

CHAPTER 30

LOCAL FINANCE BOARD

Authority

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

Source and Effective Date

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

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 30, Local Finance Board, expires on November 18, 2003. See: 35 N.J.R. 2427(a).

Chapter Historical Note

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

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

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

Former Subchapter 10 and N.J.A.C. 5:30-11.1 through 5:30-11.7 were repealed by R.1979 d.16, effective January 17, 1979.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

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

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

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

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Subchapter 13, Forms, Subchapter 15, Appropriation Caps, and Subchapter 16, Tenants Property Tax Rebate Program, were repealed by R.1990 d.383, effective August 6, 1990.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

Subchapter 14, Local Public Contracts, was repealed and Subchapter 17, Cooperative Pricing and Joint Purchasing Systems, was recodified to N.J.A.C. 5:34-7 by R.1990 d.595, effective December 3, 1990.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

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

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

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

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

CHAPTER TABLE OF CONTENTS

SUBCHAPTER 1. GENERAL PROVISIONS

- 5:30-1.1 Rules and regulations
- 5:30-1.2 Duties
- 5:30-1.3 Hearings
- 5:30-1.4 Vote
- 5:30-1.5 Advice to director
- 5:30-1.6 Determinations
- 5:30-1.7 Forms; general provisions
- 5:30-1.8 Use of Local Finance Notices
- 5:30-1.9 Use of electronic communications networks
- 5:30-1.10 (Reserved)
- 5:30-1.11 Realized revenue
- 5:30-1.12 through 5:30-1.15 (Reserved)

SUBCHAPTER 2. LOCAL BOND LAW

- 5:30-2.1 Exceptions to debt limitation of N.J.S.A. 40A:2-7
- 5:30-2.2 Automatic waiver of appearance
- 5:30-2.3 Payments for capital improvement
- 5:30-2.4 Form of Notice of Pending Bond Ordinance and Summary publication
- 5:30-2.5 through 5:30-2.7 (Reserved)
- 5:30-2.8 Self-liquidating improvements and extensions
- 5:30-2.9 through 5:30-2.19 (Reserved)

SUBCHAPTER 3. ANNUAL BUDGET

- 5:30-3.1 (Reserved)
- 5:30-3.2 Procedures for adoption of budget
- 5:30-3.3 Examination of budget
- 5:30-3.4 Filing of municipal budget amendments
- 5:30-3.5 Detail in support of current budget appropriation
- 5:30-3.6 Emergency appropriations
- 5:30-3.7 through 5:30-3.8 (Reserved)

SUBCHAPTER 4. CAPITAL BUDGETS AND CAPITAL IMPROVEMENT PROGRAMS

- 5:30-4.1 Authority and application
- 5:30-4.2 Definitions
- 5:30-4.3 When required
- 5:30-4.4 Method of adoption
- 5:30-4.5 Forms and content
- 5:30-4.6 Review and certification
- 5:30-4.7 Capital expenditures proscribed
- 5:30-4.8 Director's action
- 5:30-4.9 (Reserved)

SUBCHAPTER 5. ENCUMBRANCE ACCOUNTING AND CERTIFICATIONS OF AVAILABILITY OF FUNDS

- 5:30-5.1 General authority
- 5:30-5.2 Encumbrance systems
- 5:30-5.3 General requirements
- 5:30-5.4 Procedure
- 5:30-5.5 Methods of accounting for and certifying available funds for special situations

SUBCHAPTER 6. ANNUAL AUDIT

- 5:30-6.1 Uniform accounting system for local units
- 5:30-6.2 through 5:30-6.4 (Reserved)
- 5:30-6.5 Certification of governing body
- 5:30-6.6 through 5:30-6.11 (Reserved)

SUBCHAPTER 7. MUNICIPAL BUDGET LOCAL EXAMINATION AND APPROVAL

- 5:30-7.1 Authority
- 5:30-7.2 Definitions
- 5:30-7.3 Local examination process

- 5:30-7.4 Eligibility for local examination
- 5:30-7.5 Qualifying for budget local examination
- 5:30-7.6 Completion of local examination
- 5:30-7.7 Revocation of qualification

SUBCHAPTER 8. FINANCIAL ADMINISTRATION

- 5:30-8.1 Electronic data processing systems for financial, revenue, and property tax accounting
- 5:30-8.2 (Reserved)
- 5:30-8.3 Minimum surety bond coverage for tax collectors
- 5:30-8.4 Minimum surety bond requirements for municipal courts
- 5:30-8.5 Guidelines concerning receipt and custody of public funds
- 5:30-8.6 (Reserved)
- 5:30-8.7 Notice of occurrences
- 5:30-8.8 through 5:30-8.9 (Reserved)
- 5:30-8.10 Acceptance of third party financial organization payments

SUBCHAPTER 9. GOVERNMENT ELECTRONIC RECEIPT ACCEPTANCE

- 5:30-9.1 Purpose and authority
- 5:30-9.2 Definitions
- 5:30-9.3 General grant of authority
- 5:30-9.4 Contracting for services
- 5:30-9.5 Accounting and control
- 5:30-9.6 Preauthorized transactions
- 5:30-9.7 Bulk payments
- 5:30-9.8 Individual electronic receipts
- 5:30-9.9 Surcharges or convenience fees
- 5:30-9.10 Payment of electronic receipt fees
- 5:30-9.11 Interpretations of the rules

SUBCHAPTER 9A. DISBURSEMENTS WITHOUT VENDOR CERTIFICATION

- 5:30-9A.1 Purpose
- 5:30-9A.2 Definitions
- 5:30-9A.3 Authorization to use procurement cards and electronic funds transfers for the acquisition of goods and services
- 5:30-9A.4 Conditions for use of procurement cards or electronic funds transfers; organization and access
- 5:30-9A.5 Procurement card limit and control requirements
- 5:30-9A.6 Electronic funds transfer authorization
- 5:30-9A.7 Policies and practices governing use of procurement cards; audit
- 5:30-9A.8 Eligible procurement card issuers; eligible providers of wire transfer services

SUBCHAPTER 10. MUNICIPAL PORT AUTHORITIES

- 5:30-10.1 Annual budgets of municipal port authorities
- 5:30-10.2 Approval of municipal port authorities obligations; municipal guarantees of authority bonds; financing agreements; and leases, sales or dispositions of real property

SUBCHAPTER 11. CHANGE ORDERS AND OPEN-END CONTRACTS

- 5:30-11.1 Application, compliance and penalties
- 5:30-11.2 Definitions
- 5:30-11.3 General requirements for all change orders
- 5:30-11.4 Procedures for minor field (site) modifications
- 5:30-11.5 General procedures for change orders
- 5:30-11.6 Change orders for professional services and extraordinary unspecifiable services
- 5:30-11.7 Change orders for materials, supplies and equipment which are part of construction contract
- 5:30-11.8 Change orders for construction, reconstruction and major repair contracts
- 5:30-11.9 Procedures for change orders which exceed 20 percent limitation
- 5:30-11.10 Open-end contracts

SUBCHAPTER 12. FEDERAL GRANTS FOR LIBRARY CONSTRUCTION AND STATE LIBRARY AID

- 5:30-12.1 General provisions
- 5:30-12.2 Procedure
- 5:30-12.3 Federal grants for library services
- 5:30-12.4 State library aid

SUBCHAPTER 13. CAMDEN FINANCIAL REVIEW BOARD

- 5:30-13.1 Definitions
- 5:30-13.2 Powers and responsibilities
- 5:30-13.3 Financial review board
- 5:30-13.4 Report
- 5:30-13.5 Financial plan preparation
- 5:30-13.6 Financial plan modification
- 5:30-13.7 Annual city budget approval
- 5:30-13.8 Issuance of debt
- 5:30-13.9 Emergency appropriations, budget amendments, transfer of appropriation
- 5:30-13.10 Contracts
- 5:30-13.11 Orders and directives

SUBCHAPTER 14. EMERGENCY SERVICE VOLUNTEER LENGTH OF SERVICE AWARD PROGRAM

- 5:30-14.1 Definitions
- 5:30-14.2 Creating LOSAPs: Determining the sponsoring agency for volunteer fire organizations
- 5:30-14.3 Creating LOSAPs: Determining the sponsoring agency for emergency service squads
- 5:30-14.4 LOSAP ordinances/resolutions: public disclosure sites and filing requirements
- 5:30-14.5 Ballot questions
- 5:30-14.6 LOSAP budget provisions
- 5:30-14.7 Restrictions on the number of LOSAPs
- 5:30-14.8 Abolishing or amending LOSAPs
- 5:30-14.9 LOSAP benefits
- 5:30-14.10 LOSAP award process
- 5:30-14.11 Appeals
- 5:30-14.12 Depositing LOSAP contributions
- 5:30-14.13 Pre-existing LOSAP programs
- 5:30-14.14 Prior service credit
- 5:30-14.15 Special circumstances governing multiple sponsors
- 5:30-14.16 Length of service award programs: multiple sponsors
- 5:30-14.17 Approving length of service award plan
- 5:30-14.18 Participant agreement
- 5:30-14.19 Eligible investments
- 5:30-14.20 Choice of investments
- 5:30-14.21 Investment certification
- 5:30-14.22 Timing of investments
- 5:30-14.23 Prototypical length of service award plan
- 5:30-14.24 Uniform system of accounting
- 5:30-14.25 Adoption of a length of service award plan
- 5:30-14.26 Sponsoring agency retaining assets
- 5:30-14.27 Responsibility for administration
- 5:30-14.28 Conflict of interest
- 5:30-14.29 Non-collusion
- 5:30-14.30 No personal liability
- 5:30-14.31 Termination of LOSAP plan
- 5:30-14.32 Reasons for amendment
- 5:30-14.33 Notification of amendment
- 5:30-14.34 Plan amendment
- 5:30-14.35 Responsibilities of the local plan administrator
- 5:30-14.36 Document retention
- 5:30-14.37 Award of length of service award plan
- 5:30-14.38 Ban on solicitation prior to award of contract
- 5:30-14.39 Insurance companies
- 5:30-14.40 Mutual fund companies
- 5:30-14.41 Nonprofit corporations
- 5:30-14.42 Banking institutions
- 5:30-14.43 Nondiscrimination
- 5:30-14.44 Contractor disclosure

5:30-14.45	Bonding and evidence of insurance
5:30-14.46	Provisions for rules to be part of plan
5:30-14.47	Annual report
5:30-14.48	Pooling of funds
5:30-14.49	Review
5:30-14.50	Return to participants
5:30-14.51	Participant records confidential
5:30-14.52	Plan records
5:30-14.53	Status of funds
5:30-14.54	Plan list
5:30-14.55	Compliance
5:30-14.56	Private letter ruling
5:30-14.57	Private letter ruling alternative
5:30-14.58	Regulatory compliance
5:30-14.59	Director determination
5:30-14.60	Grace period
5:30-14.61	Penalties
5:30-14.62	Vesting and awards

SUBCHAPTER 15. ACCUMULATED ABSENCE MANAGEMENT AND FINANCING

5:30-15.1	Purpose and authority
5:30-15.2	Definitions
5:30-15.3	Calculation of compensated absence liability
5:30-15.4	Authorization for compensated absence payments
5:30-15.5	Accounting for compensated absence funds

SUBCHAPTER 16. AGENCY COMMUNICATIONS WITH LOCAL UNITS

5:30-16.1	Definitions
5:30-16.2	GovConnect
5:30-16.3	Grants

SUBCHAPTER 17. ELECTRONIC DISBURSEMENT CONTROLS FOR PAYROLL PURPOSES

5:30-17.1	Purpose
5:30-17.2	Definitions
5:30-17.3	Authorization to use a third-party disbursement services organization for payroll
5:30-17.4	Local unit requirements
5:30-17.5	Eligibility requirements for disbursing organizations
5:30-17.6	Contract terms and conditions

SUBCHAPTER 1. GENERAL PROVISIONS

5:30-1.1 Rules and regulations

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

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

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

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

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

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

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

Time and place of meetings changed in (b).
Amended by R.1998 d.307, effective June 15, 1998.
See: 30 N.J.R. 1123(a), 30 N.J.R. 2204(b).

Rewrote the section.

Case Notes

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

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

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

5:30-1.2 Duties

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

5:30-1.3 Hearings

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

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

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

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

5:30-1.4 Vote

(a) In the case of a vote on any appeal from a determination of the Director, the Director shall disqualify himself or herself from a vote, but shall preside at the hearing on the appeal. A vote of a majority of the whole board, namely, five votes, shall be required in determining whether any appeal from any action of the Director shall be sustained or reserved.

(b) In the case of a vote on any other matter heard before the board, a majority of the vote of the whole board, including that of the director, shall be required.

Amended by R.1990 d.383, effective August 6, 1990.
See: 22 N.J.R. 706(b), 22 N.J.R. 2276(b).
Majority of the Board changed from three to five.

5:30-1.5 Advice to director

The Local Finance Board shall advise the director concerning the administration of the division, the exercise of his powers, and the problems of local government.

5:30-1.6 Determinations

The board may, if it so elects, direct that hearings under the foregoing shall be held by a member thereof, but all determinations shall be made by a majority of the full board.

5:30-1.7 Forms; general provisions

All forms required to be filed with the Local Finance Board or Division of Local Government Services, such as statements, applications and reports shall be filed on forms (or approved facsimiles) approved by the Board or the Director of the Division of Local Government Services, certified as to their accuracy by an appropriate official and in accordance with the instructions relating to each. Forms are available upon request to the Local Finance Board or the Division of Local Government Services.

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

Text on implementation of the Housing and Community Development Act of 1974 repealed; text on forms added.

5:30-1.8 Use of Local Finance Notices

(a) When necessary for the day-to-day administration of the responsibilities of the Board and the Division, the Director may issue such communications and directives as necessary to local units subject to the oversight of the Board and Division. Such communications and directives shall be known as Local Finance Notices (Notices).

(b) Local Finance Notices shall be sent by mail or made available by electronic means to those officers or individuals affected by the Notice, as determined necessary by the Director, at no charge. Individual copies may be obtained for no charge from the Division, and all Notices shall be posted on the Division's web site. Annual mail subscriptions for all Notices shall be available for an annual fee of \$50.00. Receiving e-mail notification of publication of a Notice by e-mail shall be available to any person at no charge.

(c) Local Finance Notices shall be numbered in a scheme as determined necessary from time-to-time by the Director. A public notice in the New Jersey Register announcing its release and a summary of its contents shall follow the issuance of each notice.

New Rule, R.2003 d.31, effective January 21, 2003.
See: 34 N.J.R. 2632(a), 35 N.J.R. 396(a).

5:30-1.9 Use of electronic communications networks

(a) Where practicable, the Division and Board shall provide notices, information, and copies of forms to the public through a World Wide Web site maintained by the Division. While subject to change, the web site is found at <http://www.state.nj.us/dca/lgs.htm>. As an alternate, users may access the Division's information at the State's home page at www.state.nj.us and then use appropriate links to find the Department of Community Affairs or Division of Local Government Services.

(b) When available, the Division and Board may use electronic communications networks to communicate with those individuals and officials for whom access to such networks is available. Such communications shall be considered as official and take the place of communications by mail, when deemed appropriate by the Director.

New Rule, R.2003 d.31, effective January 21, 2003.
See: 34 N.J.R. 2632(a), 35 N.J.R. 396(a).

5:30-1.10 (Reserved)

R.1975 d.322, eff. January 1, 1976.
See: 7 N.J.R. 540(a).
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 contracts; expenditures repealed.

5:30-1.11 Realized revenue

(a) When required to do so by the Local Finance Board, governmental units shall file a form entitled "Realized Revenue Report." The form of the Realized Revenue Report shall be approved by the Board.

(b) All statements shall be certified as being accurate and complete by the Chief Financial Officer of the local unit.

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

Provisions of (a) through (f) deleted; new text added at (a), (g) recodified as (b); Attachments A and B deleted.

5:30-1.12 (Reserved)

R.1977 d.346, eff. October 6, 1977.

See: 9 N.J.R. 456(d).

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 supplemental detail in support of current budget appropriation repealed.

5:30-1.13 (Reserved)

R.1977 d.347, eff. October 6, 1977.

See: 9 N.J.R. 457(a).

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 Federal antirecession assistance program repealed.

5:30-1.14 (Reserved)

R.1977 d.479, eff. December 21, 1977.

See: 10 N.J.R. 55(a).

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 public participation in the revenue sharing program repealed.

5:30-1.15 (Reserved)

R.1978 d.241, eff. July 21, 1978.

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

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 urban aid reporting system repealed.

SUBCHAPTER 2. LOCAL BOND LAW**5:30-2.1 Exceptions to debt limitation of N.J.S.A. 40A:2-7**

When a local government seeks a waiver from the debt limitations of N.J.S.A. 40A:2-6 for a bond ordinance authorizing obligations solely for the purposes delineated in N.J.S.A. 40A:2-7, the application must be submitted to the Local Finance Board within the established filing schedule on a form approved by the Board. Approval of bond and note financing in excess of the debt limit under N.J.S.A. 40A:2-7(c), (d) and (e) require the applicant to justify and demonstrate the existence of extraordinary conditions.

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

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

Section was "Exceptions to debt limitation".

5:30-2.2 Automatic waiver of appearance

An appearance by the applicant before the Board for applications for the waiver of down payment shall not be required for the following State loan programs: Green Acres, Department of Environmental Protection and Department of Transportation—Transportation Trust Fund Authority Act. A full application with supporting documentation shall be required and a vote of the Board shall be taken. An appearance shall only be required when requested by the Board.

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

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

Waiver provision added to (b); (c) deleted.

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

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

Section was "Interpretation of N.J.S.A. 40A:2-7 and N.J.S.A. 40A:2-11(c)".

5:30-2.3 Payments for capital improvement

(a) When N.J.S.A. 40A:2-11 requires local governments to appropriate a down payment which is not less than five percent of the amount of obligations authorized for each bond ordinance, the down payment must have been made available prior to final adoption of the bond ordinance from any combination of the following sources:

1. Reserve funds in the capital improvement fund accumulated from annual budget appropriations;
2. Current budget appropriation; and/or
3. Emergency appropriation.

(b) Moneys accumulated in the capital improvement fund from annual budget appropriations may be utilized to fully fund the acquisition of capital items without the issuance of bonds.

(c) Capital improvement fund moneys may be expended for preliminary costs of capital projects, such as engineering and architect fees, by a resolution of the governing body.

(d) All moneys expended from the capital improvement fund other than those permitted for preliminary costs shall be made by an appropriation through an adopted ordinance.

(e) All expenditures from a capital surplus account, from a capital reserve set aside for a specific capital purpose, or from a capital improvement fund other than those expenditures permitted for preliminary expenses, shall be made by means of an ordinance appropriation duly adopted by the municipality or county, which ordinance shall become effective upon advertising following final adoption in the manner required by statute.

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

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

Section was "Down payment for capital improvement".

5:30-2.4 Form of Notice of Pending Bond Ordinance and Summary publication

(a) Pursuant to N.J.S.A. 40A:2-17(b), a local unit may choose to publish a bond ordinance in summary form and shall use the following form of summary of bond ordinance and notice of adoption:

NOTICE OF PENDING BOND ORDINANCE AND SUMMARY

The bond ordinance, the summary terms of which are included herein, was introduced and passed upon first reading at a meeting of the governing body of the _____ of _____, in the County of _____, State of New Jersey, on _____, 200__. It will be further considered for final pas-

sage, after public hearing thereon, at a meeting of the governing body to be held at the _____, in the _____ on _____, 200__ at _____ o'clock ____M. During the week prior to and up to and including the date of such meeting copies of the full ordinance will be available at no cost and during regular business hours, at the Clerk's office for the members of the general public who shall request the same. The summary of the terms of such bond ordinance follows:

- Title:
- Purpose(s):
- Appropriation:
- Bonds/Notes Authorized:
- Grants (if any) Appropriated:
- Section 20 Costs:
- Useful Life:

_____, Clerk
This Notice is published pursuant to N.J.S.A. 40A:2-17.

BOND ORDINANCE STATEMENTS AND SUMMARY

The bond ordinance, the summary terms of which are included herein, has been finally adopted by the _____ of _____, in the County of _____, State of New Jersey on _____, 200__ and the 20 day period of limitation within which a suit, action or proceeding questioning the validity of such ordinance can be commenced, as provided in the Local Bond Law, has begun to run from the date of the first publication of this statement. Copies of the full ordinance are available at no cost and during regular business hours, at the Clerk's office for members of the general public who request the same. The summary of the terms of such bond ordinance follows:

- Title:
- Purpose(s):
- Appropriation:
- Bonds/Notes Authorized:
- Grants (if any) Appropriated:
- Section 20 Costs:
- Useful Life:

_____, Clerk

New Rule, R.2003 d.32, effective January 21, 2003.
See: 34 N.J.R. 2372(a), 35 N.J.R. 396(b).

5:30-2.5 (Reserved)

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

5:30-2.6 (Reserved)

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

5:30-2.7 (Reserved)

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

5:30-2.8 Self-liquidating improvements and extensions

(a) Obligations to finance an improvement or extension of a municipal public utility shall be deemed to be for a self-liquidating purpose in the fiscal year in which the obligations to finance the same have been authorized or issued and calculated pursuant to N.J.S.A. 40A:2-8.

1. In instances that a local unit desires to establish a utility, and desires the Local Finance Board to determine that any debt would be self-liquidating and, therefore, the debt excluded from the net debt of the local unit, the local unit shall provide appropriate supporting documentation to indicate the utility shall be self-liquidating.
2. Such documentation shall include, as appropriate to the circumstances, the following:
 - i. The amount of cash on hand based on prepaid service revenue;
 - ii. Presentation of evidence of participation or connection supported by enforceable documents guaranteeing every pledge or agreement;
 - iii. An engineering or other study of annual income from casual, or ancillary use of the facility with adequate reasons for supporting such estimate;
 - iv. Statement of amount estimated to be derived from any concessions, other recreational activities, or other activities, with suitable explanation;
 - v. Projected budget for the first full year of operations, setting forth the amounts required for salaries and wages, insurance, detail of other operating expenses, and amounts required for annual debt service;

5:30-14.48 Pooling of funds

Except for individual annuities and life insurance contracts, the plan shall provide for investments in authorized investment options by pooling the amounts awarded. The return on investments shall be apportioned on a prorated basis among all participants in the plan after deductions for reasonable administrative costs.

5:30-14.49 Review

(a) The sponsoring agency shall have a review of the contractor administered prototypical length of service award plan as part of the annual audit of its books, accounts and financial transactions.

(b) The initial review of the plan shall cover the period from plan initiation to the end of the fiscal year for the local unit and thereafter, the fiscal year of the plan shall conform to the fiscal year of sponsoring agency.

(c) The review of a plan shall be made in accordance with the American Institute of Certified Public Accountant's (AICPA's) Statements on Standards for Accounting and Review Services, (Codification of Statements on Standards for Accounting and Review Services as of January 1, 1999), incorporated herein by reference, as amended and supplemented, subject to such qualitative inquiry and analytical procedures selected and performed, causing attention to questionable items, procedures or practices of a material nature, constituting a need for balances to be adjusted or creating a need for further auditing.

(d) The contractor shall transmit to the sponsoring agency a compilation of financial data in statement form providing a full accounting of all plan transactions occurring during the sponsoring agency's fiscal year, including beginning transactions and ending fund balance. The accounting for the transactions must reflect each volunteer's award and the date the funds were received, the beginning fund balance by investment option, earnings or losses incurred, administrative charges and fees assessed, any transfers made among funds, all deposits and withdrawals, and the ending fund balance, including any and all adjustments made to such plan. The contractor must also submit to the sponsoring agency applicable plan statements together with the opinion from its latest firm audit report prepared by its independent public accountant.

(e) The contractor shall furnish a letter to the Director from its independent accountant attesting to the adequacy of the contractor's internal controls.

(f) The contractor shall certify to the Director that the annual accounting data supplied to the sponsoring agency is accurate and complete.

(g) The independent auditor of the sponsoring agency shall then evaluate the sponsoring agency's records of the

funds awarded to the volunteers and the joinder agreements against the information transmitted by the contractor.

(h) The independent auditor of the sponsoring agency shall make an appropriate statement and express limited assurances thereon. These assurances shall be made part of the sponsoring agency's annual audit, pursuant to N.J.S.A. 40A:5-4 or 40A:5A-15. The expense of the review shall be incurred by the sponsoring agency or contractor as agreed upon at the time the service agreement is drawn.

5:30-14.50 Return to participants

Funds invested, less administrative expenses, including all amounts awarded and any and all return on investments shall be credited to the participants' accounts. Such credit shall be made in a manner that is prorated in a nondiscriminatory manner.

5:30-14.51 Participant records confidential

All records regarding participation, amounts awarded, account balances, withdrawals, and any other information regarding a participant's account shall be held confidential by the local plan administrator and the contractor.

5:30-14.52 Plan records

The local plan administrator shall make available upon a written request from a participant or the Director, all records, reports or other information relating to the plan as a whole, including, but not limited to, investment reports, audits and annual reports.

5:30-14.53 Status of funds

The amount awarded shall not be treated as compensation subject to Federal income tax withholding or New Jersey Gross Income Tax withholding.

5:30-14.54 Plan list

(a) Each July the Director shall prepare and distribute to the appropriate contractor a list of its approved length of service award plans. The list shall clearly identify sponsoring agencies and the date of approval.

(b) The contractor shall have 30 days from date of mailing of the list by the Director to confirm in writing that the list is accurate.

5:30-14.55 Compliance

(a) A contractor shall provide to the Director appropriate documentation as more specifically described in this section that, under its proposed prototypical length of service award plan, funds contributed for the benefit of volunteers participating in the plan shall not be taxable for the purposes of the Internal Revenue Code until actual receipt of such funds by the volunteer due to retirement, termination after vesting, death or disability. The appropriate documentation to be submitted by the contractor shall consist of either a

written opinion of legal counsel for the contractor, or a private letter ruling to this effect from the Internal Revenue Service, pursuant to N.J.A.C. 5:30-14.56.

(b) The Director shall not assign a prototypical length of service award plan identifier to a contractor who fails to provide evidence of compliance as required in (a) above.

(c) The Director may, at his or her discretion, assign a prototypical identifier upon the receipt from the contractor of documentation consisting of a copy of the filing for a Private Letter Ruling and an acknowledgement of receipt of the filing from the Internal Revenue Service.

(d) The contractor shall provide the Director with a copy of the Private Letter Ruling when it has been issued by the Internal Revenue Service.

5:30-14.56 Private letter ruling

A sponsoring agency adopting a prototypical length of service award plan may with the cooperation of a contractor file an application with the Internal Revenue Service for a private letter ruling for a determination that the plan meets the requirements of the Internal Revenue Code. A copy of the ruling shall be forwarded to the Director when received.

5:30-14.57 Private letter ruling alternative

As an alternative to seeking a separate private letter ruling from the Internal Revenue Service pursuant to N.J.A.C. 5:30-14.56, a sponsoring agency may adopt a contractor's prototypical length of service award plan which has already received a private letter ruling from the Internal Revenue Service. The private letter ruling shall be based upon the contractor's prototypical length of service award plan adopted by a New Jersey sponsoring agency. The resolution of a sponsoring agency shall certify that the sponsoring agency is adopting a plan identical to one on which a satisfactory Internal Revenue Service private letter ruling has been obtained. The certification shall also indicate the use of the ruling is for guidance only and the realization that for Internal Revenue Service purposes, the ruling of another sponsoring agency is not to be considered precedent.

5:30-14.58 Regulatory compliance

The sponsoring agency and contractor shall comply with the provisions of this subchapter. Any sponsoring agency or contractor deemed by the Director to be in noncompliance shall be notified by certified mail to appear before the Director, or designee. Notice shall be given at least 14 days prior to the date of the appearance and shall detail the nature of the alleged noncompliance. Failure to appear shall result in appropriate penalties pursuant to N.J.A.C. 5:30-14.61.

5:30-14.59 Director determination

No later than 10 days after an appearance required by N.J.A.C. 5:30-14.58, the Director shall issue a written determination on the issue of regulatory compliance. A copy of the determination shall be forwarded by certified mail to the sponsoring agency or contractor, as appropriate.

5:30-14.60 Grace period

A Director determination of noncompliance shall result in the immediate commencement of a 60 day grace period. During this time, the sponsoring agency or contractor shall rectify all items of noncompliance to the satisfaction of the Director.

5:30-14.61 Penalties

Failure to satisfactorily address noncompliance during the grace period shall result in the immediate ineligibility of a contractor to qualify for Division approval of any additional LOSAP plans. In addition, the Director may take such other actions as provided for by law.

5:30-14.62 Vesting and awards

(a) Pursuant to N.J.S.A. 40A:14-188, a sponsoring agency may make a yearly contribution to the LOSAP Account in the deferred income program for an active volunteer who has satisfied the requirements for receipt of an award, but the volunteer shall not be able to receive a distribution of the funds until the completion of a five year vesting period.

(b) Should a volunteer fail to vest or terminate association with a sponsoring agency prior to the completion of the vesting period, the funds placed in the LOSAP Account on behalf of the volunteer shall revert to the sponsoring agency, not to the volunteer.

SUBCHAPTER 15. ACCUMULATED ABSENCE MANAGEMENT AND FINANCING

Authority

N.J.S.A. 52:27BB-10.

Source and Effective Date

R.2001 d.370, effective October 15, 2001.
See: 33 N.J.R. 1509(a), 33 N.J.R. 3676(a).

5:30-15.1 Purpose and authority

(a) The purpose of this subchapter is to authorize and establish procedures for local government units to follow in accounting for accumulated absences and for the payment of employees on the basis of such absences, and in establishing reserves for compensated absences.