

**LOCAL FINANCE NOTICE****CY 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 additional State aid to minimize increases in its property tax rate. Eligibility for consideration of extraordinary municipal aid is limited to municipalities that received less than \$500,000 in Municipal Revitalization Program funds in 1994 (now included in Consolidated Municipal Property Tax Relief Act funds).

Funding of the program is subject to approval of the Governor's State FY 2003 budget by the Legislature. Prior year's funding of the program was set at \$25 million.

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's criteria. 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 actions they plan to take that will reduce or eliminate dependency on Extraordinary Municipal Aid in the future.

The enclosed Extraordinary Municipal Aid application for CY 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 CY 2002 is not guaranteed by virtue of receipt of Extraordinary Municipal Aid in a prior year. Accordingly, you are strongly encouraged not to anticipate Extraordinary Municipal Aid in your CY 2002 budget, and, under no circumstances, are you to anticipate more than was received in CY 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 **March 15, 2002**. Please use the form provided and send **only one original** under a separate cover to the Director. Do not send it with the budget document. On Page 1 of the application, the amount of aid requested for CY 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.

In addition, a municipality's CY 2001 annual financial statement, CY 2000 audit, and CY 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 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. 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 [www.state.nj.us/dca/lgs/muniaid/aidmenu.htm](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 PDF.

If you have any questions, please contact the Division at (609) 292-4806 or by email [jtripodi@dca.state.nj.us](mailto:jtripodi@dca.state.nj.us).

Enclosure

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

**Extraordinary Aid Application - CY 2002**  
**Division of Local Government Services**  
**Department of Community Affairs**

**General Instructions:** This application must be submitted by March 15, 2002 for funding consideration under this program. Information contained in the application is subject to independent verification by DLGS. Refer to the Local Finance Notice for additional information.

Name of Municipality: \_\_\_\_\_ County: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

**I. Aid History**

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

2001: \_\_\_\_\_ 2000: \_\_\_\_\_ 1999: \_\_\_\_\_ 1998: \_\_\_\_\_

**II. Aid Request**

How much aid is being requested for this year: \$ \_\_\_\_\_

*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 2001 Annual Financial Statement	
CY 2000 Annual Audit	
CY 2000 Audit Corrective Action Plan	
CY 2002 Introduced Budget	

**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		
Governing Body Presiding Officer		
Chief Financial Officer		
Registered Municipal Accountant		

**V. Explanation of Need for Extraordinary Aid**

A. Explain the need for Extraordinary Aid in narrative terms. Include the reasons why aid is needed and the fiscal conditions that changed from the previous year that necessitates this request. Refer to the Local Finance Notice for additional information. Use additional sheets if necessary.

**Section V - continued**

- B. Detail the steps the municipality has taken or plans to take to reduce the need for aid for this and subsequent years. Use additional pages if necessary. Include details about start-up and ongoing costs, staffing, potential for grants to offset costs, estimated short and long-term savings.

**Section V - continued**

- C. List changes in programs or service delivery that have been implemented in the last three years. Include new hiring, new programs, expansion or elimination of services; include costs and number of employees. For new programs, indicate whether they were funded by grants or property taxes.

**VI. Historical Fiscal Statistics**

ITEM	Actual CY 2000	Actual CY 2001	Introduced CY 2002
<b>1. Property Tax Rates</b>			
Municipal tax rate			
School tax rate			
County tax rate			
Open Space tax rate			
All other unit tax rates			
TOTAL (all units) tax rate			
<b>2. Property Tax Levies</b>			
Municipal Purposes			
School purposes (all)			
County			
Open Space			
All Other			
Total tax levy			
Total general appropriations			
<b>3. Cash Status Information</b>			
% of current taxes collected	%	%	%
% used in computation of reserve	%	%	%
Reserve for uncollected taxes			
Total year end cash surplus			
Total non-cash surplus			
Year end deferred charges			
<b>4. Assessment Data</b>			
Assessed value (as of 7/1)			
Average Assessment - single family			
Number of tax appeals granted			
Amount budgeted for tax appeals			
Refunding bonds for tax appeals			
<b>5. Staffing Levels</b>			
Uniformed Police - Staff Levels			
Total S&W Expenditures			
Uniformed Fire - Staff levels			
Total S&W Expenditures			
All Other Employees - Staff level			
Total S&W Expenditures			

**VII. CY 2002 Budget Information**

A. Year of latest revaluation/reassessment: \_\_\_\_\_

B. Proposed Budget - Cap Information

- 1. Was a budget cap index rate ordinance adopted in 2001  
If yes: % that was used
- 2. Amount of cap bank available going into CY 2002  
\$
- 3. Is the CY 2002 budget at cap?  
If NO, amount of remaining balance  
\$
- 4. Does the CY 2002 budget anticipate use of a surplus waiver to exceed the cap?  
If yes, amount:  
\$
- 5. Was a referendum conducted to exceed the cap held?

	Yes	No
%		
\$		
\$		
\$		

List the five largest items of CY 2002 appropriation increases:

Appropriation	CY 2001 Expended	CY 2002 Proposed	Amount of Increase

C. List all new full time positions planned in CY 2002

Department/Agency	Position	Number	Dollar Amount

List total (all agencies) prior expenditures and CY 2002 planned appropriations for the following purposes:

Item	CY 2000	CY 2001	CY 2002
Travel and conferences			
Entertainment, parties			
Celebrations of public events, festivals			
Meals (non-prisoner)			



**VIII. Financial Practices**

A. Expenditure controls and practices:

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

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: (i.e., liability, workers comp, health, etc.)		
2. Is the municipality self insured for any risks (not through a JIF) ? If yes, list them:		
3. Is the municipality commercially insured for major risks? i.e., liability, workers comp, health, etc.) If yes, list them:		

**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				
Average percentage increase	%	%	%	%
Last contract settlement date				
Contract expiration date				

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 2001, on what dates were tax delinquency notices sent out: \_\_\_\_\_

E. Other Financial Practices

1. Amount of interest on investment earned in:

2000: \_\_\_\_\_ 2001: \_\_\_\_\_ Anticipated in 2002: \_\_\_\_\_

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

3. What was the average return on investments during CY 2001: \_\_\_\_\_%

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),

**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