

Local Finance Notice

LFN 2026-05

January 29, 2026

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Impact of P.L. 2025, c.185 on Local Budgets, Financial Administration, Statutory Positions, and Estimated Tax Bills

P.L. 2025, c.185, signed by Governor Murphy on December 23, 2025, amends several key statutory provisions:

- Budget and annual financial statement (AFS) submission deadlines
- Audit submission
- Deadlines for filling vacancies in certain mandatory positions
- DLGS Director's ability to issue daily fines for noncompliance
- Mailing of estimated tax bills

This Notice further explains the changes made by the law and their impact on local units and DLGS-certified officials, with an Appendix summarizing the current budget, AFS, and audit deadlines for municipalities and counties.

Municipal and County Budget Deadlines; Increased Daily Fines for Late Introduction and Adoption

N.J.S.A. 40A:4-5 and 40A:4-10 have been amended to codify what have been the Local Finance Board-extended budget introduction and adoption deadlines of March 31 and April 30, respectively. County and CY municipal budgets introduced on the date of the first regularly scheduled governing body meeting after March 31, and budgets adopted on the date of the first regularly scheduled governing body meeting after April 30, will not be considered late.

One key change for CY municipal budgets requires mayors in a Faulkner Act Mayor-Council form, and municipal managers in a Faulkner Act Council-Manager Form or the 1923 Municipal Manager Law, to submit their recommended budgets to the governing body by no later than February 28. The previous deadline under the above-referenced Faulkner Act forms had been January 15, but this statutory change codifies the date set by the Board for submitting the executive budget to the governing body.

Section 6 of P.L. 2025, c.185 amends N.J.S.A. 40A:4-19 to increase the maximum total appropriations for the temporary budget of a county or CY municipality from 26.25% to 35%. The increased maximum percentage continues to exclude appropriations made for interest and debt redemption charges, a capital improvement fund, and public assistance.

State Fiscal Year (SFY) Municipalities

The introduction/approval and adoption deadlines for SFY municipal budgets remains August 10 and September 20, respectively. However, budgets introduced on the date of the first regularly scheduled governing body meeting after August 10, and budgets adopted on the date of the first regularly scheduled governing body meeting after September 20, will not be considered late.

The maximum total of appropriations for an SFY municipality's temporary budget remains 26.25%.

Increased Penalty for Failure to Comply with Local Budget Law

The personal penalty placed on governing body members that fail or refuse to comply with the Local Budget Law, including noncompliance with a Director Order to introduce or adopt a municipal or county budget, is increased to \$100 per day from the previous \$25 per day.

March 10 AFS Filing Deadline for Counties & CY Municipalities; Increased Daily Fines for Late AFS Filing

In prior years, the Local Finance Board has extended the municipal and county AFS filing deadline into March. N.J.S.A. 40A:5-12 as amended now permanently extends the AFS filing deadline for counties and CY municipalities to March 10. The AFS filing deadline for SFY municipalities remains August 10.

The Director is now authorized to impose a \$100 personal daily fine upon chief financial officer for noncompliance, an increase from the original \$5 per day penalty.

New Audit Completion Deadline for Municipalities, Counties, Local Authorities & Fire Districts; Daily Fines for Late Filing

The deadline for local units subject to the Local Fiscal Affairs Law and the Local Authorities Fiscal Control Law (including fire districts), the deadline for annual audit completion has been extended to no later than the last day of the eighth month after the close of the fiscal year. For local units on calendar year budget cycles, the deadline for completing the annual audit for 2025 and years forward is now August 31. Those municipalities and local authorities on a State fiscal year budget cycle must, for the FY26 audit on forward, complete their annual audit no later than the last day of February.

Local authorities on a differing budget cycle must, starting with their FY26 audits, complete their annual audit no later than the end of the eighth month following the close of their fiscal year. For example, a local authority with a fiscal year of February 1 through January 31 must complete their FY26 audit by no later than March 31.

As before, the audit must be filed with the Division in FAST within five (5) days after being filed with the local unit.

The deadlines for certifying the governing body's review of the audit, along with the corrective action plan, must be filed with the Division within 45 days and 60 days, respectively, of the municipality or county receiving the audit. See [Local Finance Notice 2024-10](#) for further details.

The Director is now authorized to impose a \$100 personal daily fine upon an auditor, governing body member, or other local official responsible for noncompliance.

Deadline to Fill Vacancies in Required Positions; Daily Penalty for Failure to Fill Vacancy

Sections 11, 12, 14, 15, and 17 of P.L. 2025, c.185 amend various provisions of law to establish a standard 90-day deadline for filling a vacancy in each of the following required positions:

- Chief county finance officer (CCFO)
- Chief municipal finance officer (CMFO)
- Tax collector
- Municipal clerk
- Principal public works manager (municipality)¹

The local unit's governing body or chief executive officer may make written request to the Director for an extension. The Director may approve an extension upon a showing of good cause and the local unit's demonstrated inability to fill the vacancy despite having made a good faith effort to do so. If governing body members or a chief executive officer, whoever is responsible for making the appointment, fail or refuse to fill the vacancy, the Director is authorized to impose a personal penalty of \$100 per day upon such officials until the vacancy is filled.

Below are the permitted means of filling vacancies for each required position upon the departure of a certified official:

Tax collector	<ul style="list-style-type: none"> • Appointing an individual with a certified tax collector (CTC) certificate • Shared services agreement with another municipality
CCFO	<ul style="list-style-type: none"> • Appointing an individual with a county finance officer certificate • Appointing a non-certified individual on an acting basis • Shared service agreement with another county
CMFO	<ul style="list-style-type: none"> • Appointing an individual with a municipal finance officer certificate • Appointing a non-certified individual to serve on acting basis • Shared service agreement with another municipality • Contracting with a private entity to temporarily fulfill CMFO duties

¹ Any municipality that conducts minimal or no public works activity may apply to the Director for an exemption from the requirement to appoint a principal public works manager. If granted, the exemption shall be valid for five years from the date of issuance, at which time the municipality must either reapply for an exemption or select a person to perform the duties of a principal public works manager.

Municipal Clerk	<ul style="list-style-type: none"> • Appointing an individual with a registered municipal clerk (RMC) certificate • Appointing a non-certified individual to serve on an acting basis • Shared services agreement with another municipality
Principal Public Works Manager	<ul style="list-style-type: none"> • Appointing an individual with a certified public works manager (CPWM) certificate • Appointing a non-certified individual to serve on an acting basis

Please review this section in conjunction with [Local Finance Notice 2018-03R](#).

Director Review of DLGS-Certified Officials

Sections 13, 16, 17 and 19 of P.L. 2025, c. 185 affirm the Director's ability to review the behavior or practices of individuals holding a CTC, RMC, CPWM, or Qualified Purchasing Agent (QPA) certificate. The Director may suspend or revoke certifications awarded by the Division for dishonest practices, or willful or intentional failure, neglect, or refusal to comply with the State constitution, laws and regulations pertaining to their duties and functions, or other good cause.

Director Approval for Mailing Estimated Property Tax Bills after Statutory Deadline

Starting with 2026 tax bills, the governing body of a calendar year municipality may adopt a resolution seeking Director approval to mail estimated tax bills after the June 30 deadline established by N.J.S.A. 54:4-66.3. If the municipality demonstrates good cause, the Director may approve the application subject to appropriate terms and conditions. The Director's determination shall be final. The deadline for mailing reconciled bills remains September 30.

Using the same process, State Fiscal Year municipalities may also seek Director approval to mail estimated tax bills after December 31 (first installment) and June 30 (third installment). The deadline to mail reconciled tax bills for the second and fourth installments remains March 31 and September 30, respectively.

The governing body resolution requesting an extension shall be submitted via email to DLGS@dca.nj.gov with the heading titled "Post-Deadline Estimated Tax Bills."

No Mailing of FAST-Submitted Documents to Division

Any documents required to be submitted through the Financial Automation Submission Tracking (FAST) system shall not be sent to the Division via regular mail or e-mail. The Division will not accept mailed or e-mailed documents that must be submitted through FAST.

Approved: Michael F. Rogers, Director

Document	Internet Address
P.L. 2025, c.185	https://pub.njleg.state.nj.us/Bills/2024/A5500/5240_R1.PDF
LFN 2024-10	https://www.nj.gov/dca/dlgs/lfn/2024/2024-10.pdf
LFN 2018-03R	https://www.nj.gov/dca/dlgs/lfn/2018/2018-03R.pdf

Appendix

Current Statutory Budget and Reporting Deadlines for Municipalities and Counties

Event Deadline	County	CY Municipalities	SFY Municipalities
Submission of Recommended Budget by Mayor to Governing Body (Faulkner Act Mayor-Council Form)	N/A	February 28	
Submission of Recommended Budget by Municipal Manager to Governing Body (Faulkner Act Council-Manager Form and 1923 Municipal Manager Law)	N/A	February 28	
Filing of AFS with DLGS	March 10	March 10	August 10
Budget Introduction and Approval	March 31*	March 31*	August 10*
Budget Adoption	April 30*	April 30*	September 20*
Completion of Annual Audit	August 31	August 31	End of February
* Or the date of the next regularly scheduled meeting of the governing body thereafter			