

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 Chesilhurst	County:	Camden
Contact Person:	William E. Hales, Jr.	Title:	Chief Financial Officer
Phone:	(856) 767-4153	Fax:	(856) 753-1696
E-mail:	whales_chesilhurstboro@hotmail.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
\$ 300,000	\$ 360,000	\$ 318,000

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:	\$ 290,000
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An aid request does not constitute guarantee of receipt of any funds.

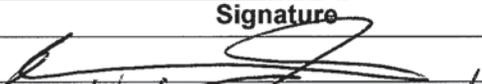
III. Submission Requirements

The following items must be submitted with, or prior to, submission of this application. Indicate date of submission of each.

Item	Date Submitted to DLGS
Prior Year Annual Financial Statement	June 26, 2010
Previous Year Annual Audit	Feb. 10, 2010
Previous Year Audit Corrective Action Plan	Aug. 10, 2010
Application Year Introduced Budget	Mar. 10, 2011
Budget documentation submitted to governing body	Mar. 3, 2011

IV. Application Certification

The undersigned herewith certify that they have reviewed this application and, to the best of their ability, find its contents to be true and that it accurately portrays the circumstances regarding the municipality's fiscal practices and need for financial assistance. By submitting the application, the municipality acknowledges that the law provides that the decision of the Director regarding aid awards is final and not subject to appeal.

Official	Signature	Date
Mayor/Chief Executive Officer		3/11/11
Governing Body Presiding Officer		3/11/11
Chief Financial Officer	William E Hales	3/11/11

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.

2010 Extraordinary Aid Usage and Borough Cost Cutting efforts

The Borough has received extraordinary aid in 2010 of \$300,000 and these funds were used to fund deferred charges due to prior year bills \$47,672, overexpenditures of \$21,215, an emergency expenditure of \$76,950 in 2009 and to partially fund revenue shortage of \$311,294 from using a one-time revenue from sale of municipal assets used in the 2009 budget.

The Borough in the 2010 from cost reductions made up for revenue shortages from the lost of state aid of \$128,531 and the remainder of the use of the one-time revenue in 2009 of \$157,131.

The Borough accomplished this by reducing personnel and maintaining tight controls over expenditures though out the year.

In 2011 the Borough's increased financial controls in 2010 has resulted in no new deferred charges and prior years bills to be funded in the 2011 budget resulting in savings of \$145,837 in budget appropriations.

The Borough reduced police personnel for 2011 by three officers this has resulted in reduction of police salaries and wage appropriations by about \$105,000 and reductions in group insurance by about from what it would have been without the personnel reductions.

2011 Budget amounts that Corrects Structural Revenue and Appropriation items

Use of Sewer Fund Balance

The Borough has in recent past years used Sewer Utility surplus as funding source for the Current Fund budget. This amount was \$125,000 in 2010. This has resulted in the sewer surplus decreasing and delays in repairing the sewer system infrastructure. In 2011 the Borough's only sewer pumping station will need very significant repairs and maintenance and in the next few years maintenance and replacement of sewer pipes will need to be funded. The Borough expects to fund the debt service for these capital projects with the remaining sewer surplus and will not use any sewer surplus in the Current Fund budget.

Police Vehicles

Due to fiscal constraints the Borough has not appropriated funding for new police cars in recent budgets. This has resulted in future budgets with the burden of having to fund within the appropriation and tax levy cap purchases of multiple police cars when the older vehicles become too costing to repair, which has been part of the Borough's fiscal distress.

The Borough has included in the 2011 budget for the purchase of one police vehicle for \$30,000 with the plan to fund the purchase of one vehicle each year thereafter so that future budgets do not have this recurring structural appropriation funding deficit.

Accumulated Leave Payments

Also the Borough has appropriated \$4,000 for future accumulated leave expenditures payable to police officers which has been in the past funded on a pay as you go basis that has resulted funding and cap deficits in the budget years when the expenditures were made.

Other Revenues Other Than Taxes

The Borough's revenues are overly dependent on real estate taxes and state aid due to the small size of the Borough, which is almost entirely residential properties or vacant land, The Borough is constrained in increasing of fees due to lack of businesses to pay fees and permits and due to the DCA having responsibility for the construction code enforcement and therefore all the fees go to the DCA. Increases in any fees paid by residents would not result in any significant increase in revenue and would just change one type of financial burden property taxed for another the increase fees, with property taxes having the benefit of being able to itemize on the taxpayer's federal tax return that would give them a federal tax deduction benefit.

Financial Burdens Facing the Borough

The Borough continues to face significant legal costs from the purposed state elimination of the Chesilhurst Board of Education and other litigation resulting in significant costs funded in the budget

2011 Budget is at Bottom of the Barrel

The Borough's very tight budget is at its very minimal and any unexpected expenditures would likely result in the Borough having to adopt an emergency appropriation.

The Budget already includes across the board freeze in salaries and decreases in most other expense accounts from the 2010 budget amount.

Other than the police department all other Borough employees work 20 hours or less per week and receive no health benefits other than 2 employees the long time deputy Borough clerk and the Chief Financial Officer who received the benefit as a condition for coming to work for the Borough. All employees are in the State Health Benefit Plan (SHBP).

The Borough hall offices and staffed by 1 person in the Tax, Clerk and Court Office and Police window and 1 person performing payroll and processing purchasing and assisting the CMFO.

The tax assessor comes in 1 night per week and is the only person, the certified clerk is paid to come to Borough hall when needed the Certified Tax Collector works four hours 1 day a week and 2 hours 2 nights a week.

The public works dept and sewer department that are responsible for trash pickup, for building repair, maintenance and custodial services, grass cutting, snow removal and road repairs consists of 4 part-time employees their wages and benefits and significantly lower than other municipalities

Tax Burden of Borough Residents

The Borough residents have a significant burden for property taxes due to lack of commercial properties and due to much of the vacant land being undeveloped or owned by the Borough largely through foreclosures that have occurred over the last 50 years. The tax base is extremely low, even after a recent revaluation, in 2008. A 1 cent in tax rate equals only \$9,085. A 1 cent increase is a \$17 dollar increase for the average assessed residential property. The Borough, according to the US Bureau of Censes, has a below state average household income of \$53,053, with the State of New Jersey average being \$70,378.

The Borough residents are burdened not only paying property taxes but also a local \$400 annual fee for sewer services and local lines, but also a \$315 to pay the Camden County Municipal Utilities Authority for regional sewer treatment from the Borough's local sewer system.

The introduced budget has a proposed municipal tax increase of \$488 a 25% increase for the average assessed residential property, just to maintain basic services. A Borough household in these difficult economic times and below state average incomes would find it difficult to assume this additional cost all in one year and especially in two tax quarters.

The local purpose tax increase for a residential property assessed at the Borough's average in 2010 with transitional aid was \$373 in 2010 and \$337 in 2009.

These proposed and actual increases are a significant burden to property owners with well below average State incomes

Also these types of increase have a negative impact on the Borough housing market with the Borough's plan of creating a larger tax base by developing Borough owned property. The tax increase would make this plan less likely to occur in the near future.

Conclusion

The Borough needs time to increase its tax base so that it can provide basic services to Borough residents that not cause an extreme tax burden to its residents who have already were levied above average local purpose tax increases in 2009 and 2010. This can only occur with the continued support of additional state aid.

This page is Not Applicable

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			
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:			

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.

short term cost reductions

1. The Borough’s Police Force is the single largest item in the Borough’s budget

The Borough reduced the number of Borough’s sworn police officers from 10 to 7 for 2011. With the retirement of the senior police officers and the former police chief the Borough has negotiated reduction in the Police Chief’s total compensation. The Police Chief will also perform patrol duties reducing the need for overtime costs.

The Police Union contracts expired December 31, 2009 is still being negotiated and the Borough is bargaining for reductions in wages, including reduced overtime, special pay and compensated absences and accumulation of such absences. The contract is expected to have significant reduction on pay of any newly hired police officers by extending pay steps to additional years.

2. Other Employee wages have been frozen at the 2009 again for 2011 amount.

3. Other expense accounts have been budgeted at 2010 actual expenditures or below

5. Out Sourcing of Services

The Borough continues to outsource Fire and Ambulance services to neighboring Winslow Township fire district and Cederbrook Ambulance Association because the Borough was unable to find enough credited volunteers to lawfully provide this service. The 2011 contracts for these services have been negotiated at a cost savings.

The Borough has looked into shared services for public works function including trash removal but due to the Borough’s low pay and benefit structure it did not conclude that any cost saving could be obtained.

Future Long Term Initiatives

1. Redevelopment Zone

The Borough has established a redevelopment zone and expects to contract with a developer for payments in lieu of taxes, which would be a new source of revenue for the Borough. The overall state economic climate continues to stall this initiative.

2. Sale and Development of Borough Owned Properties

The Borough owns considerable amount of vacant land, largely obtained from foreclosures. The properties have an assessed value exceeding \$7 million dollars. These properties have an assessed value of over \$3 million dollars.

The long range plan is to market these properties to either developers or to individuals.

While the weak housing market makes this a 3 to 5 year initiative because of the need for the real estate market to improve and for these properties to be sold, developed and become part of the Borough's tax base. While this development would likely be residential, due to the locations of most of the properties, some along the White Horse Pike (Route 30), that is a significant traveled Road between Philadelphia and Atlantic City, could see commercial property development.

The Borough's limited resources and in house expertise has greatly reduced its ability to market these properties in the past. It currently has contracted developers who have shown interest in these properties.

3. Increases in the Tax Levy

The Mayor and Governing body strongly believe that the overall majority of residents desire to maintain an independent municipality and while they are open to shared services agreements if they can provide real cost savings, while still giving the Borough residents overall control of how services are provided the residents are willing to pay additional taxes to remain independent.

If other initiatives do not bring in additional revenues or reduction of costs the Borough will increase the tax levy gradually to the amount needed to provide the basic services to Borough residents.

VI. Historical Fiscal Statistics

Item	2009	2010	Introduced Application Year
1. Property Tax/Budget Information			
Municipal tax rate	.958	1.183	\$1.477
Municipal Purposes tax levy	\$856,779	\$1,066,975	\$1,341,935
Municipal Open Space tax levy	N/A	N/A	N/A
Total general appropriations	\$3,183,577	\$2,696,021	\$2,536,461
2. Cash Status Information			
% Of current taxes collected	86.84%	87.86%	%
% Used in computation of reserve	90.00%	88.37%	88.39%
Reserve for uncollected taxes	\$219,178	\$281,786	\$314,942
Total year end cash surplus	\$179,648	\$313,292	
Total non-cash surplus	\$146,620	\$31,000	
Year end deferred charges	\$146,620	\$31,000	
3. Assessment Data			
Assessed value (as of 7/1)	\$89,353,019	\$90,190,179	\$90,858,407
Average Residential Assessment	\$165,801	\$165,801	\$165,801
Number of tax appeals granted	3	2	
Amount budgeted for tax appeals	None	None	None
Refunding bonds for tax appeals	None	None	None
4. Full time Staffing Levels			
Uniformed Police - Staff Number	10	10	7
Total S&W Expenditures	\$692,672	\$676,199	\$566,000
Uniformed Fire - Staff Number	N/A	N/A	N/A
Total S&W Expenditures	N/A	N/A	N/A
All Other Employees - Staff Number	21	21	21
Total S&W Expenditures	\$347,246	\$342,360	\$345,810

5. Impact of Proposed Tax Levy

			Amount
Current Year Taxable Value			\$90,858,407
Introduced Tax Levy			1,341,935
Proposed Municipal Tax Rate	1.477	Average Res. Value (#4 above)	165,801
Current Year Taxes on Average Residential Value (#4 above)			2,449
Prior Year Taxes on Average Residential Value			1,961
Proposed Increase in average residential taxes			488

VII. Application Year Budget Information

A. Year of latest revaluation/reassessment 2008

B. Proposed Budget – Appropriation Cap Information

	Yes	No
Item		
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		
None		
3. Is the Application Year budget at (appropriation) cap? If NO, amount of remaining balance		X
\$141,327		
4. Does the Application Year anticipate use of a waiver to exceed the appropriation cap? If YES, amount:		X
N/A		

C. List the five largest item appropriation increases:

Appropriation	Prior Year Actual	Application Year Proposed	\$ Amount of Increase
Police Vehicle	0	\$30,000	\$30,000
Snow Removal	\$9,345 net of FEMA refunds	20,000	10,655
Police and Firemens' Retirement System	128,841	159,761	30,920
Reserve for Uncollected Taxes	281,786	314,942	33,156
Public Employees Retirement System	21,551	31,858	10,307

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	1,354,660	956,340 (1)	200,000	931,000	1,580,000
Second year	1,403,660	976,340	150,000	950,000	1,580,000
Third year	1,463,660	986,340	100,000	970,000	1,580,000

(1) Includes Fund Balance and State Aid

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	2009	N/A	N/A	2009
Average percentage increase	3%	N/A%	N/A%	1%
Last contract settlement date	Not Settled	N/A	N/A	
Contract expiration date	12/31/09	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)	No	N/A	N/A	No
Wage Freezes (describe below)	Yes	N/A	N/A	Yes
Salaries and Wages of all non-police personnel have been frozen at 2010 which are same as 2009 levels				
Unsettled Police Contract Negotiating for overall wage reductions				
Layoffs (describe below)	Yes	N/A	N/A	No

Application Year CY 2011	Municipality: Borough of Chesilhurst	County: Camden
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Personnel in the Police Department have been reduced by 3 officers

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:	2010	
3. On what dates were tax delinquency notices sent out in 2010: Date:	2/17,3/16,6/22,8/24, 12/6 and 2 times prior to tax sale date	
4. Date of last tax sale: Date:	Oct. 21, 2010	

E. Specialized Service Delivery:

If the answer to either question is “Yes,” provide (as an appendix) a cost justification of maintaining the service without changes.

Service	Yes	No
Sworn police or firefighters are used to handle emergency service call-taking and dispatch (in lieu of civilians)		X
The municipality provides rear-yard solid waste collection through the budget		X

F. Other Financial Practices

1. Amount of interest on investment earned in:

Prior Year:	\$2,401	Last Year:	\$1,911	Anticipated Application Year:	\$1,900
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2. List the instruments in which idle funds are invested:

NJ Cash Management Fund	
Interest Earning Bank Accounts for all funds	

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

.60%
2010

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

G. Status of Collective Negotiation (Labor) Agreements: List each labor agreement by employee group, contract expiration date, and the status of negotiations of expired contracts.

Employee Group	Expiration Date	Status of Negotiations of Expired Agreement
PBA Police	12/31/09	Negotiations on going for reduced wages and reduction in police force has been implemented
Police Chief	12/31/09	Contract Not Settled agreement for wage reduction

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 the Borough does not receive aid it will hold a referendum to exceed the Tax Levy Cap. The Borough Government believes that the Borough residents wish to maintain the minimum services Borough residents are receiving					

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

Rank Order	Service	Cost Savings	Impact on Services

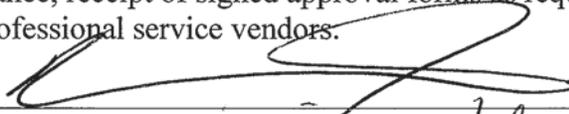
XII. Agreement to Improve Financial Position of Municipality

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:  Date: 3/11/11

Chief Financial Officer: William E Hales Jr. * Date: 3/11/11

Chief Administrative Officer: _____ Date: _____

* SUBJECT TO WHETHER EXPENSES RELATED TO SENIOR CITIZENS ARE RESTRICTED

XIV. CAMPS Certification (Civil Service municipalities only)

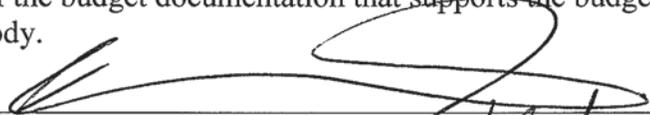
For Civil Service municipalities, the undersigned, being knowledgeable thereof, hereby certify that the municipality has placed the names of all current civil service employees in the NJ "CAMPS" system.

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:  Date: 3/11/11

Chief Financial Officer: William E Hales Jr. Date: 3/11/11

Chief Administrative Officer: _____ Date: _____