

BOROUGH OF ALPINE
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2011

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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, 2011

LERCH, VINCI & HIGGINS, LLP

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INDEPENDENT AUDITOR'S REPORT

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

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, 2011 and 2010 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, 2011. These financial statements are the responsibility of the Borough of Alpine's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the fourth paragraph, 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 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Alpine's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Borough has prepared these financial statements using accounting practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and the accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In addition, the financial statements of the Length of Service Awards Program (LOSAP) 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 Fund financial statements as part of our audit of the Borough's financial statements. The LOSAP Fund financial activities are included in the Borough's Trust Fund, and represent 4 percent and 5 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2011 and 2010.

In our opinion, because of the effects of the Borough preparing its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough of Alpine as of December 31, 2011 and 2010 for the years then ended. Further, the Borough has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

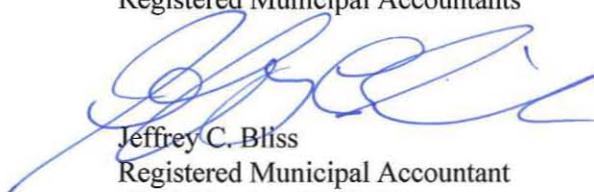
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Fund financial statements been audited, the financial statements - regulatory basis referred to previously present fairly, in all material respects, the financial position - regulatory basis of the various funds and account group of the Borough of Alpine as of December 31, 2011 and 2010 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 the expenditures - regulatory basis of the various funds for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 18, 2012 on our consideration of the Borough of Alpine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 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 and schedules of expenditures of federal awards and 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. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole on the basis of accounting described in Note 1.

LERCH, VINCI & HIGGINS, LLP

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


Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 18, 2012

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash	A-4	\$ 2,563,062	\$ 2,723,569
Cash - Change Funds	A-5	100	100
Grant Receivables	A-10	9,536	6,444
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>3,003</u>	<u>3,003</u>
		<u>2,575,701</u>	<u>2,733,116</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	134,197	210,568
Revenue Accounts Receivable	A-9	15,434	
Due from Other Trust Fund	B-11		147
Due from General Capital Fund	C-12	<u>-</u>	<u>35,692</u>
		<u>149,631</u>	<u>246,407</u>
Total Assets		<u>\$ 2,725,332</u>	<u>\$ 2,979,523</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3,A-11	\$ 416,945	\$ 310,131
Encumbrances Payable	A-12	84,597	65,588
Accounts Payable	A-13		1,504
Fees Payable	A-14	3,821	3,990
Prepaid Taxes	A-15	192,319	153,081
Tax Overpayments	A-16	2,063	9,465
Due to Other Trust Fund	B-11	94,794	35,000
Due to General Capital Fund	C-12	1,494	
Due to Open Space Preservation Trust Fund	B-8		2
County Taxes Payable	A-17	5,610	19,956
Local District School Tax Payable	A-18	475,648	422,692
Reserve for Tax Appeals	A-20	198,331	348,331
Miscellaneous Reserves	A-21	42,856	25,856
Reserve for Grants - Appropriated	A-22	44,138	24,000
Reserve for Grants - Unappropriated	A-23	<u>15,420</u>	<u>15,044</u>
		<u>1,578,036</u>	<u>1,434,640</u>
Reserve for Receivables and Other Assets	A	149,631	246,407
Fund Balance	A-1	<u>997,665</u>	<u>1,298,476</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,725,332</u>	<u>\$ 2,979,523</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, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 1,200,000	\$ 1,315,000
Miscellaneous Revenue Anticipated	A-2	1,545,447	1,308,072
Receipts from Delinquent Taxes	A-2	210,568	143,794
Receipts from Current Taxes	A-2	13,470,114	12,652,411
Non-Budget Revenue	A-2	56,980	88,863
Other Credits to Income			
Interfunds Returned	A	35,839	
Liquidated Pre-Paid School Tax Reserve	A-1		127,791
Unexpended Balances of Appropriation Reserves	A-11	<u>207,895</u>	<u>185,628</u>
Total Revenue		<u>16,726,843</u>	<u>15,821,559</u>
EXPENDITURES			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,524,843	2,415,346
Other Expenses	A-3	1,530,348	1,470,756
Capital Improvements	A-3		75,000
Debt Service	A-3	477,061	610,859
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	696,426	451,769
County Taxes	A-17	5,093,526	4,572,407
Due to County for Added and Omitted Taxes	A-17	7,444	21,789
Local District School Tax	A-18	5,401,479	4,895,568
Municipal Open Space Tax	A-19	96,527	96,210
Interfunds Advanced	A-1		35,571
Cancellation of Grants Receivable	A-1	<u>-</u>	<u>5,039</u>
Total Expenditures		<u>15,827,654</u>	<u>14,650,314</u>
Excess in Revenue		899,189	1,171,245
FUND BALANCE, JANUARY 1	A	<u>1,298,476</u>	<u>1,442,231</u>
		2,197,665	2,613,476
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>1,200,000</u>	<u>1,315,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 997,665</u>	<u>\$ 1,298,476</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, 2011

	<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	\$ 1,200,000	-	\$ 1,200,000	-
MISCELLANEOUS REVENUES					
Fees and Permits					
Other	A-2	40,000		43,547	\$ 3,547
Fines and Costs					
Municipal Court	A-9	36,000		29,854	(6,146)
Interest and Costs on Taxes	A-9	30,000		41,354	11,354
Interest on Investments	A-2	90,000		95,664	5,664
Cell Tower Rent	A-9	281,782		327,674	45,892
Energy Receipts Tax	A-9	405,408		405,408	-
Uniform Construction Code Fees	A-9	100,000		176,713	76,713
Garden State Trust Fund	A-9	5,219		5,219	-
Recycling Tonnage Grant - Unappropriated	A-23	4,523		4,523	-
Alcohol Education and Rehabilitation Fund-Unapprop.	A-23	251		251	-
Municipal Alliance on Alcoholism & Drug Abuse Grant	A-10	10,000		10,000	-
Clean Communities Program - Unappropriated	A-23	4,980		4,980	-
Body Armor Grant - Unappropriated	A-23	241		241	-
Police Donations-Equipment-Unappropriated	A-23	5,050		5,050	-
Uniform Fire Safety Act	A-9	2,075		2,305	230
Rent - U.S. Post Office	A-9	72,500		66,458	(6,042)
Payment in Lieu of Taxes - Boy Scouts of America	A-9	44,499		44,499	-
Reserve for Payment of Loan	C-12	56,012		56,012	-
Reserve for Tax Appeals	A-20	150,000		150,000	-
FEMA Reimbursements	A-9	62,085		25,695	(36,390)
Cresskill Leaf Compost	A-9	50,000	-	50,000	-
Total Miscellaneous Revenues	A-1	1,450,625	-	1,545,447	94,822
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	175,000	-	210,568	35,568
AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET					
Local Tax For Municipal Purposes	A-2	3,028,124	-	3,496,138	468,014
	A-3	<u>\$ 5,853,749</u>	<u>\$ -</u>	6,452,153	<u>\$ 598,404</u>
Non-Budget Revenue	A-1,A-2			56,980	
				<u>\$ 6,509,133</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, 2011**

	<u>Reference</u>	<u>Realized</u>
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 13,470,114
Less Allocated to School, County and Municipal Open Space Taxes	A-17,A-18 A-19	<u>10,598,976</u>
		2,871,138
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>625,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,496,138</u>
Fees and Permits - Other		
Borough Clerk	A-9	\$ 10,675
Other Fees and Permits	A-9	17,577
Health Officer and Registrar	A-9	7,157
Police Department	A-9	<u>8,138</u>
	A-2	<u>\$ 43,547</u>
Interest on Investments		
Revenue Accounts Receivable	A-9	\$ 242
Due from Other Trust Fund	B-11	2,433
Due from General Capital Fund	C-12	<u>92,989</u>
	A-2	<u>\$ 95,664</u>
Analysis of Non-Budget Revenue		
Sale of Assets		\$ 16,129
Cablevision Franchise Fee		5,453
Verizon		5,529
Insurance Reimbursements		3,954
Other		12,817
Miscellaneous		<u>13,098</u>
	A-2, A-4	<u>\$ 56,980</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, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
Municipal Clerk					
Salaries and Wages	\$ 125,000	\$ 125,000	\$ 120,224	\$ 4,776	
Other Expenses	21,100	21,100	19,252	1,848	
Financial Administration					
Salaries and Wages	81,000	81,000	75,898	5,102	
Other Expenses	13,479	19,457	18,018	1,439	
Audit Services					
Other Expenses	29,600	29,600	29,600		
Revenue Administration (Collection of Taxes)					
Salaries and Wages	23,000	23,000	8,441	14,559	
Other Expenses	13,000	13,000	8,938	4,062	
Tax Assessment Administration					
Salaries and Wages	18,000	18,000	17,315	685	
Other Expenses	2,125	2,125	2,064	61	
Legal Services and Costs					
Other Expenses	175,000	138,078	52,049	86,029	
Engineering Services and Costs					
Other Expenses	29,000	47,796	47,763	33	
MUNICIPAL LAND USE LAW (NJSA 40:55D-1)					
Planning Board					
Salaries and Wages	5,700	5,700	5,078	622	
Other Expenses	10,000	10,000	1,504	8,496	
Zoning Board of Adjustment					
Salaries and Wages	7,000	7,000	5,126	1,874	
Other Expenses	10,000	10,000	1,712	8,288	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	67,908	67,908	64,593	3,315	
Workers Compensation	68,834	68,834	68,834		
Employee Group Health	425,450	444,238	368,820	75,418	
Employee Group Health Waivers	18,788				
PUBLIC SAFETY					
Police					
Salaries and Wages	1,667,335	1,701,393	1,701,393		
Other Expenses	65,000	58,230	54,495	3,735	
Police Acquisition of Vehicles					
Other Expenses	49,450	35,949	35,949		
Police Dispatch/911					
Other Expenses	39,500	25,713	25,713		
Emergency Management Services					
Other Expenses	3,000	3,000	902	2,098	
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, 2011

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Cont'd)					
PUBLIC SAFETY (Continued)					
Fire					
Other Expenses	\$ 33,500	\$ 33,500	\$ 28,406	\$ 5,094	
Fire Hydrant Services	72,137	72,137	66,575	5,562	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	12,500	12,500	7,548	4,952	
Other Expenses	2,075	2,075	2,075		
Municipal Prosecutor					
Contractual	5,500	5,500	5,349	151	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	354,000	354,000	306,552	47,448	
Other Expenses	35,450	35,450	30,670	4,780	
Public Buildings and Grounds					
Other Expenses	47,920	47,920	43,821	4,099	
Solid Waste Collection					
Salaries and Wages	8,500	8,500	6,059	2,441	
Other Expenses	29,748	29,748	29,748		
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	34,500	34,500	19,159	15,341	
Other Expenses	2,600	2,600	1,046	1,554	
Other Expenses - Contractual	8,638	8,638	8,387	251	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	907	343	
Animal Control					
Other Expenses	1,300	1,300	1,300		
Public Assistance Liaison					
Salaries and Wages	750	750	381	369	
Occupational Safety and Health Act					
Other Expenses	2,888	2,888	2,639	249	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	2,000		
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	450	1,050	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	5,400	5,400	5,300	100	
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	24,000	24,000	17,250	6,750	
Other Expenses	6,000	6,000	1,238	4,762	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,000	2,000	1,722	278	

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, 2011

	<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	\$ 85,000	\$ 98,000	\$ 82,314	\$ 15,686	
Other Expenses	10,311	10,311	6,660	3,651	
Electrical Inspector					
Salaries and Wages	11,500	11,500	10,685	815	
Plumbing Inspector					
Salaries and Wages	12,500	12,500	11,999	501	
Zoning Official					
Salaries and Wages	13,000				
UTILITY EXPENSES AND BULK PURCHASES					
Electric	38,000	38,000	32,286	5,714	
Street Lighting	17,500	17,500	14,642	2,858	
Telephone	24,000	24,000	14,826	9,174	
Water	6,000	6,000	3,927	2,073	
Natural Gas	14,000	14,000	11,319	2,681	
Gasoline	55,000	55,000	54,132	868	-
Total Operations Within "CAPS"	3,954,236	3,942,088	3,570,053	372,035	-
Contingent	20,000	20,000	-	20,000	-
Total Operations Including Contingent - Within "CAPS"	3,974,236	3,962,088	3,570,053	392,035	-
Detail:					
Salaries and Wages	2,490,785	2,524,843	2,402,493	122,350	
Other Expenses	1,483,451	1,437,245	1,167,560	269,685	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Deferred Charges					
Overexpenditure of an Ordinance Appropriation	882	882	882		
Statutory Charges					
Social Security System	80,000	80,000	72,334	7,666	
Police and Fireman's Retirement System of NJ	403,741	403,741	403,741		
Public Employees Retirement System	64,506	64,506	64,506	-	-
Total Deferred Charges and Statutory	549,129	549,129	541,463	7,666	-
Expenditures - Municipal Within "CAPS"					
Total General Appropriations for Municipal	4,523,365	4,511,217	4,111,516	399,701	-
Purposes Within "CAPS"					

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, 2011

	<u>Appropriated</u>	<u>Expended</u>			
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Unexpended</u>
		<u>Modification</u>	<u>Charged</u>		<u>Balance</u>
					<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY					
Fire					
Other Expense-LOSAP	\$ 23,200	\$ 24,550	\$ 19,750	\$ 4,800	
INSURANCE					
Employee Group Health	<u>41,008</u>	<u>41,008</u>	<u>41,008</u>	<u>-</u>	<u>-</u>
Total Other Operations Excluded from "CAPS"	<u>64,208</u>	<u>65,558</u>	<u>60,758</u>	<u>4,800</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share	10,000	10,000	9,140	860	
Local Share	2,500	2,500	425	2,075	
Clean Communities Program	4,980	4,980	1,678	3,302	
Body Armor Grant Reserve	241	241	241		
Police Donations - Equipment - Reserve	5,050	5,050		5,050	
Alcohol Education and Rehab. Fund - Reserve	251	251		251	
Recycling Tonnage Grant - Reserve	<u>4,523</u>	<u>4,523</u>	<u>3,617</u>	<u>906</u>	<u>-</u>
Total Public and Private Programs Offset by Revenues	<u>27,545</u>	<u>27,545</u>	<u>15,101</u>	<u>12,444</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>91,753</u>	<u>93,103</u>	<u>75,859</u>	<u>17,244</u>	<u>-</u>
Detail:					
Other Expenses	<u>91,753</u>	<u>93,103</u>	<u>75,859</u>	<u>17,244</u>	<u>-</u>

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<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>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 250,000	\$ 250,000	\$ 250,000		
Payment of Principal Capital Notes	7,050	7,050	7,050		
Interest on Bonds	45,186	45,186	45,185		\$ 1
Interest on Notes	11,550	22,348	22,348		
Green Trust Loan Program					
Loan Repayments for Principal and Interest	148,773	148,773	148,704		69
BCIA Loan Repayments - Principal and Interest	<u>3,775</u>	<u>3,775</u>	<u>3,774</u>	<u>-</u>	<u>1</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>466,334</u>	<u>477,132</u>	<u>477,061</u>	<u>-</u>	<u>71</u>
DEFERRED CHARGES - EXCLUDED FROM "CAPS"					
Deferred Charges - Unfunded Ordinance #671/695	<u>147,297</u>	<u>147,297</u>	<u>147,297</u>	<u>-</u>	<u>-</u>
Total Deferred Charges Excluded from "CAPS"	<u>147,297</u>	<u>147,297</u>	<u>147,297</u>	<u>-</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>705,384</u>	<u>717,532</u>	<u>700,217</u>	<u>\$ 17,244</u>	<u>71</u>
Subtotal General Appropriations	5,228,749	5,228,749	4,811,733	416,945	71
Reserve for Uncollected Taxes	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 5,853,749</u>	<u>\$ 5,853,749</u>	<u>\$ 5,436,733</u>	<u>\$ 416,945</u>	<u>\$ 71</u>
	<u>Reference</u>	A-2	A-1	A, A-1	

BOROUGH OF ALPINE
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Reference</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-3	\$ 5,853,749	
Added by N.J.S.A. 40A:4-87	A-2	-	
		<u>\$ 5,853,749</u>	
Cash Disbursements	A-4		\$ 4,571,907
Encumbrances Payable	A-12		84,597
Due to General Capital Fund	C-12		155,229
Reserve for Uncollected Taxes	A-2		<u>625,000</u>
			<u>\$ 5,436,733</u>

BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2011 AND 2010

ASSETS	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ANIMAL CONTROL FUND			
Cash	B-3	\$ <u>638</u>	\$ <u>463</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-3	<u>27,412</u>	<u>23,815</u>
OPEN SPACE PRESERVATION TRUST FUND			
Cash	B-3	99,119	98,628
Due From Current Fund	B-8	<u>-</u>	<u>2</u>
		<u>99,119</u>	<u>98,630</u>
RECREATION TRUST FUND			
Cash	B-3	<u>67,011</u>	<u>110,661</u>
OTHER TRUST FUND			
Cash	B-3	4,054,487	3,317,103
Due from Current Fund	B-11	<u>94,794</u>	<u>35,000</u>
		<u>4,149,281</u>	<u>3,352,103</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Investments	B	176,634	174,408
Contributions Receivable	B	<u>19,550</u>	<u>20,700</u>
		<u>196,184</u>	<u>195,108</u>
Total Assets		<u>\$ 4,539,645</u>	<u>\$ 3,780,780</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, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL FUND			
Reserve for Animal Control Fund Expenditures	B-4	\$ 638	\$ 463
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-7	123	
Reserve for Unemployment Insurance Benefits	B-6	<u>27,289</u>	<u>23,815</u>
		<u>27,412</u>	<u>23,815</u>
OPEN SPACE PRESERVATION TRUST FUND			
Due to General Capital Fund	C-12		96,050
Reserve for Open Space Expenditures	B-9	<u>99,119</u>	<u>2,580</u>
		<u>99,119</u>	<u>98,630</u>
RECREATION TRUST FUND			
Reserve for Recreation Expenditures	B-10	<u>67,011</u>	<u>110,661</u>
OTHER TRUST FUND			
Due To Current Fund	B-11		147
Payroll Deductions Payable	B-12	34,219	36,578
Miscellaneous Reserves and Deposits	B-13	<u>4,115,062</u>	<u>3,315,378</u>
		<u>4,149,281</u>	<u>3,352,103</u>
LENGTH OF SERVICE AWARD PROGRAM TRUST FUND (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>196,184</u>	<u>195,108</u>
Total Liabilities and Reserves		<u>\$ 4,539,645</u>	<u>\$ 3,780,780</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, 2011**

	Budget (Memo)	<u>Realized</u>	Excess or <u>Deficit</u>
Amount to be Raised by Taxation	\$ 96,384	\$ 96,527	\$ <u>143</u>
Non-Budget Revenue:			
Interest on Investments		<u>12</u>	
		<u>\$ 96,539</u>	
<u>Reference</u>	B-2	B-9	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS
OPEN SPACE PRESERVATION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget (Memo)	Paid or <u>Charged</u>	<u>Expended</u> <u>Reserved</u>
Reserve for Future Use	\$ 96,384	\$ <u>-</u>	\$ <u>96,384</u>
<u>Reference</u>	B-1	B-9	

**BOROUGH OF ALPINE
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2011 AND 2010**

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Cash and Investments	C-2,C-3	\$ 446,365	\$ 353,491
Grants Receivable	C-4	369,236	160,669
Due from Current Fund	C-12	1,494	
Due from Open Space Trust Fund	C-9		96,050
Deferred Charges to Future Taxation			
Funded	C-5	2,048,374	2,433,393
Unfunded	C-6	1,734,225	1,413,072
Deferred Charges-Overexpenditure of Ordinance Appropriation	C-7	-	882
		<u> </u>	<u> </u>
Total Assets		<u>\$ 4,599,694</u>	<u>\$ 4,457,557</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-15	1,310,000	1,560,000
Green Trust Loan Payable	C-16	704,539	836,174
Bergen County Improvement Authority Loan Payable	C-17	33,835	37,219
Bond Anticipation Notes Payable	C-14	1,122,950	770,000
Contracts Payable	C-8	59,593	31,925
Improvement Authorizations			
Funded	C-10	355,637	362,065
Unfunded	C-10	488,872	419,764
Capital Improvement Fund	C-11	190,229	224,729
Due to Current Fund	C-12		35,692
Reserve for Debt Service- Loans	C-13	119,796	175,808
Reserve for Grants Receivable	C-4	208,567	
Fund Balance	C-1	5,676	4,181
		<u> </u>	<u> </u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,599,694</u>	<u>\$ 4,457,557</u>

There were bonds and notes authorized but not issued on December 31, 2011 and 2010 of \$611,551 and \$643,348, respectively. (Exhibit C-18)

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>Reference</u>	<u>2011</u>	<u>2010</u>
Balance, January 1	C	\$ 4,181	\$ 46,756
Increased by:			
Premium on Notes Issued	C-12	<u>1,495</u>	<u>4,181</u>
		5,676	50,937
Decreased by:			
Anticipated as Revenue in Current Fund Budget	C-1	<u>-</u>	<u>46,756</u>
Balance, December 31	C	<u>\$ 5,676</u>	<u>\$ 4,181</u>

BOROUGH OF ALPINE
COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -
REGULATORY BASIS
AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Land	\$ 6,107,500	\$ 6,107,500
Buildings and Building Improvements	1,748,795	1,719,045
Machinery and Equipment	<u>2,986,370</u>	<u>2,967,899</u>
	<u>\$ 10,842,665</u>	<u>\$ 10,794,444</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 10,842,665</u>	<u>\$ 10,794,444</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 is considered a component unit under GAAP. Complete financial statements of the above component unit can be obtained by contacting the Treasurer of the respective entity.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Open Space Preservation 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 Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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:

Property Tax Revenues - 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 - 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 - 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 per N.J.S.A. 40A:4 et seq.

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the Governing Body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2011 the Borough Council did not increase the original budget. During 2010 the Borough Council increased the original budget by \$10,000. The increase was funded by additional aid allotted to the Borough in 2010. In addition, the governing body approved several budget transfers during 2011 and 2010.

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.

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, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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.

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.

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.

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.

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

General Fixed Assets (Continued)

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 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 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, 2010 balances to conform to the December 31, 2011 presentation.

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.

C. Basic Financial Statements

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 financial statements listed in the table of contents which are required by the Division and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 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.

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 are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2011 and 2010, the book value of the Borough's deposits were \$7,138,804 and \$6,452,428 and bank and brokerage firm balances of the Borough's deposits amounted to \$7,208,628 and \$6,387,980, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2011</u>	<u>2010</u>
Insured	<u>\$ 7,208,628</u>	<u>\$ 6,387,980</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2011 and 2010, none of the Borough's bank balances were exposed to custodial credit risk.

Investments

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of December 31, 2011 and 2010, the Borough had the following investments:

	<u>Fair Value (LOSAP)</u>	<u>Book Value</u>
<u>2011</u>		
Investment:		
U.S. Government Securities - Treasury Strips		\$ 119,390
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	\$ 176,634	-
	<u>\$ 176,634</u>	<u>\$ 119,390</u>
<u>2010</u>		
Investment:		
U.S. Government Securities - Treasury Strips		\$ 175,402
Lincoln Financial Group LOSAP Investment Fund (Unaudited)	\$ 174,408	-
	<u>\$ 174,408</u>	<u>\$ 175,402</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2011 and 2010, \$296,024 and \$349,810 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>2011</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 176,634	\$ 119,390	\$ 296,024
<u>2010</u>			
Uninsured and Collateralized:			
Collateral held by pledging financial institution's trust department but not in the Borough's name	\$ 174,408	\$ 175,402	\$ 349,810

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.

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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, 2011 and 2010, the Borough’s investment in Lincoln Financial Group was rated Baa2 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-governmental security investments.

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

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

NOTE 3 TAXES RECEIVABLE

Receivables at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
<u>Current</u>		
Property Taxes	\$ <u>134,197</u>	\$ <u>210,568</u>

In 2011 and 2010, the Borough collected \$210,568 and \$143,794 from delinquent taxes, which represented 100% and 86% of the prior year delinquent taxes receivable balance.

NOTE 4 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

The Borough's debt is summarized as follows:

	<u>2011</u>	<u>2010</u>
Issued		
General		
Bonds, Notes and Loans	\$ 3,171,324	\$ 3,203,393
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>120,072</u>	<u>176,084</u>
Net Debt Issued	3,051,252	3,027,309
Authorized But Not Issued		
General		
Bonds and Notes	<u>611,551</u>	<u>643,348</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,662,803</u>	<u>\$ 3,670,657</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 .15% at December 31, 2011 and 2010, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2011</u>			
General Debt	<u>\$ 3,782,875</u>	<u>\$ 120,072</u>	<u>\$ 3,662,803</u>
<u>2010</u>			
General Debt	<u>\$ 3,846,741</u>	<u>\$ 176,084</u>	<u>\$ 3,670,657</u>

Statutory Borrowing Power

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

	<u>2011</u>	<u>2010</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 81,741,337	\$ 82,785,687
Net Debt	<u>3,662,803</u>	<u>3,670,657</u>
Remaining Borrowing Power	<u>\$ 78,078,534</u>	<u>\$ 79,115,030</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

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>2011</u>	<u>2010</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%	\$ 1,310,000	\$ 1,560,000
	<u>\$ 1,310,000</u>	<u>\$ 1,560,000</u>

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 relating 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>2011</u>	<u>2010</u>
\$47,368, 2008 BCIA Loans, due in annual installments of \$3,383 through December, 2021, interest at 1.05%	\$ 33,835	\$ 37,219
\$2,390,500, 1997 Green Acres Loan, due in semi-annual installments of \$67,310 to \$73,616 through November, 2016, interest at 2.00%	704,539	836,174
	<u>\$ 738,374</u>	<u>\$ 873,393</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Long-Term Debt (Continued)

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2011 is as follows:

Calendar Year	General Bonds		Green Trust Loans		BCIA Loan		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2012	\$ 250,000	\$ 37,561	\$ 135,356	\$ 13,417	\$ 3,383	\$ 355	\$ 440,072
2013	250,000	29,811	138,077	10,697	3,383	320	432,288
2014	260,000	21,906	140,852	7,921	3,383	284	434,346
2015	270,000	13,488	143,683	5,090	3,383	249	435,893
2016	280,000	4,550	146,571	2,202	3,383	213	436,919
2017-2021	-	-	-	-	16,920	533	17,453
	<u>\$ 1,310,000</u>	<u>\$ 107,316</u>	<u>\$ 704,539</u>	<u>\$ 39,327</u>	<u>\$ 33,835</u>	<u>\$ 1,954</u>	<u>\$ 2,196,971</u>

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2011 and 2010 were as follows:

	Balance, January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<u>2011</u>					
General Capital Fund					
Bonds Payable	\$ 1,560,000		\$ 250,000	\$ 1,310,000	\$ 250,000
Intergovernmental Loans Payable	873,393	-	135,019	738,374	138,739
General Capital Fund Long-Term Liabilities	<u>\$ 2,433,393</u>	<u>\$ -</u>	<u>\$ 385,019</u>	<u>\$ 2,048,374</u>	<u>\$ 388,739</u>
	Balance, January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>	Due Within <u>One Year</u>
<u>2010</u>					
General Capital Fund					
Bonds Payable	\$ 1,930,000		\$ 370,000	\$ 1,560,000	\$ 250,000
Intergovernmental Loans Payable	1,006,850	-	133,457	873,393	135,019
General Capital Fund Long-Term Liabilities	<u>\$ 2,936,850</u>	<u>\$ -</u>	<u>\$ 503,457</u>	<u>\$ 2,433,393</u>	<u>\$ 385,019</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 4 MUNICIPAL DEBT (Continued)

Short-Term Debt

The Borough's short-term capital debt activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance, January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Bond Anticipation Notes General Capital Fund	\$ 770,000	\$ 2,252,950	\$ 1,900,000	\$ 1,122,950
	<u>\$ 770,000</u>	<u>\$ 2,252,950</u>	<u>\$ 1,900,000</u>	<u>\$ 1,122,950</u>
	Balance, January 1, <u>2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Bond Anticipation Notes General Capital Fund	\$ 1,180,000	\$ 770,000	\$ 1,180,000	\$ 770,000
	<u>\$ 1,180,000</u>	<u>\$ 770,000</u>	<u>\$ 1,180,000</u>	<u>\$ 770,000</u>

NOTE 5 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2011 and 2010.

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
<u>2011</u>				
Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,719,045	\$ 29,750		1,748,795
Machinery and Equipment	2,967,899	177,471	\$ 159,000	2,986,370
	<u>\$ 10,794,444</u>	<u>\$ 207,221</u>	<u>\$ 159,000</u>	<u>\$ 10,842,665</u>
	Balance January 1, <u>2010</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2010</u>
<u>2010</u>				
Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,698,045	\$ 21,000		1,719,045
Machinery and Equipment	2,789,925	177,974	-	2,967,899
	<u>\$ 10,595,470</u>	<u>\$ 198,974</u>	<u>\$ -</u>	<u>\$ 10,794,444</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 6 DUE TO/FROM OTHER FUNDS

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

	<u>2011</u>		<u>2010</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund		\$ 96,288	\$ 35,839	\$ 35,002
Trust Funds:				
Other Trust Fund	\$ 94,794		35,000	147
Open Space Trust Fund			2	96,050
General Capital Fund	<u>1,494</u>	<u>-</u>	<u>96,050</u>	<u>35,692</u>
 Total	 <u>\$ 96,288</u>	 <u>\$ 96,288</u>	 <u>\$ 166,891</u>	 <u>\$ 166,891</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in one fund that are due to another fund.

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent Year's Budget	Fund Balance December 31, <u>2010</u>	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 985,126	\$ 900,000	\$ 1,289,029	\$ 1,200,000
Non-Cash Surplus	<u>12,539</u>	<u>-</u>	<u>9,447</u>	<u>-</u>
	 <u>\$ 997,665</u>	 <u>\$ 900,000</u>	 <u>\$ 1,298,476</u>	 <u>\$ 1,200,000</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 8 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance</u> <u>December 31,</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2011</u>			
None			
 <u>2010</u>			
General Capital Fund			
Overexpenditure of Ordinance Appropriation	\$ 882	\$ 882	

NOTE 9 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 \$924,710 and \$837,272 at December 31, 2011 and 2010, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2011 and 2010, the Borough has reserved in the Other Trust Fund \$411,477 and \$384,477, respectively to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 10 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 and are considered in the annual actuarial calculation of the required contributions for the system.

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 or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation (Continued)

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports 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.

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:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and to attain age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is 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), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.
- Active member contribution rates will increase. 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 and PERS Prosecutors Part active member rates increase from 8.5 percent to 10 percent. For Fiscal Year 2012, the member contribution rates increase in October 2011. 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 is suspended until reactivated as permitted by this law.

In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 70.5 percent with an unfunded actuarial accrued liability of \$36.3 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 65.2 percent and \$25.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 78.5 percent and \$10.7 billion, respectively.

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Funded Status and Funding Progress (Continued)

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 limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2010 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems; and (2) 5.45 percent for projected salary increases for all the retirement systems except PFRS.

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% for PERS and 10.00% for PFRS of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 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, 2011, 2010 and 2009, the Borough was required to contribute for normal cost pension contributions the following amounts which equaled the required contributions for each year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2011	\$ 403,741	\$ 64,506
2010	324,286	44,456
2009	344,209	36,303

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS

During 2011, the Borough switched its post-retirement healthcare plan to the State Health Benefit Program. 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 547 state and local participating employers and contributing entities for Fiscal Year 2011.

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

Health Benefits Program Fund (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.

Investment Valuation

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

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the State had a \$59.3 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$21.1 billion for state active and retired members and \$38.2 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, 2010 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, 2011, there were 93,323 retirees receiving post-retirement medical benefits. 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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 \$108.1 million for 8,161 eligible retired members for Fiscal Year 2011. This benefit covers the PFRS.

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 \$34.2 million in Fiscal Year 2011 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 year ended December 31, 2011 was \$5,244, which equaled the required contributions for the year.

NOTE 12 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 12 RISK MANAGEMENT (Continued)

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

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

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

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

<u>Year Ended December 31</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 3,751	\$ 277	\$ 27,289
2010	NONE	74	23,815
2009	NONE	75	23,889

NOTE 13 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, 2011 and 2010. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2011 and 2010, the Borough reserved \$198,331 and \$348,331, 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.

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 13 CONTINGENT LIABILITIES (Continued)

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, 2011 and 2010, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 14 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, 2011 and 2010, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 15 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 Alpine 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 2011 and 2010 for each eligible volunteer Fire Department member into the Plan. The Borough's total contributions were \$18,400 and \$20,700, respectively, for 2011 and 2010.

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.

**BOROUGH OF ALPINE
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 15 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

Vesting and Benefits

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

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

Reporting Requirements

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

Interlocal Services Agreement

The Boroughs 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 award 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, 2011 and 2010 were \$4,250 and \$5,000, respectively.

NOTE 16 DEFERRED SCHOOL TAXES

Regulations provide for the deferral 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>2011</u>	<u>2010</u>
Balance of Tax	\$ 2,815,630	\$ 2,762,674
Deferred	<u>2,339,982</u>	<u>2,339,982</u>
Taxes Payable	<u>\$ 475,648</u>	<u>\$ 422,692</u>

**BOROUGH OF ALPINE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2011 AND 2010**

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, 2011, there has been no default or event requiring repayment of the loan.

NOTE 18 SUBSEQUENT EVENTS

Debt Authorized

On April 25, 2011 the Borough adopted two Bond Ordinances authorizing the issuance of \$173,375 and \$313,025 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, 2010		\$ 2,723,569
Increased by:		
Taxes Receivable	\$ 13,519,101	
Revenue Accounts Receivable	1,218,968	
Non-Budget Revenue	56,980	
Due from State of NJ (Ch. 20, P.L. 1972)	8,500	
Prepaid Taxes	192,319	
Tax Overpayments	8,650	
Fees Payable	8,136	
Reserve for Grants - Unappropriated	15,421	
Grant Receivables	6,908	
Received From Other Trust Fund	2,374	
Received From General Capital Fund	208,535	
Miscellaneous Reserves	71,622	
Petty Cash	500	
Premium on Note Sale Due General Capital Fund	<u>1,495</u>	
		<u>15,319,509</u>
		18,043,078
Decreased by Disbursements:		
2011 Budget Appropriations	4,571,907	
2010 Budget Reserves	86,701	
County Taxes Payable	5,115,316	
Local District School Tax Payable	5,348,523	
Fees Payable	8,305	
Tax Overpayments	16,052	
Reserve for Grants- Appropriated	985	
Accounts Payable	1,504	
Payments to Open Space Trust Fund	96,529	
Miscellaneous Reserves	54,622	
Payments to General Capital Fund	179,072	
Petty Cash	<u>500</u>	
		<u>15,480,016</u>
Balance, December 31, 2011		<u>\$ 2,563,062</u>

**BOROUGH OF ALPINE
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2010	\$ <u>100</u>
Balance, December 31, 2011	\$ <u>100</u>

Analysis of Balance

Municipal Court	\$ <u>100</u>
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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, 2010	\$ 3,003
Increased by:	
Senior Citizens' Deductions per Tax Duplicate 2011	<u>8,500</u>
	11,503
Decreased by:	
Receipts from State of New Jersey	<u>8,500</u>
Balance, December 31, 2011	\$ <u>3,003</u>

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

<u>Year</u>	Balance, December 31, <u>2010</u>	2011 <u>Levy</u>	Senior Citizens' and Veterans'	<u>Cash Collections</u>		Senior Citizens' and Veterans'	Remitted, Abated or Cancelled	Balance, December 31, <u>2011</u>
			<u>Deductions Disallowed</u>	<u>2010</u>	<u>2011</u>	<u>Deductions Allowed</u>		
2010	\$ 210,568				\$ 210,568			
2011	<u>-</u>	<u>\$ 13,646,405</u>	<u>-</u>	<u>\$ 153,081</u>	<u>13,308,533</u>	<u>\$ 8,500</u>	<u>\$ 42,094</u>	<u>\$ 134,197</u>
	<u>\$ 210,568</u>	<u>\$ 13,646,405</u>	<u>\$ -</u>	<u>\$ 153,081</u>	<u>\$ 13,519,101</u>	<u>\$ 8,500</u>	<u>\$ 42,094</u>	<u>\$ 134,197</u>

Analysis of 2011 Property Tax Levy

TAX YIELD

General Purpose Tax	\$ 13,626,299	
Added and Omitted Taxes (54:4-63.10 et seq.)	<u>20,106</u>	
		<u>\$ 13,646,405</u>

TAX LEVY

Local District School Taxes	\$ 5,401,479	
County Taxes	\$5,093,526	
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	<u>7,444</u>	
		5,100,970
Municipal Open Space Tax	\$ 96,384	
Municipal Open Space Added Taxes	<u>143</u>	
		<u>96,527</u>
		\$ 10,598,976
Local Tax for Municipal Purposes		3,028,124
Add Additional Tax Levies		<u>19,305</u>
		<u>3,047,429</u>
		<u>\$ 13,646,405</u>

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

	Balance, December 31, <u>2010</u>	Accrued in 2011	Collected	Balance, December 31, <u>2011</u>
Borough Clerk				
Fees and Permits		\$ 10,675	\$ 10,675	
Other Fees and Permits		17,577	17,577	
Health Officer and Registrar				
Fees and Permits		7,157	7,157	
Police Department				
Fees and Permits		8,138	8,138	
Municipal Court				
Fines and Costs		33,684	29,854	\$ 3,830
Interest and Cost on Taxes		46,916	41,354	5,562
Interest on Investments		242	242	
Cell Tower Rent		327,674	327,674	
Energy Receipts Tax		405,408	405,408	
Uniform Construction Code Fees		176,713	176,713	
Garden State Trust Fund		5,219	5,219	
Uniform Fire Safety Act		2,305	2,305	
Cresskill Leaf Compost		50,000	50,000	
Rent - U.S. Post Office		72,500	66,458	6,042
Payment in Lieu of Taxes - Boys Scouts		44,499	44,499	
FEMA Reimbursement	-	25,695	25,695	-
	<u>\$ -</u>	<u>\$ 1,234,402</u>	<u>\$ 1,218,968</u>	<u>\$ 15,434</u>

STATEMENT OF GRANT RECEIVABLES

	Balance, December 31, <u>2010</u>	Accrued in 2011	Cash Receipts	Balance, December 31, <u>2011</u>
Municipal Alliance Program	\$ 6,444	\$ 10,000	\$ 6,908	\$ 9,536
	<u>\$ 6,444</u>	<u>\$ 10,000</u>	<u>\$ 6,908</u>	<u>\$ 9,536</u>

**BOROUGH OF ALPINE
STATEMENT OF 2010 APPROPRIATION RESERVES**

	Balance, December 31, <u>2010</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Salaries and Wages					
Municipal Clerk	\$ 2,769	\$ 2,769		\$ 2,000	\$ 769
Financial Administration	1,939	1,939		1,000	939
Revenue Administration	4,701	4,701		4,000	701
Tax Assessment Administration	441	441			441
Planning Board	540	540			540
Zoning Board Adjustment	2,088	2,088			2,088
Police		694	\$ 694		
Fire Prevention/Uniform Fire Code	4,739	4,739		4,000	739
Municipal Prosecutor	19	19			19
Road Repairs and Maintenance	23,345	23,793	1,693	22,000	100
Solid Waste Collection	1,607	1,607		1,000	607
Board of Health	14,515	14,515		14,000	515
Public Assistance Liaison	385	385			385
Municipal Court	5,521	5,855	334	2,000	3,521
Public Defender	49	49			49
Building Inspector	12,926	12,926		10,000	2,926
Electrical Inspector	473	473			473
Plumbing Inspector	178	178	-	-	178
Total Salaries & Wages	<u>76,235</u>	<u>77,711</u>	<u>2,721</u>	<u>60,000</u>	<u>14,990</u>
Other Expenses					
Municipal Clerk	5,410	6,038	5,466		572
Financial Administration	535	9,959	9,423		536
Revenue Administration	2,219	2,219			2,219
Tax Assessment Administration	2,033	2,033	1,400		633
Legal Services & Costs	92,850	89,276	396		88,880
Engineering Services & Costs	9,780	9,780	300		9,480
Planning Board	6,349	6,989	640		6,349
Zoning Board of Adjustment	11,292	11,292			11,292
Liability Insurance	7,037	7,037			7,037
Fire	135	4,209	4,074		135
Fire Prevention/Uniform Fire Codes		1,066	1,066		
Fire Hydrant Services	8,644	14,659	6,015		8,644
Police	6,143	5,449			5,449
Police Acquisition of Vehicles	361	361			361
Crime Prevention	2,000	2,000			2,000
Police "911" Telecommunications	2,594	2,594			2,594
Emergency Management Services	1,405	1,405			1,405
First Aid Organization Donation		5,000	5,000		
LOSAP		23,200	23,200		
Cresskill Library Fees	1,050	1,500	450		1,050

BOROUGH OF ALPINE
STATEMENT OF 2010 APPROPRIATION RESERVES

	Balance, December 31, <u>2010</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Celebration of Public Events	\$ 252	\$ 252			\$ 252
Road Repairs and Maintenance	217	4,468	\$ 4,258		210
Public Buildings & Grounds	1,277	3,556	3,556		
Solid Waste Collection		2,479	2,479		
Board of Health	1,778	1,778			1,778
Board of Health Contractual	558	558			558
Environmental Commission	130	130			130
Animal Control	700	700			700
Occupational Health	292	292	19		273
Parks and Playgrounds	413	573	160		413
Building Inspector	1,017	1,192	175		1,017
Electric	1,123	3,649	2,808		841
Street Lighting	3,480	3,480	1,310		2,170
Telephone/Communications	1,134	2,740	1,921		819
Water	1,622	1,926	303		1,623
Natural Gas	9,977	9,977	966		9,011
Gasoline	2,996	6,146	6,146		
Contingent	17,600	17,600			17,600
Social Security System	3,845	3,845			3,845
Municipal Court	3,029	3,540	511		3,029
Municipal Alliance					
County Share	2,751	3,051	300	\$ 2,751	
Local Share	2,500	2,500	1,496	1,004	
Alcohol Rehab and Education Fund - Reserve	325	325		325	
Police Donations-Equipment-Reserve	11,960	11,960		11,960	
Recycling Tonnage Grant - Reserve	5,083	5,225	142	5,083	-
	<u>233,896</u>	<u>298,008</u>	<u>83,980</u>	<u>21,123</u>	<u>192,905</u>
Total	<u>\$ 310,131</u>	<u>\$ 375,719</u>	<u>\$ 86,701</u>	<u>\$ 81,123</u>	<u>\$ 207,895</u>
		\$ 310,131			
Appropriation Reserves		<u>65,588</u>			
Encumbrances Payable		<u>\$ 375,719</u>			
			<u>\$ 86,701</u>		
Cash Disbursements					
Due to Other Trust Fund - Terminal Leave				\$ 60,000	
Transfer to Appropriated Grant					
Reserves				<u>21,123</u>	
				<u>\$ 81,123</u>	

**BOROUGH OF ALPINE
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2010	\$ 65,588
Increased by:	
Charges to 2011 Appropriations	84,597
	150,185
Decreased by	
Transfer to 2010 Appropriation Reserves	65,588
Balance, December 31, 2011	\$ 84,597

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2010	\$ 1,504
Decreased by:	
Cash Disbursements	\$ 1,504

STATEMENT OF FEES PAYABLE

	Balance, December 31, <u>2010</u>	Fees Collected	Payments	Balance, December 31, <u>2011</u>
Due State of New Jersey				
Marriage License Fees		\$ 150	\$ 150	
State Training Fees	\$ 3,990	7,986	8,155	\$ 3,821
	\$ 3,990	\$ 8,136	\$ 8,305	\$ 3,821

**BOROUGH OF ALPINE
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2010		\$ 153,081
Increased by:		
Collection of 2012 Taxes		<u>192,319</u>
		345,400
Decreased by:		
Transferred to 2011 Taxes Receivable		<u>153,081</u>
Balance, December 31, 2011		<u>\$ 192,319</u>

EXHIBIT A-16

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2010		\$ 9,465
Increased by:		
Tax Overpayments Received		<u>8,650</u>
		18,115
Decreased by:		
Overpayments Refunded		<u>16,052</u>
Balance, December 31, 2011		<u>\$ 2,063</u>

EXHIBIT A-17

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2010		\$ 19,956
Increased by:		
2011 Levy	\$ 5,093,526	
2011 Added and Omitted Taxes	<u>7,444</u>	
		<u>5,100,970</u>
		5,120,926
Decreased by:		
Payments		<u>5,115,316</u>
Balance, December 31, 2011		<u>\$ 5,610</u>

BOROUGH OF ALPINE
STATEMENT OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2010			
School Tax Payable		\$ 422,692	
School Tax Deferred		<u>2,339,982</u>	
			\$ 2,762,674
Increased by:			
Levy - School Year July 1, 2011 to June 30, 2012			<u>5,401,479</u>
			8,164,153
Decreased by:			
Payments			<u>5,348,523</u>
Balance, December 31, 2011			
School Tax Payable December 31, 2011		475,648	
School Tax Deferred		<u>2,339,982</u>	
			<u>\$ 2,815,630</u>
<u>Liability for Local District School Tax</u>			
School Tax Payable December 31, 2011			\$ 475,648
Add: Payments			<u>5,348,523</u>
			5,824,171
Less: School Tax Payable at December 31, 2010			<u>422,692</u>
			<u>\$ 5,401,479</u>

STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE

Increased by:			
2011 Levy		\$ 96,384	
2011 Added and Omitted Taxes		<u>143</u>	
			\$ 96,527
Decreased by:			
Due to Open Space Preservation Trust Fund			<u>\$ 96,527</u>

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

Balance, December 31, 2010	\$ 348,331
Decreased by:	
Realized as 2011 Budget Revenue	150,000
Balance, December, 31, 2011	\$ 198,331

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Sale of Assets	\$ 7,894			\$ 7,894
Master Plan	2,044			2,044
Revaluation	15,918			15,918
Outside Lien Holders	-	\$ 71,622	\$ 54,622	17,000
	\$ 25,856	\$ 71,622	\$ 54,622	\$ 42,856

BOROUGH OF ALPINE
STATEMENT OF RESERVE FOR GRANTS - APPROPRIATED

	Balance, December 31, <u>2010</u>	Transferred from 2011 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2011</u>
Alcohol Education Rehab. Fund	\$ 375	\$ 325		\$ 700
Clean Communities	3,422		\$ 985	2,437
Recycling Tonnage Grant	2,416	5,083		7,499
NJ DEP Stormwater Grant	1,128			1,128
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	12,469	11,960		24,429
DARE Municipal Alliance				
County Share		2,751		2,751
Local Share		1,004		1,004
Body Armor	2,497	-	-	2,497
	<u>\$ 24,000</u>	<u>\$ 21,123</u>	<u>\$ 985</u>	<u>\$ 44,138</u>

EXHIBIT A-23

STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2010</u>	Cash <u>Receipts</u>	Anticipated in 2011 <u>Budget</u>	Balance, December 31, <u>2011</u>
Body Armor Grant	\$ 240	\$ 1,608	\$ 241	\$ 1,607
Recycling Tonnage Grant	4,523	3,991	4,523	3,991
Alcohol Education Rehabilitation Fund	251	54	251	54
Police Donations	5,050	5,156	5,050	5,156
Clean Communities	4,980	4,612	4,980	4,612
	<u>\$ 15,044</u>	<u>\$ 15,421</u>	<u>\$ 15,045</u>	<u>\$ 15,420</u>

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, 2010	\$ 463	\$ 23,815	\$ 3,317,103	\$ 98,628	\$ 110,661
Increased by Receipts:					
Payments From Current Fund				\$ 96,529	
Interest on Deposits			\$ 4,903	12	
Miscellaneous Reserves and Deposits			1,100,131		
Payroll Deductions Payable			3,072,257		
Unemployment Employee Contributions		\$ 3,751			
Due to State of NJ - Registration Fees	\$ 397				
Animal License Fees	2,598				
Budget Appropriation	1,300				
Recreation Fees	-	-	-	-	\$ 45,800
	<u>4,295</u>	<u>3,751</u>	<u>4,177,291</u>	<u>96,541</u>	<u>45,800</u>
	4,758	27,566	7,494,394	195,169	156,461
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits			362,917		
Payroll Deductions Payable			3,074,616		
Payments to Current Fund			2,374		
Payments to General Capital Fund				96,050	
Dog License Fees Paid to State of NJ	397				
Reserve for Animal Expenditures	3,723				
Reserve for Unemployment Insurance Benefits		154			
Recreation Expenditures	-	-	-	-	89,450
	<u>4,120</u>	<u>154</u>	<u>3,439,907</u>	<u>96,050</u>	<u>89,450</u>
Balance, December 31, 2011	<u>\$ 638</u>	<u>\$ 27,412</u>	<u>\$ 4,054,487</u>	<u>\$ 99,119</u>	<u>\$ 67,011</u>

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

Balance, December 31, 2010		\$	463
Increased by:			
Dog License Fees		\$	1,736
Cat License Fees			537
Miscellaneous and Late Fees			325
Budget Appropriation			<u>1,300</u>
			<u>3,898</u>
			4,361
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash Disbursements			<u>3,723</u>
Balance, December 31, 2011		\$	<u>638</u>

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

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

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

Balance, December 31, 2010	\$	23,815
Increased by:		
Employee Contributions		<u>3,751</u>
		27,566
Decrease by:		
Unemployment Claims Due to State		<u>277</u>
Balance, December 31, 2011	\$	<u>27,289</u>

EXHIBIT B-7

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

Increased by:		
Unemployment Claims Charged to Reserve	\$	277
Decreased by:		
Cash Disbursements		<u>154</u>
Balance, December 31, 2011	\$	<u>123</u>

EXHIBIT B-8

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

Balance, December 31, 2010	\$	2
Increased by:		
Open Space Tax Levy	\$	96,384
Added Open Space Tax Levy		<u>143</u>
		<u>96,527</u>
		96,529
Decreased by:		
Cash Received from Current Fund	\$	<u>96,529</u>

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

Balance, December 31, 2010		\$ 2,580
Increased by:		
Open Space Tax Levy	\$ 96,384	
Added Open Space Tax Levy	143	
Interest on Deposit	12	
		96,539
Balance, December 31, 2011		\$ 99,119

EXHIBIT B-10

STATEMENT OF RESERVE FOR RECREATION EXPENDITURES

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
Swim and Racquet Club	\$ 99,889	\$ 41,550	\$ 85,200	\$ 56,239
Biddy Basketball	6,822			6,822
Men's Basketball	3,950	4,250	4,250	3,950
	\$ 110,661	\$ 45,800	\$ 89,450	\$ 67,011
Cash Receipts		\$ 45,800		
Cash Disbursed		-	\$ 89,450	
		\$ 45,800	\$ 89,450	

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

Balance, December 31, 2010:		
Due from Current Fund - Terminal Leave	\$ 35,000	
Due to Current Fund - Developer's Escrow	<u>(147)</u>	
		\$ 34,853
Increased by:		
Transfer from 2010 Appropriation Reserves - Terminal Leave	60,000	
Payments to Current Fund	<u>2,374</u>	
		<u>62,374</u>
		97,227
Decreased by:		
Interest on Investment		<u>2,433</u>
Balance, December 31, 2011		<u>\$ 94,794</u>

Analysis of Balance

Due from Current - Terminal Leave	\$ 95,000
Due to Current - Developer's Escrow	<u>(206)</u>
	<u>\$ 94,794</u>

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

Balance, December 31, 2010	\$ 36,578
Increased by:	
Cash Receipts	<u>3,072,257</u>
	3,108,835
Decreased by:	
Cash Disbursements	<u>3,074,616</u>
Balance, December 31, 2011	<u>\$ 34,219</u>

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

	Balance, December 31, <u>2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2011</u>
Escrow Deposits	\$ 1,388,235	\$ 449,985	\$ 169,754	\$ 1,668,466
Affordable Housing Developer Fees	1,035,662	475,479	87,672	1,423,469
Cell Tower Deposits	191,646	47,000		238,646
POAA Fees	575	14		589
Fire Inspection Penalty Fees	912	1,000		1,912
Tax Sale Premium Deposits	28,700		27,500	1,200
COAH/Balanced Housing Note Reserve	280,436	83,173		363,609
Terminal Leave Reserve	384,477	60,000	33,000	411,477
Police Outside Duty Fees	4,735	45,950	44,991	5,694
	<u>\$ 3,315,378</u>	<u>\$ 1,162,601</u>	<u>\$ 362,917</u>	<u>\$ 4,115,062</u>
Cash Receipts		\$ 1,100,131		
Interest on Deposits		2,470		
Due from Current Fund		60,000		
Cash Disbursed		<u>-</u>	<u>\$ 362,917</u>	
		<u>\$ 1,162,601</u>	<u>\$ 362,917</u>	

GENERAL CAPITAL

BOROUGH OF ALPINE
STATEMENT OF GENERAL CAPITAL CASH AND INVESTMENTS

Balance, December 31, 2010		\$ 353,491
Increased by Receipts:		
Interest on Investments and Deposits	\$ 92,989	
Bond Anticipation Notes	360,000	
Receipts from Open Space Trust Fund	96,050	
Receipts from Current Fund	<u>179,072</u>	
		<u>728,111</u>
		1,081,602
Decreased by Disbursements:		
Payment to Current Fund	208,535	
Payments for Current Fund	7,050	
Improvement Authorizations	387,727	
Contracts Payable	<u>31,925</u>	
		<u>635,237</u>
Balance, December 31, 2011		<u>\$ 446,365</u>

BOROUGH OF ALPINE
ANALYSIS OF GENERAL CAPITAL CASH AND INVESTMENTS

	Balance, December 31, <u>2011</u>
Fund Balance	\$ 5,676
Capital Improvement Fund	190,229
Reserve for Debt Service- Loans	119,796
Due from Current Fund	(1,494)
Grants Receivable	(160,669)
Contracts Payable	59,593
Excess Note Proceeds	276
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
616/618	Various Capital Improvements 27,627
621	Resurfacing of Various Streets 2,603
636	Various Capital Improvements 3,645
639	Berkeley Place Culvert Headwall Replacement 765
648/656	Resurfacing of Various Roads 4,457
650	Various Capital Improvements 1,092
653/657	Purchase of Real Property 26,900
664/673	2006 Road Program 76,702
665	2006 Various Capital Improvements 2,824
667	Acquisition of Bucket Loader 10,216
671/695	Acquisition of Real Property (1,000)
676	2007 Various Capital Improvements 99,950
677	2007 Road Program 54,403
683	2009 Various Capital Improvements 24,440
684	2009 Road Program 105,455
685/708	Acquisition and Installation of Photovoltaic Power System 12,860
699	Various 2009 Capital Improvements 24,028
700	2009 Road Program 46,370
711	2010 Road Program 12,396
712	Various Capital Improvements 22,652
717	Improvements to Audrey Urban Court 29,796
723	2011 Road Program (195,453)
724	Various 2011 Capital Improvements (161,567)
726	Acquisition of Computer Server 1,797
	<u>\$ 446,365</u>

**BOROUGH OF ALPINE
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2010</u>	Grant <u>Award</u>	Balance, December 31, <u>2011</u>	<u>Balance Pledged To</u> Improvement <u>Authorizations</u>	<u>Reserve</u>
N.J. Dept. of Transportation					
Ord. 673 - 2006 Road Program	\$ 80,000		\$ 80,000	\$ 80,000	
Ord. 677 - 2007 Road Program	19,853		19,853	19,853	
Ord. 684 - 2009 Road Program	42,413		42,413	42,413	
Ord. 723 - Anderson Ave. Phase 4		\$ 208,567	208,567		\$ 208,567
County of Bergen Open Space Trust Fund					
Ord. 676	<u>18,403</u>	<u>-</u>	<u>18,403</u>	<u>18,403</u>	<u>-</u>
	<u>\$ 160,669</u>	<u>\$ 208,567</u>	<u>\$ 369,236</u>	<u>\$ 160,669</u>	<u>\$ 208,567</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2010	\$ 2,433,393
Decreased by:	
2011 Budget Appropriation:	
Serial Bonds	\$ 250,000
Green Trust Loan	131,635
BCIA Loan	<u>3,384</u>
	<u>385,019</u>
Balance, December 31, 2011	<u>\$ 2,048,374</u>

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

Analysis of Balance

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2010</u>	<u>2011 Authorizations</u>	<u>Funded by Budget Appropriation</u>	<u>Notes Paid by Budget</u>	<u>Balance, December 31, 2011</u>	<u>Bond Anticipation Note</u>	<u>Expenditures</u>	<u>Unexpended Improvement Authorizations</u>
616/618	Various Capital Improvements	\$ 76,672				\$ 76,672			\$ 76,672
653/657	Purchase of Real Property	42,000				42,000			42,000
671/695	Acquisition of Real Property	169,937		\$ 147,297	\$ 7,050	162,887		\$ 1,000	14,590
683	2009 Capital Improvement	123,689				123,689	\$ 123,689		
684	2009 Road Program	164,777				164,777	164,777		
685	Acquisition and Installation of Photovoltaic Power System	17,258				17,258	17,258		
699	Various 2009 Capital Improvements	218,025				218,025	218,025		
700	2009 Road Program	238,925				238,925	238,925		
711	2010 Road Program	232,855				232,855	232,000		855
712	Various Capital Improvements	128,934				128,934	128,000		934
723	2011 Road Program		\$ 203,500			203,500		195,453	8,047
724	Various 2011 Capital Improvements	-	272,000	-	-	272,000	-	161,567	110,433
		<u>\$ 1,413,072</u>	<u>\$ 475,500</u>	<u>\$ 147,297</u>	<u>\$ 7,050</u>	<u>\$ 1,881,522</u>	<u>\$ 1,122,674</u>	<u>\$ 358,020</u>	<u>\$ 253,531</u>

Bond Anticipation Notes	\$ 1,122,950
Less: Excess Note Proceeds - Ord. No. 685	<u>276</u>
	<u>\$ 1,122,674</u>

Improvement Authorizations Unfunded	\$ 488,872
Less: Unexpended Bond Anticipation Note Proceeds	
Ordinance No. 683	\$ 24,440
684	105,455
699	24,028
700	46,370
711	12,396
712	<u>22,652</u>
	<u>235,341</u>
	<u>\$ 253,531</u>

**BOROUGH OF ALPINE
STATEMENT OF DEFERRED CHARGES
OVEREXPENDITURE ORDINANCE APPROPRIATION**

Balance, December 31, 2010	\$ 882
Decreased by:	
2011 Budget Appropriation - Due from Current Fund	<u>\$ 882</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2010	\$ 31,925
Increased by:	
Contracts Charged to Improvement Authorizations	<u>59,593</u>
	91,518
Decreased by:	
Cash Disbursed	<u>31,925</u>
Balance, December 31, 2011	<u>\$ 59,593</u>

STATEMENT OF DUE FROM MUNICIPAL OPEN SPACE TRUST FUND

Balance, December 31, 2010	\$ 96,050
Decreased by:	
Cash Received	<u>\$ 96,050</u>

BOROUGH OF ALPINE
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2010		2011 Authorizations		Paid or Charged	Balance, December 31, 2011	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded		Funded	Unfunded
616/618	Various Capital Improvements	7/23/2003	\$ 312,173	\$ 27,627	\$ 76,672				\$ 27,627	\$ 76,672
621	Resurfacing Various Streets	9/24/2003	100,000	2,603					2,603	
636	Various Capital Improvements	5/26/2004	126,950	3,645					3,645	
639	Berkley Place Culvert Headwall Replacement	7/28/2004	7,500	765					765	
648/656	Resurfacing of Various Roads	9/16/2005	220,000	4,457					4,457	
650	Various Capital Improvements	5/25/2005	109,000	1,092					1,092	
653/657	Purchase of Real Property	9/16/2005	1,200,000	26,900	42,000				26,900	42,000
664/673	Road Program 2006 - Supplement	4/26/2006	280,000	76,702					76,702	
665	2006 Various Capital Improvements	3/22/2006	38,500	2,824					2,824	
667	Acquisition of Bucket Loader	4/26/2006	135,000	10,216					10,216	
671/695	Acquisition of Real Property	10/25/2006	920,000		15,590			\$ 1,000		14,590
676	2007 Various Capital Improvements	3/28/2007	272,500	99,950					99,950	
677	2007 Road Program	3/28/2007	210,000	54,403					54,403	
683	2009 Capital Improvements	5/28/2009	130,200		24,440					24,440
684	2008 Road Program	5/28/2008	303,450		105,455					105,455
685/708	Acquisition and Installation of Photovoltaic Power System	6/25/2008	68,555	14,350				1,490	12,860	
699	Various 2009 Capital Improvements	5/27/2009	229,500		24,028					24,028
700	2009 Road Program	5/27/2009	251,500	-	47,202			832		46,370
711	2010 Road Program	5/26/2010	244,500		14,879			1,628		13,251
712	Various Capital Improvements	5/26/2010	135,386		69,498			45,912		23,586
717	Improvements to Audrey Urban Court	10/27/2010	64,988	36,531				6,735	29,796	-
723	2011 Road Program	5/25/2011	213,675			\$ 10,175	\$ 203,500	205,628		8,047
724	Various 2011 Capital Improvements	5/25/2011	286,325			14,325	272,000	175,892		110,433
726	Acquisition of Computer Server	8/24/2011	10,000	-	-	10,000	-	8,203	1,797	-
				<u>\$ 362,065</u>	<u>\$ 419,764</u>	<u>\$ 34,500</u>	<u>\$ 475,500</u>	<u>\$ 447,320</u>	<u>\$ 355,637</u>	<u>\$ 488,872</u>
								Cash Disbursed	\$ 387,727	
								Contracts Payable	59,593	
									<u>\$ 447,320</u>	

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

Balance, December 31, 2010	\$ 224,729
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>34,500</u>
Balance, December 31, 2011	<u>\$ 190,229</u>

STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, December 31, 2010 (Due To)	\$ 35,692
Increased by:	
Anticipated in 2011 Current Fund Budget-	
Reserve for Payment of Loan	\$ 56,012
Interest Earnings on Treasury Strips	92,989
Cash Received from Current Fund	<u>179,072</u>
	<u>328,073</u>
	363,765
Decreased by:	
Payments to Current Fund	208,535
2011 Budget Appropriations:	
Deferred Charges Unfunded Ordinance #671/695	147,297
Deferred Charges Overexpenditure of Capital Ordinance	882
Payments for Current Fund Expenditures	7,050
Premium on Notes Deposited in Current Fund	<u>1,495</u>
	<u>365,259</u>
Balance, December 31, 2011 (Due From)	<u>\$ 1,494</u>

STATEMENT OF RESERVE FOR DEBT SERVICE- LOANS

Balance, January 1, 2011	\$ 175,808
Decreased by:	
Anticipated in 2011 Current Fund Budget	<u>56,012</u>
Balance, December 31, 2011	<u>\$ 119,796</u>

BOROUGH OF ALPINE
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2011</u>
671	Purchase of Real Property	2/16/2007	2/10/2010 2/8/2011	2/9/2011 9/15/2011	1.50 1.59	% \$ 7,050	\$ 7,050	\$ 7,050	
683	2008 Capital Improvements	2/12/2009	2/10/2010 2/8/2011 9/14/2011	2/9/2011 9/15/2011 2/10/2012	1.50 1.59 1.50	123,689	123,689 123,689	123,689 123,689	\$ 123,689
684	2008 Road Program	2/12/2009	2/10/2010 2/8/2011 9/14/2011	2/9/2011 9/15/2011 2/10/2012	1.50 1.59 1.50	164,777	164,777 164,777	164,777 164,777	164,777
685	Acquisition and Installation of Photovoltaic Power System	2/12/2009	2/10/2010 2/8/2011 9/14/2011	2/9/2011 9/15/2011 2/10/2012	1.50 1.59 1.50	17,534	17,534 17,534	17,534 17,534	17,534
699	2009 Capital Improvements	2/10/2010	2/10/2010 2/8/2011 9/14/2011	2/9/2011 9/15/2011 2/10/2012	1.50 1.59 1.50	218,025	218,025 218,025	218,025 218,025	218,025
700	2009 Road Program	2/10/2010	2/10/2010 2/8/2011 9/14/2011	2/9/2011 9/15/2011 2/10/2012	1.50 1.59 1.50	238,925	238,925 238,925	238,925 238,925	238,925
711	2010 Road Program	2/14/2011	2/8/2011 9/14/2011	9/15/2011 2/10/2012	1.59 1.50		232,000 232,000	232,000	232,000
712	2010 Capital Improvements	2/14/2011	2/8/2011 9/14/2011	9/15/2011 2/10/2012	1.59 1.50		128,000 128,000	128,000	128,000
						<u>\$ 770,000</u>	<u>\$ 2,252,950</u>	<u>\$ 1,900,000</u>	<u>\$ 1,122,950</u>
							Issued for Cash	\$ 360,000	
							Renewals	1,892,950	\$ 1,892,950
							Paid by Budget Appropriation	-	7,050
							<u>\$ 2,252,950</u>	<u>\$ 1,900,000</u>	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2010	Decreased	Balance, December 31, 2011
			Date	Amount				
General Improvement of 2008	5/1/2008	\$ 1,635,000	5/15/2012	\$ 250,000	3.10%	<u>\$ 1,560,000</u>	<u>\$ 250,000</u>	<u>\$ 1,310,000</u>
			5/15/2013	250,000	3.10%			
			5/15/2014	260,000	3.10%			
			5/15/2015	270,000	3.25%			
			5/15/2016	280,000	3.25%			
						<u>\$ 1,560,000</u>	<u>\$ 250,000</u>	<u>\$ 1,310,000</u>
Paid by Budget Appropriation							<u>\$ 250,000</u>	

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STATEMENT OF GREEN ACRES LOAN PAYABLE

Ord. No.	Improvement Description	Date of Issue	Original Issue	Interest Rate	Balance, December 31, 2010	Loan Repayment	Balance, December 31, 2011
529	Acquisition of Real Property	2/26/1997	\$ 2,390,500	2.00%	<u>\$ 836,174</u>	<u>\$ 131,635</u>	<u>\$ 704,539</u>
Paid by Budget Appropriation						<u>\$ 131,635</u>	

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

<u>Ord. #</u>	<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2010</u>	<u>Decrease: Loan Repayment</u>	<u>Balance, December 31, 2011</u>
685	Solar Financing Program	12/4/2008	\$ 47,368	1.05%	\$ 37,219	\$ 3,384	\$ 33,835
					<u>\$ 37,219</u>	<u>\$ 3,384</u>	<u>\$ 33,835</u>
				Paid by Budget Appropriation		<u>\$ 3,384</u>	

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2010</u>	<u>2011 Authorizations</u>	<u>2011 Budget Appropriation</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2011</u>
616/618	Various Capital Improvements	\$ 76,672				\$ 76,672
653/657	Purchase of Real Property	42,000				42,000
671/695	Acquisition of Real Property	162,887		\$ 147,297		15,590
711	2010 Road Program	232,855			\$ 232,000	855
712	Various Capital Improvements	128,934			128,000	934
723	2011 Road Program		\$ 203,500			203,500
724	Various 2011 Capital Improvements	<u>-</u>	<u>272,000</u>	<u>-</u>	<u>-</u>	<u>272,000</u>
		<u>\$ 643,348</u>	<u>\$ 475,500</u>	<u>\$ 147,297</u>	<u>\$ 360,000</u>	<u>\$ 611,551</u>

BOROUGH OF ALPINE
PART II
GOVERNMENTAL AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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EDWARD N. KERE, 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

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

We have audited the financial statements – regulatory basis of the Borough of Alpine as of and for the year ended December 31, 2011, and have issued our report thereon dated July 18, 2012 which indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared using the regulatory basis of accounting prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified because of the presentation of the unaudited LOSAP Fund financial statements. Except as discussed in the preceding sentence, we conducted our audit 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 audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Borough of Alpine is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Borough of Alpine's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

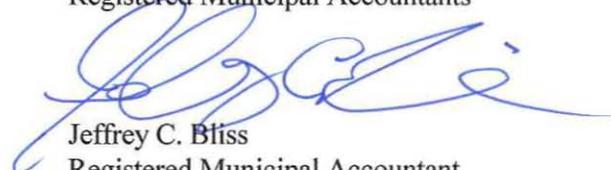
As part of obtaining reasonable assurance about whether the Borough of Alpine's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

We noted certain matters that we reported to management of the Borough of Alpine in Part III of this report of audit entitled "Letter of Comments and Recommendations".

This report is intended solely for the information and use of management, the governing body, others within the Borough, New Jersey Department of Community Affairs and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Registered Municipal Accountant
RMA Number CR00429

Fair Lawn, New Jersey
July 18, 2012

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Funding Department</u>	<u>Grant Number</u>	<u>CFDA Number</u>	<u>Grant Year</u>	<u>Grant Award</u>	<u>2011 Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Balance, December 31, 2011</u>	<u>Memo Cumulative Total Expenditures</u>
U. S. Department of Homeland Security										
Disaster Grants - Public Assistance										
(Passed Through the State Department of Law and Public Safety)										
		97.036								
FEMA- Hurricane Irene	1200-100-A70-2012		2011	\$ 9,572	\$ 9,572		\$ 9,572	\$ 9,572		\$ 9,572
FEMA- Storm Floods - 3/12/10	1200-100-A57-2011		2010	1,875	1,875		1,875	1,875		1,875
FEMA- Severe Winter Storm - 12/26/10	1200-100-A63-2011		2010	14,248	14,248		14,248	14,248		14,248
U. S. Department of Transportation										
Hyway Planning and Construction										
(Passed through State Department of Transportation)										
2007 Municipal Aid- Ord. #673	N/A	20.205	2007	80,000		\$ 76,702			\$ 76,702	
Anderson Ave Phase 4 (Ord #723)	6320-480-xxx-xxxx		2011	208,567		-	208,567	187,107	21,460	187,107
						<u>\$ 76,702</u>	<u>\$ 234,262</u>	<u>\$ 212,802</u>	<u>\$ 98,162</u>	

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

**BOROUGH OF ALPINE
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>State Grant Program</u>	<u>Grant Number</u>	<u>Grant Year</u>	<u>Grant Award Received</u>	<u>2011 Grant Receipts</u>	<u>Balance, January 1, 2011</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2011</u>	<u>Memo Cumulative Expenditures</u>
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004	\$ 1,591		\$ 1,591				\$ 1,591	
		2005	1,574		84				84	\$ 1,490
		2007	1,239		18				18	1,221
<u>Department of Environmental Protection</u>										
Clean Communities Program	4900-765-004	2005	4,505		667		\$ 667			4,505
		2006	4,990		1,907		318		1,589	3,401
		2007	4,000		848				848	3,152
		2010	4,980			\$ 4,980	1,678		3,302	1,678
		2011	4,612	\$ 4,612						
Recycling Tonnage	4900-752-001	2007	1,433		1,433				1,433	
		2008	2,668		983				983	1,685
		2009	5,243		5,083				5,083	160
		2010	4,523			4,523	3,617		906	3,617
		2011	3,991	3,991						
NJ DEP Municipal Stormwater Program	N/A	2007	1,705		1,128				1,128	577
<u>Judiciary</u>										
Alcohol Education and Rehabilitation Fund	9735-760-001	2008	375		360			\$ 15	375	
		2009	325		325				325	
		2010	251			251			251	
		2011	54	54						
Municipal Alliance Program	N/A	2009	10,000		5,054			(5,054)		4,946
		2010	10,000	6,444	2,751				2,751	7,249
		2011	10,000	464		10,000	9,140		860	9,140
Body Armor Grant	1020-718-001	2008	3,394		2,149				2,149	1,245
		2009	1,273		348				348	925
		2010	241			241	241			
		2011	1,607	1,607	-	-	-	-	-	241
					<u>\$ 24,729</u>	<u>\$ 19,995</u>	<u>\$ 15,661</u>	<u>\$ (5,039)</u>	<u>\$ 24,024</u>	

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

**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, 2011**

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 presented using the regulatory basis of accounting as prescribed or permitted 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(B) 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	\$ 25,695	\$ 19,995	\$ 45,690
General Capital Fund	<u>208,567</u>	<u>-</u>	<u>208,567</u>
	<u>\$ 234,262</u>	<u>\$ 19,995</u>	<u>\$ 254,257</u>

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2011, which are not required to be reported on the schedules of expenditures of 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>\$704,539</u>

**BOROUGH OF ALPINE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements Qualified 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 no

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, 2011**

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, 2011**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.

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

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

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

	<u>Year 2011</u>		<u>Year 2010</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,200,000	7.17 %	\$ 1,315,000	8.31 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,602,427	9.58	1,396,935	8.83
Collection of Delinquent Taxes and Tax Title Liens	210,568	1.26	143,794	0.91
Collection of Current Tax Levy	13,470,114	80.53	12,652,411	79.97
Other Credits to Income	<u>243,734</u>	<u>1.46</u>	<u>313,419</u>	<u>1.98</u>
Total Income	<u>16,726,843</u>	<u>100.00 %</u>	<u>15,821,559</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	5,228,678	33.04 %	5,023,730	34.29 %
County Taxes	5,100,970	32.23	4,594,196	31.36
Local School Taxes	5,401,479	34.13	4,895,568	33.42
Municipal Open Space Tax	96,527	0.60	96,210	0.65
Other Expenditures	<u>-</u>	<u>-</u>	<u>40,610</u>	<u>0.28</u>
Total Expenditures	<u>15,827,654</u>	<u>100.00 %</u>	<u>14,650,314</u>	<u>100.00 %</u>
Excess in Revenue	899,189		1,171,245	
Fund Balance, January 1	<u>1,298,476</u>		<u>1,442,231</u>	
	2,197,665		2,613,476	
Less Utilization as Anticipated Revenue	<u>1,200,000</u>		<u>1,315,000</u>	
Fund Balance, December 31	<u>\$ 997,665</u>		<u>\$ 1,298,476</u>	

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2009 through 2011 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>	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>2011</u>	<u>2010</u>	<u>2009</u>
<u>Tax Rate</u>	<u>\$0.705</u>	<u>\$0.670</u>	<u>\$0.670</u>

Apportionment of Tax Rate

Municipal	.156	.148	.149
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.265	.240	.245
Local School	.279	.277	.271

Assessed Valuation

2011	<u>\$1,932,808,159</u>	
2010	<u>\$1,915,122,488</u>	
2009		<u>\$1,876,097,595</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>
2011	\$	13,646,405	\$	13,470,114	98.70%
2010		12,892,144		12,652,411	98.14%
2009		12,769,207		12,535,972	98.17%

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>
2011	None	\$ 134,197	\$	134,197	0.98%
2010	None	210,568		210,568	1.63%
2009	None	167,143		167,143	1.31%

**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		
Sidney Merians	Councilman		
Steven Ornstein	Councilman		
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 Ritter	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		
Jerry Beckmann	Police Chief		
Stuart Stolarz	Tax Assessor		
Alden Blackwell	Zoning Officer		

A The Bergen County Municipal Joint Insurance provides a statutory position bond in the amount of \$1,000,000.

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

GENERAL COMMENTS

Prior Year Findings

Our audit of the General Capital Fund revealed that there are old ordinance balances and grant receivable balances at year end. It is recommended that the capital ordinance and grant receivable balances in the General Capital Fund be reviewed and if the projects are completed, they be cleared of record.

Our audit of the Other Trust Fund reserve balances revealed that the reserve balance total on the Project Account Status Report does not agree with the reserve balance total in the audit and general ledger. It is recommended that the Other Trust Fund Project Account Status Report reserve balance differences be investigated and reconciled with the audited reserve balances.

Current Year Comments

Our audit of the Affordable Housing collections revealed an instance where the developer fee collected was not calculated in accordance with the fee ordinance. This appeared to be an isolated instance, therefore a recommendation is not deemed warranted.

Our audit of expenditures revealed that there were instances where quotes for items purchased that were in excess of the quote threshold were not available or attached to the purchase order. It is recommended that quotes be received for purchases in excess of the quote threshold and they be made available and/or attached to the approved purchase order.

Our audit of the Construction Code collections revealed that there were two instances where the improper fees were charged to the applicant and one instance where fees calculated on a permit did not agree to the computer generated permit. It is recommended that internal control procedures be reviewed and enhanced in the Construction Code Department to ensure that fees charged are calculated in accordance with the approved fee ordinance.

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

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 2011. 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.

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

GENERAL COMMENTS (Continued)

Contracts and Agreements Required To Be Advertised For NJS 40a:11-4 (Continued)

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:

2011 Alpine Swim and Racquet Club Renovation Project
DPW Washwater Containment System
Curbside Recycling
Lease of Borough's Existing Cell Tower

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5. Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Interest on Delinquent Taxes And Assessments

The New Jersey statute provides the method for authorizing interest and the maximum rate to be charged for the non-payment of taxes or assessments on or before the date when they would become delinquent. The Governing Body on January 3, 2011 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 2011, 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.

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

GENERAL COMMENTS (Continued)

Delinquent Taxes and Tax Title Liens

The date of the last tax sale was December 8, 2011.

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>
2011	None
2010	None
2009	None

APPRECIATION

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

**BOROUGH OF ALPINE
SUPPLEMENTARY DATA**

RECOMMENDATIONS

It is recommended that:

- * 1. The capital ordinance and grant receivable balances in the General Capital Fund be reviewed and if the projects are completed, they be cleared of record.
- * 2. The Other Trust Fund Project Account Status Report reserve balance differences be investigated and reconciled with the audited reserve balances.
- 3. Quotes be received for purchases in excess of the quote threshold and they be made available and/or attached to the approved purchase order.
- 4. Internal control procedures be reviewed and enhanced in the Construction Code Department to ensure that fees charged are calculated in accordance with the approved fee ordinance.
- 5. The Recreation's internal control procedures over the Swim and Racquet Club revenue collection, accounting and reporting system be enhanced to ensure transactions are properly documented and records are complete.

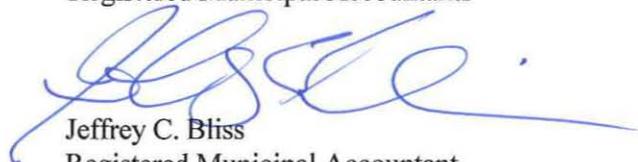
A review was performed on all prior year's recommendations and corrective action has been taken on all except those denoted with an asterisk (*).

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
Registered Municipal Accountant
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