

USER FRIENDLY BUDGET

The Joe and Jon Show

NJSLOM Webinar April 29th, 2014

UFB- Now LFN 2013-25

- ▣ **Implementation of Statutorily Required User Friendly Budget:**
As part of the CY 2014 adoption cycle, the Division will implement the new “User Friendly Budget” summary as a PILOT program. This summary will provide citizens with budget data in a form that they can understand and in a format that is consistent across all municipalities. This is intended to give municipal officials and citizens a clear understanding of the cost and staffing involved in providing various services. By requiring submission of this data electronically, comprehensive municipal budget summaries can be quickly posted on the Internet in an easy-to-understand format that can be downloaded for comparative purposes.
- ▣ This new process must be adopted by the Local Finance Board pursuant to N.J.S.A. 40A:5-48, the state law that required the creation of “user friendly” plain language budget summary. The law specifically requires not only all line items of budget data aggregated by service type, but also detailed information on shared services, property tax rates and collection rates, long-term tax exemptions and abatements, and debt.

UFB- The Beginning

- ▣ NJSA 40A:5-48 (PL 2007 ch 63) requires the Local Finance Board to promulgate a “user friendly” plain language budget summary, or User-Friendly Budget, for use by municipalities, counties, local authorities and fire districts. The User-Friendly Budget will give the public, as well as local officials, a better understanding of local government finances. Municipalities will be the first of the statutorily required government entities to implement the User-Friendly Budget, which does not replace but rather stands alongside the standard municipal budget.
- ▣ **YES IT SAYS 2007**

PL 2007, c 63

- ▣ AN ACT to encourage the financial accountability of local units of government through empowering citizens, reducing waste and duplicative services, clearing legal hurdles to shared services and consolidation, and supplementing, amending, and repealing sections of statutory law.
- ▣ **WHEREAS**, The problem of high property taxes paid by New Jersey's residents is not easily solved, but can be ameliorated through changes to the laws designed to encourage government efficiency through shared services, regionalization, and consolidation; and
- ▣ **WHEREAS**, The problem of political resistance remains a potent barrier to consolidation, especially since initial additional short-term costs may mask the long-term benefits of consolidation; and

PL 2007, c.63

- ▣ WHEREAS, The Legislature should attempt to facilitate, by an improved and streamlined process that is tailored to local needs, that avoids the current thicket of overlapping and antiquated laws inhibiting interlocal cooperation, and that deals with Civil Service issues rationally; and
- ▣ WHEREAS, *The State largely has employed a “carrot” approach to incentivizing*
- ▣ *consolidation and service sharing for over 30 years, and for real progress to occur in reducing the rate of property tax increase, the “stick” approach is appropriate; and*
- ▣ WHEREAS, Providing citizens with the tools to gauge the efficiency of their local
- ▣ governments will help promote accountability and cost savings; now, therefore,
- ▣ **BE IT ENACTED** *by the Senate and General Assembly of the State of New Jersey: BLAH BLAH BLAH*

UFB- NJSA 40A:5-48 (Local Fiscal Affairs Law)

- ▣ a. The Local Finance Board shall promulgate "user-friendly," plain language budget summary forms for the use of counties, municipalities, local authorities, and fire districts. The board shall also promulgate a procedure for the submission by each of these local government units of the required budget summary form to the Division of Local Government Services in the Department of Community Affairs following the adoption of the annual budget.

UFB- NJSA 40A:5-48

(Local Fiscal Affairs Law)

- b. The plain language budget summary shall provide the public with information in summary form about the budget of the local unit and shall include, in addition to an abbreviated version of the formal budget adopted by the local unit, such statistical information as the board determines to be useful for the public's understanding of the local unit's fiscal matters and condition, and shall also include, but shall not be limited to the following information, for both the local unit's current budget year and the previous budget year, as the Local Finance Board determines appropriate to the local unit: all line items of appropriation aggregated by service type; the property tax rate; the property tax collection rate; the assessed value and taxable value of all real property located in the local unit; the amount of bonded indebtedness of the local unit; revenues by major category; description of unusual revenues or appropriations, with a description of the circumstances of the revenues or appropriations; a list of shared service agreements in which the local unit is participating; and the number and amount of outstanding long-term tax exemptions and abatements, and the amount of revenue derived therefrom.

UFB- NJSA 40A:5-48 (Local Fiscal Affairs Law)

- ▣ c. The plain language budget summary shall be submitted to the division in such form as determined by the Local Finance Board, and, upon its receipt of the summary, the division shall make the summary available to the public through an Internet website maintained by the division. The information on the website shall be presented as data that can be downloaded by the public for comparative purposes using commonly-used software.

UFB- Now

- ▣ 10 fiscal year towns submitted the UFB electronically (along with a paper copy).
- ▣ It was not used in conjunction with their budget reviews.
- ▣ There are 12 CY towns involved in a PILOT.
- ▣ Required to submit electronically and paper
- ▣ It will be used in review unless the PILOT town is local exam
- ▣ DLGS expects feed back from the 12 CFO's

UFB - Now

- ▣ The filing of the UFB will be a requirement for all towns starting in 2015.
- ▣ So GET READY
- ▣ Jon (aka Hutch, Lewis, Robin, Shirley) will now take us through the weeds on the form and data collection