



Committee Meeting

before

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

"Barry Skokowski, Sr., Director of the Division of Local Government Services in the Department of Community Affairs, testified before the Committee regarding the operation of State programs that provide assistance to municipalities and the 'Local Budget Law.' Testimony was also received from various municipal officials"

LOCATION: Room 319
State House
Trenton, New Jersey

DATE: July 16, 1992
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Michael J. Arnone, Chairman
Assemblyman Paul Kramer, Vice-Chairman
Assemblyman Alex DeCroce
Assemblyman Thomas S. Smith
Assemblywoman Charlotte Vandervalk
Assemblyman Tom Dunn



ALSO PRESENT:

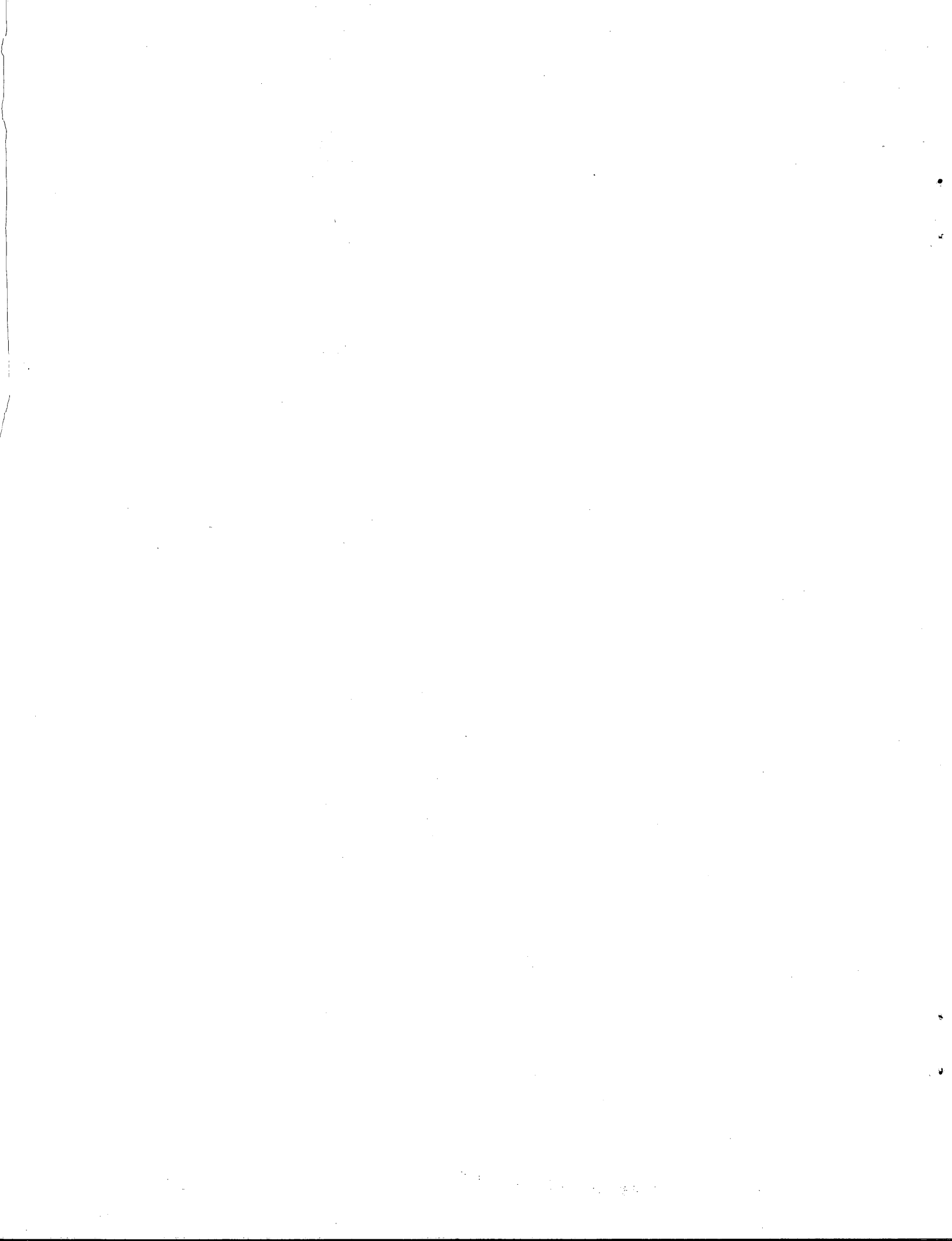
Robert H. Levin
Cindy A. Lombardi
Office of Legislative Services
Aides, Assembly Local Government Committee

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MICHAEL J. ARNONE

Chairman

PAUL KRAMER

Vice-Chairman

ALEX DECROCE

THOMAS S. SMITH

CHARLOTTE VANDERVALK

TOM DUNN

JACKIE R. MATTISON

New Jersey State Legislature

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

LEGISLATIVE OFFICE BUILDING, CN-068

TRENTON, NEW JERSEY 08625-0068

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COMMITTEE NOTICE

TO: MEMBERS OF THE ASSEMBLY LOCAL GOVERNMENT
COMMITTEE

FROM: ASSEMBLYMAN MICHAEL J. ARNONE, CHAIRMAN

SUBJECT: COMMITTEE MEETING AND LOCAL BUDGET FORUM
July 16, 1992

*The public may address comments and questions to Robert H. Levin or
Cindy Lombardi, Committee Aides, or make bill status and scheduling
inquiries to Rita Nutt, secretary, at (609) 292-1596.*

The Assembly Local Government Committee will meet on Thursday, July
16, 1992 at 10:00 a.m. in Room 319, State House to consider the following
bills:

A-371
DeCroce

Permits municipalities to submit claims
for reimbursement of interest expenses
due to late State aid payments. (A-3519)

A-581
Impreveduto

Authorizes municipalities in the
Hackensack Meadowlands District to make
certain land use decisions. (A-567)

A-1090
Solomon/Heck

Requires payments from certain State aid
programs to be paid to municipalities on
specified dates.

A-1109
Vandervalk

Permits counties to appoint civilian
parking enforcement officers. (S-3714)

(OVER)

Issued 7/9/92

Assembly Local Government Committee

Page 2

July 16, 1992

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|----------------------------|---|
| A-1198
Arnone/Corodemus | Increases permissible amount of temporary budgets. |
| A-1218
Solomon/Rocco | Permits county or municipality to hire certain law enforcement officers who have been laid off. |

The Assembly Local Government Committee will reconvene at 1:00 p.m. in Room 319, State House. Barry Skokowski, Sr., Director of the Division of Local Government Services in the Department of Community Affairs, has been invited to testify before the committee regarding the operation of State programs that provide assistance to municipalities and the "Local Budget Law." Testimony will also be received from various municipal officials.

TABLE OF CONTENTS

	<u>Page</u>
Barry Skokowski, Sr. Deputy Commissioner and Director Division of Local Government Services New Jersey Department of Community Affairs	2
Kenneth Gardner Council President Woodbridge Township, New Jersey	17
Assemblyman Stephen A. Mikulak District 19	35
Jay Johnston Public Information Officer New Jersey Department of Community Affairs	36
Assemblywoman Mary Virginia Weber District 4	39
Camille Furgiuele Chief Financial Officer and Town Manager Newton, New Jersey, and President Government Finance Officers Association	53
James Dorn Englishtown Borough, New Jersey	63
Mayor Paul Maticera North Brunswick Township, New Jersey	67
Gary Taffet Chief of Staff Representing Mayor James E. McGreevey Woodbridge Township, New Jersey	77
Councilman Vincent Martino Woodbridge Township, New Jersey	78
Councilman John Kimberlin Woodbridge Township, New Jersey	78

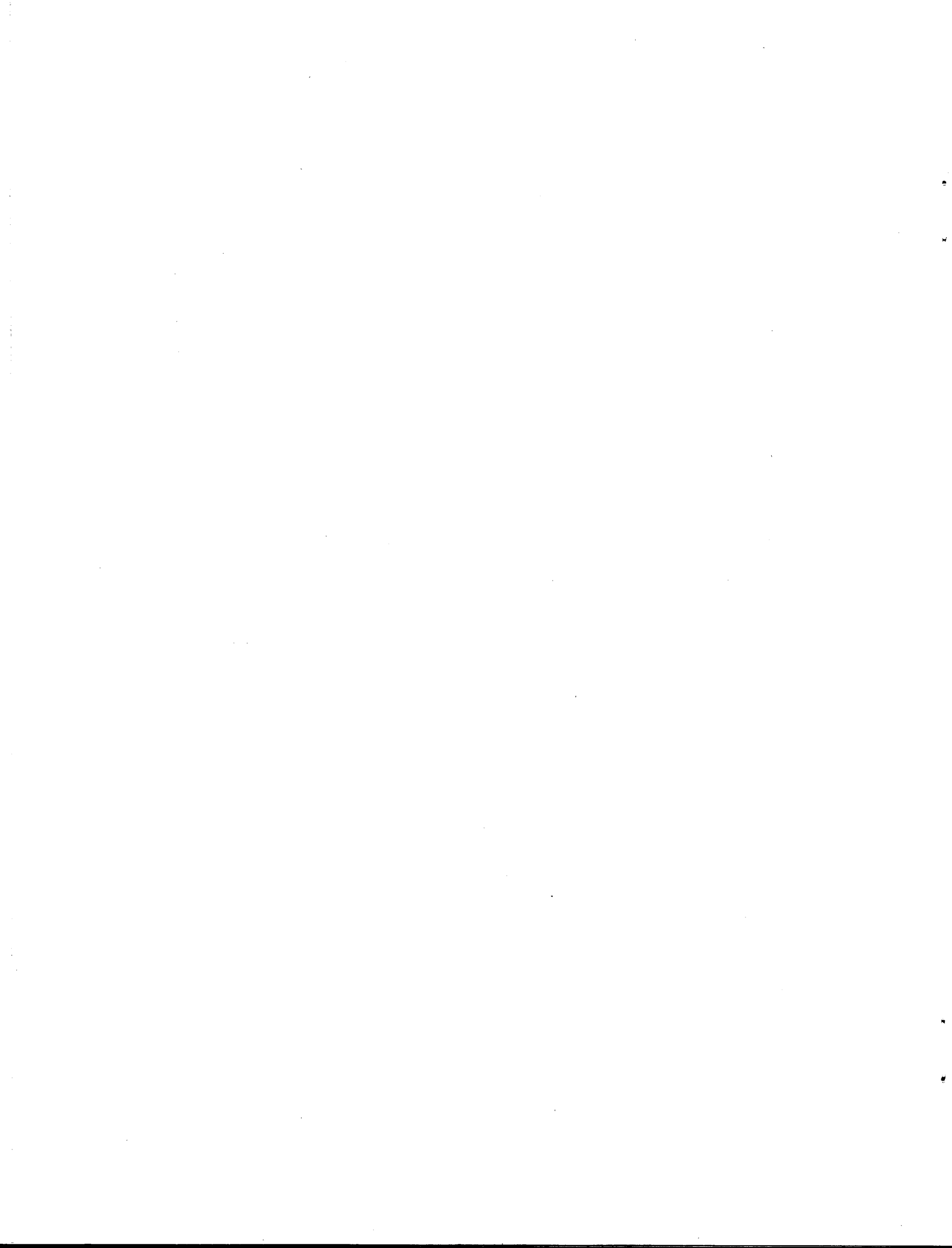


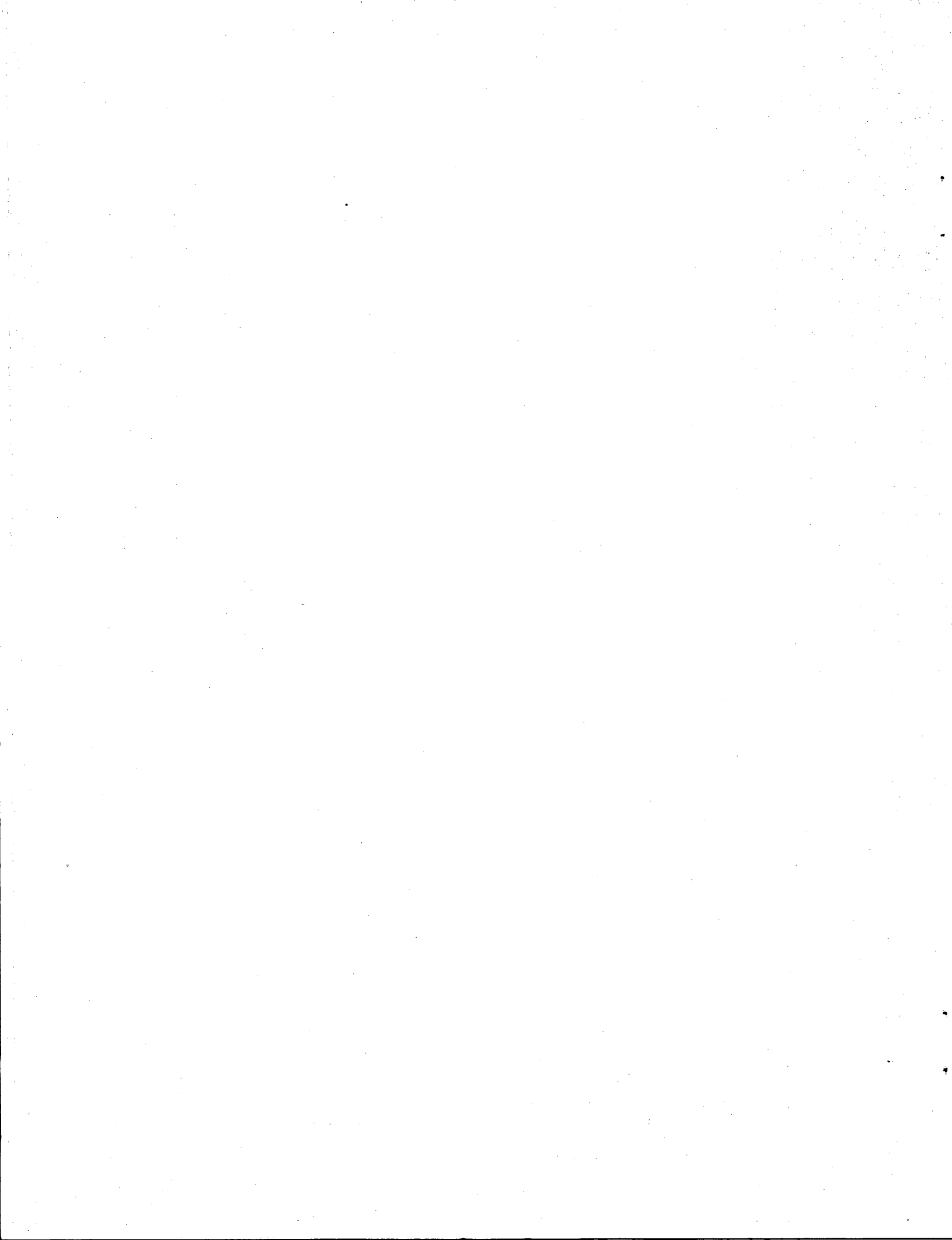
TABLE OF CONTENTS (continued)

APPENDIX:

	<u>Page</u>
Letter addressed to The Honorable James E. McGreevey Mayor, Township of Woodbridge and Members of the Governing Body plus attachments from Barry Skokowski, Sr. submitted by Councilman Kenneth Gardner	1x
"Local Finance Notice" 1992 Calendar Year Budget Information plus attachment submitted by Assemblywoman Mary Virginia Weber	10x
Resolution of the Township of Woodbridge submitted by Councilman John Kimberlin	12x

mjz: 1-88

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ASSEMBLYMAN MICHAEL J. ARNONE (Chairman): The meeting will come to order. I would like to make a couple of announcements before we start. Originally, this was going to be the regular Local Government meeting, but we reversed the process. That is going to be at 1:00. It is going to be held in Room 8 of the Legislative Office Building. So anyone here for that purpose-- We are not going to be hearing any bills or taking testimony on bills until this afternoon.

Anyone here who would like to address the Committee, if they would please, prior to testifying, spell out their name for the recording unit, so we can accurately get their name down.

I would like to make it very clear -- the reason we are here today. We are not here to point any blame. We are here to take testimony. We are here to see how we can make some of the various aid programs administered by the Department of Community Affairs operate a little bit more smoothly.

In recent months, it has come to our attention that there has been a great deal of confusion, and certainly some misunderstandings, and I think most of it centered around the application, the formula driven aspects of the Supplemental Municipal Property Tax Relief Program, which, as most of you may know, is the \$360 million that was diverted out of QEA II and sent to municipalities for property tax relief.

Three-hundred-and-five million of it is the formula driven aspect. There is a \$30 million discretionary aid portion of that that may not have been helpful, but the discretionary powers were removed from the Director, in our budget language, and the remaining portion of it went into the urban aid mix.

I would like to say, the charge of this Committee, the thrusts and concerns of this Committee, are more than just neighborhoods. We are going to try to focus our attention on the Supplemental Property Tax Relief Aid Program. There is

some testimony. I believe some people here-- I think Assemblyman Mikulak would like to make some public comments with regard to the fiscal year change bill. As many of you may or may not know, that is a recently enacted bill that allows municipalities of a certain size to change over to the fiscal year, rather than the calendar year, and in that particular bill invests in the Director tremendous amounts of discretionary powers and the application of those powers.

We have with us the Deputy Commissioner and Director of Local Government Services, Mr. Barry Skokowski, and I would like, first of all, to thank him for coming today. I am well aware of the fact-- They informed me that he has to go into the hospital today around 12:00. The Director was very emphatic. He wanted to appear here. He wanted to clarify some of the misunderstandings here. I want to thank him for coming.

Director, I would like you to know that any time you feel you have to leave, we want you to please go ahead and leave. I am probably going to lead off with some very general questions which I would like to direct to you, Mr. Director.

The main confusion seems to be the 65 towns. As we know, the formula driven aspects of that Supplemental Property Tax Relief Program change from year to year, and some of these towns have lost aid -- what they perceive to be the losing of aid this year. Was there any, like, notification that went out to either these communities or to the budget directors or to the finance officers or their municipal auditors that this was going to be a changing program from year to year, or was the burden upon them to understand what the law was? What was the policy?

D E P U T Y C O M M . B A R R Y S K O K O W S K I , S R . :
Like other State aid programs, including the Franchise and Gross Receipts Tax, which was a transfer program more than State aid, or the Municipal Purposes Tax Assistance Act, or Urban Aid, or Safe and Clean Neighborhoods, or the Supplemental

Safe Neighborhoods Program, or the Supplemental Fire Services Program, every State aid program that has a statute that says you must recalculate it annually, is done that way precisely. That, indeed, is what has happened with the Supplemental Municipal Property Tax Relief Act that we are talking about today. This is a standard process.

I should tell you that every municipal finance officer knows that there are budget amendments required if you are on a calendar year, due to changes in State aid. In fact, there are other programs that we just got the numbers for, such as the Franchise Tax or the Municipal Purposes Tax Assistance Act. So I don't think this is a new process for local governments. It is especially true, and very painful, by the way, for the smaller programs like the Supplemental Fire Services or the Supplemental Safe Neighborhoods Program, because those changes normally on the formula are very minor in nature -- a couple of thousand dollars, or a couple of hundred dollars here or there -- but municipalities are used to making those adjustments. The same is true with the Supplemental Municipal Property Tax Relief Act.

I think the real caveat here is the fact that we had planned to try to equalize the loss with the \$30 million discretionary pot that was contained in the statute. However, we did not know until the State budget was introduced that that \$30 million was frozen at last year's level. That, I think, is really the compound problem as to why we are probably here today. We certainly think there are places like Washington Township and many other municipalities that have gotten hurt because the program did not operate the way we assumed it would. Nobody had advised us that it would be frozen -- the discretionary pot -- and that, I think, is part of the conundrum we are here for.

ASSEMBLYMAN ARNONE: How would you have possibly administered discretionary aid to Washington Township, for

example? I understand-- Is that aid that is only dispensed to someone who gets \$500,000 or less of municipal--

DEPUTY COMMISSIONER SKOKOWSKI: That is correct.

ASSEMBLYMAN ARNONE: So, any town that gets less than \$500,000 would be eligible for that?

DEPUTY COMMISSIONER SKOKOWSKI: If you get less than \$500,000 from the Municipal Revitalization Program, you are eligible--

ASSEMBLYMAN KRAMER: What is the whole formula, Barry? Can you explain that?

DEPUTY COMMISSIONER SKOKOWSKI: The formula program component, or--

ASSEMBLYMAN KRAMER: The formula -- what is known technically as discretionary--

DEPUTY COMMISSIONER SKOKOWSKI: Discretionary aid, there is no formula. Okay? It is basically discretion to the Director that is notified to the Local Finance Board. Basically what we have done is try to equalize tax implications. I mean, we have-- In March, we sent out to every municipality the application form.

ASSEMBLYMAN KRAMER: The Chairman said something about a \$500,000 threshold for State aid. Is that part of--

DEPUTY COMMISSIONER SKOKOWSKI: Yes, that is the only--

ASSEMBLYMAN KRAMER: That is the only--

DEPUTY COMMISSIONER SKOKOWSKI: In other words, if you get more than \$500,000, you can apply for Municipal Revitalization funds.

ASSEMBLYMAN KRAMER: Okay. But if you get \$500,000 -- less than \$500,000, you're-- You are eligible for this \$30 million discretionary aid?

DEPUTY COMMISSIONER SKOKOWSKI: I should point out the fact that--

ASSEMBLYMAN ARNONE: Would you introduce--

ASSEMBLYMAN KRAMER: Who is the gentleman with you?

DEPUTY COMMISSIONER SKOKOWSKI: I'm sorry, this is Jay Johnston, who is with the Department of Community Affairs. Okay?

ASSEMBLYMAN ARNONE: Jay, okay. I should have remembered him. A reporter, right? (no response)

DEPUTY COMMISSIONER SKOKOWSKI: The \$500,000 is the threshold for distressed cities, a.k.a.-- The new name is Municipal Revitalization.

ASSEMBLYMAN KRAMER: So that is basically the only criteria. The rest of it is at your discretion--

DEPUTY COMMISSIONER SKOKOWSKI: Yes.

ASSEMBLYMAN KRAMER: --based on whatever.

DEPUTY COMMISSIONER SKOKOWSKI: Fiscal need, or--

ASSEMBLYMAN ARNONE: Paul, let me pursue two more questions. Then I am going to go around, and anyone who has questions of Barry may ask them.

Barry, your memo 92-5 -- the notice you sent out-- You sent this out in February of '92. Being a previous mayor for 12 years, I was always under the impression that the submission, or introduction of budgets, had to be done at a certain time. I think it is in February. I read that notice to mean that-- You do not say, in that notice -- and I am alluding to the third paragraph there-- Do you have the notice in front of you, Barry?

DEPUTY COMMISSIONER SKOKOWSKI: Yes, I do.

ASSEMBLYMAN ARNONE: The State statute allows municipalities-- Is there anywhere in that notice that you feel that you say they will receive, in 1992, the same amount of aid they received in 1991 -- State aid?

DEPUTY COMMISSIONER SKOKOWSKI: No.

ASSEMBLYMAN ARNONE: I didn't think so. Obviously you could not say that, because you do not know--

DEPUTY COMMISSIONER SKOKOWSKI: Correct; that's right.

ASSEMBLYMAN ARNONE: --what the budget process -- which course it is going to take. But, let me ask you another question: Did anyone in your office mention to any of our mayors in the State of New Jersey who called your office July 1 or 2, that they were going to receive exactly the same amount of State aid that they received the year before? Or, did you, personally-- You didn't, personally--

DEPUTY COMMISSIONER SKOKOWSKI: No.

ASSEMBLYMAN ARNONE: Are you aware of anyone telling someone that?

DEPUTY COMMISSIONER SKOKOWSKI: I can only imagine that would be in the case of the discretionary pot -- the \$30 million discretionary pot -- because that is the guarantee. It is very fair to say, however, that we have indicated, at various seminars, that the Speaker and other members of the Assembly and the Senate had indicated that they would attempt to maintain State aid at last year's levels.

Now, if that meant to be in the gross numbers, or in individual town's receipts-- I do know the answer to that question. I was asked that question, and I have never indicated that you would get exactly what you got the year before, because, as every municipal finance officer knows, there are some programs like SMPTR, as we call it, that do change annually.

ASSEMBLYMAN ARNONE: How would you receive a bill that the nine programs that you administer have no certification date, or the payment date on the aid? I realize you are not going to be able to determine that until the budget is passed by the Legislature, but none of those programs have a date when they are going to be received by a municipality. How would you receive a bill introduced by this Committee as a whole, where we would set some dates down, like on a particular aid program, of when they are going to be received -- a reasonable time you

can set forth when they can count upon that municipality receiving that aid?

DEPUTY COMMISSIONER SKOKOWSKI: I certainly think we need that. I think that would be an appropriate piece of legislation. But I would further like to suggest to this Committee -- because we are here to look at the policy issues, rather than just one issue-- I think if we could have the Chairpersons of the Appropriations Committees in both the Senate and the Assembly, with the concurrence of the Speaker and the Senate President, and, of course, the Governor, indicate to me early on that when the Governor's budget is introduced, we are going to do this, that, or the other thing with State aid, I would proceed to adopt budgets immediately. I think that would speed up the process that we are all so concerned with. To me, that is the simple solution. It is the only solution that I can come up with that is nearly foolproof when it comes to the State aid issue affecting municipal budgets.

ASSEMBLYMAN ARNONE: When you meet the mandates of the law triggering the formula driven aspects of the Supplemental Municipal Property Tax Relief Act, you use the equalized property tax of the municipality, as compared to the equalized statewide property tax. Then, of course, you apply it per capita in moneys dispensed. Of course, we can discuss the level of those expenditures. Maybe we should take those brackets and maybe not make them as wide apart and prevent some of the swings that occur -- the cyclical swings in this aid program.

How do you allow a municipality to strike their equalized rate, when in their rate is -- and used only for that purpose -- this Supplemental Municipal Property Tax Relief Program, which must be used for property taxes, because that is a changing program each year.

DEPUTY COMMISSIONER SKOKOWSKI: Right.

ASSEMBLYMAN ARNONE: Is that a reliable tool to use in this bill?

DEPUTY COMMISSIONER SKOKOWSKI: Well, the formula is calculated based on the prior year, not the year you are into with the budget. Therefore, that is a set rate. I do not set the rate. It is set by the County Board of Taxation, and it is confirmed by the Division of Taxation in the Department of the Treasury. So for the formula purposes, it is a reliable number. But, yes, we do assure that that money is used for property tax relief, because if a town doesn't even want to put it in their budget as an item of revenue, the Director, by statute, can insert it at the County Board level, to reduce the tax levy.

ASSEMBLYMAN ARNONE: Paul, do you have a question, and then we will go around to anyone else who has a question?

ASSEMBLYMAN KRAMER: Barry, you said something that I have to really disagree with. You talked about gross receipts and franchise taxes; you know, that statutes exist. You talked about the distribution. You know better than I that that statute doesn't even exist anymore, because the language in the budget, which clearly says-- You know, the statute says that towns are supposed to get that money based on the personal property of the utilities in that town.

That was changed with budget language. We put budget language in there -- it is very clear in my mind -- that the legislative intent was to hold harmless every municipality in this State on the State aid they got the previous year. Now, there may have been some technical problems with the language, or what have you, but you can never convince me that statutes that exist for gross receipts and franchise tax, which clearly indicate how the distribution should be, were overcome by budget money -- that we can't do the same thing as a Legislature with our budget language. You can't do it both ways, Barry. If the State can-- It started with Byrne and

continued with Kean and now it is continuing with Florio. The language is very clear on how we should distribute gross receipts and franchise, but the State skimmed millions and millions and millions -- hundreds of millions -- of dollars over the last 10 years.

So, don't tell me that our language doesn't change the formula driven statutes that exist, when it changed it for gross receipts and franchise.

DEPUTY COMMISSIONER SKOKOWSKI: Let me indicate to you, Assemblyman Kramer, that-- Again, you and I have discussed the franchise receipts issue for years, and I don't think we are in disagreement. I am suggesting that in the reading of the budget language, as written precisely, because the Legislature looked very carefully and the language froze the \$30 million component, not the discretionary component-- More importantly, you adjusted -- you, the Legislature -- the formula component, so it makes me think that you had to look at that particular issue very, very carefully, because why would you amend it if you weren't going to apply it?

That is my concern. That is why I am as concerned and as confused as everybody else. I have Jay here to try to explain that that change in the formula was made in this budget.

ASSEMBLYMAN KRAMER: Well, it might have been-- If you are aware of that language, it might have been-- Since you knew what the intent was, it might have behooved the Department, and the Division, to step up and say, "Wait a minute. If you want to hold everybody harmless, then you just ought to put in there, 'We want to hold everybody harmless,'" because the language that took the money away from gross receipts and franchise was not a fancy piece of language. It basically just said, "You get this; you get that. We take this; we take that." It changed a 40-year statute just with simple language. So, you know--

DEPUTY COMMISSIONER SKOKOWSKI: I agree with everything you just said. I want to tell you, after the State budget was vetoed, but prior to the override -- okay? -- in discussing this matter with Senator Lynch-- I had reached out to Senator DiFrancesco and he reached back to me. He missed me and I missed him again. His aide called back and said, "He will get back to you." I Faxed over a memo to the Senate to Senator Lynch, who gave it to Senator DiFrancesco prior to the override, explaining the very problems we are facing here today.

I also saw the Senate President at the NJAC -- the New Jersey Association of Counties Convention in June. I said to him, "Please give me a call. We have to discuss a couple of matters." The Speaker was there. However, he was on the podium at the time and I could not get to him. I did not know this early on, because we never saw the budget. We never knew what was contemplated in this budget for State aid until we got it, and there was not a heck of a lot of time--

ASSEMBLYMAN KRAMER: But, you know--

DEPUTY COMMISSIONER SKOKOWSKI: I have the memo here to share with the Committee. I am not, you know--

ASSEMBLYMAN KRAMER: Well, you know, we have West Deptford that has lost 200-and-some thousand dollars -- \$211,000. That doesn't make any--

You know, Barry, I have to be frank with you. I am not a happy camper, and I will tell you why later. But, I don't really believe last year that formulas meant anything, and I will tell you why I say that. You were there, as well as I was. Senator Lynch called Hamilton Township and he said, "We have a real problem, because Franny McManimon is in trouble. How much money do you need?" Right? You are aware of that. "How much money do you need?" Those formulas-- You did what you wanted to do last year because of-- I mean, I am not necessarily blaming you or the Department or anybody else, but it was politicized. You were there; I was there. You know, we

were losing money in gross receipts. He made a phone call right in front of me, and in front of you, and said, "What is going on? How come Hamilton is losing it? Give them some more money."

So, don't tell me that the formulas are going to be hung on this year because it happens to be a Republican budget. Barry, I will not-- It is not acceptable to me, because I think you had all the discretion in the world last year, and you can do the same thing this year. I mean, when a Senate President says, "We need to get somebody reelected. How much money do you need?" and the real reason he did it was because he wanted Jack Rafferty, the Mayor of Hamilton Township, to take a picture with Franny McManimon to help his election. That is what the whole thrust of it was. We got a press release that was supposed to combine it. It was there. You sat there very quietly. You were upset, like I was upset, that they could wave a wand and decide how much more money Hamilton gets, how much more money this town gets.

So, it is not acceptable to me that we did it for-- In my opinion, all you are doing is trying to make problems for this budget because it happens to be a Republican budget. So don't hang your hat on formulas, because I think it is a bunch of bull. I am really upset about this.

Now, this is my tax bill in Hamilton Township. I am going to tell you what I did and why I am upset. I called up my vendor and I said to him, "Where is my tax bill?" "Well, we are just getting it printed now because the language wasn't made clear to us what was supposed to be on that bill." Okay? I said, "Well, I want my bill printed now, and I want to send it out."

Why in God's name does my bill in Hamilton Township, which I pay for, have to say, "State aid used to offset local property taxes"? What would have happened if I didn't send the bill out -- and I don't care about Chapter 75-- I have a

responsibility to the taxpayers in Hamilton Township. If I wanted until you came up with these figures, Barry, it would have been the same thing that happened last year. At the end of the month, the bills would have gone out. I would have had lines and lines of people. It cost me overtime; it cost me cash flow and interest earnings and all that stuff. So I took it upon myself to send the bill out, because I thought it was the responsible thing to do.

I mean, I'm going to sit around and wait for the Governor to put the figures in there, Barry? Come on! I mean, what is going on?

DEPUTY COMMISSIONER SKOKOWSKI: Now, you know, that is a little bit difficult for me, because when I follow the statutes that are passed by the Legislature -- and Chapter 75 is a statute, and I have no choice but to follow it-- You know, I get kicked in one side and kicked in the other. Now, if you are telling me to evade statutes, put it in the law. I mean, I can't just willy-nilly not do what it says.

ASSEMBLYMAN KRAMER: You can do it; you did it last year. You did it last year, so you can do it this year.

DEPUTY COMMISSIONER SKOKOWSKI: We did not. We did the tax notice last year.

ASSEMBLYMAN KRAMER: No. You did what you wanted with the State aid last year. I mean, my personal experience with Lynch was that basically you could do anything you wanted to do, and I think you can do that now.

If you are telling me that it wasn't made clear to you that the legislative intent was to hold everybody harmless, you're wrong, and I think you could have found a way to work with us, as a Legislature, to make the language correct. I think you are hanging on a small technicality to add insult to injury over the last two years.

DEPUTY COMMISSIONER SKOKOWSKI: Then I have to ask: Why would the Legislature tinker with the formula component of

the program, if you weren't going to let us run it? I mean, it's a problem--

ASSEMBLYMAN KRAMER: Barry, the formula doesn't mean anything. You've got a lot more discretion than you are willing to--

DEPUTY COMMISSIONER SKOKOWSKI: I wish I did; I wish I did, because you think-- You know, you don't realize the number of people I am in contact with -- mayors, legislators, all parties, always lobbying for their towns. If that is wrong, then the system is wrong, but I'm telling you that I think we have followed the statute.

ASSEMBLYMAN KRAMER: Have you got enough money to hold everybody harmless? I think you do. The money is there.

DEPUTY COMMISSIONER SKOKOWSKI: If the discretionary money wasn't frozen, yes, I could have done it, but you froze the discretionary money at last year's levels, rather than the formula money. Paul, that is the whole problem.

ASSEMBLYMAN KRAMER: I'm sorry. You know, I disagree, because I saw too much of what went on last year; that you can move money around any way you want when it is politically expedient. This year, all of a sudden, there are some technical problems with the language.

DEPUTY COMMISSIONER SKOKOWSKI: Well, now, I don't think that-- First of all, when you talk about Hamilton Township last year--

ASSEMBLYMAN KRAMER: All you had to do was write a letter and say, "This is the language we need to hold everybody harmless." That's all you had to do.

ASSEMBLYMAN ARNONE: All right, let's get moving here. Tom -- Assemblyman Smith -- would you like to direct any questions to Mr. Skokowski?

ASSEMBLYMAN SMITH: I pass.

ASSEMBLYMAN ARNONE: Do you pass?

ASSEMBLYMAN SMITH: No questions.

ASSEMBLYMAN ARNONE: Assemblyman DeCroce?

ASSEMBLYMAN DeCROCE: Yes. Barry, what I don't understand, and I never served on a local level; I served on the county level-- You know Bob Natoli, from Morris County, extremely well.

DEPUTY COMMISSIONER SKOKOWSKI: Sure.

ASSEMBLYMAN DeCROCE: Bobby was probably one of the first people to ever get a budget in to you, probably by -- usually no later than February 16. Normally we had an approval on that budget by -- within two weeks.

DEPUTY COMMISSIONER SKOKOWSKI: Right.

ASSEMBLYMAN DeCROCE: What was the holdup this year? I mean, why were all the municipalities held up the way they were?

DEPUTY COMMISSIONER SKOKOWSKI: Well, there were several reasons. They pertained pretty much to this local finance notice. One, the Governor proposed, and the Legislature was considering, but did not sign right away, the pension revaluation, which impacts on county, municipal, authority, school board budgets.

Two, there was a lot of discussion, especially from the Senate Appropriations Committee Chair, about taking all State aid and making it a block grant -- okay? -- which would undo certain budgetary aspects of every budget. There was also the fact that we didn't know what was going to happen to the QEA money -- the Supplemental Municipal Property Tax Relief Act.

They are the big, big areas. Now, getting back to counties, county budgets have pretty well left us-- They're out. I mean, you're right. We used to wait for Bob to come down. We always gave him a little cup of coffee because yours was the first county in. But counties don't have the same issue that the municipalities have. In this notice I clearly make it viable that this is what they could and could not do.

Now, when I suggest to municipalities that, "You take part of the pension reval," I am going out on a little bit of a limb, because I have never been assured that that would happen. It did happen. Now I am reading in the papers that we are talking about amending that to put more money in State surplus, so we would affect municipal budgets again. This is the dilemma we have. I know we don't like to talk about it, but the dilemma comes about because the majority of municipalities are on a calendar year. We never have these issues resolved. If everybody was on a fiscal year, we could resolve these things, and we wouldn't have this dilemma. That is the problem. I am very glad that we did allow municipalities to change to a fiscal year, because it is a lot simpler for them.

ASSEMBLYMAN DeCROCE: Well, let's talk about the fiscal year. What about the problems facing Woodbridge right now? Can you tell me a little bit about that?

DEPUTY COMMISSIONER SKOKOWSKI: Yes. Woodbridge-- I think I know what you are talking about, so let me address that up front, rather than trying to tell you all the problems of Woodbridge. As you may or may not know, the Division has done a review of that municipality's finances, and has found out some rather horrific things. Those reports will be issued to this Committee through the Speaker's Office in the near future. But, that is beside the point.

ASSEMBLYMAN DeCROCE: Just give us a summary.

DEPUTY COMMISSIONER SKOKOWSKI: Well, there are fiscal problems, uncashed checks. There are insurance, I'll say problems -- I don't want to get too involved with the legalities right now -- and other matters. But more importantly, there is the fact that they changed their fiscal year. They were not forced to do so. Okay? They were not forced to do so this year. There was a vote of Council. No

municipality in 1992 received an order from the Director to change their fiscal year. Let's make that very, very clear.

The statute--

ASSEMBLYMAN KRAMER: Alex, may I interrupt just for a second?

ASSEMBLYMAN DeCROCE: Yes.

ASSEMBLYMAN KRAMER: Barry, it was made very clear to me verbally that if I didn't go to a fiscal year, I would probably not be eligible for various State aid moneys. And, it was made very clear to me -- John Ricci was there, Mike Dill was there, you were there, Roberta was there, from my office -- that you would frown upon an application to be exempted from going to a fiscal year. That was made clear to me, maybe not in writing, but it was made clear to me more than once that my State aid would be in jeopardy; not all of it, but certain discretionary funds, which you say are formula driven, would be in jeopardy. If I have to bring in those other people who were with me that day, I will, but I don't have to do that.

DEPUTY COMMISSIONER SKOKOWSKI: But, that's not--

ASSEMBLYMAN KRAMER: For that reason, and plus I thought it made sense to go to a fiscal year; it made sense for all of us to go to a fiscal year in this State right now, because the way-- The problem we had trying to come up with any kind of a tax bill, because it is never a complete tax bill; it is estimated for the first half on the municipal level, estimated for the second half on all the other levels of government, school, county, and fire district--

My understanding -- and you will probably get 50 other finance directors who will tell you the same thing -- was that it was frowned upon -- that you would frown upon us not going to a fiscal year, and it would jeopardize future State aid. Now you are saying today that nobody was forced. In my mind, I was forced, and I am saying--

DEPUTY COMMISSIONER SKOKOWSKI: No, that is not what I said. I will repeat it. I said, "In 1992" -- in 1992 was what I said -- "no municipality was forced to change their fiscal year."

ASSEMBLYMAN KRAMER: Do you mean--

DEPUTY COMMISSIONER SKOKOWSKI: In 1992 -- calendar year 1992, is what I said -- Woodbridge was not forced to change their fiscal year.

ASSEMBLYMAN KRAMER: Oh, in 1992.

DEPUTY COMMISSIONER SKOKOWSKI: It was the choice of the governing body. That is exactly what I said, and it is on the tape.

ASSEMBLYMAN KRAMER: Oh, I thought--

DEPUTY COMMISSIONER SKOKOWSKI: Okay.

ASSEMBLYMAN KRAMER: You're talking calendar, as opposed to fiscal.

ASSEMBLYMAN ARNONE: All right. May I just interject one thing, and then I will give it back to you, Alex? Jay, would you mind-- We have someone in the audience here from Woodbridge. Maybe it would be possible, because Barry is going to be leaving in a few minutes-- Would you mind letting someone sit there for a second? We have Ken Gardner, the Council President from Woodbridge. Is he in the room here? He has filled out a form here. (affirmative response from audience) Ken, would you like to come up? Maybe you could direct a question to the Director. Alex, would you mind if he took a moment of your time?

ASSEMBLYMAN DeCROCE: No, no, not at all.

C O U N C I L P R E S. K E N N E T H G A R D N E R: Thank you, Mr. Chairman. I have put together just a brief presentation on what actually occurred in Woodbridge. Would you prefer that I go into that now, or--

ASSEMBLYMAN ARNONE: I am not completely aware of everything that happened there. But if you have any questions you would like to direct to Director Skokowski to expedite--

COUNCILMAN GARDNER: One question I would like to ask is, when the Director completed the review of Woodbridge that was recently done--

DEPUTY COMMISSIONER SKOKOWSKI: The full review is not yet completely done. We have been issuing it in bits and pieces.

ASSEMBLYMAN KRAMER: Mr. Chairman, I don't know what happened in Woodbridge. Can you explain that happened first, before we get into questions?

ASSEMBLYMAN ARNONE: Pardon me?

ASSEMBLYMAN KRAMER: I don't know what happened in Woodbridge.

DEPUTY COMMISSIONER SKOKOWSKI: I will try to explain it, if I can, and Mr. Gardner can correct me if I am wrong.

ASSEMBLYMAN ARNONE: The Director told me that he is leaving in 45 minutes -- another five minutes -- and I just wanted to get some relief.

ASSEMBLYMAN KRAMER: Well, summarize it.

DEPUTY COMMISSIONER SKOKOWSKI: If I may, Mr. Chairman, I will summarize it. If Mr. Gardner disagrees, he can just tell me.

Basically, there was a new mayor elected in Woodbridge. He called the Division in to do a review of the finance office and various other aspects of the town. We have been doing that. We have been issuing interim reports on-- Because of certain legalities, I am not going to say anything that is criminal, or anything like that. I don't want it to be construed that way, but certain improper activities, or practices, shall we say. We have been issuing those reports and we, at the request of Assemblyman Frelinghuysen, will be -- through the Speaker and through him and through your Chair here, Mr. Arnone -- issuing the full report as part of the reviews we annually do.

But I think the issue here today really relates to the fact that the, from what I understand -- and correct me, Mr. Gardner, if I am wrong -- that being aside, that there are problems there. I think everybody would agree that those problems are there. They are being addressed. I don't know that anybody -- that good government would have any problem with addressing those problems. But the issue dealt with the transition year budget. I think that is the issue we are probably going to talk about.

COUNCILMAN GARDNER: It is, however-- The Assemblyman brought up a good point of your recent review in Woodbridge. I think that based on some things that have come out recently-- I am not sure that the Department found things that they should have found when they did the review.

DEPUTY COMMISSIONER SKOKOWSKI: Well, you know, that remains to be seen. The other issue is, though -- and I think getting to Mr. Kramer's concern -- the Local Finance Board directed, through a resolution, that-- When we considered the transition budget of Woodbridge-- It is not required by statute, but by practice I always bring it to the Local Finance Board first, only because I want them to understand that there is going to have to be a bonding proposal down the line.

The people from Woodbridge made a presentation, and indicated that the budget should include money for tax appeals, and that the Council was not leaning that way. Essentially, the Local Finance Board, which, by the way, is five Republicans and three Democrats, unanimously directed that I sign a letter to the governing body indicating that they should make money available in their budget for tax appeals. I think that is a lot of the crux of the issue. The reason why is because we felt there was no need for the Township to come back before the Board at some subsequent date to bond tax appeal judgments, when they have to pay the same fees and charges to other people.

We indicated that we intend to give Municipal Revitalization Aid to Woodbridge this year for the first time, but we do not want to pay bankers, bond counsels, etc. with our funds, because they get all wrapped into the one bond issue which involves the fiscal year adjustment bonds. I think that has created a real stir in Woodbridge. I don't know that it is out of our jurisdiction. The letter was signed by me as the Director, but really it was done at the behest of the Local Finance Board in a public meeting where there were minutes taken, such as today.

ASSEMBLYMAN ARNONE: Well, there was a concern that-- In fact, it prompted one Assemblyman to get up on the floor of the General Assembly and state that there was a threat made to the governing officials in Woodbridge, to the point where the Council, and also the Mayor of the town, were very upset about the fact that they were accused of playing fiscal games -- of not playing the fiscal game properly, so therefore they are not going to get the aid next year. I mean, there was this concern of a threat. How do you respond to that?

DEPUTY COMMISSIONER SKOKOWSKI: Well, I respond, number one, by saying it is not the first time that the Legislature has called me down here this year to talk about newspaper articles, so let's realize that. Okay?

Number two, realizing the fiscal problems in Woodbridge, we will definitely help them, but we are not going to pay for frills, when they could consolidate costs on a bond issue. We are not going to be doing that, because the same Legislature that is talking to me today, is saying to me, "Make sure that you crack down. Make sure that towns are fiscally responsible."

COUNCILMAN GARDNER: Mr. Chairman, if I may just give, for a few minutes, a brief explanation on what led to this, because I think it is important for the Committee to know-- The Council introduced the budget that was prepared by our

Mayor, and sent it down to Mr. Skokowski for preliminary review. The Council then went through budget hearings -- hours of budget hearings -- tearing through the budget finding out where we could cut. We were ready to make an amendment to cut approximately \$8.7 million from the budget, since we would be moving to a fiscal year and would be issuing a fiscal year adjustment bond. This cut would save the Township \$725,000 a year for the next 20 years, for a total of \$14.5 million.

As we were about to do that, we received a letter from Mr. Skokowski. He warned us in his letter-- If I may just read a paragraph from his June 16 letter: "Because the approval was based on your transition year budget, any changes to that budget would be subject to a review that could result in the approval being held for reconsideration by the Board." It goes on to list specifically insurance accounts and tax appeals.

On that same day, June 16, we also received a resolution from the Local Finance Board. On page 3 of that resolution, section 5, it reads: "The transition year budget must contain a line item for tax appeals in an amount not less than \$8,600,000."

Now, the number for tax appeals wasn't \$10 million, it wasn't \$2 million, but it was the \$8.6 million that was being requested by our Mayor and his administration. At this point, myself and the other Councilmen were very upset. I made the comment that I felt sick, because here a Trenton bureaucrat was making a decision on my budget, when I was elected by the people of Woodbridge, as well as the other Council members, and it is a legislative responsibility to enact this budget.

After some research with our Township's lawyers and bond counsel -- and I specifically would like to refer to New Jersey statute 40A:4-78-- The second paragraph reads: "The Director, in refusing to approve a budget, shall not substitute his discretion with respect to the amount of an appropriation

when such amount is not made mandatory because of the requirements of law."

Finally, we had some light. The Council went on, and made the cuts we wanted to. However, when we made those cuts, Mr. Skokowski made some pretty offending comments, and I would like to refer to those. They were in The News Tribune on Tuesday, June 30. I quote: "They're not going to get as much aid as they expected next year, because they don't want to play the fiscal game the right way," Skokowski said.

Another quote: "I will do everything in my ability to get the approval out tomorrow," Skokowski said. "I don't want to deny their budget, but I'm not going to tell you that I'm going to bend over for a Council that's thumbing their noses at the State."

Well, Mr. Chairman, they sure seem like threats to me. Treats like this-- I don't think it is improper to ask Mr. Skokowski to step aside from his position, because he didn't only threaten me, he threatened each and every resident of Woodbridge Township; putting his nose in, and getting involved in the appropriation amounts that were not specifically required by law.

Now, Mr. Skokowski talks about additional fees for underwriters and bond counsel. After consulting with our bond counsel, there would be no additional fee. We cut \$4.3 million from our tax account -- our tax appeal account. If we issued \$4.3 million in fiscal year adjustment bonds, it would have cost the same as if we issued \$4.3 million in a worst case scenario. The \$4.3 million comes due today in tax appeals, so we had to issue a refunding bond, which has a life of five years, as opposed to the fiscal year adjustment bond of 20 years. There would be no cost to the underwriter. There would be a small fee that would be paid, in addition, to the bond counsel of approximately \$3000; another \$6000 for the preparation of the official statement; and the possibility of

\$3000 or \$4000 going to a rating agency, for a total cost -- an additional cost of \$12,000.

Now, if this cost was taken in the first year, taken this next year, it would cost the average taxpayer in Woodbridge 36 cents. However, because of the refunding bond, which, again, has a life of five years as opposed to the 20-year bond, we would be saving \$2.6 million over the life of this bond. So even after Mr. Skokowski makes his comments as to these extra fees, you can see that, after an analysis, it would still save the Township money to do it this way.

I just find it offensive that Mr. Skokowski, and his Division, has the nerve to make such comments towards myself, the other Council members, and the Township residents. I feel he has told us that we are going to have a problem getting State aid in the future, and I think that regardless of the decision that was made by our Council on this budget, going forward he should independently review each decision as it comes before him.

DEPUTY COMMISSIONER SKOKOWSKI: I would like to respond, if I may.

ASSEMBLYMAN ARNONE: Yes, please do, Mr. Skokowski. Then we would like to move on here.

DEPUTY COMMISSIONER SKOKOWSKI: Yes, I don't want to prolong this either. I just disagree with several statements. Very carefully worded, if the bonds were issued today for the tax appeals, the cost would be \$12,000. Well, that is exactly what I'm saying, because the bonds are going to be issued for the fiscal year adjustment bonds soon. It is going to be a wrap. That is what they are talking about. There is going to be more cost if they delay it a year. Checking this morning, we found out that the tax appeal account is almost depleted in Woodbridge in the current budget.

You know, you talk about statutes. First of all, you read a statute that talks about the Director's power. I was

telling you that the directive came down from the Local Finance Board -- a little different statute.

Number two, I think it is unfair to hurt taxpayers by not being cooperative. We are not there to hurt you. You know, we are working the numbers over for Municipal Revitalization Aid, to give Woodbridge money for the first time in history. We have to make towns comply with certain directives. Now, I said I wouldn't deny the budget. I didn't. The Board is going to come after me on Tuesday when we meet, because they don't know that I let that budget go. I did give in. As I said, you know, I wasn't happy with it because I think there is a time and a place for arguments, and I think there is a time and place to work together. I'll be darned if I am going to, you know, take political shots that are not necessarily based on merit.

ASSEMBLYMAN ARNONE: All right. One further question, and then we would like to move on. Mr. Kramer?

ASSEMBLYMAN KRAMER: I just don't understand. Do you know what-- Is this exactly what you are going to lose on appeals, or are the appeals still pending?

COUNCILMAN GARDNER: Assemblyman, they are pending, and that was basically the philosophy of the Council; that today we should not be issuing \$4.3 million in fiscal year adjustment bonds which have a life of 20 years, when we don't need to do that. Again, in a worst case scenario, if we need to do that tomorrow, it would still cost less, because we would be bonding over a short time. We were opposed to mortgaging the future of the town over a 20-year period.

ASSEMBLYMAN KRAMER: That was, I think, the major point you made, and certainly there is a cost involved if you issue debt two separate times. But you can do fiscal adjustment bonds for up to 20 years, and you feel you would be comfortable doing this for five years. Certainly, there will be some interesting--

Frankly, Barry, I don't remember in my 25 years, the Local Finance Board or the Division ever getting involved in local policy, except for last year.

DEPUTY COMMISSIONER SKOKOWSKI: No. I have to--

ASSEMBLYMAN KRAMER: Well, you know, I mean, when, in fact, it was a flagrant, flagrant misuse of municipal funds, certainly you would step forward. But if they decided that they wanted to issue debt at a later date, I have never heard you step in and do that in all my experience. Now I say that, except for last year, when the Division decided that the Township budget shouldn't put in a pension payment because the date was changed. That is another policy decision--

DEPUTY COMMISSIONER SKOKOWSKI: Well, that is a statutory change, too.

ASSEMBLYMAN KRAMER: --that I don't think you should step forward to do. I mean, the governing body has a responsibility to do their budget the way they feel they are comfortable.

Barry, you can say what-- I don't remember you ever making policy decisions for a local government. If there were other problems, like when you had to step in in Camden and some of the other towns, that's fine. That is a whole major fiscal problem. But if this town decides they want to issue debt for a five-year period -- and I think that was really the decision; they certainly weren't going to do--

What was your fiscal year adjustment bond amount, \$40 million?

COUNCILMAN GARDNER: The bonding amount that the administration was proposing was \$42 million.

ASSEMBLYMAN KRAMER: Well, you're certainly not going to do that for five years. But if they decided that they wanted to do a portion of that for five years, the \$8.6 million, or whatever it turns out to be when the final appeals are decided, then I think it is at their discretion, Barry.

DEPUTY COMMISSIONER SKOKOWSKI: You know, again, Assemblyman, let's realize-- You were here that day a couple of months ago when we were here from 10:00 until about 6:00 with the Assembly Appropriations Committee, and you heard our mutual friends talk about how we have to crack down on these towns and get discretionary aid. They have to play by the rules. They have to try to save bucks where they can. You know, I can't take mixed signals. I have to have, you know, the rule of fair play.

Now, the Councilman indicated that if this refunded bond is ever proposed, it will only cost \$12,000 in fees. I assure you that when that happens, I will be the first to vote for it and to congratulate Council for their wise decision. But I am not convinced it is going to cost \$12,000.

ASSEMBLYMAN ARNONE: All right.. Let's-- Do you know what--

ASSEMBLYMAN KRAMER: Just very quickly, the other side of this issue, Barry, you never-- When you jumped all over towns publicly-- You very quietly tried to bring some fiscal constraints to municipalities over the years I have dealt with you. There has never been a public forum where comments such as we are hearing today took place.

DEPUTY COMMISSIONER SKOKOWSKI: Again, I didn't call the press, number one. Okay? I didn't call this hearing today, okay? You know, if we have to do these things, let's do them, because it's, you know-- Man to man, we have to do these kinds of things every now and again.

ASSEMBLYMAN ARNONE: All right. I'll tell you what, just a couple of-- Paul, we'll go around again, and then we will come back to you, if you like. Alex wants to finish his questioning. Alex?

ASSEMBLYMAN DeCROCE: Director, last year, based on the fact that the Democratic Legislature passed the law that indicated that we had to change over to fiscal year if we were

\$35,000 or more, or it was optional to others-- Those others that have changed over, we are finding, are experiencing extremely high tax increases. Besides Hamilton and Trenton and whatever other towns, do you know how many -- what the average increases are on those towns that have gone over to fiscal year? What is the reason for that, frankly?

DEPUTY COMMISSIONER SKOKOWSKI: Well, I don't know that I have the answer. In Hamilton, obviously Mr. Kramer has a better handle on that than I. But obviously the problem is not in the fiscal year towns; it is every town. The tax collections, and the tax appeals-- Tax appeals are up, tax collections are down, in just about every town in New Jersey. There is a very complex thing in municipal budgets called the "reserve for uncollected taxes," which goes up when people don't pay their taxes. Of course, those of us who pay our taxes pay for those who don't. That is a big factor. I know that is at least a contributing factor in Hamilton Township, where Mr. Kramer lives and where I live. So, you know, that is the biggest problem in this State.

The other thing in fiscal year towns is, the State aid numbers have not been given out for the fiscal year towns yet, so therefore we do not know what the impact will be. I mean, I would have to presume that every town that got money last year -- I know, in fact -- has applied again this year, including Hamilton, and I am sure they want the money. No matter what politics you make out of it, if they get the money I'm sure that the Mayor will be happy and the people will be happy.

ASSEMBLYMAN DeCROCE: Many of those towns are relying yet on tax anticipation notes. I don't know that that is the best thing to do. I would like to--

DEPUTY COMMISSIONER SKOKOWSKI: I think what you are talking about--

ASSEMBLYMAN DeCROCE: Short-term notes.

DEPUTY COMMISSIONER SKOKOWSKI: Yes, I know what they are. Okay. The thing is, there are towns out there which have yet to go to permanent financing. Okay? Under the opinion of bond counsel, they can either use a bond anticipation note temporarily, or a tax anticipation note temporarily. So that is why they are still out there. They just have not gone to the marketplace. There is a scheduling process that goes on to schedule the permanent financing that is underway. That, I think, is the reason why some of them are still doing that. Okay?

ASSEMBLYMAN ARNONE: Thank you, Alex. Assemblywoman Vandervalk?

ASSEMBLYWOMAN VANDERVALK: Mr. Skokowski, you've been around for a long time. I am not referring to your age. (laughter)

DEPUTY COMMISSIONER SKOKOWSKI: My gray hair, though.

ASSEMBLYWOMAN VANDERVALK: You have a lot of experience in this subject matter. I think going around the table here we have a lot of people who have also been involved on State, county, and local levels. There is a lot of confusion, a lot of concern, and, of course, those who are not in this room -- the mayors, the councilpeople -- who have to deal with this issue--

When we have something as serious as State aid, as serious as that is for the local communities, I think we have to remove these problems we are facing. I think these problems have to be removed from the process. I think the local officials and the public have a right to expect something. I think there should be some predictability. I think there should be, obviously, a fairness issue involved; there should be an understanding of what the formulas are, and how they work.

The only way we are going to keep people happy is if we have the basics down and we say, "This is what it is. This is how it is going to work, and it is going to be fair. If it

is not fair, then let's discuss it and make it fair." I think what we need from you-- With your experience, you have to present to us something that will explain the formulas as they are now, and, more importantly -- most importantly -- how you think they should be. I think we would be very happy-- Maybe I shouldn't speak for the Committee, but I think we would be happy to take a look at that, because we can't continue what has been happening in the last year or two. There have just been too many isolated situations that have been extremely important to those communities involved. It just shouldn't happen.

DEPUTY COMMISSIONER SKOKOWSKI: Let me indicate to you that I couldn't agree more. Okay? I think you have said it all. If we are going to get to a policy point today, I think you have said it all. I am happy to tell you, because obviously I was aware that we were going to have this hearing, and I knew-- I guessed what was up, shall we say? I had a meeting with the League of Municipalities earlier, and indicated to them that we run training programs together where we provide people to talk to them. This year they want to do policy issues for mayors and council members, okay? What we were thinking-- What we discussed and put on the program was a policy issue on State aid.

I noted that back in 1978, there was an ad hoc committee appointed by the Governor and the legislative leadership to study all State aid programs to try to come up with one program, which may be easier for all of us -- I really don't need all this work either, okay? -- to get the money out there. It was not successful. It was a very representative committee and everybody worked hard. But, explaining this to people, getting their input, and coming back, I think would be the way to do it. Moreover, my notion is that when the Governor presents the budget, if the Legislature could decide the State aid issues as soon as possible, freeze what you want,

you know, whatever the numbers are-- Tell me, and I will get them out to the towns. Budgets are not yet adopted, but the statute says I could let that happen if I think it is reasonable, and we would get it done. I think that is the way to--

ASSEMBLYMAN ARNONE: Well, you know, you have a very good point.

ASSEMBLYWOMAN VANDERVALK: I just have one further point: How soon can we have this?

DEPUTY COMMISSIONER SKOKOWSKI: Okay. I think it would be good for us to get the input of the mayors and councilpeople through the League, because they want to run this seminar. I believe it is scheduled -- and you can't hold me to this -- for late September or early October. I think that's--

ASSEMBLYWOMAN VANDERVALK: The last thing in the world that should happen is that we put it on such a basis that all of a sudden we are into the next fiscal year and we still don't know. I think we have to come to grips with this pretty soon. I am not saying eliminate the public input. I mean, you know, we need that. But again, based on your experience, I think you have to put something on the table so people can discuss it. At least that would be a starting off point. If we delay much longer, we are going to be right back next year talking about the same thing again.

DEPUTY COMMISSIONER SKOKOWSKI: Because I have been around so long, I would rather get the budgets out and not have these kinds of discussions. Believe me, this is not something I enjoy.

ASSEMBLYWOMAN VANDERVALK: Thank you.

ASSEMBLYMAN ARNONE: All right. Thank you, Assemblywoman. Some very good points.

Assemblyman Dunn?

ASSEMBLYMAN DUNN: Mr. Chairman, I just want to say that I am very confused about what we are doing here. Perhaps

some of my confusion is because of my lateness in coming to the meeting, for which I apologize. But I can't help but get the impression that we are sort of conducting a kangaroo court here of Mr. Skokowski.

ASSEMBLYMAN ARNONE: No, that is not the case.

ASSEMBLYMAN DUNN: Well, I have heard language here-- I heard language--

ASSEMBLYMAN ARNONE: That is just the way politicians talk.

ASSEMBLYMAN DUNN: Well, you heard this gentleman here call him a "bureaucrat." I heard a member of this Committee say he has no right to interfere with local policy. Truthfully, I thought that was his job as Director of Local Government Services. He has "imposed" -- with quotation marks -- himself on the City of Elizabeth hundreds of times, to my disliking, while at other times I was very appreciative of the support he gave us on one cause or another.

I don't think there is a mayor, or perhaps even a council in the State of New Jersey that hasn't at one time or another found some displeasure with a decision sent down to us by Mr. Skokowski or his Division. He is in a thankless job. When he rules for you, of course you think he is a great guy. When he comes in and conducts an audit, for example, of a city, on the insistence of such people as former Assemblyman Hardwick or incumbent Assemblyman Kamin -- comes into a city forced by political motivations, naturally the mayor becomes very upset about it, and looks at Mr. Skokowski with a fish eye.

To tell you the truth, I don't to this day know whether Barry Skokowski is a Democrat or a Republican, but I can't help but feel-- I think he is doing a good job in the job he is assigned to do. His job, as I always understood it, is to monitor the activities of every city, every hamlet in the State of New Jersey. When he has doubts about the handling of the fiscal responsibilities by a municipality, I thought the

statute, and I thought his executive powers were such that he was mandated to come in and call the shots as he saw them.

A couple of years ago, we in the City of Elizabeth felt--

ASSEMBLYMAN ARNONE: Excuse me a second. I don't want to interrupt you, but Mr. Skokowski has just informed me that he has to leave. He told me earlier--

ASSEMBLYMAN DUNN: Even when I am saying nice things about him he is--

DEPUTY COMMISSIONER SKOKOWSKI: Oh, I'll stay for a while. (laughter)

ASSEMBLYMAN ARNONE: You can buy this on videotape, you know.

ASSEMBLYMAN DUNN: The one thing that-- Maybe I am mistaken, but I thought what he is doing is the job which he was assigned by statute to do; to watch what is going on. I didn't know we were being called here today for the purpose of talking about Woodbridge.

ASSEMBLYMAN ARNONE: Let me clear something up, Mayor. Wait a minute, Mayor; wait a minute now. We were brought here-- In fact, my opening charge, my opening comments were that it--

ASSEMBLYMAN DUNN: I'm sorry, I missed that.

ASSEMBLYMAN ARNONE: Okay. It is the charge of this Committee to see what we can do to remedy-- One of the main purposes was the application-- You know, the Director has had, in the terms of both of our previous Speakers, the longitude and latitude -- tremendous discretionary powers in the application of the fiscal year change and in the application of some of the discretionary aid which we -- that budget language took away from him, and things of this nature. But we wanted to try to see whether or not, in the application of those two basic areas -- fiscal year change and also the Supplemental Municipal Property Tax Relief Program -- what his

recommendations could be. We are looking to him for help. We are going to try to come out of here with some positive recommendations on how to make the system work a little better.

Now, there were no fingers pointed at Mr. Skokowski by me charging him with any impropriety, nor by anybody else. I think there is some confusion. I think Assemblyman Kramer brought up some points for clarification that he needed. I don't think there has been anyone who has pointed a finger at his integrity or his abilities. There were some unfortunate remarks that a newspaper had published which were attributed to Mr. Skokowski, which he felt were taken out of context.

ASSEMBLYMAN DUNN: Well, that is one of the reasons--

ASSEMBLYMAN ARNONE: The President from Woodbridge, along with the Democratic Mayor, expressed concern at the remarks, but I think there was some light placed upon that, too, though maybe not to everyone's satisfaction. But I want you to know that the charge of this Committee is not -- is not -- to go on any kind of a witch-hunt. It is to try to come away with some kind of positive recommendations to stop the swings in this formula driven program.

ASSEMBLYMAN DUNN: Well, I just want to conclude, then, by saying that an Assemblyman on the Assembly floor made note of these statements alleged to have been made by Barry. I thought that was completely out of order. Since when do we run a legislative body by quoting newspaper items that could be terribly, terribly false, or at least misleading? I am sure that Barry, probably before I came into the room, defended himself against that.

But, I have been misquoted, as you have -- all of us have been -- in the newspapers, and I just felt it was out of order for the Chairman to accept that on the floor, without giving the opportunity to Mr. Skokowski to defend himself. When I heard some of the language used here today, I couldn't help but come to the interpretation of it being sort of a setup

against Mr. Skokowski. All I'm saying is, he has been on my list for many, many years for very many purposes, but by the same token, I have always found him to be a very, very competent person of honesty and integrity. The word, "bureaucrat," which was used by this young man, had sort of a nasty connotation to it. I just felt that was uncalled for.

ASSEMBLYMAN ARNONE: All right, thank you. Thank you, Mr. Skokowski, again, for coming here today. Thank you, Mr. Gardner.

DEPUTY COMMISSIONER SKOKOWSKI: Thank you.

COUNCILMAN GARDNER: Mr. Chairman, if I may, just before--

ASSEMBLYMAN ARNONE: One second.

ASSEMBLYMAN KRAMER: Barry, before you leave, if you were running the Division as you have in the past, if you were the person running that Division, you wouldn't be here today.

COUNCILMAN GARDNER: Mr. Chairman, just before Mr. Skokowski leaves, I would like to just say that Woodbridge is always looking for, and would welcome advice. However, we feel that the final decision should be the Council's, as it was. If we have a disagreement, we don't want that to be held over our heads in the future. That is our only problem.

DEPUTY COMMISSIONER SKOKOWSKI: Let me indicate, as Assemblyman Dunn has indicated, that if I were here for my popularity with every decision I made, I wouldn't be around. Okay? I do not hold grudges, and I know we can work together in Woodbridge.

ASSEMBLYMAN ARNONE: All right, fine. Is there going to be a representative here from DCA to take down some of this testimony?

DEPUTY COMMISSIONER SKOKOWSKI: Mr. Johnston is going to be here.

ASSEMBLYMAN ARNONE: Okay, fine.

We have a couple of Assemblypeople here who want to make some comments. Assemblyman Mikulak, would you like to bring greetings to the Committee? We have a long list of people here who want to testify, and we have another committee meeting.

A S S E M B L Y M A N S T E P H E N A . M I K U L A K:
Thank you, Mr. Chairman. I will try to keep this brief.

I have been following accounts of the Woodbridge Township Council in their attempts to reduce a transition budget which was presented to them by the Mayor. I won't go into the details. There are three Councilmen here today, one of whom is the Council President you just heard.

I was simply outraged when I read of the heavy-handed quotes from the Director of the Division of Local Government Services, who attempted to intimidate the Council into not cutting the budget. Nobody disputed these quotes at the time. It was only later that they became quotes taken out of context, or misquotes. Okay? I have a number of articles. Let me just say that I have dealt with the reporter since 1986 as a Board member, and I have never been taken out of context, and I am a politician, so I am not that sensitive.

On June 30, I did what I felt I had to do. I apologize if I offended Mayor Dunn's sensibilities, but I just simply read the quote to the General Assembly under a point of order. I feel that is my privilege -- a point of personal privilege. I want to thank Speaker Haytaian, and I want to thank you, Mr. Chairman, for providing this prompt forum.

There are questions that I had anticipated asking Mr. Skokowski. I don't know if it would be fair to read them to the Committee and then submit them to his aide at this point?

ASSEMBLYMAN ARNONE: Well, I think that is a good vehicle to use. I think you can submit them to his aide. I can give you the assurance of this Committee that we will get a response back to you.

ASSEMBLYMAN MIKULAK: May I read them for the public's--

ASSEMBLYMAN ARNONE: Certainly.

ASSEMBLYMAN MIKULAK: Okay. The quote that offended everyone and shocked and outraged us all was: "They are not going to get as much aid as they expected next year, because they don't want to play the fiscal game the right way," Skokowski said. That is not contextual or anything else. I will submit a list to Mr. Johnston.

My question would be, Mr. Chairman: I would like Mr. Skokowski to explain what is the right way to play the fiscal game. I would also like to know if it is Mr. Skokowski's policy, or if he has ever attempted to intimidate local elected officials before in this manner? I would also like to ask Mr. Skokowski if he has the legal authority to promise a local official a grant for the following fiscal year? It is now FY '93. Could he tell a municipality -- a municipal official, "We will give you some discretionary aid, 'X' amount of dollars, for FY '94," before the Legislature has appropriated FY '94? Okay? I want to know if this is a practice, to promise officials discretionary moneys for the following fiscal year.

J A Y J O H N S T O N: If I may, Mr. Chairman--

ASSEMBLYMAN DeCROCE: Pardon me, Mr. Chairman. I really think you ought to submit those questions to Barry through his aide and get them answered, rather than read all of them.

ASSEMBLYMAN ARNONE: Sure. That is what we are going to do. I don't think there should be any give and take here. Mr. Johnston, you don't mind that, do you?

MR. JOHNSTON: Okay.

ASSEMBLYMAN ARNONE: But you know, the discretionary aid portion was already explained. That has been removed from Mr. Skokowski. He doesn't have that within his purview.

ASSEMBLYMAN MIKULAK: Okay. I would like to ask Mr. Skokowski if he has ever recommended any particular bond counsel for any municipal bond work in any municipality in this State, under any circumstances?

ASSEMBLYMAN DUNN: Point of privilege, Mr. Chairman. If this--

ASSEMBLYMAN ARNONE: What is this point? Paul, one second. What is your point?

ASSEMBLYMAN DUNN: My point is, some very serious accusations are being made, almost criminal. For him to suggest a bond counsel, would be in direct violation of the law. I think it might be a felony. I'm sure it is.

ASSEMBLYMAN ARNONE: I am not trying to defend Assemblyman Mikulak. He is just raising a question, and he wants to submit this in writing.

ASSEMBLYMAN MIKULAK: I'm asking the question.

ASSEMBLYMAN ARNONE: He is asking. He is not making a charge.

ASSEMBLYMAN MIKULAK: I am not suggesting it is criminal. I am suggesting that there might be some circumstances where he might.

ASSEMBLYMAN ARNONE: Why don't we let him read his questions and submit them, and then--

ASSEMBLYMAN DUNN: And this is not a kangaroo court?

ASSEMBLYMAN MIKULAK: Well-- I have also heard that--

ASSEMBLYMAN ARNONE: Well, you know, I can only tell you what I'm doing, Assemblyman. I can't tell you-- We are going to have a list of speakers here. We are going to have many speakers, and I can't control what everyone says. I can only tell you what the thrust and charge of this Committee is. Okay? Now you--

ASSEMBLYMAN DUNN: But, Mr. Chairman, you can rule them out of order when you recognize that a very serious charge--

ASSEMBLYMAN ARNONE: No, I am not going to rule him out of order. He can raise questions. He is an elected official of the State of New Jersey, and he can raise any questions he would like to raise. Any propriety of the questions is going to be determined by Mr. Skokowski, and he will have to respond to those questions, if he would like to. If he doesn't want to, that is his prerogative, Assemblyman.

ASSEMBLYMAN MIKULAK: Mr. Chairman, I have heard Mr. Skokowski. I would like to ask Mr. Skokowski-- I have heard him referred to as the most powerful man in Trenton. I would like him to explain if that is true, or how he accumulated that much power. Is that due to his discretionary powers?

ASSEMBLYMAN DUNN: Mr. Chairman, a point of privilege.

ASSEMBLYMAN MIKULAK: Mr. Chairman, I think that many people do, in fact, believe that the Director of the Division of Local Government Services--

ASSEMBLYMAN ARNONE: Hold on one second. What is your point, Mr. Dunn?

ASSEMBLYMAN DUNN: My point is, I have heard that Senator Lesniak is the most important and powerful man. (laughter)

ASSEMBLYMAN MIKULAK: That was last year, Tom.

ASSEMBLYMAN DUNN: How do you defend yourself against a charge like that?

ASSEMBLYMAN ARNONE: How many more questions do you have, Stephen?

ASSEMBLYMAN MIKULAK: I just want to say in the context of "bureaucrat," a bureaucrat is an appointed official. I used to be a bureaucrat. I used to work for a local government, so I don't want to offend anybody. But I don't think that any bureaucrat -- appointed official -- should threaten elected officials the way that Mr. Skokowski threatened the Woodbridge Township Council for doing what they

were elected to do, which is appropriating funds or reducing appropriations.

I believe that constitutes an unhealthy situation that casts a shadow over the Division of Local Government Services. It is time that this Legislature begins to look into possible abuses like this one that we have seen in Woodbridge, and begins to consider legislation which would curtail some of Mr. Skokowski's arbitrary use of power.

I thank the Committee, and I apologize to Assemblyman Dunn.

ASSEMBLYMAN ARNONE: Thank you, Assemblyman.

Assemblywoman Weber? Please spell your name, Virginia. Spell it so it is picked up on our monitor there.

ASSEMBLYWOMAN MARY VIRGINIA WEBER: It's W-E-B-E-R. Thank you very much. I want to thank you, Mr. Chairman, and the Committee, for hearing me today. I am a member of the Assembly in the Fourth Legislative District, which comprises 11 towns of Gloucester and Camden Counties. I am also an elected member of the Council of Washington Township in Gloucester County.

I would like to point out a few things that have happened that have caused concern about the changing of municipal allocations without warning on July 1 of this year.

On February 28, Barry Skokowski, Director of the Division of Local Government Services in the Department of Community Affairs, sent out a notice to all municipalities which provided the "1992 Calendar Year Budget Information." In that notice, which I have brought with me and attached to my written statement, Mr. Skokowski clearly stated that:

"State statute allows municipalities to anticipate revenue based on 1991 receipts unless you have been advised to the contrary by the appropriate agency that awards grants to your local unit."

In addition, the notice stated that included among the programs specifically included was the Supplemental Municipal Property Tax Relief Act. In parenthesis after the mention of the Act were the words, "all programs."

Mr. Skokowski thus left a definite impression in our town, as elsewhere, that funding would remain at the previous year's level, reinforced with time as neither he, nor any member of his staff or his Department, gave any indication of a change.

The first hint of a potential problem came on Friday, June 19, 1992, when I was informed by my Township Clerk that we would not be able to vote on our municipal budget for the new fiscal year at our Council meeting on the following Thursday, because Mr. Skokowski's Division would not release the funding authorizations for municipalities.

Now I have to interject here as a member of Council, that the latest we ever voted on a budget was June 1, and that was only the year before. Up until that time, our budgets were approved either in April or in May.

I immediately contacted Mr. Skokowski's office, and was told that they would not authorize or release funds until the Florio administration recertified their availability. This decision was made despite the fact that the funds had already been ascertained and authorized for release. It also represented a complete reversal of the standard method of procedure in previous years, because the budgets were all passed before the budgets were passed here in Trenton.

Mr. Skokowski's staff, in that conversation, told me that they had acted in that manner because they could not ascertain what action the Legislature would take, despite the assurance of the leaders and members of the Assembly and Senate that the programs would remain fully funded.

As a result of that conversation, I immediately sent a memo to my colleagues on the Washington Township Council, and

to officials in other District 4 towns, calling for all municipal officials to press the administration for the immediate release of the authorizations, to prevent havoc being caused to municipal budgets throughout the State. I have also attached a copy of that memo to my written statement to the Committee.

I wish to again clearly state that at no point during the discussions did any member of Mr. Skokowski's staff even hint that there would be a change in the amount of funds available for Washington Township, or for any other town.

Thus, yes, we were shocked to hear that Mr. Skokowski's team announced on the afternoon of July 1, as Washington Township and other towns were starting their new fiscal year, that 65 towns were to lose a total of \$4.9 million in municipal aid under the Supplemental Municipal Property Tax Relief Fund.

Now, I did receive this notification, but it was not at that early time. I received it later on, at about a quarter to nine in the evening.

Although Mr. Skokowski swore that political retribution did not play a part in determining who would be cut, I note that 10 of the 65 towns were in the district of Assembly Majority Leader Jack Collins, and eight of the 65 were in the district of Assembly Speaker Haytaian. But the major loser was my own Washington Township.

Under Mr. Skokowski's announcement, Washington Township was cut a record \$458,203, the largest cut in the State. I would also like to interject here that my Mayor, who is of a different party than mine, wrote to the Department of Community Affairs and Mr. Skokowski. His argument was that he was also rather upset and surprised about the change in the funding. His main criticism was, and I would like to quote: "Our criticism of this denial of full funding is that we view the Division's failure to use simple mathematical rounding

methods which would qualify us if both rates were rounded to \$1.94, as arbitrary and capricious. My knowledge of the way other State agencies have handled this, for instance the Division of Taxation, regarding the Municipal Purpose Tax Assistance, is to employ rounding methods." The reason my Mayor was complaining was, our figuring was carried to the fourth decimal, and it was off .0007 percent.

I have written to Mr. Skokowski complaining and asking to meet with him, so we can sit down and try to find out what really did happen, and why the figures were not rounded off. But to this date, 10 days later, we haven't heard a word from any of them. In that letter, I noted that since the Division had the complete breakdown of changes on July 1, the first day of the new fiscal year, they obviously had prepared the changes in advance. To have hidden such changes from the Legislature during its deliberations and voting, and from the towns, despite its notice to them of February 28, in my opinion, shows, at best, a callous disregard for both the Legislature and for the people of the municipalities which have been hurt.

The fact that Mr. Skokowski and his team remained silent about these changes during the legislative debate -- and good heavens, we all know how many times we heard "hold harmless" expressed when we were discussing the budget and how we were going to come down with municipal aid-- I really find it hard to believe. It is an unconscionable attempt to deceive the Legislature and to purposely and vindictively create havoc in 65 communities, thus spitefully hurting innocent people.

Mr. Chairman, we cannot allow these communities to be hurt at this late date. The administration gave no warning to those who were so adversely affected. The result, if not corrected, is 65 municipal governments whose budgets and tax rates have been made meaningless after the fiscal year has already started.

It has become apparent on numerous occasions that the administration is attempting to subvert the Legislature's directives in the recent appropriation process. But, unlike other programs, in this case we can correct the harm being caused by the administration. To do so, I ask for your support for the "hold harmless" legislation introduced by Assemblymen Haytaian and Collins.

For the 65 penalized towns, this is the only alternative to drastic adjustments in their budgets at this late period. For towns such as my own, for which the \$458,203 decrease represents more than a penny change on the local tax rate, to not pass such legislation would be disastrous.

Thank you for listening to me.

ASSEMBLYMAN ARNONE: All right. Thank you very much, Assemblywoman.

Assemblyman Kramer, would you like to read a letter into the record here from the Mayor of West Deptford?

ASSEMBLYMAN KRAMER: Yes, just to reemphasize what the Assemblywoman indicated. There is a letter here from West Deptford Township. I will just read one of the paragraphs. It says:

"Throughout the recent budgetary debate, the League of Municipalities (indiscernible) for a repeat of the services from legislative leaders that we would be held harmless and property tax relief funding would remain at the prior year's level. As late as 11:30 a.m. yesterday" -- this letter is dated July 2 -- "Township staff received assurances from the New Jersey Department of Community Affairs that funding would remain at, or very near 1991 levels."

ASSEMBLYMAN ARNONE: Mr. Johnston, may I burden you with--

MR. JOHNSTON: If I may, Mr. Chairman, I would like to respond to a few misperceptions and misconceptions that were in

Assemblywoman Weber's comments to the Committee. I would like to clarify a couple of issues she raised during her testimony.

The February 28, 1992 Local Finance Notice that was issued to all 567 municipalities, actually all 530 or so county -- or municipalities in the State, did, in fact, indicate that under State law, municipalities could introduce budgets anticipating, unless they were otherwise instructed, a like amount of aid as they received from the State in the prior year. At the same time, in the same paragraph, that notice directed municipalities, or called to the attention of the municipalities, that the Director and the Division were not going to approve any budgets until the State budget had been adopted.

The inference, or the impression that has been raised here has been that the Division, in some way, in a calculated way, left the impression with local governments this year that they would receive the same amount of aid that they received last year, and that that impression that was left became something of a fiat in terms of how those municipalities went about introducing their budgets. That is not the case. I think the Director explained that pretty clearly during his testimony here.

The issue in Washington Township, in fact, belies the allocations being made against the Division. In Washington Township, the budget was introduced allocating, or anticipating as a revenue in this budget year, the same amount of aid that they received last year under the formula driven portion of the Supplemental Municipal Property Tax Relief Act. I believe it was about \$1.7 million or \$1.8 million. I think I have the--

ASSEMBLYMAN ARNONE: It was 1.793.

MR. JOHNSTON: All right, \$1.8 million. The municipality, last year, under the discretionary program that was part and parcel of the Supplemental Municipal Property Tax Relief Fund, received about \$735,000 in discretionary aid from

the Director. When they introduced their budget this year, the anticipated revenue under SMPTR was \$1.8 million roughly, the amount of money they received under the formula last year. They are actually receiving in excess of \$2 million in Supplemental Municipal Property Tax Relief aid, for a net gain in the budget as they introduced it in Washington Township, of approximately \$300,000. That is a direct result of the Legislature holding harmless that portion of the Supplemental Municipal Property Tax Relief Fund that was allocated under the discretion of the Director last year.

The point that is being made, just to summarize briefly, is that we, in some way, told municipalities to anticipate the same amount of aid that they received last year.

ASSEMBLYMAN ARNONE: One second;; backtrack for a moment. Washington Township is getting the same amount of discretionary aid they got last year--

MR. JOHNSTON: That is correct.

ASSEMBLYMAN ARNONE: --because we kept that consistent.

MR. JOHNSTON: That is correct.

ASSEMBLYMAN ARNONE: Now, whether or not they would have gotten it, I don't know. I don't know how that formula would have worked, or triggered that amount. However, my figures show that Washington Township's total State aid package is \$4.112 million, compared to \$4.547 million. Are you computing into that the pension reval savings?

MR. JOHNSTON: No, I am not, sir, because we are dealing specifically with the Local Finance Notice that went out on February 28 and the issue that was raised relevant to whether the Division ever gave direction to the municipalities that they were to anticipate the same amount of aid that they received in the previous year.

ASSEMBLYMAN ARNONE: I see what you mean, okay. I'm sorry.

MR. JOHNSTON: Just to sum up, the assertion that is being made is that we in some way told municipalities that they should anticipate the same amount of aid that they received last year. Neither the Director nor anyone on the senior staff of the Division ever told any municipality that that was what they must do.

The fact that Washington Township did not anticipate the same amount of aid that they received last year, and, in fact, were receiving more aid than they received -- or than they had anticipated in this year's budget, tends to belie that argument; that is that, you know, "We had the rug pulled out from under us at the last minute."

The idea that these are-- You know, I don't want to throw this into a political context. I am not a political person. But the idea that this is in some way--

ASSEMBLYMAN DeCROCE: Everybody here is political.

ASSEMBLYMAN KRAMER: Yeah, Jay. Don't ever say you're not political, Jay.

MR. JOHNSTON: The idea that these allocations -- again getting back to Assemblyman Kramer's remarks earlier today-- You know, the indication is that the formula means nothing. In fact, the formula is statute. The formula knows no political boundaries; knows no municipal boundaries; knows no political complexion. The formula is simply the formula.

As Assemblywoman Vandervalk was speaking before, and as Barry indicated, there is a policy decision that we believe needs to be made here. Do you continue this program as a circuit breaker, which is what it was set up to be, or do you turn it into an entitlement program, so that a municipality can anticipate the same amount of aid from one year to the next? Really, at the very bottom line, that is what we are talking about here.

If you want a situation in which you have municipalities which can anticipate the same amount of aid from

year to year and can go into their calendar year budgets at the beginning of the year and get the process of adoption underway and through it in time to get their tax bills out, then you may want to look at this in the context of turning it into entitlement. However, the program itself was set up to be a circuit breaker. It was set up to provide-- Through four tiers of aid allocations, it was set up to provide relief to towns which needed the relief more. So, the towns that had tax rates that were greater than twice the State equalized average would get \$72 per person--

ASSEMBLYMAN ARNONE: Jay, you don't have to belabor this. We are quite aware of how the circuit breaker concept works. One of the questions that we feel we would like to find a solution to-- We feel it doesn't work well, okay? We feel whether the levels have to be changed, whether or not you go from the \$72.76 all the way down to \$22.00, whether those swings are causing these budgets to go too far apart, and whether those brackets have to be changed; whether or not the concept of a circuit breaker -- whether that intentionally punishes a community that has a very prudent, conservative, economic policy and rewards a community which does not follow prudent fiscal policy--

Now, whether or not it is working in the manner we want it to work-- I understand the concept. We understand how that circuit breaker works. Our policy decision -- and I well realize it is not your decision; all you are doing is interpreting the law and putting it into motion-- We understand all that. What we're saying is -- and we are trying to arrive at this today -- whether or not this whole program has to be changed, whether or not to change the formula, make it work in a better manner, maybe make it an entitlement program, and maybe give the municipalities more latitude on what to do with this money--

MR. JOHNSTON: In that vein, Mr. Chairman, you know, for many of these towns-- There were some slight swings in these towns in the matter of \$100 that were related to adjustments made in census boundaries, but for the most part you had situations here in which municipalities may have had a tax rate that was slightly lower than the State average in 1990, and kicked up to slightly higher than the State average last year. It looks like a very small change in their municipal purposes tax rate as it is equalized, but, in fact, it is \$11, or thereabouts, that they are losing per person living in that municipality.

That is why when Washington Township, which last year had a tax rate that was slightly higher -- or, last year's formula was based on a tax rate in 1990 that was slightly higher than the State average, they received \$42 and 70-some cents--

ASSEMBLYMAN ARNONE: Yes, but that is the very question, Jay, that I asked the Deputy Commissioner. If this town uses that aid to drive their tax rate down -- okay? -- that is the rate that is going to be used the following year to compute whether or not they are going to get any more aid. Do you understand?

MR. JOHNSTON: That is correct, Mr. Chairman.

ASSEMBLYMAN ARNONE: So, it is going, like, in different directions here.

MR. JOHNSTON: At the same time, the statutory language in the Supplemental Municipal Property Tax Relief Act, as enacted last year, requires municipalities to use that to reduce the amount to be raised by taxation. There is no--

ASSEMBLYMAN ARNONE: You've got an artificial equalized tax rate then that the municipality is using, because it is using that aid that they are not going to get.

MR. JOHNSTON: And if you kick around the margins it can create havoc. But the one point I wanted to make, to

finish up very quickly, is that the allegation being made that we told towns to anticipate the same amount of aid as they received last year is, in fact, belied by the experience of Washington Township this year.

ASSEMBLYMAN ARNONE: Okay, fine. Do you have a question, Assemblyman Kramer?

ASSEMBLYMAN KRAMER: Yes. I want to get back to what I said earlier. Does not budget language supersede all other statutes, because it certainly did in the gross receipts franchise tax? That statute still exists, but because of language in the budget, the distribution has changed. Right? There is no question?

MR. JOHNSTON: Absolutely, Assemblyman.

ASSEMBLYMAN KRAMER: Okay. On June 18 we gave a budget -- we introduced a budget. It wasn't voted on, but it was clearly indicated by both the Speaker's and the President of the Senate's speech that municipalities were being held harmless. Okay? It also, in every newspaper in New Jersey, said that municipal aid was held harmless. Everybody knew that. From that period until the budget was finally adopted and voted on, on June 30, nothing came out of your Division, or your Department, that said, "Oh, wait, there is a little problem with the language." We could have changed that language, and that language would have superseded the statutes that control the allocation of funds.

MR. JOHNSTON: Absolutely, Assemblyman. I don't have any--

ASSEMBLYMAN KRAMER: In my opinion, you could have stepped up to the plate, as a Department, and done that, instead of letting us go through-- We wouldn't be here today without that; if that, in fact -- if that cooperation-- The intent was clear, and the impression from this February 28 letter certainly was that last year's levels would probably be the levels this year. It didn't say that, and it said some

other things, but the impression was, from statements made over and over again-- If your Department had stepped up -- as I said earlier, as I said a second ago -- and really avoided what we are faced with today with the change-- I mean, all we wanted was to hold everybody harmless. You knew that; you knew that on June 18; you probably knew it before then, because the Speaker, on other occasions, had indicated that. But you had enough time from the day that budget was presented, to tell us, "Oh, there is a little language problem that we need to be correcting," and we would have been able to avoid this type of forum today.

MR. JOHNSTON: Again, Assemblyman, to go back to what the Director testified to earlier, when we took a look at the formula and the formula language, as it is with the gross receipts and franchise taxes, where the statutory language was changed with budget language, we saw a Legislature that had consciously gone into a small portion of the Municipal Property Tax Relief Fund and had frozen -- taken away the Director's discretion to use that as allocations for additional property tax relief. We had seen a Legislature that had consciously gone into the formula itself -- the formula that distributed the money to the municipalities on a per capita basis -- and changed that formula.

To our minds, regardless of what was being said, or written about in press releases and speeches-- To our minds, the Legislature had looked at the formula. They had determined that this was what they wanted to freeze. They determined that they needed to update the formula in a small way, but not affect the bulk of the formula.

ASSEMBLYMAN KRAMER: But how could you reach that conclusion, when everything else that was said was hold harmless? The comment of hold harmless last year's figures was said over and over again. Please, I've been around for 25 years. Jay, please, don't tell me that there aren't political

motivations with that Department. I have never seen, in 25 years--

I'll give you an instance, because you and I have verbally gone at each other in the newspaper. I was on vacation, and I missed a meeting that Community Affairs had going over some budget changes. That was when the date was changed from when you pay pension bills. I missed that meeting. My opponent knew I missed that meeting and used it against me. There is only one way he knew I missed that meeting, because the records of Community Affairs indicated that I wasn't there, and that was passed on to Skip Cimino, who is now Commissioner of Personnel.

So don't tell me that Department has not politicized. I have been around too long to sit here-- Mayor Dunn -- former Mayor Dunn, Assemblyman Dunn -- can stand there and defend Barry Skokowski, and I will, too, because I don't blame Barry Skokowski. When Barry ran that Division and his marching orders didn't come from someone else, he did a good job. But since then it has fallen apart, and local governments are suffering from that fact.

ASSEMBLYMAN DUNN: Mr. Chairman?

ASSEMBLYMAN ARNONE: Yes?

ASSEMBLYMAN DUNN: First of all, I would like to have the record show that I am still the Mayor of the City of Elizabeth. You know, I found myself defending Barry Skokowski, but I really didn't intend to. But it is an interesting point, I think, to bring to your attention, the fact that your budget was adopted. There is a difference between quotes made by Senator DiFrancesco and Speaker Haytaian, but that same language that they spoke does not appear anywhere in the budget language, as I understand it. It just seems to me that after the budget has been adopted, certain members of the legislative bodies realize that some towns have been hurt because of the rather quick action on the part of the Appropriations Committee

and the Assembly and the Senate to get a budget together that could be passed.

Perhaps if the Appropriations Committee allowed division heads or department heads, like Skokowski, to testify before the Appropriations Committee at the right time, a lot of these questions could have been clarified and straightened out. I think honestly that the majority made a terrible mistake by not allowing the various bureaucrats who head these agencies to testify. I think if they were allowed, a lot of the so-called hurt, or ill feelings, or misunderstandings would have been eliminated completely.

ASSEMBLYMAN KRAMER: Assemblyman Dunn, you got up on the floor that day and expressed how glad you were that municipal aid was held harmless, so you understood it.

ASSEMBLYMAN DUNN: Yeah, but it is not being--

ASSEMBLYMAN KRAMER: I don't know why the bureaucrats -- a term that you don't like -- didn't understand it.

ASSEMBLYMAN DUNN: Well, Mr. Chairman, I don't remember making that speech.

ASSEMBLYMAN ARONE: Well, let me say this; let me interject this.

ASSEMBLYMAN DUNN: All right, but let me finish, because that language is not mine -- held harmless. I never said that since I have been a member of the Assembly. I might have--

ASSEMBLYMAN DeCROCE: Well then you said the same municipal aid they got last year -- is what you said.

ASSEMBLYMAN ARNONE: All right, hold on a second. Time out; time out. You know, our focus here today is-- We understand what transpired; we understand what happened. Our focus here today is how we are going to remedy the situation and how we are going to readjust this-- Hopefully, Jay, you are going to help us out. Hopefully, we can have a little working committee come out of here and meet with Mr.

Skokowski. Give us your recommendations -- we have put through a couple of positive ones -- about how we can stop these swings. Maybe we have to give some thought to taking the formula away. Let's change it to an entitlement program possibly, if we can get the formula how to change it to an entitlement program. Maybe we can make those kinds of changes.

But again, thank you. Have you finished your comments, because we have a lot of people here who want to speak?

MR. JOHNSTON: Yes, I have. I'm sorry. I went on and on. I'm sorry.

ASSEMBLYMAN ARNONE: I do want to get through these. We have another seven or eight people here who want to speak. You may remain seated there, Jay, because we have, from the town of Newton-- Camille, I am not going to try to pronounce your last name again. I tried that once and I messed it up. She is the Chief Financial Officer, I believe, of Newton.

C A M I L L E F U R G I U E L E: When you indicated that we had to spell last names, I thought for sure you had seen mine.

ASSEMBLYMAN ARNONE: So would you please spell it, Camille, because--

MS. FURGIUELE: It is pronounced Furgiuele -- F-U-R-G-I-U-E-L-E. Yes, I am -- not only the Chief Financial Officer, but I am the Town Manager of the town of Newton, up in Sussex County. I also have the privilege of being the President of the Government Finance Officers Association. I have also been an adjunct professor for Rutgers University for eight years, teaching budget and accounting courses.

ASSEMBLYMAN ARNONE: We find that very intimidating, you know.

MS. FURGIUELE: I am going to digress for a minute on that, though, Assemblyman Arnone, because to be very frank with you, it has always been-- I have had so much respect for the State of New Jersey and the financial laws and regulations they

have put into place over the years. I proudly stand there, at times-- I am certainly in agreement, and certainly in disagreement with some of that legislation, the cap particularly, but it has always been a privilege to stand there in front of a group of people and discuss how the State of New Jersey is so well financially regulated. It takes on the fiscal responsibility that should be taken on by the other 49 states that do not. They take the matter of finance very seriously, and that is why we have had that AAA bond rating at Standard and Poor's and Moody's for all those years.

I was very proud of that, up until a couple of years ago. Now I stand there, and I teach budgets, and, you know, it is almost embarrassing to stand there and talk about the laws that have been put into place. The budget calendar law-- It's a joke. Assemblywoman Weber said, "Gee, they normally adopt their budget by June 1." The law says, "March 23." We all know that. How often has it happened in the last seven years? Never. Couldn't be. I find it totally absurd, as I know you do. This is not pointing fingers at anyone. I don't want to place blame. I don't want to talk about the Republicans, the Democrats, Skokowski, this one and that one. That is not what I am here for.

I find it absurd that I am here, on July 16, to talk about State aid for the town of Newton, which can't adopt their budget. I find it absurd that I am sitting here on July 16 -- and, Paul, I want to know how you got your tax bills out, because I sure don't have mine, and I am not going to have them for about six weeks, or maybe longer.

ASSEMBLYMAN KRAMER: I'll explain it to you.

MS. FURGIUELE: Fine. I have to, for the first time, explain to the public about estimated tax bills. Two years ago, I had to talk to them about tax anticipation bill notes.

ASSEMBLYMAN ARNONE: It's right in the Asbury Park Press today, right on the front page.

MS. FURGIUELE: Tax anticipation notes. We never had to go out for taxes. We are a conservative community. Let me tell you very briefly, and I promise I won't take long, but I came an hour-and-a-half from Newton, so you'll bear with me--

Newton is a three-square-mile community in Sussex County. We are the County seat. We have about 8000 people in our town. We don't have a high per capita income. They are hard-working, blue-collar workers. They are good people, a lot of elderly. We are proud to be the County seat of Sussex County, except that 40 percent of our property in the town is nontaxable. We are an extremely conservative community. We are nonpartisan. They are elected on what they do, not on who they represent. They don't raise taxes in Newton unless it is absolutely necessary.

I don't have a big surplus in Newton. Use the surplus for the reduced taxes, Camille. Don't save the surplus. Help the people. That is what we have done. On July 2, I was told that because we did that, we are being penalized. "Your tax rate is a little bit less than the State's equalized average, so therefore, we are going to penalize you, and we are going to give you less money."

I have two problems with that supplemental formula. Number one, didn't anyone have a list of the numbers in March that could have been sent out to the 567 municipalities, so that if, as the majority and the Assembly Speaker and the Senate President had said to us, "We are going to hold that \$360 million there, we are going to hold them harmless--" But, if it didn't come to that, couldn't we-- I wouldn't be sitting here. I wouldn't have come from Newton if I would have known in March that I was going to have \$82,000 less because of a formula that may or may not be held by the Assembly and the Senate. But to be told on July 2-- It's absurd; it is truly absurd.

I don't know who had those numbers. I don't know if it was the Division. They told me it wasn't. I don't know if it was Taxation; I don't know if it was Treasury. At this point in time, I don't care, because it doesn't help me. I didn't know it then, so therefore, I couldn't put it in this preliminary budget, gentlemen and ladies, that I prepared for my governing body in November of 1991. I am still sitting here discussing it. It has not been adopted. Again, absurd.

The formula-- I have a real problem with the formula. I don't know who created the formula, whether it was the Democrats, the Republicans, a combination of the Division, the Governor. I have no idea. But the formula does not take into consideration so many financial factors that move a municipality and what they do.

I have known Paul for years. As finance officers who have been around for a while, who have had to deal with the cap and try to make it work, we know we can move numbers, and we try to do it as best we can. But I know a lot of my peers out there have surpluses that would choke a horse. I don't have that. The amount of surplus in a municipality -- the percentage of surplus to the budget, does not come into factor with this formula. So if you have a municipality that has a higher equalized tax rate than the State, but is sitting there with a surplus that could be 10 percent or 15 percent of their entire budget, they are going to get more money. You are going to reward them. I do not find that equitable, nor do the 8000 people in Newton find it equitable.

The revaluation-- You know, we have tax boards. You've got to do a revaluation. You go into a revaluation, you come up with a number -- and the Assemblyman mentioned that -- a number of factors that totally and adversely impact on the financial stability of that community, especially in the economic times. You all know about the market -- the real estate market. You know that everybody-- We've got these ax

associations writing letters to the editor telling everybody to do their tax appeals, and everybody is out there appealing their taxes. And you know, those tax boards are saying, "You're right. The municipality is assessing you too much." Go into a reval year, and you are talking about a major impact. We just came out of a reval. Our 1990 tax rate was 4.43; 1991 was 1.83, and, by God, it's less than the State average. But in the meantime, I had to up my reserve for uncollected tax by over 25 percent, from '90 to '91, and again in '89 to '90 by another 35 percent because of tax appeals; because the people are not paying their taxes.

These are all factors that come into play. That formula totally ignores those factors; totally ignores them. Is the money being spread out equitably? I'm sitting here listening to all these millions of dollars, and the big cities, and what's needed. You know, there are 420 small municipalities out there, over 420 with populations of 15,000 or less. Those are the ones that are sitting there trying to explain to their populations now why they don't have a tax bill. Not all of them have decreased as stated. We know that. There are only 65 of us.

I won't go on any further, because I don't want to--

ASSEMBLYMAN ARNONE: All right. Well, let me ask you this question.

MS. FURGIUELE: Sure.

ASSEMBLYMAN ARNONE: Were you aware that you were not going to get the aid? When were you aware of the fact that you were going to lose that?

MS. FURGIUELE: July 2.

ASSEMBLYMAN ARNONE: You were not aware of it until then?

MS. FURGIUELE: No.

ASSEMBLYMAN ARNONE: Were you aware of the fact that this particular aid was formula driven?

MS. FURGIUELE: I was aware of the fact-- I was told that the State aid from 1991 to 1992 was going to be held harmless; that that \$360 million--

ASSEMBLYMAN ARNONE: Who told you that?

MS. FURGIUELE: Everybody I had spoken to, Assemblymen--

ASSEMBLYMAN ARNONE: Well, we said that; as a body politic, we said that--

MS. FURGIUELE: I was told--

ASSEMBLYMAN ARNONE: --sometime in June. But were you aware of the fact, Camille-- Let's say the law had been in existence since 1991.

MS. FURGIUELE: Right.

ASSEMBLYMAN ARNONE: There was a law governing this. You could very easily have taken your tax rate, compared it to the State tax rate, and computed to the penny what you would get. You would have seen that you would have gotten \$82,000 less. You could have done that in January or February.

MS. FURGIUELE: I could have; I didn't; and no one told me to.

ASSEMBLYMAN ARNONE: Well, but you're the Financial Officer.

MS. FURGIUELE: No question about it.

ASSEMBLYMAN ARNONE: Do you want the State to tell you to do that?

MS. FURGIUELE: Assemblyman Arnone, in February, in March, in November, in December, we were talking about State aid. We didn't even know if that QEA money was going to be there.

ASSEMBLYMAN ARNONE: Right, I understand.

MS. FURGIUELE: We talked about keeping the pot there and keeping it as it was, so therefore-- All right? I will be honest with you, I think you had sent a message to my office about, well, you know-- If you look at the pension reval

money, you know, it is a net gain. No, I'm sorry. I have to be honest with you, not from you, but anyone who is talking about that pension reval money being State aid-- I am offended by that.

ASSEMBLYMAN ARNONE: No, no, I never said it was State aid.

MS. FURGIUELE: Well, it has been brought back to me, and it has been brought back to the other finance officers. Let me tell you something: There is no way that that is State aid, because we still have to make a payment next year, as you well know. I am not going to--

ASSEMBLYMAN KRAMER: It is a return of overpayments for 10 years.

MS. FURGIUELE: Well, you know, the thing is, when we do budgets, or when we try to do budgets-- When I teach budgetary, you don't do it with blinders on. You have to look at not just the year you're in; you have to look at next year, if you are going to be responsible. We were told it was going to be held harmless; it wasn't.

ASSEMBLYMAN KRAMER: Camille-- May I--

ASSEMBLYMAN ARNONE: Yes, Paul, go ahead.

ASSEMBLYMAN KRAMER: First of all, I want to tell you something: Outside of Lou Neely and myself, Camille is the most outspoken finance director in New Jersey, and her drive has always been her concern for the financial integrity of New Jersey and its municipalities. That is why she is President of our organization.

There is an inherent problem with the whole process, which is very obvious to all of us as finance directors. The Governor has to give figures to the schools, I guess, in December sometime. Is that right, Jay?

MR. JOHNSTON: Yes.

ASSEMBLYMAN KRAMER: And has to tell the municipalities, or get this budget, in January, to the

Legislature. The only way we ever got State aid certified, was if we took that budget and accepted it the way it was, as a Legislature. But that hasn't happened, I guess, in four years -- right? -- or longer maybe--

MS. FURGIUELE: Longer than that.

ASSEMBLYMAN KRAMER: --and rightfully so. I mean, should we accept his revenues and his appropriation as a Legislature, without going over it like you go over your local budget and I go over my local budget, so we understand? The point is, the process is wrong, because we don't have to strike a budget until June 30, but you are supposed to pass your budget by March 22.

ASSEMBLYMAN DeCROCE: A question: You indicated that you proposed your budget as late as November of '91. What figures did you plug in at that time in order to calculate your budget?

MS. FURGIUELE: When we do the preliminary budget, we are in a Faulkner Act community, so we are required to give a preliminary budget to the governing body by January 15. We have always done it historically in December. We will work the appropriations side-- Obviously, we will try to make it work within the cap, and then what we will do is, we will anticipate the numbers that we had received revenue-wise the previous year. Then we would certainly work with the governing body insofar as the actual impact as we can calculate it then on the tax rate, knowing, of course, that these are just preliminary numbers and they do vary once you get adopted.

ASSEMBLYMAN DeCROCE: So then you did use the July '91 dollars that came into the municipality. Am I right?

MS. FURGIUELE: Actually, I used the January 2, 1992 numbers that came in, yes. In other words, we got the aid on January 2 for 1991, but we used the same numbers, yes. Again, we were assured that that was what we were supposed to do.

ASSEMBLYMAN DeCROCE: Okay.

ASSEMBLYMAN KRAMER: The only way we can clean up this problem is if everybody goes through a fiscal year, and that the first bill was an estimated bill. When I say "estimated," we decide, because we will know at a certain point what our taxes are anticipated to be, right? I mean, it costs a little more money, but it would stop this craziness that has been going on all along. The money you lose because you haven't sent a bill out -- right? -- is probably in interest earnings. It is probably a lot greater than what it would cost you to send a second bill out. Is that right?

MS. FURGIUELE: That's right.

ASSEMBLYMAN KRAMER: Would you agree?

MS. FURGIUELE: Yes. I just have one question about fiscal, and I was invited down by Senator Lynch in January of 1991 to discuss that fiscal bill. I was quite concerned about it. We did a quick study of all the chief financial officers as to what they thought about it, the fiscal stability, and so on and so forth. You know, you are probably right. I think the only answer for the municipalities is, it is going to have to go to fiscal, because we are not going to sit here in July of every year.

ASSEMBLYMAN KRAMER: But, when we go to fiscal this time, we will get 50 percent of the State aid for that transition period.

MS. FURGIUELE: May I ask you something, Paul?

ASSEMBLYMAN KRAMER: Sure.

MS. FURGIUELE: Let's just, hypothetically, say that 567 municipalities by 1998 are all on the fiscal year. What is to guarantee us that the Legislature and the Governor in 1999 do not decide, "Gee whiz, you know, we are supposed to send that State aid in December, but you know, if we held it for another three months, look at the interest we would make. And you know, if we held it for--"

ASSEMBLYMAN KRAMER: Oh, that could happen.

MS. FURGIUELE: Why do we have to go to fiscal year, Paul? Because this whole system came about, franchises started-- You know, it used to be real easy to do a cash flow analysis for a municipality. We used to get our State aid on a quarterly basis. Now we don't get it on a quarterly basis. There is no guarantee that it is not going to happen, and why are we going to the fiscal year exactly for that? For two reasons: to get the numbers as quickly as we can, and to get the revenue within six months. Those are the only two reasons. But you know, for a lot of years, we got the numbers and we got the money.

ASSEMBLYMAN KRAMER: Well, because there weren't 22 different State aids, and it was easy to--

ASSEMBLYMAN ARNONE: All right. Let me--

ASSEMBLYMAN KRAMER: She asked me how I sent the bill out, right? I'm on a fiscal year.

MS. FURGIUELE: Okay.

ASSEMBLYMAN ARNONE: One moment, I would like to check something. I don't mean to cut you short, Camille.

MS. FURGIUELE: No, no, I would be happy to--

ASSEMBLYMAN ARNONE: I don't mean to cut you short -- please don't think that -- but we have six more speakers, and we have another meeting at 1:00. So--

MS. FURGIUELE: Absolutely. I just want to thank you very much for allowing me--

ASSEMBLYMAN ARNONE: I want to try to give everyone an opportunity. I thank you for coming, Camille.

MS. FURGIUELE: Thank you.

ASSEMBLYMAN ARNONE: Listen, whatever thoughts you can give us, reduce them to writing, and give them to the Committee. We want to make some changes. That is what we are here for. Okay?

MS. FURGIUELE: I shall do it.

ASSEMBLYMAN ARNONE: Thank you. And send a copy to Jay, too.

James Dorn. I am happy to say that Mr. Dorn is from a municipality in my district. I would like to say that he was a candidate for the Assembly a couple of years ago. Well, Mr. Dorn. Would you please spell your last name, Mr. Dorn, for the monitor?

JAMES DORN: Yes. My last name is spelled, D-O-R-N.

My purpose for being here today is just to try to emphasize the impact of any uncertainty with funding for municipalities. As the lady from Newton mentioned, most of the municipalities, or over half of them, are small municipalities. Englishtown Borough is probably one of the smallest, if not the smallest in Monmouth County. It is 300 years old. It has a population of 1268 people, and it is a half a square mile in diameter, mostly residential -- 401 residential taxable units and 33 commercial, mostly mom and pop businesses. We have an infrastructure that is at the top of the class; all new and basically in excellent condition. We have had predominantly a slowly rising tax rate over the years, a couple of pennies a year, with not too much of a problem. We do not have our own school district. We share with two regionals -- Freehold Regional High School and Manalapan-Englishtown Regional. We have our own fire district and our own police department.

What has been happening, particularly over the last three years, with the uncertainty of funding in our municipality, what we are responsible for collecting through taxation is \$1.7 million. Yet, the actual cost of appropriations for the Borough is only \$660,000. So we are collecting the two school taxes and the county taxes, the fire taxes, and everything else -- library taxes, and so forth. When there is a change in funding-- A \$7000 change in funding-- That is one point on the rise in the tax bill -- for

every \$7000 change. So you can see what a \$14,000 cut in formula aid can do. That's a two-cent increase right there. If, in fact, something goes wrong with the pension revaluation, as I read something in the paper about it-- There is an uncertainty there of \$20,000. That is another three-cent rise if we don't get that savings -- or don't realize that savings.

When the State is late in sending their money to us that they say they are going to send to us, be it last year's discretionary funding, which we received in January of this year-- Fortunately, we had enough reserve in our utility accounts to borrow from them without having to go out for anticipation notes. But what about the municipalities that do not have that luxury?

Last year we were told to reduce our healthy surplus down below what we felt was a safe surplus, and now we have a major increase coming along. What do we do now? There is a tax rise. The fact that the municipality-- Since the Homestead Rebate change of the Florio administration in 1990-- It no longer gives the municipalities the rebate if a taxpayer is delinquent to help offset the reserve for uncollected taxes. That is an additional tax that is being put on the people. Prior to that, the municipalities would have received any rebates that were due to a delinquent taxpayer. Now the State keeps it.

ASSEMBLYMAN KRAMER: Originally they were going to do that, but they changed it. It goes back to us now.

MR. DORN: It goes back to the--

ASSEMBLYMAN KRAMER: The original language, I think, in the budget said that they would keep it, but there was so much controversy over it, they decided to send it to the municipalities.

MR. DORN: All right. I don't know. Our municipality has not received any notice to that effect, because that is a bone of contention -- a major one.

ASSEMBLYMAN KRAMER: No notice; I got the check.

MR. DORN: I'm glad to hear it has been changed. That is one good point for today.

I don't know what the solutions are. Some of the suggestions I would make are: As you indicated, 22 different types of State aid and programs and grants and so forth-- There should be a date when all municipalities which have applied would be notified that they, in fact, either are or are not going to get it, and how much it is going to be. There should be a definite date, statewide, set that everybody receives it.

ASSEMBLYMAN ARNONE: That is exactly the point made during our opening comment. Jay, I think you marked that down. That is a very good point. Following approval of the State budget triggering these aid programs, a certification date that we can tell municipalities that this is when they are going to get their money.

MR. DORN: It would be greatly helpful to us. Again, of course, if the State could adopt its budget earlier in the year, it would help everybody. But in Englishtown's case, we have to wait for both school districts -- for their budgets to be approved, and if they are appealed to the Commissioner, we still have to wait before we can adopt ours because they don't know what theirs is going to be. We have to wait for the county; we have to wait for the fire district. So there is a tremendous amount of pressure put on us. And again, for every \$7000, there is a penny difference in the tax rate. And we have a small community, again, and we don't have that cushion.

The other problem we have is, for instance, in a small community, if you have three or four personal bankruptcies, the municipality cannot collect its taxes on those properties until they are resolved, which could last three to four years in bankruptcy court. And there is no guarantee the municipality is going to be placed first, second, third, fourth in that line

for receiving funding. Under the current economic situation, there is a possibility where that structure could go up for sale and not generate enough revenue to pay off all the creditors, usually the government -- the Federal, State, and local governments. That is another scary factor to look into.

In our municipality, we have a reserve for uncollected taxes of \$222,000. There are three taxpayers who are in bankruptcy. There ain't nothing we can do about it, so we have to tax the public now for that uncollected reserve.

Another change would be to allow the municipality-- For instance, this year our numbers, or our budget, will be based on December 31 taxes that were not paid. January 1, they could have all been paid up, but we are still going to have to tax the taxpayers for what they were December 31. The taxpayers never get that money back, even when the town does receive the taxes. Changes should be made in the way that is allowed to be done.

Again, I don't believe DCA should have sent out the memorandum indicating to all municipalities to submit their budget in anticipation of receiving the exact same amount of aid that they received last year.

ASSEMBLYMAN ARNONE: They never did that, Jim. Don't focus on that. They didn't do that. They said-- The statute states you can set your budget, introduce your budget using your '91 figures, or using no State aid figures, just for the introduction. It doesn't have anything to do with the certification of that budget. That is what that memo says. I think that has caused a lot of confusion.

Jay, I think that is another thing that has caused a lot of confusion to municipalities.

MR. JOHNSTON: No question about it.

MR. DORN: Well, in our--

ASSEMBLYMAN ARNONE: I think we need a better educational policy coming out of DCA to local officials as to

the meaning of some of these comments that are used. I think that is a very good, positive point you brought up, and I'm glad you did, Jim. But that notice that they sent out -- that is what they meant. State law allows municipalities to use '91 figures, or completely eliminate them, but just introduce your budget. That is all it says.

MR. DORN: Right, but it also, in the same memorandum, indicated, in fact, that if you wanted to apply for discretionary aid, that it was advisable to use all the anticipated revenues and all the entitlements you had received last year, in order to assist you in your discretionary aid. So, you were damned if you did, and damned if you didn't.

ASSEMBLYMAN ARNONE: The application of the discretionary aid could imply that you would have to spend down some of your surplus. That's fine; that is correct.

MR. DORN: Those are all of my comments. I tried to emphasize the importance of it to small towns, how critical just a slight dollar change can be through State funding.

ASSEMBLYMAN ARNONE: Thank you, Jim. Your points were very well taken. I'm glad you came. Thank you.

MR. DORN: Thank you.

ASSEMBLYMAN ARNONE: Paul Maticera, Mayor of North Brunswick? I know we have some more speakers from Woodbridge, also. The Mayor here is waiting patiently. Sorry to keep you waiting, Mayor.

MAYOR PAUL MATACERA: Assemblyman, that is quite all right. I enjoyed just sitting here this morning. It was wonderful. How are you?

I am Paul Maticera, Mayor of the Township of North Brunswick. I thank you, Assemblyman Arnone, and the members of the Committee, for allowing me to be able to speak to you just briefly. The issue that I want to speak about is just the one on the language change for the discretionary funds. I think that exists in the budget today. I just want to go through it.

I also served this year-- I am not here today speaking on behalf of the League of Municipalities, but I am the President of the League of Municipalities this year. I have been involved in many of the negotiations that took place, not only with the Governor's Office, but also with the President of the Senate and also the Speaker of the Assembly.

I have heard a number of things here going back and forth on February 28 letters, and things. I really don't want to get into that, but I can remember being with the Speaker the day we sat together at an Urban Mayors Association meeting here in Trenton, when the Speaker said, "Put the numbers out that existed last year," because at that point in time, urban mayors, and other mayors, were saying, "We don't want to promulgate budgets because there are no numbers."

Just for some points of information, some knowledge that I gained through the length of these negotiations, over the past when there has been a control difference in the Legislature and with the Governor's Office, whether in the Kean administration, the Florio administration, the Byrne administration, or whatever on various things, what we understood was that somewhere after the Governor's proposed budget was put together, that the Department of Community Affairs would sit with the Governor's Office, would sit with the President of the Senate, and also the Speaker of the Assembly -- whoever that person may have been -- and were able to promulgate the numbers of aid that were going to be going to municipalities, so therefore, at that point in time when there was an informal agreement, aside from the fact that the budget was not being adopted or passed, as we all know, until the end of June or the first of July -- that an informal agreement was always kind of struck -- okay? -- based on those numbers, so you could then go to the municipalities and the Division would then certify those numbers to us to promulgate budgets. Mayor, you know that. We all knew that in the past.

ASSEMBLYMAN ARNONE: That's right.

MAYOR MATAcera: That didn't take place this year, because I think there was some uncertainty, and maybe rightfully so, the uncertainty that took place. However, what was said was, "Let's put the numbers out." That was at the insistence of groups like the League, the Mayors' Conference, and other mayors associations, to try to get the budget process moved.

I totally agree with some of your comments you made this morning, Assemblyman, that we have to get some dates and some time frame. The process has worked in the past, but, unfortunately, because of changes in structure, maybe we got to this point, which is truly absurd.

You know, we started talking about the politics of it all. I think when we come here to Trenton, we've got to forget-- The politics that emanate from this building is sometimes just totally inexcusable and intolerable, from the standpoint of what is happening around the State. Let's play our politics back in our districts, back in our hometowns, back in our counties. That is where it belongs.

We have to come down here to do what we have to get done. Hopefully, we can create that spirit, especially now, and we had that spirit. I was very happy when the Legislature promulgated the budget they did, from the standpoint of local property taxation and the maintaining of levels. Part of that whole program is where I come in today just a little bit, to say that even through all of those negotiations that I had at very high levels, even I was confused to a point. I am coming to you asking--

The fact that a suburban municipality or a municipality doesn't need a criteria, does not have the ability to apply for discretionary aid, because we were supposedly held harmless-- I keep hearing this "held harmless." When we were talking during all of our discussions through the course of the

last six or eight months, we were talking about maintaining levels of property tax relief at last year's levels, me in my own humble, and yet at times my naivete, were looking at even discretionary dollars -- that we would be able to maintain those discretionary dollars, and be able to maintain them from the standpoint that we would be able to apply for them as we applied in the past.

You know, when the list of discretionary dollars-- I mean, right now we have approximately 290 communities which have applied for discretionary dollars. However, only the dollars that were given last year for the 81 communities will go back to them. I am looking for that language change, and I will be the first one to admit it, fellows. I blew it, because I should have asked Chuck and Senator DiFrancesco and the Governor, because I had the opportunity to do that, "Is this what we are all talking about?" Okay? And the DCA. Things were happening. Things were going good. We got to a point where we won the major battle. We are trying to put everything together so we can run this State. Okay? We got to that little point, and now we have a glitch. So, instead of arguing about it, let's get it done.

My point is: I would love to be able to see that happen, where we could go back and say, "The announcement of North Brunswick can apply." My budget was introduced. I have introduced my budget based on last year's numbers. My budget sees no increase if I can get some discretionary dollars that I applied for. My budget sees an increase if I don't. I took that into consideration. I didn't apply for discretionary dollars last year, because I didn't need it. This year, I did it. I have gone through a series of layoffs. I have gone through all the other things. I have met the criteria that has been established.

You know, it was interesting, in some private conversations with leaders of the Legislature, that a lot of

them didn't understand, or weren't really sure about the technique that was used in discretionary dollars. I am not about to mention names. But yet, there is a criteria in establishing what your last year's tax rate was versus this year's. What were some of the numbers that you had to promulgate in your budgets? What is your surplus? What are you using? What are you doing as far as dollars? What do you need? And then you can apply. All I want to be able to say to you, Assemblymen and members of the Assembly here today, is to look at that criteria. Take it from me, someone who is very much there, and not afraid to come to you in public with the media, or a roundtable, or whatever else, and say, "Yes, I goofed personally, because I should have asked those questions of the individuals I had before me, who gave me nothing but their ears." They listened and listened, and then they reacted.

Let me tell you something: I am very pleased, when it comes to property tax relief, how the Legislature and the Governor's Office were able to come through and at least maintain the levels. That is the word I want to remember, not "hold harmless," which are the new words, but the maintaining of the levels that existed last year; not anything more, not anything less. In the situation here, we've got something less, because the people, or the towns that were able to apply for discretionary dollars in 1991 are getting those dollars, but people who need them this year are not.

One of the main factors when the old QEA-- We can call it whatever we like, and we can change it, but guess what? Some of the thought process here of maybe doing entitlements may not be the worst thing in the world. It sounds very, very practical. Some of the things you are talking about time framing are extremely important. I know the League is supporting those bills. I think what is important here is to understand that we want the ability to be able to have someone go back, because no matter what you do, and no

matter how you try to restructure a formula, there is always going to be a glitch in the formula for somebody. Okay?

Discretionary dollars were there and were put into that situation to be able to take the bumps out of some of those glitches. Okay? And the guy who is overseeing it -- and Paul knows this as well as I do, and so many others -- has been a guy who has been right down the middle with that, and I think best orchestrated, or administered a program like that. And I'll tell you one more thing: I was the President of the League of Municipalities when the Local Ethics bill was passed. I pushed the compromise with local municipal ethics. There are a lot of government officials out there who do not particularly care for that bill, but we were very happy. The reason why we were able to endorse that bill so enthusiastically, was because we put it at the Local Finance Board as an eventual adjudicating process. Why? Because we had total confidence in that 75-year-old bipartisan Board, and we have confidence in Local Government Services, as it exists.

I have that confidence today. I have had that confidence. I have been a Mayor now in a growing municipality for the past 10 years, in a growing county. I still have that confidence, and I have seen that confidence transcend many administrations.

All I am asking for today is for you to look at the language to see if we can go back to what it was. To a Township like mine, it means \$300,000. It's three tax points. Can I increase the taxes? Certainly. Can I go back and do some more layoffs? Certainly. I have a budget meeting now. They will promulgate my budget. I have gone through a public hearing. We are going to look at making some amendments. We are ready to put it to bed. I am going to go to my Council on Monday and say, "Gentlemen, ladies, here's what we have to do."

I don't know if I am going to change that language. I don't know if I am going to have the ability to apply for it.

And guess what? If it comes after I promulgate my budget, I will go in and ask for those amendments if I can reach those dollars. But we've got to move along at this point in time.

ASSEMBLYMAN ARNONE: Well, one of my private conversations with Speaker Haytaian was to look into this entire formula situation. You know, we have to make a policy decision--

MAYOR MATAcera: Absolutely.

ASSEMBLYMAN ARNONE: --whether we want to leave it in the circuit breaker concept or swing back into some type of an entitlement program, because--

MAYOR MATAcera: And, Assemblyman, I don't know at this date--

ASSEMBLYMAN ARNONE: Or change the brackets. Maybe the brackets are too high and too low; the swings are too high on there.

MAYOR MATAcera: Yes, you don't know. We'll all be looking at it. I can attest to you-- I am not speaking as the League President and asking for this change now, but I can speak as League President and say, in your negotiations and your discussions, we will have our staff work with you at any time, in any way, to be able to find out how we want to change this policy.

My question here-- My overall argument has always been, with both the Senate President and the Speaker, that we can't change everything overnight, and in this situation we haven't. What I am asking for in some of the language here is to get us back to the point where we were, and let's look at those policy changes as the long-term goal, to be able to understand it. Now we've got some time ahead of us to be able to concentrate on that, so we don't get into this situation next year.

ASSEMBLYMAN ARNONE: Well, you know, in some ways, municipal aid works like the financial markets' interest

rates. Markets can adjust to high rates, low rates, but they can't adjust to changing rates. Governments can't either. If they have a certain level of aid that they can depend upon and know it is coming, whether in an entitlement form, at least they can adjust to it. But the uncertainty of not knowing from year to year to year how it is going to work, where the aid is dispensed, where it penalizes--

MAYOR MATAcera: Well, it just doesn't play out. It just plays to good theater, good politics, and a lot of good media print, but it doesn't do any good for all of us who are elected officials or our constituents.

ASSEMBLYMAN ARNONE: You have struck at the core of it.

MAYOR MATAcera: Seriously.

ASSEMBLYMAN ARNONE: They are trying to take the discretion out of the discretionary aid. That is hard to do.

MAYOR MATAcera: Right.

ASSEMBLYMAN ARNONE: Paul wants to speak first.

ASSEMBLYMAN KRAMER: From what I have heard today, it seems that everybody in the State of New Jersey, except DCA, understood what the intent of the Legislature was. In my mind, it is a very simple figure. The figure was on every tax bill last year, what the State aid was. That is the figure we wanted to hold harmless. I don't know why there is any confusion about that.

You mentioned something about discretionary funds being made available to take care of some glitches. That reminded me of something I forgot. Maybe I am out of line, but I am going to say it anyway, because what is happening here today is, DCA is saying they don't have the kind of discretion that we think they have.

Three days before the election, Trenton, magically, got \$6.5 million, which brought their tax rate to the same level it was the year before. And pictures were in the paper with the candidates that represented the 14th -- the 15th

District at that time. So nobody is ever going to convince me that there isn't a way to solve this problem, or we could have solved this problem before it got to the point where places that were here today and testified -- the Council testified today -- wouldn't have been scared to death because they might lose money.

There were ways found to make people whole last year -- make towns whole last year. There are ways to do it this year, except, again, the budget isn't the Governor's budget;; it's the Legislature's budget.

ASSEMBLYMAN ARNONE: Thank you, Paul. Alex?

ASSEMBLYMAN DeCROCE: I just wanted to say while Mayor Matacera is here, I wish you were here last year, because many bills were submitted last year that went through the Democratic Legislature because it was controlled by the Democrats, frankly, with regard to some of the things we are talking about today, such as the fiscal year situation with regard to towns of \$35,000 being forced into going to this new fiscal year, and then others coming on optionally, supposedly.

The other thing is, Barry and his people -- the Division of Local Government Services -- were given an awful lot of discretion in certain areas through legislation that was passed. So, I mean, I know the Mayor over there-- God bless him, I know he means well with regard to the Division and all the people who work for the Division, but the fact of the matter is, if it gets politicized, it is because it was done a year-and-a-half ago.

MAYOR MATAcera: Assemblyman, looking at that at this standpoint, I am saying to this Assembly group today, and I am saying it to you, Paul, and everyone else -- Paul, knowing local government probably better, the former Mayor, and the Mayor from Asbury Park know it quite well also-- I am looking at it from the standpoint that we can bring up the politics of last November; we can bring up the politics of last year; we

can bring up the politics of this year. To me, that is not worth what we are trying to do here.

I think, to me, what has to happen now is, and what I am asking for here is, allow for the necessary discretion. We all agree. I agreed, and I was extremely happy when the Legislature came out-- I shook Chuck Haytaian's hand and Senator DiFrancesco's hand, and we were happy at those levels. I am looking at a language wording thing and, Paul, I think you mentioned before, where does that wording come from? How come it didn't know? I can't answer those questions. All I can say is, it exists today. How do we correct it?

Do you take a look at that and say, "Yes, if we base everything on last year." Then 567 municipalities, or some percentage of those municipalities, had the ability to apply to the Department of Community Affairs for discretionary dollars. That does not exist today. That is what I am asking for. Forget about three days before the election; two days after the election; or what happened in January when the Governor introduced -- or what we did on June 28. What I am saying now is, that exists. And I am coming to you, saying to you, I, in the capacity I had on the State level -- okay? -- overlooked that myself, when I had the ability to be able to ask those questions to the people who were in positions of leadership. I am coming to this Committee today knowing of your intent, and I know the Assemblyman's intent. I heard it before. My intent here is not to politicize this issue. My intent here is to ask you to look at that language, if there is a possibility of correcting that language, so that then it is truly the intent that Paul Maticera had in the long six months of negotiations -- okay? -- with every level of government here on the State level -- every branch of government.

That is all I am asking for. I'll tell you, my commitment to you, as League President for the remainder of this year, is to work toward, Alex, those things we have to do

to correct the problems. Okay? There are always going to be-- I don't care. There is no perfect piece of legislation, and there is always room to make things better. So far this has worked to a certain degree. We want to see how we can make it better. I am willing to sit here and work with you. And guess what? I don't care who controls the majority of the Legislature. I will sit with any of those people to talk about what is good for local property taxpayers.

ASSEMBLYMAN ARNONE: Thank you, Mayor.

MAYOR MATAcera: Thank you; thank you very much for having me.

ASSEMBLYMAN ARNONE: You come before the Committee with a fine reputation, and we are going to take advantage of you. We are going to ask you for some of your opinions. Hopefully, you can work with us in--

MAYOR MATAcera: I have to be good. I have to go back to Morris County now because that is where I work, and Alex needs to give me a passport to get back in.

ASSEMBLYMAN ARNONE: He speaks highly of you. Thank you, Mayor. Thank you very much.

MAYOR MATAcera: Thank you all very much. Have a nice day.

ASSEMBLYMAN ARNONE: We have a couple more gentlemen here from Woodbridge. We have the Chief of Staff, Gary Taffet. Gary, I'm sorry we kept you waiting. Gary, you look so familiar. You were with us last year, right?

G A R Y T A F F E T: I spent the last four years here in the State Legislature as staff.

ASSEMBLYMAN ARNONE: That's right.

MR. TAFFET: In fact, you were a member of one of the committees I was staff to -- Veterans' Affairs.

ASSEMBLYMAN ARNONE: That's right. Well, welcome back, Gary.

MR. TAFFET: What I did learn was, it is always important to defer to elected officials, so it is with great pleasure and joy that I sat back and awaited my appropriate time.

ASSEMBLYMAN ARNONE: Gary, let me ask you this: We have two other speakers from-- We have Councilman Martino, and we have someone by the name of Kimberlin, I believe.

MR. TAFFET: Councilman John Kimberlin.

ASSEMBLYMAN ARNONE: Are you speaking for them? Do they have something additional to add, because--

MR. TAFFET: No, but it may be appropriate to have the three of us--

ASSEMBLYMAN ARNONE: Would you like them to sit with you up there and do it en masse here, because we have another meeting we have to get to at 1:00? It is across the way.

MR. TAFFET: Why don't we have all three--

ASSEMBLYMAN ARNONE: Would you gentlemen come up, also? And, if you wouldn't mind, each one, please spell your name into the record, so it can be picked up by the monitor.

C O U N C I L M A N V I N C E N T M A R T I N O: I am Vincent Martino, Councilman, from Woodbridge, New Jersey.

ASSEMBLYMAN ARNONE: Please spell your last name.

COUNCILMAN MARTINO: M-A-R-T-I-N-O.

ASSEMBLYMAN ARNONE: And Gary?

MR. TAFFET: I am Gary Taffet, Chief of Staff, Township of Woodbridge -- T-A-F-F-E-T.

C O U N C I L M A N J O H N K I M B E R L I N: I am John Kimberlin, Councilman, Woodbridge Township -- K-I-M-B-E-R-L-I-N.

ASSEMBLYMAN ARNONE: Who would like to lead off?

COUNCILMAN KIMBERLIN: I have been delegated.

ASSEMBLYMAN ARNONE: Okay, Councilman.

COUNCILMAN KIMBERLIN: I want to talk very briefly, and I will be brief, about the Local Government Services Division of the State. The problem I have with what is

happening recently with Woodbridge and the fact that we have been--

ASSEMBLYMAN ARNONE: Excuse me, Councilman, I don't mean to interject myself, but, you know, we are trying to-- Our concerns are not neighborhood. We are rather broad and general. Today what we are trying to focus on is the Supplemental Municipal Property Tax Relief Program, and also, in your case, maybe you would like to address some remarks to the Committee with regard to your fiscal changing -- the fiscal year bill.

COUNCILMAN KIMBERLIN: Yes. Well, this has to do with the fiscal change.

ASSEMBLYMAN ARNONE: Okay, fine.

COUNCILMAN KIMBERLIN: I am relating to the fiscal change in terms of the municipality of Woodbridge. In 1991 -- I have to give you a little history -- Woodbridge was mandated to use its surplus to lower property taxes. That left us, in the beginning of 1992, with zero surplus. In 1991, Woodbridge submitted their budget. After the budget was submitted, the State came out with \$3.9 million additional in State aid. Woodbridge then amended its budget, and in amending it they included \$1 million as a reserve for tax appeals. Mr. Skokowski then informed the Township that they could not do that; that they would have to take that money out of the budget, and I have a copy of that final budget approval and how the \$1 million was taken out.

ASSEMBLYMAN DeCROCE: Do you have a letter from Mr. Skokowski indicating--

COUNCILMAN KIMBERLIN: I don't have the letter. I wasn't on the Council then, but I was able to get a copy of the--

ASSEMBLYMAN ARNONE: Were you aware that when your municipality embarked upon a fiscal year change that you were going to invest in the Director all the sweeping powers to

regulate your business? Were you aware of that? Were you aware of what you were giving up when you became a fiscal year change town?

COUNCILMAN KIMBERLIN: I'm still back in 1991 here.

ASSEMBLYMAN ARNONE: Okay, sorry.

COUNCILMAN KIMBERLIN: In 1991, see, Skokowski came along and made them-- I am making a point here.

ASSEMBLYMAN ARNONE: Okay.

COUNCILMAN KIMBERLIN: They made us take out the \$1 million of tax appeal reserve. Now in 1992, the administration came up with \$8-some million. We, the Council, took out \$4.3 million, approximately, and he then came along and said, "You have to put that back in." Now, this is very confusing. I am a brand-new person on the Council. One year Skokowski is coming along and saying, "You have to take out money that you put in reserve." The following year he is saying just the opposite, "You have to put the money back in that you took out of the reserve."

I am just leading to the fact that it is all very confusing. As many people said, there is a problem with the language. There is a problem with interpretation. I think there is also a problem with the actual actions taken by that office.

I would also like to mention, the concern the Council has with what is happening is, we feel the Council is being usurped of its power to provide the budget. The budget is the only strong item that the Council has in controlling the cost and the administration of the Township. If the Division of Local Government Services has the ability to come in and override what we're doing, they are, in essence, taking away our home rule, and that is a very deep concern we have.

Thank you.

ASSEMBLYMAN ARNONE: Thank you, Councilman.

COUNCILMAN KIMBERLIN: Does anyone want a copy of this? (referring to copy of final budget approval)

ASSEMBLYMAN ARNONE: Sure, I would like to have it.

COUNCILMAN MARTINO: I am Councilman Martino, from Woodbridge. I served on the Woodbridge Council 1972 to 1979. I served as a Freeholder from 1979 to 1980; two years as a private citizen, and I am back again for four years.

I have to, in a way, say that through my experience on the Council, I have always had the highest respect for the Division of Local Government Services. Back when John Laezza was there, I sought assistance from them many, many times. Unfortunately, particularly the two years that I was out of office -- just to pick up on what John Kimberlin said -- there was a double standard, a double answer for Woodbridge at that time. The question was, "Why didn't you put some tax appeal money in the budget? Bearing in mind that it was an election year for the Mayor in 1991, why didn't you put the money in the budget?" which they could have, because the budget wasn't adopted. The Finance Officer from Woodbridge said, when I raised this question at a meeting, "The State denied us the right to put it in the budget." I said, "It's ridiculous."

I called the Division of Local Government Services and, you know, that is like calling the kangaroo zoo when you call down there. Finally, I got an answer from them. They said, "You can do either/or. You can bond it, or you can put it in the budget." Of course, if you put it in the budget, you would have a little problem stabilizing the tax rate which was struck in July, than you would if you bonded it. You can hold a-- In fact, the Mayor at that time did reduce the taxes by approximately \$100 a home.

Mayor McGreevey took over, and it was his recommendation that we had to go into a traditional year because of the mismanagement of the previous administration, and I agree with him. I happened to agree with him, because

the alternative would have been a \$400, a \$500, or a \$600 tax increase. However, the mismanagement -- picking up on what Mayor Dunn, who I have always had the greatest respect for, said -- the mismanagement that took place in Woodbridge Township-- Let me tell you something: The Division of Local Government Services was well aware of some of it, because in 1990, I sent down to Woodbridge -- to the Division of Local Government Services a copy of better than \$4 million worth of change orders on a \$4.8 million construction job.

Now, think about this. Almost 100 percent -- in fact, I think it was 100 percent when they finally got finished. I sent it to the Division of Local Government Services. I also sent a copy to the Attorney General -- a copy of the change orders -- because change orders, for as long as I have been in government, you never start the work until you get approval from the governing body. That was not the case in this, and that is well known. I got a letter from Mr. Skokowski a month after I sent it in. At least the AG's Office sent a letter a week later. They haven't given us an answer yet, but Mr. Skokowski said:

"This is in response to your letter in which you informed us of alleged irregular bidding practices in the Township of Woodbridge. The Division of Local Government Services has no investigatory responsibilities. However, due to recent developments in the Township, and other municipalities, this matter is being investigated by appropriate authorities. In addition, you may wish to inform the Attorney General's Office of your concerns. Thank you for bringing this matter to our attention."

Well, gentlemen, I have been in government; you people are in government. John Citizen calls the Attorney General's Office, and you spin your wheels down there. When you are an official from the Division of Local Government Services and you say, "Look into this--" He could have said, "I referred it

over to the Attorney General's Office," which, in my opinion, he should have done, because part of the problem we have had with mismanagement-- Part of the reason we had to go to a fiscal year in order to bail out the taxpayers on an increase, was mismanagement such as this, plus other things that happened in Woodbridge.

This, for all practical purposes, is a blatant violation of the practices that they put out in guidelines for public bidding. So you ought to expand this Committee a little bit. You ought to just expand this, and just take that whole Division of Local Government Services and turn it inside out and start over again. That is what you should do.

I thank you.

By the way, my good friend, Mayor Maticera, the Division of Local Government didn't come up with that ethics code. Frank Pelly, as a Freeholder, when I was on it, came up with that ethics code. It was a model in the State and it became a State law afterward, but they did water it down a little bit.

MR. TAFFET: Mr. Chairman, perhaps it is appropriate that I go last. As I said, my name is Gary Taffet. I am Chief of Staff for the Township of Woodbridge. I am here specifically representing Mayor McGreevey, who couldn't be with us today.

As you can see, in Woodbridge Township we have a brand-new governing body with a new direction, with new thoughts. But despite that, what has clearly been evidenced is that in Woodbridge Township, unfortunately, we have seen 20 years of neglect, 20 years of mismanagement, and 20 years of a lack of a cohesive plan.

I just want to be able to go off on a tangent and make a point for one moment, and I promise I will be very brief and allow this meeting to conclude. Again, the perspective I bring, the point that I want to make, is that in Woodbridge

Township, with a new administration, we would not have been able to overcome the number of serious obstacles that faced us without the help and support of the Division of Local Government Services.

We took over the administration on January 1 of this year. Just to make a few very brief points: We took over an administration that had a budget shortfall exceeding \$20 million. We took over an administration in which the Township insurance fund had not paid claims for more than six months, which subsequently led to the guilty pleas of two principals of that company, who had defrauded the Township out of at least \$700,000. We took over an administration in which a \$1.2 million no bid leave contract had recently been granted. We took over an administration which recently found \$400,000 in uncashed checks in a comptroller's office, checks dating back to 1987. We took over an administration in which an additional \$1 million in health claims remains unresolved.

I mean, these are points that are important to make here today, because it is important that you understand the role the Division of Local Government Services has played during this process.

When we took over on January 1, one of the first decisions made by Mayor McGreevey was to request that the Division of Local Government Services come in to support the local entity. They voluntarily and willingly did that. For approximately three months, the Division of Local Government Services provided that level of support, provided ancillary, and provided direct reports to the municipality, and, in fact, are providing a comprehensive report later this month that will detail the changes we need in Woodbridge Township. With the help and guidance of the Division of Local Government Services, in Woodbridge Township we were able to move to the fiscal transitional year budget. We were able to make up a very significant budget shortfall. We were able to once again

restore an encumbrance system and do proper planning techniques and proper insurance fund techniques. We began a process in which we -- very rudimentary to someone like Assemblyman Kramer in a municipality that operated and functioned properly-- But in Woodbridge we brought about tighter fiscal controls. We brought about proper purchasing techniques, utilizing State contracts and State vendors.

It may be routine in municipalities such as yours, but in Woodbridge Township, unfortunately, this was not the way it was. So I think it is important that I come here today, not to praise the role of Local Government Services, not to say that we haven't had our differences, not to say that the Mayor and the Council haven't been in agreement that, in fact, there were certain parts of the budgetary process that were of concern to Woodbridge Township, but to say that the Division of Local Government Services provides a very direct, a very sincere, and a very critical role to municipalities such as ours. Clearly, a municipality such as Woodbridge would not have been able to get back on its feet, would not have been able to restore the proper fiscal safeguards and integrity for future generations, without the Division of Local Government Services.

I think it is important that we are on record as having said that. I think it is important that, on behalf of the Mayor, I publicly thank the Division for having been on board for the past six months to help implement those safeguards. I also respect the comments made by our municipal Council, as well.

ASSEMBLYMAN ARNONE: Thank you very much, gentlemen. I am not quite sure about the political faith or the mix of your Council, but I think it speaks well--

MR. TAFFET: We are all friends.

ASSEMBLYMAN ARNONE: --for the sense of social responsibility of all of you gentlemen to take time out from your busy schedules to come here today to give this very

important testimony. You sat through what we experienced today, and I think we were all impressed with the need to make some changes in the manner in which aid is dispensed in the State of New Jersey.

We are not quite sure how to do it, but we can see that there is a lot of swinging in tax rates that possibly can be minimized with the changing of the formula. Whatever we are going to try to do, we will try to effect some positive change.

ASSEMBLYMAN DUNN: Mr. Chairman, may I just ask one question?

ASSEMBLYMAN ARNONE: Sure.

ASSEMBLYMAN DUNN: In view of the fact that so many discrepancies were found -- to you, Councilman -- why did you not go to the prosecutor immediately, instead of going to the Attorney General or to somebody else? I am just curious.

COUNCILMAN MARTINO: The prosecutor in Woodbridge has been investigating leaves for I don't know how long, probably--

ASSEMBLYMAN ARNONE: Are you talking about the county prosecutor?

ASSEMBLYMAN DUNN: Yes.

COUNCILMAN MARTINO: Yeah, and I think everyone in Woodbridge is familiar with the county prosecutor's investigation with leaves. In fact, that has not been--

ASSEMBLYMAN DUNN: Are you saying "leaves"?

COUNCILMAN MARTINO: With the burying of leaves. There have been indictments -- five major indictments in the town, including the former Director of Public Works. I think the response and satisfaction by the prosecutor's office at that time -- the prosecutor being always a friend of mine -- but, however, was less than was to be desired. This particular one was change orders involving both Federal money and State money, I believe, on that sewer project that went through. The change orders were given out. They were aware of it. The newspapers ran constant articles on change orders.

I looked into it to see, most importantly, was the work done before the governing body approved it. That was the critical thing, because I went through change orders in government. They're necessary; they're necessary in everything. But there was a procedure in government. Before the contractor starts work, he has to have approval from the municipal governing body to make sure the funds are there. I forwarded everything down to the Attorney General, and I forwarded it to the Division of Local Government Services. I haven't gotten an answer yet. I mean, I have not received a response, but, I mean--

ASSEMBLYMAN DUNN: My experience on similar things would be that if I wrote something like that to a Barry Skokowski or to a Del Tufo, invariably they would say, "Speak to your prosecutor first." That is why I was curious as to why they didn't recommend--

COUNCILMAN MARTINO: I was always under the impression that the Division of Local Government Services was a model, a guide, a resource that elected officials and administrators could go to for direction; that, in fact, they were monitors of procedures of government, because copies go to the Division of Local Government Services, responses from them, approvals from them. I was always under that impression. I thought that what they should have done that time was not to send it back and tell me that I should contact the AG's office. They should have contacted the AG's Office. "This warrants your attention." That's all. That is all they had to do, then I might have been praising them.

ASSEMBLYMAN DUNN: I am not arguing any point at all.

ASSEMBLYMAN ARNONE: I don't want to cut you short, but I am going to have to go..

COUNCILMAN KIMBERLIN: Very brief, very brief. The insurance problem is not only with the prosecutor's office. It is also with the FBI. All right? And the checks are with the prosecutor's office, also.

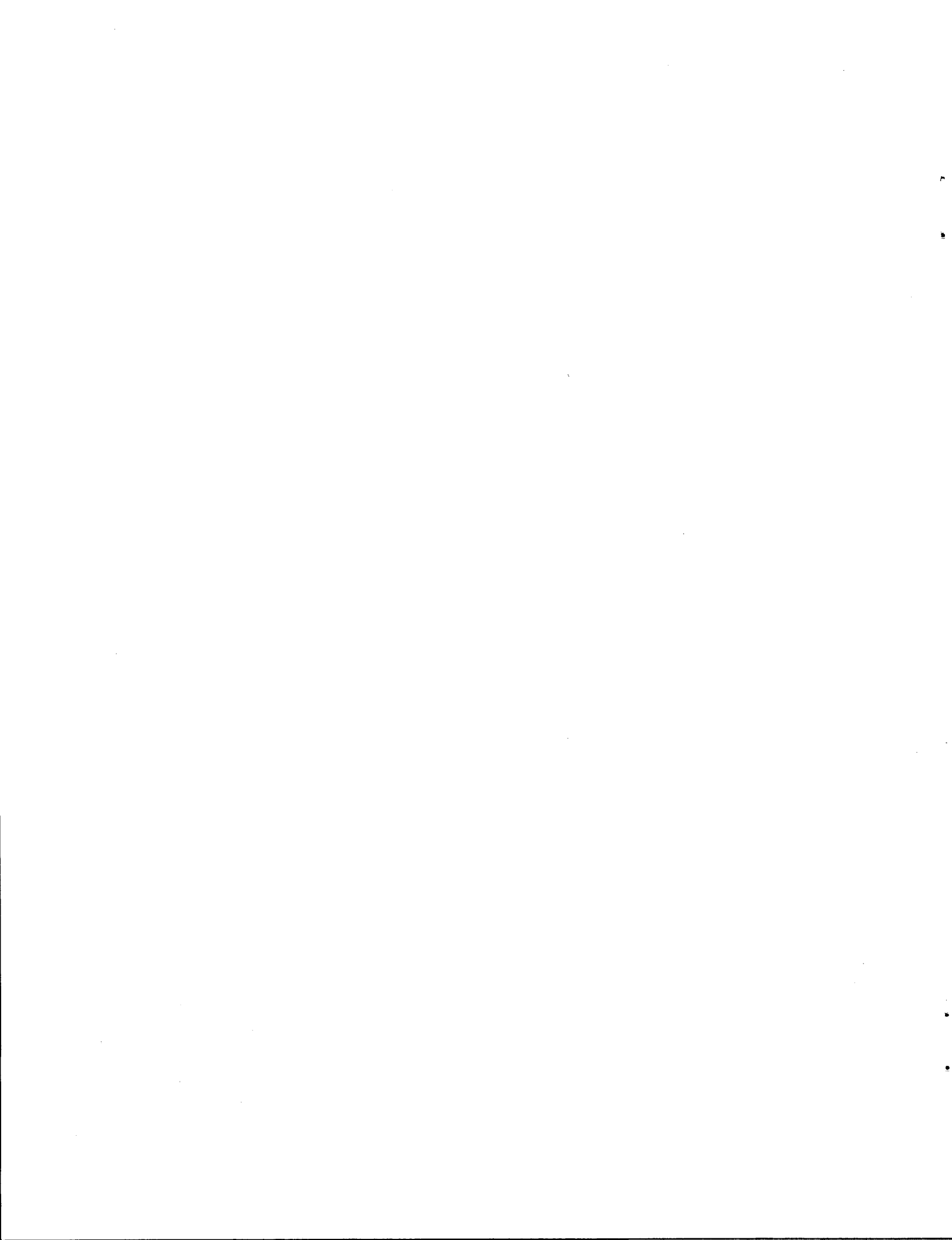
ASSEMBLYMAN ARNONE: Mayor Dunn, you have opened an area here. Do you know what you have gotten into? You made a probe into an area-- They have the FBI involved in this.

COUNCILMAN KIMBERLIN: Thank you very much.

ASSEMBLYMAN ARNONE: Thank you.

(MEETING CONCLUDED)

APPENDIX





State of New Jersey

DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES

JIM FLORIO
GOVERNOR

MELVIN R. PRIMAS, JR.
COMMISSIONER

LOCATION:

WILLIAM ASHBY COMMUNITY AFFAIRS BUILDING,
101 SOUTH BROAD STREET
TRENTON, NEW JERSEY

MAILING ADDRESS:

DN 008
TRENTON, N. J. 08633-0008
FAX # 609/432-6249

June 16, 1992

The Honorable James E. McGreevey
Mayor, Township of Woodbridge
and Members of the Governing Body
1 Main Street
Woodbridge, New Jersey 07095

Dear Mayor McGreevey and Members of the Governing Body:

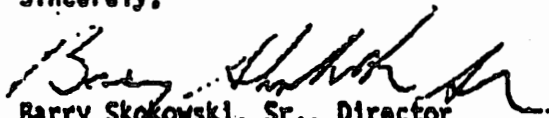
Please be advised that the Township of Woodbridge's application before the Local Finance Board for the utilization of Fiscal Year Adjustment Bonds, as a revenue in the 1992 Transition Year Budget, has been approved. This approval was granted on the basis of the Transition Year Budget approved by the governing body on May 5, 1992.

Because the approval was based on your Transition Year Budget, any changes to that budget would be subject to a review that could result in the approval being held for reconsideration by the Board. This particularly applies to changes to budget line items that could have a significant impact on the fiscal stability of the Township (i.e., reductions to insurance accounts or tax appeals).

Amendments will be carefully reviewed by this Office and may not receive approval if it is determined that the amendments would compromise the factual conclusions reached by the Board as part of its approval. In such a case, these amendments would not be part of the final budget.

If you have any questions, please contact this office.

Sincerely,


Barry Skokowski, Sr., Director
Division of Local Government Services

BS:LC:lc



NEW JERSEY IS AN EQUAL OPPORTUNITY EMPLOYER



State of New Jersey

JIM FLORIO
GOVERNOR

**DEPARTMENT OF COMMUNITY AFFAIRS
DIVISION OF LOCAL GOVERNMENT SERVICES
LOCAL FINANCE BOARD**

MELVIN R. PRIMAS, JR.
COMMISSIONER

Berry Blakemuhl, Sr., Chairman

**101 SOUTH BROAD STREET
CM 608
TRENTON, N. J. 08625-0808**

BOARD MEMBERS:

- James F. Berry**
- Robert H. Greenberg**
- Stanley Isora**
- Joseph Iannacori, Jr.**
- Robert C. Miller**
- Harold K. Mullen**
- Suzanne L. Nicholas**

**RESOLUTION OF THE LOCAL FINANCE BOARD APPROVING THE
ISSUANCE OF \$41,879,241 FISCAL YEAR ADJUSTMENT BONDS
BY THE TOWNSHIP OF WOODBRIDGE, IN THE
COUNTY OF MERCER, NEW JERSEY**

WHEREAS, the governing body of the Township of Woodbridge, in the County of Middlesex, New Jersey (the "Township") has determined as a result of its changeover to a new fiscal year, pursuant to L. 1991, c. 75, to issue Fiscal Year Adjustment Bonds to fund an appropriation to provide for an anticipated deficit in the transition year budget for the municipality; and

WHEREAS, the bond ordinance providing for the appropriation and the issuance of such bonds and notes was submitted to the Local Finance Board pursuant to the provisions of L. 1991, c. 75 and N.J.S.A. 40A:2-51, et seq. for consideration and approval as a refunding bond ordinance, such ordinance being entitled:

"BOND ORDINANCE OF THE TOWNSHIP OF WOODBRIDGE, COUNTY OF MERCER, NEW JERSEY, APPROPRIATING \$41,879,241.97 TO PROVIDE FOR THE BUDGET DEFICIT ARISING AS A RESULT OF THE ADOPTION BY THE TOWNSHIP OF A SIX-MONTH TRANSITION BUDGET AS A PART OF A CHANGEOVER TO A NEW FISCAL YEAR AND PROVIDING FOR THE ISSUANCE OF \$41,879,241.97 FISCAL YEAR ADJUSTMENT BONDS TO FUND SUCH APPROPRIATION; and

WHEREAS, the refunding bond ordinance was submitted to the Local Finance Board as part of an application which included the proposed bond ordinance, as well as a proposed maturity schedule providing for the payment of such bonds over a twenty (20) year period; and



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Local Finance Board
June 16, 1992
Township of Woodbridge

WHEREAS, the Local Finance Board reviewed the application at its meeting of June 16, 1992 and considered all indebtedness and liabilities of the Township of Woodbridge presently outstanding and considered the bonds and notes and other liabilities which may hereafter be incurred by the Township and had found that the Township of Woodbridge had the capacity to pay at maturity the \$41,879,241 Fiscal Year Adjustment Bonds and Notes proposed to be issued; and

NOW, THEREFORE, BE IT RESOLVED by the Local Finance Board that the issuance of \$41,879,241 Fiscal Year Adjustment Bonds referred to above is hereby approved; and

BE IT FURTHER RESOLVED that this approval is conditioned upon the following:

1. An executed copy of the ordinance, as adopted by the governing body of the Township, for the issuance of Fiscal Year Adjustment Bonds or Fiscal Year Adjustment Bond Anticipation Notes be submitted to the Local Finance Board.

Local Finance Board
June 16, 1992
Township of Woodbridge

2. The actual amount of Fiscal Year Adjustment Bonds to be issued by the Township shall be an amount which is not greater than the amount ultimately determined in writing by the Director of the Division of Local Government Services as being the verified amount of the Township's six-month 1992 transition budget covering the period from January 1, 1992 to June 30, 1992. Such verified amount shall be based on actual expenditures and encumbrances otherwise approved by the Director of the Division of Local Government Services consistent with the changeover to the new fiscal year.

3. The Fiscal Year Adjustment Bonds shall not be issued by the Township until such time as the Director of the Division of Local Government Services has certified to the Township the verified amount of the transition budget deficit to be funded by the Fiscal Year Adjustment Bonds.

4. To the extent that the amount of Fiscal Year Adjustment Bonds to be issued is less than the \$41,879,241 authorized in the above-referenced bond ordinance, a revised maturity schedule must be submitted to the Local Finance Board for revision and approval; and

5. The transition year budget must contain a line item for tax appeals in an amount not less than \$8,600,000; and

BE IT FURTHER RESOLVED that the Executive Secretary of the Local Finance Board is hereby authorized and directed to certify or endorse pursuant to N.J.S.A. 40A:2-55 such documents or instruments as may be necessary, convenient or desirable in order to carry out the purpose and provisions of the Local Bond Law and this Resolution; and

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED BY THE
LOCAL FINANCE BOARD

DATE: June 16, 1992


HAROLD M. GEORGE, ESQ.
EXECUTIVE SECRETARY

40A:4-77 MUNICIPALITIES AND COUNTIES

Historical Note

Source: R.S. 40:2-53, amended by P. L.1938, c. 128, § 7; L.1939, c. 390, § 8; L.1947, c. 113, § 13. Prior Laws: L.1938, c. 211, § 502, p. 580.

Notes of Decisions

1. Estimates of revenues

A local governing body in adopting municipal budget was not required to anticipate an action of the county board which had not been concluded, particularly where tentative tax rate was not final but subject to change by any revision of the assessments made by the county board and by apportioned state and county taxes. In re City Affairs Committee of Jersey

City, 120 N.J.L. 580, 30 A.2d 591 (1948).

City, in adopting budget, properly included amount estimated which would be received from sale of realty theretofore acquired by municipality for unpaid taxes as an anticipated "miscellaneous revenue". City of Camden v. Local Government Board, 127 N.J.L. 175, 21 A.2d 898 (1941).

40A:4-78. Approval or disapproval by director

If the director finds that all requirements of law and of the regulations of the local government board have been met, he shall approve the budget, otherwise he shall refuse to approve it.

The director, in refusing to approve a budget, shall not substitute his discretion with respect to the amount of an appropriation when such amount is not made mandatory because of the requirements of law.

L.1960, c. 169, § 1, eff. Jan. 1, 1962.

Historical Note

Source: R.S. 40:2-53, amended by P. L.1938, c. 128, § 7; L.1939, c. 390, § 8; L.1947, c. 113, § 13. Prior Laws: L.1938, c. 311, § 502, p. 580.

Cross References

Authority of director as to budget of local units, see § 52:27BB-24.
Local government board defined, see § 40A:1-3.
Powers and duties of director, see § 52:27BB-8.

Notes of Decisions

1. In general

The division of local government services is the agency with responsi-

bility of enforcement of the local government spending limitation. Atty. Gen. F.O.1977, No. 8.

40A:4-79. Certification of director

Immediately after the making of his examination of the budget, the director shall certify the results of his determination to

178

LOCAL BUDGE

the governing body. A governing body shall not certify a budget until a certification of approval is received.

L.1960, c. 169, § 1, eff. Jan. 1, 1962.

Historical Note

Source: R.S. 40:2-53, amended by P. L.1938, c. 128, § 7; L.1939, c. 390, § 8; L.1947, c. 113, § 13.

40A:4-80. Action on disapproval

If the budget is disapproved, a full set of instructions for corrections of the budget shall be published to the local unit with notice of the date by which the local unit shall approve the same. The certification of disapproval shall be published at least once a month in circulation within the local unit. Costs of disapproval shall be borne by the local unit.

L.1960, c. 169, § 1, eff. Jan. 1, 1962.

Historical Note

Source: R.S. 40:2-53, amended by P. L.1938, c. 128, § 7; L.1939, c. 390, § 8; L.1947, c. 113, § 13.

Cross Reference

Amendment to budget required by director, see § 40A:4-9.
Powers and duties of director, see § 52:27B)

40A:4-81. Amendment of disapproval

A governing body shall amend a disapproval of a budget if the local governing body may petition the local government board, the director shall permit a hearing and redetermination.

L.1960, c. 169, § 1, eff. Jan. 1, 1962.

Historical Note

Source: R.S. 40:2-53, amended by P. L.1938, c. 128, § 1; L.1939, c. 390, § 8; L.1947, c. 113, § 13.

Cross Reference

Authority of director as to budget of local

179

LOCAL FINANCE NOTICE

JIM FLORIO
GOVERNOR

MELVIN R. PRIMAS, JR.
COMMISSIONER

BARRY SKOKOWSKI, SR.
DIRECTOR

1992 CALENDAR YEAR BUDGET INFORMATION

This Local Finance Notice is in response to many inquiries the Division has received concerning the budget schedule for municipalities who have not yet introduced their Calendar Year 1992 budgets.

We recognize many municipalities have been delaying budget introduction pending action by the Legislature on state aid and other issues. The Division wishes to advise you that you should proceed to introduce your budget as soon as possible. Introduction, obviously, does not constitute final approval. By introducing your budget at this time, you will allow the Division to begin the review of your budget with the probability that some amendments will be necessary.

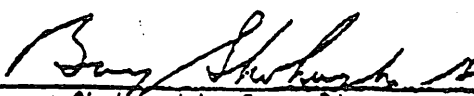
State statute allows municipalities to anticipate revenue based on 1991 receipts unless you have been advised to the contrary by the appropriate agency that awards grants to your local unit. Specifically, this would apply to the Business Personal Property Tax Relief Act, Franchise and Gross Receipts Tax, Municipal Property Tax Assistance, the Supplemental Municipal Property Relief Act (all programs), Municipal Revitalization Program, Urban Aid, Rural Aid, Safe and Clean Neighborhood Program Receipts, as well as the Supplemental Safe Neighborhood Program and Supplemental Fire Safety Program. Be advised that the Division will not approve any budgets until final determination of aid has been made.

Pension appropriations may reflect reduced amounts due to the proposed revaluation of the pension fund. The Division of Pensions will be notifying Pension Certifying Officers of the anticipated savings shortly. Municipalities that have already introduced their budgets will be able to amend them prior to final adoption to reflect the savings.

Participants in the State Health Benefits Program may anticipate an 11 month appropriation based on information we have received from the Division of Pensions. Again, amendments will be permitted to adjust for any changes that may be forthcoming.

Local officials should also be aware that timely introduction of budgets will assist our Division in the time consuming review of these approved budgets, which in turn, will help expedite the amendment and adoption process once aid programs are settled.

Please bring this information to the attention of the appropriate elected and administrative officials of the municipality.


Barry Skokowski, Sr., Director
Division of Local Government Services

MAR 9 1992

DISTRIBUTION: Chief Financial Officers Municipal Clerks
Registered Municipal Accountants

RECEIVED

Director's Office 609-292-6613	Administration and Research 609-292-4634	Fiscal Regulation and Assistance 609-292-4608	Local Finance Board 609-292-6610	Local Management Services 609-292-7842	Accounting Regulation 609-292-0133	INQUIRIES 609-292-6243
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NEW JERSEY GENERAL ASSEMBLY

MARY VIRGINIA "GINNY" WEBER
ASSEMBLYWOMAN, 4TH DISTRICT
CENTER AT DOUBLETREE
NORTH DELSEA DRIVE
GLASSBORO, NJ 08028-1400
(609) 589-9230
FAX (609) 589-8408

COMMITTEES
VICE CHAIR,
SOLID WASTE
MEMBER,
EDUCATION
MEMBER, SENIOR
CITIZENS & SOCIAL
SERVICES
MEMBER, JOINT
COMMITTEE ON
PUBLIC SCHOOLS

June 19, 1992

In previous years the State released funding authorizations to municipalities so that they could approve their annual budgets prior to the final approval of the State budget.

The Department of Community Affairs' Division of Local Government Services has announced that it will not permit the authorization or release of funds to municipalities until such time as Governor Florio's administration recertifies their availability, thus causing havoc to the municipal budget process. This is being done despite the fact that such funds have already been ascertained and authorized for release.

As one who is also an elected municipal official I share your concern that the Administration has arbitrarily changed the rules under which it operates to the detriment of municipalities throughout the State who may now be forced to borrow short-term money until such time as the Governor chooses to release their authorized funds.

As a State legislator I am also concerned that the Governor's Administration is attempting to cause harm to municipalities, their workers and residents solely to attempt to make an unnecessary and foolish political statement by pretending that the State Legislature is to blame for such actions.

I respectfully request that all mayors, elected officials and employees of each municipality contact the Governor's office and demand that the authorizations be released immediately, as was done in previous years.

Sincerely,

Mary Virginia "Ginny" Weber

WHEREAS, the local municipal budget for the year 1991 was approved on the 5th day of March, 1991; and

WHEREAS, the public hearing on said budget has been held as advertised; and

WHEREAS, the Local Municipal Budget was amended on April 30, 1991 and the Public Hearing on the Amended Budget was held as advertised; and

WHEREAS, it is desired to amend said approved amended budget;

NOW, THEREFORE, BE IT RESOLVED, by the Municipal Council of the Township of Woodbridge, County of Middlesex, that the following amendments to the approved budget of 1991 be made:

<u>Recorded Vote</u>	<u>Ayes</u>	<u>Nays</u>	<u>Abstained</u>
	DELLMAN	NONE	<u>Absent</u>
	MITCH		A. FRASCIA
	LUBAN		
	DISANTO		
	PATTEN		
	GAWRONIAR	<u>From</u>	<u>To</u>
	MONDANO		
	PETERSON		

2. Surplus Anticipated with Prior Written Consent of Director of Local Government Services	\$ 312,800.00	\$ 686,800.54
Total Surplus Anticipated	<u>2,929,700.00</u>	<u>3,303,700.54</u>
Total Miscellaneous Revenue	<u>32,021,912.98</u>	<u>32,021,912.98</u>
Subtotal General Revenues (items 1,2,3,4)	<u>39,051,612.98</u>	<u>39,425,613.52</u>
Amount to be Raised by Taxation for Support of Municipal Budget:		

T. H. [Signature]
[Signature]

16. MAR 25 9 13 AM '91

Original copies to Council

Local Tax for Municipal Purposes
including Reserve for Uncollected
Taxes

22,227,785.07

20,926,856.82

Total General Revenues

\$61,279,398.05

\$60,352,470.34

General Appropriations

(A) Operations within "CAPS"

Department of Law

Other Expenses:

Tax Appeals

820,000.00

0.00

Total Operations Including Contingent
Within "CAPS"

37,895,000.00

37,075,000.00

Detail:

Salaries and Wages

21,901,100.00

21,901,100.00

Other Expenses

15,993,900.00

15,173,900.00

138
E. Deferred Charges and Statutory
Expenditures Municipal Within "CAPS"

(1) Deferred Charges

Overexpenditures of 1990 Appropriation

0.00

18,072.29

Total Deferred Charges and Statutory

Expenditures Municipal Within "CAPS"

3,552,046.49

3,570,118.78

H-1 Total General Appropriations for
Municipal Purposed Within "CAPS"

41,447,046.49

40,645,118.78

General Appropriations

(A) Operations excluded from "CAPS"

Reserve for Tax Appeals

200,000.00

0.00

Sale of Municipal Assets

Police - Other Expenses

Renovation of Police Building

0.00

65,000.00

Total Operations Excluded from "CAPS"	<u>6,422,937.50</u>	<u>6,287,937.50</u>
Detail:		
Salary and Wages	724,847.00	724,847.00
Other Expenses	<u>5,698,090.50</u>	<u>5,563,090.50</u>
Deferred Charges Municipal Excluded from "CAPS"		
Dedicated Assessment Budget	<u>87,414.06</u>	<u>97,414.06</u>
Total Deferred Charges Municipal Excluded from "CAPS"	<u>447,414.06</u>	<u>457,414.06</u>
H-2 Total General Appropriation for Municipal Purposes excluded from "CAPS"	<u>14,832,351.56</u>	<u>14,707,351.56</u>
(O) Total General Appropriations Excluded from "CAPS"	<u>14,832,351.56</u>	<u>14,707,351.56</u>
L. Subtotal General Appropriations (items H-1 and O)	<u>56,279,398.05</u>	<u>55,352,470.34</u>
9. Total General Appropriations	<u>\$61,279,398.05</u>	<u>\$60,352,470.34</u>

Dedicated Assessment Budget

Dedicated Revenues:		
Assessment Cash	\$ 0.00	\$ 12,585.94
Deficit (General Budget)	<u>87,414.06</u>	<u>97,414.06</u>
Total Assessment Revenues	<u>\$ 87,414.06</u>	<u>\$110,000.00</u>

BE IT FURTHER RESOLVED, that two certified copies of this Resolution be filed forthwith in the Office of the Director of Local Government Services for his certification of the local municipal budget so amended.

BE IT FURTHER RESOLVED, that this complete amendment, in accordance with the provisions of N.J.S.A. 40A:4-9, be published in the News Tribune in the issue of May 24th, 1991, and that said publication contain notice of public hearing on said amendment to be held at The Municipal Building on May 28, 1991, at 7:00 o'clock p.m.

It is hereby certified that this is a true copy of a resolution amending the budget, adopted by the governing body on the 21st day of May, 1991.

Certified by me
May 21, 1991.

Joseph V. Valenti
JOSEPH V. VALENTI
MUNICIPAL CLERK

By: Deloris P. Comparsale
Deputy Municipal Clerk

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