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From: egg@dca.state.nj.us [mailto:egg@dca.state.nj.us]
Sent: Tuesday, August 18, 2009 4:15 PM
To: Lashway, Lisa
Subject: SFY and CY 2010 Budget Information

Dear Municipal Clerk

The Division has released Local Finance Notice 2009-17, "SFY 2010 Extraordinary Municipal Aid" along with the Extraordinary Aid application worksheet. The Finance Notice is attached to this e-mail, the application can be downloaded at:
http://www.nj.gov/dca/lgs/lfns/09lfns/sfy10_levy_cap_calc-1.xls.

In addition, officials planning both SFY 2010 and CY 2010 budgets that took advantage of the pension deferral program should review the following guidance contained in Local Finance Notice 2009-16 concerning SFY 2010 budgets:

"For the 4% levy cap, the pension exclusion for PERS and PFRS is the amount of the normal accrued liability increase in excess of 4% of the prior year normal accrued liability. For the appropriation cap, the pension exception for PERS and PFRS is the amount of the normal accrued liability increase in excess of 3.5% of the prior year normal accrued liability (includes non-contributory insurance for both caps)."

This means, for those who took advantage of the pension deferral, by applying the above formula, the difference from the prior (deferral) year's budgeted obligation to the new full pension obligation, is excluded from the levy and appropriation cap base.

Thank you for your attention to this information.

Visit My New Jersey by logging in at:
<http://www.state.nj.us/>

LFN 2009-17

August 18, 2009

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Distribution

State Fiscal Year:
Municipal Clerks
Municipal Chief
Financial Officers

Local Finance Notice

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SFY 2010 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.

Municipalities applying for Extraordinary Aid should not rely upon it to determine spending as it is intended only for extraordinary, non-repeating circumstances that result in a significant property tax increase.

Extraordinary Aid cannot be anticipated in SFY 2010 budgets. Any introduced budget anticipating Extraordinary Aid will require an amendment to the budget removing the revenue and the application for Extraordinary Aid will be returned.

The State budget provided \$24.5 million for the program in FY 2010, a decrease of \$0.5 million from last year. Please take this into account in planning your budget and adjust expectations accordingly.

The application must be completed in its entirety and submitted to the Division by **September 25, 2009**. Please use the form provided and send **only one original** under separate cover to the Director. **Do not send** it with budget document.

To receive aid, applicants must demonstrate that significant measures are in place to reduce spending and improve government efficiency. 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 eliminate dependency on Extraordinary Aid in the following year.

Municipalities with cash surplus that could be used for property tax relief or that significantly overestimate their reserve for uncollected taxes (or underestimate their tax collection rate) will not be eligible to receive Extraordinary Aid.

Municipalities that have received Extraordinary Aid for several consecutive years will be subject to a thorough review and examination of prior and current years financial documents and practices. For all applicants, staff will review the:

- Extraordinary Municipal Aid application for SFY 2010, and if applicable, the prior year's application
- Current budget revenues (including total state aid and level of surplus available and utilized in budget)
- Appropriations (including the reserve for uncollected taxes appropriation)
- Annual Financial Statement
- Audit report
- Tax rate history
- Availability of other sources of federal and state aid
- All other pertinent financial data filed with the Division.

Receipt of Extraordinary Aid for SFY 2010 is not guaranteed by virtue of receipt of Extraordinary Aid in a prior year. Accordingly, Extraordinary Aid may not be anticipated in SFY 2010 budgets.

On Pages 1 through 3 of the application, complete the following:

- On Page 1 of the application, state the amount of aid requested for FY 2010 in dollars and complete the remaining fields.
- 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, provide 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 previous 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.

On the remaining pages, **complete all statistical information**; be aware that the information is subject to verification by the Division. In addition, a municipality's SFY 2009 Annual Financial Statement, SFY 2008 audit, and SFY 2010 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.

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.

A Microsoft Word file of the application can be downloaded from the Local Finance Notice [web page at the entry for Notice 2009-17](#) or by [clicking here](#).

Municipal Clerks are asked to provide copies of this Notice to elected and other officials as appropriate. If you have any questions, please contact the Division at (609) 292-6613 or by [e-mail](#).

Approved: Susan Jacobucci, Director

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3	Web page at the entry for Notice 2008-14 by	www.nj.gov/dca/lgs/lfns/lfnmenu.shtml
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3	E-mail address	mail to: dlgs@dca.state.nj.us