

Extraordinary Aid Application - CY 2009
Division of Local Government Services
Department of Community Affairs

General Instructions: This application must be submitted by April 1, 2009 in its entirety for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to Local Finance Notice 2009-5 for additional information.

| | | | |
|-----------------------|----------------------------|---------|--------------|
| Name of Municipality: | South Bound Brook | County: | Somerset |
| Contact Person: | Terry G. Warrelmann | Title: | Mayor |
| Phone: | 732-356-0258 ext 16 | Fax: | 732-560-1524 |
| E-mail: | dkazar@southboundbrook.com | | |
| Population: | 4492 | | |

I. Aid History

List amount of Discretionary Aid received for the last four years, if any:

| | | | | | | | |
|--------------|--------------|--------------|------------|--------------|------------|--------------|------------|
| 2008: | Didn't Apply | 2007: | 400,000.00 | 2006: | 400,000.00 | 2005: | 400,000.00 |
|--------------|--------------|--------------|------------|--------------|------------|--------------|------------|

I. Aid Request for CY 2009

| | |
|--|---------------|
| How much aid is being requested for this year: | \$ 500,000.00 |
|--|---------------|

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

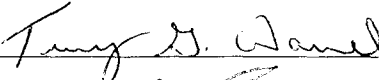


III. Submission Requirements

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 |
|--------------------------------------|-------------------|
| CY 2008 Annual Financial Statement | February 13, 2009 |
| CY 2007 Annual Audit | July 29, 2008 |
| CY 2007 Audit Corrective Action Plan | Sept. 9, 2008 |
| CY 2009 Introduced Budget | March 30, 2009 |

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:

| Official | Signature | Date |
|----------------------------------|--|---------|
| Mayor |  | 4-14-09 |
| Governing Body Presiding Officer |  | 4-14-09 |
| Chief Financial Officer |  | 4-14-09 |

V. Explanation of Need for Extraordinary Aid

A. Explain the extraordinary circumstances that require the need for special municipal aid for CY 2009 in narrative terms. Detail the extraordinary fiscal conditions that changed from the previous year that necessitate this request. Refer to the Local Finance Notice for additional information. Use additional sheets if necessary.

See Attached

Section V A.

In 2009, South Bound Brook is once again in critical need of Extraordinary Financial Aid. For well over a decade, our town has been working hard towards gaining financial independence through fiscal responsibility, careful development and aggressive re-development.

Last year, we thought we had reached our goal, with a zero tax increase there was no need to apply for Extraordinary Aid. Then we lost one-third of the typical State Aid package simply because the last census still shows us below a population level of 5,000 residents. This cost our residents a property tax increase in 2008.

Note: We are certain that the 2010 Census will bring us close to (or over) that population threshold of 5,000, but there is no way to confirm this change for at least another year.

One major re-development project has been a story of great success. Unfortunately the remaining projects have all collapsed as a result of New Jersey's failing economy. Our builders have simply been forced to scale back their plans and walk away from investments into the properties that our town has to offer. We have no US, Interstate or State Highways running through South Bound Brook, so very few stores or businesses are attracted to our downtown area.

With the bottom dropping out of the economy, building projects which we anticipated being completed now sit idle (23,000 square feet of business on Main Street, twenty two [22] new town-homes, and ninety [90] age-restricted condominiums, the refurbishment of an abandoned GAF research building into office space).

When completed, these properties will bring in an estimated \$1.3 million in new tax revenues for the town and for the school district. We are still working hard to renew the builders' interest in these projects.

Like many other towns, 2008 hit our municipality with an unprecedented rise in the costs of operating critical services – like police, fire and first aid. Our vendors and our utility providers all reflected the market increases, but we were left with no real options to recover such costs.

The costs of Pension payback, even with the 50% deferral, remain quite high. This deferral creates its own problem, when we eventually will be required to pay it back with interest.

To make matters worse for taxpayers, our local Board of Education is planning to make much-needed capital improvements, which they predict will cost an average of \$150 per household tax increase.

Section V - continued

- B. Detail actions the municipality plans to take in this year's budget to reduce the cost of providing services. Be specific about cost cutting measures, service changes, new shared services, enhanced revenue plans, and staffing changes. Use additional pages if necessary.

See Attached

Section V B.

In March 2009, we introduced an already bare-bones municipal budget, where all departments were mandated a 5% budget cut from 2008 expenditure levels. This budget was not wish-list, or a needs-list, but an austere list of absolute necessities – and we are still facing a tax increase of up to 3% for municipal needs alone.

We have already frozen salaries to non-contract employees, and are sending notifications out for furloughs and/or layoffs. We are working on a negotiation with our new Public Works employees union, which proposes a zero percent salary increase for 2009.

We are establishing a bid-spec package through our borough engineering firm to solicit bids for privatization of our trash hauling program. This privatization would eliminate the need to purchase a new truck and would eliminate the need for up to two full-time employees.

We have also cut services to our residents. Summer grass collection and the annual bulk pick-up programs were discontinued after decades of success. These services were previously rendered at no extra fee, which may be returned for a fee.

In 2009 we continue the one-of-a-kind sharing of police patrol services with our neighbors in Rocky Hill, NJ. It is a resounding success, and the only plan like it in the state of New Jersey. This helps to offset our police budget, and we supply Rocky Hill with much needed traffic enforcement.

We also continue a broad range of sharing with our local school district such as parking lots, ball fields, playgrounds, trash collection, snow removal, and grounds keeping. In return we receive facility usage for our expanding recreation programs and for public meeting rooms.

We are now charging fees for our recreation programs to at least cover our costs.

We still share services with neighboring municipalities and Sewage Authorities.

We are actively reviewing new services to share, such as Code Enforcement, building inspection, records storage, municipal courts, tax office and finance office. We are also pursuing a Fire Department merger into a neighboring Fire District and the sharing a yard-waste recycling facility.

We will continue to pursue Grant money from the county and state programs, such as Façade Improvements, Playgrounds and Recreation Grants, Historic Preservation Grants, and Brown-fields Remediation Grants.

South Bound Brook has always worked hard to provide services at a low per-capita rate, but the economic down-turn has overwhelmed our best efforts in 2009. Our tax payers need your help from the Extraordinary Aid Program in 2009. This will help South Bound Brook get back on the track towards financial independence once again.

Last year we were also mandated to perform a Property Tax Re-Evaluation, which will take affect this year. Our residents can ill afford this double hit in taxes. We are anticipating a loss in tax revenues. With more and more people being laid-off, we fear that they simply will not be able to pay their Property Taxes.

We continue to draw down our Surplus account to make ends meet. If we stay on this path, within the next two years we will have completely drained this account. We rely on this money for emergencies. For example we have an old Sanitary Sewer system, if there were another emergency we would have no funding to fall back on for repairs.

South Bound Brook has an average income level that is among the lowest in Somerset County. This new tax burden could cause many people to lose their homes. We desperately need help to get our residents through 2009.

VI. Historical Fiscal Statistics

| ITEM | Actual CY 2007 | Actual CY 2008 | Introduced CY 2009 with 0 Aid ** Revaluation |
|-------------------------------------|------------------------|------------------------|---|
| 1. Property Tax Rates | | | |
| Municipal tax rate | 1.517 | 1.535 | .765 |
| School tax rate | 3.208 | 3.224 | 1.641 |
| County tax rate | .726 | .746 | .375 |
| Open Space tax rate | | | |
| All other unit tax rates | | | |
| TOTAL (all units) tax rate | 5.430 | 5.545 | 2.781 |
| 2. Property Tax Levies | | | |
| Municipal Purposes | \$ 2,516,824.00 | \$2,550,115.00 | \$2,629,799.00 |
| School purposes (all) | \$5,280,795.00 | \$5,421,468.00 | \$5,638,327.00 |
| County | \$1,150,316.00 | \$1,258,795.00 | \$1,288,346.00 |
| Open Space | \$ | \$ | \$ |
| All Other | \$ | \$ | \$ |
| Total tax levy | \$ 8,947,935.00 | \$ 9,210,378.00 | \$9,556,472.00 |
| Total general appropriations | \$ 5,098,926.00 | \$ 5,590,702.00 | \$ 5,325,170.00 |
| 3. Cash Status Information | | | |
| % Of current taxes collected | 97.36% | 98.23% | % |
| % Used in computation of reserve | 94.50% | 95.14% | 95.12% |
| Reserve for uncollected taxes | \$465,000.00 | \$465,000.00 | \$465,000.00 |
| Total year end cash surplus | \$ 1,537,602.00 | \$1,173,994.00 | |
| Total non-cash surplus | \$139,868.00 | \$193,680.00 | |
| Year end deferred charges | \$106,676.00 | \$160,008.00 | |
| 4. Assessment Data | | | |
| Assessed value (as of 7/1) | \$ 164,608,605. | \$166,098,176. | \$343,677,585.00 |
| Average Assessment - single family | \$ 133,500.00 | \$133,500.00 | \$237,489.00 |
| Number of tax appeals granted | 0 | 0 | |
| Amount budgeted for tax appeals | \$ 0 | \$0 | \$0 |
| Refunding bonds for tax appeals | \$ 0 | \$0 | \$0 |
| 5. Staffing Levels | | | |
| Uniformed Police - Staff Number | 13 | 13 | 13 |
| Total S&W Expenditures | \$ 1,250,061.00 | \$1,324,276.00, | \$ 1,285,420.00 |
| Uniformed Fire - Staff Number | N/A | N/A | N/A |
| Total S&W Expenditures | \$ | \$ | \$ |
| All Other Employees - Staff Number | 40 | 40 | 39 |
| Total S&W Expenditures | \$ 817,620.00 | \$ 828,819.00 | \$836,834.00 |

VII. CY 2009 Budget Information

| | |
|---|------|
| A. Year of latest revaluation/reassessment: | 2008 |
|---|------|

B. Proposed Budget - Cap Information

| | Yes | No |
|--|-----|----|
| 1. Was a budget cap index rate ordinance adopted in 2009 If yes: % that was used | xx | |
| 3.5% | | |
| 2. Amount of cap bank available going into 2009 | | |
| \$ 6,695.49 | | |
| 3. Is the 2009 budget at cap? If NO, amount of remaining balance | Xx | |
| \$ 247,250.00 | | |
| 4. Does the 2009 budget anticipate use of a surplus waiver to exceed the cap? If yes, amount: | | xx |
| \$ N/A | | |
| 5. Was a referendum conducted to exceed the cap held? | | xx |

List the five largest items of CY 2009 appropriation increases:

| Appropriation | CY 2008 Budgeted | CY 2009 Proposed | \$ Amount of Increase |
|---------------------------|-------------------|-------------------|-----------------------|
| LOSAP | 0.00 | 80,000.00 | 80,000.00 |
| SEWERAGE AUTHORITY | 406,508.00 | 440,770.00 | 34,262.00 |
| STREET LIGHTING | 61,000.00 | 85,000.00 | 24,000.00 |
| LEGAL | 36,500.00 | 50,000.00 | 13,500.00 |
| FIRE HYDRANTS | 45,000.00 | 58,000.00 | 13,000.00 |
| | | | |

C. List all new full time positions planned in CY 2009

| Department/Agency | Position | Number | Dollar Amount |
|-------------------|-------------|--------|---------------|
| | NONE | | |
| | | | |
| | | | |
| | | | |
| | | | |

VIII. Financial Practices

A. Expenditure controls and practices:

| Question | Yes | No |
|---|-----|----|
| 1. Is an encumbrance system used for the current fund? | XX | |
| 2. Is an encumbrance system used for other funds? | XX | |
| 3. Is a general ledger maintained for the current fund? | XX | |
| 4. Is a general ledger maintained for other funds? | | XX |
| 5. Are financial activities largely automated? | XX | |
| 6. Does the municipality operate the general public assistance program? | | XX |
| 7. Are expenditures controlled centrally (yes) or de-centrally by dept. (no)? | XX | |
| 8. At any point during the year are expenditures routinely frozen? | XX | |
| 9. Has the municipality adopted a cash management plan? | XX | |
| 10. Have any negative findings in the prior year's audit report been corrected? | XX | |

B. Risk Management

| Question | Yes | No |
|--|-----|----|
| 1. Is the municipality a member of a joint insurance fund? If yes, list the risks that are insured by a JIF: ALL RISKS (i.e., liability, workers comp, health, etc.) LIABILITY, WORKERS COMP, AUTOMOBILE | XX | |
| 2. Is the municipality self insured for any risks (not through a JIF) ? If yes, list them: | | XX |
| 3. Is the municipality commercially insured for major risks? i.e., liability, workers comp, health, etc.) If yes, list them: STATE HEALTH BENEFITS | XX | |

VIII. Financial Practices (continued)

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 | 2009 | N/A | | 2008 |
| Average percentage increase | 4% | % | % | 2% |
| Last contract settlement date | Jan. 1, 2007 | N/A | N/A | |
| Contract expiration date | Dec. 31, 2009 | N/A | N/A | |

D. Tax enforcement practices:

1. Date of last tax sale:
2. Does the municipality use the accelerated tax sale program?
3. When was the last foreclosure action taken or tax assignment sale held:
4. During 2008, on what dates were tax delinquency notices sent out:

E. Other Financial Practices

1. Amount of interest on investment earned in:

| | | | | | |
|-------|---------------|-------|--------------|----------------------|--------------|
| 2007: | \$ 116,043.97 | 2008: | \$ 45,018.98 | Anticipated in 2009: | \$ 45,000.00 |
|-------|---------------|-------|--------------|----------------------|--------------|

2. List the instruments in which idle funds are invested:

Interest on Deposit from TD Bank, Bridgewater NJ

3. What was the average return on investments during CY 2008?
4. When was the last time fee schedules were reviewed and updated?

IX. Service Delivery

- A. List all services and the organization for which the municipality contracts with another government agency. Include all Interlocal Service Agreements, informal shared services, and memberships in cooperative purchasing program (use additional sheets if necessary),

1. Shared Services with Local School Board Including the following:
 - a. Snow Removal
 - b. Garbage Removal
 - c. Grass Cutting and Ground Keeping
 - d. Use of Borough Owned Ball Fields and Playgrounds.
 - e. Parking lot for Teachers during the school day.
 - f. Recreation Programs.
2. Health Department, Middle brook Regional Health Commission
3. Insurance, Middlesex Joint Insurance Fund
4. Recycling, County of Somerset
5. Cooperative Purchasing Agreements, County of Somerset
6. Municipal Alliance- Borough of Bound Brook
7. Recreation Programs- Borough of Bound Brook, Manville
8. Library Services- County of Somerset
9. Gasoline and Auto Repair Service- County of Somerset
10. Public Assistance- County of Somerset
11. Municipal Court Facilities (Court Room) Borough of Bound Brook
12. Joint Center with the Borough of Bound Brook
13. Somerset Shared Services Neighborhood Groups- Mute Community Shared Services
14. REDI Grant with 6 other communities on Shared Services.
 - a. Animal control
 - b. Yard Waste
15. Shared Service With Local Communities, Example: Public Works, Police, Fire.
16. Shared Police Service with the Borough of Rocky Hill
17. Shared Service with the Delaware Raritan Canal Park for park Maintenance.
18. Franklin Township Sewer Authority for the use of Equipment.
19. Use 911 Communication Center with Somerset County Communications for dispatching of Police and Fire Services.

IX. Service Delivery (continued)

B. List the services and the name of the organization which have been contracted or outsourced to private or non-profit organizations

1. Animal Control- Somerset Humane Society

2 Somerset County Shared Service Ambulance Services, Manville, Raritan, South Bound Brook and Somerville.