

LFN 2014-4

February 27, 2014

Local Finance Notice

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Richard E. Constable, III
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/dlgs

E-mail: dlgs@dca.state.nj.us

Distribution

Municipal Clerks
Municipal Chief Financial
Officers

CY 2014/SFY 2015 State Aid Certification

On February 25, 2014, Governor Chris Christie presented his proposed FY 2015 budget to the State Legislature. No municipality will receive less total State formula aid in support of its CY 2014 or FY 2015 budget than it received in support of their prior year budget.

Budget Certification

The State Fiscal Year 2015 budget proposes level aggregate funding for Consolidated Municipal Property Tax Relief Aid (CMPTRA), Energy Tax Receipts aid (ETR), and Watershed Moratorium Offset aid.

In the past, State budgets had prefunded the subsequent municipal Calendar Year budgets' receipt of GST Pilot funding. For example, the State's Fiscal Year 2013 Budget appropriated almost \$6 million for this aid category that was distributed in October 2013 for the support of Municipal Calendar Year Budgets that began later, on January 1, 2014. This advance funding of subsequent Municipal CY budgets ended with the State's Fiscal Year 2014 Budget. Municipal CY and SFY budgets, should anticipate funding in October 2014 at the same level as in October 2012.

Funding for Transitional Aid (TA) will also continue, though prior recipients may see a reduction, depending on a review of applications. The procedure for Transitional Aid for CY municipalities is found in Local Finance Notice 2014-2.

The CY 2014/SFY 2015 Aid Certification for each municipality will be posted **by Thursday, February 27, 2014** 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 will show aid allocations for each municipality and are used in preparing the revenue section of CY 2014 budgets. A full spreadsheet of CY 2014 and SFY 2015 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.

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 2014 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 2014 Supplemental Energy Tax Receipts recipients will receive that payment on or about July 15. SFY 2015 municipalities receiving the Supplemental payment will receive their payment in mid-June 2015.

Watershed Moratorium Offset Aid

The proposed budget keeps the FY 2015 appropriation for Watershed Moratorium Offset Aid at the FY 2014 appropriation of \$2.218 million.

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.

April 2014 Pension Bills

It is expected that the Division of Pensions will soon be issuing revised PFRS and PERS pension bills due April 1, 2014. Reductions are expected based on pending actuarial analysis. Until such time as new bills are issued by the Division, local governments should refrain from submitting their pension payments, and proceed with budget introductions based on earlier pension bill information posted by the Division of Pensions.

It has come to the attention of the Division of Local Government Services that almost 100 local employers have already paid their pension bills. Overpayments will be refunded by the Division of pensions. As a final matter, local employers are strongly discouraged from making pension payments earlier than required in the future. It needlessly impacts employer investment earnings.

Budget Introduction

Budgets introduced on the first regularly scheduled council meeting after March 14 will be considered by the Division of Local Government Services as having been timely introduced. However, applicants for either Transitional Aid or Essential Service Grants must have their budgets introduced by application deadlines.

Approved: Thomas H. Neff, Director

Table of Web Links

Page	Shortcut text	Internet Address
1	Local Finance Notice 2014-2	http://www.state.nj.us/dca/divisions/dlgs/lfns/14/2014-02.pdf
2	Municipal State Aid	http://www.state.nj.us/dca/divisions/dlgs/resources/muni_stateaid.html
2	Local Finance Notice MC 97-6	http://www.state.nj.us/dca/divisions/dlgs/lfns/pre_98/cfo-1997-6.pdf
2	Credit Authorization Agreement for Automatic Deposits form	http://www.state.nj.us/treasury/omb/forms/index.shtml