

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 Sussex | | County: Sussex |
| Contact Person: Grant W. Rome | | Title: Chief Financial Officer |
| Phone: 973-875-4831 | Fax: 973-875-6261 | E-mail: sussexcfo@embarqmail.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 |
|-----------|-----------|---------|
| \$100,000 | \$ 90,000 | \$ 0 |

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: | \$ 90,000.00 |
|--|---------------------|

An aid request does not constitute guarantee of receipt of any funds.

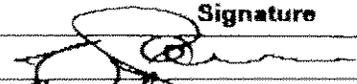
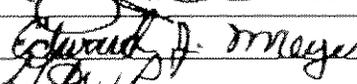
III. Submission Requirements

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 | 2-10-11 |
| Previous Year Annual Audit | 4-30-10 |
| Previous Year Audit Corrective Action Plan | 10-28-10 |
| Application Year Introduced Budget | 3-1-11 |
| Budget documentation submitted to governing body | 2-22-11 |

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 |  | 3/8/11 |
| Governing Body Presiding Officer |  | |
| Chief Financial Officer |  | 3/8/11 |

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.

The Borough of Sussex is a very small municipality that prides itself in the services that it provides to its residents. With the recent cuts in state aid the Mayor and Council of the Borough believe that it will place an extreme tax burden on the borough tax payers. The Governing Body has taken many measures in this budget and the prior year's budget to keep the tax burden at an acceptable level. The Borough has reduced the full-time personnel down to 2 persons and due to incentives offered by the Borough neither of them is receiving health benefits.

Even with all of these steps, however, their main focus continues to be the quality of services provided to the taxpayers. In these tough financial times the Mayor and Council believe that they are trying very hard to reduce costs. Sussex Borough has a per capita income of \$18,866 and 6.9% of families and 11.0% of the population are below the poverty line including 8.4% of residents age 65 or over. In the 2000 census 12.6% of the Borough's residents were senior citizens. The increase of taxes would place a huge burden on these senior citizens in a town that is already ranked 57th in the Municipal Distress Index. The Governing Body believes that this burden will be greatly reduced if the Borough were to be awarded help in the form of additional state aid. This would allow the Borough to continue to focus on the services that are currently provided while continuing to look into the possibility of additional shared services

Along with the new interlocal agreements with Hardyston Township for DPW services and Construction Office, the Borough has also contracted with other municipalities for shared services. The Township of Wantage hosts the Borough's Municipal Court, and Tax Assessor Departments. The Township of Vernon hosts "911" Dispatching Services and Animal Control Services. The Borough does not have its own police force and as such is patrolled by the State Police. The Mayor and Council are in the process of reviewing all of the existing agreements and receiving quotes from other municipalities to see if any of these services can be provided at an even greater savings.

Another major concern of the Governing Body is the large increase passed along to the Borough residents through the Water Sewer Utility Bills, largely due to the significant increases by the Sussex County Municipal Utilities Authority. In 2010 the Borough received an increase of approximately 28% or \$158,000 on top of an increase in 2009 of 25% or \$112,330. As a result the Borough had to increase its user fees, creating a huge hardship on the Borough residents. The Governing Body, although taking significant measures to reduce the Borough's sewer flows, thus reducing cost, has no control over the increases imposed by SCMUA.

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 | N/A | | |
| 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 |
|--------------------------|------------------|--------------------|-------------------------|
| Description: | N/A | | |
| Description: | | | |

| | | |
|--------------------------|---------------------------------|----------------|
| Application Year CY 2011 | Municipality: Borough of Sussex | County: Sussex |
|--------------------------|---------------------------------|----------------|

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.

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The Borough is looking into the installation of renewable energy to create new revenues and reduce costs.

| | | |
|---------------------------------|--|-----------------------|
| Application Year CY 2011 | Municipality: Borough of Sussex | County: Sussex |
|---------------------------------|--|-----------------------|

VI. Historical Fiscal Statistics

| Item | 2009 | 2010 | Introduced Application Year |
|--|---------------|--------------------------------|-----------------------------|
| 1. Property Tax/Budget Information | | | |
| Municipal tax rate | \$.770 | \$.912 | \$ 1.082 |
| Municipal Purposes tax levy | \$ 614,080 | \$ 726,794 | \$ 861,918.41 |
| Municipal Open Space tax levy | \$ 0 | \$ 0 | \$ 0 |
| Total general appropriations | \$ 1,290,913 | \$ 1,287,838 | \$ 1,317,087 |
| 2. Cash Status Information | | | |
| % Of current taxes collected | 97.17% | 95.85% | |
| % Used in computation of reserve | 96.54% | 96.70% | 95.852% |
| Reserve for uncollected taxes | \$ 116,745.00 | \$ 115,439.00 | \$ 150,449.00 |
| Total year end cash surplus | \$ 169,349.99 | \$ 131,118.84 | |
| Total non-cash surplus | \$ 0 | \$ 0 | |
| Year end deferred charges | \$ 0 | \$ 0 | |
| 3. Assessment Data | | | |
| Assessed value (as of 7/1) | \$ 79,737,649 | \$ 79,634,895 | \$ 79,423,021 |
| Average Residential Assessment | \$ 115,182 | \$ 115,623 | \$ 115,936 |
| Number of tax appeals granted | 0 | 0 | |
| Amount budgeted for tax appeals | \$0 | \$0 | \$0 |
| Refunding bonds for tax appeals | \$0 | \$0 | \$0 |
| 4. Full time Staffing Levels | | | |
| Uniformed Police - Staff Number | n/a | n/a | n/a |
| Total S&W Expenditures | \$0 | \$0 | \$0 |
| Uniformed Fire - Staff Number | n/a | n/a | n/a |
| Total S&W Expenditures | \$0 | \$0 | \$0 |
| All Other Employees - Staff Number | 12 | 7 | 7 |
| Total S&W Expenditures | \$ 326,875 | \$ 206,652 | \$ 186,130 |
| 5. Impact of Proposed Tax Levy | | | |
| | | | Amount |
| Current Year Taxable Value | | | 79,423,021 |
| Introduced Tax Levy | | | 861,918.41 |
| Proposed Municipal Tax Rate | 1.082 | Average Res. Value (#4 above) | 115,936 |
| Current Year Taxes on Average Residential Value (#4 above) | | | 1,254.40 |
| Prior Year Taxes on Average Residential Value | | | 1,054.48 |
| Proposed Increase in average residential taxes | | | 199.92 |

| | | |
|---------------------------------|--|-----------------------|
| Application Year CY 2011 | Municipality: Borough of Sussex | County: Sussex |
|---------------------------------|--|-----------------------|

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment

1998

B. Proposed Budget – Appropriation Cap Information

- Item**
- Was an appropriation cap index rate ordinance adopted last year?
If YES: % that was used
 - Amount of appropriation cap bank available going into this year
 - Is the Application Year budget at (appropriation) cap?
If NO, amount of remaining balance
 - Does the Application Year anticipate use of a waiver to exceed the appropriation cap?
If YES, amount:

| | Yes | No |
|------|-----|----|
| | x | |
| 3.5% | | |
| \$ | | |
| | | x |
| \$ | | |
| | x | |
| \$ | | |

C. List the five largest item appropriation increases:

| Appropriation | Prior Year Actual | Application Year Proposed | \$ Amount of Increase |
|--|-------------------|---------------------------|-----------------------|
| Township of Hardyston _ Interlocal Roads | 115,730.00 | 182,274.00 | 66,544.00 |
| Reserve for Uncollected Taxes | 115,439.00 | 150,449.00 | 35,010.00 |
| Capital Improvement Fund | 20,000.00 | 52,000.00 | 32,000.00 |
| Roads Other Expenses | 27,000.00 | 58,400.00 | 31,400.00 |
| Zoning Official Salaries & Wages | 0 | 21,760.00 | 21,760.00 |
| Building and Grounds Other Expenses | 32,650.00 | 40,700.00 | 8,050.00 |

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 | 726,794.00 | 561,044.00 | 100,000.00 | 206,652.00 | 1,081,188.00 |
| Second year | 771,918.00 | 455,189.00 | 90,000.00 | 186,130.00 | 1,130,957.00 |
| Third year | 787,356.00 | 485,000.00 | 70,000.00 | 189,852.60 | 1,152,604.00 |

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. 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 | n/a | n/a | n/a | 2010 |
| Average percentage increase | 0% | 0% | 0% | 2% |
| Last contract settlement date | n/a | n/a | n/a | |
| Contract expiration date | n/a | 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) | n/a | n/a | n/a | n/a |
| Wage Freezes (describe below) | n/a | n/a | n/a | 2009 |
| Layoffs (describe below) | n/a | n/a | n/a | Yes 2010 |
| Part enforcement officer | | | | |

Application Year CY 2011 Municipality: _____ County: _____

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 |
|------------|------------|--------------|----------------|-------------------------|-------------------------|-----------------------|
| | N/A | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

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

| Rank Order | Service | Cost Savings | Impact on Services |
|------------|---------|--------------|--------------------|
| | None | | |
| | | | |
| | | | |
| | | | |
| | | | |

| | | |
|--------------------------|---------------|---------|
| Application Year CY 2011 | Municipality: | County: |
|--------------------------|---------------|---------|

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: [Signature] Date: 3/8/11

Chief Financial Officer: [Signature] Date: 3/8/11

Chief Administrative Officer: [Signature] Date: 3/8/11

XIV. CAMPS Certification (Civil Service municipalities only)

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: N/A Date: _____

Chief Financial Officer: N/A 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: [Signature] Date: 3/8/11

Chief Financial Officer: [Signature] Date: 3/8/11

Chief Administrative Officer: [Signature] Date: 3/8/11