

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:		Mount Arlington Borough		County:	Morris
Contact Person:		JoAnne Sendler		Title:	Administrator
Phone:	973-398-6832	Fax:	973-398-8662	E-mail:	mamanager@aoptonline.net
Population:	4,663 (2000 Census)				

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
\$325,000	\$0.00	\$0.00

II. Aid Request for Application Year

Amount of aid requested for the Application Year:	\$1,161,060
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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	2/13/10
Previous Year Annual Audit	7/15/10
Previous Year Audit Corrective Action Plan	7/22/10
Application Year Introduced Budget	3/31/10
Budget documentation submitted to governing body	3/27/10

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		
Governing Body Presiding Officer		
Chief Financial Officer		

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)

- ◆ The Borough of Mount Arlington has seen its budgeting process become increasingly difficult. The economic downturn has caused the Borough to re-examine its budgeting philosophy and scrutinize all services and costs within its purview to see if there is a more efficient way to offer the services to its citizens. The following are some extraordinary circumstances that have exacerbated the need for transitional aid for the 2010 budget:
 - ◆ Interest earnings have decreased from the 2009 levels and a continued decrease in interest earnings are still being forecasted
 - ◆ New building in the Borough has begun to slow thus slowing the Borough’s ratable growth and slowing the growth in the tax base.
 - ◆ The Borough has no additional reserves besides the ones utilized in the 2010 Budget to utilize as revenues to offset the need for increase in taxes and to begin to balance the structural deficit in the budget
 - ◆ The Borough does not have the ability to generate additional revenues besides what they are collecting now
 - ◆ The Borough began drawing down on its Fund Balance and reserves in 2004 thus keeping the years 2004 to 2007 lower than they should have been and thus lowering the tax base from where it should have been.
 - ◆ The Borough during 2009 entered into the following Shared Services and took the following actions:
 - Courts – which includes the Municipal Court personnel and the Municipal Prosecutor
 - Construction Office
 - Transferred the Public Assistance to the County level
 - The Borough raised both its Water and Sewer Rates
 - Began to scrutinize every line item in the budget
 - Began to have all employees contribute 1% of their annual salary towards their health benefits
 - Elimination of 10 Employees (3 FT & 7PT)
 - ◆ The Borough in 2010 has taken the following actions:
 - Has had 2 retirements in 2010 that will not be replaced with full time employees (Administrator (effective 8/1/2010) & Police Chief (effective 7/1/2010))
 - Has begun to look at all personnel and will reduce force where applicable and/or reduce Full Time positions to Part Time positions wherever possible

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.

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			
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
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
Description:			
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.

- ◆ The Borough in 2010 has taken the following actions:
 - Has had 2 retirements in 2010 that will not be replaced with full time employees (Administrator (effective 8/1/2010) & Police Chief (effective 7/1/2010))
 - Has begun to look at all personnel and will reduce force where applicable and/or reduce Full Time positions to Part Time positions wherever possible
- ◆ The Borough will continue to look into raising rates for the Water and Sewer utilities and begin to explore the possibility of selling the utilities and its potential financial impact.
- ◆ The Borough will continue to pursue any and all shared services wherever possible and this includes all services and/or functions within the Borough.
- ◆ The Borough will continue to encourage new building and land development
- ◆ The Borough will be proactive in trying to maximize its interest income

VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	\$.571	\$.633	\$.799
Municipal Purposes tax levy	\$3,954,973.68	\$4,404,022.80	\$5,488,070.53
Municipal Open Space tax levy	\$.00	\$.00	\$.00
Total general appropriations	\$8,366,475.38	\$8,304,080.66	\$8,782,167.28
3. Cash Status Information			
% Of current taxes collected	98.76%	98.35%	%
% Used in computation of reserve	98.01%	98.35%	98.35%
Reserve for uncollected taxes	\$299,231.23	\$195,231.23	\$279,000.00
Total year end cash surplus	\$0.00	\$346,699.88	
Total non-cash surplus	\$233,698.22	\$62,290.20	
Year end deferred charges	\$18,332.14	\$400.00	
4. Assessment Data			
Assessed value (as of 7/1)	\$691,403,688	\$694,754,832	\$686,550,300
Average Residential Assessment	\$292,900	\$294,000	\$293,000
Number of tax appeals granted	3 (3 others pending)	72	
Amount budgeted for tax appeals	\$15,000.00	\$15,000	\$15,000.00
Refunding bonds for tax appeals	\$0.00	\$0.00	\$0.00
5. Full time Staffing Levels			
Uniformed Police - Staff Number	14	14	14
Total S&W Expenditures	\$1,221,051.72	\$1,331,073.56	\$1,450,000.00
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	33	23	16
Total S&W Expenditures	\$1,230,183.77	\$833,833.21	\$907,578.00
6. Impact of Proposed Tax Levy			
			Amount
Current Year Taxable Value			\$686,550,300
Introduced Tax Levy			\$5,488,070.53
Proposed Municipal Tax Rate	.799	Average Res. Value (#4 above)	\$293,000
Current Year Taxes on Average Residential Value (#4 above)			\$2,342.94
Prior Year Taxes on Average Residential Value (09 Average 294,000)			\$1,861.00
Proposed Increase in average residential taxes			\$481.94

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 2004

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	
3.5%		
2. Amount of appropriation cap bank available going into this year		
\$288,555.54		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$217,403.15		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$1,161,060		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police Salary and Wages	\$1,331,073.56	\$1,450,000.00	\$150,000.00
PFRS Pension Contribution	\$97,154.00	\$214,761.00	\$117,607
PERS Pension Contribution	\$55,820.00	\$103,461.00	\$47,641.00
Workers Compensation	\$105,199.50	\$131,300.00	\$25,700.00
Payment of Bond Principal	\$575,000.00	\$600,000.00	\$25,000.00

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

Department/Agency	Position	Number	Dollar Amount
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A

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	\$4,327,010.53	\$3,224,255.47	\$1,161,060.00	\$2,357,578.00	\$6,354,748.00
Second year	\$4,503,550.75	\$3,224,255.47	\$1,054,519.78	\$2,167,578.00	\$6,514,748.00
Third year	\$4,683,621.77	\$3,224,255.47	\$907,800.76	\$2,210,930.00	\$6,604,748.00

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	NA	NA	1/1/2009
Average percentage increase	2%	%	%	3.5%
Last contract settlement date	2009	NA	NA	
Contract expiration date	2010	NA	NA	

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)	N	NA	N	N
Wage Freezes (describe below)	N	N/A	N	Y
It is anticipated for some of the Non-Contractual employees that the 2010 Salaries will be Frozen				
Layoffs (describe below)	N	N/A	N	N

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:	5/07 & 2/03	
3. During 2009, on what dates were tax delinquency notices sent out: Date:	2/17,4/7,5/21,6/12,8/21,9/10,11/17,12/2,12/15	
4. Date of last tax sale: Date:	6/17/10	

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:	\$78,691.11	Last Year:	\$32,727.85	Anticipated Application Year:	\$30,000.00
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management Fund	
Interest Bearing Checking Accounts	

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

.65%

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

2009

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
FOP	12/31/2010	In Negotiations

**IX-A. Demonstrated reductions or actions that limited otherwise ordinary increases in Salary and Wage costs.
(See item B-4 in Local Finance Notice 2010-14 for details)**

S&W Line Item	Prior Year Actual	Application Year Proposed	Explanation of Change
Mayor and Council	\$36,706	\$36,525	Mayor and Council will taken no raise
General Administration	\$58,715.76	\$58,880	Administrator retiring 8/1/10 being replaced with PT
Collection of Taxes	\$29,487.37	\$29,030	Reduction of hours
Municipal Prosecutor	\$1,056.21	\$0.00	Shared Service
Police	\$1,331,073.56	\$1,450,000	2% Salary Increase + Step plus small increase in OT Retirement of Chief 7/1/10
Recycling	\$8,159.19	\$6,396.00	Reduction of Hours
Municipal Court	\$7,774.58	\$0.00	Shared Service
Construction Official	\$22,317.92	\$0.00	Shared Service
All other lines minimal raise 2%			

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
Financial Administration	\$45,181.94	\$37,000.00	Cut out conferences and all fringe items
Engineering	\$64,940.53	\$50,000.00	Slow down of projects
Police	\$101,191.07	\$64,950.00	No new police vehicle
Rescue Squad	\$10,977.27	\$3,000.00	No longer leasing space
Road Repairs	\$119,384.68	\$117,500.00	Maintain lower level of supplies on hand
Municipal Court	\$81.82	\$0.00	Shared Service
Public Defender	\$250.00	\$0.00	Shared Service
Garbage & Trash Removal	\$213,695.89	\$210,000	Maintain lower level of supplies on hand
Sewer Department	\$107,198.48	\$104,090	Maintain lower level of supplies on hand
Water Department	\$220,834.65	\$218,353.00	Maintain lower level of supplies on hand
All Other Expense items were held flat wherever possible			

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
Surplus Anticipated	\$180,000	\$345,000	Continue to utilize all Cash Surplus. This is not prudent financial management
Licenses: Alcohol	\$8,970.00	\$8,9000	Since there is no longer continued building we see this not being able to be increased
Licenses: Other	\$3,945.00	\$3,900	Since there is no longer continued building we see this not being able to be increased
Fees and Permits	\$7,641.50	\$7,600.00	Since there is no longer continued building we see this not being able to be increased
Fines and Costs: Municipal Court	\$72,981.80	\$72,900.00	Since we have entered into a Shared Service agreement this is unknown whether this item can increase
Interest and Costs on Taxes	\$35,035.11	\$32,000	This is an unknown
Interest on Investments and Deposits	\$32,727,85	\$30,000.00	When the interest rates begin to rise this is an area where we can see additional revenues
Sewer Receipts	\$824,413.00	\$824,413.00	This item will remain flat due to nature
Uniform Construction Code Fees	\$57,828.00	\$57,000	Since there is no longer continued building we see this not being able to be increased
Garbage Pickup Fees	\$277,040.88	\$277,00000	This item will remain flat due to nature
Sewer Receipts – Additional	\$377,367.17	\$377,000.00	This is a area where we increased fees in the 3 rd Quarter in 2009
Water Receipts – Additional	\$430,177.72	\$430,000	When some of the vacant housing market begin to sell this is an area where we may see a slight uptick. We also raised rates in 3 rd Quarter 2009
Sewer Connection Fees	\$45,623.12	\$91,874.47	As we begin to get new sewer hook ups , we have been anticipating the remaining funds in the reserve into the budget

Water Connection Fees	\$43,782.60	\$7,000.00	As we begin to get new water hook ups , we have been anticipating the remaining funds in the reserve into the budget
Call Tower Receipts	\$79,076.34	\$79,000	This item will remain flat due to nature
Hotel Tax	\$73,877.80	\$73,000	This is dependent upon when the state remits payments
Receipts from Delinquent Taxes	\$159,151.01	\$164,000.00	This is dependent on how tax payments come in may cause fiscal stress if the tax collection rate decreases too much in a given year

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)
Dispatching Service	Morris County	\$114,100	
Street Sweeping	Wharton Borough	\$0.00	
Board of Health Contract	Mount Olive	\$35,000	
Municipal Court	Dover	\$100,000	
Water Purchase & Recycling Services	Morris County Municipal Utilities Authority	\$71,250	
Sewer	Musconetcong Sewerage Authority	\$598,690	
Construction Office	Jefferson	\$81,000	
Public Assistance	Morris County	\$0.00	

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	7	9/1/10	14	7	\$483,000
2	Police	7	1/1/11	14	0	\$1,450,000

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

Rank Order	Service	Cost Savings	Impact on Services
1	Police	\$1,450,000	Will decrease the # of patrol & enter shared service in which we will still have to pay a fee, but will shift the Fringe Benefits to the municipality that we share the services with

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 _____ Date _____

Chief Financial Officer _____ Date _____

ATTEST: _____ Date _____

Municipal Clerk