

LOCAL FINANCE NOTICE

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FY 2004 Extraordinary Municipal Aid Program

The Extraordinary Municipal Aid Program, (N.J.S.A. 52:27D-118.35 et seq.), provides additional state aid to address a municipality's extraordinary need because of severe fiscal crisis outside of the municipality's control. Extraordinary Aid should not be relied upon to determine your spending as it is intended for unique, not repeating, circumstances. Funding of the program is included in the State's FY 2004 budget at a total funding level of \$ 35 million.

To receive aid, applicants must demonstrate that significant measures are in place to reduce spending and improve governmental efficiencies. These measures include, but are not limited to, enhanced tax and revenue collection efforts, management efficiencies, shared services, streamlined workforce and any other activities that provide property tax relief. Applicants must provide detailed information on actions that will reduce dependency on Extraordinary Municipal Aid in the following year.

Staff will review the Extraordinary Municipal Aid application for FY 2004, the current budget revenues (including total state aid), appropriations, annual financial statement, audit report, tax rate history, availability of other sources of federal and state aid, and all other pertinent financial data filed with the Division of Local Government Services.

Receipt of Extraordinary Aid for FY 2004 is not guaranteed by virtue of receipt of Extraordinary Municipal Aid in a prior year. **Accordingly, you may not anticipate Extraordinary Municipal Aid in your FY 2004 budget.** (If your budget is introduced anticipating any Extraordinary Aid, we will require you to amend your budget, removing that revenue.)

The application must be completed in its entirety and submitted to the Division by August 18, 2003. Please use the form provided and send **only one original** under separate cover to the Director. Do not send it with budget document. On Page 1 of the application, the amount of aid requested for FY 2004 must be stated in dollars. On Page 2, the municipality must provide justification for the need for Extraordinary Municipal Aid and provide specific examples of circumstances creating the fiscal distress and uncontrollable local purpose tax increase. The municipality must also provide, on Page 3 Section V-B, a detailed description of its Fiscal Recovery Plan to reduce or eliminate its dependency on Extraordinary Municipal Aid in future years. If you received Extraordinary Municipal Aid in prior years, the municipality must also provide, on Page 3 Section V-C, the steps taken to implement the Fiscal Recovery Plan according to the plan you provided in that year.

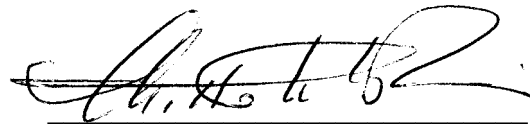
All statistical information requested in the application **must be completed** and is subject to verification by the Division. In addition, a municipality's FY 2003 Annual Financial Statement, FY 2002 audit, and FY 2004 budget must be on file with the Division. **There will be no exceptions.** Late or incomplete applications will not be reviewed. **In the absence of any of the documents, the application will be deemed incomplete.**

As in previous years, once awarded, the full amount of Extraordinary Municipal Aid granted to a municipality must be anticipated (by amendment, as appropriate) on Budget Sheet 5 and used **exclusively** to reduce the amount to be raised by taxation for local purposes. This means that after Extraordinary Aid grants have been announced, no successful applicant shall be permitted to make material increases or decreases to budgeted revenues or appropriations. Therefore, any applicant that plans to make changes to the introduced budget after their aid application has been submitted should submit those changes to the Division so that it can be part of the application review process.

To assist in completing the form, word processing files of the application can be downloaded from the Division's web site at: <http://www.state.nj.us/dca/lgs/> and clicking on the "Municipal State Aid" link. Copies are available in both Microsoft Word and Word Perfect.

The information disclosed in this application, including information disclosed in accompanying documents or other attachments submitted with or prior to submission of this application, is a government record pursuant to the Open Records Act (P.L. 2001, Chapter 404, N.J.S. 47:1A-1 et seq.).

If you have any questions, please contact the Division at (609) 292-4806 or by e-mail dlgs@dca.state.nj.us.



Matthew U. Watkins, Director
Division of Local Government Services

Enclosure

Distribution: Municipal Clerks via GovConnect to distribute to Mayor and Governing Body
Chief Financial Officers via GovConnect