

5:30–10  
MUNICIPALITIES UNDER STATE SUPERVISION

**5:30-10.1 Purpose and scope**

This subchapter establishes rules for the interpretation and administration of N.J.S.A. 52:27BB-54 through 100, commonly referenced as “State Supervision.”

**5:30-10.2 Default in municipal debt obligations**

A default in the payment of bonded obligations or notes due to insufficient funds, failure to authorize payment, or failure to make payment for any other reason shall be grounds for the Local Finance Board to place a municipality under State Supervision pursuant to N.J.S.A. 52:27BB-55(1).

**5:30-10.3 Authorization and execution of disbursements**

For a municipality under State Supervision, the Director may order the governing body or an officer to authorize disbursements, or an officer to make disbursements, in accordance with the adopted budget, or any temporary or emergency appropriations adopted by the Board or by the governing body pursuant to N.J.S.A. 40A:4-19, 40A:4-19.1, or 40A:4-20, as applicable. The orders may be enforced as authorized by law. Whenever such an order of the Director has not been fully performed or carried out by the officials or employees of the municipality, the Board may perform directly, or cause to be performed by its agents, including the director, in the name of the municipality, the authorization and execution of disbursements.

#### **5:30-10.4 Fiscal control officer**

(a) The Board may recommend to the municipal governing body that a fiscal control officer be appointed for a municipality under State Supervision. The fiscal control officer shall have some of the powers and duties of the Director at N.J.S.A. 52:27BB-57 and 58, and 52:27BB-82 through 87 inclusive, as may be specifically assigned by the Board. A fiscal control officer shall exercise authorized power and perform required duties pursuant to the general supervision of the Director.

(b) If the Board recommends the appointment of a fiscal control officer, the Board shall submit, to the governing body, the names of not fewer than three persons who are found by the Board to be qualified to perform the duties of fiscal control officer for that municipality. Within 14 days of the names being submitted, or such other period as may be agreed to by the Board, the governing body shall appoint as fiscal control officer one of the persons so named. If the governing body fails to appoint a fiscal control officer within the required period, the Director shall appoint as fiscal control officer one of the persons so named.

(c) The fiscal control officer shall receive compensation to be paid out of the funds of the municipality in an amount fixed by the governing body and approved by the Board. The fiscal control officer shall give bond for the faithful performance of duties in an amount fixed by the governing body and approved by the Board.

(d) The employment of a fiscal control officer shall continue until termination by the governing body, subject to approval of the Board, or termination by the Board. The Director may recommend termination of the fiscal control officer and the appointment of a replacement, and may suspend the fiscal control officer pending a determination by the Board on whether to terminate the officer.