

Notice Number

Date

LOCAL FINANCE NOTICEDONALD T. DiFRANCESCO
*ACTING GOVERNOR*JANE M. KENNY
*COMMISSIONER*ANTHONY CANCRO*
*ACTING DIRECTOR***Local Government Financial Issues:
Response to World Trade Center Terrorist Attack**

This Local Finance Notice reviews a number of actions that local governments can take as a result of the tragic attack on the World Trade Center on September 11. While only some of the State's municipalities and counties were part of the response, many local units have residents who are victims of the attack. Further, as the State of Emergency order authorized by Acting Governor DiFrancesco continues, there may be ongoing issues that affect local governments.

There are four primary issues covered in this Notice:

1. Federal Emergency Management Administration (FEMA) related issues
2. Budgeting and financial administration response and recovery costs
3. Managing September 11 related charitable contributions
4. Managing property tax and municipal charge delinquencies

Many officials have been asked for guidance on responding to victims needs. A copy of the State's WTC Victim web page is included with this notice. Additional information on the State response and assistance for victims can be found at the State's web site at www.state.nj.us/wtc.

FEMA Disaster Response Issues

FEMA has authorized 100% federal reimbursement of "Emergency Protective Measurement" (known by FEMA as Category "B") costs in all 21 counties. These costs specifically include:

- Search & Rescue
- Emergency Medical Care
- Mass Care & Shelter
- Security/Warning/Barricades
- Provision of Food/Water/medicine
- Provision of Temporary Facilities
- Activation of Emergency Operation Center
- Demolition of Structures
- Removal of Health and Safety Hazards
- Emergency measures to prevent further damage
- Restoration of access
- Emergency Communication
- Emergency public transportation
- Building Inspection

The federal emergency declaration specifically excludes regular time costs for public employer's regular employees. Municipalities and counties must make Emergency appropriations to cover all costs related to response and recovery (see page 2).

Director's Office
(609) 292-6613Local Government
Research
(609) 292-6110Financial Regulation
and Assistance
(609) 292-4806Local Finance
Board
(609) 292-0479Local Management
Services
(609) 292-7842Authority Regulation
(609) 984-0132Fax
(609) 984-7388

Chief Financial Officer's should contact their local Emergency Management Coordinator to obtain information on procedures for applying for reimbursement. FEMA has commenced meetings and established coordination procedures working through the local and county Office of Emergency Management.

As in all disasters and emergencies, keeping and maintaining adequate records is essential to the reimbursement process. It is of the utmost importance that municipal officials keep accurate and thorough records if reimbursement is to be obtained from FEMA. Copies of time sheets, work assignments, receipts, purchase orders, and other documents should be kept in a convenient place, with appropriate notations of the relation of the work to the disaster response or recovery. Narrative summaries may also serve to support claims. You should also anticipate FEMA requesting backup of hours worked to include hourly rates and work done for each employee involved being claimed.

Because the FEMA declaration is limited to emergency protective measures, local units that have emergency related expenses they believe are not covered under the FEMA declaration should advise DLGS of the type and magnitude of the expenses.

Budgeting and Financial Administration

Emergency Appropriations

All emergency and budgeted appropriations for emergency response can be appropriated outside of the cap. SFY municipalities whose budgets have not been adopted must adopt temporary emergency appropriations and include them in their adopted budget.

For all other municipalities, normal rules regarding emergencies are followed (N.J.S.A. 40A:4-48 and 49). A resolution approved by 2/3 of the full membership of the governing body and a certification of the Chief Financial Officer that the resolution covers expenses incurred during the emergency response must be filed with the Division. Emergency resolutions that exceed the 3% limit require approval of the Director, but can be appropriated outside the cap next year as noted below. Emergency response appropriations may be funded through available cash balances or the issuance of emergency notes (N.J.S.A. 40A:4-50 and 51).

Expenses related to maintenance of salaries of members of the National Guard or National Reserves, or the costs for replacement personnel (through overtime or new hire) may also be appropriated as cap-exempt emergencies, subject to certification of the Chief Financial Officer. These are considered as part of the State of Emergency declared by the Governor.

All cap-exempt funds should be appropriated as line items pursuant to Flexible Chart of Account Guidelines, under a general heading of "WTC Terrorist Attack." For example, list each appropriation line separately under the heading; i.e., Police S&W, Police OE, Emergency Management OE, etc.

Purchasing

Purchases made as part of the response and recovery would meet the criteria in N.J.S.A. 40A:11-6, Emergency Purchases. Documentation for purchases made under this section should ultimately include written backup for the purchases. This must include, at a minimum, a voucher, and depending on the circumstances, a purchase order or requisition, all approved by the designated local official for emergency action. The governing body must take action (i.e., emergency resolutions) to pay for any obligations incurred in accordance with the law.

The law and related rules also permit the governing body to prescribe rules for the handling of emergency purchases. If you find your procedures deficient, take advantage of the recent experience to review your practices to be sure they meet the requirements of the law, so they will be ready in the future.

Handling of FEMA Reimbursements

For adopted budgets, FEMA receipts may be a direct reimbursement to appropriations if the reimbursement occurs in the same fiscal year the expenditure is made. For budgets not adopted, FEMA reimbursements may be included in the budget.

Managing Charitable Contributions

Many local governments plan to or have already collected funds, or have been asked to establish funds for making contributions to national charities, local organizations, or residents affected by the tragedy. While collections are appropriate ways to respond to the concerns of the public, they need to be carefully considered and managed by local officials.

If local units are given contributions or gifts for support of disaster related purposes, the local unit may appropriate funds and spend them for the purpose for which they are donated; N.J.S.A. 40A:5-29 (Acceptance of Gifts) provides the authority to do so.

The procedure for accepting and appropriating funds for these purposes through the N.J.S.A. 40A:5-29 process is as follows:

1. The governing body must pass a Dedication by Rider resolution to use NJSA 40A:5-29. The title of the appropriation dedication should include a reference to the "World Trade Center Terrorist Attack" or "September 11, 2001 Attack."
2. The Rider resolution must include a plan of disposition of funds, including who (the specific class of persons or organizations) will receive funds, how they will be allocated, and the process for making allocation decision (if funds go to more than one organization or person).
3. There should be public disclosure (at time of contribution or by other public means) specifying the purpose for which the money will be spent.
4. Budgeted appropriations not offset by contributions are not permitted; State law does not permit property tax or utility fee based contributions for these purposes. Only public donations are allowed to be made as donations.
5. Donations to local residents or organizations affected by the disaster should be based on the formal policy, and individuals appropriately screened to ensure donations go to those who are qualified.
6. Information on national charitable organizations involved in the disaster can be found on the web at www.libertyunites.org.

If the local government plans to go beyond the gift provision and establish a separate charitable fund, it must be sure to register it with the Bureau of Charities in the State's Division of Consumer Affairs and legal counsel should review the law regulating charities.

7. When a donation is to an organization, if there is any question about the integrity of the organization, check with:

- N.J. Division of Consumer Affairs at 973-504-6215
- BBB Wise Giving Alliance: www.give.org/

Property Tax and Utility Payments

Acting Governor DiFrancesco recently signed P.L. 2001, c. 248 (A-22/S-21) into law. Section 3 of the law extends the ability to waive interest on current taxes for individuals affected by the disaster.

Specifically, a municipal governing body:

- may waive interest on any delinquent current property tax obligations or current municipal charges due on or before December 31, 2001 in regard to persons who suffered personal injury, death, loss of a family member, loss of or damage to real or personal property;
- in regard to persons who suffered personal injury, death, loss of a family member, loss of or damage to real or personal property, or business interruption as a result of the terrorist attack on the United States on September 11, 2001.

In its entirety, the law states:

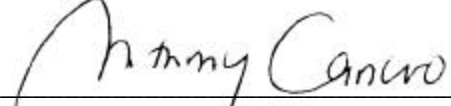
Notwithstanding the provisions of any other law or rule or regulation to the contrary, the governing body of a municipality by resolution may temporarily waive interest on any delinquent current property tax obligations or current municipal charges due on or before December 31, 2001 in regard to persons who suffered personal injury, death, loss of a family member, loss of or damage to real or personal property, or business interruption as a result of the terrorist attack on the United States on September 11, 2001.

To take advantage of this law, the following procedures are to be followed:

1. The governing body must pass a resolution waiving interest pursuant to the law (referenced as P.L. 2001, c.248, s.3).
2. Local policies are to guide interpretation of the law to deal with individual eligibility questions.
3. Those wanting to take advantage of the interest waiver should execute some form of certification of eligibility.
4. The waiver applies to municipal charges as well. Municipal utility or authority charges may be deferred based on local policies and fee/penalty resolutions and ordinances.

In addition, to further assist victims, tax collectors should use discretion to accept, where appropriate and practical, partial tax payments by taxpayers affected by the terrorist attack making such requests.

Finally, while it goes without saying, it has to be noted that local officials who have been part of the response and recovery have represented the highest ideals as citizens and public officials. You are all owed a great debt of gratitude and support.



Anthony Cancro, Acting Director*
Division of Local Government Services

*Effective October 12, 2001, DCA Deputy Commissioner Anthony Cancro resumed serving as Acting Director of the Division.

Enclosure: Municipal and County Chief Financial Officers, Authority Chief Executive Officers, Fire District Boards of Commissioners