

City Council now considering a change to a calendar year for its fiscal schedule

By Chris Sykes
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The Orange City Council, on the verge of adopting a budget for SFY 2011, is also considering changing the budget process by converting from a fiscal-year budget to a calendar-year budget schedule.

At the April 19 meeting, the council approved two resolutions that will set the stage for the city to change its budget schedule. This means that, when it comes to the 2012 municipal budget, instead of using the state fiscal year that runs from July 1 to June 30, the city will begin using a calendar year that runs from Jan. 1 to Dec. 31. The latter was the standard used in the city prior to changes in the late 1980s and early 1990s.

"A lot of municipalities switched to a fiscal-year schedule back in the days of Gov. Jim Florio because it allowed them to align their budget process with the state's budget process so that when the state struck their budget you would know, at the local level, what kind of state aid you would be getting," said Irvington Municipal Council President John Sowell.

"Not everyone switched to the fiscal year standard and Newark was one of the cities that didn't. There's no longer that rich uncle in Trenton who would bail us out when we needed money, so we're going to be switching back to a calendar-year schedule too," he added.

East Orange has already switched from the fiscal year to the calendar-year schedule standard, and Orange appears to be on the

brink of making the same move.

"We have to have an interim budget that has to be passed in advance of July 1," said Orange City Council Vice President Edward Marable. "We did enter into an agreement with the accounting firm of Lerch, Vinci, and Higgins LLP, the same firm as the gentleman who is acting as our budget consultant at last week's meeting to begin the process of making the change to the calendar year schedule. He's going to do that and we have to petition the state in writing and in person."

Marable said Dieter Lerch, the council's budget advisor, will represent the city and its application to move to a calendar year. He hopes to be in Trenton when the application is presented and expects Mayor Eldridge Hawkins Jr. and other members of the administration to be there too.

"It's not a separate issue that concerns either the council or the mayor; it concerns everyone," Marable said. "Last week we passed two resolutions, one to hire Lurch's firm and the other to make application to the state to switch back to the calendar year schedule. One of the benefits of moving back to using the calendar year is that we might be eligible for a one-time-only increase in state aid for the six months in between the time it takes us to move from the fiscal-year standard to the calendar-year standard."

In order for Orange to make the switch, Marable, Lurch and others, like business administrator John Mason and Bruce Meyer, a

member of the Citizens Budget Advisory Committee, have said the council and the administration would have to pass a temporary, six-month budget from July 1 to Dec. 31 after the current financial year ends on June 30. This six-month budget would act as a bridge for the city as it makes the transition between budget schedules.

"This is something that I have recommended for three years," Meyer said. "It aligns our budget calendar with our tax calendar and makes things easier to understand when it comes to our tax bills. The only reason that it was switched to a fiscal year was to align with state aid so that you could see how much money was there when you were putting together the budget. In the old days, we basically existed on state money from a slush fund. It makes sense to go back to a calendar-year schedule because it's a more economical and beneficial way to do things."

Mason said he agrees with East Orange 5th Ward Councilman Lonnie P. Hughes who said that it made sense to change back to the calendar-year schedule once Gov. Chris Christie cut the funding available to municipalities.

"We have an Orange City Council meeting on May 3 where there will be a public hearing on an ordinance to go back to the calendar year budget schedule," Mason said. "It makes it a lot easier for residents to look at their tax bills and see how it supports the annual budget information. When you change to the calendar year all the tax bills will relate to the budget for that calendar year."