

New Jersey Department of Community Affairs
Division of Local Government Services

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Notice Number

Date

LOCAL FINANCE NOTICE

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Budget Update - PFRS and PERS Appropriation

Please be advised that recent legislation ([P.L. 2003, c.108](#)) authorizing a five year phase in of PFRS and PERS appropriations for the purpose of funding normal and accrued liability contributions is an exemption from the cap.

The PFRS phase in begins with budget year FY 2004/CY 2004 and the PERS phase in begins with budget year FY 2005/CY 2005. Please contact the [Division of Pensions and Benefits](#) to determine your actual appropriation.

The phase in will be over a 5-year period for both types of pension obligations. Pursuant to the provisions of [S-906](#), the first full year when an existing cap exception is made subject to budget limitations, a municipality shall add to its final appropriations upon which its permissible expenditures are calculated.

A cap base adjustment will not be required for budget year 2004, as an obligation was not required to be budgeted in 2003. If, however, your municipality did budget an amount in the prior year, then an adjustment must be made for that amount.

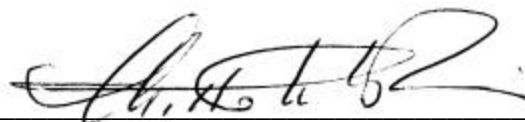
Obligations for past and future early retirement incentives paid directly to the Division of Pensions and Benefits remain inside cap.

To summarize:

In cap appropriations for pension obligations are for early retirement incentive obligations not funded by the issuance of Pension Obligation Bonds.

Outside cap appropriations for pension obligations are for the purpose of funding normal and accrued liability contributions which are being phased in beginning with 2004 budgets.

If you have any questions on information in this Notice, please contact the Bureau of Financial Regulation and Assistance at (609) 292-4806 or by email at dlgs@dca.state.nj.us.



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