

CHAPTER 30
LOCAL FINANCE BOARD

Authority

N.J.S.A. 40A:2-17(B) and 18, 40A:4-83, 40A:5-38, 40A:12-6, 40A:14-194, 52:27BB-10, 52:27BB-30, 52:27BB-32, and 52:27D-18; and P.L. 1998, c. 45.

Source and Effective Date

R.2009 d.125, effective March 23, 2009.
See: 41 N.J.R. 894(a), 41 N.J.R. 1732(b).

Chapter Expiration Date

Chapter 30, Local Finance Board, expires on March 23, 2014.

Chapter Historical Note

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

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

Subchapter 16, Tenants Property Tax Rebate Program, was adopted as R.1977 d.241, effective July 8, 1977. See: 9 N.J.R. 257(c), 9 N.J.R. 529(a), 11 N.J.R. 59(a).

Former Subchapter 10 and N.J.A.C. 5:30-11.1 through 5:30-11.7 were repealed by R.1979 d.16, effective January 17, 1979.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

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

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

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

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Subchapter 13, Forms, Subchapter 15, Appropriation Caps, and Subchapter 16, Tenants Property Tax Rebate Program, were repealed by R.1990 d.383, effective August 6, 1990.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

Subchapter 14, Local Public Contracts, was repealed and Subchapter 17, Cooperative Pricing and Joint Purchasing Systems, was recodified to N.J.A.C. 5:34-7 by R.1990 d.595, effective December 3, 1990.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

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

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

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

Pursuant to Executive Order No. 66(1978), Chapter 30, Local Finance Board, was readopted as R.1998 d.307, effective May 22, 1998. See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

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

Subchapter 5, Encumbrance Accounting and Certifications of Availability of Funds, was recodified from N.J.A.C. 5:34-5 and Subchapter 11, Change Orders and Open-End Contracts was recodified from N.J.A.C. 5:34-4 by R.2000 d.485, effective December 4, 2000. See: 32 N.J.R. 3237(a), 32 N.J.R. 4300(a).

Subchapter 14, Emergency Service Volunteer Length of Service Award Program, was adopted as R.2001 d.36, effective January 16, 2001. See: 32 N.J.R. 3683(a), 33 N.J.R. 254(a), 33 N.J.R. 552(a).

Subchapter 15, Accumulated Absence Management and Financing, was adopted as R.2001 d.370, effective October 15, 2001. See: 33 N.J.R. 1509(a), 33 N.J.R. 3676(a).

Subchapter 16, Agency Communications with Local Units, was adopted as R.2002 d.126, effective April 15, 2002. See: 34 N.J.R. 46(a), 34 N.J.R. 1543(a).

Subchapter 9A, Disbursements Without Vendor Certification, was adopted as R.2003 d.158, effective April 21, 2003. See: 34 N.J.R. 2374(a), 35 N.J.R. 1664(a).

Subchapter 17, Electronic Disbursement Controls for Payroll Purposes, was adopted as R.2003 d.205, effective May 19, 2003. See: 34 N.J.R. 2377(a), 35 N.J.R. 2223(a).

Chapter 30, Local Finance Board, was readopted as R.2003 d.404, effective September 19, 2003. See: 35 N.J.R. 2427(a), 35 N.J.R. 4862(b). Chapter 30, Local Finance Board, expired on September 19, 2008.

Chapter 30, Local Finance Board, was adopted as emergency new rules by R.2009 d.59, effective January 22, 2009 (to expire March 23, 2009). See: 41 N.J.R. 894(a). The concurrent proposal of Chapter 30, Local Finance Board, was adopted without change as R.2009 d.125, effective March 23, 2009. See: Source and Effective Date.

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\$1,000,000 to \$2,000,000	\$67,000 + 1% of all over \$1,000,000
\$2,000,000 to \$5,000,000	\$77,000 + ½% of all over \$2,000,000
\$5,000,000 and upwards	\$92,000 + ¼% of all over \$5,000,000

<u>Total Annual Receipts</u>	<u>Minimum Bond Required</u>
\$1,000,000 and up	\$49,500 + 1% of all over \$1,000,000

4. Local units are encouraged to utilize the following recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds:

Up to \$200,000	25% of the Levy
\$200,000 to \$350,000	\$50,000 + 8% of all over \$200,000
\$350,000 to \$500,000	\$62,000 + 6% of all over \$350,000
\$500,000 to \$1,000,000	\$71,000 + 4% of all over \$500,000
\$1,000,000 to \$2,500,000	\$91,000 + 2% of all over \$1,000,000
\$2,500,000 to \$5,000,000	\$121,000 + 1% of all over \$2,500,000
\$5,000,000 and upwards	\$146,000 + ½% of all over \$5,000,000

(b) The following additional provisions shall apply to such surety bonds:

1. In fixing such minimum bond, the nearest even \$1,000 shall be used.
2. When the collector of taxes and the collector of utility charges is the same person, the minimum surety bond coverage shall be computed separately. The required amounts shall be combined in a single surety bond.
3. The minimum coverage arrived at by use of the foregoing schedule shall be an overall minimum amount where there is more than one person in the office. The several persons handling funds should be bonded in accordance with their responsibility.
4. In any case where a municipality desires to substitute for the foregoing method any other method which it deems satisfactory and which complies with the provisions of the existing statutes, such substituted procedure, shall, if approved by the Local Finance Board, be deemed to comply with this chapter.

Repealed by R.1979 d.16, effective January 17, 1979.
 See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).
 Text on books and forms repealed.
 New Rule R.1990 d.383, effective August 6, 1990.
 See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
 Amended by R.1998 d.307, effective June 15, 1998.
 See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).
 Rewrote the section.

5:30-8.4 Minimum surety bond requirements for municipal courts

(a) Every municipal court judge and municipal court administrator shall be bonded with a surety bond in a minimum amount in accordance with the following schedule:

<u>Total Annual Receipts</u>	<u>Minimum Bond Required</u>
\$1 to \$5,000	\$2,000
\$5,000 to \$10,000	\$2,000 + 30% of all over \$5,000
\$10,000 to \$20,000	\$3,500 + 25% of all over \$10,000
\$20,000 to \$50,000	\$6,000 + 15% of all over \$20,000
\$50,000 to \$100,000	\$10,500 + 12% of all over \$50,000
\$100,000 to \$200,000	\$16,500 + 8% of all over \$100,000
\$200,000 to \$500,000	\$24,500 + 5% of all over \$200,000
\$500,000 to \$1,000,000	\$39,500 + 2% of all over \$500,000

(b) Local units are encouraged to utilize the following recommended amounts in lieu of the minimum amount in order to provide a higher level of security of public funds.

\$1 to \$10,000	\$2,500
\$10,000 to \$25,000	\$2,500 + 30% of all over \$10,000
\$25,000 to \$50,000	\$5,500 + 25% of all over \$25,000
\$50,000 to \$100,000	\$11,750 + 15% of all over \$50,000
\$100,000 to \$200,000	\$19,250 + 12% of all over \$100,000
\$200,000 to \$500,000	\$31,250 + 8% of all over \$200,000
\$500,000 to \$1,000,000	\$47,250 + 5% of all over \$500,000
\$1,000,000 and up	\$72,250 + 2% of all over \$1,000,000

(c) The municipal judge and the municipal court administrator shall be bonded in such amount as may be deemed appropriate and adequate under the circumstances, the amount, including all assistants, to be not less than the minimum referred to in (a) above, and in every case where the minimum requirement applies, based on the volume of annual transactions, the municipal judge and the municipal court administrator shall be bonded in the amount of not less than \$1,000 each.

(d) In those cases where the minimum requirement, based on the volume of business of the Court, calls for an amount in excess of \$2,000, it may be appropriate to bond the municipal court judge and municipal court administrator, as the case may be, in an amount which shall be above the \$1,000 minimum required by statute to the nearest \$500.00 above said minimum.

(e) The municipal governing body may allocate the amount of the coverage as between the municipal judge, municipal court administrator, and other employees, in accordance with the financial responsibility of each officer with due regard to the \$1,000 minimum for each individual.

(f) There shall be a recomputation as to the minimum bond requirement annually and if the bond presently in force is less than the minimum required by the above schedule, the bond shall be increased.

(g) In all cases, however, a new bond shall be obtained at least every three years, coinciding with the term of office of the municipal court judge.

Repealed by R.1979 d.16, effective January 17, 1979.
 See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).
 Text on installation of systems repealed.
 New Rule R.1990 d.383, effective August 6, 1990.
 See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
 Amended by R.1998 d.307, effective June 15, 1998.
 See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).
 Rewrote the section.

5:30-8.5 Guidelines concerning receipt and custody of public funds

(a) No officer of a local unit shall accept in receipt of the payment of any license, fee or other charge, a check in excess of the amount actually due.

(b) Under no circumstances shall said officer engage in the practice of cashing checks with public funds.

Repealed by R.1979 d.16, effective January 17, 1979.
See: 10 N.J.R. 529(a), 11 N.J.R. 59(a).

Text on instruction and consultation repealed.
New Rule R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Amended by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Deleted former (c).
Amended by R.2003 d.404, effective October 20, 2003.
See: 35 N.J.R. 2427(a), 35 N.J.R. 4862(b).
In (a), deleted "tax," preceding "license".

5:30-8.6 (Reserved)

Recodified by R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b).

Text on mechanical and data processing accounting recodified to 8.1.
New Rule R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Repealed by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Signatures on checks drawn upon the treasury of the local unit".

5:30-8.7 Notice of occurrences

It is the duty and responsibility of the chief financial officer to advise the Division of Local Government Services and the Department of Education, as appropriate, in any case where there might be a prospective default in the payment of principal or interest of any of the local unit's debt obligations.

Repealed by R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Text on tax bill receipting machine repealed.
New Rule R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Amended by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote the section.

5:30-8.8 (Reserved)

Repealed by R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Text on tax collector's course repealed.
New Rule R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Repealed by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Implementation of the Housing and Community Development Act of 1974".

5:30-8.9 (Reserved)

Recodified by R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).

Text on unbudgeted school aid refunds recodified to 8.2.
New Rule R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Repealed by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Section was "Implementation of the Housing and Community Development Act of 1974; urban counties".

5:30-8.10 Acceptance of third party financial organization payments

When authorized through bona fide "bank-by-phone" systems, local units are permitted to accept check based payments made by banks or other financial organizations on behalf of individual persons when authorized by such persons and when such transactions provide payor information.

New Rule, R.1997 d.147, effective March 17, 1997.
See: 29 N.J.R. 4(a), 29 N.J.R. 872(a).

SUBCHAPTER 9. GOVERNMENT ELECTRONIC RECEIPT ACCEPTANCE

5:30-9.1 Purpose and authority

(a) This subchapter includes rules and guidance for local government units to utilize credit cards, debit cards, and electronic fund transfer mechanism as means of collecting local unit obligations.

(b) The rules are authorized pursuant to section 5 of P.L. 1995, c.325 (N.J.S.A. 40A:5-43 et seq.), the Government Electronic Payment Acceptance Act.

(c) While the title of the legislation refers to "electronic payment," these rules utilize the phrase "electronic receipt," as the use of "payment" could be confused with the ability of a local government unit to pay its own obligations electronically, a procedure not authorized by law.

5:30-9.2 Definitions

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

"Bulk receipt" means a single deposit by a single party that represents multiple transactions.

"Card issuer" means any organization or association that issues or licenses others to issue any credit card or debit card.

"Credit card" means any instrument or device linked to an established line of credit, whether known as a credit card, charge card, credit plate, or by any other name, issued with or without fee by an issuer for the use of the cardholder in satisfying outstanding financial obligations, obtaining money, goods, services, or anything else of value on credit.

"Debit card" means any instrument or device, whether known as a debit card, automated teller machine card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining money, goods, services, or anything else of value through the electronic authorization of a financial institution to debit the cardholder's account.

"Delinquent local unit obligation," in a municipality that conducts its tax sale after the close of the fiscal year, means a municipal charge that is unpaid on the 30th day prior to the completion of the tax sale list pursuant to the Tax Sale Law, N.J.S.A. 54:5-1 et seq. In a municipality that conducts an accelerated tax sale, "delinquent local unit obligation" means a municipal charge that is unpaid on the 11th day of the 11th month of the fiscal year. For all other local units, a delinquent local unit obligation means any debt or charge that has been turned over to a municipality for collection through the tax sale process.

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

"Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account.

"Electronic receipt" means any receipt transaction made through the use of a credit card, debit card, or electronic funds transfer.

"Local unit" means any unit of government subject to the provisions of chapters 5 or 5A of Title 40A of the New Jersey Statutes, and the constituent parts of those units, including, but not limited to, independent local authorities, public libraries, municipal courts and joint municipal courts.

"Local unit obligations" means any local unit tax, charge, fee, penalty, fine, assessments, service or utility charge, payment transactions by the public for goods or services, except for credit card payment of delinquent local unit obligations or for the redemption of local unit liens.

"Payor identification" means information, such as an account number, property block and lot number, or other identifying characteristic, used to sufficiently identify the purpose of the receipt and person or organization using electronic receipt to pay a local unit obligation.

"Processor" means any organization with whom the local unit contracts to process or make electronic receipt transactions.

Amended by R.2004 d.353, effective September 20, 2004.

See: 36 N.J.R. 2607(a), 36 N.J.R. 4297(a).

Added "Delinquent local unit obligation".

5:30-9.3 General grant of authority

(a) Local units may enter into agreements with processors to utilize electronic receipts as an alternative to acceptance of cash and checks as receipt for local unit obligations.

(b) Authorization of the local unit obligations that shall be accepted as electronic receipts shall be made by resolution of the governing body of the local unit. The resolution shall specify both the types of local unit obligations approved for electronic receipt, and the types of electronic receipt that shall be permitted.