

LFN 2017-26

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Local Finance Notice

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Distribution

Chief Financial Officers
Municipal Clerks
Freeholder Board Clerks
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CY 2018 Budget Matters

This Local Finance Notice provides information with respect to Calendar Year (CY) 2018 budgets and is divided into the following sections:

- I. Financial Automation Submission Tracking ("FAST") Rollout
- II. Early Budget Planning
- III. CY2018 Budget Deadline Extension & Enforcement
- IV. Transitional Aid Application Process
- V. Municipal Aid & the FY2019 State Budget
- VI. Local Examination – Municipal Budgets
- VII. Other Budget Reminders

I. Financial Automation Submission Tracking ("FAST") Rollout

The Division is pleased to be rolling out the release of the new Financial Automation Submission Tracking system ("FAST") to municipalities and counties commencing with all submissions starting January 1, 2018. With the implementation of the FAST system, all reports, documents and information that were previously submitted to the Division via paper documents, Excel spreadsheets or email will now be required to be submitted via the FAST web-portal. Below is important information regarding the rollout.

FAST Updates Website. To keep local government units apprised of announcements related to FAST, the Division has set up the following webpage for all FAST updates:

<http://www.nj.gov/dca/divisions/dlgs/fast.html>

The Division will send a GovConnect email whenever new information is posted to the FAST Updates webpage.

Implementation Requirements for Municipalities and Counties. Implementation of the FAST system is mandatory for municipalities and counties for all submissions to the Division commencing January 1, 2018. This includes submissions of the following documents to the Division:

- Annual Debt Statement/Supplementary Debt Statement
- Annual Financial Statement
- Budget/User Friendly Budget
- Annual Audit/Corrective Action Plan
- Budget amendments
- Chapter 159's
- Dedication by Riders
- All Emergencies

Streamlined Submissions. You should note that the Division will no longer require a separate submission of a User-Friendly Budget. All data pertaining to the User-Friendly Budget will be collected in the FAST system during Budget preparation. A separate User-Friendly Budget pdf report will then be generated through the FAST system.

In addition, all CAP workbooks will be integrated into the FAST system. As such, municipalities and counties will no longer be required to submit separate CAP workbooks.

Login Credentials. Commencing on or about December 26, 2017, CFO's will be able to obtain a login to the FAST system. Once the Division approves the CFO's login credentials, additional logins can be setup for auditors/RMA's as well as staff professionals who will be performing data entry in the FAST system on behalf of a municipality or county. Detailed information regarding specific instructions on how to obtain a login will be posted to the FAST Updates website and sent to CFO's via GovConnect prior to December 26, 2017. In addition, the Division will offer a webinar on how to setup your login as detailed below.

Webinars. To prepare all CFO's, auditors and finance professionals for the FAST rollout, the Division has scheduled live webinars to introduce municipal and county CFO's and auditors to the FAST system. These webinars will be taped and posted to the FAST website. As such, if you are not able to join the live webinar, you will be able to access the webinars at your leisure anytime in the future.

The following live webinars have been scheduled during the last week of December and the first week of January:

- FAST Training: System Navigation and Annual Debt Statement – This webinar will walk new users through the process to setup a login on the FAST system and give a general overview on how to navigate on the FAST platform. The webinar will also provide instruction on how to complete the Annual Debt Statement on the FAST system.
- FAST Training: Annual Financial Statement and Budget – This webinar will provide instruction on how to complete the Annual Financial Statement and Budget on the FAST system.

The Division has scheduled multiple sessions of each of these webinars, which will each run approximately one hour in length. The Webinar schedule and signup links for each of the webinars is posted on the FAST Updates webpage. If you would like to participate in a live webinar, you should register in advance of the webinar on the FAST Updates webpage. If you participate in the live webinar, you can earn CEU credits as detailed on the Webinar Schedule.

The Division will be scheduling additional webinars as additional components and functionality of the FAST system are released, including audit report submission, budget amendments, etc. Updates to the webinar schedule will be posted to the FAST Updates website and sent via GovConnect.

Open Training Sessions. The Division has also scheduled Open Training Sessions to provide municipal and county finance professionals and auditors with in-person access to Division resources to assist in the transition to the FAST system. Division staff will be onsite for Open Training Sessions to provide assistance to participants as needed. There will be no structured training agenda for these sessions; participants can sign up for a time slot during which they will have in-person access to Division staff to provide targeted training as needed.

The Division has scheduled multiple Open Training Sessions during the entire month of January at the DCA office in Trenton. In addition, two regional Open Training Sessions have been scheduled during the first and second weeks in January. Participants in the Trenton sessions can either utilize their own portable computers (WiFi-enabled with an internet browser) or on-site DCA computers. Participants in the regional sessions will be required to bring their own portable computer (WiFi-enabled with an internet browser).

The schedule for Open Training Sessions and signup links for each of the sessions is posted on the FAST Updates webpage. If you would like to participate in an Open Training Session, you should register in advance of the webinar on the FAST Updates webpage. Scheduling for the sessions is in one hour increments with flexible times available throughout the day.

FAST Documentation and Help Desk. Concurrent with the FAST rollout for counties and municipalities, the Division will release a detailed FAST User Manual with detailed step by step guidance on all features of the system. In addition, the Division will have a Help Desk phone line setup to answer any questions that users may have. Detailed information will be posted to the FAST Updates webpage and sent via GovConnect in the coming weeks.

II. Early Budget Planning

Municipalities that have not yet begun to plan and prepare their 2018 budgets are already behind and should immediately begin the process. Consistent with the practice in prior years, the Division of Local Government Services will allow an extension to the statutory deadline to introduce and adopt 2018 budgets.

Early adoption is an effective management tool in that it provides sufficient time to develop a meaningful plan for financing policy initiatives. Delayed budget adoption limits management flexibility by shortening the time period in which to implement fiscal adjustments. Ratings agencies take some comfort in early and appropriate fiscal planning, and the Division believes in facilitating early planning to help protect New Jersey's strong municipal credit history.

CY municipalities planning a property tax levy cap referendum election must meet notice and publication deadlines tied to the April school board election date. These municipalities should appropriately plan their 2018 budgets to facilitate sound decision making regarding this option. The full calendar for referendums will be released when the Division of Elections sets the timetables. The budget filing dates below are expected to be consistent with election timetable. A separate Local Finance Notice will be issued when the referendum schedule is established.

III. CY 2018 Budget Deadline Extension and Enforcement

As authorized pursuant to N.J.S.A. 40A:4-5.1, the Local Finance Board approved at its December meeting the statutory budget deadline revisions set forth below. These changes modify the statutory dates for introduction, adoption, and Mayor/Council Faulkner Act and related budget transmissions. The revised dates (absent referendum dates) are shown below:

Introduction and Adoption of Budget – Non Referendum	Statutory Date	Revised Date*
Mayor/Council Faulkner Act (Executive) budget transmission to governing body	1/15	2/16
Municipal introduction and approval of budget	2/10	3/16
County introduction and approval of budget	1/26	3/16
Municipal adoption	3/20	4/20
County adoption	2/28	4/20

*or the next regularly scheduled meeting of the governing body.

Notwithstanding the revised dates, a budget may be adopted anytime within 10 days of receiving the Director's certification of approval of the budget.

Governing bodies may, by resolution adopted no later than March 17, 2017, extend the adoption date of the 2018 budget and increase temporary budget appropriations as may be necessary due to the extended period.

Municipalities and counties that fail to timely adopt their budgets risk imposition of penalties by the Director. Pursuant to N.J.S.A. 40A:4-84, the members of governing body who willfully fail or refuse to comply could face \$25-per-day fines for failure to comply with a final order of the Director.

IV. Transitional Aid Application Process

CY municipalities in financial distress will only have one opportunity to apply for Transitional Aid to Localities (Transitional Aid). The due date for applications will be set shortly.

Municipalities applying for Transitional Aid must submit an introduced budget with the application. As aid awards come with a significant loss of local control and stringent conditions, municipalities tend to request Transitional Aid only as a last resort. A separate Transitional Aid

Local Finance Notice will be released in the coming weeks.

For budget introduction purposes, the municipalities that received Transitional Aid in CY 2017 may anticipate Transitional Aid in an amount equal to 85 percent of their CY 2017 aid allocation (or such amounts as the Director may otherwise permit).

V. Municipal Aid and the FY2019 State Budget

After the state budget is proposed, the Division will notify municipalities as to the amount of Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts aid that can be anticipated in their budgets. For budget planning purposes, 2017 aid amounts may be used in the 2018 budget.

VI. Local Examination – Municipal Budgets

Group 3 budgets will be examined by the Division for CY 2018. Groups 1 and 2 may be eligible for local examination. If the governing body that is eligible for local examination wants the Division to examine the budget, they must pass a resolution prior to the introduction of the budget requesting DLGS review. Eligibility status is on the Municipal Information Sheet. **Local examination municipalities must follow all applicable statutory deadlines.**

VII. Other Budget Reminders

Amendment Procedures: The procedures for the flow of the budget cycle are specified in N.J.S.A. 40A:4-4. The amendment process cannot begin until after the public hearing has been held on the introduced budget. Once the public hearing is held, the budget can be amended on the same night, so long as it is after the public hearing portion of the meeting.

Health Insurance Contributions and Waivers: amounts appropriated for employees who receive payments in lieu of accepting health benefits (“waivers”) must be appropriated as a separate line item (“Health Benefit Waiver” with FCOA Code #23-221).

To disclose the value of employee contributions and reduced employer costs for health care coverage to the public, each formal Budget Message shall contain information or a schedule showing the amounts contributed from employees, the employer share, and total costs. The disclosure may be broken down by employee group. The health insurance cap exclusion will be based upon an average State Health Benefit increase of **0.00 percent**. There will be no cap exclusion for either cap calculation.

Municipal Library Tax Levy: [P.L. 2011, c.38](#) requires a dedicated line item on property tax bills for municipal free and joint free public libraries. This does not result in a tax increase, but rather changes the way the minimum library appropriation is displayed to the public.

Library Surplus Transfers: [N.J.S.A. 40:54-15](#) establishes conditions requiring transfer of certain public library fund balance amounts to a municipality. The transferred funds be used exclusively as property tax relief. This means the funds transferred must be anticipated as revenue without an offsetting appropriation and no levy cap adjustment. The transferred surplus does not have to be anticipated in the budget all in one year. Any devise, bequest, or donation made pursuant to [N.J.S.A. 40:54-19](#) shall not be deemed surplus or transferred by the board of trustees to the municipality. The calculation and conditions concerning transfer of funds is subject to approval by the Office of the State Librarian. State Library staff is aware of the requirements and time frames, and is prepared to work with local library and fiscal officials to meet budget deadlines.

Information on “identification of excess funds” can be obtained from the State Library [website](#). Questions on this process can be directed to Deputy State Librarian James M. Lonergan at jlonergan@njstatelib.org.

Posting Budgets on Website: N.J.S.A. 40A:4-10 requires each municipality and county to post their current year adopted budget, as well as their adopted budgets for the three prior years, on their web site. The 2014, 2015, 2016 and 2017 budgets should now be posted. Once the 2018 budget is adopted it should be posted (and 2014 may be dropped). Municipalities without their own websites must have their adopted budgets for the current year and three prior years posted on the Division’s website.

If your municipality does not have a website, please scan the user-friendly budget section (adopted budget) together with your adopted annual municipal budget as a single pdf and email it to dlgs@dca.nj.gov with the subject heading “Adopted Budget DLGS Website Posting”. The adopted budget will be displayed on the Adopted Budgets – Municipalities without Websites webpage.

Of note, all Budgets submitted through the FAST system, commencing in 2018, will be posted to the Division’s website upon introduction and adoption. Although this does not eliminate a municipality’s or a county’s requirement to post budgets on the local website, the requirement may be satisfied by adding a link to the Division’s reports on the municipality or county website.

Approved: Timothy J. Cunningham, Director

Table of Web Links

Document	Internet Address
P.L. 2015 c.95 (DLGS Omnibus Bill)	http://www.njleg.state.nj.us/2014/Bills/PL15/95_.PDF
Municipal & County Budgets webpage	http://www.nj.gov/dca/divisions/dlgs/programs/mc_budgets.html
Local Finance Notice 2015-9	http://www.nj.gov/dca/divisions/dlgs/lfns/15/2015-09.pdf
N.J.S.A. 40A:54-15 and 40A:54-19	http://www.njleg.state.nj.us/2010/Bills/PL11/224_.pdf
Information on Library Surplus Transfers	http://lss.njstatelib.org/lss_files/ReturnOfFundsPacket040814.zip
P.L. 2011 c.38 (library prop. tax line item)	http://www.njleg.state.nj.us/2010/Bills/PL11/38_.PDF
FAST Updates	http://www.nj.gov/dca/divisions/dlgs/fast.html
FAST Webinar Schedule	http://www.nj.gov/dca/divisions/dlgs/pdf/WebinarsMuniCty.pdf
FAST Open Training Sessions Schedule	http://www.nj.gov/dca/divisions/dlgs/pdf/OpenTrainingMuniCty.pdf