

# LOCAL FINANCE NOTICE

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## CY 2003 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, non-repeating circumstances. Funding of the program is included in the State's FY 2004 budget at a total funding of \$25 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 CY 2003, current budget revenues (including 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 Municipal Aid for CY 2003 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 CY 2003 budget.** If your budget is introduced anticipating any Extraordinary Aid, we will require you to amend your budget removing that revenue.

The following instructions are critical to the application process:

- The application must be completed in its entirety and submitted to the Division by **March 14, 2003**.
- Use the provided form and send **only one original** under a separate cover to the Director.
- Do not** send the application form with the budget document.
- On Page 1 of the application, the amount of aid requested for CY 2003 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.
- On Page 3, Section V-B, describe in detail a Fiscal Recovery Plan to reduce or eliminate its dependency on Extraordinary Municipal Aid in future years.

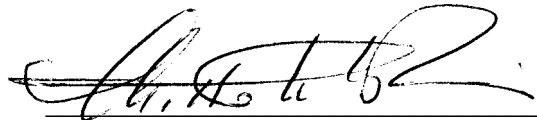
- On Page 3 Section V-C, if you received Extraordinary Aid in prior years, the municipality must also provide the steps taken to implement the fiscal recovery plan according to the plan you provided in that year.

All statistical information requested in the application must be completed and is subject to verification by the Division. In addition, the municipality's CY 2002 annual financial statement, CY 2001 audit, and CY 2003 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. Changes to the budget will require approval of the Director. Therefore, any applicant that plans to make amendments to its budget after the 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.

Microsoft Word and Adobe Acrobat (pdf) files of the application can be downloaded from the Division's web site at [www.nj.gov/dca/lgs/](http://www.nj.gov/dca/lgs/) by clicking on the "Municipal State Aid" link.

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