



**LFN 2022-22**

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**December 15, 2022**

# Local Finance Notice

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Lt. Governor Sheila Y. Oliver  
 Commissioner

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 Director

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## CY 2023 Budget Matters

### CY 2023 Budget Deadline Extension and Enforcement

As authorized pursuant to N.J.S.A. 40A:4-5.1, the Local Finance Board approved at its December meeting the statutory budget deadline revisions set forth below. These changes modify the statutory dates for introduction, adoption, and Mayor/Council Faulkner Act and related budget transmissions. The revised dates (absent referendum dates) are shown below:

<b>Introduction and Adoption of Budget – Non-Referendum</b>	<b>Statutory Date</b>	<b>Revised Date*</b>
Mayor/Council Faulkner Act (Executive) budget transmission to governing body	1/17	2/27
Submission of the County and Municipal Annual Financial Statement	1/26, 2/10	3/3
Municipal introduction and approval of budget	2/10	3/31
County introduction and approval of budget	1/26	3/31
Municipal adoption	3/20	4/28
County adoption	2/28	4/28

\*or the next regularly scheduled meeting of the governing body.

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, adopt no later than March 31, 2023, extend the adoption date of the 2023 budget and increase temporary budget appropriations as may be necessary due to the extension.

Municipalities and counties that fail to timely adopt their budgets risk imposition of statutory penalties.

**Distribution**  
 Municipal Clerks  
 Commissioner Board Clerks  
 Administrators/Managers  
 Municipal and County Chief Financial Officers  
 Authority Officials  
 Auditors

Pursuant to N.J.S.A. 40A:4-84, the members of a governing body who willfully fail or refuse to comply with a final order of the Director could face a \$25-per-day fine.

Municipalities will be required to submit all budget related processes and audit 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>.

Budget forms and related financial documents to be submitted are available on our website.

### **COVID-19 Issues**

**COVID Special Emergencies:** CY 2023 will be the year for the second installment to be budgeted for the deferred charges for the COVID Special Emergencies that were passed in 2020 and 2021. The deferred charge can be excluded from both the 1977 and 2010 caps. For the levy cap, include the COVID Special Emergency in the deferred charge section of the workbook.

### **Transitional Aid Application Process**

CY municipalities in financial distress will only have one opportunity to apply for Transitional Aid to Localities (Transitional Aid). Municipalities applying for Transitional Aid must submit an introduced budget with the application. Because aid awards come with a significant loss of local control and stringent conditions, municipalities should carefully evaluate whether it is necessary and appropriate to seek Transitional Aid. A separate Transitional Aid Local Finance Notice setting the deadline for CY Transitional Aid applications will be released in the coming weeks.

In recognition of the hardship a zero-dollar budget anticipation for this discretionary aid program would present for program applicants, municipalities that received Transitional Aid in CY 2022 are allowed, for budget introduction purposes only, to anticipate Transitional Aid in an amount equal to 85 percent of their CY 2022 aid allocation.

### **Municipal Aid and the FY2024 State Budget**

After the state budget is proposed, the Division will notify municipalities as to the amount of Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts aid that can be anticipated in their budgets and any other aid as presented in the Governor's budget. For budget planning purposes, 2022 aid amounts may be used in the 2023 budget except for the Municipal Relief Fund. If the 2022 Municipal Relief Fund Aid wasn't anticipated last year, the amount of revenue received in 2022 should be reserved on the Trial Balance and anticipated in the 2023 calendar year budget on sheet 5.

## Local Examination – Municipal Budgets

Group 1 budgets will be examined by the Division for CY 2023. Groups 2 and 3 may be eligible for local examination. If the governing body of a municipality that is eligible for local examination wants the Division to examine the budget, they must pass a resolution prior to the introduction of the budget requesting DLGS review. Eligibility status is on the Municipal Information Sheet. Local examination municipalities must meet all applicable statutory deadlines to remain eligible. Municipalities that adopted a COVID special emergency are not eligible for local exam.

## 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 is based upon an average State Health Benefit increase of **21.6 percent for CY 2023**. The cap exclusion for the appropriation cap is **17.6 percent**. For the levy cap, the cap exclusion will be **19.6 percent**. These amounts are calculated in the levy cap workbook health insurance tab.

**Submission of Special Items of Revenue (C-159’s):** The deadline for the submission of C-159’s is December 23, 2022. Exceptions will be handled on a case-by-case basis.

**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. The levy should be the minimum amount only, unless a referendum is passed to increase the amount.

**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 2019, 2020, 2021 and 2022 budgets should now be posted. Once the 2023 budget is adopted it should be posted (and 2019 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](mailto: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.

### Audit Extensions

P.L.2020, c. 34 enacted on May 15, 2020, authorizes the Director to extend other deadlines established in the Local Budget Law, Local Fiscal Affairs Law, and the Local Authorities Fiscal Control Law. The Director is hereby extending the due dates for audits ending June 30, 2022 (SFY budget cycle municipalities and authorities) and authorities with a fiscal year ending July 31, August 31, September 30, October 31, and November 30, 2022, for an additional 90 days.

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Approved: Jacquelyn A. Suarez, Director

### Table of Web Links

Document	Internet Address
FAST Updates	<a href="http://www.nj.gov/dca/divisions/dlgs/fast.html">http://www.nj.gov/dca/divisions/dlgs/fast.html</a>
Municipal & County Budgets webpage	<a href="http://www.nj.gov/dca/divisions/dlgs/programs/mc_budgets.html">http://www.nj.gov/dca/divisions/dlgs/programs/mc_budgets.html</a>
P.L. 2011c.38 (library prop. tax line item)	<a href="http://www.njleg.state.nj.us/2010/Bills/PL11/38 .PDF">http://www.njleg.state.nj.us/2010/Bills/PL11/38 .PDF</a>
N.J.S.A. 40A:54-15 and 40A:54-19	<a href="http://www.njleg.state.nj.us/2010/Bills/PL11/224 .pdf">http://www.njleg.state.nj.us/2010/Bills/PL11/224 .pdf</a>