

Transitional Aid Application for Application Years CY 2010/SFY 2011
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by July 16 (for CY 2010) and September 30 (for SFY 2011) for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice **2010-14** when preparing this application for specific instructions and definitions.

Name of Municipality:		Borough of Prospect Park		County:	Passaic
Contact Person:		Stephen P. Sanzari		Title:	CFO/Treasurer
Phone:	973-790-7902 ext 517	Fax:	973-790-6632	E-mail:	SPS1021@aol.com
Population:	5,779				

I. Aid History

List amount of Discretionary Aid (Extraordinary, Special Municipal, or Capital Cities) received for the last three years, if any:

Prior Year	Previous Year	Previous less one year
\$ 250,000.00	\$ 325,000.00	\$ 100,000.00

II. Aid Request for Application Year

Amount of aid requested for the Application Year:	\$ 450,000.00
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An aid request does not constitute guarantee of receipt of any funds.

III. Submission Requirements

Without exception, the following items must be submitted with or prior to submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	2/6/2010
Previous Year Annual Audit	11/22/2009
Previous Year Audit Corrective Action Plan	11/22/2009
Application Year Introduced Budget	04/19/2010
Budget documentation submitted to governing body	12/10/2009

IV. Application Certification

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer	<i>M. Khairi</i>	7/16/10
Governing Body Presiding Officer	<i>Cristina Peralta</i>	7-14-10

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Chief Financial Officer	<i>Stephen P. Sanzani</i>	7/14/10
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V-A. Explanation of Need for Transitional Aid

Explain the circumstances that require the need for Transitional Aid in narrative form. Include factors that result in a constrained ability to raise sufficient revenues to meet budgetary requirements, and if such revenues were raised, how it would substantially jeopardize the fiscal integrity of the municipality. (See item B-5 in Local Finance Notice 2010-14 for details)

Several conditions require the need for transitional aid for cy 2010. The municipal budget introduced for 2010 on April 19, reflects an increase in the proposed tax levy of \$842,952. The 27.32% increase in the levy is due to the continued decrease in anticipated revenues and taxes realized in 2009. The continued stagnation of the current economic climate contributed significantly to this situation.

Increases in 2010 appropriations are a result of pension and group health insurance costs skyrocketing beyond the current rate of inflation. Police & Firemen's pension bill increased \$164,426, or 103%, and the Public Employees Retirement bill increased \$19,191, or 72% over the 2009 year. Group health insurance expenses rose 11%. Dismal tax collections created a 22% (\$66,848.) increase in Reserve for Uncollected Taxes appropriation. Several litigation matters related to personnel, and the Manchester Regional High School Funding formula, slammed the Borough with a \$30,000. emergency appropriation which must be raised in the 2010 budget. As a result of the above the municipal tax rate will increase by 48 tax points. This will increase the tax on a average home by \$676.00 over 2009.

NOT APPLICABLE

V-B Alternate Eligibility Calculation

Complete this section only if Discretionary aid **was not** received in the prior year. If the requirements of this section are met, this application must also reflect that the criteria in Section B, items 2-7 of Local Finance Notice 2010-14 are met.

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Part 1 calculates loss of equalized value. If there is a loss of 2% of *equalized value*, the eligibility criteria is met and the rest of the form does not have to be completed.

If 2% the criteria is **not** met, continue with Part 2 to identify individual revenue losses (exclusive of State CMPTRA/ETR formula aid reductions) or specific, extraordinary appropriation increases (pursuant to Local Finance Notice 2010-14, Item B-8).

Part 1 – Eligibility of Value Loss	Current Year County Equalization Table County Apportionment (a)	Prior Year Director's Table Equalized Value (b)	Decrease (c)
Equalized Value Reduction	181,842,450.00	181,767,750.00	
Percent of loss from prior year (c) divided by (b) as percent: If this exceeds 2%, stop and proceed to the next page.			

Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase

Complete Part 2 if eligibility was not met in Part 1. Show extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions), but not as the aggregate of many revenue line items; or specific, extraordinary appropriations. Describe the item on the cell below each entry.

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Municipal Court Fines & Costs	\$280,000.00	\$177,000.00	(\$103,000.00)
Description:			
Police & Firemen's Pension	\$323,517.62	\$159,092.00	\$164,425.62
Description:			
Public Employees Retirement	\$ 45,971.00	\$26,780.00	\$19,191.00
Description:			
Group Health Insurance	\$463,320.00	\$416,000.00	\$47,320.00
Description:			
Deferred Charges	0.00	\$30,000.00	\$30,000.00
Description:			
Debt Service	\$410,607.13	\$363,438.51	\$ 47,168.62
Description:			
Reserve for Uncollected Taxes	\$367,342.00	\$300,494.00	\$66,848.00
Description:			

V-C Actions to reduce future need for aid

Detail the steps the municipality is taking to reduce the need for aid in the future. Include details about long-term cost cutting and enhanced revenue plans, impact of new development, potential for grants to offset costs, and estimated short and long-term annual savings. Use additional pages if necessary.

The Borough is aggressively undertaking a course of action to reduce the need for State aid and to minimize future tax increases as outlined below:

Revenues, The Borough is amending its fee rate ordinance to reflect current market rates . The increase in revenue will offset service costs and stabilize taxes. Permit fees and licenses will be amended in every department. Uniform Construction Code, Housing, and general code enforcement fees are anticipated to generate the largest impact in revenues. Borough is predominately multi family housing and the need for strict enforcement to Borough codes is a must to maintain safety for its residents. One additional cell tower tenant slot is available, and a bid for a tenant will be solicited. An aggressive campaign by the police department to collect on outstanding warrants is currently being undertaken. It is anticipated that \$10,000. will be collected in 2010. Finally, once the economic conditions in the housing market accelerate in a positive direction, it is anticipated that a major development within the Borough will come to fruition. A quarry located within the borough is slated for a housing and mixed use project. The development of this site will be a significant ratable for the borough which will create new housing , permanent jobs, and bring a new renaissance to the borough in general and its quaint main street.

Expenses, The borough is initiating plans to share services with the County and neighboring communities to contain costs. Municipal Court, Public Works, and Police services are favorable to modify since these services are the most expensive to maintain and at the same time the borough would realize a significant savings from any modifications. Thus stabilizing taxes.

The borough currently retains a grant writer , who works jointly with the borough engineer to solicit grants for capital projects.

Past actions to reduce costs since 2003:

Positions converted from full time to part time:

CFO/Treasurer & Tax Collector

Police Administrative Secretary

Deputy Tax Collector

Recreation Director

Uniform Construction Code/Building Inspector

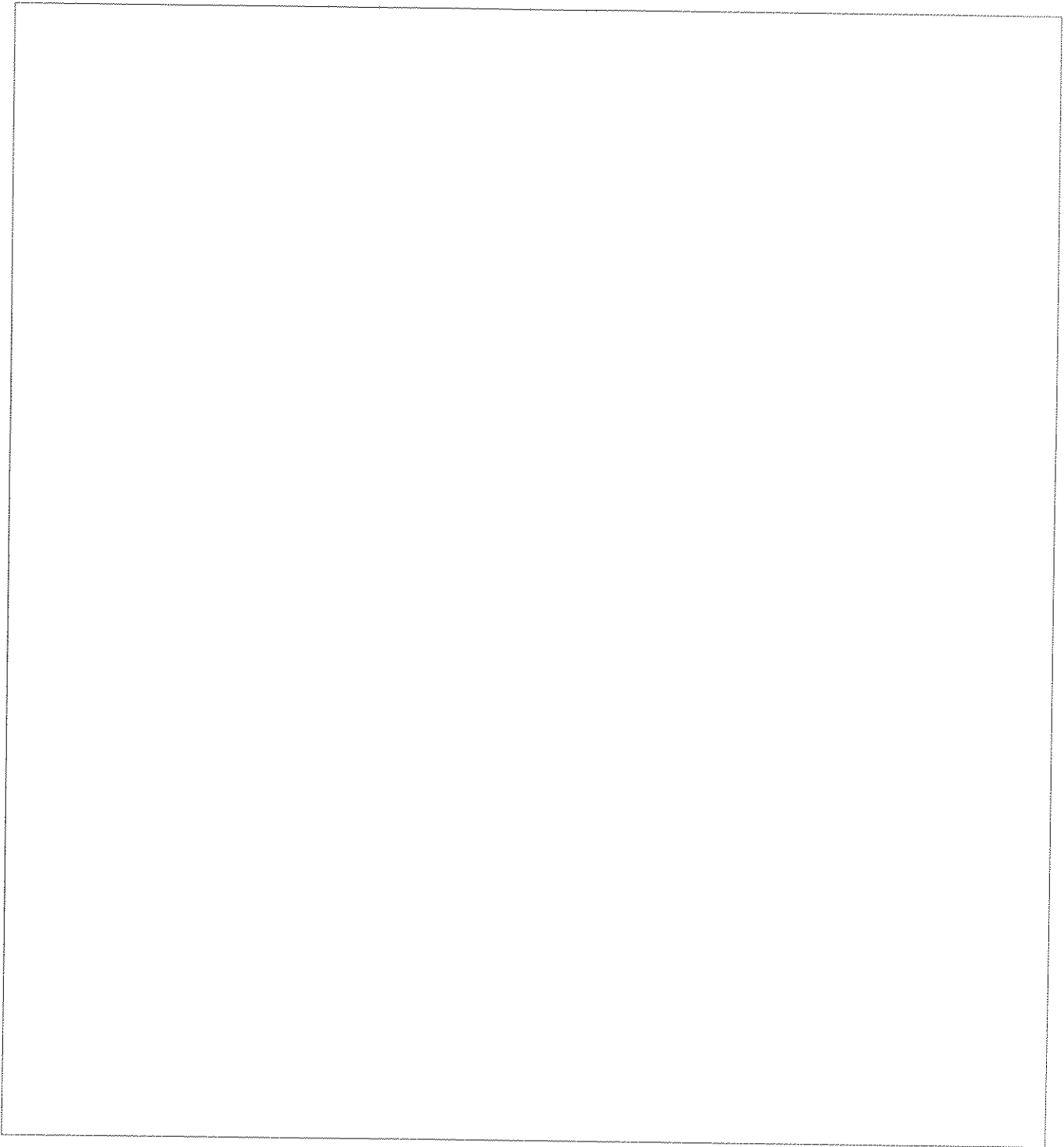
Positions eliminated :

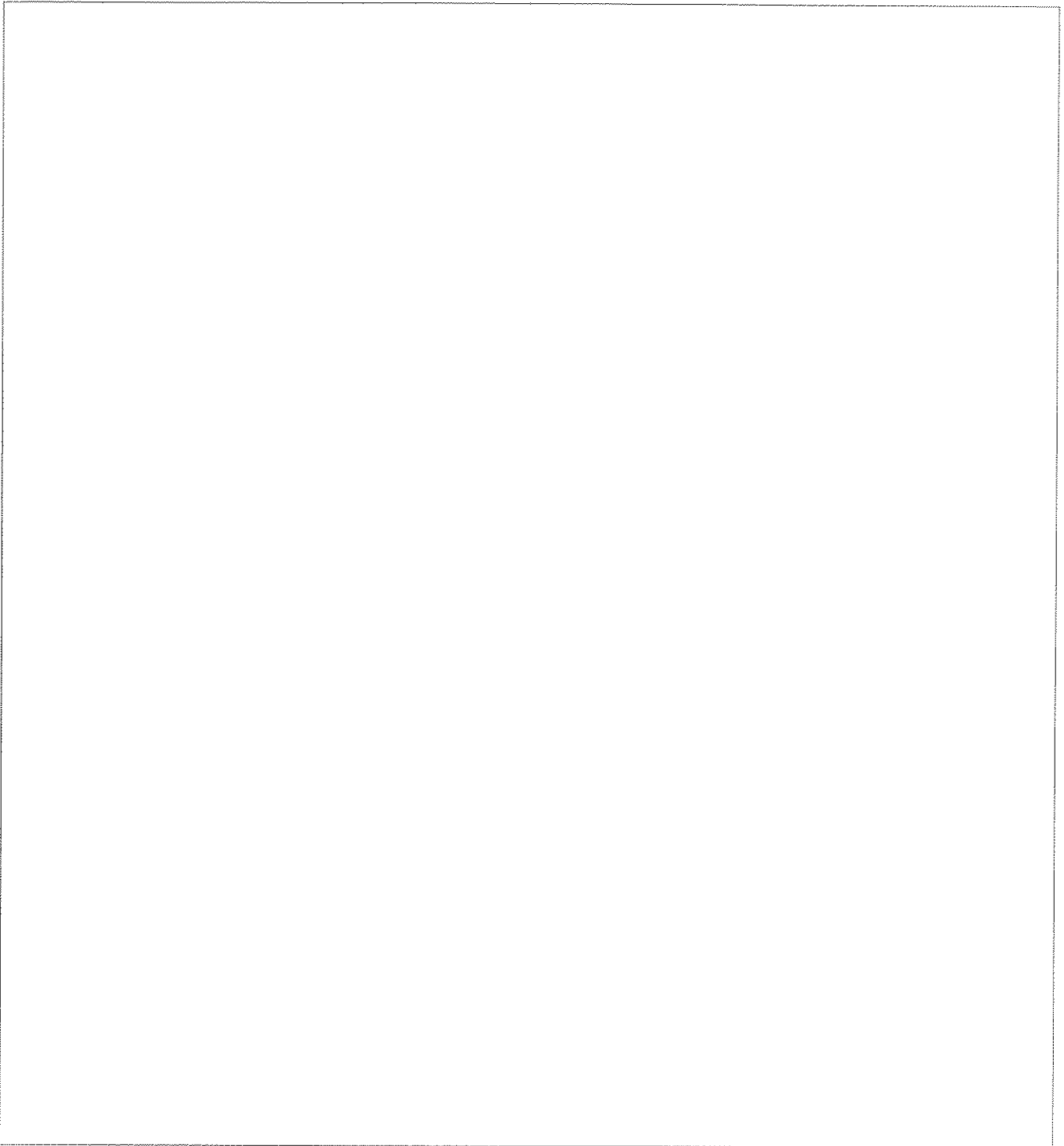
Borough Administrator-2005

Municipal Court PT

Police Officers –one 2008,one 2009

Positions currently vacant-Police Chief





VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$ 1.5875	\$ 1.6947	\$ 2.1577
Municipal Purposes tax levy	\$ 2,883,281.00	\$ 3,080,396.00	\$ 3,923,348.00
Municipal Open Space tax levy	\$ N/A	\$ N/A	\$ N/A
Total general appropriations	\$ 5,063,315.10	\$ 5,109,456.96	\$ 5,428,335.27

3. Cash Status Information			
% Of current taxes collected	96.54%	96.64%	%
% Used in computation of reserve	97.87%	97.80%	96.85%
Reserve for uncollected taxes	\$ 223,578.00	\$ 300,494.00	\$ 367,342.00
Total year end cash surplus	\$ 354,588.00	\$ 321,492.80	
Total non-cash surplus	\$ 8,891.00	\$ 35,954.00	
Year end deferred charges	\$ 8,891.00	\$ 35,954.00	

4. Assessment Data			
Assessed value (as of 7/1)	\$ 181,639,550.00	\$ 181,767,750.00	\$ 181,845,450.00
Average Residential Assessment	\$ 146,000.00	\$ 146,000.00	\$ 146,000.00
Number of tax appeals granted	3	3	
Amount budgeted for tax appeals	\$ N/A	\$ N/A	\$ N/A
Refunding bonds for tax appeals	\$ N/A	\$ N/A	\$ N/A

5. Full time Staffing Levels			
Uniformed Police - Staff Number	16	16	14
Total S&W Expenditures	\$ 1,378,707.00	\$ 1,530,772.46	\$ 1,540,889.00
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	\$ 0.00	\$ 0.00	\$ 0.00
All Other Employees - Staff Number	45	45	43
Total S&W Expenditures	\$ 638,178.00	\$ 698,648.00	\$ 620,684.33

6. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			181,842,450.00
Introduced Tax Levy			\$3,923,348.00
Proposed Municipal Tax Rate	2.1577	Average Res. Value (#4 above)	\$146,000.00
Current Year Taxes on Average Residential Value (#4 above)			\$3,150.17
Prior Year Taxes on Average Residential Value			\$2,474.24
Proposed Increase in average residential taxes			\$675.93

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1990

B. Proposed Budget – Appropriation and Levy Cap Information

Item	Yes	No
1. Was an appropriation cap index rate ordinance adopted last year? If YES: % that was used	X	
3.50%		
2. Amount of appropriation cap bank available going into this year		
\$		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$ 211,158.65		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$ 404,866.00		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police & Firemen's Pension	\$159,092.00	\$323,517.62	\$164,425.62
Public Employees Retirement	\$26,780.00	\$45,971.00	\$19,191.00
Group Health Insurance	\$416,000.00	\$463,320.00	\$47,320.00
Debt Service	\$363,438.51	\$410,607.13	\$47,168.62
Reserve for Uncollected Taxes	\$300,494.00	\$367,342.00	\$66,848.00

D. List all new property tax funded full-time positions planned in the Application Year:

Department/Agency	Position	Number	Dollar Amount
	NONE		

E. Display projected tax levies, local revenues (not grants), anticipated (gradually reduced) Transitional Aid, total salary and wages, and total other expenses projected for the three post-application years:

	Tax Levy	Local Revenues	Transitional Aid	Total S&W	Total OE
First year	\$4,080,281.92	\$275,010.00	\$400,000.00	2,161,573.33	3,266,761.94
Second year	\$4,243,493.19	\$283,260.30	\$350,000.00	2,248,036.26	3,333,209.17
Third year	\$4,488,232.92	\$291,758.10	\$350,000.00	2,315,477.08	3,433,205.44

Note:7/1/2012 Borough no longer receives Tilcon Fees of \$75,000.00

VIII. Financial Practices

A. Expenditure controls and practices:

Question	Yes	No
1. Is an encumbrance system used for the current fund?	X	
2. Is an encumbrance system used for other funds?	X	
3. Is a general ledger maintained for the current fund?	X	
4. Is a general ledger maintained for other funds?	X	
5. Are financial activities largely automated?	X	
6. Does the municipality operate the general public assistance program?		X
7. Are expenditures controlled centrally (Yes) or de-centrally by dept. (No)?		X
8. At any point during the year are expenditures routinely frozen?	X	
9. Has the municipality adopted a cash management plan?	X	
10. Have all negative findings in the prior year's audit report been corrected?	X	
If No, list those uncorrected as an appendix.		

B. Risk Management: Indicate ("x") how each type of risk is insured.

Coverage	JIF/HIF	Self	Commercial
General liability	X		
Vehicle/Fleet liability	X		
Workers Compensation	X		
Property Coverage	X		
Public Official Liability	X		
Employment Practices Liability	X		
Environmental	X		
Health	SHBP		
	X		

C. Salary and Employee Contract Information (when more than one bargaining unit for each category, use average):

Question	Police	Fire	Other Contract	Non-Contract
Year of last salary increase	1/1/2010	N/A	N/A	1/1/2009
Average percentage increase	4.00%	N//A%	N/A%	3.00%
Last contract settlement date	10/1/2008	N/A	N/A	
Contract expiration date	12/31/2013	N/A	N/A	

Explain if any of the following actions have been taken or are under consideration for the Application Year:

Action	Police	Fire	Other Contract	Non-Contract
Furloughs (describe below)	Yes	N/A	N/A	Yes
Police Officers & Superiors of the Local PBA agreed to six Furlough days. Borough Hall was open four days per week, and Borough employees extended their work day. Savings achieved was on Utility consumption. Mayor & Council waived their salary for one month.				
Wage Freezes (describe below)	NONE			

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Layoffs (describe below)	NONE			
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D. Tax enforcement practices:

Question	Yes	No
1. Does the municipality use the accelerated tax sale program?		X
2. When was the last foreclosure action taken or tax assignment sale held: Date:	Over ten years ago	
3. During 2009, on what dates were tax delinquency notices sent out: Date:	2/15,6/1,9/1,12/5	
4. Date of last tax sale: Date:	12/8/2009	

E. Specialized Service Delivery:

If the answer to either question is "Yes," provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$ 27,414.00	Last Year:	\$ 10,794.11	Anticipated Application Year:	\$ 6,000.00
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2. List the instruments in which idle funds are invested:

Borough solicited proposals for banking services.	
Boroughs utilization of one financial institution for investing all of its funds generates a guaranteed rate. Current rate is .50 No service fees or reserve Requirements.	

3. What was the average return on investments during CY 2009?

.65%

4. When was the last time fee schedules were reviewed and updated?

June 2010

F. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
Local PBA #114	12/31/2013	

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IX-B. Demonstrated reductions or actions that limited otherwise ordinary increases in Other Expense or other costs. (See item B-6 in Local Finance Notice 2010-14 for details). Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Police	42,012.00	35,012.00	All other expense categories were reduced.
Fire	52,150.00	44,150.00	Equipment , materials and supplies reduced.
SRO-Manchester	27,589.00	27,589.00	Cost increases paid by school
Emergency Management	5,000.00	3,500.00	Uniform and equipment budgets reduced.
Public Works	45,000.00	43,000.00	Equipment and repair budget reduced.
Purchase of Police Vehicles	21,000.00	11,000.00	Obtained a donation of a new police vehicle from Passaic County Sheriffs Department
Capital improvement Fund	20,000.00	5,000.00	Reduce capital budget in 2010
Aid to Volunteer ambulance squad	12,500.00	7,500.00	Reduced maintenance and supplies lines.
Borough policy does not allow for payment of association dues except for fire mutual aid. \$1,000.00 budgeted for league conference. No other conferences, or ceu's seminars are permitted as well.			

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased, and if so, how changes will be implemented. (See B-7 in Local Finance Notice 2010-14 for details)

Local Revenues	Prior Year Realized	Application Year Anticipated	Evaluation, Recommendation, and Implementation Plan
Municipal Court	177,037.00	177,000.00	Initiate an aggressive collection plan administered by police dept. to collect outstanding warrants. Commenced in May
Cell Tower	84,323.00	122,000.00	Acquired two new tenants, Completed in 2009, and 2010.
Fees & Permits	15,889.00	15,000.00	Fee ordinances to be amended to reflect inflation rate. Implementation date September.

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X. Service Delivery

List all services that the municipality contracts to another organization: i.e., shared services with another government agency, including formal and informal shared services, memberships in cooperative purchasing program, private (commercial), or non-profit organization.

Service	Name of Contracted Entity	Estimated Amount of Contract	Year Last Negotiated (as applicable)
Recreation-Swim Pool	Borough of Fair Lawn	N/A	2010
Library Services	Borough of Hawthorne	\$20,000.00	2010
Gasoline purchases	Borough of Haledon	\$15,000.00	2009
Ambulance Service	Borough of Haledon & North Haledon	\$7,500.00	N/A
Electric-Bulk Purchase	Passaic County		2010
Animal Control Services	City of Paterson	\$6,500.00	2010
Welfare Services	Passaic County		
School Resource Officer-revenue	Prospect Park Board of Education		2010
School Resource Officer-Manchester HS	Borough of Haledon	\$27,589.00	2009
Police –Detective investigations	Passaic County non cash savings of one police officer	\$80,000.00	2010

Section XI – Impact of Limited or No Aid Award

Describe in complete detail the impact if aid is not granted for the current fiscal year; **this priority setting requires that the municipality will maintain a minimum level of essential services.** List the appropriate category of impact if the aid is not received. Rank each item from both lists as to the order in which elimination will take place. If across the board cuts will be made, indicate under service. **For rank order purposes, consider the two sections as one list. The cuts outlined here are one that the municipality is committing to make if they do not receive aid.**

Rank Order	Department	# of Layoffs	Effective Date	2010 Full Time Staffing	2011 Full Time Staffing	\$ Amount to be Saved
1	Police Department- Police officer staff is down two positions, and are operating at minimum manpower. Current staff 14	5	9/1/10	9	9	\$500,000.00
	Mayor would declare State of emergency for a County take over/assistance for police/law enforcement					
2	All departments would have to be shut down for two months. Average payroll is \$170,000. per month.					\$340,000.00 amount to satisfy tax levy cap with amended expense reductions. Salary negotiations & costs \$21,000. and Police S& W -PD Chief \$50,000.

If services will be reduced, describe the service, impact and cost savings associated with it.

Rank Order	Service	Cost Savings	Impact on Services
1	All Departments	\$342,000.00	Close Borough hall for two months

XII. Agreement to Improve Financial Position of Municipality

If aid is granted, are you willing to enter into a "memorandum of understanding" that will, among other restrictions and requirements:

	Yes	No
1. Allow the Director of Local Government Services to assign management, financial, and operational specialists to assess your municipal operations	X	
2. Implement actions as recommended by the Director to address the findings of Division staff	X	
3. Enter into a Memorandum of Understanding	X	

The undersigned herewith acknowledges the foregoing requirements with which the municipality must comply in order to receive aid as outlined above.

In addition, included with this application is a copy (printed or electronic) of the budget documentation that supports the budget calculation that was provided to the governing body.

Mayor M. T. Khairullah Date 7/14/10

Chief Financial Officer Stephen P. Saizari Date 7/14/10

ATTEST: Ganey Wayman Date 7/14/10
Municipal Clerk