

LOCAL FINANCE NOTICE

JAMES E. MCGREEVEY
GOVERNOR

SUSAN BASS LEVIN
COMMISSIONER

MATTHEW U. WATKINS
DIRECTOR

SFY 2004 BUDGET INFORMATION

Introduction

This Local Finance Notice contains important information concerning the preparation and submission of your SFY 2004 Budget, and SFY 2003 Annual Financial Statement. *Please read this carefully and share this Notice with your elected officials, chief administrator, municipal clerk and registered municipal accountant.* SFY 2003 Cap and Cap Banking calculations were mailed July 1. Included with this Notice are the following items:

- SFY 2004 Municipal Information Sheet
- SFY 2004 State Aid Certification
- Sample Budget Publication Notice
- Local Finance Board meeting dates
- List of Local Finance Board members and application distribution information

The attached **State Fiscal Year Municipal Budget Process Instructions** contains information on a wide range of budget policies and practices. The remainder of this Notice highlights elements specific to SFY 2004 and new laws. Also review Local Finance Notice CFO 2003-6, which covers State aid formulas and payment matters.

Important SFY 2004 Budget Facts

- Annual Financial Statement Due Date for municipalities – **August 11**
- Statutory Municipal Budget Introduction date – **August 11**
- Cap Index Rate – 2%
- The Division will examine all fiscal year municipalities. No budgets are eligible for local examination.
- PFRS contribution will be 20% of your last full year accrued liability.
- Each municipality's Chapter 159, Rider, and Emergency Summary reports will be available on the Division's web site shortly. You will receive a separate Gov-Connect e-mail advising when they will be available. They are found under "Hot Topics" on the [Financial Regulation and Assistance](http://www.state.nj.us/dca/lgs/fiscal/budmenu.shtml) web page at www.state.nj.us/dca/lgs/fiscal/budmenu.shtml.

Use of GovConnect and the Division Web Site

The Division now uses GovConnect and e-mail to communicate with CFO's. In the event you have not received information via e-mail or are not registered with GovConnect as CFO for your municipality, you must contact the GovConnect office at 609-292-1098 immediately. **Local Finance Notices are no longer being mailed to CFO's.** GovConnect News is regularly updated with information of interest to local officials – you should check it several times a week.

The Division's web site is regularly updated with new information. Most budget-related information and spreadsheets are found under the following links: Financial Regulation and Assistance, Municipal State Aid, Property Taxes, and Local Finance Notice. Our address is: <http://www.nj.gov/dca/lgs>. Take time to regularly check out our site.

The Division runs an e-mail notification service (list-serve) providing up-to-date information on Division activities, including availability of new Local Finance Notices and changes and new additions to the Division's web site. List-serve information is available on the Division's web site at www.state.nj.us/dca/lgs/dlgs-newssubscribe.shtml.

Use of the Flexible Chart of Accounts

All budget line items must display the related account numbers from the Flexible Chart of Accounts. No changes have been made to the chart since Local Finance Notice CFO 2000-5 was issued in March of 2000.

New Laws

The CAP Law was revised per P.L.2003, c.92, which adds the following CAP exceptions:

- Liability insurance, workers compensation insurance and employee group insurance; and,
- Costs for domestic security preparedness and responses to incidents and threats of domestic security.

See Local Finance Notice CFO 2003-5 for additional information.

Governor McGreevey recently signed legislation (P.L. 2003, c. 130) permitting an early retirement program for all local units. The Division of Pensions and Benefits has posted information on the law and its provisions on its web site at www.state.nj.us/treasury/pensions/localeri03.htm.

Pension Appropriations

Recent legislation (P.L. 2003, c. 108) authorizes a 5-year phase of PERS and PFRS obligations. For SFY 2004, you are required to pay 20% of your last full year PFRS liability. PERS liability will start its phase-in with SFY 2005. Starting with SFY 2004, local units may appropriate an amount greater than the liability for either or both liabilities and reserve the difference to be used to pay a subsequent year's pension obligation. Any funds so reserved must be fully used no later budget year 2009 (at which time the liability is at 100%).

Questions regarding pension billing should be directed to the Division of Pensions and Benefits at (609) 984-4517.

If you have any questions on information in this Notice, contact the Bureau of Financial Regulation and Assistance at (609) 292-4806. Please carefully review the attached State Fiscal Year Municipal Budget Process Instructions.



Matthew U. Watkins, Director
Division of Local Government Services

Enclosures

Distribution: SFY Municipal Chief Financial Officers via GovConnect: CFO to distribute copies to elected officials, chief administrative officer, municipal clerk, and registered municipal accountant

State Fiscal Year Municipal Budget Process Instructions And State Aid Information

Budget Calendar

Adherence to the statutory deadlines for the introduction and adoption of state fiscal year budgets and the filing of annual financial statements and annual audits will be enforced. All state fiscal year municipalities must introduce a 2004 budget and file a 2003 annual financial statement by August 11. Noncompliance may jeopardize a municipality's eligibility for Extraordinary Aid and may subject governing body members to penalties. The SFY 2002 Audit must be received in order to receive budget approval.

Sample Budget Publication Form

N.J.S.A. 40A:4-61 permits budgets to be published in summary form. This Notice includes a sample publication form that meets the minimum statutory requirements, though publication of additional detail is encouraged and printing the full document is permitted. **The Attorney General's office has advised the Division that if the summary is used, copies of the complete budget must be made available upon request by a member of the public, free of charge.**

With regard to the model form:

- The Summary of Appropriations section entitled "Final 2003 Budget" refers to the SFY 2003 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 that do not conform to any of the other categories.
- Total Revenues and Total Appropriations must balance.

Special Items of Revenue

All special item of revenue documentation must be filed with the Division. Use the Special Item Checklist provided with the budget package ([click here](#) or find it on the Division website under "[Financial Regulation and Assistance](#)") to determine the documentation required by the Division and send one copy with your approved budget.

Amendments and Budget Adoption

The Registered Municipal Accountant must certify amending resolutions for mathematical accuracy. 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 that prior to the meeting the Division approves a copy of the amendment.

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.

State Aid

Local officials should review Local Finance Notice CFO 2003-6 (Aid Payment Certification) for details about SFY 2004 state aid payments and related issues. The balance of this Notice reviews several specific State aid issues.

Extraordinary Aid

The Extraordinary Aid program is budgeted at \$35 million. Applications and instructions have been recently sent to Municipal Clerks. To be considered for funding, applications are **due by August 18, 2003**. The SFY 2004 budget must be introduced, the SFY 2003 Annual Financial Statement filed, and the SFY 2002 audit must be submitted to the Division at the time application is made.

Receipt of this aid last year is **not** an assurance of receiving it again this year and cannot be reasonably anticipated. **Therefore, Extraordinary Aid cannot be included in an introduced budget.** Review Local Finance Notice MC 2003-4 for important Extraordinary Aid qualification and aid award policies.

Garden State Preservation Trust Fund

P.L. 1999, c.152 established the Garden State Preservation Trust Fund. The law provides a sliding scale of payments in lieu of taxation for property purchased by the State to replace the ratable loss absorbed by the local taxing districts. Notwithstanding other provisions of law to the contrary, the State budget authorizes municipalities to anticipate all funds as property tax relief in their budgets.

For revenues received under this program during SFY 2003, the receipts should have been reserved and are now anticipated in full in the SFY 2003 budget. The amount received in the fall of 2002 is shown on the certification as the amount to be anticipated in SFY 2004. Please remember that based on the law, portions of this State aid will decline over time.

REAP Revenue

The FY 2004 State budget provided REAP tax credits to those municipalities that received it in SFY 2003. For SFY 2003 recipients, the SFY 2003 Annual Financial Statement, Sheet 22, includes, under Item 10 Cash Collected, an amount for REAP Revenue Realized. REAP revenue should be recorded the same as Senior Citizens and Veterans Deductions, which are due from the State. Any excess REAP revenue realized because of rounding by the county Board of Taxation should be recorded as Miscellaneous Revenue Not Anticipated. The amount of REAP has been previously certified to recipients.

LOCAL FINANCE BOARD 2003 MEETING DATES

Meeting	Applications Due
August 13, 2003	July 23, 2003
September 10, 2003	August 20, 2003
October 8, 2003	September 17, 2003
November 12, 2003	October 22, 2003
December 10, 2003	November 19, 2003

**SAMPLE
2004 Municipal Budget**

of the _____ of _____,
_____, County of _____
_____ for the fiscal year 2004.

Revenue and Appropriation Summaries

Summary of Revenues	Anticipated	
	2004	2003
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	2004 Budget	Final 2003 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		

2004 Dedicated _____		Utility Budget	
Summary of Revenues	Anticipated		
	2004	2003	
1. Surplus			
2. Miscellaneous Revenues			
3. Deficit (General Budget)			
Total Revenues			
Summary of Appropriations		2004 Budget	Final 2003 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 _____, County of _____ on _____, 2003.

A hearing on the budget and tax resolution will be held at _____, on _____, 2003 at _____ o'clock (AM / PM) at which time and place objections to the Budget and Tax Resolution for the year 2004 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
101 SOUTH BROAD STREET
PO Box 803
TRENTON NJ 08625-0803

JAMES E. MCGREEVEY
GOVERNOR

SUSAN BASS LEVIN
Commissioner

LOCAL FINANCE BOARD DISTRIBUTION INFORMATION
EFFECTIVE: July 16, 2003

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

The Honorable John H. Ewing
8118 Fellowship Road - **Delivery Only**
Liberty Corner, NJ 07920

or
P.O. Box 352 - **Regular Mail**
Bedminster, NJ 07921

Ms. Patricia Migliaccio
41 Monroe Drive
Mercerville, NJ 08619

Mr. James Harkness
50 W. State Street, Suite 1010
Trenton, NJ 08608-1220

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

Mr. Ted Light
22 Ocean Lane
South Seaside Park, NJ 08752

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

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

MAIL THE ORIGINAL APPLICATION PLUS TWO COPIES TO:

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

New Jersey Division of Local Government Services
Municipal Information Sheet -SFY 2004

Municipality:
 County:

Local Budget Examination Status:
 Group:

Net County Taxes Apportioned	
Less Municipal Budget State Aid	
Net County Taxes Less Municipal Budget State Aid	
County Library Taxes	
Local Health Service Taxes (N.J.S.A. 26:3A2-19)	
County Open Space Preservation Tax (N.J.S.A. 40:12-16 et seq.)	
Total County Taxes	
Local District School	
Regional, Consolidated, & Joint School Budget	
Local District School Tax in Municipal Budget	
Total School Taxes Levied	
Local Municipal Purposes	
Municipal Open Space	
Total Municipal Taxes Levied	
Total Tax Levy	
Net Value Taxable	
General Tax Rate per \$100 assessed value	
CY 2002 Senior Citizens Reimbursement by State (P.L. 1976, c.73)	
CY 2002 Veterans Reimbursement by State (P.L. 1976, c.73)	
Administrative Fee	
Total Revenue	
Regional Efficiency Aid Program – Aid Award	
Regional Efficiency Aid Program – Credit Amount Billed	
Debt Statement Equalized Valuations	
2000	
2001	
2002	
3 Year Average Equalized Valuation	
SFY 2004 Minimum Library Appropriation (N.J.S.A. 40:54-8)	

Sources: 2002 County Abstract of Ratables, Division of Local Government Services and Dept. of Treasury data.

NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES

CERTIFICATION OF STATE AID FOR
STATE FISCAL YEAR 2004 BUDGETS

Municipality:

County:

This certification reflects the final State FY 2004 budget. State Fiscal Year municipalities are authorized to adopt their budget using these amounts. Line items for all aid must be reflected on Sheet 5 of the budget document.

CFO's enrolled in the myNewJersey portal GovConnect system received this via e-mail.

SFY 2004 AID PROGRAM	SFY 2004 ALLOCATION
CMPTRA Allocation	
Energy Receipts Tax	
Supplemental Energy Receipts Tax	
Legislative Initiative Municipal Block Grant	
Garden State Trust Fund	
Total Aid	
Business Personal Property Tax Depreciation Adjustment ¹	
BPP Adjustment for school purposes ²	

¹ If an amount is shown, the total is incorporated into the total CMPTRA allocation.

² Any amount shown for BPP Adjustment for School purposes must be appropriated and paid to the board(s) of education prior to June 30, 2004. See Notice for details.