

**LOCAL FINANCE NOTICE**CHRISTINE TODD WHITMAN  
GOVERNORJANE M. KENNY  
COMMISSIONERSTEPHEN R. SASALA, II  
ACTING DIRECTOR**DIVISION OF LOCAL GOVERNMENT SERVICES UPDATE**

The purpose of this Notice is to inform you of a recent reorganization of the Division of Local Government Services; update you on some of the Division's major program initiatives and provide you with a copy of Formal Opinion No. 1-1998 issued by the Office of the Attorney General concerning Minutes of Closed Sessions of Public Bodies.

**Division of Local Government Services Organization**

Commissioner Jane M. Kenny has appointed Deputy Commissioner Stephen R. Sasala II, as Acting Director of the Division for an indefinite period. Additionally, Marc Pfeiffer, an Assistant Director in the Division, has been named Deputy Director of the Division, a position that had been formerly vacant. Mr. Pfeiffer's duties include the supervision of the day-to-day operations of the Division.

The Division will continue to operate with two Assistant Directors. Judith Tripodi serves as Assistant Director for Fiscal Oversight which includes financial regulation and assistance, authority regulation, single audit and the tax collection assistance functions.

Susan Bagley has joined the Division as Assistant Director for Financial Management and Research which includes local government research, Local Finance Board, local government ethics, solid waste issues, debt and cash management and legislation.

Further, Joseph Valenti continues to serve as the Bureau Chief of Local Management Services which includes public contracting, deferred compensation, certification, grant management, joint services and government reference.

In another Division move, Doris N. Windle, Executive Secretary of the Local Finance Board has left that position to become Chief Budget Officer in the Department of Community Affairs and serving as Acting Executive Secretary of the Local Finance Board will be Patricia Parkin McNamara. She will be assisted by Emma Salay and Margaret King.

While most Division employees retain their telephone numbers that you are familiar with, a reference chart of contacts with functioning areas and telephone numbers is enclosed with this Notice.

**Continuing Initiatives**

Several years ago the Division announced a "Financial Management Improvement Program" that was intended to update many of the Division's financial practices. Initial progress has been made on several fronts, and the fruits of staff's efforts will be seen over the next year. The Center for Government Services

Director's Office  
(609) 292-6613Local Government  
Research  
(609) 292-6110Financial Regulation  
and Assistance  
(609) 292-4806Local Finance  
Board  
(609) 292-4537Local Management  
Services  
(609) 292-7842Authority Regulation  
(609) 984-0133Fax  
(609) 984-7388

has recently delivered its final report on the municipal and county Flexible Chart of Accounts. Division staff will be reviewing it and providing information on how and when it will be deployed after the first of the year.

In addition, we are completing the evaluation of the GAAP Pilot Program. We are also putting finishing touches on the New Jersey Comprehensive Annual Financial Report program, our effort to update the existing statutory audit for counties and municipalities and are moving toward completion of a new Requirements of Audit.

A very exciting development has been the completion of a feasibility study on LUBARS - our Local Unit Budget Approval and Reporting System. This long planned effort is designed to replace our paper-based system of budget review and reporting with a completed electronic version. More information will be available on this as we move ahead with the program in 1999.

Finally, we expect the GovConnect effort to take off in 1999. GovConnect will initially connect all municipal and county chief financial officers, municipal clerks, county Clerks to the Board of Chosen Freeholders and State agencies together in an internet based network. After the initial rollout, we will make it available to authority executive directors and CFO's. Additional information will be forthcoming as this project moves forward this winter.

In other activities, the Division is working closely with the Governor's Office on implementing provisions of the recent Property Tax Commission Report. There is more to come on this in future Notices.

### **World Wide Web Site**

I am also pleased to announce the deployment of a Division of Local Government Services "World Wide Web" site that is located on the State's Internet site, known as N.J. InTouch. The site can be found at the web address: <http://www.state.nj.us/dca/lgs/pages/dcadlgs.htm>. It can also be found from the State's home page by clicking on "State Services" and locating us alphabetically. The site includes the following items:

- Local Finance Notices, in browser viewable and downloadable (Adobe Acrobat) formats. All 1998 Notices are posted and we will be loading earlier ones over the next few months. New Notices will be posted and a reference will be shown on the home page as they are made available.
- Continuing Education Programs. We will be posting listings (by certification category) of programs that have been approved by the Division. Information will include sponsor, date, time, credits offered, and contact information. This information will be updated weekly.
- A Division staff reference and contact list.
- Copies of various statutes.
- Spreadsheets of State aid and tax rates.
- Handbooks on shared services.

Over the next few months we will be adding to the site, including copies of forms, publications, and other information. Please e-mail us your comments on the site (a mail link is included on the home page).

### **Deferred Compensation Programs**

As of November 16, 1998, 290 local government units have not updated their deferred compensation plan to comply with the Small Business Jobs Protection Act of 1996. The Act made changes to Section 457 (Deferred Compensation) of the Internal Revenue Code. It required that all existing plan documents be modified by January 1, 1999 to provide that the funds deferred be held for the exclusive benefit of the participating employees and their beneficiaries. This is an important change from previous law, where the funds were held by the employer, and not in trust for the employees. State law has also been amended to reflect the new requirement.

If you have a deferred compensation plan and have not yet adopted your provider's restated plan document or amended your existing plan document, it is imperative that you take the appropriate action by January 1, 1999. Failure to act by this date will result in your plan document being considered "illegal" by the IRS and will not be in compliance with State law. Under some circumstances, this could put the funds of the employees at risk. For the proper steps to update your plan document, contact the company that manages the investment of your deferred funds. If you have any questions, please contact Nelson S. Silver of the Division at (609) 292-2524.

### **Closing Comments**

Recent questions concerning provisions of the Open Public Meetings Act and minutes of closed or executive session meetings led me to ask the Attorney General to provide advice on how minutes of these meetings are to be handled. I recently received a response to the question and I have enclosed a copy for your review.

This Notice also includes a copy of the Local Finance Board's 1999 meeting schedule, as well as mailing information for Board applications.

I look forward to meeting many of you and, along with the Division's dedicated staff, look forward to continuing our long tradition of serving local government officials.

The recipients of this Notice are asked to share it with Governing Body members and professional finance staff of the organization.

*Stephen R. Sasala, II*

Stephen R. Sasala II, Acting Director  
Division of Local Government Services

Enclosures

Distribution: Municipal Clerks, Clerks to the Board of Chosen Freeholders, Authority Executive Directors,  
Fire District Presidents

