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Local Finance Notice

Chris Christie, *Governor* | Kim Guadagno, *Lt. Governor* | Richard E. Constable, III, *Acting Commissioner* | Thomas H. Neff, *Director*

Contact Information

Director's Office
V. 609.292.6613
F. 609.292.9073

Local Government Research
V. 609.292.6110
F. 609.292.9073

Financial Regulation and Assistance
V. 609.292.4806
F. 609.984.7388

Local Finance Board
V. 609.292.0479
F. 609.633.6243

Local Management Services
V. 609.292.7842
F. 609.633.6243

Authority Regulation
V. 609.984.0132
F. 609.984.7388

Mail and Delivery
101 South Broad St.
PO Box 803
Trenton, New Jersey
08625-0803
Web: www.nj.gov/dca/lgs
E-mail: dlgs@dca.state.nj.us

Distribution
Municipal Clerks
Municipal Chief Financial Officers

CY 2012/SFY 2013 State Aid Certification

On February 21, 2012, Governor Chris Christie presented his proposed FY 2013 budget to the State Legislature. No municipality will receive less State formula aid than received under the State FY 2012 budget.

Municipalities that received Transitional Aid under the SFY 2012 budget will likely see a reduction in the total amount of funds received between formula aid and Transitional Aid. Total aid allocations for these municipalities will not be known until the Transitional Aid Application Process has concluded (early March for CY municipalities and September for FY municipalities).

The budget proposal continues the Best Practice Incentive program to encourage municipal officials to adopt a range of "best practices" as an incentive to receive a full payment of Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) State aid. In order to receive the final five percent payment, a municipality will have to certify that it meets a variety of best administrative, financial management or operational practices. The budget proposes that withheld funds be reallocated as rewards to municipalities that establish exceptional scores. **Additional Best Practices information will be released in the next few weeks.**

Chief Financial Officers are urged to distribute this information to elected officials and staff as appropriate, and to their Registered Municipal Accountant.

Budget Certification

The budget proposes level aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA), Energy Tax Receipts (ETR), Watershed Moratorium Offset, and the Garden State Trust (GST) Fund Pilot funding.

Further, funding for Transitional Aid (TA) will also continue, though reduced. This program provides the Director of the Division of Local Government Services authority to meet the most pressing needs of the most fiscally stressed municipalities, and provides for an appropriate level of state oversight of local spending to offset the aid. Details about the program are described in Local Finance Notice 2011-39.

The CY 2012/SFY 2013 Aid Certification for each municipality will posted be **at noon on Thursday, February 23, 2012** on the Division's web site under the Information Resources/Municipal State Aid heading. Local officials must obtain their certifications from the web site; they are not mailed.

The certifications show aid allocations for each municipality and are used in preparing the revenue section of CY 2012 budgets. A full spreadsheet of CY 2012 and SFY 2013 budgeted allocations is also on the web site. While the proposed budget can serve as a guide to SFY municipalities, final SFY certifications are posted once the final budget is adopted in June.

The budget calendar was extended in Local Finance Notice 2012-2. The March 9 budget introduction date is now modified only to extend the introduction date for budgets to the next regularly scheduled governing body meeting after March 9. Calendar Year Transitional Aid applicants must have introduced their budgets by February 29, the date applications are due.

Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts

Aid certifications reflect last year and the current year allocation for CMPTRA and ETR.

They also reflect Business Personal Property (BPP) responsibilities and those with responsibilities to pay fire districts aid allocated to them under the old Supplemental Fire Services Program; in addition to the traditional split of BPP amounts between the municipality and school. All CY 2012 budgets must reflect the certified aid.

The basis for the initial ETR program was described in Local Finance Notice MC 97-6. ETR is shown as a single line item (combining base and Supplemental program payments), with base formula payments made between August 1 and December 1. CY 2012 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2012 municipalities receiving the Supplemental payment will receive their payment in mid-June.

Watershed Moratorium Offset Aid

The proposed budget keeps the FY 2013 appropriation for Watershed Moratorium Offset Aid at the FY 2012 appropriation of $2.218 million.

Garden State Preservation Trust Fund

The budget maintains the appropriation for the Garden State Trust Pilot payment at the FY 2012 level of $6.473 million and the distribution formula frozen at last year's amounts.

Revenues received under this program in October during CY 2011 should have been reserved and must be anticipated in full for the CY 2012 budget. The amount received in the fall of 2011 is shown on the certification as the amount to be anticipated in CY 2012. Certifications for SFY municipalities show the same amount received as last year.

Payment Schedule

A final aid payment schedule will be provided in July, prior to the first payment on August 1.

Payments to most municipalities are made electronically through the Automated Clearing House payment system. In order for this system to work properly, any changes in the municipality's depository bank must be reported to the Division, as soon as possible, so the necessary changes can be made in the payment computer system. If the bank or account number changes, the Credit Authorization Agreement for Automatic Deposits form and instructions can be obtained from the State Office of Management and Budget website.

Approved: Thomas H. Neff, Director