

Notice Number

Date

LOCAL FINANCE NOTICECHRISTINE TODD WHITMAN
GOVERNORJANE M. KENNY
COMMISSIONERULRICH H. STEINBERG, JR.
DIRECTOR**Creation and use of Recreation Trust Funds (Dedication by Rider)**

N.J.S.A. 40A:4-39, Dedication by Rider, has been amended (P.L.1999, c.292) to authorize the creation of a non-lapsing Recreation Trust Fund by counties and municipalities. The new law permits any county or municipality, which has not established a Board of Recreation Commissioners under N.J.S.A. 40:12-1 et seq., to create a Recreation Trust Fund for the deposit of fees paid by individuals to offset the costs of operating county or municipal recreation programs. This Notice is intended to provide an explanation and technical guidance on the use of the fund.

The law provides that amounts expended from the fund shall be used exclusively for the purpose of operating programs for which fees are collected and to refund payments, as necessary, to program participants." It is **not** authorized for funding routine operations or overhead of operating a recreation program.

The use of such dedicated revenues is subject to approval of the Director. A sample Dedication by Rider resolution is on the reverse side of this Notice for your use. The Division will endeavor to provide a timely approval on Rider requests. A copy of the law is also attached.

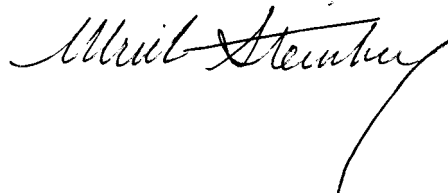
The authority for the creation of a dedicated trust fund for recreational purposes has been long awaited by those local governmental units with numerous, fee-based recreation programs. It eliminates the need to estimate user fees and include self-funded programs in the annual budget. It will also provide for ease in processing refunds due to program participants. Participant refunds from the trust fund do not require a governing body resolution.

However, this dedicated fund **is not** to be used for recreational programs funded by the local governmental unit through local property taxes. In other words, you are not permitted to eliminate the annual budget appropriation for Recreation, Salaries and Wages or Other Expenses and expend non-fee based programs through the Rider. This is specifically prohibited in the law as the law states that the fund "is to be used **exclusively** for the purpose of operating programs for which fees are collected and to refund payments," as necessary, to program participants.

Examples of permitted activities include receipts and payments for bus trips and event ticket costs, and the cost for non-salaried (i.e. paid by voucher or per program) instructors for programs that are offset by the fees paid. Capital costs, facility maintenance, salaries of permanent staff are not permitted. The local unit should maintain subsidiary ledgers for each fee based program or event to ensure appropriate dedication and segregation of revenues and expenditures.

The authority for the establishment of this fund is effective with this Notice. While the law permits the Division to adopt rules regulating the use of the funds, no rules are planned at this time. The Division will work with the New Jersey Recreation and Parks Association to assist in answering questions about the law. Contact the Bureau of Financial Regulation at (609) 292-4806 if you have questions concerning this

Ulric
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Distribution: Chief Financial Officers

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101 South Broad Street

P.O. Box 803

Trenton, New Jersey 08625-0803

<http://www.state.nj.us/dca/lgs/pages/dcadlgs.htm>

SAMPLE DEDICATION BY RIDER RESOLUTION

_____ of _____

Resolution No. _____

A RESOLUTION REQUESTING PERMISSION FOR THE DEDICATION BY RIDER FOR RECREATIONAL PURPOSES

WHEREAS, permission is required of the Director of the Division of Local Government Services for approval as a dedication by rider of revenues received by a county or municipality when the revenue is not subject to reasonably accurate estimates in advance; and

WHEREAS, N.J.S.A. 40A:4-39 provides that the Director of the Division of Local Government Services may approve expenditures or moneys by dedication by rider; and

NOW, THEREFORE, BE IT RESOLVED by the Borough of Anywhere , County of Somewhere, New Jersey as follows:

1. The Borough Council does hereby request permission of the Director or the Division of Local Government Services to pay expenditures under the provisions of N.J.S.A. 40A:4-39, as amended by P.L. 1999, c.292, for the exclusive purpose of depositing and expending funds paid by individuals to offset the costs of operating municipal "fee-based" recreation programs.
2. The Municipal Clerk is hereby directed to forward two certified copies of this Resolution to the Director of the Division of Local Government Services.

Name, Municipal Clerk of the Borough of Anywhere, New Jersey, do hereby certify the foregoing to be a true and correct copy of a resolution adopted by the Borough Council at a meeting held on Date.

Municipal Clerk