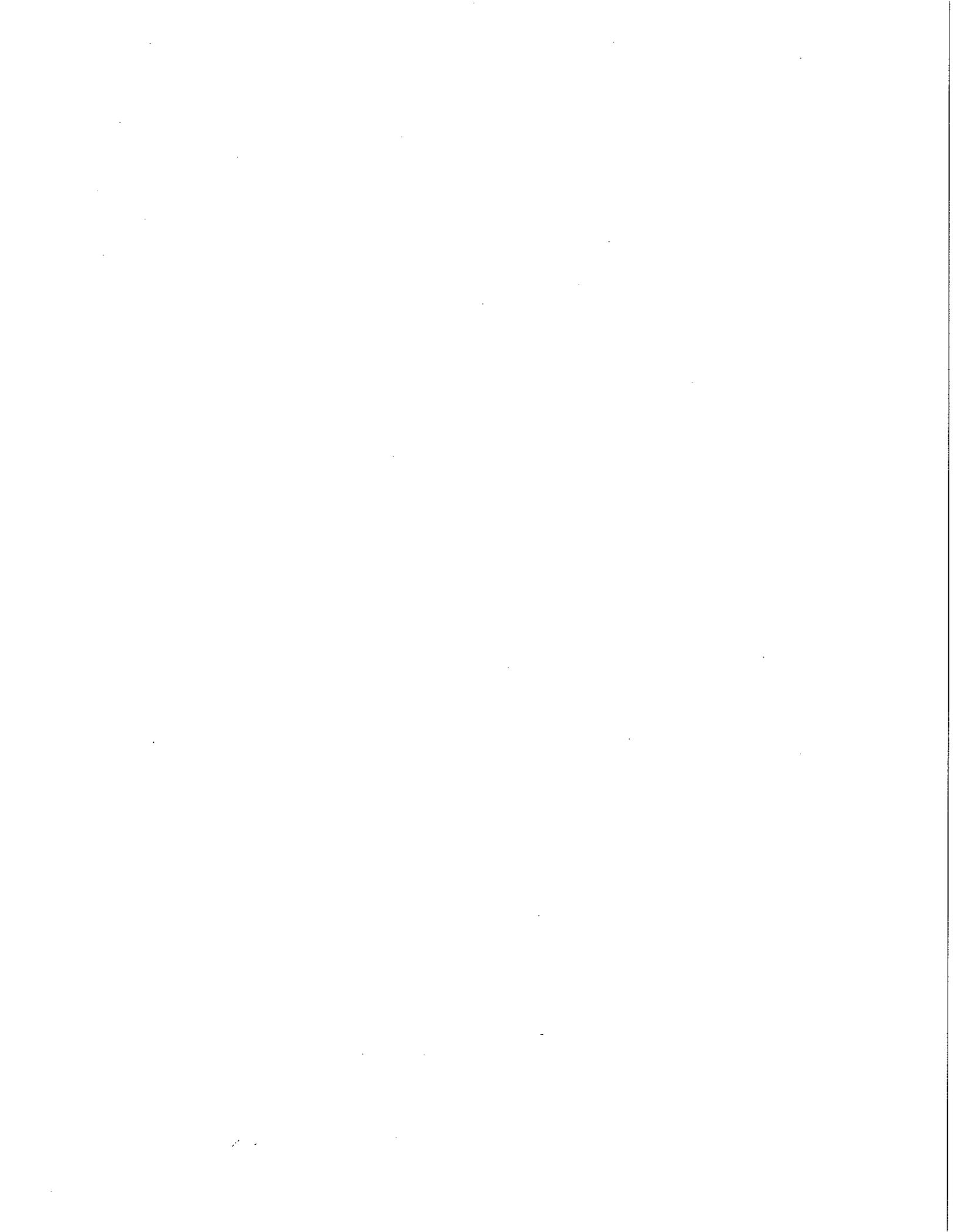
On October 29, 2012 Hurricane Sandy, the largest Atlantic hurricane on record made landfall in New Jersey and resulted in severe damage in numerous communities and a federal disaster was declared throughout the State. The Borough has incurred significant costs in the clean up and recovery from this federal disaster. The Federal Emergency Management Agency ("FEMA") provides emergency grant assistance (voluntary nonexchange transaction) to help government's cope with losses. Although the Borough has applied for reimbursement from FEMA, the total amount to be received in conjunction with this event is not considered to be measurable with sufficient reliability and therefore any amounts not received by year end have not been recognized in the financial statements as of December 31, 2013.

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On April 23, 2014 the Borough adopted two Bond Ordinances authorizing the issuance of \$400,800 in Bonds or Bond Anticipation Notes to fund certain capital projects. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND



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

Balance, December 31, 2012		\$ 2,516,685
Increased by:		
Taxes Receivable	\$ 13,996,534	
Revenue Accounts Receivable	1,363,371	
Non-Budget Revenue	54,423	
Grant Receivables	9,766	
Due from State of NJ (Ch. 20, P.L. 1972)	7,000	
Prepaid Taxes	181,153	
Tax Overpayments	4,614	
Fees Payable	9,917	
Reserve for Grants - Unappropriated	16,567	
Received From Other Trust Fund	3,300	
Received From General Capital Fund	270,706	
Petty Cash	500	
		15,917,851
		18,434,536
Decreased by Disbursements:		
2013 Budget Appropriations	4,592,534	
2012 Budget Reserves	93,505	
County Taxes Payable	5,237,121	
Local District School Tax Payable	5,587,030	
Fees Payable	8,087	
Tax Overpayments	5,947	
Reserve for Grants- Appropriated	1,632	
Payments to Open Space Trust Fund	97,901	
Payments to Other Trust Fund	80,000	
Payments to General Capital Fund	121,706	
Petty Cash	500	
		15,825,963
Balance, December 31, 2013		\$ 2,608,573

**BOROUGH OF ALPINE
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2012	\$ <u>100</u>
Balance, December 31, 2013	\$ <u>100</u>

STATEMENT OF PETTY CASH FUNDS

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

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

Balance, December 31, 2012		\$ 3,003
Increased by:		
Veterans' Deductions per Tax Duplicate 2013	7,000	
Veterans' Deductions Allowed by Tax Collector	<u>250</u>	
		<u>7,250</u>
		10,253
Decreased by:		
Receipts from State of New Jersey		<u>7,000</u>
Balance, December 31, 2013		\$ <u>3,253</u>

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

<u>Year</u>	Balance, December 31, <u>2012</u>	2013 Levy	Senior Citizens' and Veterans' Deductions	Cash Collections	Senior Citizens' and Veterans' Deductions Allowed	Remitted, Abated or Cancelled	Balance, December 31, <u>2013</u>
			<u>Disallowed</u>	<u>2012</u> <u>2013</u>	<u>Allowed</u>		
2012	\$ 94,200			\$ 94,200			
2013	-	\$ 14,175,916	-	\$ 160,495	\$ 13,902,334	\$ 1,372	\$ 104,465
	\$ 94,200	\$ 14,175,916	-	\$ 160,495	\$ 13,996,534	\$ 1,372	\$ 104,465

Analysis of 2013 Property Tax Levy

TAX YIELD	
General Purpose Tax	\$ 14,096,661
Added and Omitted Taxes (54:4-63.10 et seq.)	<u>79,255</u>
	<u>\$ 14,175,916</u>
TAX LEVY	
Local District School Taxes	\$ 5,667,351
County Taxes	\$ 5,232,966
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>29,431</u>
Municipal Open Space Tax	97,353
Municipal Open Space Added Taxes	<u>548</u>
	97,901
Local Tax for Municipal Purposes	3,084,005
Add Additional Tax Levies	<u>64,262</u>
	<u>3,148,267</u>
	<u>\$ 14,175,916</u>

BOROUGH OF ALPINE
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	<u>Collected</u>	Balance, December 31, <u>2013</u>
Borough Clerk				
Fees and Permits		\$ 17,859	\$ 17,859	
Health Officer and Registrar				
Fees and Permits		16,954	16,954	
Police Department				
Fees and Permits		7,066	7,066	
Other Fees and Permits		26,643	26,643	
Municipal Court				
Fines and Costs	\$ 1,257	41,644	41,683	\$ 1,218
Interest and Cost on Taxes	3,956	31,547	32,681	2,822
Interest on Investments		404	404	
Cell Tower Rent		348,353	348,353	
Energy Receipts Tax		405,408	405,408	
Uniform Construction Code Fees		237,679	237,679	
Garden State Trust Fund		5,219		5,219
Uniform Fire Safety Act		1,185	1,185	
Cresskill Leaf Compost		50,000	50,000	
Rent - U.S. Post Office		90,100	90,100	
Payment in Lieu of Taxes - Boys Scouts		44,499	44,499	
FEMA Reimbursements	-	42,857	42,857	-
	<u>\$ 5,213</u>	<u>\$ 1,367,417</u>	<u>\$ 1,363,371</u>	<u>\$ 9,259</u>

EXHIBIT A-10

STATEMENT OF GRANT RECEIVABLES

	Balance, December 31, <u>2012</u>	Accrued in <u>2013</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2013</u>
Municipal Alliance Program	\$ 11,360	\$ 9,520	\$ 5,088	\$ 15,792
Drunk Driving Enforcement	-	4,678	4,678	-
	<u>\$ 11,360</u>	<u>\$ 14,198</u>	<u>\$ 9,766</u>	<u>\$ 15,792</u>

BOROUGH OF ALPINE
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Municipal Clerk	\$ 3,389	\$ 3,389			\$ 3,389
Financial Administration	5,111	5,111			5,111
Revenue Administration	14,263	14,263			14,263
Tax Assessment Administration	839	839			839
Planning Board	744	744			744
Zoning Board Adjustment	1,931	1,931			1,931
Police	2,598	2,598	\$ 2,135		463
Fire Prevention/Uniform Fire Code	5,213	5,213			5,213
Municipal Prosecutor	94	94			94
Road Repairs and Maintenance	65,309	65,309	4,680	\$ 60,000	629
Solid Waste Collection	2,363	2,363			2,363
Board of Health	15,642	15,642			15,642
Public Assistance Liaison	351	351			351
Municipal Court	5,635	5,635			5,635
Public Defender	183	183			183
Building Inspector	10,861	10,861			10,861
Electrical Inspector	801	801			801
Plumbing Inspector	600	600			600
Zoning Official	1,925	1,925	-	-	1,925
Total Salaries & Wages	<u>137,852</u>	<u>137,852</u>	<u>6,815</u>	<u>60,000</u>	<u>71,037</u>
Other Expenses					
Municipal Clerk	5,213	7,020	3,998		3,022
Financial Administration	370	636	403		233
Audit Services	-	520	520		-
Revenue Administration	2,706	2,866	159		2,707
Tax Assessment Administration	1,287	1,507	220		1,287
Legal Services & Costs	132,475	134,078	3,492		130,586
Engineering Services & Costs	9,343	9,343	675		8,668
Planning Board	8,630	8,630	200		8,430
Zoning Board of Adjustment	10,806	10,806	400		10,406
Uniform Construction Code	-	5,043			5,043
Liability Insurance	4,028	4,248	220		4,028
Employee Group Insurance	21,148	21,148			21,148
Employee Group Health Waivers	6,175	6,175			6,175
Fire - Other Expenses	13,993	14,444	8,890		5,554
Fire Hydrant Services	5,524	6,148	6,148		-
Police	5,089	6,280	1,626		4,654
Police Acquisition of Vehicles	9,974	9,974			9,974
Police Dispatch/911	228	228			228
Emergency Management Services	239	239			239
First Aid Organization - Contribution	5,000	5,000	5,000		-
Solid Waste Collection	1,398	1,398	1,398		-

BOROUGH OF ALPINE
STATEMENT OF 2012 APPROPRIATION RESERVES

	Balance, December 31, <u>2012</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Road Repairs and Maintenance	\$ 1,089	\$ 4,944	\$ 4,944		-
Public Buildings & Grounds	6,109	6,799	924		\$ 5,875
Board of Health	727	784	57		727
Board of Health Contractual	480	480			480
Environmental Commission	910	910			910
Occupational Health	288	288			288
Parks & Playgrounds	492	897	405		492
Cresskill Library Fees	600	600			600
Building Inspector	5,043				-
Street Lighting	4,806	4,806	100		4,706
Natural Gas	7,091	7,581	907		6,674
Water	1,461	1,461	881		580
Electric	14,130	14,167	3,022		11,145
Telephone/Communication	6,873	6,873	216		6,657
Gasoline	5,018	11,062	6,044		5,018
Contingent	7,500	20,000	12,500		7,500
Social Security System	7,581	7,581			7,581
Municipal Court	4,004	4,004			4,004
Fire - LOSAP	2,850	22,400	19,550		2,850
Municipal Alliance					
County Share	2,837	3,062	975	\$ 2,087	-
Local Share	1,634	1,634		1,634	-
Alcohol Rehab and Education Fund - Reserve	54	54		54	-
Police Donations-Equipment-Reserve	3,984	3,984	926	3,058	-
Recycling Tonnage Grant - Reserve	2,969	2,969	1,890	1,079	-
	<u>332,156</u>	<u>383,071</u>	<u>86,690</u>	<u>7,912</u>	<u>288,469</u>
Total	<u>\$ 470,008</u>	<u>\$ 520,923</u>	<u>\$ 93,505</u>	<u>\$ 67,912</u>	<u>\$ 359,506</u>
		\$ 470,008			
Appropriation Reserves		<u>50,915</u>			
Encumbrances Payable		<u>\$ 520,923</u>			
			<u>\$ 93,505</u>		
Cash Disbursements					
				\$ 60,000	
Due to Other Trust Fund - Terminal Leave				<u>7,912</u>	
Transfer to Appropriated Grant Reserves				<u>\$ 67,912</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2012		\$ 50,915
Increased by:		
Charges to 2013 Appropriations		25,818
		76,733
Decreased by		
Restored to 2012 Appropriation Reserves		50,915
Balance, December 31, 2013		\$ 25,818

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2012</u>	Fees Collected	Payments	Balance, December 31, <u>2013</u>
Due State of New Jersey				
Marriage License Fees	\$ 75	\$ 196	\$ 200	\$ 71
State Training Fees	1,755	9,721	7,887	3,589
	\$ 1,830	\$ 9,917	\$ 8,087	\$ 3,660

**BOROUGH OF ALPINE
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2012		\$ 160,495
Increased by:		
Collection of 2014 Taxes		<u>181,153</u>
		341,648
Decreased by:		
Transferred to 2013 Taxes Receivable		<u>160,495</u>
Balance, December 31, 2013		<u>\$ 181,153</u>

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2012		\$ 1,333
Increased by:		
Tax Overpayments Received		<u>4,614</u>
		5,947
Decreased by:		
Overpayments Refunded		<u>\$ 5,947</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2012		\$ 2,208
Increased by:		
2013 Levy	\$ 5,232,966	
2013 Added and Omitted Taxes	<u>29,431</u>	
		<u>5,262,397</u>
		5,264,605
Decreased by:		
Payments		<u>5,237,121</u>
Balance, December 31, 2013		<u>\$ 27,484</u>

BOROUGH OF ALPINE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2012		
School Tax Payable	\$ 527,956	
School Tax Deferred	<u>2,339,982</u>	
		\$ 2,867,938
Increased by:		
Levy - School Year July 1, 2013 to June 30, 2014		<u>5,667,351</u>
		8,535,289
Decreased by:		
Payments		<u>5,587,030</u>
Balance, December 31, 2013		
School Tax Payable December 31, 2013	608,277	
School Tax Deferred	<u>2,339,982</u>	
		<u>\$ 2,948,259</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2013		\$ 608,277
Add: Payments		<u>5,587,030</u>
		6,195,307
Less: School Tax Payable at December 31, 2012		<u>527,956</u>
		<u>\$ 5,667,351</u>

EXHIBIT A-18

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:		
2013 Levy	\$ 97,353	
2013 Added and Omitted Taxes	<u>548</u>	
		\$ 97,901
Decreased by:		
Cash Disbursements		<u>\$ 97,901</u>

**BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, December 31, 2012	\$ 73,331
Decreased by:	
Realized as 2013 Budget Revenue	<u>50,000</u>
Balance, December, 31, 2013	<u>\$ 23,331</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2012</u>	Balance, December 31, <u>2013</u>
Master Plan	\$ 2,044	\$ 2,044
Revaluation	<u>15,918</u>	<u>15,918</u>
	<u>\$ 17,962</u>	<u>\$ 17,962</u>

BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2012</u>	Transferred from 2012 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2013</u>
Alcohol Education Rehab. Fund	\$ 951	\$ 54		\$ 1,005
Clean Communities	2,437			2,437
Recycling Tonnage Grant	8,405	1,079		9,484
NJ DEP Stormwater Grant	1,128			1,128
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	25,378	3,058	\$ 1,632	26,804
DARE Municipal Alliance				
County Share	2,861	2,087		4,948
Local Share	2,037	1,634		3,671
Body Armor	2,497	-	-	2,497
	<u>\$ 47,387</u>	<u>\$ 7,912</u>	<u>\$ 1,632</u>	<u>\$ 53,667</u>

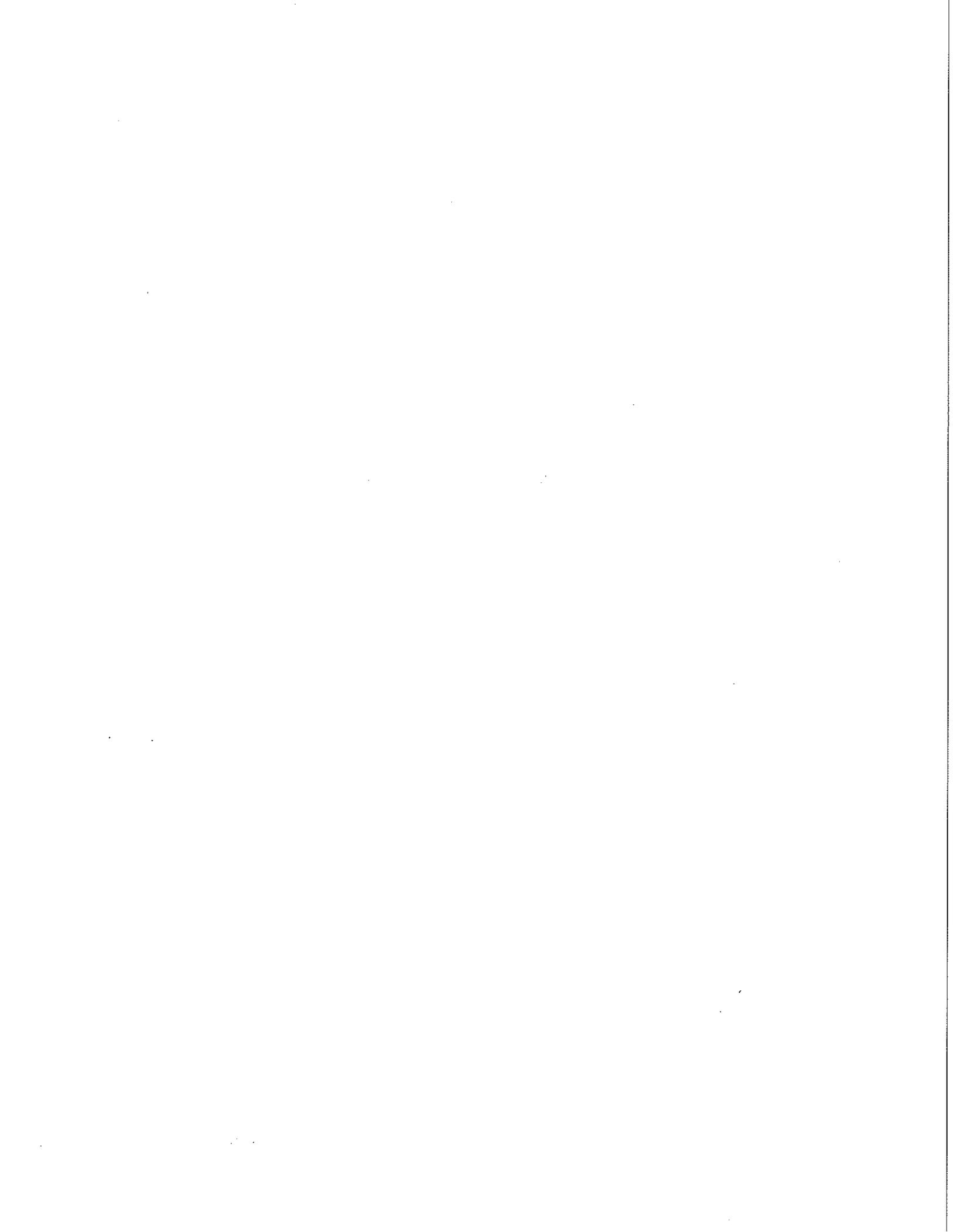
EXHIBIT A-22

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2012</u>	Cash <u>Receipts</u>	Anticipated in 2013 <u>Budget</u>	Balance, December 31, <u>2013</u>
Body Armor Grant	\$ 1,551	\$ 1,984	\$ 1,551	\$ 1,984
Recycling Tonnage Grant	5,918	5,858	5,918	5,858
Alcohol Education Rehabilitation Fund	108	53	108	53
Police Donations	3,550	3,000	3,550	3,000
Clean Communities	4,831	5,672	4,831	5,672
	<u>\$ 15,958</u>	<u>\$ 16,567</u>	<u>\$ 15,958</u>	<u>\$ 16,567</u>

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TRUST FUNDS



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

	<u>Animal Control</u>	<u>Unemployment Insurance</u>	<u>Other Trust</u>	<u>Open Space</u>	<u>Recreation Trust</u>
Balance, December 31, 2012	\$ 285	\$ 34,851	\$ 3,708,493	\$ 196,454	\$ 52,479
Increased by Receipts:					
Payments From Current Fund		\$ 80,000		\$ 97,901	
Interest on Deposits		3,192		33	
Miscellaneous Reserves and Deposits		1,166,446			
Payroll Deductions Payable		3,196,160			
Unemployment Employee Contributions		\$ 2,577			
Due to State of NJ - Registration Fees	389				
Animal License Fees	3,504				
Budget Appropriation	1,000				
Recreation Fees	-				
	<u>4,893</u>	<u>2,577</u>	<u>4,445,798</u>	<u>97,934</u>	<u>42,420</u>
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits	5,178	37,428	8,154,291	294,388	94,899
Payroll Deductions Payable			602,498		
Payments to Current Fund			3,204,496		
Payments to General Capital Fund			3,300		
Dog License Fees Paid to State of NJ	393				
Reserve for Animal Expenditures	2,581	90			
Reserve for Unemployment Insurance Benefits					
Recreation Expenditures					52,446
	<u>2,974</u>	<u>90</u>	<u>3,810,294</u>	<u>-</u>	<u>52,446</u>
Balance, December 31, 2013	\$ 2,204	\$ 37,338	\$ 4,343,997	\$ 294,388	\$ 42,453

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

Balance, December 31, 2012		\$	281
Increased by:			
Dog License Fees	\$ 2,320		
Cat License Fees	614		
Miscellaneous and Late Fees	<u>570</u>		
		\$ 3,504	
Budget Appropriation		<u>1,000</u>	
			<u>4,504</u>
			4,785
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash Disbursements			<u>2,581</u>
Balance, December 31, 2013		\$	<u>2,204</u>

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

Balance, December 31, 2012		\$	4
Increased by:			
State Fees Collected			<u>389</u>
			393
Decreased by:			
Payments to the State		\$	<u>393</u>

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

Balance, December 31, 2012	\$	34,851
Increased by:		
Employee Contributions		<u>2,577</u>
		37,428
Decrease by:		
Unemployment Claims Due to State		<u>90</u>
Balance, December 31, 2013	\$	<u>37,338</u>

EXHIBIT B-7

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

Increased by:		
Unemployment Claims Charged to Reserve	\$	90
Decreased by:		
Cash Disbursements	\$	<u>90</u>

EXHIBIT B-8

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

Increased by:		
Cash Received from Current Fund	\$	97,901
Current Fund Anticipated Revenue		<u>100,000</u>
	\$	197,901
Decreased by:		
Open Space Tax Levy	\$	97,353
Added Open Space Tax Levy		<u>548</u>
		<u>97,901</u>
Balance, December 31, 2013	\$	<u>100,000</u>

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

Balance, December 31, 2012		\$ 196,454
Increased by:		
Due from Current Fund:		
Open Space Tax Levy	\$ 97,353	
Added Open Space Tax Levy	<u>548</u>	
		\$ 97,901
Interest on Deposit		<u>33</u>
		<u>97,934</u>
		294,388
Decreased by:		
Current Fund Anticipated Revenue		<u>100,000</u>
Balance, December 31, 2013		<u>\$ 194,388</u>

EXHIBIT B-10

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Swim and Racquet Club	\$ 41,707	\$ 38,170	\$ 48,196	\$ 31,681
Biddy Basketball	6,822			6,822
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 52,479</u>	<u>\$ 42,420</u>	<u>\$ 52,446</u>	<u>\$ 42,453</u>
Cash Receipts		\$ 42,420		
Cash Disbursed		<u>-</u>	<u>\$ 52,446</u>	
		<u>\$ 42,420</u>	<u>\$ 52,446</u>	

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

Balance, December 31, 2012		\$ 58,161
Due from Current Fund - Terminal Leave	\$ 60,000	
Due to Current Fund - Developer's Escrow	<u>(1,839)</u>	
		\$ 58,161
Increased by:		
Transfer from 2012 Appropriation Reserves - Terminal Leave	60,000	
Payments to Current Fund	<u>3,300</u>	
		<u>63,300</u>
		121,461
Decreased by:		
Cash Receipts from Current Fund	80,000	
Interest on Investment	<u>1,618</u>	
		<u>81,618</u>
Balance, December 31, 2013		<u>\$ 39,843</u>

Analysis of Balance

Due from Current - Terminal Leave		\$ 40,000
Due to Current - Developer's Escrow		<u>(157)</u>
		<u>\$ 39,843</u>

EXHIBIT B-12

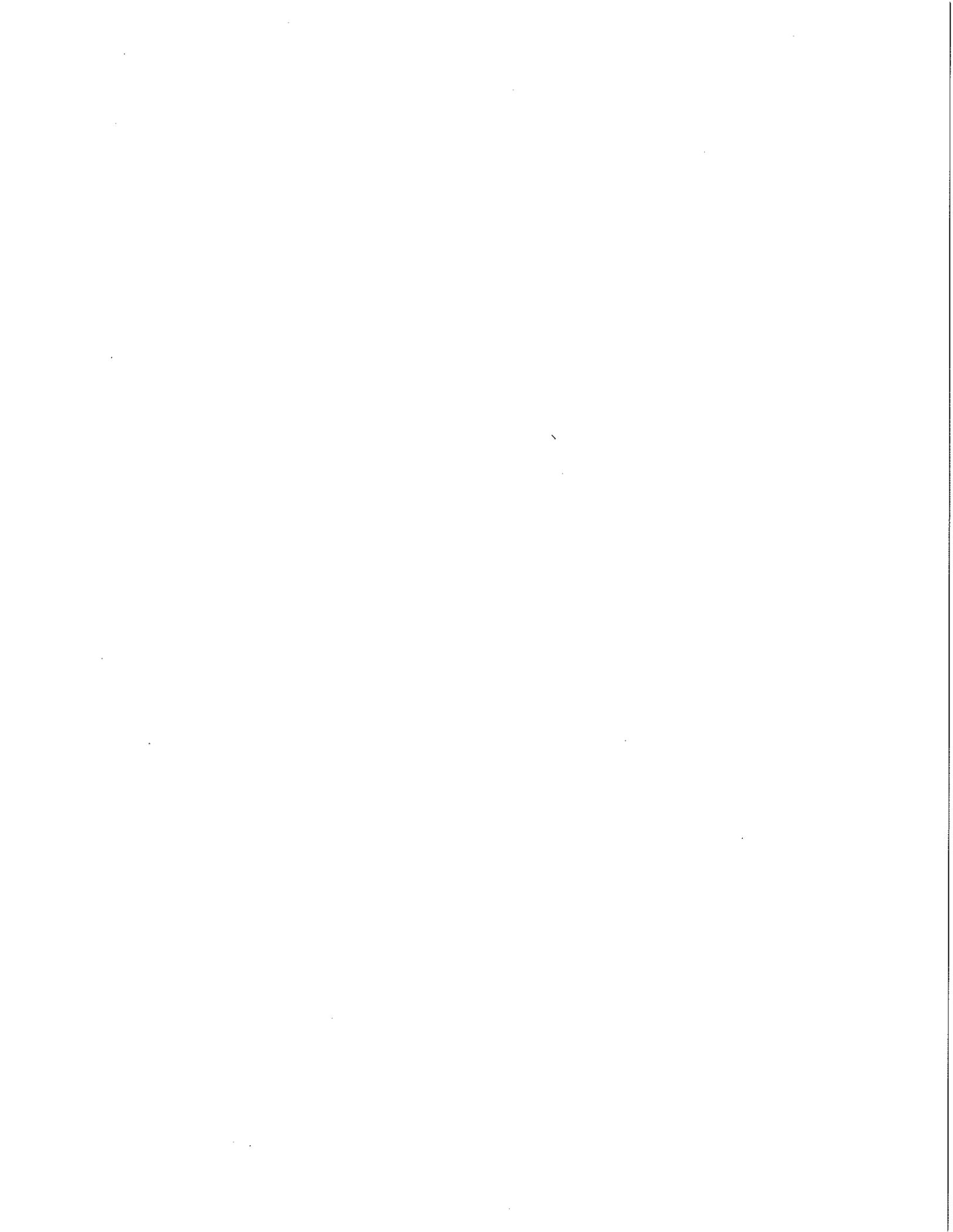
**STATEMENT OF PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2012		\$ 25,873
Increased by:		
Cash Receipts		<u>3,196,160</u>
		3,222,033
Decreased by:		
Cash Disbursements		<u>3,204,496</u>
Balance, December 31, 2013		<u>\$ 17,537</u>

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

	Balance, December 31, <u>2012</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2013</u>
Escrow Deposits	\$ 1,334,133	\$ 721,008	\$ 278,835	\$ 1,776,306
Affordable Housing Developer Fees	1,470,964	182,524	81,248	1,572,240
Cell Tower Deposits	238,646			238,646
POAA Fees	607	38		645
Fire Inspection Penalty Fees	1,912			1,912
Tax Sale Premium Deposits	57,000	85,000	46,000	96,000
COAH/Balanced Housing Note Reserve	425,598	56,819	2,080	480,337
COAH Security Deposits		6,136		6,136
Terminal Leave Reserve	209,241	60,000	98,172	171,069
Police Outside Duty Fees	2,680	116,495	96,163	23,012
	<u>\$ 3,740,781</u>	<u>\$ 1,228,020</u>	<u>\$ 602,498</u>	<u>\$ 4,366,303</u>
Cash Receipts		\$ 1,166,446		
Interest on Deposits		1,574		
Due from Current Fund		60,000		
Cash Disbursed		<u>-</u>	<u>\$ 602,498</u>	
		<u>\$ 1,228,020</u>	<u>\$ 602,498</u>	

GENERAL CAPITAL



BOROUGH OF ALPINE
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS

Balance, December 31, 2012		\$ 1,891,191
Increased by Receipts:		
Interest on Investments and Deposits	\$ 100,785	
Bond Anticipation Notes	513,952	
Grant Receipts	7,029	
Receipts from Current Fund	<u>121,706</u>	
		<u>743,472</u>
		2,634,663
Decreased by Disbursements:		
Payment to Current Fund	270,706	
Improvement Authorizations	69,629	
Bond Anticipation Notes	<u>1,417,606</u>	
		<u>1,757,941</u>
Balance, December 31, 2013		<u>\$ 876,722</u>

BOROUGH OF ALPINE
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, <u>2013</u>
Fund Balance	\$ 116,173
Capital Improvement Fund	137,129
Reserve for Debt Service- Loans	19,964
Due to Current Fund	438
Grants Receivable	(728,403)
Excess Note Proceeds	8,516
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
671/695 Acquisition of Real Property	(1,000)
676 2007 Various Capital Improvements	99,950
683 2009 Various Capital Improvements	24,216
685/708 Acquisition and Installation of Photovoltaic Power System	12,860
699 Various 2009 Capital Improvements	24,028
712 Various Capital Improvements	16,921
723 2011 Road Program	4,468
724 Various 2011 Capital Improvements	42,095
726 Acquisition of Computer Server	1,797
729 2012 Capital Improvements	11,651
730 2012 Road Program	546,621
735 Acquisition of Fire Engine and Computer Equipment	539,298
	<u>\$ 876,722</u>

**BOROUGH OF ALPINE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2012</u>	Grant <u>Awards</u>	Grant <u>Receipts</u>	Balance, December 31, <u>2013</u>	<u>Balance Pledged To</u> Improvement <u>Authorizations</u>	<u>Reserve</u>
N.J. Dept. of Transportation						
Ord. 723 - Anderson Ave. Phase 4	\$ 4,630			\$ 4,630		\$ 4,630
Ord. 730 - 2012 Road Program	300,000			300,000	\$ 300,000	
County of Bergen Open Space Trust Fund						
Ord. 676 - 2007 Various Capital Improvements	18,403			18,403	18,403	
Ord. 712 - Various Capital Improvements		\$ 7,029	\$ 7,029			
County of Bergen						
Ord. 730 - 2012 Road Program	<u>410,000</u>	<u>-</u>	<u>-</u>	<u>410,000</u>	<u>410,000</u>	<u>-</u>
	<u>\$ 733,033</u>	<u>\$ 7,029</u>	<u>\$ 7,029</u>	<u>\$ 733,033</u>	<u>\$ 728,403</u>	<u>\$ 4,630</u>
Reserve for Grants Receivable		\$ 7,029				
Deferred Charges - Unfunded		<u>-</u>	<u>\$ 7,029</u>			
		<u>\$ 7,029</u>	<u>\$ 7,029</u>			

EXHIBIT C-5

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2012	\$ 1,659,366
Decreased by:	
2013 Budget Appropriation:	
Serial Bonds	\$ 250,000
Green Trust Loan	138,012
BCIA Loan	<u>3,384</u>
	<u>391,396</u>
Balance, December 31, 2013	<u>\$ 1,267,970</u>

**BOROUGH OF ALPINE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2012		2013 Authorizations		Balance, December 31, 2013		
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Funded	Unfunded	
676	2007 Various Capital Improvements	3/28/2007	\$ 272,500	\$ 99,950				\$ 99,950	\$ 24,216	
683	2009 Capital Improvements	5/28/2009	130,200		\$ 24,440			\$ 224		
685/708	Acquisition and Installation of Photovoltaic Power System	6/25/2008	68,555	12,860				12,860	24,028	
699	Various 2009 Capital Improvements	5/27/2009	229,500		24,028				16,921	
712	Various Capital Improvements	5/26/2010	135,386		19,686			2,765		
723	2011 Road Program	5/25/2011	213,675	4,468				4,468		
724	Various 2011 Capital Improvements	5/25/2011	286,325		42,095				42,095	
726	Acquisition of Computer Server	8/24/2011	10,000	1,797				1,797		
729	2012 Capital Improvements	4/25/2012	182,500		55,523			43,872	11,651	
730	2012 Road Program	4/25/2012	1,039,500	254,210	313,025			20,614	313,025	
735	Acquisition of Fire Engine and Computer Equipment	4/24/2013	541,500	-	-	\$ 27,500	\$ 514,000	2,154	514,000	
				<u>\$ 373,285</u>	<u>\$ 478,797</u>	<u>\$ 27,500</u>	<u>\$ 514,000</u>	<u>\$ 69,629</u>	<u>\$ 378,017</u>	<u>\$ 945,936</u>
								Cash Disbursed		<u>\$ 69,629</u>

**BOROUGH OF ALPINE
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, December 31, 2012	\$ 164,629
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>27,500</u>
Balance, December 31, 2013	<u>\$ 137,129</u>

STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2012	\$ 437
Increased by:	
Anticipated in 2013 Current Fund Budget-	
Reserve for Payment of Loan	\$ 48,216
Interest Earnings on Treasury Strips	100,785
Cash Received from Current Fund	<u>121,706</u>
	<u>270,707</u>
	271,144
Decreased by:	
Payments to Current Fund	<u>270,706</u>
Balance, December 31, 2013	<u>\$ 438</u>

STATEMENT OF RESERVE FOR DEBT SERVICE- LOANS

Balance, December 31, 2012	\$ 68,180
Decreased by:	
Anticipated in 2013 Current Fund Budget	<u>48,216</u>
Balance, December 31, 2013	<u>\$ 19,964</u>

**BOROUGH OF ALPINE
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decreased</u>	<u>Balance, December 31, 2013</u>
			<u>Date</u>	<u>Amount</u>				
General Improvement of 2008	5/1/2008	\$ 1,635,000	5/15/2014	\$ 260,000	3.10%			
			5/15/2015	270,000	3.25%	\$ 1,060,000	\$ 250,000	\$ 810,000
			5/15/2016	280,000	3.25%			
						<u>\$ 1,060,000</u>	<u>\$ 250,000</u>	<u>\$ 810,000</u>
							<u>\$ 250,000</u>	
								<u>\$ 810,000</u>

Paid by Budget Appropriation \$ 250,000

STATEMENT OF GREEN ACRES LOAN PAYABLE

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Loan Repayment</u>	<u>Balance, December 31, 2013</u>	
								529
								<u>\$ 138,012</u>
								<u>\$ 430,903</u>

Paid by Budget Appropriation \$ 138,012

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

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2012</u>	<u>Decrease: Loan Repayment</u>	<u>Balance, December 31, 2013</u>
685	Solar Financing Program	12/4/2008	\$ 47,368	1.05%	\$ 30,451	\$ 3,384	\$ 27,067
					<u>\$ 30,451</u>	<u>\$ 3,384</u>	<u>\$ 27,067</u>
						<u>\$ 3,384</u>	

Paid by Budget Appropriation

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2012</u>	<u>2013 Authorizations</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2013</u>
671/695	Acquisition of Real Property	\$ 1,000			\$ 1,000
735	Acquisition of Fire Engine and Computer Equipment	-	\$ 514,000	\$ 513,952	48
			<u>\$ 514,000</u>	<u>\$ 513,952</u>	<u>\$ 1,048</u>

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BOROUGH OF ALPINE
PART II
GOVERNMENTAL AUDITING STANDARDS





LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
LORJ T. MANUKIAN, CPA, PSA
MARK SACO, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Alpine as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 4, 2014. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

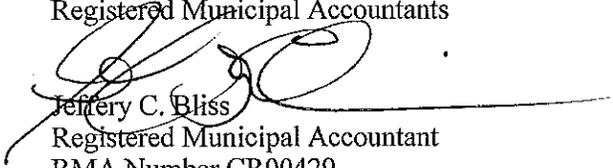
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Alpine's internal control or on compliance. This report is an integral part of an audit performed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

LERCH, VINCI & HIGGINS, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants


Jeffery C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey
June 4, 2014

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Funding Department	Grant Number	CFDA Number	Grant Year	Grant Award	2013 Grant Receipts	Balance, January 1, 2013	Revenue Realized	Expended	Balance, December 31, 2013	Memo Cumulative Total Expenditures
U. S. Department of Homeland Security (Passed Through the State Department of Law and Public Safety) Disaster Grants - Public Assistance FEMA- Hurricane Sandy	66-1200-100-A77	97.036	2013	\$ 42,857	\$ 42,857		\$ 42,857	\$ 42,857		\$ 42,857
U. S. Department of Transportation Hyway Planning and Construction (Passed through State Department of Transportation) Anderson Ave Phase 4 (Ord #723) 2012 Road Program (Ord. #730)	78-6320-480-AKV	20.205	2011	208,567	203,937	\$ 4,630		\$ 4,630		
	78-6320-480-xxx		2012	300,000		222,036		20,614	201,422	98,578
						<u>\$ 226,666</u>	<u>\$ 42,857</u>	<u>\$ 63,471</u>	<u>\$ 206,052</u>	

Note: This schedule was not subject to Single Audit as defined by OMB Circular A-133.

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

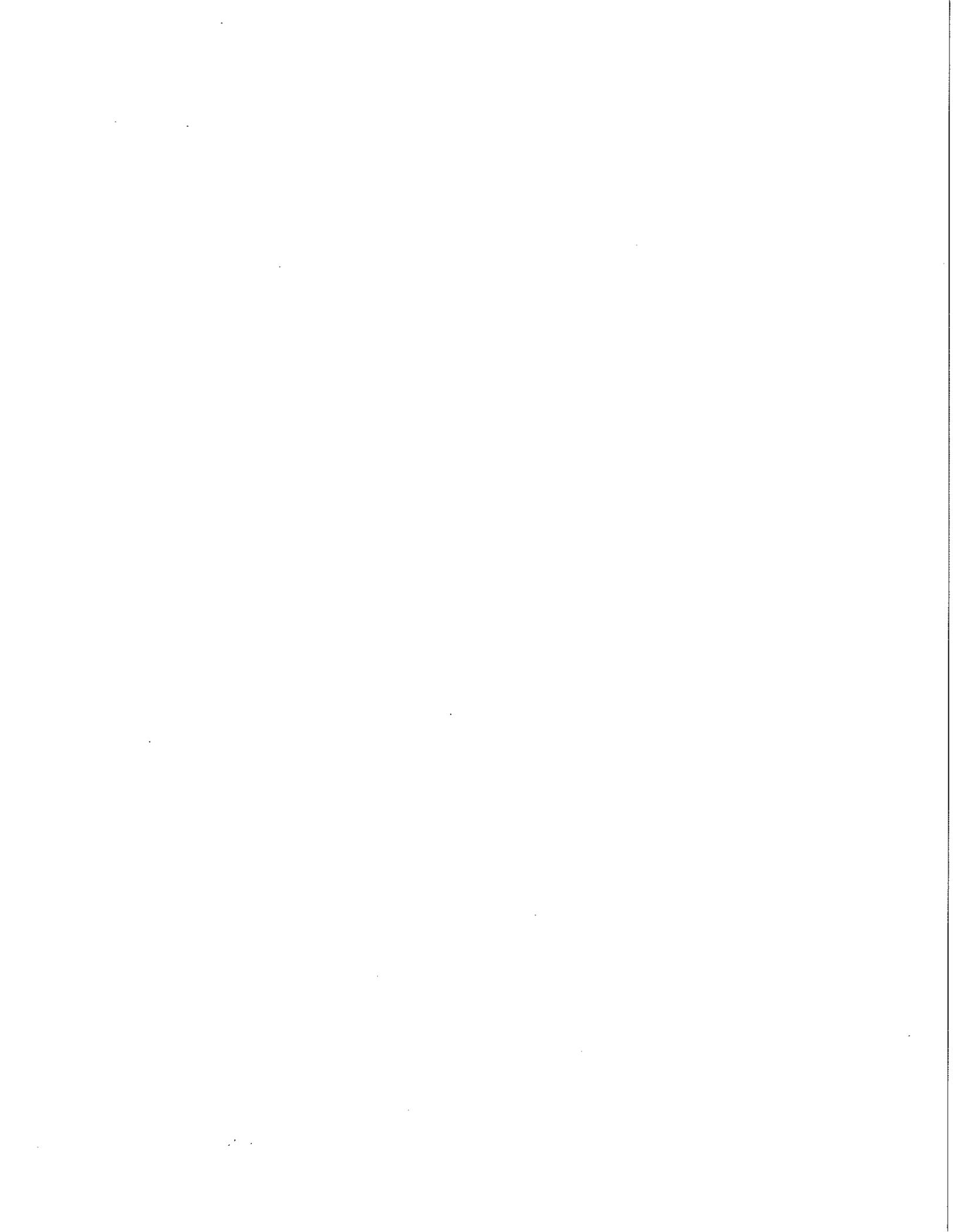
**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2013**

State Grant Program	Grant Number	Grant Year	Grant Award	2013 Grant Receipts	Balance, January 1, 2013	Revenue Realized	Expended	Adjustment	Balance, December 31, 2013	Memo Cumulative Expenditures
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004 2005 2007	\$ 1,591 1,574 1,239	\$ 1,591 84 18	\$ 1,591 84 18	\$ 4,831	\$ 4,753		\$ 1,591 84 18	\$ 1,490 1,221
Department of Environmental Protection Clean Communities Program	4900-765-004	2006 2007 2012 2013	4,990 4,000 4,831	5,672	1,589 848	\$ 4,831	\$ 4,753		1,589 848 78	3,401 3,152 4,753
Recycling Tonnage	4900-752-001	2007 2008 2009 2010 2011 2012 2013	1,433 2,668 5,243 4,523 3,991 5,918	5,858	1,433 983 5,083 906 2,969 5,918	5,918	1,890		1,433 983 5,083 906 1,079 5,918	1,685 160 3,617 2,912
NJ DEP Municipal Stormwater Program	N/A	2007	1,705		1,128				1,128	577
Judiciary Alcohol Education and Rehabilitation Fund	9735-760-001	2008 2009 2010 2011 2012 2013	375 325 251 54 108		375 325 251 54 108				375 325 251 54 108	
Drunk Driving Enforcement Fund	1110-448031020-22	2013	4,678	4,678	4,678	4,678	2,339		2,339	2,339
Municipal Alliance Program	N/A	2010 2011 2012 2013	10,000 10,000 10,000 9,520	5,088	2,001 860 2,837		978 5,494	228	2,001 860 2,087 4,026	7,999 9,140 7,913 5,494
Body Armor Grant	1020-718-001	2008 2009 2012 2013	3,394 1,273 1,551	1,984	2,149 348	1,551	1,042		2,149 348 509	1,245 925 1,042
					<u>\$ 25,832</u>	<u>\$ 26,606</u>	<u>\$ 16,496</u>	<u>\$ 228</u>	<u>\$ 36,170</u>	

Note: This schedule was not subject to Single Audit as defined by OMB Circular 04-04.

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

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



**BOROUGH OF ALPINE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 42,857	\$ 26,606	\$ 69,463
	<u>\$ 42,857</u>	<u>\$ 26,606</u>	<u>\$ 69,463</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

**BOROUGH OF ALPINE
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2013**

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2013, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Federal CFDA Number/ State Account Number</u>	<u>State</u>
Green Acres Loan Program	0255-92-083	<u>\$430,903</u>

**BOROUGH OF ALPINE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Part I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

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

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

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

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

**BOROUGH OF ALPINE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013**

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, 2013**

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

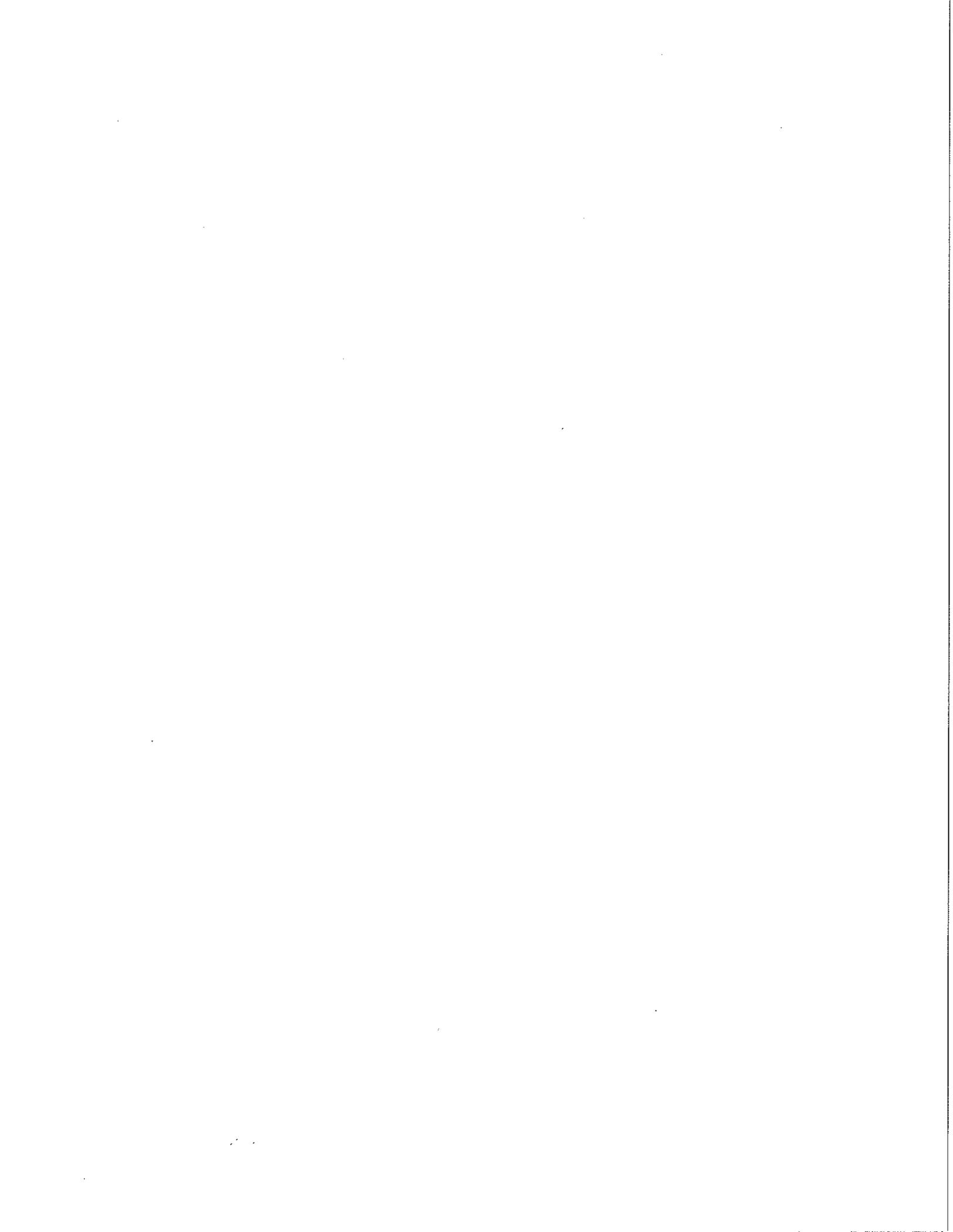
There were none.

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BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY

PART III

SUPPLEMENTARY DATA
LETTER OF COMMENTS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2013



**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

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

	<u>Year 2013</u>		<u>Year 2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,000,000	5.79 %	\$ 900,000	5.43 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,748,569	10.12	1,641,971	9.90
Collection of Delinquent Taxes and Tax Title Liens	94,200	0.55	134,197	0.81
Collection of Current Tax Levy	14,070,079	81.46	13,607,988	82.03
Other Credits to Income	359,506	2.08	303,923	1.83
	<u>17,272,354</u>	<u>100.00</u> %	<u>16,588,079</u>	<u>100.00</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	5,040,262	31.17 %	4,922,278	31.59 %
County Taxes	5,262,397	32.39	5,046,552	32.39
Local School Taxes	5,667,351	35.36	5,506,402	35.36
Municipal Open Space Tax	97,901	0.60	97,328	0.60
Other Expenditures	100,001	0.06	9,580	0.06
	<u>16,167,912</u>	<u>99.58</u> %	<u>15,582,140</u>	<u>100.00</u> %
Excess in Revenue	1,104,442		1,005,939	
Fund Balance, January 1	<u>1,103,604</u>		<u>997,665</u>	
	2,208,046		2,003,604	
Less Utilization as Anticipated Revenue	<u>1,000,000</u>		<u>900,000</u>	
Fund Balance, December 31	<u>\$ 1,208,046</u>		<u>\$ 1,103,604</u>	

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2011 through 2013 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>	2013	\$1,208,046	\$1,050,000
	2012	1,103,604	1,000,000
	2011	997,665	900,000
	2010	1,298,476	1,200,000
	2009	1,442,231	1,315,000

Comparative Schedule Of Tax Rate Information

	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Tax Rate</u>	<u>\$0.724</u>	<u>\$0.705</u>	<u>\$0.705</u>

Apportionment of Tax Rate

Municipal	.158	.156	.156
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.269	.260	.265
Local School	.292	.284	.279

Assessed Valuation

2013	<u>\$1,947,052,600</u>	
2012		<u>\$1,944,955,647</u>
2011		<u>\$1,932,808,159</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>
2013	\$	14,175,916	\$	14,070,079	99.25%
2012		13,723,208		13,607,988	99.16%
2011		13,646,405		13,470,114	98.70%

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>
2013	None	\$ 104,465	\$	104,465	0.74%
2012	None	94,200		94,200	0.69%
2011	None	134,197		134,197	0.98%

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate or Personal Surety</u>
Paul H. Tomasko	Mayor		
Vicki Frankel	Council President		
Michael Cacouris	Councilman		
Paul Garjian	Councilman		
Gayle Gerstein	Councilwoman		
John Halbreich	Councilman		
Joan Ornstein	Councilwoman		
Gail Warming-Tanno	Borough Clerk Assessment Search Officer Welfare Liaison Registrar		
Marilyn Hayward	Treasurer Tax Search Officer Tax Collector	\$1,000,000	
Rebecca Overgaard	Chief Financial Officer	1,000,000	A
Robert J. Cohan	Magistrate	1,000,000	A
Dawn Curatola	Court Administrator	1,000,000	A
Brian Frugis	Building Inspector		
Alden Blackwell	Construction Code Official		
Frank Rickenbaugh	Fire Sub-Code Official		
Christopher Belcolle	Police Chief		
Stuart Stolarz	Tax Assessor		
Alden Blackwell	Zoning Officer		

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

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

GENERAL COMMENTS

Prior Year Findings

Our audit of the Recreation Fund's Swim and Racquet Club accounting and reporting procedures and records revealed that the audit trail for transactions is insufficient and documentation is incomplete. It is recommended that continued efforts be made on the Recreation's internal control procedures over the Swim and Racquet Club's accounting and reporting system to ensure transactions are properly documented and records are complete.

Our review of the Borough's fixed assets revealed that the fixed asset report has not been updated to include all additions and deletions for the current or prior years. It is recommended that the fixed asset accounting records be updated to include all of the Borough's fixed asset activity.

Current Year Comments

Our audit revealed the Borough's Affordable Housing Reserve Account had administrative expenses reported that exceeded the maximum permitted under the plan. The Borough is currently reviewing this matter with the State Council on Affordable Housing, therefore no recommendation is deemed warranted at this time.

Our audit of salaries revealed that the Department of Public Works Supervisor signed and approved his own overtime timesheets. It is recommended that overtime timesheets be approved by a responsible Borough official other than the employee reporting the overtime hours.

Our audit revealed that there is only one authorized signature on checks issued by the Municipal Court. It is recommended that two (2) authorized signatures be required for all checks issued by the Municipal Court.

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 \$26,000 for 2013. The Borough has adopted a resolution increasing the threshold to \$36,000 and has appointed the Chief Financial Officer as the qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

2013 Closter Dock Road Drainage 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.

BOROUGH OF ALPINE
LETTER OF COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS (Continued)

Collection of Interest on Delinquent Taxes And Assessments

The New Jersey statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. The Governing Body on January 3, 2013 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 2013, shall be computed at the rate of eight (8%) percent per annum and,

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

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

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

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

Delinquent Taxes and Tax Title Liens

The date of the last tax sale was October 16, 2013.

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>
2013	None
2012	None
2011	None

Suggestions to Management

- A review be made of the police outside duty fee ordinance to determine if fees charged for labor was sufficient to cover labor costs incurred by the Borough.

APPRECIATION

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

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. Continued efforts be made on the Recreation's internal control procedures over the Swim and Racquet Club's accounting and reporting system to ensure transactions are properly documented and records are complete.
- * 2. The fixed asset accounting records be updated to include all of the Borough's fixed asset activity.
- 3. Overtime timesheets be approved by a responsible Borough official other than the employee reporting the overtime hours.
- 4. Two (2) authorized signatures be required for all checks issued by the Municipal Court

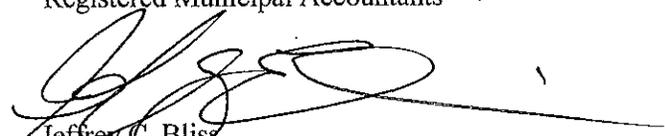
A review was performed on all prior year's recommendations and corrective action has been taken on all except the items denoted with an asterisk (*).

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
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