

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERULRICH H. STEINBERG, JR.
DIRECTOR**SFY 2000 BUDGET INFORMATION**

This Local Finance Notice contains important information concerning the preparation and submission of your SFY 2000 Budget, 1999 Annual Financial Statement and subsequent budget amendments. *Please read this carefully and share this Notice with your elected officials, chief administrator, municipal clerk and registered municipal accountant.* Included with this Notice are the following items:

- ♦ SFY 2000 State Aid Certification
- ♦ FY 1999 Chapter 159 Summary Report
- ♦ Sample Budget Publication Notice

Budget Introduction

Adherence to the statutory deadlines for the introduction and adoption of municipal budgets and the filing of annual financial statements and annual audits will be enforced. All fiscal year municipalities must introduce a 2000 budget and file a 1999 annual financial statement by August 10. Noncompliance may jeopardize a municipality's eligibility for extraordinary aid, and may subject the municipal governing body members to penalties. No State Fiscal year municipality is eligible for the Local Examination process in SFY 2000. All budgets are subject to Division review and are to be submitted in accordance with normal practice.

The State Aid certification reflects the adoption of the State's FY 2000 budget — these amounts are final appropriations and not subject to change. The Aid Recapitulation and Payment Schedule has been previously mailed (CFO 99-4).

Sample Budget Publication Form

N.J.S.A. 40A:4-61 contains the advertisement requirements of the budget document by permitting a summary that meets the minimum requirements set forth in the law. Included with this Local Finance Notice is a sample publication form for municipalities and counties. This form meets the minimum required by law, though publication of additional detail is encouraged and printing the full document is still permitted. Pursuant to advice from the Attorney General's office, if the summary is utilized, upon request, copies of the complete budget **must** be made available to the public free of charge. The following relates to the model form:

- ♦ The Summary of Appropriations section entitled "Final 1999 Budget" refers to the 1999 budget as modified by all transfers.

- ♦ Items No. 2 and No. 4 on the municipal form "Deferred Charges and Other Appropriations" refer to those categories which do not conform to any of the other categories.
- ♦ Total Revenues and Total Appropriations must balance.

SFY 2000 Budget Cap

SFY 2000 CAP and CAP banking calculations, CAP rates and model documents were mailed in June. Local units will receive a "CAP Bank" for the unused portion of total allowable operating appropriations calculated at a rate of five percent (5%). The CAP bank has a useful life of two (2) years.

For local units planning to utilize a CAP index rate ordinance in FY 2000, the ordinance must be introduced prior to the introduction of the budget and adopted prior to the adoption of the budget. Copies of the introduced and adopted ordinance must be submitted to the Division.

Under the provisions of the CAP law, no transfers may be made from or among outside CAP appropriations. To avoid illegal transfers and overexpenditures, the Division suggests grant and library appropriations be budgeted as a single, all-purpose line item, instead of the traditional "salary and wages" and "other expenses" line items.

If the municipality plans to use cash surplus as a CAP waiver, approval from the Local Finance Board is required. An application can be obtained by calling (609) 292-4537. It must be completed timely and scheduled for Board approval prior to final adoption of your budget. Please note that the Local Finance Board will not entertain any applications unless the annual financial statement, budget and SFY 1998 audit have been filed with the Division.

Special Items of Revenue

As implemented several years ago, special items of revenue resolutions are no longer required by the Division. All special item documentation must be filed with the Division. Use the special item checklist to determine the documentation required by the Division and send one copy with your approved budget.

Pension Appropriations

The effect of the Pension Security law adopted in 1997 provides a continued reduction in pension obligations for SFY 2000 budgets. State Fiscal Year municipalities are not required to include an appropriation for Public Employees Retirement System obligations. Police and Fireman's Retirement System bills have been previously mailed by the Division of Pensions and Benefits. Municipalities participating in the Early Retirement Incentive Program (ERI) must, however, provide appropriations in the amount specified on the billing from the Division of Pensions. Questions regarding pension billing should be directed to the Division of Pensions and Benefits at 609-984-4517. Municipalities are cautioned that while there is no cap base adjustment offsetting the pension reductions, this is not a permanent reduction and pensions costs will have to be budgeted in the future.

Accelerated Tax Sale/Levy Sale

Proceeds realized from an accelerated tax sale or a levy sale should not be included as part of the tax collection rate, as required in the law. Two new Annual Financial Statement sheets were added to aid in these calculations. On Sheet 22 of the Annual Financial Statement, the proceeds from these two sales should be included in the calculation. On Sheet 22a, the percentage of collection is calculated minus these proceeds. On Sheet 25, the Reserve for Uncollected Taxes Calculation is calculated using the percentage of collection from

Sheet 22a. Sheet 25a provides the calculation reducing the reserve for uncollected taxes by the proceeds of the accelerated tax sale.

The first year the reserve for uncollected taxes is reduced as the result of an accelerated tax sale, prior to the adoption of the budget, the Chief Financial Officer must provide the governing body with a fiscal analysis of the impact of the action. The governing body must also pass a resolution authorizing the accelerated tax sale each year prior to the adoption of the budget. A fiscal impact analysis is also required for a tax levy sale. The governing body must also pass a resolution prior to the adoption of the budget and the contract must be in place and approved by the Division prior to the adoption of the budget. Detailed information about accelerated tax sales and tax levy sales are found in Local Finance Notices MC-97-5, CTC-97-4 and CTC-97-5.

Alternate Calculation of Reserve for Uncollected Taxes


N.J.S.A. 40A:4-41(c), enacted into law in 1997 (P.L. 1997, c.28), provides alternate methods of calculating the reserve for uncollected taxes. One method permits the use of a three year average, instead of using the prior year collection rate, and can be used by any municipality. The other method can only be used if the amount of tax refunds paid in the prior year exceeded one percent of the total tax levy and permits a calculation of the reserve, using a collection rate that eliminates the impact of the refunds from the calculation. To utilize either provision, requires a governing body resolution **adopted prior** to the introduction of the budget. Recent advice from the Attorney General's office requires that this timing requirement cannot be waived to allow passage after introduction; **it must be adopted prior to introduction.**

Amendments and Budget Adoption

Amending resolutions must be certified for mathematical accuracy by the registered municipal accountant. Regardless of the municipality's local examination status, amending resolutions must be submitted to the Division promptly upon introduction. N.J.S.A. 40A:4-9 contains the requirements for publication of amendments. If the amendment does not require advertisement, the municipality may amend and adopt at the same meeting, provided a copy of the amendment is approved by the Division prior to the meeting.

The Chief Financial Officer must ensure that amendments and other changes required by the Division are applied to the adopted budget. Additionally, Section Two of the adopted budget must be verified for accuracy.

If you have any questions on information in this Notice, contact the Bureau of Financial Regulation and Assistance at (609) 292-4806.



Ulrich H. Steinberg, Jr., Director
Division of Local Government Services

Enclosures

Distribution: SFY Chief Financial Officers

CFO to distribute copies to elected officials, chief administrator, municipal clerk, and registered municipal accountant.

**SAMPLE
2000 Municipal Budget**

of the _____ of _____, county of _____
_____ for the fiscal year 2000.

Revenue and Appropriation Summaries

Summary of Revenues	Anticipated	
	2000	1999
1. Surplus		
2. Total Miscellaneous Revenues		
3. Receipts from Delinquent Taxes		
4. a) Local Tax for Municipal Purposes		
b) Addition to Local District School Tax		
Tot Amt to be Raised by Taxes for Sup of Muni Bud		
Total General Revenues		

Summary of Appropriations	2000 Budget	Final 1999 Budget
1. Operating Expenses: Salaries & Wages		
Other Expenses		
2. Deferred Charges & Other Appropriations		
3. Capital Improvements		
4. Debt Service (Include for School Purposes)		
5. Reserve for Uncollected Taxes		
Total General Appropriations		
Total Number of Employees		

2000 Dedicated		Utility Budget	
Summary of Revenues	Anticipated		
	2000	1999	
1. Surplus			
2. Miscellaneous Revenues			
3. Deficit (General Budget)			
Total Revenues			
Summary of Appropriations	2000 Budget	Final 1999 Budget	
1. Operating Expenses: Salaries & Wages			
Other Expenses			
2. Capital Improvements			
3. Debt Service			
4. Deferred Charges & Other Appropriations			
5. Surplus (General Budget)			
Total Appropriations			
Total Number of Employees			

Balance of Outstanding Debt				
	General	Water Utility	Sewer Utility	Utility - Other
Interest				
Principal				
Outstanding Balance				

Notice is hereby given that the budget and tax resolution was approved by the _____ of the _____ of _____, County of _____ on _____, 1999.

A hearing on the budget and tax resolution will be held at _____, on _____, 1999 at _____ o'clock (AM / PM) at which time and place objections to the Budget and Tax Resolution for the year 2000 may be presented by taxpayers or other interested persons.

Copies of the budget are available in the office of the _____ (Municipal Official's name and title) at the Municipal Building, _____ (Address), New Jersey, _____ (Phone #) during the hours of _____ to _____.



State of New Jersey
DEPARTMENT OF COMMUNITY AFFAIRS

CHRISTINE TODD WHITMAN
Governor

JANE M. KENNY
Commissioner

LOCAL FINANCE BOARD

Effective APRIL 1, 1999, the following is a list of Local Finance Board Members and their mailing addresses:

NOTE: Mail one application to each of the following Members of the Local Finance Board 15 business days prior to the scheduled hearing. Please authorize your application to be delivered without the signature of recipient.

Mr. Thomas G. Kenyon
23 Beavers Road
Califon, NJ 07830

Mrs. Patricia Migliaccio
41 Monroe Drive
Mercerville, NJ 08619

Mrs. M. Claire French
3420 Belmar Blvd.
Neptune/Wall, NJ 07753

Mr. Charles Guhr
205 E. Syracuse Avenue
Wildwood Crest, NJ 08260

Mr. James T. Mullins
29 Turnberry Circle
at the Meadows
Toms River, NJ 08753

Honorable John H. Ewing
P.O. Box 352
2031 Larger Crossroad
Bedminster, NJ 07921

Mr. Richard F. Turner
400 Park Avenue
Weehawken, NJ 07087

Daniel P. Reynolds, SDAG
Division of Law
25 Market Street, PO 112
Trenton, NJ 08625-0112

MAIL THE ORIGINAL APPLICATION PLUS TWO COPIES TO:

Patricia Parkin McNamara
Acting Executive Secretary
Local Finance Board
Department of Community Affairs
101 South Broad Street, PO-803
Trenton, NJ 08625-0803
(609) 292-4537



1685x

LOCAL FINANCE BOARD

1999 MEETING DATES

MEETING DATES

APPLICATION DUE DATES

JANUARY 13, 1999

DUE DECEMBER 23, 1998

FEBRUARY 10, 1999

DUE JANUARY 20, 1999

MARCH 10, 1999

DUE FEBRUARY 17, 1999

APRIL 14, 1999

DUE MARCH 24, 1999

MAY 12, 1999

DUE APRIL 21, 1999

JUNE 9, 1999

DUE MAY 19, 1999

JULY 14, 1999

DUE JUNE 23, 1999

AUGUST 11, 1999

DUE JULY 21, 1999

SEPTEMBER 8, 1999

DUE AUGUST 18, 1999

OCTOBER 13, 1999

DUE SEPTEMBER 22, 1999

NOVEMBER 10, 1999

DUE OCTOBER 20, 1999

DECEMBER 8, 1999

DUE NOVEMBER 17, 1999

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES

**CERTIFICATION OF STATE AID FOR
STATE FISCAL YEAR 2000 BUDGETS**

Municipality:

County:

This certification must be utilized in concert with Local Finance Notice CFO 99-5

Line items for all aid must be reflected on Sheet 5 of the budget document.

SFY 2000 AID PROGRAM	SFY 2000 ALLOCATION
CMPTRA Allocation*	
Energy Receipts Tax	
Supplemental Energy Receipts Tax	
Legislative Initiative Municipal Block Grant	
TOTAL SFY 2000 AID ALLOCATION	

All aid allocations are subject to final adoption of the FY 2000 State Budget.

* The budget document for municipalities with a negative CMPTRA Allocation must show a reduction of Energy Receipts Tax allocation by a like amount.