

**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>		City of Salem		<b>County:</b>	Salem
<b>Contact Person:</b>		David Crescenzi		<b>Title:</b>	CFO
<b>Phone:</b>	856-935-0361	<b>Fax:</b>	856-935-6360	<b>E-mail:</b>	salemcfco@comcast.net
<b>Population:</b>	5857				

**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
\$400,000	\$600,000	\$500,000

**II. Aid Request for Application Year**

<b>Amount of aid requested for the Application Year:</b>	<b>\$400,000</b>
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*An aid request does not constitute guarantee of receipt of any funds.*

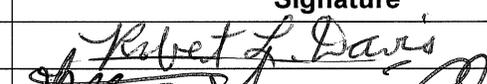
**III. Submission Requirements**

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	March 17, 2010
Previous Year Annual Audit	August 24, 2009
Previous Year Audit Corrective Action Plan	December 7, 2009
Application Year Introduced Budget	April 5, 2010
Budget documentation submitted to governing body	January 11, 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		7/14/10
Governing Body Presiding Officer		7/14/10
Chief Financial Officer		7/14/10

**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)

While most municipalities have seen increases in their Net Valuation Taxable, the tax base in the City of Salem has steadily declined. The Net Valuation Taxable for the City of Salem decreased from \$126,452,497 in 1993 to \$116,455,107 in 2006 for a loss of \$9,997,390. During 2007, a City wide revaluation was completed which increased the City's taxable value to \$256,190,568. However that value decreased to \$237,308,414 in 2010 for a three year loss in assessed value of \$18,882,154. Therefore tax increases are likely to occur even in years when the tax levy does not increase.

Appeals by businesses and higher income residents comprise most of the reduction in value and have resulted in the shifting of the tax burden to low income residents and senior citizens.

It is difficult for Salem City to compete for new ratables with the surrounding towns in the area because of its higher tax rate.

Over the last ten years, the City has witnessed a depopulation of 1,102 residents. The 1990 census equaled 6,959 compared to the 2000 census of 5,857.

Per Capita income (1999) of Salem residents was \$13,599. Medium household income in 1999 was \$25,846. Therefore the average resident of Salem City would have a more difficult time dealing with the rising costs (tax or rent increases) associated with the City not receiving Transitional Aid.

The City's unemployment rate in 2008 was 10.2%. It is most likely much higher in 2010.

The City identified over 64 abandoned properties when the abandoned property ordinance was enacted..

The City has a disproportionate amount of exempt property. The City has over 33.33% (\$79,541,641) of its total assessed value in exempt property. As part of that equation, the County offices are located in the heart of the business district.

The City is comprised of 5,812 residents compressed in a 2.6 mile radius. Within that area, there are three affordable housing projects. The results, due to the number of low income residents compressed into a small geographic area, leads to high density costs for services needed by these residents. All three low income complexes are exempt from property taxes and only one pays a payment in lieu of taxes.

**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>	<b>Prior Year Director’s Table Equalized Value</b>	<b>Decrease</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
<b>Equalized Value Reduction</b>			
<b>Percent of loss from prior year (c) divided by (b) as percent:</b>			
<b>If this exceeds 2%, stop and proceed to the next page.</b>			

<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
<b>Description:</b>			

**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 City completed its third year of shared services with Salem County for dispatch / 911 services. The City is contracted to pay the County \$115,000 for the shared service in 2010. The City Council has requested that the 2010 amount be reduced to \$104,000 with increases for future years being reduced to 2% increases in order for this cost to be in line with the levy cap. The Budget savings for 2010 for this shared service is estimated to be \$56,000.

The City has entered into a tentative Electric Service agreement with Liberty Power Holdings LLC for a lower fixed rate kilo watt per hour than our current provider Atlantic City Electric. The City estimates saving \$25,000 in 2010 and \$55,000 in 2011 in electricity costs.

The City participates in the Salem County Purchasing cooperative for gasoline and heating oil.

Both union contracts, FOP & Blue Collars, expire at the end of 2010. City Council will attempt to negotiate wage freezes for both unions for at least the next two upcoming years. Wage freezes will also apply to non-union employees.

City Council has reduced the staffing levels of uniform police, the City Clerk's Office – (Deputy Clerk) and is eliminating a police department secretary. The street department modified work schedules to eliminate overtime and shift differential costs for street sweeping and the recycling center. Other than snow removal, overtime costs for the street department have been nearly nonexistent the last two years.

The amount appropriated for Salaries and Wages in the 2010 budget **decreased** by \$181,623 or 5.8%.

The City has multiple companies interested in leasing the DEP approved capped landfill. All of the companies are interest in a solar panel or windmill "farm". Any lease payment received will be inserted as anticipated revenue in the municipal budget to reduce the tax levy.

The City no longer will appropriate Salary and Wage costs in the municipal budget to operate the City pool. In 2010 a non-profit (Salem County YMCA) is operating the city pool through charitable donations and entry fees. If funding is not adequate during the pool season, the pool will close. If funding is not sufficient for the 2011 pool season, the pool will not re-open.

The City entered into a shared service with the County of Salem to use their gas pumping station, as opposed to replacing the City's no compliant tanks or issuing gas credit cards.

The City re-entered into a shared service agreement with the Motor Vehicle Commission to provide security at local Motor Vehicle office. The City will receive \$78,000 to provide the service for the 2011 fiscal year.

The City is reviewing closing one of the three remaining volunteer firehouses. The City closed North Bend Firehouse, one of the oldest firehouses in the State in 2008. The City will auction North Bend in 2010, setting the minimum bid at \$50,000. The annual savings for closing the firehouse is estimated to be \$18,000.

The City implemented a co-mingled recycling program to reduce labor hours for curbside pickup.

## VI. Historical Fiscal Statistics

Item	Actual Previous Year	Actual Prior Year	Introduced Application Year
<b>1. Property Tax/Budget Information</b>			
Municipal tax rate	\$1.43	\$1.509	\$1.736
Municipal Purposes tax levy	\$3,631,538.46	\$3,602,722.67	\$4,119,507.29
Municipal Open Space tax levy	\$NA	\$NA	\$NA
Total general appropriations	\$7,999,133.67	\$7,885,331.01	\$7,903,076.37

<b>3. Cash Status Information</b>			
% Of current taxes collected	91.17%	89.19%	%
% Used in computation of reserve	*89.00%	90.25%	89%
Reserve for uncollected taxes	\$904,225.93	\$831,586.22	\$992,865.43
Total year end cash surplus	\$673,780.06	\$712,780.53	
Total non-cash surplus	\$150,000	\$100,000	
Year end deferred charges	\$150,000	\$100,000	

\* Used 3yr Average

<b>4. Assessment Data</b>			
Assessed value (as of 7/1)	\$253,852,544	\$238,628,279	\$237,308,414
Average Residential Assessment	\$100,244.54	\$100,294	\$100,294
Number of tax appeals granted	19	24	
Amount budgeted for tax appeals	\$0	\$0	\$0
Refunding bonds for tax appeals	\$NA	\$NA	\$NA

<b>5. Full time Staffing Levels</b>			
Uniformed Police - Staff Number	26	27	23
Total S&W Expenditures	\$1,959,212.43	\$2,012,137.02	\$1,895,000.00
Uniformed Fire - Staff Number	Volunteer	Volunteer	Volunteer
Total S&W Expenditures	\$0	\$0	\$0
All Other Employees - Staff Number	48	48	45
Total S&W Expenditures	\$1,073,610.35	\$1,134,083.22	\$1,069,597.64

### 6. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$237,308,414.00
Introduced Tax Levy			\$4,119,507.29
Proposed Municipal Tax Rate	\$1.736	Average Res. Value ( #4 above)	\$100,294.00
Current Year Taxes on Average Residential Value (#4 above)			\$1,741.10
Prior Year Taxes on Average Residential Value			\$1,514.43
Proposed Increase in average residential taxes			\$226.67

**VII. Application Year Budget Information**

A. Year of latest revaluation/reassessment

2007
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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		
\$264,546.48		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$429,265.52		
4. Does the Application Year anticipate use of a waiver to exceed the levy cap? If YES, amount:	X	
\$40,577		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police and Firemen’s Retirement System of NJ	\$170,654.00	\$362,078.00	\$191,424
Reserve for Uncollected Taxes	\$831,586.22	\$992,865.43	\$161,279.21
Employee Group Health Insurance	\$904,128	\$1,001,000	\$96,000
Public Employees Retirement System	\$61,042	\$114,053	53,011
Note Principal	\$49,315	\$77,664	\$28,349

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>4,200,000</b>	<b>3,800,000</b>	<b>300,000</b>	<b>3,003,000</b>	<b>2,675,000</b>
<b>Second year</b>	<b>4,284,000</b>	<b>3,855,000</b>	<b>200,000</b>	<b>3,042,000</b>	<b>2,675,000</b>
<b>Third year</b>	<b>4,370,000</b>	<b>3,870,000</b>	<b>100,000</b>	<b>3,091,000</b>	<b>2,627,000</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	<b>SHBP</b>		
	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	2010	Volunteer	2010	2009
Average percentage increase	4%	NA%	3.5%	3.5%
Last contract settlement date	April 7, 2007	NA	Dec. 11, 2006	
Contract expiration date	12/31/2010	NA	12/31/2010	

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)	NO	Volunteer	Yes	Yes
Eight Furlough Days Starting in May 2010				
Wage Freezes (describe below)	NO	Volunteer	NO	Maybe
No Salary Ordinance has been considered for Non-Contract employees to date.				
Layoffs (describe below)	NO	Volunteer	NO	Yes
Deputy Clerk was laid off 5/30/2010, PT time XGuard laid off 05/30/2010.				

Police Secretary will be sent layoff notice in 2010 for 2011.

**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>	03/15/2004	
3. During 2009, on what dates were tax delinquency notices sent out: <span style="float: right;">Date:</span>	4/3, 5/29, 12/1 & 20	
4. Date of last tax sale: <span style="float: right;">Date:</span>	August 5, 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:	\$20,210.83	Last Year:	\$4,261.12	Anticipated Application Year:	\$0
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2. List the instruments in which idle funds are invested:

Money Market Funds	

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

.134%
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4. When was the last time fee schedules were reviewed and updated?

CO Fees & Construction 2010
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**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
Police FOP	12/31/2010	No meetings planned to date.
Blue Collar' Association	12/31/2010	Initial meeting planned for next month.

**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
Police	\$2,012,137	\$1,895,000	3 full time officers retired and replaced with one new hire. Retirement savings of \$166,445. Reduced Crossing Guards ½ hour per shift. Savings estimated to be \$11,000
			Municipal Court returned to daytime hours in 2010, saved \$12,000 in Police OT costs associated with night court.
Municipal Clerk	\$123,198	\$88,700	Municipal Clerk retired 2009, replaced at lower salary. Laid off deputy municipal clerk, savings were diminished in 2010 because of unemployment reimbursement but will get full savings in 2011.
Various			All non-essential employees (union & non-union) agreed to take 8 furlough days starting in May 2010 until the end of the year. These employees will <b>NOT</b> receive accumulated days for use in 2010 or future years. Savings estimated to be \$60,000.
Recreation Parks & Playgrounds	\$24,470	\$0.00	Non profit will manage operation of City pool. Will assume costs of lifeguards. Received donations from public to help with costs. Non profit will keep pool fees at gate. Loss of City revenue estimated to be \$5,000. Net savings for City will be \$19,470.
Sanitary Landfill	15,170.34	\$22,500	Budgeted 39,000 for 2009. PT employee who worked Saturday recycling shift left on disability leave. Not replaced, covered with current Public Works employee change in work schedule.
Street Cleaning.	46,732	47,026.58	Re-scheduled Street Cleaning personnel to day time hours. Eliminated shift differential pay and worker is available during busy day time functions to reduce potential overtime.
Construction and Building Insp.	\$10,000	\$5,000	Reduced both salaries in half to \$ 5,000 each to help offset Construction Code Trust Fund Deficit of \$12,000. Total savings \$10,000.



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**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
Salem City Landfill Lease.	\$0.00	\$0.00	Salem capped its old landfill through an agreement with a company that converted contaminated dirt into a DEP approved cap. The City received additional funds to monitor the landfill for the balance of the required time. The City has been approached by at least five companies who want to lease the site for solar panels or windmills. The City solicitor is negotiating with these companies to get the most advantageous lease for the City. The lease payments will be inserted into the municipal budget as anticipated revenue the first full year after an agreement is signed.
Trash Sticker Sales	\$97,684	\$88,200	The City currently sells trash stickers for one dollar for the removal of one 33 gallon trash bag. City Council is considering raising the cost of a trash sticker to \$1.50 a bag for an increase in revenue of about \$50,000.
CO inspection and landlord registration fees.	54,185.00	MRNA	City Council is reviewing raising the CO fee from \$40.00 per inspection (change in occupancy) to \$80 and the landlord registration fee (yearly) from \$25 to \$50.
Dog License Fee	\$15,950.23		Raise fee 5.00 per registration to help reduce amount appropriated (\$25,000) for animal control services.
Sell Closed Firehouse	0	\$50,000	City closed firehouse. That company now shares an existing firehouse with another company. City will set minimum bid at \$50,000



**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
2	Police Officer	1	09/01/2010	23	22	\$16,000
3	Police Secretary	1	12/01/2010	3	2	\$4,000

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

Rank Order	Service	Cost Savings	Impact on Services
1	Grant Consulting	\$20,000	Will not submit grant applications for 2010. Will have a difficult time meeting grant match requirements anyway, therefore limited impact on services.

**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	✓	<del>  </del>
2. Implement actions as recommended by the Director to address the findings of Division staff	✓	<del>  </del>
3. Enter into a Memorandum of Understanding	✓	<del>  </del>

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 Robert L. Davis Date 7/14/10

Chief Financial Officer [Signature] Date 7/15/10

ATTEST: \_\_\_\_\_ Date \_\_\_\_\_  
Municipal Clerk

## Appendix - VIII. Financial Practices - negative audit report findings uncorrected.

### **Finding No. 2008-1**

#### **Condition**

The general ledger for all funds was not properly maintained and as a result numerous audit adjustments were needed in order to achieve proper presentation in the financial statements.

#### **Current Status**

This condition still exists and is current year finding 2009-1.

#### **Corrective Action Planned**

Proper maintenance of General Ledger will be implemented.

### **Finding No. 2008-2**

#### **Condition**

A fixed asset ledger was not maintained for the year 2008.

#### **Current Status**

This condition still exists and is current year finding 2009-2.

#### **Corrective Action Planned**

If funds are available fixed asset inventory will be performed by outside company.

### **Finding No. 2008-3**

#### **Condition**

Certificate of availability of funds, signed by the chief financial officer or certifying finance officer is not prepared when contracts are awarded.

#### **Current Status**

This condition still exists and is current year finding 2009-3.

#### **Correct Action Planned**

Procedure certifying availability of funds will be implemented.

## **FINANCIAL STATEMENT FINDINGS (CONT'D)**

### **Finding No. 2008-4**

#### **Condition**

An analysis of the balance in the trust other fund's - reserve for tax title liens redemption is not maintained.

#### **Current Status**

This condition still exists and is current year finding 2009-4.

#### **Corrective Action Planned**

Balance will be analyzed and proper disposition made.

**Finding No. 2008-5**

**Condition**

Cash deficit and deferred charges to future taxation-unfunded in general capital fund greater than five years old on ordinance #96-11 improvements to Craven Avenue existed at year-end.

**Current Status**

This condition has been resolved, remainder will be raised in future budgets

Appendix - VIII. Financial Practices - E. – Specialized delivery – Solid waste collection.

The City requires a dollar trash sticker for pickup of one 33 gallon trash bag. The City took in over \$97,000 in revenue from trash sticker sales in 2010. If trash pickup was changed from once a week to every other week, the City felt that trash sticker sales would decline because residents would place more trash in a 33 gallon bag during the two week period. The City contracts with a private trash hauler for trash pick- up for 67,500 a year.