



LFN 2020-15

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Local Finance Notice

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Distribution

Chief Financial Officers
Municipal Clerks
Auditors

SFY 2021 Budget Deadline Extension and Enforcement

The [state of emergency](#) Governor Murphy declared in response to COVID-19 remains in effect, with [Executive Order 162](#) extending the Governor's public health emergency declaration. Even as the State undertakes a phased reopening, the COVID-19 outbreak continues to present many municipalities with immediate, significant challenges in conducting routine business.

[P.L. 2020, c. 12](#) authorizes the Director of the Division of Local Government Services to extend the statutory deadlines for budget introduction and adoption if a state of emergency exists. Due to the current state of emergency, the Director has extended the statutory deadlines for introduction and approval and adoption of State Fiscal Year municipal budgets to October 10, 2020 and November 20, 2020, respectively, or the next regularly scheduled governing body meeting thereafter.

Notwithstanding the revised dates, a budget may be adopted anytime within 10 days of receiving the Director's certification of approval of the budget. Governing bodies may, by resolution adopted no later than November 20, 2020, extend the 2020 budget adoption date and increase temporary budget appropriations as necessary to accommodate these extensions.

Municipalities that fail to timely adopt their budgets risk imposition of penalties by the Director. Pursuant to N.J.S.A. 40A:4-84, the members of governing body who willfully fail or refuse to comply could face \$25-per-day fines for failure to comply with a final order of the Director.

Municipalities will be required to submit all budget related processes using the Financial Automation Submission Tracking (FAST) system. For up to date information concerning FAST, visit our website at <https://www.nj.gov/dca/divisions/dlgs/fast.html>.

Transitional Aid Application Process

SFY municipalities in financial distress will only have one opportunity to apply for Transitional Aid to Localities (Transitional Aid). The due date for applications will be set shortly. Municipalities applying for Transitional Aid must submit an introduced budget with the application. As aid awards come with a significant loss of local control and stringent conditions, municipalities tend to request Transitional Aid only as a last resort. A separate Transitional Aid Local Finance Notice will be released in the coming weeks.

For budget introduction purposes, the municipalities that received Transitional Aid in CY 2020 may anticipate Transitional Aid in an amount equal to 85 percent of their CY 2020 aid allocation (or such amounts as the Director may otherwise permit).

Other Budget Reminders

Amendment Procedures: The procedures for the flow of the budget cycle are specified in N.J.S.A. 40A:4-4. The amendment process cannot begin until after the public hearing has been held on the introduced budget. Once the public hearing is held, the budget can be amended on the same night, so long as it is after the public hearing portion of the meeting.

Health Insurance Contributions and Waivers: amounts appropriated for employees who receive payments in lieu of accepting health benefits (“waivers”) must be appropriated as a separate line item (“Health Benefit Waiver” with FCOA Code #23-222).

To disclose the value of employee contributions and reduced employer costs for health care coverage to the public, each formal Budget Message shall contain information or a schedule showing the amounts contributed from employees, the employer share, and total costs. The disclosure may be broken down by employee group. The health insurance cap exclusion will be based upon an average State Health Benefit increase of **0.00 percent**. There will be no cap exclusion for either cap calculation.

Municipal Library Tax Levy: [P.L. 2011, c.38](#) requires a dedicated line item on property tax bills for municipal free and joint free public libraries. This does not result in a tax increase, but rather changes the way the minimum library appropriation is displayed to the public.

Posting Budgets on Website: N.J.S.A. 40A:4-10 requires each municipality and county to post their current year adopted budget, as well as their adopted budgets for the three prior years, on their web site. The 2018, 2019 and 2020 budgets should now be posted. Once the 2021 budget is adopted it should be posted (and 2017 may be dropped). Municipalities without their own websites must have their adopted budgets for the current year and three prior years posted on the Division’s website.

If your municipality does not have a website, please contact the Division at dlgs@dca.nj.gov with the subject heading “Adopted Budget DLGS Website Posting”. The adopted budget will be displayed on the Adopted Budgets – Municipalities without Websites webpage.

Approved: Melanie R. Walter, Director

Document	Internet Address
Executive Order 103	https://nj.gov/infobank/eo/056murphy/pdf/EO-103.pdf
Executive Order 162	https://nj.gov/infobank/eo/056murphy/pdf/EO-162.pdf
Municipal & County Budgets webpage	http://www.nj.gov/dca/divisions/dlgs/programs/mc_budgets.html
FAST Updates	http://www.nj.gov/dca/divisions/dlgs/fast.html
P.L. 2020, c.12	https://www.njleg.state.nj.us/2020/Bills/PL20/12_.PDF
P.L. 2011, c.38	http://www.njleg.state.nj.us/2010/Bills/PL11/38_.PDF