

# LOCAL FINANCE NOTICE

JAMES E. MCGREEVEY  
GOVERNOR

SUSAN BASS LEVIN  
COMMISSIONER

MATTHEW U. WATKINS  
DIRECTOR

## SFY 2003 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. Funding of the program is included in the State's FY 2003 budget at a total funding level of \$30.5 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 that provide property tax relief. Applicants must provide detailed information on actions that will reduce dependency on Extraordinary Municipal Aid in the following year.

Communities that received Extraordinary Municipal Aid in SFY 2002 have less of an opportunity for SFY 2003 aid.

Staff will review the Extraordinary Municipal Aid application for SFY 2003, 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 Municipal Aid for SFY 2003 is not guaranteed by virtue of receipt of Extraordinary Municipal Aid in a prior year. Accordingly, you should **not** anticipate Extraordinary Municipal Aid in your SFY 2003 budget.

The application must be completed in its entirety and submitted to the Division by **August 30, 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 SFY 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. 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, the municipality's SFY 2002 annual financial statement, SFY 2001 audit, and SFY 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. 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 "Municipal 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 [dlgs@dca.state.nj.us](mailto:dlgs@dca.state.nj.us).

*Matthew U. Watkins*

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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