

LOCAL FINANCE NOTICEDONALD T. DiFRANCESCO
ACTING GOVERNORJANE M. KENNY
COMMISSIONERANTHONY CANCRO
ACTING DIRECTOR**SFY 2002 Extraordinary Municipal Aid Program**

The Extraordinary Municipal Aid Program, (N.J.S.A. 52:27D-118.35 et seq.), addresses a municipality's need for State aid to minimize increases in its property tax rate. Eligibility for consideration of extraordinary municipal aid is limited to municipalities which received less than \$500,000 in Municipal Revitalization Program funds in 1994 (now included in Consolidated Municipal Property Tax Relief Act funds).

To receive aid applicants must demonstrate that, despite their efforts to provide property tax savings for current and future budget years, the municipality has experienced circumstances that warrant aid under the program. These efforts include, but are not limited to, shared services, privatization, enhanced tax and revenue collection efforts, management efficiencies, and any other activities which, in the short or long term, will provide or has provided property tax relief. Applicants must provide detailed information on action they plan to take that will reduce or eliminate dependency on Extraordinary Municipal Aid in the future.

The enclosed Extraordinary Municipal Aid application for SFY 2002 was crafted to provide the Division with sufficient information to evaluate each applicant's request for aid. In addition to the application, our staff will conduct a review and analysis of the current budget, annual financial statement, audit report, tax rate history and all other pertinent financial data filed with the Division of Local Government Services.

Remember that receipt of Extraordinary Municipal Aid for SFY 2002 is not guaranteed by virtue of receipt of discretionary aid in a prior year. Accordingly, you are strongly encouraged not to anticipate Extraordinary Municipal Aid in your SFY 2002 budget, and, under no circumstances, are you to anticipate more than was received in SFY 2001. Given the high bar for eligibility, municipal officials should carefully study their need, justification, and past experience in receiving aid in determining if an application should be filed.

The application must be completed in its entirety and submitted to the Division by September 7, 2001 for consideration. Please use the form provided and send **only one original** under separate cover to the Director. **Do not send** with the budget document. On Page 1 of the application, the amount of aid requested for SFY 2002 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, a detailed description of its fiscal recovery plan to reduce or eliminate its dependency on Extraordinary Municipal Aid in future years. All statistical information requested in the application must be completed and is subject to verification by the Division.

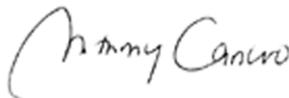
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(609) 292-4806Local Finance
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(609) 292-0479Local Management
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(609) 984-0132Fax
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In addition, a municipality's SFY 2001 annual financial statement, SFY 2000 audit, and SFY 2002 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 Aid awarded 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. Any changes to the budget will require approval of the Director. Therefore, any applicant that plans to make amendments to their budget after their aid application has been submitted, should submit that amendment to the Division as soon as its provisions are made available so that it can be part of the 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/muniaid/aidmenu.htm> and clicking on the "State Aid" link. Copies are available in both Microsoft Word and Word Perfect.

If you have any questions, please contact the Division at (609) 292-4806.



Anthony Cancro, Acting Director
Division of Local Government Services

Enclosure

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

