

CHAPTER 30

LOCAL FINANCE BOARD

Authority

N.J.S.A. 40A:4-83, 40A:5-38, 40A:12-6, 52:27BB-10,
52:27BB-30, 52:27BB-32, 52:27D-18.

Source and Effective Date

R.1998 d.307, effective May 22, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Executive Order No. 66(1978) Expiration Date

Chapter 30, Local Finance Board, expires on May 22, 2003.

Chapter Historical Note

Chapter 30, Local Finance Board, was enacted as R.1970 d.40, effective April 13, 1970. See: 1 N.J.R. 17(d), 2 N.J.R. 39(a).

Subchapter 14, Local Public Contracts, was adopted as R.1977 d.128, effective May 20, 1977. See: 8 N.J.R. 371(c), 9 N.J.R. 212(a).

Subchapter 16, Tenants Property Tax Rebate Program, was adopted as R.1977 d.241, effective July 8, 1977. See: 9 N.J.R. 257(c), 9 N.J.R. 357(b).

Former Subchapter 10 and N.J.A.C. 5:30-11.1 through 5:30-11.7 were repealed by R.1979 d.16, effective January 17, 1979. See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Pursuant to Executive Order No. 66(1978), Chapter 30, Local Finance Board, was readopted as R.1983 d.277, effective June 21, 1983. See: 15 N.J.R. 463(b), 15 N.J.R. 1180(a).

Subchapter 10, Municipal Port Authorities, was adopted as R.1984 d.381, effective September 4, 1984. See: 15 N.J.R. 1204(a), 16 N.J.R. 2357(a).

Pursuant to Executive Order No. 66(1978), Chapter 30, Local Finance Board, was readopted as R.1988 d.350, effective June 29, 1988. See: 20 N.J.R. 1027(a), 20 N.J.R. 1879(a).

Former Subchapter 9, Financial Administration, Subchapter 11, School Bonds, Subchapter 13, Forms, Subchapter 15, Appropriation Caps, and Subchapter 16, Tenants Property Tax Rebate Program, were repealed by R.1990 d.383, effective August 6, 1990. See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Subchapter 14, Local Public Contracts, was repealed and Subchapter 17, Cooperative Pricing and Joint Purchasing Systems, was recodified to N.J.A.C. 5:34-7 by R.1990 d.595, effective December 3, 1990. See: 22 N.J.R. 724(a), 22 N.J.R. 3629(a).

Pursuant to Executive Order No. 66(1978), Chapter 30, Local Finance Board, was readopted as R.1993 d.297, effective May 27, 1993. See: 25 N.J.R. 1630(a), 25 N.J.R. 2688(a).

Subchapter 7, Municipal Budget Local Examination and Approval, was adopted as R.1997 d.146, effective March 17, 1997. See: 28 N.J.R. 5125(a), 29 N.J.R. 870(a).

Subchapter 9, Government Electronic Receipt Acceptance, was enacted as R.1997 d.147, effective March 17, 1997. See: 29 N.J.R. 4(a), 29 N.J.R. 872(a).

Pursuant to Executive Order No. 66(1978), Chapter 30, Local Finance Board, was readopted as R.1998 d.307, effective May 22, 1998. See: Source and Effective Date. See, also, section annotations.

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SUBCHAPTER 1. GENERAL PROVISIONS

5:30-1.1 Rules and regulations

(a) All applications to the Board shall require a hearing before the Board, which shall include an appearance by the applicant at the time the application is heard. The chair or the Board may waive such appearance if it is found in the interest of the Board or the applicant to do so.

(b) The Local Finance Board shall meet on the second Wednesday of each month of the calendar year at its office, 101 South Broad Street, Trenton, New Jersey at the date and time specified in each notice of public meeting issued by the Board. Further, the business that would otherwise be handled at the regular meetings required pursuant to N.J.S.A. 52:27BB-13 shall be considered at the next following meeting scheduled pursuant to this subsection.

(c) The Board shall also meet at the call of the chair by notice in writing or via facsimile at such time and place as shall be specified in said notice. The Board, in its discretion, may agree to meet upon the receipt of a telephone request from the chair or any member thereof to transact any business which may properly come before it. The members of the Board may be considered in attendance at a meeting by using telecommunications equipment as permitted by the Open Public Meetings Act.

(d) The board shall meet as a municipal finance commission in those municipalities in which it functions and all other actions shall be taken as the Local Finance Board.

(e) Additional information on the Board and its practices can be obtained by contacting the Executive Secretary, Local Finance Board, 101 Broad Street, PO Box 803, Trenton, New Jersey 08625-0803, (609) 292-4537.

(f) References in this chapter to the Director or Division shall refer to the Director of the Division of Local Government Services, or to the Division of Local Government Services, as appropriate.

Amended by R.1990 d.383, effective August 6, 1990.

See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Time and place of meetings changed in (b).

Amended by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote the section.

Case Notes

Regulations valid as implementing legislative policy; definition of qualitative clarified by regulations. *Twp. of Burlington v. Middle Department Inspection Agency, Inc.*, 175 N.J.Super. 624, 421 A.2d 616 (Law Div.1980).

Advertising requirement valid and constitutional. *Apartment House Council of New Jersey v. Laezza*, 158 N.J.Super. 204, 385 A.2d 936 (App.Div.1978).

Tenants Property Tax Rebate Act constitutional; regulatory scheme adopted. *Cold Indian Springs Corp. v. Twp. of Ocean*, 154 N.J.Super. 75, 380 A.2d 1178 (Law Div.1977), affirmed 161 N.J.Super. 586, 392 A.2d 175 (App.Div.1978), affirmed 81 N.J. 502, 410 A.2d 652 (1980).

5:30-1.2 Duties

The Local Finance Board studies the entire field of local government in New Jersey, and promulgates reasonable rules and regulations for the interpretation and administration of State laws included within the jurisdiction of the division.

5:30-1.3 Hearings

(a) The Local Finance Board holds hearings when required by law, and also when it determines that interested persons should be given an opportunity to be heard.

(b) Hearings to appeal a determination or action of the Director pursuant to N.J.S.A. 52:27BB-15 shall be held upon receipt of a written request filed with the chair or

executive secretary and which include an explanation of the determination or action of the Director which is being appealed, the nature of and reason for the appeal, and supporting documentation as may be requested by the Board.

Amended by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote (b).

vi. Statement in the application that adequate liability insurance will be carried in an amount adequate for the protection of the public and the local unit, with a certification by some local municipal official that the coverage appears to be adequate, based on the best information obtainable;

vii. Statement to the effect that any determination of self-liquidation is subject to the provisions of N.J.S.A. 40A:4-35 which requires any annual deficit to be provided for the next annual municipal budget and the next debt to be computed according to the provisions of N.J.S.A. 40A:2-48;

viii. A statement setting forth any covenant to be included in any bond issue in order to insure the purchaser that the bonds will be met at maturity regardless of the income from the utility.

3. All of the provisions of (a)2 above shall be in addition to or part of the formal application in the form required by the Local Finance Board for municipal extensions of credit.

4. The Board will, after receiving each application, set a date for public hearing thereon and will, if it is deemed necessary, require the presentation of any supplemental or additional detail deemed to be in order.

5. Any governing body, may, if it has adequate unencumbered borrowing power, undertake a project of this nature without the approval of the Local Finance Board, assuming that it is willing to have the prospective indebtedness included in the net debt of the municipality. In an instance of this kind, the municipality could, assuming that the first full year's operations of the project did in fact produce sufficient cash revenues to meet all operating expenses and debt service charges, secure a deduction in the annual debt statement required to be filed at the end of the year or any subsequent year. It would follow, of course, that if the income in any instance was inadequate to meet operating expenses and debt service, it would be necessary to take the charge against the net debt as required by N.J.S.A. 40A:2-48.

Amended by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).
Rewrote the section.

5:30-2.9 through 5:30-2.19 (Reserved)

As amended, R.1979 d.16, eff. January 17, 1979.
See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

SUBCHAPTER 3. ANNUAL BUDGET

5:30-3.1 (Reserved)

As amended, R.1979 d.16, eff. January 17, 1979.
See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

5:30-3.2 Procedures for adoption of budget

(a) All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body.

(b) The procedure shall be as follows:

1. Introduction and approval;
2. Public advertising;
3. Public hearing;
4. Amendments and public hearings, if required;
5. Adoption;
6. The clerk of the local unit shall transmit a certified copy of the budget, as adopted, to the county board not later than March 31 of the fiscal year.

5:30-3.3 Examination of budget

(a) The Director shall examine the budget filed in his office with reference to all estimates of revenue and to the following appropriations:

1. Payment of interest and debt redemption charges;
2. Deferred charges and statutory expenditures;
3. Cash deficit of preceding year;
4. Reserve for uncollected taxes;
5. Other reserves and nondisbursement items.

(b) The Director shall also examine the budget for detail and accuracy of itemization and for compliance as to form, arrangement and content with the provisions of this chapter and the regulations of the Local Finance Board.

(c) A local unit may, by resolution, include any of the following dedications by rider in the budget of the local unit, without further approval of the Board or Director of the Division of Local Government Services. All such receipts shall be for the sole purpose for which the funds are intended.

1. Animal control;
2. State or Federal aid for maintenance of libraries;
3. Bequest, escheat;
4. Construction code fees due to the Hackensack Meadowlands Development Commission;
5. Outside employment of off-duty municipal police officers;
6. Unemployment compensation insurance;
7. Reimbursement of sale of gasoline to State automobiles;
8. State training fees—Uniform Construction Code Act;

9. Older Americans Act—program income;

10. Municipal Alliance on Alcoholism and Drug Abuse—program income;

11. Tax appeal filing fees collected by the county boards of taxation; and

12. Sanitary landfill closure trust fund.

As amended, R.1978 d.240, eff. July 21, 1978.

See: 10 N.J.R. 223(b), 10 N.J.R. 319(a).

As amended, R.1982 d.186, eff. June 21, 1982.

See: 14 N.J.R. 301(a), 14 N.J.R. 654(a).

(c)6 and 7 added.

Amended by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote (c).

5:30-3.4 Filing of municipal budget amendments

(a) All budget amendments submitted to the Director, Division of Local Government Services for approval per N.J.S.A. 40A:4-85 and N.J.S.A. 40A:4-87 shall be filed with the Director within five days after adoption.

(b) Any such budget amendment not filed within the prescribed time must be accompanied by a statement of reasons, satisfactory to the Director, for such delay.

Amended by R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

New Rule, R.1981 d.216, eff. July 9, 1981.

See: 13 N.J.R. 188(a), 13 N.J.R. 395(b).

5:30-3.5 Detail in support of current budget appropriation

(a) In the budget document filed with the Director, line items of appropriations for administration, operation and maintenance of each office, department, institution or other agency of each local unit shall be shown separately, and provide, at a minimum, a breakdown for "salaries and wage" and "other expenses."

(b) After the introduction of the budget, but no later than seven days prior to the public hearing on the budget, each local unit shall make available to the public such supporting documents that provides appropriate detail covering the makeup of any revenue or appropriation. Such documents shall be made available for public inspection at the office of the municipal clerk or chief financial officer. Copies of the documents shall be made available to the public pursuant to the provisions of N.J.S.A. 47:1A-2.

(c) The appropriate detail as required in (b) above shall include those schedules, estimates, or lists of proposed revenues and appropriations that were utilized by the governing body in its final deliberations on the budget, or used in such other circumstances that reflect the details of the line items shown in the introduced budget. This provision shall not require the disclosure of any details that were part of a meeting of the governing body that was closed to the public pursuant to the Open Public Meetings Act.

New Rule, R.1990 d.383, effective August 6, 1990.

See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Prior rulemaking activity for 3.5 is as follows:

Amended by R.1979 d.16, effective January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Repeal and New Rule, R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Supplemental detail in support of current budget appropriation".

5:30-3.6 through 5:30-3.8 (Reserved)

Amended by R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

SUBCHAPTER 4. CAPITAL BUDGETS AND CAPITAL IMPROVEMENT PROGRAMS

Authority

Amendments to this subchapter were adopted pursuant to authority of N.J.S.A. 52:27BB-1 et seq. and were filed and became effective on September 14, 1978, as R.1978 d.322. See: 10 N.J.R. 416(d).

5:30-4.1 Authority and application

(a) This subchapter is adopted by the Local Finance Board pursuant to its powers authorized at N.J.S.A. 52:27BB-10, 52:27BB-32, and 40A:4-43 to 45.

(b) This subchapter shall apply to all local units, and it shall be the duty of the governing body of each local unit to comply.

5:30-4.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise.

"Annual budget" means the Official Budget required to be adopted by the Local Budget Law, and which for purposes of this subchapter includes a separate section known as the Capital Budget and Capital Improvement Program.

"Capital budget" means the first year of a capital program.

"Capital program" means a moving, multi-year plan and schedule for capital projects, including prospective financing sources and, when pertinent, first year operating costs and savings.

"Capital project" means any of the following, with an expected useful life of five years or more and a prospective individual or (when added to the cost of other such items as are listed below) cumulative cost in any year of \$25,000 or more, regardless of the financing sources:

1. Acquisition and/or development of land;
2. Acquisition of major equipment, furniture, or other personal property;

3. Acquisition, construction, improvement and/or renovation of buildings, roads, utilities, structures, improvements or public works;

4. Any other matter described in N.J.S.A. 40A:2-22;

"Director" means the Director of the Division of Local Government Services or his designated representative.

"Financing sources" means any of the following, in any combination, from which moneys are provided to finance capital projects:

1. Appropriations in the annual budget(s) of the current, utility or enterprise, capital or other fund;
2. Bonds or notes;
3. Appropriations from the Capital Improvement Fund or any other funds or reserves;
4. State or Federal aid;
5. Private contributions, bequests, etc.

"Local unit" means any county or municipality.

5:30-4.3 When required

(a) Every local unit shall prepare and adopt a capital budget, in conjunction with its annual operating budget, for any year in which it proposes to undertake a capital project. Inclusion of the following in the annual budget for the year shall, as a minimum, demonstrate the necessity of adopting a capital budget: appropriations for capital improvement fund, specific capital line items or down payments.

(b) No local unit shall adopt a bond ordinance unless:

1. It has already adopted a capital budget as part of the annual budget; or
2. If prior to final adoption of the annual budget, by adoption of a temporary capital budget which subsequently shall be included in the annual budget; or
3. If a need is determined after adoption of the annual budget, by adoption of a capital budget or an amendment to the capital budget.

(c) Every local unit which adopts a capital budget shall also adopt a capital program, as provided below, or add a year to an existing capital program to replace the budget year. The capital program shall be submitted to the director with the capital budget.

5:30-4.4 Method of adoption

(a) Any capital budget or capital improvement program that is to be adopted shall:

1. Be assembled and prepared by the officer(s) responsible for preparing the annual budget, provided that the provisions of N.J.S.A. 40:55D-29, permitting the gov-

erning body to authorize the planning board to prepare a suggested capital improvement program, are considered.

2. Be adopted by the affirmative vote of a majority of the full authorized membership of the governing body.

3. Be referred to the planning board, if it affects the adopted master plan, at least 45 days prior to adoption. (See N.J.S.A. 40:55D-31 for full provisions.) Observance of this requirement would suggest notification to the planning board by January 10 for counties and February 3 for municipalities.

4. Be treated as part of the Official Budget and shall be published as part of it.

5. When an initial adoption or amendment is needed outside of the normal budget adoption procedure, the following should be observed:

- i. Planning board review: As described above, this is optional at governing body discretion per N.J.S.A. 40:55D-29, except that it is mandatory per N.J.S.A. 40:55D-31 if the project affects the master plan (consult local attorney for guidance);
- ii. Use of the Standard forms described below;
- iii. Adoption by resolution;
- iv. Same majority vote;
- v. Publication in local newspaper;
- vi. Filing with the Director for review and certification.

(b) The following is an amendment to the Capital Budget and Capital Improvement Program:

1. Form CB1 (Capital Budget and Capital Program Amendment) is to be utilized for a change in priority of a specific project and use funds for a new unrelated project.

2. Form CB2 (Capital Budget and Capital Program Amendment) is to be utilized for new projects not previously considered.

3. Advertisement of either form CB1 or CB2 is not required if a copy of the ordinance authorizing the project is submitted with amendment forms and contains the following statement:

"The capital budget is hereby amended to conform with the provisions of this ordinance to the extent of an inconsistency therewith and the resolutions promulgated by the Local Finance Board showing full detail of the amended capital budget and capital program as approved by the Director, Division of Local Government Services as on file with the (municipal clerk) (Clerk of the Board of Chosen Freeholders) and is available for public inspection."

4. Forms CB1 and CB2, as appropriate, shall be prepared and submitted in duplicate to the Director, Division of Local Government Services.

As amended, R.1981 d.3, eff. January 6, 1981.
 See: 12 N.J.R. 568(b), 13 N.J.R. 73(b).
 (b) added.

5:30-4.5 Forms and content

(a) The director shall provide forms as part of the annual budget document. These forms are mandatory, except that the director, at his discretion, may authorize the use of other forms that provide substantially the same information. Prior written approval shall be sought.

(b) The capital budget shall include by title all projects scheduled for startup in the current budget year or for continuation/completion from prior years, the amounts appropriated and the anticipated financing by source and amount.

(c) Capital program forms rules are as follows.

1. The capital program shall include by title all projects anticipated for the budget year and two or more additional years, as provided below, with the estimated costs and the anticipated financing by sources and amounts:

Population	Minimum Program Period
Under 10,000	3 years
Over 10,000	6 years

2. A municipality with population under 10,000 may discontinue annual capital program submissions whenever it shall, in compliance with the terms of this regulation, have had no capital budgets for three consecutive years provided, that the capital program shall be reinstated when a capital budget is adopted.

5:30-4.6 Review and certification

(a) The director shall, as part of his review of each local unit's annual budget, determine whether a capital budget and program are required, and if so, whether it has been included in the proper form. This review shall not extend to any determination as to the sufficiency or wisdom of its content.

(b) If the required capital budget and programs are not included in accordance with the requirements of this regulation, approval of the entire budget may be withheld, pending local corrective action.

5:30-4.7 Capital expenditures proscribed

Pursuant to N.J.S.A. 40A:4-44, no local unit shall make appropriations or authorize expenditures or obligations for capital projects in the absence of an adopted capital budget or other than in accordance therewith, except for the preliminary expenses of plans, specifications, and estimates.

5:30-4.8 Director's action

The director is authorized to advise local units of the requirements and purposes of this regulation, to issue such forms and provide such guidance as may be necessary, and to take such other steps as may, in his judgment, be necessary to effectuate the purposes of this regulation in light of the need for orderly overall fiscal administration.

5:30-4.9 (Reserved)

Editor's Note: The text of this section was a transitional provision bridging the capital budget requirements of N.J.A.C. 5:34-9, rescinded with the adoption of this subchapter, with the requirements of this subchapter. See: 10 N.J.R. 416(d). The transitional provision expired on January 1, 1979 without further action by the Local Finance Board.

SUBCHAPTER 5. EMERGENCY APPROPRIATIONS

5:30-5.1 Emergency appropriations

(a) For emergency appropriations made after the adoption of the annual budget, for a purpose unforeseen at the time of adoption, and made pursuant to N.J.S.A. 40A:4-46 through 40A:4-49, the local unit shall file the following documents are with the Director with five working days of the passage of the emergency resolution:

1. Two certified copies of the resolution authorizing the emergency appropriation;
2. An affidavit of the chief financial officer as required by N.J.S.A. 40A:4-52; and
3. For any emergency appropriation entitled "Down payments on improvements," an accounting of the capital improvement fund from the beginning of the budget year through the date of introduction of the related ordinance.

(b) For special emergency appropriations adopted pursuant to N.J.S.A. 40A:4-53 through 55, appropriations shall be made in the subsequent year's budgets pursuant to the following:

1. In the case of a five year emergency, an amount not less than 20 percent of the net deferred charge, unless the local unit elects to include a greater amount, until the emergency has been funded in full.
2. In the case of a three year emergency, an amount not less than one-third of the net deferred charge, unless the local unit elects to include a greater amount until the emergency has been funded in full.

(c) Revenues from Federal or State governments for emergencies resulting from natural or other disaster shall be recognized as miscellaneous revenues, or may be credited to the appropriation, only if the grant is a reimbursement for funds expended by the local unit for emergency purposes in advance of receipt of the grant and in the fiscal year the emergency took place.

(d) If an emergency appropriation is being funded by ordinance, adopted pursuant to the Local Bond Law, the funding shall be for the net amount reflected in the deferred charge and shall represent the total subject to bonding, plus not more than one percent of the amount of the deferred charge for the costs of issuing the bonds.

Repealed by R.1979 d.16, effective January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Text on purpose repealed.

New Rule R.1990 d.383, effective August 6, 1990.

See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Repeal and New Rule, R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Road repairs".

5:30-5.2 (Reserved)

Repealed by R.1979 d.16, effective January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Text on emergency appropriations provided for in next budget repealed.

New Rule R.1990 d.383, effective August 6, 1990.

See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Repealed by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Disaster accounting procedures".

5:30-5.3 (Reserved)

Repealed by R.1979 d.16, effective January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Text on emergency appropriations not exceeding three percent repealed.

New Rule R.1990 d.383, effective August 6, 1990.

See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Repealed by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Emergency resolutions exceeding the three percent limitation; written opinion required".

5:30-5.4 through 5:30-5.11 (Reserved)

Repealed by R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

5:30-5.12 (Reserved)

5:30-5.13 (Reserved)

Repealed by R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

5:30-5.14 (Reserved)

SUBCHAPTER 6. ANNUAL AUDIT

5:30-6.1 Uniform accounting system for local units

(a) The Requirements of Audit that have been promulgated for municipalities, and counties, which are deemed to include the county surrogate's office and the county probations department, are considered as minimum requirements and should be elaborated upon whenever, in the judgment of the registered municipal accountant, it is required.

(b) Copies of Requirements of Audit may be obtained from:

Local Finance Board
Division of Local Government Services
Department of Community Affairs
PO Box 803
Trenton, New Jersey 08625-0803

(c) In addition to the Requirements of Audit, the registered municipal accountant of each local unit shall also utilize the requirements of the following authoritative resources, incorporated herein by reference, in conducting the annual audit as appropriate and applicable:

1. Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants;
2. Government Accounting Standards Board with regard to disclosure of notes to the financial statements;
3. U.S. Office of Management and Budget Circular A-133;
4. New Jersey Office of Management and Budget Circular 98-07; and
5. Generally Accepted Government Auditing Standards promulgated by the U.S. General Accounting Office.

As amended, R.1979 d.294, eff. September 1, 1979.

See: 11 N.J.R. 431(c).

Administrative Correction to (b).

See: 23 N.J.R. 57(b).

Amended by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote (a); and added (c).

5:30-6.2 through 5:30-6.4 (Reserved)

As amended, R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

5:30-6.5 Certification of governing body

(a) The annual audit of accounting records and transactions required of every local unit pursuant to N.J.S.A. 40A:5-4 shall be filed by the local unit's registered municipal accountant with the clerk of the board of chosen freeholders or municipal clerk pursuant to N.J.S.A. 40A:5-6, and a copy shall be delivered to each member of the governing body.

(b) The governing body of each local unit shall, by resolution, certify to the Local Finance Board that all members of the governing body have personally reviewed, as a minimum, the sections of the annual audit entitled: General Comments, Recommendations, Auditor's Opinions, and Single Audit Findings.

1. Such certification shall also be evidenced by the execution of a group affidavit form, promulgated by the

Board, that shall be originally signed by each member of the governing body.

2. Such resolution of certification and group affidavit shall be adopted and executed by the governing body not later than 45 days after the receipt of the annual audit.

(c) Failure to comply with these requirements may subject the members of the local governing body to the penalty provisions of N.J.S.A. 52:27B-52.

Amended by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote the section.

5:30-6.6 (Reserved)

Repealed by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Enforcement of State statutes".

5:30-6.7 (Reserved)

Repealed by R.1998 d.307, effective June 15, 1998.

See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Capital projects financed by capital improvement fund, capital surplus or other capital reserves".

5:30-6.8 through 5:30-6.11 (Reserved)

As amended, R.1979 d.16, eff. January 17, 1979.

See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

SUBCHAPTER 7. MUNICIPAL BUDGET LOCAL EXAMINATION AND APPROVAL

Authority

N.J.S.A. 40A:4-78(b).

Source and Effective Date

R.1997 d.146, effective March 17, 1997.

See: 28 N.J.R. 5125(a), 29 N.J.R. 870(a).

Subchapter Historical Note

Subchapter 7, Bonds, consisting of reserved §§ 5:30-7.1 through 5:30-7.13, was repealed by R.1997 d.146, effective March 17, 1997. See: Source and Effective Date.

5:30-7.1 Authority

(a) Pursuant to N.J.S.A. 40A:4-78, the Local Finance Board is empowered to adopt criteria relating to municipal exemption from the Director's examination of the annual budget.

(b) This subchapter is to ensure that municipalities participating in the program are financially sound and the temporary elimination of the Director's review of the budget will not expose the municipality to evidence financial risk.

5:30-7.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

"Annual budget" or "budget" means the annual budget of the municipality as described in the Local Budget Law.

"Comptroller function" means conduct of government accounting and transactions.

"Director" means the Director of the Division of Local Government Services.

"Division" means the Division of Local Government Services.

"Local Budget Law" means the provisions of N.J.S.A. 40A:4-1 et seq.

"Local examination" or "locally examine" means:

1. The procedure set forth in N.J.S.A. 40A:4-78(b) and this subchapter that permits municipal officials to examine and approve the annual budget pursuant to N.J.S.A. 40:4-76 through 4-79 in lieu of the Director; and

2. The annual budget has been adopted in accordance with all other provisions of law, including, but not limited to, the "Local Budget Law," (N.J.S.A. 40A:4-1 et seq.) and the regulations of the Local Finance Board.

"Local examination certification" or "local examination certificate" means the form provided by the Director and executed by the governing body and chief financial officer certifying that the adopted budget has been locally examined.

"Reporting year pool" means the group of municipalities considered by the Director for local examination in a given year.

5:30-7.3 Local examination process

(a) Each year the chief financial officer of each municipality shall certify its local examination status to the Division as part of its annual financial statement.

(b) Subject to the criteria in this subchapter, each municipality may locally examine their budget in any two of every three consecutive years.

(c) In every municipality participating in the local examination process, the governing body and chief financial officer shall ensure that the annual budget has been locally examined.

SUBCHAPTER 11. (RESERVED)

SUBCHAPTER 12. FEDERAL GRANTS FOR
LIBRARY CONSTRUCTION AND STATE
LIBRARY AID**5:30-12.1 General provisions**

The following procedures are hereby promulgated covering the accounting procedures to be used by local units in accounting for Federal grants under the Federal Library Services and Construction Act and State Library Aid per N.J.S.A. 18A-74.

5:30-12.2 Procedure

(a) An appropriation for the full amount of construction costs must be made in the usual manner by either ordinance or budget appropriation.

(b) The Federal grant may be used as an anticipated revenue to partially finance such appropriations.

(c) It is emphasized that only the governing body can adopt either the ordinance or the budget.

5:30-12.3 Federal grants for library services

(a) When a Federal grant for extended library services is received by the municipal treasurer it should be credit to "Reserve for Library Services with Federal Aid." (The 1966 and subsequent years' municipal budget forms will include "State or Federal Aid for Maintenance of Libraries" in the "Dedication by Rider—N.J.S.A. 40A:4-39".)

1. If budget appropriations and other moneys are customarily turned over in full to the treasurer of the board of trustees as provided in N.J.S.A. 40:54-13, the municipal treasurer should promptly draw his check on the "Reserve" account and turn the funds over to the library board.

2. If budget appropriations are customarily retained in the custody of the municipal treasurer and disbursed by him after approval by the board of trustees of the free public library, the municipal treasurer should credit the money received from the Federal grant to the aforementioned "Reserve" account and expend such moneys in the same manner as other funds are expended by the library board.

5:30-12.4 State library aid

(a) Effective January 1, 1966, the present method of budgeting and accounting for this money will be completely revised as follows:

1. The "Dedication by Rider—N.J.S.A. 40A:4-39" in the 1966 and subsequent years' municipal budget forms

will include "State or Federal Aid for maintenance of libraries".

2. The item of anticipated revenue for "State Library Aid—N.J.S.A. 18:24A" together with the required, applicable appropriation will be eliminated from the 1966 and subsequent years' budget documents.

3. All municipal treasurers are instructed to credit all moneys received after January 1, 1966, for "State Library Aid—N.J.S.A. 18:24A" to a special reserve in the current fund entitled (depending upon which title is applicable in his municipality): "Reserve for maintenance of free public library with State aid" or "Reserve for aid to privately owned library or reading room with State aid".

(b) If budget appropriations are customarily turned over in full to the board of trustees of the free public library or the privately owned library, the municipal treasurer should promptly draw his check on the "Reserve" account and turn over the funds to such library.

(c) If budget appropriations are customarily retained in the custody of the municipal treasurer and disbursed by him after approval by the board of trustees of the free public library or for the aid of a privately owned library, the municipal treasurer should retain the funds in the proper "reserve" account and should expend such moneys in the same manner as other funds are expended by or for the library.

(d) All appropriations for "expense of participation in free county library" are always expended directly by the municipality for the purpose of aiding and improving the service rendered within the municipality by the free county library. State library aid for this purpose, therefore, should always be credited by the municipal treasurer to "reserve for expense of participation in free county library with State aid" and expenditures should be made in the same manner as other expenditures are made for this purpose in those municipalities where this is applicable.

(e) Unexpended balances of 1965 appropriations "with State aid" for any of the purposes cited in subsection (a)3 of this Section should be transferred at December 31, 1965, to the proper "reserve" in an amount up to, but not exceeding, the actual amount of State aid received in 1965.

SUBCHAPTER 13. CAMDEN FINANCIAL
REVIEW BOARD**Authority**

P.L. 1998, c.45.

Source and Effective Date

R.1998 d.530, effective October 12, 1998.
See: 30 N.J.R. 3330(a), 30 N.J.R. 3938(b).

Historical Note

Subchapter 13, Camden Financial Review Board, was adopted as Emergency New Rules, R.1998 d.453, effective August 13, 1998, to expire October 12, 1998. See: 30 N.J.R. 3330(a). The provisions of R.1998 d.453 were readopted as R.1998 d.530, effective October 12, 1998. See: 30 N.J.R. 3330(a), 30 N.J.R. 3938(b).

5:30-13.1 Definitions

The following words, as used in this subchapter, shall have the following meanings:

"Board" means the financial review board for the City of Camden.

"City" means the City of Camden.

5:30-13.2 Powers and responsibilities

(a) The board shall have the power and responsibility to:

1. Approve, implement and enforce a financial plan of the City of Camden, including monitoring compliance;
2. Approve the annual budget of the City of Camden;
3. Approve the issuance of debt by the City of Camden;
4. Approve labor and other contracts entered into by the City of Camden;
5. Obtain information regarding the financial condition and needs of the City, including such financial statements and projections, budgetary data, and information and management reports and materials as the board may deem necessary or desirable;
6. Inspect, copy and audit such books and records of the City as the board shall determine necessary or desirable;
7. Require the appearance of any City official or employee before the board to answer questions concerning the finances of City;
8. Adopt policies and procedures for the conduct of the board's activities; and
9. Provide the Local Finance Board, the Governor and the Legislature with an evaluation of the City's financial condition, and recommendations for legislative actions that, in the opinion of the board, are necessary to assure economic redevelopment that will lead to the fiscal recovery of the City.

5:30-13.3 Financial review board

(a) The board shall consist of seven members appointed by the Governor.

(b) The board shall meet as soon as possible after the appointment of a majority of the members for the purpose of organizing and undertaking its responsibilities.

(c) The Governor shall appoint the chair of the financial review board.

(d) The chair shall preside at all meetings of the board.

(e) A majority of the voting members of the entire board shall constitute a quorum for the conduct of business. Attendance shall be taken.

(f) The board shall act by majority vote of the membership of the board. Roll call votes shall be recorded.

(g) All meetings of the board shall be subject to the "Open Public Meetings Act," P.L. 1975, c.231 (N.J.S.A. 10:4-6 et seq.).

(h) The heads of departments of the executive branch of the State government, if appointed to the board, may be represented by an official designee. The names of these designees shall be filed with the board.

(i) Vacancies in the membership of a board shall be filled for the unexpired terms only in the same manner as the original appointments were made.

(j) The Director of the Division of Local Government Services may assign members of the Division staff to assist the board, as the board may require.

(k) The City shall provide the board with office space and support facilities as the board may determine to be necessary to conduct its activities.

5:30-13.4 Report

(a) By January 1, 1999, the financial review board shall report its recommendations for economic development legislation to the Local Finance Board, the Governor and the Legislature.

(b) Before June 30, 1999, the board shall prepare and file a report of its activities with, and shall provide its assessment of the fiscal condition and progress of the City to, the Local Finance Board, the Governor and the Legislature.

5:30-13.5 Financial plan preparation

(a) Within 45 days after the appointment of the majority of the members to the board, the mayor of the City, in consultation with the City's governing body, shall develop a proposed financial plan covering the three-year period beginning with the City's current fiscal year.

(b) The financial plan shall be composed of the following sections: a budgetary plan, an operations plan, an economic development plan and a capital improvement plan.

1. The budgetary plan shall be general in nature and shall include revenue and spending targets that must be met by the City through its annual budget. Spending targets may be set by budgetary line item. If, in the opinion of the board, the City does not have an adequate

cash management plan or cash flow analysis, the board may require that the plan include such matters. The board shall ensure that the provisions of the plan comply with all applicable provisions of State law.