

**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.

<b>Name of Municipality:</b>		Borough of East Newark		<b>County:</b>	Hudson
<b>Contact Person:</b>		Joseph R. Smith		<b>Title:</b>	Mayor
<b>Phone:</b>	(973) 481-2902	<b>Fax:</b>	(973) 481-0627	<b>E-mail:</b>	boroughofeastnewark@verizon.net
<b>Population:</b>	2,157				

**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
\$85,000	\$250,000	\$-

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$30,000</b>
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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	April 15, 2010
Previous Year Annual Audit	October 26, 2009
Previous Year Audit Corrective Action Plan	November 13, 2009
Application Year Introduced Budget	April 15, 2010
Budget documentation submitted to governing body	July 16, 2010

**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		7-15-10
Governing Body Presiding Officer		7-14-10
Chief Financial Officer		7-15-10

**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 East Newark has consistently strived to maintain the operating costs to the lowest possible. During these times of economic hardships we have once again revisited our expenditures and made adjustments in staff, services, fee's and other expenses while continuing to provide those essential services to the residents of the borough.

**Labor Cost Reduction:**

The Borough of East Newark has attempted through the resources available to provide services to the public on a daily basis maintaining the costs to the taxpayers to a minimum by having the vast majority of departments open on a part time basis. Current positions that are part time include the Clerk, Deputy Clerk, Chief Finance Officer, Treasurer, Purchasing Agent, Welfare Officer, Tax Collector, Tax Assessor, Water Collector, Construction Official, Building Sub code Official, Fire Inspector, Fire Official, Court Administrator, Clerical Assistant, Recreation Director, and Police Telephone Operators. The Borough does not incur any sick, holiday, vacation or health benefit expenses with part time employees, providing a large cost savings to the taxpayers.

The borough is pleased to recognize those individuals that perform various duties within the borough: The Deputy Clerk serves as the Welfare Director and Certified Municipal Registrar; The Tax Collector serves as the Water Collector; the Borough Administrative Assistant serves as the Treasurer, Certified Purchasing Agent, Planning Board Secretary, and Deputy Registrar; the Fire Official serves as the Fire Inspector; Maintenance Workers provide building maintenance, road maintenance, borough beautification and snow removal. It is further recognized that members of the fire department are volunteers and adult aides to the soccer clinic perform volunteer services for local children.

Recently departments have downsized and positions have become reduced without increasing any burden or safety risks to the residents. Our non-civil service police department that consisted of ten members was reduced to seven members. Three full time employees and three part time employees carry out telephone dispatch operations as well as closed circuit television monitoring, twenty-four hours a day, seven days a week.

Departments that have been reduced include the Recreation Department from two full time staff members to one part time Director, one full time Senior Director to the outsourcing of daily lunch programs for seniors through Federal funding, two full time court employees and one part time clerk to one full time clerk and one part time administrator.

Third party contracts for garbage collection, recycling collection, fire sub code services, electrical inspections, plumbing inspections, elevator inspections and water services have been engaged in and have in return abolished salaries and fringe expenses. In an agreement with the inspection agency responsible for providing fire sub code, electrical sub code, plumbing sub code and elevator inspections the borough has reduced the costs associated with these services by reimbursing the agency administrative fees only.

Through inter local service agreements the borough has continued its efforts in salary and fringe cost savings. Inter local agreements with neighboring communities provide health department services, street cleaning, street salting, fueling of municipal vehicles, water/sewer services, ambulance and library services to the residents. Cooperative purchasing agreements with the Hudson County Co-Op and the Cranford Co-Op has saved the borough a significant amount of money in advertising and purchasing of goods available through these agencies at lower rates.

Areas that have been unsuccessful through the sharing of services have been the violations bureau, police dispatch services and senior lunch program. Through various inter local service agreements with the Board of Education the public bodies achieve greater efficiency and cost savings. Services provided are closed circuit television monitoring, special education transportation, snow removal, landscaping, and light maintenance.

Through the cooperation of the Department of Public Works staff and the Members of the Police Department, the borough has achieved an immense reduction in over time expenses through applying compensatory time in lieu of over time pay.

**Health Benefits:**

It is through the cooperation of all employees that the borough was able to implement a partial self insure program that saved the taxpayers over \$20,000 in it's first year. Benefits to all other non-law enforcement full time employees are offered as single coverage only with one and a half percent of wages being reimbursed to the borough for relief of expenditures incurred by the borough.

**Increased Fees:**

In the spirit of increasing incoming revenue to the borough, fee schedules were revisited. Fee schedules that were revised include parking fees, violation bureau fee's, borough ordinance fines, planning board fees, vital statistics fee's, water rates, implementation of sewer fee's, and construction fee's. A new private, borough owned parking lot has been opened with eighteen parking spaces that include the authorized parking of certain commercial vehicles for a monthly fee of one hundred dollars and non-commercial vehicles for fifty dollars.

**Decreased Expenses:**

The outsourcing of water and sewer services through an inter local service agreement with the East Orange Water Commission has implemented a pay up or shut off service to those account holders who fail to pay their water/sewer bills and has significantly decreased the cost in repairs of water/sewer infrastructure.

Recent funding provided by the State of New Jersey Department of Transportation allowed the borough to replace sidewalks damaged by tree root growth. During this period, the borough did remove large, aged tree's that would have placed the borough in the same predicament with the newly cemented areas. Comprised in the sidewalk improvement project was the installation of tree wells that will decrease the chances of the deterioration of the new sidewalk areas, and reduce the expenses related to repairs and tree maintenance.

**Tax Appeals:**

Through the economic crisis currently faced, the borough has been confronted with an overwhelming increase of tax appeals. Tax appeals include large commercial and industrial parcels and a vast amount of residential properties. The borough did loose the tax appeals filed by the taxpayers and currently faces the burden of a decrease in tax revenue.

**Future:**

The borough will continue aggressive cost saving practices in order to maintain the taxes at the lowest possible cost. Currently, an agreement with the neighboring community will provide for a standby aerial ladder while dispatched ambulance service to our municipality occurs. Unfortunately, all of the efforts this municipality has taken to reduce costs and provide essential services has not provided the sufficient funding required to maintain a reasonable tax increase for this low income community. It should further be noted that although poverty levels for the borough are unpublished, eighty eight percent of the children in our public school receive reduced or free lunch. Children whose parent(s)/guardian(s) fall below poverty level are eligible for said reduced or free lunch.

The borough will continue its aggressive search for Federal, State and private funding to offset some of the costs that would burden our taxpayers; however they are limited as well. Recent applications have been made through the United States Department of Justice COPS, General Mills Champions for Healthy Kids, Federal Emergency Management Agency Assistance to Fire Fighters Grant, Fire Prevention and Safety Grant and, Fire Station Construction Grant, along with State of New Jersey Municipal Aid Grants. Watchful spending and aggressive search for funding has proven not to be the sufficient for this municipality during these periods of economic hardship, and any consideration that can be extended through the State of New Jersey will assist the borough in continuing to provide the essential services to the taxpayers and residents of the Borough of East Newark.

**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).

<b>Part 1 – Eligibility of Value Loss</b>	<b>Current Year County Equalization Table County Apportionment</b> (a)	<b>Prior Year Director's Table Equalized Value</b> (b)	<b>Decrease</b> (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.			

<b>Part 2 – Demonstration of Revenue Loss/Substantial Cost Increase</b>			
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 of East Newark encourages all departments to spend available funding on essential equipment, materials and services. The borough will take whatever measures are within our reach to ensure that spending is to the lowest possible. Unfortunately, without cutting essential services, this is a difficult task. Future perspectives as detailed below are anticipated in reducing the need for aid in the future:

- \*Renegotiation of collective bargaining agreements
- \*Renegotiation of contracts for services
- \*Review of line items
- \*Seeking additional Federal, State and private grant opportunities

Along with the above noted items, the borough is currently negotiating a PILOT program for a redevelopment project that is anticipated to be undertaken within the next few years. Funding from this project will assist the borough in decreasing the need for additional aid in the future.

## VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	\$3.237	\$3.373	\$3.467
Municipal Purposes tax levy	\$1,295,934	\$1,353,103	\$1,370,627
Municipal Open Space tax levy	\$-	\$-	\$-
Total general appropriations	\$3,472,535	\$3,364,930	\$3,441,883
<b>3. Cash Status Information</b>			
% Of current taxes collected	94.59%	93.98%	%
% Used in computation of reserve	94.71%	94.59%	*94.42%
Reserve for uncollected taxes	\$169,900	\$178,200	\$182,500
Total year end cash surplus	\$428,171	\$506,921	
Total non-cash surplus	\$-	\$-	
Year end deferred charges	\$-	\$-	
			*using 3 year average
<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$40,029,984	\$40,104,669	\$39,531,408
Average Residential Assessment	\$76,446	\$76,446	\$76,446
Number of tax appeals granted	3	4	
Amount budgeted for tax appeals	\$10,000	\$10,000	\$10,000
Refunding bonds for tax appeals	\$-	\$-	\$-
<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	8	7	7
Total S&W Expenditures	\$491,808	\$474,176	\$515,000
Uniformed Fire - Staff Number	-	-	-
Total S&W Expenditures	\$-	\$-	\$-
All Other Employees - Staff Number	47	44	41
Total S&W Expenditures	\$471,302	\$477,435	\$579,400

## 6. Impact of Proposed Tax Levy

	Amount
Current Year Taxable Value	39,531,408
Introduced Tax Levy	1,370,627
Proposed Municipal Tax Rate	Average Res. Value ( #4 above)
Current Year Taxes on Average Residential Value (#4 above)	76,446
Prior Year Taxes on Average Residential Value	2,650.38
Proposed Increase in average residential taxes	2,578.53
	71.85

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment 10/1/1985

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		
\$239,286		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		x
\$326,413		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:		x
\$-		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Passaic Valley Sewerage Contract	273,369	282,000	8,631
Snow Removal – Other Expenses	6,170	15,000	8,830
Public Employee Retirement System	6,809	17,476	10,667
Police Salaries & Wages	474,176	515,000	40,827
Police & Fire Retirement System	48,612	98,109	49,497

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
<b>First year</b>	<b>1,375,600</b>	<b>478,000</b>	<b>20,000</b>	<b>1,080,000</b>	<b>1,204,000</b>
<b>Second year</b>	<b>1,386,000</b>	<b>482,000</b>	<b>10,000</b>	<b>1,103,000</b>	<b>1,210,000</b>
<b>Third year</b>	<b>1,398,900</b>	<b>484,000</b>	<b>-0-</b>	<b>1,119,000</b>	<b>1,215,000</b>

**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	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	1-1-2010
Average percentage increase	3%	%	%	2.5%
Last contract settlement date	1-1-2010			
Contract expiration date	12-31-2012			

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/a	n/a	x
Under consideration				
Wage Freezes (describe below)	x	n/a	n/a	x
Under consideration				
Layoffs (describe below)	x	n/a	n/a	x
Under consideration				



**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: <span style="float: right;">Date:</span>	October 2000	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float: right;">Date:</span>	Every Month	
4. Date of last tax sale: <span style="float: right;">Date:</span>	December 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:	\$23,203	Last Year:	\$16,093	Anticipated Application Year:	\$5,000
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2. List the instruments in which idle funds are invested:

New Jersey Cash Management Fund	
Certificates of Deposit	
Approved Regular Checking Accounts	

3. What was the average return on investments during CY 2009?	.31%
4. When was the last time fee schedules were reviewed and updated?	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
PBA	12-31-2012	

**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
			Overtime was eliminated for all departments except police for court appearances.
			Part time clerical positions were eliminated.

**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
			Spending plan is for essential items only for all departments

**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	408,000	500,000	The borough will not generate this amount in 2010
ABC	4,500	4,500	At maximum
Other Licenses	2,368	2,300	All Health Licenses are at maximum
Fee and Permits	52,363	52,000	Parking fees are increased annually
Municipal Court	272,996	272,000	All fines are at maximum
Interest and Costs	55,377	55,377	Percentages are in accordance with Statutes
Interest on Investments	16,093	5,000	Borough is limited to investment choices
Anticipated Water Surplus	25,000	-	Water utility is not generating excess
East Newark Board of Education Costs	52,424	85,000	More shared services being investigated
UCC	17,326	17,300	Building department is at maximum fees, slow economy
Marriage/Civil Union Certificate Fee's	26,380	26,000	In accordance with State Statutes
Sewer Rents	143,377	140,000	Will be increased each year upon review

**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)
Payroll Services	ADP	4,653.60	2009
Animal Control	Associated Humane Society	0	
Garbage Collection	Basso	72,019.92	2008
Exterminating Services	Bug Eliminators	1,800.00	2007
Water and Sewer Billing & Collections	East Orange Water Commission		2009
Financial Software	Munindex	6,024.95	2010
Health Contract	Town of Kearny	7,500	1995
Street Cleaning	Town of Harrison	20,000	1995
Ambulance Services	Town of Harrison	6,500	1995
Recycling Collections	First Occupational Center of New Jersey	15,816	2009

**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

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

Rank Order	Service	Cost Savings	Impact on Services
	Senior Center Closure	8,000	Services will not be available to meet Senior Residents needs
	Possible 4 Day Work Week	6,500	Residents will not have access to services
	Recreation	8,000	Children will not have center available for exercise and extracurricular activities, leading to more children roaming the streets
	Recycling	7,900	More litter on the streets and possibly damaging infrastructure system. Public health concern with smell and bacterial growth.

**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 *Joseph Smith* Date 7/15/10

Chief Financial Officer *Elizabeth A. Higgins* Date 7-15-10

ATTEST: *Debra B. ...* Date 7/15/10  
DEPUTY Municipal Clerk