

5:30-3
LOCAL FINANCE BOARD - ANNUAL BUDGET

5:30-3.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context indicates otherwise:

“County entity” means a county board of taxation, office of the county superintendent of election, office of the county board of election, office of the county register of deeds and mortgages, office of the county clerk, office of the county surrogate, office of the county prosecutor, and county sheriff’s department.

“County entity budget authority” means the county tax administrator, county superintendent of election, county board of election, county register of deeds and mortgages, county clerk, county surrogate, county prosecutor, and county sheriff, in their role as the appointing authority of their respective offices.

“Election expenses” means all necessary expenses incurred by the superintendent of elections, county clerk, and board of elections for each county related to election costs and the administration, preparation, and implementation of all elections, including all vendor related contract services; voting machine maintenance, repairs, parts and equipment, certification, and technical coding; transportation of voting machines and election supplies; overtime for all staff related to election duty; food services during election; poll workers, machine technicians, and other temporary workers; supplies; office equipment; printing; postage; advertisement costs, upon being certified to by the superintendent of elections, county clerk, and board of elections for each county; but shall not mean or include staff salaries for the office of the superintendent of elections, staff salaries for the county clerk, or staff salaries for the county board of elections.

“Local unit” means a county or municipality.

As amended, R.1979 d.16, eff. January 17, 1979. Section had been “Reserved”. New Rule, R.2023 d.094, effective August 7, 2023.

5:30-3.2 Procedures for adoption of budget

- (a) All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body.
- (b) The procedure shall be as follows:
 - 1. Introduction and approval;
 - 2. Public advertising;
 - 3. Public hearing;
 - 4. Amendments and public hearings, if required;

5. Adoption;
6. The clerk of the local unit shall transmit a certified copy of the budget, as adopted, to the county board not later than 15 days following the adoption of the budget.

(c) The budget shall be introduced, in writing, at a meeting of the governing body. Approval of the introduction of the budget shall constitute a first reading, which may be by title. Within three days of approval, the certified approved budget shall be electronically submitted to the Director through the Financial Automation Submission Tracking (FAST) system, or such other automated system as may be implemented by the Director. Together with the approved budget, the governing body's certification that the local unit's hiring practices comply with the United States Equal Employment Opportunity Commission's "Enforcement Guidance on the Consideration and Arrest of Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964," as amended, 42 U.S.C. §§ 2000 et seq. (April 25, 2012), shall also be transmitted in such a manner as may be specified by the Director. The Director shall have the discretion to require the submission of one or more certified paper copies of the approved budget, together with all relevant information and documentation, as prescribed in this section, or as otherwise may be required by the Director, parallel to electronic submission.

(d) Within three days after adoption of the budget, the certified adopted budget shall be transmitted to the Director through the FAST system or such other automated system as may be implemented by the Director. The Director shall have the discretion to require the submission of one or more certified paper copies of the adopted budget, together with all relevant information and documentation, as prescribed in this section, or as otherwise may be required by the Director, parallel to electronic submission.

(e) No municipality may adopt its annual budget unless it has submitted to the Director a user-friendly budget section corresponding with the previous year's adopted budget. This provision shall not be interpreted to allow a municipality to avoid submitting a user-friendly budget section together with the corresponding annual budget form.

(f) The governing body of any municipality that operated a solid waste collection district as of December 31, 1989, shall determine the amount of money necessary for the support of the solid waste collection district. The amount so determined shall become part of the municipal budget on forms furnished and prescribed by the Director, and during those years when the annual budget of the municipality is subject to Director approval prior to adoption, shall be subject to approval by the Director.

Amended by R.2023 d.094, effective August 7, 2023.

5:30-3.3 Examination of budget

- (a) The Director shall examine the budget filed in the Division of Local Government Services with reference to all estimates of revenue and to the following appropriations:
1. Payment of interest and debt redemption charges;
 2. Deferred charges and statutory expenditures;
 3. Cash deficit of preceding year;
 4. Reserve for uncollected taxes;
 5. Other reserves and nondisbursement items.
- (b) The Director shall also examine the budget for detail and accuracy of itemization and for compliance as to form, arrangement and content with the provisions of this chapter and the regulations of the Local Finance Board.
- (c) A local unit may, by resolution, include any of the following dedications by rider in the budget of the local unit, without further approval of the Board or Director of the Division of Local Government Services. A copy of the adopted resolution shall be submitted to the Director. All such receipts shall be for the sole purpose for which the funds are intended.
1. Animal control;
 2. State or Federal aid for maintenance of libraries;
 3. Bequest, escheat;
 4. Construction code fees due to the Hackensack Meadowlands Development Commission;
 5. Outside employment of off-duty municipal police officers;
 6. Unemployment compensation insurance;
 7. Reimbursement of sale of gasoline to State automobiles;
 8. State training fees--Uniform Construction Code Act;
 9. Older Americans Act--program income;
 10. Municipal Alliance on Alcoholism and Drug Abuse--program income;
 11. Tax appeal filing fees collected by the county boards of taxation;
 12. Sanitary landfill closure trust fund;
 13. Surcharges and convenience fees as permitted for electronic receipt transactions pursuant to N.J.A.C. 5:30-9.9, the dedicated trust fund account which shall be entitled "Electronic Receipt Fees"; and
 14. For Urban Enterprise Zone municipalities, any funds received from the enterprise zone assistance fund pursuant to N.J.S.A. 52:27H-88.

(d) A county budget request cap workbook for each county entity shall accompany every county budget submitted to the Director for review, in such a manner as determined by the Director. No county shall be authorized to adopt its annual budget unless the budget request cap workbook for each county entity is completed and demonstrates compliance with the county budget request cap law. The county entity budget request cap workbook must display both the percentage and dollar amounts by which the property tax-funded budget request has increased as a result of the base year adjustment.

As amended, R.1978 d.240, eff. July 21, 1978. As amended, R.1982 d.186, eff. June 21, 1982. Amended by R.1998 d.307, effective June 15, 1998. Amended by R.2023 d.094, effective August 7, 2023.

5:30-3.4 Filing of municipal budget amendments

- (a) All budget amendments submitted to the Director, Division of Local Government Services for approval per N.J.S.A. 40A:4-85 and N.J.S.A. 40A:4-87 shall be filed with the Director within five days after adoption.
- (b) Any such budget amendment not filed within the prescribed time must be accompanied by a statement of reasons, satisfactory to the Director, for such delay.

Amended by R.1979 d.16, eff. January 17, 1979. New Rule, R.1981 d.216, eff. July 9, 1981.

5:30-3.5 Detail in support of current budget appropriation

- (a) In the budget document filed with the Director, line items of appropriations for administration, operation and maintenance of each office, department, institution or other agency of each local unit shall be shown separately, and provide, at a minimum, a breakdown for "salaries and wage" and "other expenses."
- (b) After the introduction of the budget, but no later than seven days prior to the public hearing on the budget, each local unit shall make available to the public such supporting documents that provides appropriate detail covering the makeup of any revenue or appropriation. Such documents shall be made available for public inspection at the office of the municipal clerk or chief financial officer. Copies of the documents shall be made available to the public pursuant to the provisions of N.J.S.A. 47:1A-2.
- (c) The appropriate detail as required in (b) above shall include those schedules, estimates, or lists of proposed revenues and appropriations that were utilized by the governing body in its final deliberations on the budget, or used in such other circumstances that reflect the details of the lines items shown in the introduced budget. This provision shall not require the disclosure of any details that were part of a meeting of the governing body that was closed to the public pursuant to the Open Public Meetings Act.

New Rule, R.1990 d.383, effective August 6, 1990. Amended by R.1979 d.16, effective January 17, 1979. Repeal and New Rule, R.1998 d.307, effective June 15, 1998.

5:30-3.6 Emergency appropriations

- (a) For emergency appropriations made after the adoption of the annual budget, for a purpose unforeseen at the time of adoption, and made pursuant to N.J.S.A. 40A:4-46 through 40A:4-49, the local unit shall file the following documents with the Director with five working days of the passage of the emergency resolution:
 - 1. Two certified copies of the resolution authorizing the emergency appropriation;
 - 2. An affidavit of the chief financial officer as required by N.J.S.A. 40A:4-52; and
 - 3. For any emergency appropriation entitled "Down payments on improvements," an accounting of the capital improvement fund from the beginning of the budget year through the date of introduction of the related ordinance.
- (b) For special emergency appropriations adopted pursuant to N.J.S.A. 40A:4-53 through 55, appropriations shall be made in the subsequent year's budgets pursuant to the following:
 - 1. In the case of a five year emergency, an amount not less than 20 percent of the net deferred charge, unless the local unit elects to include a greater amount, until the emergency has been funded in full.
 - 2. In the case of a three year emergency, an amount not less than one-third of the net deferred charge, unless the local unit elects to include a greater amount until the emergency has been funded in full.
- (c) Revenues from Federal or State governments for emergencies resulting from natural or other disaster shall be recognized as miscellaneous revenues, or may be credited to the appropriation, only if the grant is a reimbursement for funds expended by the local unit for emergency purposes in advance of receipt of the grant and in the fiscal year the emergency took place.
- (d) If an emergency appropriation is being funded by ordinance, adopted pursuant to the Local Bond Law, the funding shall be for the net amount reflected in the deferred charge and shall represent the total subject to bonding, plus not more than one percent of the amount of the deferred charge for the costs of issuing the bonds.

Repealed by R.1979 d.16, effective January 17, 1979. New Rule R.1990 d.383, effective August 6, 1990. Repeal and New Rule, R.1998 d.307, effective June 15, 1998. Recodified from N.J.A.C. 5:30-5.1 by R.2000 d.485, effective December 4, 2000.

5:30-3.7 County entity budget request cap

(a) A budget request submitted to the county governing body, as appropriate to the form of government, by a county entity budget authority on behalf of a county entity shall be consist of two parts:

1. The amount to be funded by property taxation; and
2. The amount to be funded wholly through State or Federal funds, fees raised by the county entity, or other sources.

(b) In the preparation of the portion of its budget request to be raised by property taxation, a county entity budget authority shall limit any increase in that portion of its budget request to two percent of the previous year's budget request, with the exception of election expenses and the exclusions set forth at N.J.S.A. 40A:4-45.45.b. The county entity budget request cap shall be applied by measuring current year anticipated revenue against the prior year adopted budget appropriations. No budget request exceeding the cap may be submitted to a county governing body.

(c) Any permitted exceptions to the county entity budget request cap will not be relevant for a county entity's budget request if the costs that fall within those exceptions are budgeted pursuant to the county's central budget.

(d) In those situations where non-property tax-based revenues fully funded a county entity's prior year budget request but are not expected to fully fund the county entity's upcoming year's budget request, the county entity can certify a base amount to be signed off on by the county's chief finance officer and approved by the county governing body, as appropriate to the form of government.

(e) Once the county governing body receives a county entity budget request, as appropriate to the form of government, the governing body has the discretion to determine whether to allow a county entity to exceed the limit imposed by the budget request cap, subject to any limitations on the county tax levy in the 1977 and 2010 levy cap laws (N.J.S.A. 40A:4-45.4 and 40A:4-45.45, respectively).

1. If a county governing body allows a county entity budget request to exceed the limit imposed by the cap, then the governing body shall adopt a resolution to that effect stating the amount of the increase, the extent to which the increase exceeds the budget request cap, and a statement that the governing body has determined that the increase in the budget request cap shall not cause the county to exceed the levy caps set forth in the 1977 and 2010 levy cap laws.
2. If a county governing body intends the increase to become the base from which subsequent county entity budget request increases are to be measured, the resolution must expressly state as such; otherwise, the maximum statutorily permitted budget request increase for the prior year shall serve as the base.

(f) The limitation on transfers established at N.J.S.A. 40A:4-45.38 does not apply to the county entity budget request cap.

Repealed by R.2017 d.98, effective May 15, 2017. New Rule, R.2023 d.094, effective August 7, 2023.

5:30-3.8 Municipal budgets, user-friendly budget section

(a) The annual budget for every municipality shall include a section called the "User-Friendly Budget." The user-friendly budget section shall be part of and incorporated into both the introduced and adopted budgets, and be made available to the public.

(b) The user-friendly budget shall be in a format set forth by the Director, who shall provide standard forms for required use by each municipality, and be submitted electronically and in such other manner as may be set forth by the Director. The municipality need only submit to the Director the user-friendly budget section of the adopted budget; however, the Director may request from the municipality the user-friendly budget section corresponding with the introduced budget.

(c) All user-friendly budget data and information shall be for the current budget year unless otherwise stated; however, the Director shall have the discretion to require any current year data and information to be compared versus the prior year.

(d) The user-friendly budget section shall include the following:

1. For the prior and current year as appropriate, information pertaining to the tax levy and tax rate for each local government taxing entity;
2. Information pertaining to the prior year's tax collection rate, as well as the calculation for the current budget year of the reserve for uncollected taxes;
3. A summary of anticipated revenue for all operating funds for the current budget year, with a comparison versus the prior budget year. This item shall also include surplus;
4. A summary of appropriations by service type, with a comparison versus the prior budget year. This item shall also include information on how personnel are budgeted amongst various departments;
5. An individual listing of all structural imbalances, including any offsets, with the amount and a description for each;
6. Aggregate values of assessed and exempt properties, divided by category, as of the prior year;
7. The average ratio of assessed to true value and the equalized valuation of all taxable properties as of the prior year;

8. Information pertaining to the budgetary impact of property tax appeals as of the prior year;
9. As of the close of the prior budget year, the number and value of outstanding five-year tax exemptions/abatements awarded pursuant to N.J.S.A. 40A:21-1 et seq., divided by category;
10. As of the close of the prior budget year, the number and value of outstanding long-term tax exemptions awarded pursuant to N.J.S.A. 40A:20-1 et seq. For long-term tax exemptions, the Director may require that each project be broken down individually by project name and type;
11. Budgeted personnel costs, which shall also include costs relating to elected officials;
12. A statement as to whether the municipality is subject to the provisions of the New Jersey Civil Service Law, Title 11A of the New Jersey Statutes;
13. The net employer cost of medical and prescription health benefits provided to employees, retirees, and elected officials;
14. As of the final day of the prior budget year:
 - (i) The gross number of days of accumulated absences and the dollar value of the same as of the final day of the prior budget year, broken down by bargaining unit in the case of unionized employees, and by individual position in the case of non-unionized employees with those non-union employees holding more than one position reported based on the accumulated absence liability for all positions held;
 - (ii) For each collective bargaining unit or individual position, the legal basis for the benefit; and
 - (iii) The number of individuals, regardless of whether part of a collective bargaining unit, that are subject to restrictions on accumulated absence compensation and/or accumulation pursuant to P.L. 2007, c. 92 or P.L. 2010, c. 3.
15. Gross and net municipal and utility fund(s) debt;
16. Outstanding principal and interest for bonds, bond anticipation notes, utility fund(s), loans, guarantees, capital/equipment leases, and other debt. In addition to the current year, such information may be displayed for the prior year and future years at the discretion of the Director;
17. Per capita gross/net debt based on most recent census data;
18. Net debt as percentage of the average property valuation over three years;
19. If rated, the bond rating along with the year of last bond rating; and
20. A listing of each shared service provided or received, what entity or entities are

providing or receiving the service, the beginning and end date of the agreement as applicable, and the amount either received or paid for the service.

Amended by R.2023 d.094, effective August 7, 2023.

5:30-3.9 Property tax levy cap exclusion for extraordinary expenses due to emergencies

N.J.S.A. 40A:4-45.45.b authorizes an exclusion to the municipal and county property tax levy cap for "extraordinary costs" related to a declared emergency. For the purpose of this law, "extraordinary costs" are defined as expenditures incurred for the immediate preparation, response, recovery, and restoration of public services due to extreme weather conditions or other catastrophic events that are the subject of a gubernatorial emergency declaration, and only for that portion of costs exceeding the cost of providing services under non-emergency conditions. Such funds can be treated as one-time (non-permanent) property tax levy cap exclusions upon submission and review of certifications describing the expenditures to the Director of the Division of Local Government Services, and may be subject to adjustment to account for the receipt of any State or Federal reimbursements.

5:30-3.10 Property tax levy cap exclusion; increase in certain shared services costs

A local unit may exclude from its levy cap calculation any costs falling within the general exclusions set forth at N.J.S.A. 40A:4-45.45 that are passed on by the provider of a shared service agreement to which the local unit is a party.

New Rule, R.2023 d.094, effective August 7, 2023.

5:30-3.11 Annual financial statement for solid waste collection districts

(a) By no later than February 10, or August 10 for a municipality on a State fiscal year budget cycle, the chief financial officer of a municipality with a solid waste collection district shall file with the Director a statement showing in detail the items of moneys received and disbursed by the district during the preceding fiscal year, and also the balance of unexpended funds at the end of the fiscal year. Such statement shall be filed on forms furnished and prescribed by the Director. The deadline for submission may be extended by the Local Finance Board pursuant to N.J.S.A. 40A:4-5.1.

(b) If the chief financial officer fails to file the annual financial statement of the municipality's solid waste collection district with the Director within 10 days after the applicable deadline, the chief financial officer shall be subject to a penalty of \$5.00 for each day of neglect to file the statement, to be recovered in a summary proceeding against the chief financial officer instituted and prosecuted pursuant to the penalty enforcement law (N.J.S.A. 2A:58-1 et seq.).

New Rule, R.2023 d.094, effective August 7, 2023.

5:30-3.12 Notice of intent to sell or lease a municipal public utility service

In a municipality undertaking the process of selling or leasing a sewer plant, water plant, heat, light, or power plant, system of transportation, or other public utility plant or system to another municipality, or a county, authority, commission, or other public body pursuant to N.J.S.A. 40:62-3 or N.J.S.A. 40:62-3.1, the transfer of a municipal water utility serving less than five percent of the population of that municipality to any person or entity, the municipal clerk shall provide the Director with a certified copy of the ordinance authorizing the sale or long-term lease and, if applicable, the resolution authorizing the issuance of a bid or request for proposals, within five days of final adoption.

New Rule, R.2023 d.094, effective August 7, 2023.

5:30-3.13 Notice of certain referenda and results thereof

(a) In a municipality where a referendum is taking place concerning any tax levy, or concerning the appropriations cap pursuant to N.J.S.A. 40A:4-45.3a and 45.3a1, the municipal clerk shall provide the Director with a certified copy of the ordinance or resolution authorizing the referendum within five days of final adoption. The municipal clerk shall also provide the Director with a copy of the ballot question and copy of any notice published regarding the referendum.

(b) In a county where a referendum concerning any tax levy is taking place, the clerk of the board of county commissioners shall provide the Director with a certified copy of the ordinance or resolution authorizing the referendum within five days of final adoption. The clerk of the board of county commissioners shall also provide the Director with a copy of the ballot question and copy of any notice published regarding the referendum.

(c) The municipality or county shall provide the Director with the certified results of any referendum referenced at (a) or (b) above within five days of the municipality or county, as applicable, receiving the certified results.

New Rule, R.2023 d.094, effective August 7, 2023.