

**BOROUGH OF ALPINE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**



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**BOROUGH OF ALPINE**

**BERGEN COUNTY**

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**PART I**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY SCHEDULES**

**FOR THE YEAR ENDED DECEMBER 31, 2012**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA

GARY J. VINCI, CPA, RMA, PSA

GARY W. HIGGINS, CPA, RMA, PSA

JEFFREY C. BLISS, CPA, RMA, PSA

PAUL J. LERCH, CPA, RMA, PSA

DONNA L. JAPHET, CPA, PSA

JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA

ANDREW PARENTE, CPA, RMA, PSA

ROBERT W. HAAG, CPA, PSA

DEBORAH K. LERCH, CPA, PSA

DEBRA GOLLE, CPA

CINDY JANACEK, CPA, RMA

RALPH M. PICONE, CPA, RMA, PSA

EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Alpine, as of December 31, 2012 and 2011, 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, 2012, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the requirement that the Borough of Alpine prepare and present its financial statements on the regulatory basis of accounting as discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph above, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Alpine as of December 31, 2012 and 2011, or changes in financial position for the years then ended.

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

As discussed in Note 15 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough’s financial statements as of and for the years ended December 31, 2012 and 2011. The LOSAP Trust Fund financial activities are included in the Borough’s Trust Funds, and represent 5.5 percent and 4.3 percent of the assets and liabilities, respectively, of the Borough’s Trust Funds as of December 31, 2012 and 2011.

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

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Alpine as of December 31, 2012 and 2011, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2012 in accordance with the basis of financial accounting and reporting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

## ***Other Matters***

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

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

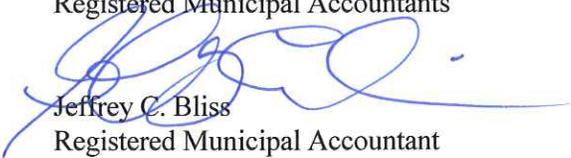
In accordance with Government Auditing Standards, we have also issued our report dated July 23, 2013 on our consideration of the Borough of Alpine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Alpine's internal control over financial reporting and compliance.

*Lerch, Vinci & Higgins, LLP*

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants

  
Jeffrey C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey  
July 23, 2013

**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**CURRENT FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash	A-4	\$ 2,516,685	\$ 2,563,062
Cash - Change Funds	A-5	100	100
Grant Receivables	A-10	11,360	9,536
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions	A-7	<u>3,003</u>	<u>3,003</u>
		<u>2,531,148</u>	<u>2,575,701</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes Receivable	A-8	94,200	134,197
Revenue Accounts Receivable	A-9	5,213	15,434
Due from General Capital Fund	C-10	<u>437</u>	<u>-</u>
		<u>99,850</u>	<u>149,631</u>
Total Assets		<u>\$ 2,630,998</u>	<u>\$ 2,725,332</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Liabilities</b>			
Appropriation Reserves	A-3,A-11	\$ 470,008	\$ 416,945
Encumbrances Payable	A-12	50,915	84,597
Fees Payable	A-13	1,830	3,821
Prepaid Taxes	A-14	160,495	192,319
Tax Overpayments	A-15	1,333	2,063
Due to Other Trust Fund	B-11	58,161	94,794
Due to General Capital Fund	C-10		1,494
County Taxes Payable	A-16	2,208	5,610
Local District School Tax Payable	A-17	527,956	475,648
Reserve for Tax Appeals	A-19	73,331	198,331
Miscellaneous Reserves	A-20	17,962	42,856
Reserve for Grants - Appropriated	A-21	47,387	44,138
Reserve for Grants - Unappropriated	A-22	<u>15,958</u>	<u>15,420</u>
		1,427,544	1,578,036
Reserve for Receivables and Other Assets	A	99,850	149,631
Fund Balance	A-1	<u>1,103,604</u>	<u>997,665</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 2,630,998</u>	<u>\$ 2,725,332</u>

**BOROUGH OF ALPINE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 900,000	\$ 1,200,000
Miscellaneous Revenue Anticipated	A-2	1,542,100	1,545,447
Receipts from Delinquent Taxes	A-2	134,197	210,568
Receipts from Current Taxes	A-2	13,607,988	13,470,114
Non-Budget Revenue	A-2	99,871	56,980
Other Credits to Income			
Interfunds Returned	A		35,839
Unexpended Balances of Appropriation Reserves	A-11	<u>303,923</u>	<u>207,895</u>
Total Revenue		<u>16,588,079</u>	<u>16,726,843</u>
<b>EXPENDITURES</b>			
Budget Appropriations			
Operations			
Salaries & Wages	A-3	2,508,650	2,524,843
Other Expenses	A-3	1,430,163	1,530,348
Debt Service	A-3	466,353	477,061
Deferred Charges and Statutory			
Expenditures - Municipal	A-3	517,112	696,426
County Taxes	A-16	5,042,396	5,093,526
Due to County for Added and Omitted Taxes	A-16	4,156	7,444
Local District School Tax	A-17	5,506,402	5,401,479
Municipal Open Space Tax	A-18	97,328	96,527
Interfunds Advanced	A	437	
Refund of Prior Year Taxes	A-4	<u>9,143</u>	<u>-</u>
Total Expenditures		<u>15,582,140</u>	<u>15,827,654</u>
Excess in Revenue		1,005,939	899,189
FUND BALANCE, JANUARY 1	A	<u>997,665</u>	<u>1,298,476</u>
		2,003,604	2,197,665
Decreased by:			
Utilization as Anticipated Revenue	A-1,A-2	<u>900,000</u>	<u>1,200,000</u>
FUND BALANCE, DECEMBER 31	A	<u>\$ 1,103,604</u>	<u>\$ 997,665</u>

**BOROUGH OF ALPINE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<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	\$ 900,000	-	\$ 900,000	-
<b>MISCELLANEOUS REVENUES</b>					
Fees and Permits					
Other	A-2	40,000		49,161	\$ 9,161
Fines and Costs - Municipal Court	A-9	29,850		55,200	25,350
Interest and Costs on Taxes	A-9	30,000		35,530	5,530
Interest on Investments	A-2	90,000		98,437	8,437
Cell Tower Rent	A-9	339,599		337,250	(2,349)
Energy Receipts Tax	A-9	405,408		405,408	
Uniform Construction Code Fees	A-9	130,000		140,198	10,198
Garden State Trust Fund	A-9	5,219		5,219	
Recycling Tonnage Grant - Unappropriated	A-22	3,991		3,991	
Alcohol Education and Rehabilitation Fund-Unapprop.	A-22	54		54	
Municipal Alliance on Alcoholism & Drug Abuse Grant	A-10	10,000		10,000	
Clean Communities Program - Unappropriated	A-22	4,612		4,612	
Body Armor Grant - Unappropriated	A-22	1,607		1,607	
Police Donations-Equipment-Unappropriated	A-22	5,156		5,156	
Uniform Fire Safety Act	A-9	2,161		1,917	(244)
Rent - U.S. Post Office	A-9	72,500		72,500	
Payment in Lieu of Taxes - Boy Scouts of America	A-9	44,499		44,499	
Reserve for Payment of Loan	C-10	51,616		51,616	
Reserve for Tax Appeals	A-19	125,000		125,000	
Reserve for Sale of Assets	A-20	7,894		7,894	
FEMA Reimbursements	A-9	37,098		36,851	(247)
Cresskill Leaf Compost	A-9	50,000	-	50,000	-
Total Miscellaneous Revenues	A-1	<u>1,486,264</u>	<u>-</u>	<u>1,542,100</u>	<u>55,836</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	<u>133,000</u>	<u>-</u>	<u>134,197</u>	<u>1,197</u>
<b>AMOUNT TO BE RAISED BY TAXES FOR SUPPORT OF MUNICIPAL BUDGET</b>					
Local Tax For Municipal Purposes	A-2	<u>3,053,085</u>	<u>-</u>	<u>3,607,706</u>	<u>554,621</u>
	A-3	<u>\$ 5,572,349</u>	<u>\$ -</u>	<u>6,184,003</u>	<u>\$ 611,654</u>
Non-Budget Revenue	A-1,A-2			<u>99,871</u>	
				<u>\$ 6,283,874</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, 2012**

	<u>Reference</u>	<u>Realized</u>
<b>ANALYSIS OF REALIZED REVENUES</b>		
Allocation of Current Tax Collections		
Revenue from Collections	A-1,A-8	\$ 13,607,988
Less Allocated to School, County and Municipal Open Space Taxes	A-16,A-17 A-18	<u>10,650,282</u>
		2,957,706
Add Appropriation Reserve for Uncollected Taxes	A-3	<u>650,000</u>
Amount for Support of Municipal Budget Appropriation	A-2	<u>\$ 3,607,706</u>
Fees and Permits - Other		
Borough Clerk	A-9	\$ 12,318
Other Fees and Permits	A-9	22,341
Health Officer and Registrar	A-9	6,577
Police Department	A-9	<u>7,925</u>
	A-2	<u>\$ 49,161</u>
Interest on Investments		
Due from Other Trust Fund	B-11	2,052
Due from General Capital Fund	C-10	<u>96,385</u>
	A-2	<u>\$ 98,437</u>
Analysis of Non-Budget Revenue		
Sale of Assets		\$ 7,263
Cablevision Franchise Fee		12,022
Other Trust Fund Prior Year Reimbursement		68,459
Insurance Reimbursements		2,000
Secure Our Cities Grant Reimbursement		613
LOSAP Cash Surrender		5,129
Excess Grant Proceeds - General Capital Fund		437
Miscellaneous		<u>3,948</u>
	A-2	<u>\$ 99,871</u>
Cash Receipts	A-4	99,434
Due From General Capital Fund	C-10	437
		<u>\$ 99,871</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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>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	\$ 127,000	\$ 127,000	\$ 123,611	\$ 3,389	
Other Expenses	23,280	23,280	18,067	5,213	
Financial Administration					
Salaries and Wages	83,000	83,000	77,889	5,111	
Other Expenses	13,500	13,500	13,130	370	
Audit Services					
Other Expenses	31,700	31,700	31,700		
Revenue Administration (Collection of Taxes)					
Salaries and Wages	23,000	23,000	8,737	14,263	
Other Expenses	13,000	13,000	10,294	2,706	
Tax Assessment Administration					
Salaries and Wages	18,500	18,500	17,661	839	
Other Expenses	2,125	2,125	838	1,287	
Legal Services and Costs					
Other Expenses	175,000	174,724	42,249	132,475	
Engineering Services and Costs					
Other Expenses	32,000	32,000	22,657	9,343	
MUNICIPAL LAND USE LAW (N.J.S.A. 40:55D-1)					
Planning Board					
Salaries and Wages	6,000	6,000	5,256	744	
Other Expenses	10,000	10,000	1,370	8,630	
Zoning Board of Adjustment					
Salaries and Wages	7,200	7,200	5,269	1,931	
Other Expenses	11,950	11,950	1,144	10,806	
Insurance (N.J.S.A. 40A:4-45.3(00))					
General Liability	65,383	65,383	61,355	4,028	
Workers Compensation	72,900	72,900	72,900		
Employee Group Health	364,678	364,678	343,530	21,148	
Employee Group Health Waivers	16,873	16,873	10,698	6,175	
PUBLIC SAFETY					
Police					
Salaries and Wages	1,662,400	1,672,400	1,669,802	2,598	
Other Expenses	65,000	65,000	59,911	5,089	
Police Acquisition of Vehicles					
Other Expenses	40,000	30,000	20,026	9,974	
Police Dispatch/911					
Other Expenses	23,000	23,000	22,772	228	
Emergency Management Services					
Other Expenses	3,000	3,000	2,761	239	
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, 2012**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>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	\$ 19,507	\$ 13,993	
Fire Hydrant Services	73,372	73,372	67,848	5,524	
Fire Prevention/Uniform Fire Code					
Salaries and Wages	13,000	13,000	7,787	5,213	
Other Expenses	2,161	2,161	2,161		
Municipal Prosecutor					
Contractual	5,800	5,800	5,706	94	
PUBLIC WORKS FUNCTION					
Road Repairs and Maintenance					
Salaries and Wages	358,000	358,000	292,691	65,309	
Other Expenses	35,450	35,450	34,361	1,089	
Public Buildings and Grounds					
Other Expenses	36,130	36,130	30,021	6,109	
Solid Waste Collection					
Salaries and Wages	8,600	8,600	6,237	2,363	
Other Expenses	17,857	17,857	16,459	1,398	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	35,000	35,000	19,358	15,642	
Other Expenses	2,600	2,600	1,873	727	
Other Expenses - Contractual	8,461	8,461	7,981	480	
Environmental Commission (NJSA 40:56A et seq.)					
Other Expenses	1,250	1,250	340	910	
Animal Control					
Other Expenses	1,000	1,000	1,000		
Public Assistance Liaison					
Salaries and Wages	750	750	399	351	
Occupational Safety and Health Act					
Other Expenses	2,888	2,888	2,600	288	
PARKS AND RECREATION FUNCTIONS					
Parks and Playgrounds					
Other Expenses	2,000	2,000	1,508	492	
EDUCATION FUNCTIONS					
Cresskill Library Fees	1,500	1,500	900	600	
OTHER COMMON OPERATING FUNCTIONS					
Celebration of Public Events					
Other Expenses	5,600	5,600	5,600		
MUNICIPAL COURT FUNCTION					
Municipal Court					
Salaries and Wages	24,500	24,500	18,865	5,635	
Other Expenses	6,000	6,000	1,996	4,004	
Public Defender (P.. 1997, C. 256)					
Salaries and Wages	2,100	2,100	1,917	183	

**BOROUGH OF ALPINE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balance Cancelled</u>
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY DEDICATED					
REVENUES (N.J.A.C. 5:23-4-17)					
Building Inspector					
Salaries and Wages	\$ 86,200	\$ 86,200	\$ 75,339	\$ 10,861	
Other Expenses	10,311	10,311	5,268	5,043	
Electrical Inspector					
Salaries and Wages	11,700	11,700	10,899	801	
Plumbing Inspector					
Salaries and Wages	12,600	12,600	12,000	600	
Zoning Official					
Salaries and Wages	13,300	13,300	11,375	1,925	
UTILITY EXPENSES AND BULK PURCHASES					
Electric	38,000	38,000	23,870	14,130	
Street Lighting	17,500	17,500	12,694	4,806	
Telephone	24,000	24,000	17,127	6,873	
Water	6,000	6,000	4,539	1,461	
Natural Gas	14,000	14,000	6,909	7,091	
Gasoline	60,000	60,000	54,982	5,018	-
Total Operations Within "CAPS"	3,866,619	3,866,343	3,425,744	440,599	-
Contingent	20,000	20,000	12,500	7,500	-
Total Operations Including Contingent - Within "CAPS"	3,886,619	3,886,343	3,438,244	448,099	-
Detail:					
Salaries and Wages	2,498,650	2,508,650	2,370,798	137,852	
Other Expenses (including contingent)	1,387,969	1,377,693	1,067,446	310,247	-
DEFERRED CHARGES AND STATUTORY					
EXPENDITURES - MUNICIPAL					
WITHIN "CAPS"					
Statutory Charges					
Social Security System	84,000	84,000	76,419	7,581	
Police and Fireman's Retirement System of NJ	367,279	367,279	367,279		
Public Employees Retirement System	65,833	65,833	65,833	-	-
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	517,112	517,112	509,531	7,581	-
Total General Appropriations for Municipal					
Purposes Within "CAPS"	4,403,731	4,403,455	3,947,775	455,680	-

**BOROUGH OF ALPINE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC SAFETY					
Fire					
Other Expense-LOSAP	\$ 24,550	\$ 24,550	\$ 21,700	\$ 2,850	-
Total Other Operations Excluded from "CAPS"	<u>24,550</u>	<u>24,550</u>	<u>21,700</u>	<u>2,850</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
PUBLIC AND PRIVATE PROGRAMS					
OFFSET BY REVENUES					
Municipal Alliance Program					
County Share	10,000	10,000	7,163	2,837	
Local Share	2,500	2,500	866	1,634	
Clean Communities Program	4,612	4,612	4,612		
Body Armor Grant Reserve	1,607	1,607	1,607		
Police Donations - Equipment - Reserve	5,156	5,156	1,172	3,984	
Alcohol Education and Rehab. Fund - Reserve	54	54		54	
Recycling Tonnage Grant - Reserve	3,991	3,991	1,022	2,969	-
Total Public and Private Programs Offset by Revenues	<u>27,920</u>	<u>27,920</u>	<u>16,442</u>	<u>11,478</u>	<u>-</u>
Total Operations Excluded from "CAPS"	<u>52,470</u>	<u>52,470</u>	<u>38,142</u>	<u>14,328</u>	<u>-</u>
Detail:					
Other Expenses	<u>52,470</u>	<u>52,470</u>	<u>38,142</u>	<u>14,328</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	\$ 250,000	\$ 250,000	\$ 250,000		
Payment of Principal Capital Notes	19,244	19,520	19,520		
Interest on Bonds	37,561	37,561	37,560		\$ 1
Interest on Notes	6,832	6,832	6,832		
Green Trust Loan Program					
Loan Repayments for Principal and Interest	148,773	148,773	148,703		70
BCIA Loan Repayments - Principal and Interest	3,738	3,738	3,738	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>466,148</u>	<u>466,424</u>	<u>466,353</u>	<u>-</u>	<u>71</u>

**BOROUGH OF ALPINE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**CURRENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>518,618</u>	<u>518,894</u>	<u>504,495</u>	<u>\$ 14,328</u>	<u>71</u>
Subtotal General Appropriations	4,922,349	4,922,349	4,452,270	470,008	71
Reserve for Uncollected Taxes	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 5,572,349</u>	<u>\$ 5,572,349</u>	<u>\$ 5,102,270</u>	<u>\$ 470,008</u>	<u>\$ 71</u>
	<u>Reference</u>	A-2	A-1	A, A-1	
Budget as Adopted	A-3	<u>\$ 5,572,349</u>			
Cash Disbursements	A-4		\$ 4,381,834		
Encumbrances Payable	A-12		50,915		
Due to General Capital Fund	C-10		19,521		
Reserve for Uncollected Taxes	A-2		<u>650,000</u>		
			<u>\$ 5,102,270</u>		

**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**TRUST FUNDS**  
**AS OF DECEMBER 31, 2012 AND 2011**

ASSETS	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ANIMAL CONTROL FUND</b>			
Cash	B-3	\$ <u>285</u>	\$ <u>638</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Cash	B-3	<u>34,851</u>	<u>27,412</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>196,454</u>	<u>99,119</u>
<b>RECREATION TRUST FUND</b>			
Cash	B-3	<u>52,479</u>	<u>67,011</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	3,708,493	4,054,487
Due from Current Fund	B-11	<u>58,161</u>	<u>94,794</u>
		<u>3,766,654</u>	<u>4,149,281</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Investments	B	213,351	176,634
Contributions Receivable	B	<u>20,700</u>	<u>19,550</u>
		<u>234,051</u>	<u>196,184</u>
<b>Total Assets</b>		<u>\$ 4,284,774</u>	<u>\$ 4,539,645</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, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>LIABILITIES AND RESERVES</b>			
<b>ANIMAL CONTROL FUND</b>			
Due to State of New Jersey	B-5	\$ 4	
Reserve for Animal Control Fund Expenditures	B-4	<u>281</u>	<u>\$ 638</u>
		<u>285</u>	<u>638</u>
<b>UNEMPLOYMENT INSURANCE TRUST FUND</b>			
Due to State of New Jersey	B-7		123
Reserve for Unemployment Insurance Benefits	B-6	<u>34,851</u>	<u>27,289</u>
		<u>34,851</u>	<u>27,412</u>
<b>OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Open Space Expenditures	B-9	<u>196,454</u>	<u>99,119</u>
<b>RECREATION TRUST FUND</b>			
Reserve for Recreation Expenditures	B-10	<u>52,479</u>	<u>67,011</u>
<b>OTHER TRUST FUND</b>			
Payroll Deductions Payable	B-12	25,873	34,219
Miscellaneous Reserves and Deposits	B-13	<u>3,740,781</u>	<u>4,115,062</u>
		<u>3,766,654</u>	<u>4,149,281</u>
<b>LENGTH OF SERVICE AWARDS PROGRAM TRUST FUND (UNAUDITED)</b>			
Reserve for LOSAP Benefits	B	<u>234,051</u>	<u>196,184</u>
Total Liabilities and Reserves		<u>\$ 4,284,774</u>	<u>\$ 4,539,645</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, 2012**

	Budget (Memo)	<u>Realized</u>	Excess or <u>Deficit</u>
Amount to be Raised by Taxation	\$ 97,248	\$ 97,328	\$ <u>80</u>
Non-Budget Revenue:			
Interest on Investments		<u>7</u>	
		<u>\$ 97,335</u>	
<u>Reference</u>	B-2	B-9	

**STATEMENT OF APPROPRIATIONS-REGULATORY BASIS**  
**OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budget (Memo)	Paid or <u>Charged</u>	<u>Expended</u> <u>Reserved</u>
Reserve for Future Use	\$ 97,248	\$ -	\$ <u>97,248</u>
<u>Reference</u>	B-1	B-9	

**BOROUGH OF ALPINE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>			
Cash and Investments	C-2,C-3	\$ 1,891,191	\$ 446,365
Grants Receivable	C-4	733,033	369,236
Due from Current Fund	C-10		1,494
Deferred Charges to Future Taxation			
Funded	C-5	1,659,366	2,048,374
Unfunded	C-6	<u>1,699,267</u>	<u>1,734,225</u>
 Total Assets		 <u>\$ 5,982,857</u>	 <u>\$ 4,599,694</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-13	1,060,000	1,310,000
Green Trust Loan Payable	C-14	568,915	704,539
Bergen County Improvement Authority Loan Payable	C-15	30,451	33,835
Bond Anticipation Notes Payable	C-12	3,117,360	1,122,950
Contracts Payable	C-7		59,593
Due to Current Fund	C-10	437	
Improvement Authorizations			
Funded	C-8	373,285	355,637
Unfunded	C-8	478,797	488,872
Capital Improvement Fund	C-9	164,629	190,229
Reserve for Debt Service- Loans	C-11	68,180	119,796
Reserve for Grants Receivable	C-4	4,630	208,567
Fund Balance	C-1	<u>116,173</u>	<u>5,676</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 5,982,857</u>	 <u>\$ 4,599,694</u>

There were bonds and notes authorized but not issued on December 31, 2012 and 2011 of \$1,000 and \$611,551, respectively. (Exhibit C-16)

**BOROUGH OF ALPINE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS**  
**GENERAL CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>Reference</u>	<u>2012</u>	<u>2011</u>
Balance, January 1	C	\$ 5,676	\$ 4,181
Increased by:			
Cancellation of Funded Improvement Authorizations	C-8	\$ 144,475	
Premium on Notes Issued	C-10	<u>11,733</u>	<u>1,495</u>
		161,884	5,676
Decreased by:			
Cancellation of Grants Receivable	C-4	<u>45,711</u>	<u>-</u>
Balance, December 31	C	<u>\$ 116,173</u>	<u>\$ 5,676</u>

**BOROUGH OF ALPINE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Land	\$ 6,107,500	\$ 6,107,500
Buildings and Building Improvements	1,748,795	1,748,795
Machinery and Equipment	<u>3,056,431</u>	<u>2,986,370</u>
	<u>\$ 10,912,726</u>	<u>\$ 10,842,665</u>
<b>FUND BALANCE</b>		
Investment in General Fixed Assets	<u>\$ 10,912,726</u>	<u>\$ 10,842,665</u>

**NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Regulatory Basis of Accounting**

The financial statements of the Borough of Alpine have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**B. 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.

**C. 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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

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

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

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

Open Space Preservation Trust Fund - This fund is used to account for the revenues and expenditures relating to taxes and other revenues dedicated to the acquisition and maintenance of real property for open space.

Recreation Trust Fund – This fund is used to account for receipts and disbursements relating to recreational activities administered by the Borough.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Length of Service Awards Program Trust Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

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

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

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

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

**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 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

**Miscellaneous Revenues** - 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.

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2012 and 2011 the Borough Council did not increase the original budget. However, the governing body approved several budget transfers during 2012 and 2011.

**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.

**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.

**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

**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.

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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

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

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

**General Fixed Assets (Continued)**

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

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

**Reclassifications** - Certain reclassifications have been made to the December 31, 2011 balances to conform to the December 31, 2012 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.

**D. Financial Statements – Regulatory Basis**

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

**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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Deposits (Continued)**

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2012 and 2011, the book value of the Borough's deposits were \$8,332,766 and \$7,138,804 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,389,571 and \$7,208,628, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2012</u>	<u>2011</u>
Insured	\$ 8,389,571	\$ 7,208,628

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, 2012 and 2011, 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.

As of December 31, 2012 and 2011, the Borough had the following investments:

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

<u>2011</u>	<u>Fair Value (LOSAP)</u>	<u>Book Value</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>

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, 2012 and 2011, \$281,123 and \$296,024 of the Borough’s investments was exposed to custodial credit risk as follows:

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

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

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2012 and 2011, the Borough’s investment in Lincoln Financial Group was rated Baa2 by Moody’s Investor Services.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2 DEPOSITS AND INVESTMENTS (Continued)**

**Investments (Continued)**

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

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

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

**NOTE 3 TAXES RECEIVABLE**

Receivables at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
<u>Current</u> Property Taxes	\$ <u>94,200</u>	\$ <u>134,197</u>

In 2012 and 2011, the Borough collected \$134,197 and \$210,568 from delinquent taxes, which represented 100% and 100% of the prior year delinquent tax 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 the 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, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

The Borough's debt is summarized as follows:

	<u>2012</u>	<u>2011</u>
Issued		
General		
Bonds, Notes and Loans	\$ 4,776,726	\$ 3,171,324
Less Funds Temporarily Held to Pay Bonds, Notes and Loans	<u>1,487,273</u>	<u>120,072</u>
Net Debt Issued	3,289,453	3,051,252
Authorized But Not Issued		
General		
Bonds and Notes	<u>1,000</u>	<u>611,551</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 3,290,453</u>	<u>\$ 3,662,803</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 .14% and .15% at December 31, 2012 and 2011, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2012</u>			
General Debt	<u>\$ 4,777,726</u>	<u>\$ 1,487,273</u>	<u>\$ 3,290,453</u>
<u>2011</u>			
General Debt	<u>\$ 3,782,875</u>	<u>\$ 120,072</u>	<u>\$ 3,662,803</u>

**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Statutory Borrowing Power**

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

	<u>2012</u>	<u>2011</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 81,568,892	\$ 81,741,337
Net Debt	<u>3,290,453</u>	<u>3,662,803</u>
Remaining Borrowing Power	<u>\$ 78,278,439</u>	<u>\$ 78,078,534</u>

**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>2012</u>	<u>2011</u>
\$1,635,000, 2008 Bonds, due in annual installments of \$250,000 to \$280,000 through May, 2016, interest at 3.10 to 3.25%	<u>\$ 1,060,000</u>	<u>\$ 1,310,000</u>
	<u>\$ 1,060,000</u>	<u>\$ 1,310,000</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Long-Term Debt (Continued)**

**General Intergovernmental Loans Payable**

The Borough has entered into a loan agreement with the Bergen County Improvement Authority ("BCIA") for the financing relating to the Borough's Solar Financing Program. The Borough has also entered into a loan agreement with the New Jersey Department of Environmental Protection for the financing 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>2012</u>	<u>2011</u>
\$47,368, 2008 BCIA Loans, due in annual installments of \$3,383 through December, 2021, interest at 1.05%	\$ 30,451	\$ 33,835
\$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%	<u>568,915</u>	<u>704,539</u>
	<u>\$ 599,366</u>	<u>\$ 738,374</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2012 is as follows:

Calendar Year	<u>General Bonds</u>		<u>Green Acres Loans</u>		<u>BCIA Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2013	\$ 250,000	\$ 29,811	\$ 138,012	\$ 10,692	\$ 3,383	\$ 320	\$ 432,218
2014	260,000	21,906	140,786	7,918	3,383	284	434,277
2015	270,000	13,488	143,615	5,088	3,383	249	435,823
2016	280,000	4,550	146,502	2,201	3,383	213	436,849
2017					3,383	179	3,562
2018-2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,536</u>	<u>354</u>	<u>13,890</u>
	<u>\$ 1,060,000</u>	<u>\$ 69,755</u>	<u>\$ 568,915</u>	<u>\$ 25,899</u>	<u>\$ 30,451</u>	<u>\$ 1,599</u>	<u>\$ 1,756,619</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Changes in Long-Term Municipal Debt**

The Borough's long-term capital debt activity for the years ended December 31, 2012 and 2011 were as follows:

	Balance, January 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2012</u>	Due Within <u>One Year</u>
<b><u>2012</u></b>					
General Capital Fund					
Bonds Payable	\$ 1,310,000		\$ 250,000	\$ 1,060,000	\$ 250,000
Intergovernmental Loans Payable	<u>738,374</u>	<u>-</u>	<u>139,008</u>	<u>599,366</u>	<u>141,395</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,048,374</u>	<u>\$ -</u>	<u>\$ 389,008</u>	<u>\$ 1,659,366</u>	<u>\$ 391,395</u>
	Balance, January 1, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2011</u>	Due Within <u>One Year</u>
<b><u>2011</u></b>					
General Capital Fund					
Bonds Payable	\$ 1,560,000		\$ 250,000	\$ 1,310,000	\$ 250,000
Intergovernmental Loans Payable	<u>873,393</u>	<u>-</u>	<u>135,019</u>	<u>738,374</u>	<u>139,008</u>
General Capital Fund Long-Term Liabilities	<u>\$ 2,433,393</u>	<u>\$ -</u>	<u>\$ 385,019</u>	<u>\$ 2,048,374</u>	<u>\$ 389,008</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt**

The Borough's short-term debt activity for the years ended December 31, 2012 and 2011 was as follows:

**Bond Anticipation Notes**

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

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance January 1, 2011</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance December 31, 2011</u>
<b><u>2011</u></b>						
<u>General Capital Fund</u>						
Purchase of Real Property			\$ 7,050	\$ 7,050	\$ 14,100	
Various Capital Improvements	1.50%	2/10/2012	341,714	939,428	811,428	\$ 469,714
Road Program	1.50%	2/10/2012	403,702	1,271,204	1,039,404	635,702
Acquisition and Installation of Photovoltaic Power System	1.50%	2/10/2012	17,534	35,068	35,068	17,534
			<u>\$ 770,000</u>	<u>\$ 2,252,750</u>	<u>\$ 1,900,000</u>	<u>\$ 1,122,950</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 4 MUNICIPAL DEBT (Continued)**

**Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

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

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

**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, 2012 and 2011.

**2012**

Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,748,795			1,748,795
Machinery and Equipment	<u>2,986,370</u>	<u>\$ 128,561</u>	<u>\$ 58,500</u>	<u>3,056,431</u>
	<u>\$ 10,842,665</u>	<u>\$ 128,561</u>	<u>\$ 58,500</u>	<u>\$ 10,912,726</u>

Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2011</u>
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**2011**

Land	\$ 6,107,500			\$ 6,107,500
Buildings and Building Improvements	1,719,045	\$ 29,750		1,748,795
Machinery and Equipment	<u>2,967,899</u>	<u>177,471</u>	<u>\$ 159,000</u>	<u>2,986,370</u>
	<u>\$ 10,794,444</u>	<u>\$ 207,221</u>	<u>\$ 159,000</u>	<u>\$ 10,842,665</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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>2012</u>		<u>2011</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 437	\$ 58,161		\$ 96,288
Trust Funds:				
Other Trust Fund	58,161		\$ 94,794	
General Capital Fund	<u>-</u>	<u>437</u>	<u>1,494</u>	<u>-</u>
 Total	 <u>\$ 58,598</u>	 <u>\$ 58,598</u>	 <u>\$ 96,288</u>	 <u>\$ 96,288</u>

The above balances are the result of revenues earned in one fund that are due to another fund or budget appropriations due to other Funds.

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

**NOTE 7 FUND BALANCES APPROPRIATED**

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

	Fund Balance December 31, <u>2012</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance December 31, <u>2011</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 1,089,241	\$ 1,000,000	\$ 985,126	\$ 900,000
Non-Cash Surplus	<u>14,363</u>	<u>-</u>	<u>12,539</u>	<u>-</u>
	 <u>\$ 1,103,604</u>	 <u>\$ 1,000,000</u>	 <u>\$ 997,665</u>	 <u>\$ 900,000</u>

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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 \$737,074 and \$924,710 at December 31, 2012 and 2011, 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, 2012 and 2011, the Borough has reserved in the Other Trust Fund \$209,241 and \$411,477, 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.

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

**Other Pension Funds**

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

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

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Other Pension Funds (Continued)**

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

**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.

**Significant Legislation**

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

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

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

**Investment Valuation**

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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.

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems, including PERS and PFRS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 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.

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

**Actuarial Methods and Assumptions**

In the July 1, 2011 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 (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent; and (b) revised projected salary increases which vary by fund (6.32% for PFRS and 4.52% for PERS).

**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 10.0% for PFRS of employees' annual compensation.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Annual Pension Cost (APC)**

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

During the years ended December 31, 2012, 2011 and 2010, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2012	\$ 367,279	\$ 65,833
2011	403,741	64,506
2010	324,286	44,456

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and the Teacher’s Pension and Annuity (TPAF) are combined and reported as Pension and Other Employee Benefit Trust Funds in the State’s Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost sharing multiple-employer plan. The post-retirement benefit programs had a total of 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial liability for other postemployment benefits (OPEB) which is made up of \$18.0 billion for state active and retired members and \$30.9 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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 11 POST-RETIREMENT MEDICAL BENEFITS (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 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, 2011 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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 million on their behalf. The cost of these benefits is funded through contributions by the State and participating local governments in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

P.L. 1977, c. 136 provides for the State and participating local governments to pay health benefits on a pay-as-you-go basis for all enrolled retired employees, regardless of retirement date, under two provisions. The first is for employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired employees who are eligible for a disability retirement regardless of years of service. The State and participating local governments contributed \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. This benefit covers the Police and Firemen's Retirement System.

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 \$36.6 million in Fiscal Year 2012 to provide benefits under Chapter 330 to qualified retirees.

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

**BOROUGH OF ALPINE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, SBJIF and MEL coverage amounts are on file with the Borough.

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

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2012	\$ 8,205	\$ 643	\$ 34,851
2011	3,751	277	27,289
2010	NONE	74	23,815

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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, 2012 and 2011. 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, 2012 and 2011, the Borough reserved \$73,331 and \$198,331, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

**Federal and State Awards** - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2012 and 2011, 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, 2012 and 2011, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

**NOTE 15 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED**

The Borough of Alpine Length of Service Awards 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 Awards 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.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 15 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)-UNAUDITED**

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 2012 and 2011 for each eligible volunteer fire department member into the Plan. The Borough also contributed \$20,700 and \$18,400 for 2012 and 2011, respectively for each eligible volunteer first aid squad members into the Plan.

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

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

**Vesting and Benefits**

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

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

**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 awards program for the Closter Volunteer Ambulance Corps., a volunteer organization which services each of the Boroughs.

The contributions are made in accordance with the plan established by the Borough of Closter pursuant to N.J.S.A.40A:14-183 et seq. Alpine's share of the Closter Volunteer Ambulance Corps. LOSAP contributions for the years ended December 31, 2012 and 2011 were -0- and \$4,250, respectively.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 16 DEFERRED SCHOOL TAXES**

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

	<u>Local District School</u>	
	<u>2012</u>	<u>2011</u>
Balance of Tax	\$ 2,867,938	\$ 2,815,630
Deferred	<u>2,339,982</u>	<u>2,339,982</u>
Taxes Payable	<u>\$ 527,956</u>	<u>\$ 475,648</u>

**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, 2012, there has been no default or event requiring repayment of the loan.

**BOROUGH OF ALPINE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 18 HURRICANE SANDY**

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

**NOTE 19 SUBSEQUENT EVENTS**

**Debt Authorized**

On June 26, 2013 the Borough adopted a Bond Ordinance authorizing the issuance of \$541,500 in Bonds or Bond Anticipation Notes to fund the acquisition of a fire engine and computer equipment. As of the date of this report the Borough has not issued nor awarded the sale of said bonds or notes.

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**CURRENT FUND**



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

Balance, December 31, 2011		\$ 2,563,062
Increased by:		
Taxes Receivable	\$ 13,542,366	
Revenue Accounts Receivable	1,233,733	
Non-Budget Revenue	99,434	
Due from State of NJ (Ch. 20, P.L. 1972)	7,500	
Prepaid Taxes	160,495	
Tax Overpayments	36,131	
Fees Payable	4,280	
Reserve for Grants - Unappropriated	15,958	
Grant Receivables	8,176	
Received From Other Trust Fund	419	
Received From General Capital Fund	374,178	
Petty Cash	500	
Premium on Note Sale Due General Capital Fund	<u>11,733</u>	
		<u>15,494,903</u>
		18,057,965
Decreased by Disbursements:		
2012 Budget Appropriations	4,381,834	
2011 Budget Reserves	130,269	
County Taxes Payable	5,049,954	
Local District School Tax Payable	5,454,094	
Fees Payable	6,271	
Tax Overpayments	36,861	
Reserve for Grants- Appropriated	4,101	
Payments to Open Space Trust Fund	97,328	
Payments to Other Trust Fund	95,000	
Miscellaneous Reserves	17,000	
Refund of Prior Year Taxes	9,143	
Payments to General Capital Fund	258,925	
Petty Cash	<u>500</u>	
		<u>15,541,280</u>
Balance, December 31, 2012		<u>\$ 2,516,685</u>

**BOROUGH OF ALPINE  
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2011	\$ <u>100</u>
Balance, December 31, 2012	\$ <u>100</u>

**STATEMENT OF PETTY CASH FUNDS**

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

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

Balance, December 31, 2011	\$ 3,003
Increased by:	
Senior Citizens' Deductions per Tax Duplicate 2012	<u>7,500</u>
	10,503
Decreased by:	
Receipts from State of New Jersey	<u>7,500</u>
Balance, December 31, 2012	<u>\$ 3,003</u>

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

<u>Year</u>	Balance, December 31, 2011	2012 Levy	Senior Citizens' and Veterans' Deductions Disallowed	Cash Collections 2011	2012	Senior Citizens' and Veterans' Deductions Allowed	Remitted, Abated or Cancelled	Balance, December 31, 2012
2011	\$ 134,197			\$ 134,197				\$ 94,200
2012	-	\$ 13,723,208	-	192,319	13,408,169	7,500	21,020	\$ 94,200
	\$ 134,197	\$ 13,723,208	\$ -	192,319	\$ 13,542,366	\$ 7,500	\$ 21,020	\$ 94,200

Analysis of 2012 Property Tax Levy

<b>TAX YIELD</b>	
General Purpose Tax	\$ 13,711,939
Added and Omitted Taxes (54:4-63.10 et seq.)	11,269
	<u>\$ 13,723,208</u>
<b>TAX LEVY</b>	
Local District School Taxes	\$ 5,506,402
County Taxes	\$5,042,396
Due County for Added and Omitted Taxes (54:4-63.10 et seq.)	4,156
Municipal Open Space Tax	\$ 97,248
Municipal Open Space Added Taxes	80
	97,328
Local Tax for Municipal Purposes	3,053,085
Add Additional Tax Levies	19,841
	<u>3,072,926</u>
	<u>\$ 13,723,208</u>

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

	Balance, December 31, <u>2011</u>	Accrued in <u>2012</u>	<u>Collected</u>	Balance, December 31, <u>2012</u>
Borough Clerk				
Fees and Permits		\$ 12,318	\$ 12,318	
Other Fees and Permits		22,341	22,341	
Health Officer and Registrar				
Fees and Permits		6,577	6,577	
Police Department				
Fees and Permits		7,925	7,925	
Municipal Court				
Fines and Costs	\$ 3,830	52,627	55,200	\$ 1,257
Interest and Cost on Taxes	5,562	33,924	35,530	3,956
Cell Tower Rent		337,250	337,250	
Energy Receipts Tax		405,408	405,408	
Uniform Construction Code Fees		140,198	140,198	
Garden State Trust Fund		5,219	5,219	
Uniform Fire Safety Act		1,917	1,917	
Cresskill Leaf Compost		50,000	50,000	
Rent - U.S. Post Office	6,042	66,458	72,500	
Payment in Lieu of Taxes - Boys Scouts		44,499	44,499	
FEMA Reimbursements	-	36,851	36,851	-
	<u>\$ 15,434</u>	<u>\$ 1,223,512</u>	<u>\$ 1,233,733</u>	<u>\$ 5,213</u>

EXHIBIT A-10

**STATEMENT OF GRANT RECEIVABLES**

	Balance, December 31, <u>2011</u>	Accrued in <u>2012</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2012</u>
Municipal Alliance Program	\$ 9,536	\$ 10,000	\$ 8,176	\$ 11,360
	<u>\$ 9,536</u>	<u>\$ 10,000</u>	<u>\$ 8,176</u>	<u>\$ 11,360</u>

**BOROUGH OF ALPINE**  
**STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
Municipal Clerk	\$ 4,776	\$ 4,776			\$ 4,776
Financial Administration	5,102	5,102			5,102
Revenue Administration	14,559	14,559			14,559
Tax Assessment Administration	685	685			685
Planning Board	622	622			622
Zoning Board Adjustment	1,874	1,874			1,874
Police		2,732	\$ 2,732		-
Fire Prevention/Uniform Fire Code	4,952	4,952			4,952
Municipal Prosecutor	151	151			151
Road Repairs and Maintenance	47,448	34,769	1,240	\$ 30,000	3,529
Solid Waste Collection	2,441	2,441			2,441
Board of Health	15,341	15,341		15,000	341
Public Assistance Liaison	369	369			369
Municipal Court	6,750	6,750			6,750
Public Defender	278	278			278
Building Inspector	15,686	15,686	283	15,000	403
Electrical Inspector	815	815			815
Plumbing Inspector	501	501	-	-	501
<b>Total Salaries &amp; Wages</b>	<u>122,350</u>	<u>112,403</u>	<u>4,255</u>	<u>60,000</u>	<u>48,148</u>
<b>Other Expenses</b>					
Municipal Clerk	1,848	1,848	686		1,162
Financial Administration	1,439	1,439	843		596
Revenue Administration	4,062	4,062	284		3,778
Tax Assessment Administration	61	61			61
Legal Services & Costs	86,029	80,409	4,269		76,140
Engineering Services & Costs	33	5,807	5,807		-
Planning Board	8,496	8,496			8,496
Zoning Board of Adjustment	8,288	8,688	400		8,288
Liability Insurance	3,315	19,590	16,275		3,315
Employee Group Insurance	75,418	77,312	908		76,404
Workers Compensation		17,209	17,209		-
Fire - Other Expenses	5,094	4,910	4,859		51
Fire Prevention/Uniform Fire Codes		877	693		184
Fire Hydrant Services	5,562	18,038	12,476		5,562
Police	3,735	3,735	1,771		1,964
Emergency Management Services	2,098	2,098			2,098
LOSAP	4,800	24,550	21,500		3,050
Recycling DPW		2,479	2,479		-
Cresskill Library Fees	1,050	1,500	450		1,050
Celebration of Public Events	100	100			100

**BOROUGH OF ALPINE  
STATEMENT OF 2011 APPROPRIATION RESERVES**

	Balance, December 31, <u>2011</u>	Balance After <u>Modification</u>	<u>Expended</u>	<u>Transfer</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Road Repairs and Maintenance	\$ 4,780	\$ 13,407	\$ 13,407		
Public Buildings & Grounds	4,099	5,389	1,422		\$ 3,967
Board of Health	1,554	1,554			1,554
Board of Health Contractual	251	251			251
Environmental Commission	343	343			343
Occupational Health	249	249			249
Building Inspector	3,651	3,760	109		3,651
Street Lighting	2,858	3,858	1,000		2,858
Natural Gas	2,681	3,552	871		2,681
Water	2,073	2,687	614		2,073
Electric	5,714	7,722	3,474		4,248
Telephone/Communication	9,174	10,496	1,323		9,173
Gasoline	868	7,509	7,509		-
Contingent	20,000	20,000			20,000
Social Security System	7,666	7,666			7,666
Municipal Court	4,762	4,762			4,762
Municipal Alliance					
County Share	860	1,142	1,032	\$ 110	
Local Share	2,075	2,075	1,042	1,033	
Clean Communities Program	3,302	3,302	3,302		
Alcohol Rehab and Education Fund - Reserve	251	251		251	
Police Donations-Equipment-Reserve	5,050	5,050		5,050	
Recycling Tonnage Grant - Reserve	906	906	-	906	-
	<u>294,595</u>	<u>389,139</u>	<u>126,014</u>	<u>7,350</u>	<u>255,775</u>
Total	<u>\$ 416,945</u>	<u>\$ 501,542</u>	<u>\$ 130,269</u>	<u>\$ 67,350</u>	<u>\$ 303,923</u>
		\$ 416,945			
Appropriation Reserves		<u>84,597</u>			
Encumbrances Payable		<u>\$ 501,542</u>			
			\$ 130,269		
				\$ 60,000	
Cash Disbursements				<u>7,350</u>	
Due to Other Trust Fund - Terminal Leave				<u>\$ 67,350</u>	
Transfer to Appropriated Grant Reserves					

**BOROUGH OF ALPINE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2011	\$	84,597
Increased by:		
Charges to 2012 Appropriations		<u>50,915</u>
		135,512
Decreased by		
Transfer to 2011 Appropriation Reserves		<u>84,597</u>
Balance, December 31, 2012	\$	<u>50,915</u>

**STATEMENT OF FEES PAYABLE**

	Balance, December 31, <u>2011</u>	Fees Collected	<u>Payments</u>	Balance, December 31, <u>2012</u>
Due State of New Jersey				
Marriage License Fees		\$ 228	\$ 153	\$ 75
State Training Fees	<u>\$ 3,821</u>	<u>4,052</u>	<u>6,118</u>	<u>1,755</u>
	<u>\$ 3,821</u>	<u>\$ 4,280</u>	<u>\$ 6,271</u>	<u>\$ 1,830</u>

**BOROUGH OF ALPINE  
STATEMENT OF PREPAID TAXES**

Balance, December 31, 2011		\$ 192,319
Increased by:		
Collection of 2013 Taxes		<u>160,495</u>
		352,814
Decreased by:		
Transferred to 2012 Taxes Receivable		<u>192,319</u>
Balance, December 31, 2012		<u>\$ 160,495</u>

**STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2011		\$ 2,063
Increased by:		
Tax Overpayments Received		<u>36,131</u>
		38,194
Decreased by:		
Overpayments Refunded		<u>36,861</u>
Balance, December 31, 2012		<u>\$ 1,333</u>

**STATEMENT OF COUNTY TAXES PAYABLE**

Balance, December 31, 2011		\$ 5,610
Increased by:		
2012 Levy	\$ 5,042,396	
2012 Added and Omitted Taxes	<u>4,156</u>	
		<u>5,046,552</u>
		5,052,162
Decreased by:		
Payments		<u>5,049,954</u>
Balance, December 31, 2012		<u>\$ 2,208</u>

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

Balance, December 31, 2011		
School Tax Payable	\$ 475,648	
School Tax Deferred	<u>2,339,982</u>	
		\$ 2,815,630
Increased by:		
Levy - School Year July 1, 2012 to June 30, 2013		<u>5,506,402</u>
		8,322,032
Decreased by:		
Payments		<u>5,454,094</u>
Balance, December 31, 2012		
School Tax Payable December 31, 2012	527,956	
School Tax Deferred	<u>2,339,982</u>	
		<u>\$ 2,867,938</u>
<u>Liability for Local District School Tax</u>		
School Tax Payable December 31, 2012		\$ 527,956
Add: Payments		<u>5,454,094</u>
		5,982,050
Less: School Tax Payable at December 31, 2011		<u>475,648</u>
Amount Charged to 2012 Operations		<u>\$ 5,506,402</u>

EXHIBIT A-18

**STATEMENT OF MUNICIPAL OPEN SPACE TAX PAYABLE**

Increased by:		
2012 Levy	\$ 97,248	
2012 Added and Omitted Taxes	<u>80</u>	
		<u>\$ 97,328</u>
Decreased by:		
Cash Disbursements		<u>\$ 97,328</u>

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

Balance, December 31, 2011	\$ 198,331
Decreased by:	
Realized as 2012 Budget Revenue	<u>125,000</u>
Balance, December 31, 2012	<u>\$ 73,331</u>

**STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2011</u>	Anticipated in 2012 <u>Budget</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2012</u>
Sale of Assets	\$ 7,894	\$ 7,894		
Master Plan	2,044			\$ 2,044
Revaluation	15,918			15,918.00
Outside Lien Holders	<u>17,000</u>	<u>-</u>	<u>\$ 17,000</u>	<u>-</u>
	<u>\$ 42,856</u>	<u>\$ 7,894</u>	<u>\$ 17,000</u>	<u>\$ 17,962</u>

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

	Balance, December 31, <u>2011</u>	Transferred from 2011 Appropriation <u>Reserves</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2012</u>
Alcohol Education Rehab. Fund	\$ 700	\$ 251		\$ 951
Clean Communities	2,437			2,437
Recycling Tonnage Grant	7,499	906		8,405
NJ DEP Stormwater Grant	1,128			1,128
Municipal Recycling Assistance Program	1,693			1,693
Police Donations	24,429	5,050	\$ 4,101	25,378
DARE Municipal Alliance				
County Share	2,751	110		2,861
Local Share	1,004	1,033		2,037
Body Armor	<u>2,497</u>	<u>-</u>	<u>-</u>	<u>2,497</u>
	<u>\$ 44,138</u>	<u>\$ 7,350</u>	<u>\$ 4,101</u>	<u>\$ 47,387</u>

EXHIBIT A-22

**STATEMENT OF RESERVE FOR GRANTS - UNAPPROPRIATED**

	Balance, December 31, <u>2011</u>	Cash <u>Receipts</u>	Anticipated in 2012 <u>Budget</u>	Balance, December 31, <u>2012</u>
Body Armor Grant	\$ 1,607	\$ 1,551	\$ 1,607	\$ 1,551
Recycling Tonnage Grant	3,991	5,918	3,991	5,918
Alcohol Education Rehabilitation Fund	54	108	54	108
Police Donations	5,156	3,550	5,156	3,550
Clean Communities	<u>4,612</u>	<u>4,831</u>	<u>4,612</u>	<u>4,831</u>
	<u>\$ 15,420</u>	<u>\$ 15,958</u>	<u>\$ 15,420</u>	<u>\$ 15,958</u>

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**TRUST FUNDS**



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

	<u>Animal Control</u>	<u>Unemployment Insurance</u>	<u>Other Trust</u>	<u>Open Space</u>	<u>Recreation Trust</u>
Balance, December 31, 2011	\$ 638	\$ 27,412	\$ 4,054,487	\$ 99,119	\$ 67,011
Increased by Receipts:					
Payments From Current Fund		\$ 95,000		\$ 97,328	
Interest on Deposits		3,454		7	
Miscellaneous Reserves and Deposits		602,461			
Payroll Deductions Payable		3,498,680			
Unemployment Employee Contributions		\$ 8,205			
Due to State of NJ - Registration Fees	\$ 411				
Animal License Fees	2,388				
Budget Appropriation	1,000				
Recreation Fees	-				
	<u>3,799</u>	<u>8,205</u>	<u>4,199,595</u>	<u>97,335</u>	<u>\$ 39,860</u>
Decreased by Disbursements:					
Miscellaneous Reserves and Deposits	4,437	35,617	8,254,082	196,454	106,871
Payroll Deductions Payable			1,038,144		
Payments to Current Fund			3,507,026		
Payments to General Capital Fund			419		
Dog License Fees Paid to State of NJ	407				
Reserve for Animal Expenditures	3,745	766			
Reserve for Unemployment Insurance Benefits					
Recreation Expenditures					<u>54,392</u>
	<u>4,152</u>	<u>766</u>	<u>4,545,589</u>	<u>-</u>	<u>54,392</u>
Balance, December 31, 2012	<u>\$ 285</u>	<u>\$ 34,851</u>	<u>\$ 3,708,493</u>	<u>\$ 196,454</u>	<u>\$ 52,479</u>

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

Balance, December 31, 2011		\$	638
Increased by:			
Dog License Fees	\$ 1,754		
Cat License Fees	452		
Miscellaneous and Late Fees	<u>182</u>		
		\$ 2,388	
Budget Appropriation		<u>1,000</u>	
			<u>3,388</u>
			4,026
Decreased by:			
Expenditures Under R.S. 4:19-15.11:			
Cash Disbursements			<u>3,745</u>
Balance, December 31, 2012		\$	<u>281</u>

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

Increased by:			
State Fees Collected		\$	411
Decreased by:			
Payments to the State			<u>407</u>
Balance, December 31, 2012		\$	<u>4</u>

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

Balance, December 31, 2011	\$	27,289
Increased by:		
Employee Contributions		<u>8,205</u>
		35,494
Decrease by:		
Unemployment Claims Due to State		<u>643</u>
Balance, December 31, 2012	\$	<u>34,851</u>

EXHIBIT B-7

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

Balance, December 31, 2011	\$	123
Increased by:		
Unemployment Claims Charged to Reserve		<u>643</u>
		766
Decreased by:		
Cash Disbursements	\$	<u>766</u>

EXHIBIT B-8

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

Increased by:		
Open Space Tax Levy	\$	97,248
Added Open Space Tax Levy		<u>80</u>
	\$	97,328
Decreased by:		
Cash Received from Current Fund	\$	<u>97,328</u>

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

Balance, December 31, 2011		\$	99,119
Increased by:			
Due from Current Fund:			
Open Space Tax Levy	\$	97,248	
Added Open Space Tax Levy		<u>80</u>	
		\$	97,328
Interest on Deposit			<u>7</u>
			<u>97,335</u>
Balance, December 31, 2012		\$	<u>196,454</u>

EXHIBIT B-10

**STATEMENT OF RESERVE FOR RECREATION EXPENDITURES**

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
Swim and Racquet Club	\$ 56,239	\$ 35,610	\$ 50,142	\$ 41,707
Biddy Basketball	6,822			6,822
Men's Basketball	<u>3,950</u>	<u>4,250</u>	<u>4,250</u>	<u>3,950</u>
	<u>\$ 67,011</u>	<u>\$ 39,860</u>	<u>\$ 54,392</u>	<u>\$ 52,479</u>
 Cash Receipts		\$ 39,860		
Cash Disbursed		<u>-</u>	<u>\$ 54,392</u>	
		<u>\$ 39,860</u>	<u>\$ 54,392</u>	

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

Balance, December 31, 2011		
Due from Current Fund - Terminal Leave	\$ 95,000	
Due to Current Fund - Developer's Escrow	<u>(206)</u>	
		\$ 94,794
Increased by:		
Transfer from 2011 Appropriation Reserves - Terminal Leave	60,000	
Payments to Current Fund	<u>419</u>	
		<u>60,419</u>
		155,213
Decreased by:		
Cash Receipts from Current Fund	95,000	
Interest on Investment	<u>2,052</u>	
		<u>97,052</u>
Balance, December 31, 2012		<u>\$ 58,161</u>

Analysis of Balance

Due from Current - Terminal Leave		\$ 60,000
Due to Current - Developer's Escrow		<u>(1,839)</u>
		<u>\$ 58,161</u>

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

Balance, December 31, 2011		\$ 34,219
Increased by:		
Cash Receipts		<u>3,498,680</u>
		3,532,899
Decreased by:		
Cash Disbursements		<u>3,507,026</u>
Balance, December 31, 2012		<u>\$ 25,873</u>

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

	Balance, December 31, <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2012</u>
Escrow Deposits	\$ 1,668,466	\$ 285,521	\$ 619,854	\$ 1,334,133
Affordable Housing Developer Fees	1,423,469	133,883	86,388	1,470,964
Cell Tower Deposits	238,646			238,646
POAA Fees	589	18		607
Fire Inspection Penalty Fees	1,912			1,912
Tax Sale Premium Deposits	1,200	57,000	1,200	57,000
COAH/Balanced Housing Note Reserve	363,609	64,239	2,250	425,598
Terminal Leave Reserve	411,477	60,000	262,236	209,241
Police Outside Duty Fees	<u>5,694</u>	<u>63,202</u>	<u>66,216</u>	<u>2,680</u>
	<u>\$ 4,115,062</u>	<u>\$ 663,863</u>	<u>\$ 1,038,144</u>	<u>\$ 3,740,781</u>
Cash Receipts		\$ 602,461		
Interest on Deposits		1,402		
Due from Current Fund		60,000		
Cash Disbursed		<u>-</u>	<u>\$ 1,038,144</u>	
		<u>\$ 663,863</u>	<u>\$ 1,038,144</u>	

**GENERAL CAPITAL**



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

Balance, December 31, 2011		\$ 446,365
Increased by Receipts:		
Interest on Investments and Deposits	\$ 96,385	
Bond Anticipation Notes	2,013,930	
Grant Receipts	203,937	
Receipts from Current Fund	<u>258,925</u>	
		<u>2,573,177</u>
		3,019,542
Decreased by Disbursements:		
Payment to Current Fund	374,178	
Payments for Current Fund	19,521	
Improvement Authorizations	675,059	
Contracts Payable	<u>59,593</u>	
		<u>1,128,351</u>
Balance, December 31, 2012		<u>\$ 1,891,191</u>

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

	Balance, December 31, <u>2012</u>
Fund Balance	\$ 116,173
Capital Improvement Fund	164,629
Reserve for Debt Service- Loans	68,180
Due to Current Fund	437
Grants Receivable	(728,403)
Excess Note Proceeds	1,419,093
Improvement Authorizations:	
Ordinance	
<u>Number</u>	(1,000)
671/695 Acquisition of Real Property	99,950
676 2007 Various Capital Improvements	24,440
683 2009 Various Capital Improvements	12,860
685/708 Acquisition and Installation of Photovoltaic Power System	24,028
699 Various 2009 Capital Improvements	19,686
712 Various Capital Improvements	4,468
723 2011 Road Program	42,095
724 Various 2011 Capital Improvements	1,797
726 Acquisition of Computer Server	55,523
729 2012 Capital Improvements	<u>567,235</u>
730 2012 Road Program	<u>\$ 1,891,191</u>

**BOROUGH OF ALPINE  
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2011</u>	Grant <u>Awards</u>	Grant <u>Receipts</u>	Cancellation of <u>Grants</u>	Balance, December 31, <u>2012</u>	<u>Balance Pledged To</u> Improvement <u>Authorizations</u>	<u>Reserve</u>
<b>N.J. Dept. of Transportation</b>							
Ord. 673 - 2006 Road Program	\$ 80,000			\$ 80,000			
Ord. 677 - 2007 Road Program	19,853			19,853			
Ord. 684 - 2009 Road Program	42,413			42,413			
Ord. 723 - Anderson Ave. Phase 4	208,567		\$ 203,937		\$ 4,630		\$ 4,630
Ord. 730 - 2012 Road Program		\$ 300,000			300,000	\$ 300,000	
<b>County of Bergen Open Space Trust Fund</b>							
Ord. 676 - 2007 Various Capital Improvements	18,403	-			18,403	18,403	
Ord. 730 - 2012 Road Program	-	410,000	-	-	410,000	410,000	-
	<u>\$ 369,236</u>	<u>\$ 710,000</u>	<u>\$ 203,937</u>	<u>\$ 142,266</u>	<u>\$ 733,033</u>	<u>\$ 728,403</u>	<u>\$ 4,630</u>
Fund Balance				\$ 45,711			
Improvement Authorizations				<u>96,555</u>			
				<u>\$ 142,266</u>			

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

Balance, December 31, 2011	\$ 2,048,374
Decreased by:	
2012 Budget Appropriation:	
Serial Bonds	\$ 250,000
Green Trust Loan	135,624
BCIA Loan	<u>3,384</u>
	<u>389,008</u>
Balance, December 31, 2012	<u>\$ 1,659,366</u>



**BOROUGH OF ALPINE  
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2011	\$ 59,593
Decreased by:	
Cash Disbursed	<u>\$ 59,593</u>

**BOROUGH OF ALPINE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2011		2012 Authorizations		Balance, December 31, 2012				
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges Unfunded	Grants Awards	Authorizations Cancelled	Paid or Charged	Funded	Unfunded
616/618	Various Capital Improvements	7/23/2003	\$ 312,173	\$ 27,627	\$ 76,672				\$ 104,299			
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				68,900			
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		14,590				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								\$ 24,440
683	2009 Capital Improvements	5/28/2009	130,200		24,440							
684	2008 Road Program	5/28/2008	303,450		105,455							
685/708	Acquisition and Installation of Photovoltaic Power System	6/25/2008	68,555	12,860								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		46,370							46,370
711	2010 Road Program	5/26/2010	244,500		13,251							13,251
712	Various Capital Improvements	5/26/2010	135,386		23,586					\$ 3,900		19,686
717	Improvements to Audrey Urban Court	10/27/2010	64,988	29,796					29,796			
723	2011 Road Program	5/25/2011	213,675		8,047							8,047
724	Various 2011 Capital Improvements	5/25/2011	286,325		110,433							110,433
726	Acquisition of Computer Server	8/24/2011	10,000	1,797								1,797
729	2012 Capital Improvements	4/25/2012	182,500			\$ 9,125	\$ 173,375					126,977
730	2012 Road Program	4/25/2012	1,039,500			16,475	313,025	\$ 710,000				472,265
				\$ 355,637	\$ 488,872	\$ 25,600	\$ 486,400	\$ 710,000	\$ 539,368	\$ 675,059	\$ 373,285	\$ 478,797

Fund Balance	\$ 144,475
Grant Receivable	96,555
Deferred Charges Unfunded	298,338
Cash Disbursed	\$ 539,368
	\$ 675,059

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

Balance, December 31, 2011	\$ 190,229
Decreased by:	
Appropriation to Finance Improvement Authorizations	<u>25,600</u>
Balance, December 31, 2012	<u>\$ 164,629</u>

**STATEMENT OF DUE FROM/TO CURRENT FUND**

Balance, December 31, 2011 (Due From)	\$ 1,494
Increased by:	
Payments to Current Fund	\$ 374,178
Payments for Current Fund Expenditures	19,521
Premium on Notes Deposited in Current Fund	11,733
Excess Grant Proceeds	<u>437</u>
	<u>405,869</u>
Decreased by:	
Anticipated in 2012 Current Fund Budget- Reserve for Payment of Loan	51,616
Interest Earnings on Treasury Strips	96,385
Cash Received from Current Fund	<u>258,925</u>
	<u>406,926</u>
Balance, December 31, 2012 (Due To)	<u>\$ 437</u>

**STATEMENT OF RESERVE FOR DEBT SERVICE- LOANS**

Balance, December 31, 2011	\$ 119,796
Decreased by:	
Anticipated in 2012 Current Fund Budget	<u>51,616</u>
Balance, December 31, 2012	<u>\$ 68,180</u>

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

Ord. No.	Improvement Description	Date of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2011	Increased	Decreased	Balance, December 31, 2012	
683	2008 Capital Improvements	2/12/2009	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	\$ 123,689	\$ 113,567 102,499	\$ 123,689	\$ 113,567 102,499	
684	2008 Road Program	2/12/2009	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	164,777	156,105 147,433	164,777	156,105 147,433	
685	Acquisition and Installation of Photovoltaic Power System	2/12/2009	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	17,534	16,808 16,358	17,534	16,808 16,358	
699	2009 Capital Improvements	2/10/2010	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	218,025	218,025 199,390	218,025	218,025 199,390	
700	2009 Road Program	2/10/2010	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	238,925	238,925 226,350	238,925	238,925 226,350	
711	2010 Road Program	2/14/2011	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	232,000	232,000 232,000	232,000	232,000 232,000	
712	2010 Capital Improvements	2/14/2011	9/14/2011 2/9/2012 12/13/2012	2/10/2012 2/8/2013 12/12/2013	1.50 1.50 1.10	128,000	128,000 128,000	128,000	128,000 128,000	
723	2011 Road Program	12/13/2012	12/13/2012	12/12/2013	1.10	-	203,500	-	203,500	
724	2011 Capital Improvements	12/13/2012	12/13/2012	12/12/2013	1.10	-	272,000	-	272,000	
729	2012 Capital Improvements	12/13/2012	12/13/2012	12/12/2013	1.10	-	173,375	-	173,375	
730	2012 Road Program	12/13/2012	12/13/2012	12/12/2013	1.10	-	313,025	-	313,025	
							<u>\$ 3,117,360</u>	<u>\$ 1,122,950</u>	<u>\$ 3,117,360</u>	
							Issued for Cash	\$ 2,013,930		
							Renewals	1,103,430	\$ 1,103,430	
							Paid by Budget Appropriation	-	19,250	
							<u>\$ 3,117,360</u>	<u>\$ 1,122,680</u>	<u>\$ 1,122,680</u>	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2012	Interest Rate	Balance, December 31, 2011	Decreased	Balance, December 31, 2012
General Improvement of 2008	5/1/2008	\$ 1,635,000	5/15/2013 \$ 250,000	3.10%			
			5/15/2014 260,000	3.10%			
			5/15/2015 270,000	3.25%	\$ 1,310,000	\$ 250,000	\$ 1,060,000
			5/15/2016 280,000	3.25%	\$ 1,310,000	\$ 250,000	\$ 1,060,000

Paid by Budget Appropriation \$ 250,000

**STATEMENT OF GREEN ACRES LOAN PAYABLE**

Ord. No.	Improvement Description	Date of Issue	Original Issue	Interest Rate	Balance, December 31, 2011	Loan Repayment	Balance, December 31, 2012
Paid by Budget Appropriation							\$ <u>135,624</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, 2011</u>	<u>Decrease: Loan Repayment</u>	<u>Balance, December 31, 2012</u>
685	Solar Financing Program	12/4/2008	\$ 47,368	1.05%	\$ 33,835	\$ 3,384	\$ 30,451
					<u>\$ 33,835</u>	<u>\$ 3,384</u>	<u>\$ 30,451</u>
						<u>\$ 3,384</u>	
						<u>\$ 3,384</u>	

Paid by Budget Appropriation

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

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance, December 31, 2011</u>	<u>2012 Authorizations</u>	<u>Funded by Grant Receipts</u>	<u>Authorizations Cancelled</u>	<u>Bond Anticipation Notes Issued</u>	<u>Balance, December 31, 2012</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	15,590			14,590		\$ 1,000
711	2010 Road Program	855				\$ 855	
712	Various Capital Improvements	934				934	
723	2011 Road Program	203,500		\$ 203,500			
724	Various 2011 Capital Improvements	272,000				272,000	
729	2012 Capital Improvements		\$ 173,375			173,375	
730	2012 Road Program		313,025			313,025	
			<u>\$ 486,400</u>	<u>\$ 203,500</u>	<u>\$ 133,262</u>	<u>\$ 760,189</u>	<u>\$ 1,000</u>
		<u>\$ 611,551</u>					

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



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

17 - 17 ROUTE 208

FAIR LAWN, NJ 07410

TELEPHONE (201) 791-7100

FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

DIETER P. LERCH, CPA, RMA, PSA

GARY J. VINCI, CPA, RMA, PSA

GARY W. HIGGINS, CPA, RMA, PSA

JEFFREY C. BLISS, CPA, RMA, PSA

PAUL J. LERCH, CPA, RMA, PSA

DONNA L. JAPHET, CPA, PSA

JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA

ANDREW PARENTE, CPA, RMA, PSA

ROBERT W. HAAG, CPA, PSA

DEBORAH K. LERCH, CPA, PSA

DEBRA GOLLE, CPA

CINDY JANACEK, CPA, RMA

RALPH M. PICONE, CPA, RMA, PSA

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

### INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Alpine as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated July 23, 2013. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared and presented in accordance with accounting principles generally accepted in the United States of America but rather prepared and presented in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was qualified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund financial statements.

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

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

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

### **Compliance and Other Matters**

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

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"

### **Purpose of this Report**

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

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Registered Municipal Accountants



Jeffrey C. Bliss

Registered Municipal Accountant

RMA Number CR00429

Fair Lawn, New Jersey  
July 23, 2013

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



**BOROUGH OF ALPINE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Funding Department	Grant Number	CFDA Number	Grant Year	Grant Award	2012 Grant Receipts	Balance, January 1, 2012	Revenue Realized	Expended	Cancellation	Balance, December 31, 2012	Memo Cumulative Total Expenditures
U. S. Department of Homeland Security (Passed Through the State Department of Law and Public Safety)											
Disaster Grants - Public Assistance	66-1200-100-A77	97.036	2012	\$ 36,851	\$ 36,851	\$ 36,851	\$ 36,851				\$ 36,851
FEMA- Snowstorm - 10/29/11	66-1200-100-A62	97.106	2012	\$ 613	\$ 613		613				613
Secure our Cities Program											
U. S. Department of Transportation Highway Planning and Construction (Passed through State Department of Transportation)											
2007 Municipal Aid (Ord. #673)	78-6320-480-xxxx	20.205	2007	80,000		\$ 76,702		\$ 76,702			3,298
Anderson Ave Phase 4 (Ord #723)	78-6320-480-AKV		2011	208,567	203,937	21,460		16,830		\$ 4,630	203,937
2012 Road Program (Ord. #730)	78-6320-480-xxx		2012	300,000		-	300,000	77,964		222,036	77,964
						\$ 98,162	\$ 337,464	\$ 132,258	\$ 76,702	\$ 226,666	

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

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOROUGH OF ALPINE  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

State Grant Program	Grant Number	Grant Year	Grant Award Received	2012 Grant Receipts	Balance, January 1, 2012	Revenue Realized	Expended	Adjustment	Balance, December 31, 2012	Memo Cumulative Expenditures
Municipal Recycling Assistance Program (Passed Through County of Bergen)	4910-759-690-50	2004 2005 2007	\$ 1,591 1,574 1,239	\$ 1,591 84 18	\$ 1,591 84 18				\$ 1,591 84 18	1,490 1,221
Department of Environmental Protection Clean Communities Program	4900-765-004	2006 2007 2010 2011 2012	4,990 4,000 4,980 4,612 4,831	1,589 848 3,302	1,589 848 3,302	\$ 4,612 4,612	\$ 3,302 4,612		1,589 848 -	3,401 3,152 4,980 4,612
Recycling Tonnage	4900-752-001	2007 2008 2009 2010 2011 2012	1,433 2,668 5,243 4,523 3,991 5,918	1,433 983 5,083 906	1,433 983 5,083 906	3,991	1,022		1,433 983 5,083 906 2,969	1,685 160 3,617 1,022
NJ DEP Municipal Stormwater Program	N/A	2007	1,705	1,128	1,128				1,128	577
Judiciary Alcohol Education and Rehabilitation Fund	9735-760-001	2008 2009 2010 2011 2012	375 325 251 54 108	375 325 251	375 325 251	54			375 325 251 54	
Municipal Alliance Program	N/A	2010 2011 2012	10,000 10,000 10,000	2,751 860	2,751 860	10,000	1,032	282	2,001 860 2,837	7,999 9,140 7,163
Body Armor Grant	1020-718-001	2008 2009 2011 2012	3,394 1,273 1,607 1,551	2,149 348	2,149 348	1,607	1,607		2,149 348	1,245 925 1,607
					\$ 24,024	\$ 20,264	\$ 18,738	\$ 282	\$ 25,832	

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

See accompanying Notes to Schedule of Expenditures of State Financial Assistance

**SUPPLEMENTARY SCHEDULES**



**BOROUGH OF ALPINE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 37,464	\$ 20,264	\$ 57,728
General Capital Fund	<u>300,000</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 337,464</u>	<u>\$ 20,264</u>	<u>\$ 357,728</u>

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

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

**BOROUGH OF ALPINE  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 2012**

**NOTE 5 STATE LOANS OUTSTANDING**

The Borough's state loans outstanding at December 31, 2012, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>State</u>
Green Acres Loan Program	0255-92-083	<u>\$568,915</u>

**BOROUGH OF ALPINE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*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  none reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section**

NOT APPLICABLE

**State Awards Section**

NOT APPLICABLE

**BOROUGH OF ALPINE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

*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, 2012**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

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

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**PART III**

**SUPPLEMENTARY DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**



**BOROUGH OF ALPINE  
SUPPLEMENTARY DATA**

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

	<u>Year 2012</u>		<u>Year 2011</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 900,000	5.43 %	\$ 1,200,000	7.17 %
Miscellaneous - From Other Than Local				
Property Tax Levies	1,641,971	9.90	1,602,427	9.58
Collection of Delinquent Taxes and Tax Title Liens	134,197	0.81	210,568	1.26
Collection of Current Tax Levy	13,607,988	82.03	13,470,114	80.53
Other Credits to Income	<u>303,923</u>	<u>1.83</u>	<u>243,734</u>	<u>1.46</u>
Total Income	<u>16,588,079</u>	<u>100.00 %</u>	<u>16,726,843</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
<b>Budget Expenditures</b>				
Municipal Purposes	4,922,278	31.59 %	5,228,678	33.04 %
County Taxes	5,046,552	32.39	5,100,970	32.23
Local School Taxes	5,506,402	35.36	5,401,479	34.13
Municipal Open Space Tax	97,328	0.60	96,527	0.60
Other Expenditures	<u>9,580</u>	<u>0.06</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,582,140</u>	<u>100.00 %</u>	<u>15,827,654</u>	<u>100.00 %</u>
Excess in Revenue	1,005,939		899,189	
Fund Balance, January 1	<u>997,665</u>		<u>1,298,476</u>	
	2,003,604		2,197,665	
Less Utilization as Anticipated Revenue	<u>900,000</u>		<u>1,200,000</u>	
Fund Balance, December 31	<u>\$ 1,103,604</u>		<u>\$ 997,665</u>	

**BOROUGH OF ALPINE  
SUPPLEMENTARY DATA**

**Property Acquired By Tax Title Lien Liquidation**

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

**Comparative Schedule Of Tax Rate Information**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Tax Rate</u>	<u>\$0.705</u>	<u>\$0.705</u>	<u>\$0.670</u>

Apportionment of Tax Rate

Municipal	.156	.156	.148
Municipal Open Space	.005	.005	.005
County (Including Open Space)	.260	.265	.240
Local School	.284	.279	.277

Assessed Valuation

2012	<u>\$1,944,955,647</u>	
2011		<u>\$1,932,808,159</u>
2010		<u>\$1,915,122,488</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>
2012	\$	13,723,208	\$	13,607,988	99.16%
2011		13,646,405		13,470,114	98.70%
2010		12,892,144		12,652,411	98.14%

**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>
2012	None	\$ 94,200	\$	94,200	0.69%
2011	None	134,197		134,197	0.98%
2010	None	210,568		210,568	1.63%

**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		
Joan Ornstein	Councilwoman		
Gail Warming-Tanno	Borough Clerk Assessment Search Officer Welfare Liaison Registrar		
Marilyn Hayward	Treasurer Tax Search Officer Tax Collector	\$1,000,000	
Rebecca Overgaard	Chief Financial Officer	1,000,000	A
Robert 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 Recreation Fund's Swim and Racquet Club accounting and reporting procedures and records revealed that the audit trail for transactions is insufficient and documentation is incomplete. It is recommended that continued efforts be made on the Recreation's internal control procedures over the Swim and Racquet Club's accounting and reporting system to ensure transactions are properly documented and records are complete.

**Current Year Comments**

Our audit of salaries revealed that not all employee's salaries, hourly rates of pay or additional stipends were included and approved in the Borough's salary ordinance. It is recommended that the approved salary ordinance be reviewed to ensure all employee salaries, hourly rates of pay and additional stipends as applicable are included in the salary ordinance.

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

**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 2012. The Borough has adopted a resolution increasing the threshold to \$36,000 and has appointed the Chief Financial Officer as the qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

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

- 2012 Road Improvements
- DPW Washwater Containment System
- Old Saw Mill Road Drainage Project
- Berkery Place Culvert replacement
- 2012 Road Improvements – Anderson Ave. Section 4
- 2012 Demarest Brook Footbridge and Channel Restoration

**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 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 4, 2012 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 2012, 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 October 11, 2012.

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>
2012	None
2011	None
2010	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. Continued efforts be made on the Recreation's internal control procedures over the Swim and Racquet Club's accounting and reporting system to ensure transactions are properly documented and records are complete.
- 2. The approved salary ordinance be reviewed to ensure all employee salaries, hourly rates of pay and additional stipends as applicable are included in the salary ordinance.
- 3. The fixed asset accounting records be updated to include all of the Borough's fixed asset activity.

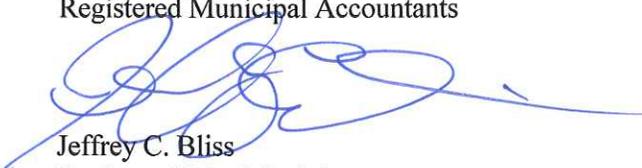
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A review was performed on all prior year's recommendations and corrective action has been taken on all except the item denoted with an asterisk (\*).

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  
RMA Number CR00429