

Transitional Aid Application for Calendar Year 2011
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted in its entirety by March 11, 2011 for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2011-7 when preparing this application for specific instructions and definitions, and review the Submission Checklist on Page 6.

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

I. Aid History

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

CY 2010	CY 2009	CY 2008
\$ 400,000.00	\$ 250,000.00	\$ 325,000.00

II. Aid Request for Application Year: (All municipalities currently operating under a Transitional Aid MOU are advised that a decrease from prior year funding is likely.)

Amount of aid requested for the Application Year:	\$ 200,000.00
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An aid request does not constitute guarantee of receipt of any funds.

III. Submission Requirements

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	2/8/2010
Previous Year Annual Audit	11/22/2010
Previous Year Audit Corrective Action Plan	11/22/2010
Application Year Introduced Budget	3/7/2011
Budget documentation submitted to governing body	3/7/2011

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. T. Khalilullah</i>	3/7/11
Governing Body Presiding Officer	<i>[Signature]</i>	3/7/11
Chief Financial Officer	<i>Stephen P. Sanzari</i>	3/7/11

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.

Several conditions require the need for transitional aid for calendar year 2011. The municipal budget introduced on March 7, reflects an increase in the proposed municipal tax levy of \$405,745.00. The 11.77% increase is due to the stagnation of anticipated revenues and ratable base. The Tilcon Quarry site still shows no signs of development. Current economic atmosphere continues to curtail all forms of growth in the fields of employment and housing. The 11.77% tax increase equates to a annual tax dollar increase over 2010, for the average homeowner by \$330.31

Increases in 2011 budget appropriations for pension and health insurance costs continue to climb beyond the current rate of inflation. Pensions increased 22% and health benefits 10%. Several litigation matters related to personnel, and general matters continue to fuel legal costs. 2011 appropriation increased 50%, \$40,000. over 2010.

V-B Alternate Eligibility Calculation

Complete this section only if Transitional 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 C, items 2-7 of Local Finance Notice 2011-7 are met.

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

If the 2% criterion 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 2011-7, 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	181,587,650	181,842,450	254,800
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: (1) extraordinary revenue losses (exclusive of State CMPTRA/ETR aid reductions, but inclusive of other aid, including payments under various open space State payments in lieu of tax programs), but not as the aggregate of many revenue line items; and (2) or specific, extraordinary increases in appropriations. Describe the item on the cell below each entry. If applicable, indicate in the description of the extraordinary increase in expenditure if the increase was the result of a policy decision made by the municipality (i.e. a back-loaded debt service schedule, deferred payment, costs associated with additional hires, etc.)

Revenue or Appropriation	Prior Year Value	Current Year Value	Amount of Loss/Increase
Police & Firemen’s Pension	\$323,517.62	\$397,094.00	\$73,576.38
Description:			
Capital Improvements	\$5,000.00	\$21,000.00	\$16,000.00
Description:			
Group Health Insurance	\$463,320.00	\$513,252.00	\$49,932.00
Description:			
Department of Public Works	\$ 175,000.00	\$242,000.00	\$67,000.00
Description:			
Transitional Aid 2010	\$400,000.00	-0-	\$400,000.00
Description:			
Legal Services & Costs	\$80,000.00	\$120,000.00	\$40,000.00
Description:			
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.

See attached

V-C Application year CY2011 Prospect Park – 1610-County-Passaic

Prospect Park has made strides in reducing our reliance on Transitional aid. Our goal is to rely solely on our own tax base by the end of 2013. As Mayor, I took steps to reduce the workforce three months after taking the oath of office with the termination of the Municipal Administrator. Since that time, we have combined and eliminated positions and ventured into many interlocal services. Our philosophy is to ease in the pain so it is more accepted by employees and residents. Due to that approach, we have had nothing but cooperation from all the employees in our municipality.

Below is a list of steps that we are taking to reduce expenses, increase efficiencies, or boost revenue:

- Secured an agreement with the local PBA to utilize up to 9 days of furloughs.
- Did an interlocal service agreement with the City of Paterson to provide ambulance services. Saved \$25,500.
- No raises for municipal employees in 2010 or this year 2011.
- Governing body took a 10% decrease in salary in 2011.
- We realized \$18,000 increase in revenue from the cell tower.
- We realized \$18,000 increase in court revenue.
- We entered the Passaic County electrical use co-op. This will provide us with lower utilities rate. Total savings will be monitored.
- We are introducing potential developers to Tilcon. Tilcon owns 78 acres of quarry land. They plan on ending operation within the next few months. Borough would like to solicit a developer that will increase ratables to the property. Currently we collect close to \$325,000 in taxes from this site.
- We are in negotiations with Passaic County to supply us with vehicle fuel.
- We are down from 8 to 5 full-time positions within the municipal building. One of the positions is now being shared between court and housing.
- We are down from sixteen to fourteen police officers.
- Due to the Passaic County Sheriff Departments reduction in force, we are at risk of not having a detective bureau.
- We are in negotiations with a recycling vendor to contract our recycling materials and enhance revenues.

- We are realizing a \$42,000 in savings in 2011 debt service, due to proposed bond sale.
- We obtained two police vehicles from the Sheriff Department at no expense to the Borough.
- Exploring additional interlocal service agreements with our neighbor, Borough of Hawthorne . Some of the items for consideration are the use of the sewer jet truck , road salt storage, and utilization of a aerial bucket truck. Also, court interpreter, and teleconference court system.
- Solicit bids from the City of Paterson and or Borough of Haledon, for solid waste and recycling collections.
- Increase use of police specials, to curtail police overtime during non emergency events.

VI. Historical Fiscal Statistics

Item	2009	2010	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$1.6947	\$1.9225	\$2.1487
Municipal Purposes tax levy	\$3,080,396.00	\$3,495,865.00	\$3,901,610.00
Municipal Open Space tax levy	\$ N/A	\$N/A	\$N/A
Total general appropriations	\$5,109,456.96	\$5,409,852.27	\$5,509,781.70
2. Cash Status Information			
% Of current taxes collected	96.64%	97.59%	%
% Used in computation of reserve	97.19%	96.85%	96.96
Reserve for uncollected taxes	\$300,494.00	\$353,859.00	\$354,000.00
Total year end cash surplus	\$321,492.80	\$596,048.50	
Total non-cash surplus	\$35,954.00	\$2,977.00	
Year end deferred charges	\$35,954.00	\$2,977.00	
3. Assessment Data			
Assessed value (as of 7/1)	\$181,767,750	\$181,842,450	\$181,587,650
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
4. Full time Staffing Levels			
Uniformed Police - Staff Number	16	14	14
Total S&W Expenditures	\$1,530,772.46	\$1,461,089.11	\$1,508,633.32
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	49	45
Total S&W Expenditures	\$698,648.00	\$552,222.69	\$646,564.33
5. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			181,587,650
Introduced Tax Levy			\$3,901,610.00
Proposed Municipal Tax Rate	2.1487	Average Res. Value (#4 above)	\$146,000.00
Current Year Taxes on Average Residential Value (#4 above)			\$146,000.00
Prior Year Taxes on Average Residential Value			\$2,806.80
Proposed Increase in average residential taxes			\$3,137.12

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1990

B. Proposed Budget – Appropriation Cap Information

- | Item | Yes | No |
|---|-----|----|
| 1. Was an appropriation cap index rate ordinance adopted last year?
If YES: % that was used | X | |
| 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 |
| 4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap?
If YES, amount: | | X |

	X	
3.50%		
\$207,472.93		
		X
\$26,272.00		
		X
\$N/A		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police & Firemen's Pension	\$323,517.62	\$397,094.00	\$73,576.38
Capital Improvements	\$5,000.00	\$21,000.00	\$16,000.00
Group Health Insurance	\$463,320.00	\$513,252.00	\$49,932.00
Department of Public Works	\$175,000.00	\$242,000.00	\$67,000.00
Legal services & Costs	\$80,000.00	\$120,000.00	\$40,000.00

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	\$3,901,610.00	\$285,000.00	\$200,000.00	\$2,155,197.65	\$3,254,654.62
Second year	\$4,018,658.00	\$300,000.00	\$100,000.00	\$2,198,301.60	\$3,352,294.25
Third year	\$4,139,217.74	\$310,000.00	0.00	\$2,250,000.00	\$3,452,862.82

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. 1) 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	1/1/2011	N/A	0	1/1/2009
Average percentage increase	4.00%	N/A	N/A	0%
Last contract settlement date	10/1/2008		N/A	
Contract expiration date	12/31/2013	N/A	N/A	

2) 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	No	No
Police Union has agreed to eight furlough days				
Wage Freezes (describe below)	No	N/A		Yes
No salary increase for municipal employees for the years 2010 and 2011				
Layoffs (describe below)				
NONE				

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. On what dates were tax delinquency notices sent out in 2010: Date:	2/15,6/1,9/1,12/4	
4. Date of last tax sale: Date:	12/7/2010	

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:	\$10,794.11	Last Year:	\$8,290.81	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 of all funds,generates a guaranteed	
Rate of return .Average rate .45 No service fees or	Reserve requirements

3. What was the average return on investments during CY 2010?

	.40%
November 2010	

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

G. 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	

**IX-A. List actions that limited Salary and Wage costs: i.e., layoffs, furloughs, freezes, contract concessions, etc.
(See item C-3 in Local Finance Notice 2011-7 for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Police Department	\$1,461,089	\$1,508,633	One officer has not been replaced , and Police Chief retired.
Municipal Court	\$83,366.	\$98,000.	Eliminated Temporay help.

IX-B. List actions that limited or reduced Other Expense costs: i.e., reductions, changes, or elimination of services, procurement efficiencies or restraint. Include changes in spending policies that reduce non-essential spending.

Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Aid to Volunteer Ambulance squad	\$7,500.00	0.00	Interlocal service agreement reached , no costs to Borough
LOSAP	\$59,657.00	\$41,457.00	Interlocal service agreement does not require contributions
Recreation	\$31,000.00	\$14,966.00	Secured County Grant
Gasoline	\$54,000.00	\$40,000.00	Proposed new interlocal service agreement with County
Borough policy does not allow for Payment of association dues except for fire mutual aid No expenses are permitted for conferences or ceu seminars.			

Application Year CY 2011

Municipality:Prospect Park-1610

County:Passaic

IX-C. Evaluate existing local revenues, as to whether or not the rates or collections can be increased or imposed, and if so, how changes will be implemented; i.e., recreation fees, utility fees, land use fees, construction, housing, and fire code.

Local Revenues and services provided through the General/Current Fund	Check if services is provided	Are fees charged to cover the costs of the program?	If fees do not cover costs, what is the amount of subsidy?	If there is a subsidy, explain why fees cannot be increased to reduce or eliminate subsidy.
Recreation programs	X	Yes	50%	The summer camp program would not be affordable to residents
Sewer Fees	<input type="checkbox"/>			
Water Fees	<input type="checkbox"/>			
Swimming Pool	<input type="checkbox"/>			
Uniform Construction Code	X	Yes	Estimated 80%	State mandate
Uniform Fire Code	X	Yes	Estimated 95%	State Mandate
Land Use Fees	<input type="checkbox"/>			
Parking Fees	<input type="checkbox"/>			
Beach Fees	<input type="checkbox"/>			
Insert other local fees below:	<input type="checkbox"/>			

Application Year CY 2011

Municipality:Prospect Park-1610

County:Passaic

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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 Fairlawn	N/A	2010
Library Services	Borough of Hawthorne	\$15,000.00	2011
Gasoline Purchases	Borough of Haledon	\$15,000.00	2009
Gasoline Purchases	County of Passaic	\$15,000.00	2011
Ambulance Service	City of Paterson	0.00	2011
Electric-Bulk Purchase	County of Passaic		2010
Animal control Services	County of Passaic	\$6,500.00	2010
Welfare Services	County of Passaic		
School Resource Officer-Revenue	Prospect Park Board of Education		2011

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 currently down two positions, and are operating at minimum manpower. Current Staff 14	4	9/1/2011	9	9	\$200,000.00
2	Passaic County Sheriffs office would have to take over for four months Municipal operations would close for two months Average monthly payroll is \$180,000.00					\$180,000.00

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 Municipal Departments	\$180,000.00	Cease Municipal operations for one month

Application Year CY 2011

Municipality:Prospect Park-1610

County:Passaic

XII. Agreement to Improve Financial Position of Municipality

If aid is granted, the municipality will be required to submit to certain reporting conditions and oversight as authorized by law and a Memorandum of Understanding will need to be signed. Please mark each box below indicating that the applicant understands, and agrees to comply with these broad reporting and oversight provisions.

	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 directed by the Director to address the findings of Division staff.	X	
3. Enter into a Memorandum of Understanding and comply with all its provisions, without exception.	X	

XIII. Certification of Past Compliance for Municipalities Currently Operating Under a Transitional Aid MOU:

The undersigned certify that the municipality has complied with all the conditions and requirements of 2010 MOU conditions, including, but not limited to, the following: submission of a Transition Plan, adoption of a pay to play ordinance, receipt of signed approval forms as required prior to hiring personnel and contracting with professional service vendors.

Mayor: M. T. Khairullah Date: 3/7/11
 Chief Financial Officer: Stephen P. Sanjay Date: 3/7/11
 Chief Administrative Officer: _____ Date: _____

XIV. CAMPS Certification (Civil Service municipalities only) N/A

For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in the NJ "CAMPS" system.

Human Resources or Personnel Director: _____ Date: _____
 Chief Financial Officer: _____ Date: _____

XV. CERTIFICATION OF APPLICATION FOR TRANSITIONAL AID

The undersigned 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: 3/7/11
 Chief Financial Officer: Stephen P. Sanjay Date: 3/7/11
 Chief Administrative Officer: _____ Date: _____