

10. Sumps intended for ground water control shall have gasketed lids or be otherwise sealed and shall not be connected to the soil gas exhaust system.

11. Vent pipes shall connect to a single vent that terminates at least 12 inches above the roof. If the design requires multiple individual vent pipes, they shall terminate separately at least 12 inches above the roof. Alternatively, vent pipe termination from the soil gas permeable layer shall extend to at least 30 feet above grade. In addition, vent pipes shall meet the following:

- i. The vent pipe shall terminate no less than four feet vertically above or 10 feet horizontally away from operable windows, doors, or skylights.
- ii. The vent pipe shall be sloped to avoid collecting condensate or rainwater.
- iii. The vent pipe size shall not be reduced at any location as it goes from gas collection to the roof.
- iv. Exposed and visible interior vent pipes shall be identified with not less than one label reading "Radon Reduction System" on each floor \*[and in habitable attics]\*.
- v. The minimum vent pipe diameter and maximum area vented per vent pipe shall be as specified in Table 11 below.
- vi. Multiple sub-slab areas that are segregated and combined into a single vent pipe shall be subject to minimum vent pipe diameter and maximum area vented per vent pipe specifications in Table 11 below.

TABLE 11  
Maximum Vented Foundation Area

Maximum Area Vented	Minimum Pipe Diameter
2,500 ft <sup>2</sup> *[(232 m <sup>2</sup> )]*	3 inch *[(7.6 cm)]*
4,000 ft <sup>2</sup> *[(372 m <sup>2</sup> )]*	4 inch *[(10 cm)]*
Unlimited	6 inch *[(15.2 cm)]*

12. In buildings that have interior footings or other barriers that separate the soil gas permeable layer, each area shall be fitted with an individual vent pipe.

\*[13. Each radon vent pipe shall have an electrical junction box installed within six feet of the area where a future radon fan may be installed.]\*

**\*13. Electrical junction boxes shall be installed within six feet of the provided area, such as an accessible attic space, where a future in-line vent pipe fan and system failure alarms may be installed.\***

(c) Group R buildings: The construction techniques set forth in this subsection shall be the minimum radon hazard protective features required to be incorporated into construction of buildings in tier one areas, and may be incorporated elsewhere, in order to minimize radon and radon progeny entry and facilitate any post-construction radon removal that may be required. Enumeration of these construction techniques is not intended to preclude voluntary use of additional or more extensive techniques. Full compliance with these construction techniques is not required for additions; however, those construction techniques that are feasible shall be incorporated.

1.-16. (No change.)

(a)

**LOCAL FINANCE BOARD**

**Local Authorities**

**Readoption with Amendments: N.J.A.C. 5:31**

**Adopted New Rules: N.J.A.C. 5:31-2.11 through 2.22, 5:31-2 Appendices A through J, and 6.2**

Proposed: August 3, 2020, at 52 N.J.R. 1489(a).  
 Adopted: December 9, 2020, by the Local Finance Board, Melanie R. Walter, Chair.  
 Filed: December 9, 2020, as R.2021 d.006, **without change**.

Authority: N.J.S.A. 40:14A-4.2, 40A:4-45.45, 40A:5-16, 40A:5-16.5, 40A:5-50, 40A:5A-10, 40A:5A-15, 40A:5A-26, 40A:14-72.2, 52:27BB-10, 52:27BB-28, 52:27BB-32, and 52:27BB-34.

Effective Dates: December 9, 2020, Readoption;  
 January 4, 2021, Amendments and New Rules.  
 Expiration Date: December 9, 2027.

**Summary of Public Comment and Agency Response:**

COMMENT: Ms. Yvonne Smith, a resident of Jersey City, commented that after reading the notice of repropoed chapter readoption to the best of her ability, she believes that the language should be written in terms that are easily understood by all who read the document. Further, the notice should specify who will receive the funds and in what denominations, and provide an explanation as to the reason for choosing those individuals and the community impact on each designated area.

RESPONSE: The commenter appears to misunderstand the subject of the repropoed chapter readoption. The rules that are the subject of the notice do not pertain to a grant program and the standards by which awards would be made under such a program. Rather, N.J.A.C. 5:31 establishes a regulatory framework through which the Division of Local Government Services and its Local Finance Board exercise fiscal and operational oversight for local authorities.

**Federal Standards Statement**

With the limited exception of exceptions to the regional sewerage authority appropriations and revenue caps, the rules readopted with amendments and new rules are not being readopted under the authority of, or in order to implement, comply with, or participate in any program established under Federal law or a State law that incorporates or refers to Federal law, standards, or requirements. Adopted new N.J.A.C. 5:31-2.19 and 2.21 implement an exception to the regional sewerage authority appropriations and revenue caps, respectively, for the cost of services mandated by Federal statute or by order of a Federal court. These rules do not exceed the Federal standards, and, therefore, no Federal standards analysis is required.

**Full text** of the readopted rules can be found in the New Jersey Administrative Code at N.J.A.C. 5:31.

**Full text** of the adopted amendments and new rules follows:

SUBCHAPTER 1. GENERAL PROVISIONS

5:31-1.1 Scope

This chapter shall constitute the rules governing the preparation, introduction, approval, adoption, and execution after adoption of any budget by a local authority, the accounting principles and policies for such authorities, the administration of financial affairs of such authorities, the annual audit of the financial statements of such authorities, claims payment and financial reporting practices of such authorities under statutes such as, but not limited to, the Local Authorities Fiscal Control Law, P.L. 1983, c. 313, the User-Friendly Budget Law, N.J.S.A. 40A:5-48, and, for fire districts, the property tax levy cap law, N.J.S.A. 40A:4-45.45 et seq. Additionally, this chapter implements requirements for fire district elections, referenda, and capital expenditures contained in P.L. 2017, c. 206, and implements the appropriation and revenue caps established at N.J.S.A. 40:14A-4.2 for regional sewerage authorities established under the Sewerage Authorities Law. This chapter also contains rules for implementing length of service award programs that are sponsored by fire districts for the purpose of maintaining and attracting volunteer firefighter and emergency medical personnel.

5:31-1.2 Definitions

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

...  
 "Capital project" means any of the following activities or undertakings that an authority is empowered to bond for, with an estimated useful life of five years or more, regardless of the financing sources:

1.-4. (No change.)

"Chief financial officer" means the individual holding overall management responsibility for the authority's finances.

...  
 “Energy cost” means the cost of electricity, fuel oil, gasoline, heating oil, natural gas, or other source of energy connected to the operation of a regional sewerage authority.  
 ...

“Regional sewerage authority” means a regional authority established by two or more municipalities or counties pursuant to the Sewerage Authorities Law, N.J.S.A. 40:14A-1 et seq., located in a county of the first class with a population of over 600,000 and a population density of over 10,000 persons per square mile according to the latest Federal decennial census.

“Restricted fund balance” means the accumulation of funds reserved for use as capital improvements or as down payments for a fixed asset acquisition, that must be used exclusively for its intended purpose.  
 ...

“Service transfer” means the transfer to another local unit of the responsibility for funding the cost of a service. Shared service agreements shall not be considered service transfers.  
 ...

“Unrestricted net position” means the equity account that represents accumulated net earnings over expenditures that have been retained from an authority operation and are not restricted for any special purpose, thereby making such funds available as a reduction to total operating and non-operating appropriations.

#### 5:31-1.3 Forms and appendices

All forms, documents, and instructions for completion of forms referenced in this chapter can be obtained from the website of the Division of Local Government Services at <https://www.nj.gov/dca/divisions/dlgs/>. All budgets, audits, and accompanying documents and information shall be submitted to the Division electronically through the Financial Automation Submission Tracking (FAST) system upon its implementation, or through such other automated system as may be implemented by the Director. The Director shall have the discretion to require the submission of one or more paper copies of budgets, audits, and accompanying documents and information parallel to electronic submission.

### SUBCHAPTER 2. BUDGETS

#### 5:31-2.1 Annual budget preparation and content for authorities other than fire districts

(a) Every authority shall prepare an annual budget for each fiscal year in which an expenditure of money is expected. Each budget shall include an operations section, capital budget and capital program section, and supplemental schedule and necessary certifications relating thereto.

(b)-(c) (No change.)

(d) Every budget shall be prefaced by a narrative explanation of its contents, entitled “Budget Message & Analysis,” which shall consist of the following:

1. A brief statement on the proposed year’s budget compared to the current year’s adopted budget for each operation, including reasons and supporting documentation for any increase or decrease in the budgeted line item by greater than 10 percent;

2. A brief statement on the impact the proposed budget will have on anticipated revenues, especially service charges, and on the general purpose financial statements and any component unit financial statements as described by N.J.A.C. 5:31-7.8, including an explanation for any increase or decrease greater than 10 percent from the current year’s adopted budget;

3. A description of how the state of the local and regional economy may impact the proposed budget, including the capital budget and capital program;

4. The reasons for utilization of unrestricted net position funds;

5. Identification of any sources of funds transferred to the county or municipality under a shared service or as a budget subsidy, with an explanation of the reason for the transfer;

6. Excluding housing authorities, if the authority’s rate structure has changed since the prior budget year submission, the authority’s existing rate schedule along with a schedule of the proposed rate, fee, or charge structure for the upcoming fiscal year, with an explanation of any

proposed changes in said structure and the resolution from the authority’s governing body approving the change in the rate, fee, or charge structure; and

7. The reasons for an accumulated deficit, existing or anticipated, subject to the provisions of N.J.S.A. 40A:5-12, along with a deficit reduction plan and an explanation of how the funding plan would eliminate the deficit.

(e) Signatures required on all budget documents, budget amendments, and information supporting the budget shall be hand-written signatures or, for electronically generated documents, electronic signatures.

(f)-(h) (No change.)

(i) For every budget, except for housing authorities, non-operating appropriations shall be itemized to include the following:

1.-2. (No change.)

3. Renewal and replacement reserve;

4. Municipal/county appropriation; and

5. (No change in text.)

(j) For every housing authority budget, non-operating appropriations shall be itemized to include the following:

1. (No change.)

2. Operations and maintenance reserve;

3. Renewal and replacement reserve; and

4. Other reserves.

(k) For every authority, revenues generated by the imposition of service charges or fees upon users of one type of operation shall be accounted for, kept, and utilized separately from the revenues generated by the imposition of service charges or fees imposed upon the users of other operations administered by the authority. Accordingly, each authority shall complete a separate authority budget column for each type of operation being provided, pursuant to the provisions of N.J.S.A. 40:14B-1 et seq., 40A:5A-1 et seq., and 52:27BB-1 et seq. Once it is determined that an operation should be accounted for in this way, a separate enterprise fund shall be established for each operation provided by the authority, consistent with accounting and financial reporting systems requirements specified in N.J.A.C. 5:31-7.1.

(l) Every authority budget shall contain schedules, in a format prescribed by the Director, for the following items:

1. A cost analysis of employee health benefits comparing the prior and current years, including, but not limited to, the:

i. Number of covered members;

ii. Total annual cost;

iii. Annual cost, broken down by active employees, retirees, and governing body members; and

iv. Cost sharing by benefit recipients;

2. Compensation paid by the authority to the authority’s governing body members, key employees, highest compensated employees, and independent contractors. Individual detail shall be provided on, at a minimum, compensation and hours worked per week;

3. Accumulated liability for compensated absences, which shall, at a minimum, provide gross days of accumulated absences at the beginning of the current year, dollar value of compensated absence liability, and the legal basis for the benefit;

4. A listing of all shared service agreements to which the authority is a party; and

5. Such other information as the Director may require in order to approve authority budgets pursuant to N.J.S.A. 40A:5A-11 or otherwise comply with the user-friendly budget provisions of N.J.S.A. 40A:5-48 relevant to authorities.

(m) Every authority budget shall provide the following information:

1. The number of employees and total compensation information listed on the authority’s W-3 Form;

2. The number of regular voting and alternate members of the governing body;

3. Whether the authority has any amounts receivable from current or former commissioners, officers, key employees, or highest compensated employees and, if so, a list of said individuals, their position, the amount receivable, and a description of the amount due to the authority;

4. Whether the authority was party to a business transaction with a current or former commissioner, officer, key employee, or highest compensated employee, or a family member of any of the commissioners,

officers, key employees, or highest compensated employees. The authority shall also disclose whether it was a party to any business transactions with an entity in which a current or former commissioner, officer, key employee, or highest compensated employee, or a family member of any of the commissioners, officers, key employees, or highest compensated employees were an officer, direct owner, or indirect owner. If the answer is "yes," a description of the transactions shall be provided along with the name of the individual(s), the name of the entity and its relationship to the individual(s) (if applicable), the amount paid, and whether the transaction was subject to a competitive procurement process;

5. Whether the authority, during the most recent fiscal year, directly or indirectly, was responsible for paying premiums on a personal benefit contract, such as a life insurance, annuity, or endowment contract. If so, a description of the arrangement, the premiums paid, and the beneficiary of the contract shall be provided;

6. An explanation of the authority's process for determining compensation for all persons listed on the schedule detailing public entity compensation for authority governing body members, key employees, highest compensated employees, and independent contractors, including whether the process includes:

i. A study or survey of compensation data for comparable positions in similarly sized entities;

ii. Prior review by an independent compensation consultant;

iii. Review and approval by the governing body or a committee thereof;

iv. A written contract; and

v. Annual or periodic performance evaluation;

7. A detailed list of meals and catering invoices for the current fiscal year, with an explanation for each expenditure listed;

8. A detailed list of any of the following expenses paid by the authority for authority governing body members, key employees, highest compensated employees, and independent contractors, including:

i. Travel;

ii. Tax indemnification and "gross-up" payments;

iii. Discretionary spending;

iv. Housing and vehicle allowances;

v. Payments for business use of personal residence;

vi. Health or social club dues, including initiation fees; and

vii. Personal services including, but not limited to, maids, chefs, and chauffeurs;

9. Whether the authority has, and follows, a written policy regarding payment and reimbursement of expenses incurred by employees and/or governing body members during the course of authority business and an explanation of the policy, including whether the policy requires substantiation of expenses through receipts or invoices prior to reimbursement;

10. An explanation regarding any payments to employees or governing body members for discretionary bonuses, severance, or termination;

11. All notices received from any State or Federal agency concerning maintenance and repairs for facilities, systems, and other infrastructure that the authority has not yet remediated, along with an explanation as to each;

12. All notices of fines, penalties, or assessments issued by any State or Federal agency, along with the amount and a description of the underlying event(s); and

13. Such other information as the Director may require in order to approve authority budgets pursuant to N.J.S.A. 40A:5A-11, and in the case of regional sewerage authorities, N.J.S.A. 40:14A-4.2, or otherwise comply with the user-friendly budget provisions of N.J.S.A. 40A:5-48 relevant to authorities.

(n) Regional authorities shall state whether all individuals classified as local government officers pursuant to the Local Government Ethics Law, N.J.S.A. 40A:9-22.1 et seq., have filed financial disclosure statements, as required pursuant to N.J.S.A. 40A:9-22.6.

(o) A housing authority shall disclose whether the authority has been deemed "troubled" by the United States Department of Housing and Urban Development, and, if so, a description of the authority's plan to address the identified conditions.

(p) A budget submission shall contain a certification of compliance, by the authority, with the provisions of N.J.S.A. 40A:5A-17.1, pertaining to the maintenance of an Internet website or webpage.

5:31-2.2 Capital budget and capital program for authorities other than fire districts

(a)-(b) (No change.)

(c) Every authority that adopts a capital budget shall also adopt a capital program or modify or add a year to an existing capital program. The capital program shall be submitted to the Director with the capital budget. In any budget year when an authority's governing body decides not to adopt a capital budget or program, the Secretary shall certify to such intent and give the reasons therefor.

(d) (No change.)

(e) The Director shall, as part of his or her review of each authority annual budget, determine whether a capital budget and program are required, and if so, whether it has been included in proper form. The review shall not extend to any determination as to the sufficiency or wisdom of its content. Failure to properly submit the capital budget and program may delay approval of the entire annual budget.

(f) (No change.)

(g) Every capital budget and capital program submitted to the Division shall include a budget message, which shall consist of brief statements addressing the following matters:

1. Whether prior consultation, review, and, if required, approval by affected agencies, governmental entities, and jurisdictions served by the authority has been obtained;

2. Whether a specific capital improvement plan or report has been developed with respect to each capital project or project financing with full life cycle costs having been calculated for same, and whether each capital project or project financing is consistent with appropriate elements of master plans or other plans in the jurisdiction(s) served by the authority;

3.-4. (No change.)

5. The projected impact of proposed capital projects, impact on current and future rates, fees, service charges, or user charges, if the proposed capital improvement plan is undertaken; and

6. (No change.)

(h)-(i) (No change.)

(j) All amendments to a capital budget or program shall be approved and adopted by the governing body, at an open public meeting, setting forth the reasons therefor, and passed by not less than a majority of the full membership thereof. The certified budget, together with all relevant information, shall be transmitted to the Division for Director approval in such a manner as may be required by the Director, within 10 days after adoption. One certified copy of the amendment shall be transmitted to each affected local unit within 10 days after adoption.

5:31-2.3 Budget introduction and adoption for authorities other than fire districts

(a)-(b) (No change.)

(c) The budget shall set forth all the anticipated revenues of the authority, including the following, where applicable in comparison to the prior year:

1. Unrestricted net position that shall not exceed the amount of working capital reduced by unrestricted assets not ordinarily convertible into cash; or the estimated year-end balance of unrestricted net position, whichever is the lower;

2. Rents, fees, and other charges that are reasonably expected to be realized from users of facilities and/or services provided by the authority;

3. Amounts expected to be received from local unit or units pursuant to financing agreements with respect to use, services, or provisions of a project, facility, or public improvement of an authority or payments for debt service therefor;

4.-5. (No change.)

6. Amounts reasonably expected to be collected from unrestricted grants that may be used to finance budget appropriations; and

7. (No change.)

(d) The budget shall set forth all of the appropriations of the authority including the following, where applicable for the current and prior year:

1. Administrative and operating expenses, including personnel salary and wage and fringe benefits, as well as maintenance and repair of facilities and improvements;

2.-7. (No change.)

8. Addition to the Renewal and Replacement and Operations and Maintenance Reserves;

9.-12. (No change.)

13. Capital outlay for property, plant, and equipment acquisitions expected to be paid from the operating budget;

14. Unrestricted net position utilized; and

15. (No change.)

(e) The authority shall transmit three certified copies of the budget to the Director at least 60 days prior to the end of the current fiscal year, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director. Upon implementation of the Financial Automation Submission Tracking (FAST) system, or such other automated system as may be implemented by the Director, the authority shall electronically submit the certified budget to the Director at least 60 days prior to the end of the current fiscal year, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director. The Director shall have the discretion to require the submission of one or more certified paper copies of the budget, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission.

(f) The following information and documentation shall accompany the budget:

1. A computation of the projected balance of unrestricted net position;

2. The schedule of rates, fees, and charges in effect or proposed and computation of revenue reasonably expected to be realized;

3.-6. (No change.)

7. Schedule of debt service (principal and interest) for the prior adopted budget year, current proposed budget year, and at least the next succeeding five years; and

8. (No change.)

(g) (No change.)

(h) The budget shall be adopted not later than the beginning of the authority's fiscal year, except that the governing body may adopt or amend the budget at any time after the Director shall have approved the same.

1. Two certified copies of the budget as adopted shall be transmitted by the authority to the Director within three days after adoption. Upon implementation of the FAST system, or such other automated system as may be implemented by the Director, the authority shall electronically submit the certified budget, as adopted, to the Director within three days after adoption. The Director shall have the discretion to require the submission of one or more certified paper copies of the adopted budget, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission.

2. One certified copy of the budget as adopted shall be transmitted by the authority to each local unit within three days after adoption.

(i) (No change.)

5:31-2.4 Preparation and content of fire district annual budget; budget introduction and adoption for fire districts

(a) (No change.)

(b) The budget shall set forth all anticipated revenues and other financing sources of the district, including the following, where applicable:

1. (No change.)

2. Miscellaneous anticipated revenues, which shall not be such amounts as may reasonably be expected to be realized in cash during the budget year from known and regular sources, or from sources reasonably capable of anticipating, including amounts expected to be received from municipalities appropriating money for district purposes, but not including revenues from taxes to be levied to support the district budget;

3. Amount to be raised by taxation to support the district budget, which shall be the amount to be certified to the assessor of the municipality to be assessed against the taxable property in the district. Such amount shall be equal to the amount of the total appropriations set forth in the budget minus the total amount of surplus (fund balance) and miscellaneous revenues set forth in the budget;

4. Sale of assets;

5. Interest on investments and deposits;

6. Operating grant revenues;

7. Revenues offset with appropriations;

8. Other revenue; and

9. Any other specialized revenues that the Director may determine necessary based on circumstances affecting an individual fire district, so that revenues of the fire district are properly disclosed to the public.

(c) The budget shall set forth all of the appropriations of the district, including the following, where applicable:

1. For operating appropriations, the following shall be included, with personnel costs broken out, where applicable:

i.-iv. (No change.)

v. Appropriations offset with revenue;

vi. Appropriations for duly incorporated first aid/rescue squad;

vii. Emergency appropriations and deferred charges; and

viii. Amounts necessary to fund any deficit, or anticipated deficit, from the preceding budget year;

2. Capital appropriations, which shall include the following:

i. Amounts necessary in the current budget year to fund or meet obligations incurred for capital purposes, including principal and interest on bonds, notes, capital leases, and intergovernmental loans, itemized according to purpose. For fire trucks, the term "capital lease" shall encompass not only lease-purchase agreements but also operational leases;

ii. For capital appropriations not paid for through borrowing:

(1) The date of the special meeting conducted pursuant to N.J.S.A. 40A:14-84;

(2) An affidavit of compliance with N.J.S.A. 40A:14-84 adhering to the content and format set forth at N.J.A.C. 5:31-2 Appendix C; and

(3) A certification of special meeting results adhering to the content and format set forth at N.J.A.C. 5:31-2 Appendix D;

iii. For debt service, which shall include bond issuances, lease-purchase agreements, and the creation of any other debt or liability for permitted purposes, as applicable:

(1) The date of voter approval and percentages;

(2) The date of Local Finance Board approval; and

(3) A certification of special elections results adhering to the content and format set forth at N.J.A.C. 5:31-2 Appendix E;

iv. Amounts reserved for future capital outlays;

v. Appropriations offset with grants;

vi. Appropriations offset with restricted fund balance; and

vii. Appropriations offset with unrestricted fund balance;

3. Length of service award programs, once approved by referendum pursuant to P.L. 1997, c. 388; and

4. Total appropriations shall be the sum of (c)1 through 3 above.

(d) (No change.)

(e) Where the intended purpose of restricted fund balance is no longer essential, the board of fire commissioners may authorize a referendum seeking voter approval to release the restricted fund balance to be appropriated for other unrestricted purposes that provide and maintain essential services.

1. If the fund balance was restricted by a ballot question voted upon pursuant to N.J.S.A. 40A:14-85, the fund balance shall only be unrestricted by a referendum to be held on the third Saturday in February.

2. If the fund balance was restricted by voter approval at a special meeting held by a fire district that holds its annual election for board of fire commissioners on the third Saturday in February, the fund balance shall only be unrestricted with voter approval during a special meeting held pursuant to N.J.S.A. 40A:14-84.

3. If the fund balance was restricted by voter approval at a special meeting held by a fire district that holds its annual election for the board of fire commissioners in conjunction with the November general election, the fund balance shall only be unrestricted by a two-thirds vote of the full membership of the board of fire commissioners during a special meeting held pursuant to N.J.S.A. 40A:14-84.

(f) If a levy cap referendum is to be held pursuant to N.J.S.A. 40A:4-45.45, or a referendum to release restricted fund balance, an enabling resolution must be adopted by the majority of the full membership of the board of fire commissioners.

(g) Any resolution authorizing a levy cap referendum shall adhere to the content and format set forth in N.J.A.C. 5:31-2 Appendix A. Any resolution authorizing a referendum on the release of restricted fund balance shall adhere to the content and format set forth at N.J.A.C. 5:31-2 Appendix B.

(h) If either a levy cap or restricted fund balance referendum is planned at the time of introduction of the budget, the resolution shall be adopted prior to the budget introduction, with a certified copy of the resolution being filed with the Director alongside the introduced budget. If the budget is amended prior to adoption, and the amendment either requires a levy cap or restricted fund balance referendum to take place or would change the question or questions to be brought before the voters, the resolution shall be adopted or amended, as appropriate, and filed with the Director.

(i) The district shall transmit two certified copies of its budget to the Director at least 60 days prior to the third Saturday in February, together with all relevant information as prescribed in this chapter, or as otherwise required by the Director. Upon implementation of the Financial Automation Submission Tracking (FAST) system, or such other automated system as may be implemented by the Director, the district shall electronically submit the certified budget to the Director at least 60 days prior to the third Saturday in February, together with all relevant information and documentation as prescribed in this chapter, or as otherwise required by the Director. The Director shall have the discretion to require the submission of one or more certified paper copies of the budget, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission.

(j) The following information and documentation shall accompany the budget:

1. A computation of the estimated fund balance or deficit from the preceding fiscal year, along with a reconciliation of fund balance for the current year;
2. A schedule of debt service (principal and interest) for the budget year and next succeeding five years;
3. The levy cap calculation pursuant to N.J.S.A. 40A:4-45.45;
4. If a levy cap referendum is to be held pursuant to N.J.S.A. 40A:4-45.45 and 40A:4-45.46 and/or a referendum is to be held on the release of restricted fund balance:
  - i. A listing of the specific amounts and budget line items for which funds approved at referendum would be utilized;
  - ii. A certified copy of the enabling resolution or resolutions adopted by the board of fire commissioners authorizing a referendum; and
  - iii. The proposed referendum question or questions;
5. Compensation paid by the fire district to commissioners and officers. The schedule shall, at a minimum, provide individual detail on compensation and hours worked per week;
6. A cost analysis of employee health benefits comparing the prior and current years, including, but not limited to:
  - i. The number of covered members;
  - ii. Total annual cost;
  - iii. Annual cost broken down by active employees, retirees, and governing body members; and
  - iv. Cost sharing by benefit recipients;
7. The accumulated liability for compensated absences that shall, at a minimum, provide gross days of accumulated absences at the beginning of the current year, dollar value of compensated absence liability, and the legal basis for the benefit;
8. A listing of all shared service agreements to which the fire district is a party;
9. Any contract for the sale of assets; and
10. Such other information as the Director may require in order to approve fire district budgets pursuant to N.J.S.A. 40A:5A-11 or otherwise comply with the user-friendly budget provisions of N.J.S.A. 40A:5-48 relevant to fire districts.

(k) Every fire district budget shall contain a completed questionnaire with answers for the following questions:

1. Whether the fire district has any amounts receivable from current or former commissioners, officers, key employees, or highest compensated

employees and, if so, a list of said individuals, their positions, the amount receivable, and a description of the amount due to the authority;

2. Whether the fire district was party to a business transaction with a current or former commissioner, officer, or employee. The fire district shall also disclose whether it was a party to any business transactions with an entity in which any such individuals, or a family member thereof, was an officer, direct owner, or indirect owner. If the answer is "yes," a description of the transactions shall be provided, along with the name of the individual(s), the name of the entity and its relationship to the individual(s), if applicable, the amount paid, and whether the transaction was subject to a competitive procurement process;

3. A detailed list of any of the following expenses paid by the fire district for fire district commissioners, key employees, highest compensated employees, and independent contractors, including:

- i. Travel;
- ii. Tax indemnification and "gross-up" payments;
- iii. Discretionary spending;
- iv. Housing and vehicle allowances;
- v. Payments for business use of personal residence;
- vi. Health or social club dues, including initiation fees; and
- vii. Personal services including, but not limited to, maids, chefs, and chauffeurs;

4. An explanation regarding any payments to employees or commissioners for discretionary bonuses, severance, or termination;

5. A list of the fire district's vehicles, including make, model, and year, indicating to whom the vehicles are assigned and their positions;

6. If the fire district contracts with another entity to provide fire protection or emergency medical services within the district, whether there is a written agreement detailing the services the entity shall provide along with the amount to be paid by the fire district and, if there is no written agreement, the reason for not having a written agreement in place, the services provided, and the basis for the amount paid by the district;

7. Whether the fire district has a Length of Awards Service Program (LOSAP) plan and, if so:

- i. The year in which the LOSAP was implemented;
- ii. The total number of volunteers presently eligible to participate;
- iii. The total number of vested volunteers;
- iv. Whether the annual contribution for each vested member is fixed or based on an automatic increase;
- v. The total amount budgeted for LOSAP for the current year; and
- vi. Whether the fire district has required the plan contractor to submit its annual financial statement to the Director of the Division of Local Government Services pursuant to N.J.A.C. 5:30-14.49;

8. Such other information as the Director may require in order to approve fire district budgets pursuant to N.J.S.A. 40A:5A-11 or otherwise comply with the user-friendly budget provisions of N.J.S.A. 40A:5-48 relevant to fire districts.

(l) The budget and all relevant information shall be reviewed by the Director. If the Director finds that all requirements of law and the rules of the Local Finance Board have been met, the Director shall, within 45 days of his or her receipt of the budget, approve it; otherwise the Director shall, within that time, refuse to approve it. No district budget shall be adopted by the commissioners until the Director shall have approved the same, provided, however, that if the Director has not notified the commissioners of his or her approval or refusal to approve the budget and the conditions on which approval will be granted at the end of the 45-day period, the budget will be deemed to have been approved. Budget adoption shall be by a resolution passed by a majority of the full membership of the commission.

1. Two certified copies of the budget, as adopted, shall be transmitted to the Director within three days after adoption. Upon implementation of the FAST system, or such other automated system as may be implemented by the Director, the district shall electronically submit the certified adopted budget to the Director within three days after adoption. The Director shall have the discretion to require the submission of one or more certified paper copies of the adopted budget, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission.

2. One certified copy of the budget, as adopted, shall be transmitted by the fire district to the municipality within three days after adoption.

(m) In the event that the adopted budget is rejected at an annual election of the district held on the third Saturday in February, the governing body of the municipality shall, within 30 days after the annual election, prepare and adopt, by resolution passed by a majority vote of the full membership of the governing body of the local unit, the budget for the fiscal year of the district. The budget adopted by the governing body of the local unit shall be in the same line item and detail as that rejected at the annual election of the district held on the third Saturday in February.

1. Within three days after its adoption, the municipality shall transmit two certified copies of the budget, as adopted by the municipality, to the Director and one certified copy of the budget, as adopted by the municipality, to the commissioners of the district. Upon implementation of the FAST system, or such other automated system as may be implemented by the Director, the certified budget as adopted by the local unit shall be electronically submitted to the Director within three days after adoption. The Director shall have the discretion to require the submission of one or more certified paper copies of the adopted budget, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission.

2. No district budget adopted by a municipality shall become effective prior to approval by the Director.

(n) When the annual budget is approved at an annual election of the district held on the third Saturday in February or, for fire districts holding their annual election at the November general election, finally adopted by the board of fire commissioners of a fire district, or finally adopted by the local unit, as the case may be, it provides legal authorization for general fund spending. Adopted budgetary accounts shall be formally integrated in the general fund ledger.

(o) For fire districts whose annual elections coincide with the November general election and whose tax levies do not exceed the permissible property tax levy increase as determined pursuant to section 10 of P.L. 2007, c. 62 (N.J.S.A. 40A:4-45.45), the Director shall certify to the tax assessor of the municipality or municipalities in which the fire district is located the amount to be raised by taxation to support the year's fire district budget upon receipt of the budget adopted by the board of fire commissioners.

(p) For fire districts whose annual elections are held on the third Saturday in February, the board of commissioners shall certify to the Director no later than 10 days after the passage of the budget referendum, unless the Director grants an extension:

1. The amount to be raised by taxation, together with the tax rate per 100 dollars of assessed value, pursuant to N.J.S.A. 54:4-35, and the total "Yes" votes and total "No" votes;

2. The amount of any capital project subject to referendum and the total "Yes" votes and total "No" votes;

3. The results of any levy cap referendum held pursuant to N.J.S.A. 40A:4-45.45;

4. The results of any referendum to release restricted fund balance; and

5. The appropriated LOSAP amount subject to referendum and the total "Yes" votes and total "No" votes.

(q) Upon receipt of the certifications required at (p) above, along with the election results and a copy of the ballot, the Director shall certify to the tax assessor of the municipality or municipalities in which the fire district is located the amount to be raised by taxation to support the year's fire district budget. In the event a discrepancy exists between the levy in the adopted budget and the levy approved by the voters on the ballot, the Division will certify the lesser amount.

(r) In the event the adopted budget is rejected by a majority of the legal voters voting in the district at an annual election held on the third Saturday in February, the board of commissioners shall certify to the Director its intent to comply with N.J.S.A. 40A:14-78.5(b) relating to required actions by the governing body of the municipality in which the district is located, including holding a hearing and the setting of a budget for the district. In considering the budget, the governing body shall not reduce any debt service amount or any appropriated LOSAP amount affirmatively approved by the voters of the fire district.

(s) For fire districts whose annual elections coincide with the date of the November general election, in the event a levy cap or restricted fund balance referendum is held on the third Saturday in February of the budget year in which the levy increase would apply, the results of said referendum or referendums shall be submitted to the Director no later than 10 days after the referendum takes place, unless the Director grants an extension. Upon receipt of the referendum results, the Director shall certify to the tax assessor of the municipality or municipalities in which the fire district is located the amount to be raised by taxation to support the year's fire district budget.

(t) Every budget submitted to the Division shall include a budget message, which shall consist of the following brief statements:

1. The proposed year's budget compared to the current year's adopted budget, with a description of the reason for the increase or decrease over 10 percent in any line item along with any supporting documentation;

2. The impact the proposed year's budget will have on the amount to be raised by taxation to support the district and upon unrestricted or restricted fund balances, along with an explanation of the projected impact on the following year's budget if unrestricted fund balance is reduced by more than 10 percent;

3. A statement explaining how the fire district is complying with the property tax levy cap set forth at N.J.S.A. 40A:4-45.45, accompanied by an explanation of any reasons for exceeding the levy cap that identifies the appropriations causing the fire district to exceed the levy cap;

4. Any service transfers to which the fire district is a party. If the district is party to a service transfer, the district shall set forth the levy cap base adjustment attributable to the service transfer;

5. If the fire district plans to adopt a resolution for the release of restricted fund balance, an explanation of the reason and purposes for the appropriation;

6. The impact the proposed year's budget will have on capital appropriations, pursuant to N.J.S.A. 40A:14-78.6.b;

7. Disclosure of any proposed amount provided for any cash deficit of the preceding year, pursuant to N.J.S.A. 40A:14-78.6.a, along with an explanation of why the deficit occurred;

8. Disclosure of any proposed amount to be provided to purchase first aid, ambulance, rescue, or other emergency vehicle equipment, supplies, and materials, pursuant to N.J.S.A. 40A:14-85.1;

9. Disclosure of the total assessed valuation of the district and the property tax rate per \$100.00 of assessed value; and

10. If the fire district is providing for a first-year funding appropriation to establish a LOSAP, disclosure of that action, the amount, and the fact that a public referendum is required in order to ratify the LOSAP, but if defeated that the board of commissioners will amend its budget to remove the first year's appropriation and reduce the amount to be raised by taxation by a like amount.

(u) The budget submission shall contain a certification of compliance by the fire district with the provisions of N.J.S.A. 40A:14-70.2, pertaining to the maintenance of an internet website or webpage.

(v) The secretary, or other official having been duly designated with those responsibilities, shall attest to the actions taken by the board of commissioners of a fire district with respect to approval, adoption, and amendment of the budget, including the recorded vote of the full membership thereof, by signature on all required certifications and resolutions.

#### 5:31-2.6 Budget review by Director

(a) Upon receipt of an introduced budget, the Director shall review the budget to determine the following:

1.-3. (No change.)

4. The schedule of rates, fees, and charges then in effect will produce sufficient revenues, together with all other anticipated revenues, to satisfy all obligations to the holders of bonds of the authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, rules, or terms of contracts or agreements; and

5. That the most recent audit report required to be filed with the Director of the Division of Local Government Services has been filed in accordance with N.J.S.A. 40A:5A-15.

(b)-(d) (No change.)

5:31-2.8 Budget amendments; all authority budgets except for fire districts

(a)-(b) (No change.)

(c) Two certified copies of the amendment and certified copies of all relevant resolutions shall be transmitted to the Director within three days after adoption. Upon implementation of the Financial Automation Submission Tracking (FAST) system, or such other automated system as may be implemented by the Director, the certified amendment and certified copies of all relevant resolutions shall be electronically transmitted to the Director within three days after adoption. The Director shall have the discretion to require the submission of one or more certified paper copies of the certified amendment and accompanying resolutions, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director, parallel to electronic submission. One certified copy of the amendment shall be transmitted to each local unit within three days after adoption.

(d) (No change.)

5:31-2.11 Fire district line item appropriations; levy cap referendums

(a) An introduced fire district budget requiring a levy cap referendum pursuant to N.J.S.A. 40A:4-45.45 and 40A:4-45.46 shall specify the separate line item appropriations that would be funded by the tax levy increase proposed by the referendum.

(b) Transfers to or from referendum line items are not permitted at any time. Referendum line items shall not be expended, unless the base line item amount is depleted.

(c) Any cancelled or unexpended appropriations for exclusions or referendums will be deducted from the adjusted levy based on the audit report or as noted in the budget message.

5:31-2.12 Fire district levy cap exclusions; increase in certain shared services costs

A fire district may exclude from its levy cap calculation any costs falling within the general exclusions set forth in N.J.S.A. 40A:4-45.45 that are passed on by the provider of a shared service agreement to which the fire district is a party.

5:31-2.13 Fire district levy cap and restricted fund balance referendums; date and time to be held

(a) When a fire district holds its annual election for the board of fire commissioners on the third Saturday in February, a levy cap referendum pursuant to N.J.S.A. 40A:4-45.45 and/or a referendum to release restricted fund balance shall be held contemporaneously.

(b) When a fire district holds its annual election for the board of fire commissioners at the same time as the November general election, a levy cap referendum pursuant to N.J.S.A. 40A:4-45.46 and/or a referendum to release restricted fund balance shall be held on the third Saturday in February of the budget year in which the levy increase and/or release of restricted fund balance would apply. The referendum shall be approved by the majority of the voters at a special election held by secret ballot between the hours of 2:00 P.M. and 9:00 P.M.

(c) The public question for a levy cap referendum held pursuant to N.J.S.A. 40A:4-45.45 shall adhere to the content and format set forth at N.J.A.C. 5:31-2 Appendix F and, as applicable, such other requirements as may be set forth in Title 40A of the New Jersey Statutes Annotated.

(d) The public question for a referendum on the release of restricted fund balance shall adhere to the content and format set forth at N.J.A.C. 5:31-2 Appendix G and, as applicable, such other requirements as may be set forth in Title 40A of the New Jersey Statutes Annotated.

5:31-2.14 Fire district special meetings

(a) Before a fire district can raise money for a firehouse, fire engines, apparatus, ambulances, first-aid vehicles, rescue vehicles, and such other purposes as may be permitted under N.J.S.A. 40A:14-84, and include such amount in the next succeeding annual budget of the fire district under the section for capital appropriations, a special meeting shall be held by the board of fire commissioners to approve the same, so long as the amount to be raised does not exceed five mills on the dollar of the last assessed valuation of the property in the fire district.

(b) A special meeting may be held either on a stand-alone basis or during a regular meeting of the district's board of fire commissioners.

(c) Where a fire district holds its annual election for the board of fire commissioners during the third Saturday in February, legal voters registered to vote in the district shall approve by majority vote, the raising of money for the purposes permitted under N.J.S.A. 40A:14-84. Voting shall be conducted by secret ballot and shall be open between the hours of 6:00 P.M. and 9:00 P.M. or such later closing hour on the same day as may be designated by the board of fire commissioners.

(d) Where a fire district holds its annual election for the board of fire commissioners during the November general election, the amount to be raised for the purposes permitted under N.J.S.A. 40A:14-84 shall be approved by no less than a two-thirds majority vote of the full membership of the board of fire commissioners.

(e) Within seven calendar days of the date of the special meeting, the following shall be submitted to the Division of Local Government Services in such a manner as specified by the Director:

1. An affidavit pursuant to N.J.A.C. 5:31-2 Appendix C certifying compliance with the posting and publication requirements set forth at N.J.S.A. 40A:14-84 and N.J.A.C. 5:31-2 Appendix C;

2. An affidavit pursuant to N.J.A.C. 5:31-2 Appendix D, which:

i. Certifies the results of the special meeting; and

ii. Certifies that the special meeting was conducted in accordance with the provisions of N.J.S.A. 40A:14-84;

3. A copy of the notice posted in five public places within the district;

4. Proof of publication for the newspaper notices required pursuant to N.J.S.A. 40A:14-84; and

5. For fire districts whose annual election for board of fire commissioners is held on the third Saturday in February, a copy of the question(s) provided to voters.

(f) Any individual certifying to willfully false statements in an affidavit submitted pursuant to (e) above shall be subject to punishment pursuant to law.

5:31-2.15 Voter referendums on capital expenditures; fire districts

(a) The board of commissioners of a fire district may raise money by a bond issue or through the creation of any other debt or liability, including, but not limited to, through a lease purchase agreement, for any capital expenditure permitted under N.J.S.A. 40A:14-85, as well as for ambulances, first-aid vehicles, and rescue vehicles. Any such bond issue, debt, or liability shall be authorized by a resolution of the commissioners specifying the amount and the purpose thereof. No capital expenditure under N.J.S.A. 40A:14-85 may exceed \$60,000 or two percent of the assessed valuation of the taxable property in the fire district, whichever amount is larger. The resolution shall be inoperative unless and until it shall have been submitted to and approved by the legal voters within the fire district at either a special election or at the annual election for the board of fire commissioners.

(b) No resolution shall be adopted pursuant to N.J.S.A. 40A:14-85 prior to the issuance of findings by the Local Finance Board pursuant to N.J.S.A. 40A:5A-6 and 7.

(c) Within seven calendar days after the date of a voter referendum authorized pursuant to N.J.S.A. 40A:14-85 and 86, the district shall submit to the Division of Local Government Services, a certification of:

1. The results of the referendum; and

2. Compliance with N.J.S.A. 40A:14-85 and 86 and Title 19 of the New Jersey Statutes Annotated, if applicable.

(d) The certification at (c) above must be in the format set forth at N.J.A.C. 5:31-2 Appendix H and be submitted with the following in such a manner as specified by the Director:

1. A copy of the ballot on which the question appeared;

2. A copy of the notices posted pursuant to law; and

3. Proof of publication of the newspaper notices required pursuant to law.

(e) Any individual certifying to willfully false statements in a certification submitted pursuant to (c) above shall be subject to punishment pursuant to law.

(f) A multi-year operational lease for a fire engine shall be considered a capital expenditure to be approved at a special election held pursuant to N.J.S.A. 40A:14-85.

## 5:31-2.16 Budget amendments prior to adoption of fire district budget

(a) The board of fire commissioners may amend the budget during or after the public hearing. All amendments shall be read in full.

(b) No budget amendments that require a public hearing pursuant to N.J.S.A. 40A:14-78.3 shall be effective until the taxpayers of the district and all persons having an interest in the budget and the proposed budget amendments shall have been granted a public hearing thereon.

(c) A notice of hearing on any amendment for which a public hearing is required pursuant to N.J.S.A. 40A:14-78.3 shall be advertised at least three days before the date of the hearing in a newspaper having substantial circulation in the fire district.

## 5:31-2.17 Budget amendments following adoption of fire district budget

(a) Following the adoption of a fire district budget, or following voter approval of the budget if the fire district holds its board of fire commissioners election on the third Saturday in February, a majority of the full membership of the board of commissioners may adopt a resolution amending the budget to provide for the anticipation of revenue from a public or private funding source that was not known at the time the budget was approved, and to appropriate the funds, provided the amount of the appropriation does not exceed the amount of the revenue received. The resolution shall include, at a minimum:

1. A reference to N.J.S.A. 40A:14-78.5;
2. The dollar amount received or awarded;
3. The revenue and appropriation titles;
4. The amount and source of any local match, if a grant program or donation requires matching funds on the part of the fire district;
5. The roll call vote of the board of fire commissioners; and
6. The date the resolution was adopted.

(b) Any fire district budget amendments pursuant to N.J.S.A. 40A:14-78.5.c that provide for the anticipation of revenue from a Federal or State grant program are deemed approved. All other budget amendments pursuant to N.J.S.A. 40A:14-78.5.c are subject to Director approval. Any fire district seeking Director approval under this section must submit the following:

1. A certified copy of the adopted budget amendment resolution; and
2. A certification that the fire district is in receipt of a written notification from the funding source cited in the resolution, and that the identified revenue and appropriation meet all statutory requirements to be included in the budget.

(c) When a fire district amends its budget pursuant to N.J.S.A. 40A:14-78.5.c to provide for the anticipation of revenue from a Federal or State grant program, the Director shall be provided with a certification that the fire district is in receipt of a written notification from the funding source cited in the resolution, and that the identified revenue and appropriation meet all statutory requirements to be included in the budget.

## 5:31-2.18 Prohibition on authorities amending operational leases to become lease-purchase agreements

No authority may amend an operational lease agreement after its execution to become a lease-purchase agreement.

## 5:31-2.19 Regional sewerage authority appropriations cap

(a) The increase in appropriations in the annual budget of a regional sewerage authority shall not exceed two percent over the prior year adopted budget, except that the percentage of growth in the appropriations in the annual budget shall be determined without consideration of any amounts appropriated by the authority for:

1. Capital expenditures included in the regional sewerage authority capital budget;
2. Payment of principal or interest on debt authorized or issued pursuant to law;
3. Increases in pension contributions and accrued liability for pension contributions in excess of two percent over those expenditures for the previous budget year;
4. Increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of two percent of total health care costs in the previous budget year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.

1961, c. 49 (N.J.S.A. 52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury;

5. Increases in energy cost expenditures in excess of two percent over those expenditures for the previous budget year;

6. Costs associated with the establishment of a stormwater utility operation pursuant to P.L. 2019, c. 42;

7. Extraordinary costs that are directly related to an emergency, which shall mean any purpose that meets a pressing need for public expenditure to protect or promote the public health, safety, morals, or welfare, which could not be reasonably foreseen when the prior year budget was adopted and for which adequate provision was not made in the prior year budget;

8. Expenditures for the cost of services mandated by any final judgement or order of court, by any Federal or State statute, or by any administrative rule, directive, order, or other legally binding document issued by a State agency including, but not limited to, services required under any project financing agreement within any State or Federal agency, or services required under permits issued by the New Jersey Department of Environmental Protection for a Pollution Discharge Elimination System (NJPDES) or a Combined Sewer Overflow (CSO) system. Any State agency mandating that a regional sewerage authority provide a service shall certify the mandate of such service to the Director of the Division of Local Government Services, unless a service is clearly mandated in the text of the above-referenced items; and

9. Appropriations offset in whole or in part by offsetting grants.

(b) A regional sewerage authority may add to the allowable growth in appropriations in any one of the next three succeeding years, the amount of the difference between the maximum allowable increase in appropriations for the current budget year and the actual amount of appropriations for the current budget year.

## 5:31-2.20 Regional sewerage authority revenue cap; charges to customers

(a) The established rate charged to customers of the regional sewerage authority based on metered consumption, measured by a specific number of gallons or cubic feet, shall not exceed the established rate charged in the previous budget year by more than two percent as measured against the same number of gallons or cubic feet.

(b) The number of cubic feet or gallons against which the established rate is measured shall not be reduced in such a fashion as to cause the amount billed to a customer of the regional sewerage authority to exceed two percent of the amount billed to the customer for the same usage in the previous budget year.

(c) The minimum charge, or the fixed charge for unmetered consumption, per unit, parcel, or fixture shall not increase by more than two percent versus the amount charged in the previous budget year. Fees charged for connection to a regional sewerage authority's system shall not be subject to this limitation; however, this subsection shall not be interpreted to override the limitations on connection fees set forth at N.J.S.A. 40:14A-8.b.

## 5:31-2.21 Regional sewerage authority revenue cap; exceptions

(a) Notwithstanding any limitations on increasing the amount billed, a regional sewerage authority may apply to the Local Finance Board for a waiver to increase rents, rates, fees, and charges to levels sufficient to compensate for loss of revenues due to reductions in the use or service of the sewerage system.

(b) Notwithstanding any limits on increasing the amount billed, a regional sewerage authority may increase its rents, rates, fees, and charges by more than two percent versus the amount charged in the previous budget year without consideration of any amounts required to be raised for:

1. Capital expenditures included in the regional sewerage authority capital budget;
2. Payment of principal or interest on debt authorized or issued pursuant to law;
3. Increases in net position required to be held in reserve with respect to any debt covenants; and
4. Any amounts required to be raised for the purposes of establishing a stormwater utility operation pursuant to P.L. 2019, c. 42.

(c) Notwithstanding any limits on increasing the amount billed, a regional sewerage authority may increase its rents, rates, fees, and charges

by more than two percent versus the amount charged in the previous budget year for expenditures for the cost of services mandated by any final judgement or order of court, by any Federal or State statute, or by administrative rule, directive, order, or other legally binding device issued by a State agency including, but not limited to, services required under any project financing agreement within any State or Federal agency, or services required under permits issued by the New Jersey Department of Environmental Protection for a Pollution Discharge Elimination System (NJPDES) or a Combined Sewer Overflow (CSO) system. Any State agency mandating that a regional sewerage authority provide a service shall certify the mandate of such service to the Director of the Division of Local Government Services, unless a service is clearly mandated in the text of the above-referenced items.

5:31-2.22 Director approval of regional sewerage authority annual budget

Once the governing body members of the regional sewerage authority introduce and approve its annual budget by a resolution passed by not less than a majority of the full membership, the budget shall be submitted to the Director for review and approval.

APPENDIX A

FIRE DISTRICT LEVY CAP REFERENDUM RESOLUTION

RESOLUTION BY THE BOARD OF COMMISSIONERS OF FIRE DISTRICT (insert Dist. #) OF THE (name of municipality) IN THE COUNTY OF (name of county) AND STATE OF NEW JERSEY AUTHORIZING A PROPERTY TAX CAP LEVY REFERENDUM ON (date of referendum)

WHEREAS, N.J.S.A. 40A:4-45.45 provides that in preparation of its budget a fire district shall limit any increase in its property tax levy to two percent (2.0%) over the previous year's amount to be raised by taxation, subject to certain exceptions and additions; and,

WHEREAS, N.J.S.A. 40A:4-45.46(b), permits a fire district to increase amount to be raised by taxation by a percentage rate greater than two percent (2.0%) where said increase is approved by referendum; and,

WHEREAS, the Board of Commissioners of Fire District Number (District #) in the (name of municipality), in the County of (name of county) has called for a referendum question pursuant to N.J.S.A. 40A:4-45.46(b) to be held on the third Saturday in February because it finds it advisable and necessary to increase its (insert budget year) amount to be raised by taxation budget by more than two percent (2.0%) over the (insert previous year) amount to be raised by taxation, to provide and maintain essential district services for the residents of the district; and,

WHEREAS, the Board of Commissioners of Fire District Number (District #) in the (name of municipality), hereby determines that a (insert the additional percent increase) increase in the amount to be raised by taxation or (insert dollar increase over the permitted amount) in excess of the increase in the amount to be raised by taxation otherwise permitted by a two (2.0%) tax levy cap, will only become effective upon authorization by an affirmative vote of in excess of fifty percent (50%) of the voters casting a ballot at the referendum and,

WHEREAS, this additional amount will be appropriated for the purposes set forth below, increasing the total appropriation for each such purpose from what would otherwise be provided under the limitations of a two percent (2.0%) tax levy cap, as set forth below:

Line item name	Amount for referendum
(insert additional rows as necessary)	

NOW, THEREFORE BE IT RESOLVED, that the question to be placed on the ballot shall be as follows:

“Shall the Board of Commissioners of Fire District Number (District #) in the (name of municipality) be authorized to increase the (insert year) amount to be raised by taxation in the Fire District annual budget, by (insert percent) or (insert dollar amount) as provided by N.J.S.A. 40A:4-45.45, notwithstanding that its amount to be raised by taxation will exceed the two percent (2.0%) increase limitation.

\_\_\_ Yes \_\_\_ No

INTERPRETIVE STATEMENT

A “yes” vote will authorize the Board of Commissioners of the fire district to adopt the budget that was approved by the Board. N.J.S.A. 40A:4-45.45 provides a tax levy “cap” of two percent (2.0%) on the amount of increase. This amount can be exceeded when approved by referendum of the voters.

The following are those line items to which the increases apply:

(List line items listed in the resolution—do not list amounts)

...  
If referendum is approved (a “yes” vote), the amount to be raised by taxation will include this amount.

A “no” vote means that the Board of Commissioners must adopt the budget within the increase limits otherwise set forth by the law.

(Insert here “any other such relevant information as the Board may wish to include” in the Statement.)

BE IT FURTHER RESOLVED, that the referendum on exceeding the property tax levy cap is scheduled for (insert date of referendum), between the hours of 2:00 and 9:00 p.m., prevailing time, in the manner provided by statute.

BE IT FURTHER RESOLVED, that the budget of the Board of Commissioners of Fire District (insert number) of the (name of municipality) for (insert year) is hereby authorized to be published in the (name and date of official newspaper) issue.

BE IT FURTHER RESOLVED, that a public hearing on the budget will be held at the (insert location, date and time of public hearing) at which time and place objections to said budget may be presented by taxpayers or other interested parties.

BE IT FURTHER RESOLVED, that a certified copy of this Resolution, shall be transmitted to the Director of the Division of Local Government Services, within 3 days after adoption with the recorded vote included thereon.

(insert local resolution closing, certification, and seal text)

APPENDIX B

FIRE DISTRICT BUDGET RELEASE OF RESTRICTED FUND BALANCE

REFERENDUM RESOLUTION

RESOLUTION BY THE BOARD OF COMMISSIONERS OF FIRE DISTRICT (insert Dist. #) OF THE (name of municipality) IN THE COUNTY OF (name of county) AND STATE OF NEW JERSEY AUTHORIZING A REFERENDUM TO APPROVE THE USE OF RESTRICTED FUND BALANCE ON (date of referendum)

WHEREAS, the Board of Commissioners of Fire District Number (District #) in the (name of municipality), in the County of (name of county) has previously appropriated funds to be used for capital improvement purposes and such funds are held as Restricted Fund Balance; and,

WHEREAS, the Board of Commissioners of Fire District Number (District #) in the (name of municipality), in the County of (name of county) has determined that (insert dollar amount) of its Restricted Fund Balance is not needed for such capital purposes as this time; and,

WHEREAS, the Board of Commissioners of Fire District Number (District #) in the (name of municipality), in the County of (name of county) finds it advisable and necessary to release (insert dollar amount) of Restricted Fund Balance and to use said amount as a general revenue in the district's 20\_\_ budget to provide and maintain essential district services for the residents of the district; and,

WHEREAS, this additional amount will be appropriated for the purposes set forth below, increasing the total appropriation for each such purpose from what would otherwise be appropriated:

Line item name	Amount for referendum
<i>(insert additional rows as necessary)</i>	

NOW, THEREFORE BE IT RESOLVED, that the question to be placed on the ballot shall be as follows:

“Shall the Board of Commissioners of Fire District Number *(District #)* in the *(name of municipality)* be authorized to appropriate from its restricted Fund Balance in its *(insert year)* Fire District annual budget, *(insert dollar amount)*?

\_\_\_ Yes \_\_\_ No

**INTERPRETIVE STATEMENT**

A “yes” vote will authorize the Board of Commissioners of the fire district to adopt the budget that was approved by the Board that includes appropriating *(insert dollar amount)* of Restricted Fund Balance. Because the funds were previously restricted for capital purposes, this amount can be included in the budget when approved by referendum of the voters.

The following are those line items to which the increases apply:

(List line items listed in the resolution—do not list amounts)

..

If referendum is approved (a “yes” vote), the budget will include this amount.

A “no” vote means that the Board of Commissioners must adopt the budget by reducing the appropriations described above.

*(Insert here “any other such relevant information as the Board may wish to include” in the Statement.)*”

**BE IT FURTHER RESOLVED**, that said referendum on the use of restricted fund balance is scheduled for *(insert date of referendum)*, on the third Saturday in February between the hours of 2:00 and 9:00 p.m., prevailing time, in the manner provided by N.J.A.C. 5:31-2.15; and,

**BE IT FURTHER RESOLVED**, that the budget of the Board of Commissioners of Fire District *(insert number)* of the *(name of municipality)* for *(insert year)* is hereby authorized to be published in the *(name and date of official newspaper)* issue; and,

**BE IT FURTHER RESOLVED**, that a public hearing on the budget will be held at the *(insert location, date and time of public hearing)* at which time and place objections to the budget may be presented by taxpayers or other interested parties; and,

**BE IT FURTHER RESOLVED**, that the introduced budget is amended as necessary to reflect this resolution; and,

**BE IT FURTHER RESOLVED**, that a certified copy of this Resolution, shall be transmitted to the Director of the Division of Local Government Services, within 3 days after adoption with the recorded vote included thereon as required by N.J.S.A. 40A:4-5.

**(insert local resolution closing, certification, and seal text)**

**APPENDIX C**

**AFFIDAVIT OF POSTING SPECIAL MEETING NOTICE:**

**INSTRUCTIONS**

**FIRE DISTRICTS HOLDING THEIR ANNUAL ELECTION ON THE THIRD SATURDAY IN FEBRUARY:**

The legal voters of the fire district, at a special meeting called by the commissioners of the fire district, may vote to raise money for a firehouse, fire engines, apparatus, or appliances for the extinguishment of fires and

to acquire lands or buildings or to erect buildings for the housing of fire equipment, or other buildings, including, but not limited to, administrative, communications, or training buildings, or buildings for the maintenance of fire apparatus, in an amount not exceeding 5 mills on the dollar of the last assessed valuation of the property in the fire district. The amount so voted for shall be included in the next succeeding annual budget of the fire district under the section for capital appropriations. Voting shall be open between the hours of 6:00 P.M. and 9:00 P.M., but the board of fire commissioners may designate a later closing hour on the same day, and the board of fire commissioners shall take any necessary action to ensure the secrecy and privacy of the casting of votes.

Any such special meeting shall be called on 10 days’ notice by the board of fire commissioners. Notices setting forth the time, place, and object of the meeting shall be posted in five public places in the district, and the legal voters shall determine the amount of money to be raised. *(N.J.S.A. 40A:14-84)*. A special meeting may coincide with a regular governing body meeting so long as the requirements for a special meeting have been met.

**FIRE DISTRICTS HOLDING THEIR ANNUAL ELECTION ON NOVEMBER GENERAL ELECTION:**

The board of fire commissioners of a fire district, at a special meeting called by the commissioners of the fire district, may, by resolution adopted by a vote of not less than two-thirds (2/3) of the full membership of the board, determine to raise money for a firehouse, apparatus, appliances, land, or buildings in connection therewith for fire extinguishing purposes, including, but not limited to, administrative or training buildings, in an amount not exceeding 5 mills on the dollar of the last assessed valuation of the property in the fire district. The amount so adopted shall be included in the next succeeding annual budget of the fire district under the section for capital appropriations.

Prior to the special meeting, the resolution, or a summary of the resolution, shall be published together with notice of the time and place of the meeting, the opportunity of the public to be heard at the meeting, and the availability of copies of the resolution to the members of the general public of the fire district from the date following publication of the notice up to and including the date of the meeting. If a summary is published, the summary shall contain a clear and concise statement prepared by the clerk of the board of fire commissioners setting forth the purpose of the resolution and the amount to be raised by the additional levy being authorized.

If the resolution is to be adopted at a special meeting that coincides with a regular meeting of the board of fire commissioners (Option 1): the clerk of the board of fire commissioners shall, at least 10 days prior to the date of the meeting, post the in five public places in the fire district the resolution, or a summary of the resolution, together with notice of the time and place of the meeting, the opportunity of the public to be heard at the meeting, and the availability of copies of the resolution to the members of the general public of the fire district from the date following publication of the notice up to and including the date of the meeting. This same information shall be advertised in a newspaper published in the fire district, if any, or otherwise advertised in a newspaper circulating in the district.

If the resolution is to be adopted at a special meeting (Option 2): the clerk shall, at least 21 days prior to the date of the meeting, post the information required to be published in five public places in the fire district, the resolution, or a summary of the resolution, together with notice of the time and place of the meeting, the opportunity of the public to be heard at the meeting, and the availability of copies of the resolution to the members of the general public of the fire district from the date following publication of the notice up to and including the date of the meeting. This same information shall be advertised in a newspaper published in the fire district, if any, otherwise in a newspaper circulating in the district. The clerk shall, not more than 20 days and at least 10 days prior to the date of the meeting, again advertise this information in that newspaper.

Copies of a resolution shall be made available to the members of the general public of the fire district who request such copies from the date following publication of the resolution up to and including the date of the

meeting. All interested persons shall be given an opportunity to be heard at the meeting.

(see next page for affidavit)

**AFFIDAVIT OF POSTING AND PUBLISHING NOTICE OF SPECIAL MEETING**

I, the undersigned, hereby certify that a Special Meeting has been called by the Board of Fire Commissioners of \_\_\_\_\_ Fire District # \_\_\_\_\_ scheduled for \_\_\_\_\_ at \_\_\_\_\_ p.m. at [LOCATION].

I further certify that the District’s annual election for the Board of Fire Commissioners is held on the (check one):

- \_\_\_\_\_ third Saturday in February
- \_\_\_\_\_ November general election

I further certify that on \_\_\_\_\_ DATE \_\_\_\_\_, I posted notices in the 5 following locations pursuant to N.J.S.A. 40A:14-84 (the following are potential examples of five public places in the district):

- Fire District Notices Board
- Anytown Town Hall Notices Board
- Anytown Free Public Library
- Anytown Municipal Court Bulletin Board

Anytown Post Office

I further certify that notice of the special meeting was published pursuant to N.J.S.A. 40A:14-84 on the following date(s) \_\_\_\_\_\*

I understand that I am subject to punishment under the law if any of the above statements are willfully false.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

Dated: \_\_\_\_\_

Please provide a copy of the notice that was posted, as well as proof of publication for the required newspaper notices. A separate certification is required to report the results of the special meeting.

\* Notice publication is mandatory for special meetings held by a fire district whose annual election coincides with the November general election.

**APPENDIX D**

**FIRE DISTRICT SPECIAL MEETING**

(N.J.S.A. 40A:14-84)

**RESULTS CERTIFICATION**

*Please include a copy of the Fire District Notice and Affidavit of Special Meeting Posting with this form upon submission.*

<b>Municipality:</b>		<b>District #:</b>	
<b>County:</b>			
<b>Annual Election Held:</b>	(check one) _____ third Saturday in February _____ November General		

**CAPITAL EXPENDITURES SUBJECT TO VOTER APPROVAL**

	<b>CAPITAL PROJECTS (add additional project columns as necessary)</b> <i>(N.J.S.A. 40A:14-84)</i>		
	<b>Capital #1</b> Description of Project:	<b>Capital #2</b> Description of Project:	<b>Capital #3</b> Description of Project:
<b>Amount</b>	\$	\$	\$
<b>Total Votes</b>	#	#	#
<b>Total “Yes” Votes</b>	#	#	#
<b>Total “No” Votes</b>	#	#	#
<b>% of Yes Votes*</b>	%	%	%
<b>Total Abstaining or Absent**</b>	#	#	#

\* Percentage of “Yes” Votes = Total Number of “Yes” Votes ÷ Total Number of Votes Cast

\*\*Only applies to fire districts within November Fire Commissioner Elections

**It is hereby certified that this special meeting was conducted in compliance with the provisions of N.J.S.A. 40A:14-84:**

Signature:		Date:	
Printed Name:			

Title:			
Telephone:		Fax:	
E-mail:			

APPENDIX E

20\_\_ FIRE DISTRICT VOTER REFERENDUM  
TO AUTHORIZE DEBT (N.J.S.A. 40A:14-85 and 86)

RESULTS CERTIFICATION

	CAPITAL PROJECTS (add additional project columns as necessary) (N.J.S.A. 40A:14-85 AND 86)		
	Capital #1 Description of Project:	Capital #2 Description of Project:	Capital #3 Description of Project:
Amount	\$	\$	\$
Total Votes	#	#	#
Total "Yes" Votes	#	#	#
Total "No" Votes	#	#	#
% of Yes Votes	%	%	%

I hereby certify that this voter referendum was held in compliance with the requirements of N.J.S.A. 40A:14-85 and 86, and Title 19 if the referendum was held during the November general election:

Signature:		Date:	
Printed Name:			
Title:			
Telephone:		Fax #:	
E-mail:			

Please return this form to the Division within seven (7) calendar days of the election, along with a copy of the election ballot upon which the question was placed.

APPENDIX F

Fire District Levy Cap Referendum Public Question

The Public Question and Interpretative Statement to be placed on the ballot shall be as follows:

Public Question

"Shall the Board of Commissioners of (name and number of fire district) be authorized to adopt the (insert year) Fire District Budget, despite the fact that its property tax levy will exceed the Property Tax Levy Cap Maximum Allowable Amount to be Raised by Taxation increase limitation by (insert percent) or (insert dollar amount) as provided by N.J.S.A. 40A:4-45.46b?

A "yes" vote will authorize the Board of Commissioners of the fire district to adopt the budget that was introduced and published. N.J.S.A. 40A:4-45.45 establishes a cap of two percent (2%) on the amount a property tax levy can increase. This amount can be exceeded when approved by referendum of the voters.

The following are those line items to which the increases apply:  
(List line items)

...

If the referendum is approved (a "yes" vote) by more than 50 percent of the voters casting a vote at the referendum, the budget will be adopted with a property tax levy that exceeds the two percent (2%) property tax levy cap.

A "no" vote means that the District Board of Commissioners must adopt the budget within the increase limits set forth by the law.

(Insert here "any other relevant information as the Board may wish to include" in the Statement.)"

APPENDIX G

Public Question — Release of Restricted Fund Balance Referendum (Fire Districts)

The Public Question and Interpretative Statement to be placed on the ballot shall be as follows:

Public Question

"Shall the Board of Commissioners of (name and number of fire district) be authorized to appropriate (insert dollar amount) from its Restricted Fund Balance to use as general revenue in the district's (insert year) Fire District Budget?

A "yes" vote will authorize the Board of Commissioners of the fire district to use (insert dollar amount) as general revenue in the district's

(insert year) budget and spend those funds on providing and maintaining essential district services for the residents of the district. Because the funds were previously restricted for capital purposes, this amount cannot be included in the budget unless approved by the voters. The Board of Commissioners would increase its planned expenditure for each of the purposes listed below by the amount shown below.:

(List each line item with the corresponding amount for referendum)

...  
If referendum is approved (a "yes" vote) by a vote in excess of 50 percent of the voters casting a vote at the referendum, the budget will be adopted with the release of (insert dollar amount) of its Restricted Fund Balance for use as general revenue.

A "no" vote means that the District Board of Commissioners will be adopted without the release of (insert dollar amount) of its Restricted Fund Balance for use as general revenue.

(Insert here any other such relevant information as the Board may wish to include in the Statement.)"

**APPENDIX H**

**AFFIDAVIT OF POSTING & PUBLICATION OF NOTICE  
VOTER QUESTION ON DEBT ISSUANCE FOR CAPITAL  
PURCHASES**

The board of commissioners of a fire district may purchase a firehouse, fire engines, apparatus, or other appliances for the extinguishment of fires and acquire lands or buildings or erect buildings for the housing of such equipment, or other buildings, including but not limited to, administrative, communications, or training buildings, or buildings for the maintenance of fire apparatus, at a cost not exceeding \$60,000.00 or 2% of the assessed valuation of the taxable property in the district, whichever amount is larger. The money may be raised by a bond issue, or through the creation of any other debt or liability, including, but not limited to, through a lease-purchase agreement. Any such bond issue, debt, or liability shall be authorized by a resolution of the commissioners specifying the amount and the purpose of the bond issue, debt, or liability. The resolution shall be inoperative unless and until submitted to and approved by the legal voters within said fire district at the annual election held for the election of commissioners and appropriation of money for fire extinguishing purposes, or at a special election for such purpose.

The resolution shall be written or printed and the election shall be held at the time and place stated in the notice. If said election is to be the annual one (i.e. the election for board of fire commissioners), the notices shall be posted by the clerk of the board of fire commissioners in 10 public places at least 10 days prior to the date of the election, and the board of commissioners and the clerk, may advertise the election in a newspaper published in the fire district, if any, otherwise in a newspaper published in the county of said district and circulating in such district. When a special election is specified, notices shall be posted in 10 public places,

**APPENDIX I**

**20\_\_ Fire District Budget Election Results Certification  
(FEBRUARY BOARD OF COMMISSIONER ELECTIONS)**

*Please include a copy of the Fire District Election Ballot.*

<b>Municipality:</b>		<b>Fire District #:</b>	
<b>County:</b>			

<b>20__ ADOPTED BUDGET</b>	
<b>Amount to be Raised by Taxation</b>	\$
<b>Tax Rate Per Hundred</b>	\$

at least 21 days prior to the date of election, and the clerk of said board shall advertise said notice in such a newspaper at least twice prior to the election date. (N.J.S.A. 40A:14-85)

FIRE DISTRICTS WITH BOARD OF FIRE COMMISSIONER ELECTIONS HELD DURING THE NOVEMBER GENERAL ELECTION MUST ALSO COMPLY WITH TITLE 19 AS APPLICABLE.

Fire districts must submit a separate certification reporting on the results of the referendum along with copies of the following: 1) the ballot on which the question was placed; 2) the notice posted in 10 public places; and 3) if the question is presented at a special election, proof of newspaper publication for the required newspaper notices.



**AFFIDAVIT OF POSTING & PUBLICATION OF NOTICE  
VOTER QUESTION ON DEBT ISSUANCE FOR CAPITAL  
PURCHASES**

I, the undersigned, hereby certify that a voter referendum on debt issuance for capital purchase(s) has been called by the Board of Fire Commissioners of \_\_\_\_\_ Fire District #\_\_\_\_ scheduled for \_\_\_\_\_ at from the hours of \_\_\_\_\_ to \_\_\_\_\_ p.m. at [LOCATION].

I further certify that on DATE, I posted notices in the 10 following locations (the following are examples of ten public places) at least \_\_\_\_\_ days prior to the election date:

- Anytown Town Hall Notices Board
- Anytown Free Public Library
- Any County Clerk's Bulletin Board
- Anytown Municipal Court Bulletin Board
- Anytown Post Office
- Anytown Police Station
- Anytown Public School
- Anytown Recycling Center
- Anytown Bus Station
- Anytown Recreation Center

I further certify that the District held the voter referendum (check one):  
\_\_\_\_\_ at the annual election for Board of Fire Commissioners  
\_\_\_\_\_ during a special election

**ONLY COMPLETE IF QUESTION HELD AT A SPECIAL ELECTION**

I further certify that, pursuant to N.J.S.A. 40A:14-85, the notice was advertised at least twice in a newspaper prior to the election date on the following date(s):

\_\_\_\_\_  
Signature  
\_\_\_\_\_  
Printed Name  
\_\_\_\_\_  
Title  
Dated: \_\_\_\_\_

Total Yes Votes	#
Total No Votes	#

OTHER REFERENDUM QUESTIONS

	Levy Cap Referendum	Release of Restricted Fund Balance	Initial LOSAP	CAPITAL PROJECTS* (N.J.S.A. 40A:14- 85)	
				Capital #1 Description of Project:	Capital #2 Description of Project:
Amount	\$	\$	\$	\$	\$
Total Votes	#	#	#	#	#
Total "Yes" Votes	#	#	#	#	#
Total "No" Votes	#	#	#	#	#
% of Yes Votes	%	%	%	%	%

\*add additional columns as necessary

It is hereby certified that the above information complies with the requirements of law:

Signed Certification:		Date:	
Printed Name:			
Title:			
Telephone:		Fax:	
E-mail:			

APPENDIX J

20\_\_ Fire District Levy Cap & Restricted Fund Balance

Referendum Results Certification

(FOR DISTRICTS WITH NOVEMBER BOARD OF COMMISSIONER ELECTIONS)

Please include copy of the Referendum Election Ballot.

Municipality:		Fire District #:	
County:			

20__ ADOPTED BUDGET	
Amount to be Raised by Taxation	\$
Tax Rate Per Hundred	\$

REFERENDUM QUESTIONS (AS APPLICABLE)

	Levy Cap Referendum	Release of Restricted Fund Balance
Amount	\$	\$
Total Votes	#	#
Total "Yes" Votes	#	#
Total "No" Votes	#	#
% of Yes Votes	%	%

OTHER REFERENDUM QUESTIONS (AS APPLICABLE)

Initial LOSAP	CAPITAL PROJECTS* (N.J.S.A. 40A:14- 85)	
	Capital #1 Description of Project:	Capital #1 Description of Project:
\$	\$	\$
#	#	#
#	#	#
#	#	#
%	%	%

SUBCHAPTER 3. CASH MANAGEMENT

5:31-3.1 Cash management plan; legal depositories for public moneys; receipt and deposit of funds

(a) The governing body shall, by resolution, passed by not less than a majority of the full membership, adopt a cash management plan pursuant to N.J.S.A. 40A:5-14. The authority shall deposit, or invest, or both deposit and invest, its funds pursuant to its adopted cash management plan.

1. The cash management plan shall be designed to assure, to the extent practicable, the investment of authority funds in interest bearing accounts and other permitted investments.

2. (No change.)

(b) All moneys received by, or on behalf of, the authority from any source shall within 48 hours after the receipt thereof, either be:

1. Paid to the officer charged with the custody of the general funds of the authority, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the authority in its designated legal depository; or

2. Deposited to the credit of the authority in its legal depository.

(c) (No change.)

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

SUBCHAPTER 4. APPROVAL AND PAYMENT OF CLAIMS

5:31-4.1 Payment of authority moneys; approval of claims

(a) (No change.)

(b) The provisions of (a)2 and 3 above shall not apply to the reimbursement of employee expenses or payment for personal services.

1. No employee expenses shall be reimbursed by an authority unless the employee provides a detailed statement, certified in writing by the employee, along with documentation in support of each expense. Under no circumstances shall an authority reimburse an employee for purchases of alcohol or other recreational intoxicating substances.

2. (No change.)

(c)-(i) (No change.)

SUBCHAPTER 5. DATA PROCESSING

5:31-5.1 Electronic data processing systems for financial and revenue accounting

(a) All authorities and fire districts shall utilize electronic data processing systems or services for financial, payroll, and revenue accounting, and equipment used for cash receiving purposes, and are subject to the following provisions:

1.-3. (No change.)

4. (No change in text.)

SUBCHAPTER 6. FINANCIAL ADMINISTRATION

5:31-6.1 Surety bond for authority employees and officials

The governing body of an authority shall by resolution designate authority employees and officials required to furnish surety bonds and determine minimum bonds for each such employee and official. The minimum requirement for the surety bond shall be determined with due regard for the duties and responsibilities of each such designated employee and official. Each person in the office handling funds shall be bonded in accordance with their responsibility. An authority is encouraged to provide a fidelity bond with faithful performance coverage for the chief financial officer that is separate from the local unit's blanket fidelity bond. The schedule set forth at N.J.A.C. 5:30-8.2 should be used as the basis for the bond amount.

5:31-6.2 Notice of occurrences

It is the duty and responsibility of the individual holding overall management responsibility for the authority's finances to advise the Director of the Division of Local Government Services, as early as possible, in any case where there might be a default in the payment of principal or interest of any of the authority's debt obligations, or such a default has occurred.

SUBCHAPTER 7. ACCOUNTING AND AUDITING

5:31-7.6 Auditing procedures and scope

(a) Each authority and each special district shall conduct an annual audit for its respective fiscal year in accordance with: generally accepted auditing standards (GAAS), as promulgated by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036, incorporated herein by reference, as amended and supplemented; Government Auditing Standards (often called the Yellow Book, General Accepted Government Auditing Standards, or GAGAS) issued by the Comptroller General of the United States and the United States General Accounting Office (GAO) at the United States General Accounting Office, Washington, D.C. 20548, and

those audit standards having been adopted as rules by the Local Finance Board and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Those standards require that an independent auditor plan and perform an audit to obtain reasonable assurance that the financial statements of the reporting entity are free of material misstatement. These basic financial statements shall include, but not be limited to: a balance sheet and the related statements of revenues, expenses/expenditures and changes in retained earnings/fund balance and cash flows for the year then ended. Notwithstanding that such statements presented are the responsibility of the respective governing bodies involved, the independent auditor engaged to perform the audit, shall express an opinion on the financial statements taken as a whole.

(b)-(i) (No change.)

APPENDIX A

AUDIT QUESTIONNAIRE FOR AUTHORITY AUDITS
EACH QUESTION MUST BE ANSWERED.
PLEASE SELECT YES OR NO.

IF ANY ARE NOT APPLICABLE, STATE N/A AS YOUR ANSWER.

AUTHORITY
YEAR UNDER AUDIT
AUDITOR SIGNATURE
AUDITOR FIRM
AUDITOR ADDRESS

AUDITOR PHONE/FAX #
AUDITOR EMAIL

"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

AUTHORITY

General

- 1. Is a general ledger maintained by the authority? YES NO
2. Are key employees bonded in amounts required by organization policy? YES NO
3. Is insurance coverage in force for at least the following? YES NO
Loss or damage to assets from fire and other hazards. YES NO
Public liability and property damage? YES NO
Robbery, burglary, theft and disappearance? YES NO
Worker's compensation? YES NO
4. Are loans to employees prohibited? YES NO
5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? YES NO
6. Has a corrective action plan been filed for the previous year audit report? YES NO

Cash and Investments

- 1. Has the authority adopted a cash management plan? YES NO
2. Are all depositories and accounts authorized by resolution of the governing body? YES NO
3. Are receipts deposited within 48 hours pursuant to N.J.A.C. 5:31-3.1(b)? YES NO
4. Are the duties of personnel who receive and deposit cash separate from investments cash disbursing, and bookkeeping? YES NO
5. Are cash receipts adequately safeguarded before deposit? YES NO
6. Is responsibility for the petty cash fund vested in only one person? YES NO
7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers? YES NO
8. Are check signers and individuals initiating or authorizing transactions utilizing standard electronic funds transfer technologies designated by resolution? YES NO
9. If a mechanical check signer is used, are there procedures to control and record the check numbers and amounts of checks signed? YES NO
10. Is there adequate security over blank checks? YES NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers? YES NO
12. Are bank statements reconciled monthly? YES NO
A. Is the sequence of check numbers accounted for? YES NO

**ADOPTIONS**

**COMMUNITY AFFAIRS**

- B. Are check endorsements scrutinized? YES NO
- 13. Are outstanding checks older than 6 months investigated? YES NO
- 14. Are investments under the control of a responsible official who does not receive or disburse cash? YES NO
- 15. Are all investments issued in the name of the authority? YES NO
- 16. Are all investment transactions approved by the governing body? YES NO
- 17. Are all investments permitted by law or bond agreement? YES NO
- 18. Are perpetual records of investments reflecting all pertinent information maintained? YES NO
- 19. Is interest income verified? YES NO
  - A. Is it promptly recorded in the accounting records? YES NO
- 20. Are investments examined periodically and verified with the detail record and control account? YES NO
- 21. Are investments protected against loss or theft? YES NO
- 22. Are signature stamps, mechanical signatures, facsimile signatures, and electronic copies of signatures under adequate control and protected against unauthorized use? YES NO

**Accounts Receivable and Income**

- 1. Are billings to users independently verified? YES NO
- 2. Is there segregation of duties between accounts receivable, record maintenance, billing, and receipt of cash? YES NO
- 3. Are total accounts receivable balances verified with the accounts receivable control periodically? YES NO
- 4. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official? YES NO
- 5. Are accounts receivable records promptly posted? YES NO
  - A. Billings to users? YES NO
  - B. Cash receipts? YES NO
- 6. Are adjustments to accounts receivable approved by a responsible official? YES NO

**Inventory**

- 1. Are inventories of material and supplies under physical control of a designated employee who is not responsible for purchasing? YES NO
- 2. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? YES NO
- 3. Do quantities appear reasonable for normal consumption? YES NO
- 4. Are physical inventories taken annually and supervised by non-storeroom personnel? YES NO
- 5. Are responsible officials advised of significant inventory discrepancies? YES NO

**Accounts Payable and Purchasing**

- 1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented
  - A. Competitive bidding and contract award? YES NO
  - B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)? YES NO
  - C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-5.4)? YES NO
  - D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)? YES NO
  - E. Emergency purchases and contracts (40A:11-6)? YES NO
- 2. Are prenumbered or system generated purchase orders issued for all purchases, except petty cash purchases? YES NO
- 3. Is there a record of all purchase orders issued? YES NO
- 4. Are quantities and description of materials and supplies received:
  - A. Compared to purchase orders? YES NO
  - B. Compared to vendors' invoices? YES NO
  - C. Verified with packing or delivery slips? YES NO
- 5. Are open purchase orders reviewed periodically? YES NO
- 6. Do vouchers approved for payment contain:
  - A. Signature of person who verified quantities and description of materials received or services rendered? YES NO
  - B. Copies of purchase order, delivery slips, etc.? YES NO
- 7. Were all vouchers approved by the governing body? YES NO
- 8. Is there segregation of duties between the purchasing, receiving, and disbursement functions? YES NO
- 9. Are total accounts payable balances verified with the accounts payable control periodically? YES NO

**Payroll**

- 1. Are payrolls approved by a responsible official outside the payroll department? YES NO
- 2. Are the functions of payroll preparation and distribution separated? YES NO
- 3. Are the personnel records maintained separately from payroll preparation and distribution? YES NO
- 4. Are names added to and deleted from payroll and rates of pay changed only upon written authorization? YES NO
- 5. Are new employees, employee promotions and rates of pay approved by the YES NO

governing body?		
6. Are all payroll deductions supported by signed authorizations on file?	YES	NO
7. Are payroll deductions promptly paid to the proper agencies?	YES	NO
8. Are records maintained to control and verify vacation time, sick leave, etc., taken and accumulated?	YES	NO
9. Are all employees paid by check or by direct deposit?	YES	NO
10. Are payroll check endorsements and employee account authorizations scrutinized?	YES	NO
11. Are old outstanding payroll checks investigated by someone independent of the payroll preparation?	YES	NO
12. Is there a separate bank account for payroll disbursements?	YES	NO
A. Are deposits in exact amount of payroll?	YES	NO
B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation?	YES	NO
C. Are payroll procedures established by resolution of the governing body?	YES	NO

**Property, Plant and Equipment**

1. Are detailed fixed asset records maintained?	YES	NO
A. Are fixed assets properly identified with the fixed asset records?	YES	NO
B. Are additions and deletions properly authorized and promptly recorded?	YES	NO
2. Is the documentation substantiating the cost of fixed assets permanently filed?	YES	NO
3. Is there a written policy defining items to be capitalized and those to be expensed?	YES	NO
4. Does the capitalization of interest and other indirect costs conform to accounting principles?	YES	NO
5. Is a physical inventory of fixed assets taken periodically and verified to fixed assets records?	YES	NO
6. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records?	YES	NO
7. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft?	YES	NO

**Long and Short Term Debt**

1. Is a detailed record such as a bond or note register maintained of debt issue and outstanding?	YES	NO
A. Are principal and interest due dates and amounts reflected and date of payment recorded?	YES	NO
2. Are debt issues properly authorized by the governing body?	YES	NO
3. Does the expenditure of borrowed funds conform to the purpose authorized?	YES	NO
4. Are paid bonds and notes properly cancelled and accounted for?	YES	NO
5. Has the authority paid its debt service on a timely basis?	YES	NO
6. Is the authority in compliance with all bond covenants?	YES	NO

**Budget System**

1. Were the adopted operating and capital budgets and amendments thereto approved by the Director of Local Government Services?	YES	NO
2. Were the adopted budgets and amendments recorded in the minutes?	YES	NO
3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts?	YES	NO
4. Is a budget status report periodically furnished to the governing body?	YES	NO
5. Are appropriations encumbered when purchase orders are issued?	YES	NO
6. Are fixed assets acquired through budget appropriations properly capitalized?	YES	NO

**Grant Management**

1. Is a permanent file of each grant maintained?	YES	NO
2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant?	YES	NO
3. Is each expenditure reviewed for compliance with the terms of the applicable grant?	YES	NO
4. Does the authority have a grant manager?	YES	NO
5. Are all required reports promptly filed with the grantor agency?	YES	NO
6. Were grant reimbursement requests filed promptly?	YES	NO
7. Are assets acquired from grant funds properly identified?	YES	NO
8. If indirect costs are chargeable to grants, has the method of allocation been approved?	YES	NO

**Electronic Data Processing**

1. Does the authority utilize electronic data processing for accounting and financial functions?	YES	NO
2. Was the system approved by the Division of Local Government Services?	YES	NO
3. Are there sufficient audit trails to identify documents being processing and identify output?	YES	NO
4. Are there daily printouts of:		
A. Transactions?	YES	NO
B. Rejected transactions?	YES	NO
C. Error corrections?	YES	NO
5. Are the daily printouts reviewed and approved by supervisory personnel?	YES	NO
6. Are journal entries and error corrections authorized by supervisory personnel?	YES	NO
7. Are master files updated periodically and on schedule to prevent loss of data in transaction files?	YES	NO

**ADOPTIONS**

**COMMUNITY AFFAIRS**

- 8. Are there periodic printouts of updated files by E.D.P. transactions? YES NO
- 9. Are authorized users validated by user codes and passwords? YES NO
- 10. Are terminals located in a secure area, to prevent access by unauthorized personnel? YES NO
- 11. Are there backup operators to process transactions in the absence of the authorized operator? YES NO
- 12. Are there copies of all critical materials such as programs, master files, transaction files, etc.? YES NO
- 13. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? YES NO
- 14. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? YES NO

**Electronic Funds Transfers**

- 1. Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers? YES NO
- 2. Has the authority's chief financial officer been charged by the governing body with the responsibility of ensuring that internal controls for electronic fund transfers are being adhered to? YES NO
- 3. Are initiation and authorization roles segregated and password restricted? YES NO
- 4. Has another officer of the authority not under the chief financial officer's authority been designated to authorize an electronic funds transfer initiated by the chief financial officer? YES NO
- 5. Are activity reports on transactions involving electronic funds transfers reviewed at least weekly by the chief financial officer or an individual under the chief financial officer's supervision, and monitored by another individual not under the chief financial officer's supervision? YES NO
- 6. Have financial institution providers of electronic funds transfer technologies submitted to the authority satisfactory proof of internal control? YES NO
- 7. Does each bill list have proper reference to the type of technology and a tracking mechanism to provide for an adequate audit trail? YES NO
- 8. For electronic funds transfers conducted through an automated clearing house transfer (ACH):
  - A. Is a current Electronic Funds Transfer and Indemnification Agreement in place with a banking institution authorized to access authority bank accounts for the purpose of conducting electronic funds transfers through ACH? YES NO
  - B. Do users uploading an ACH file check the amounts and recipients against a register displaying ACH payments? YES NO
  - C. Are users that can generate an ACH file neither given upload rights nor given access that permits editing of a vendor routing number or vendor account number? YES NO
  - D. Is each edit to vendor ACH information approved by a separate individual and logged showing the user editing the data, date stamp, IP address, and approval of the edit? YES NO
  - E. Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank? YES NO
- 9. For electronic funds transfers conducted through a charge card/account:
  - A. Are monthly purchase orders issued for each individual charge card or account that authorize a maximum amount that can expended per month? YES NO
  - B. Is the charge card or account limited to use with a specific vendor? YES NO
  - C. Are outstanding balances paid in full each month? YES NO
  - D. Has the authority adopted policies and procedures for use of charge cards/charge accounts? YES NO
  - E. Are individuals authorized to utilize charge cards/accounts
    - i. trained on the policies and procedures governing their use? YES NO
    - ii. signatories to a contract of understanding that includes financial responsibility for misuse? YES NO
    - iii. covered by a bond or blanket honesty policy? YES NO
  - F. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of charge cards/accounts? YES NO
- 10. If the authority utilizes a procurement card
  - A. Are individuals authorized to utilize procurement cards
    - i. trained on the policies and procedures governing their use? YES NO
    - ii. signatories to a contract of understanding that includes financial responsibility for misuse? YES NO
    - iii. covered by a bond or blanket honesty policy? YES NO
  - B. Does a Qualified Purchasing Agent serve as program manager? YES NO
  - C. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards? YES NO

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT.

APPENDIX B

AUDIT QUESTIONNAIRE FOR FIRE DISTRICT AUDITS  
 EACH QUESTION MUST BE ANSWERED.  
 PLEASE SELECT YES OR NO.  
 IF ANY ARE NOT APPLICABLE, STATE N/A AS YOUR ANSWER.  
 FIRE DISTRICT \_\_\_\_\_  
 YEAR UNDER AUDIT \_\_\_\_\_  
 AUDITOR SIGNATURE \_\_\_\_\_  
 AUDITOR FIRM \_\_\_\_\_  
 AUDITOR ADDRESS \_\_\_\_\_  
 \_\_\_\_\_  
 AUDITOR PHONE/FAX# \_\_\_\_\_  
 AUDITOR EMAIL \_\_\_\_\_

“NO” ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

FIRE DISTRICT \_\_\_\_\_

**General**

- |  |     |    |
|--|-----|----|
| 1. Is a general ledger maintained by the district?   | YES | NO |
| 2. Are key employees bonded in amounts required by organization policy                                       | YES | NO |
| 3. Is insurance coverage in force for at least the following:  |     |    |
| Loss or damage to assets from fire and other hazards?  | YES | NO |
| Public liability and property damage?  | YES | NO |
| Robbery, burglary, theft and disappearance?  | YES | NO |
| Worker’s compensation?   | YES | NO |
| 4. Are loans to employees prohibited?  | YES | NO |
| 5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records? | YES | NO |
| 6. Has a corrective action plan been filed for the previous year audit report?                               | YES | NO |

**Cash and Investments**

- |   |     |    |
|---|-----|----|
| 1. Has the district adopted a cash management plan?   | YES | NO |
| 2. Are all depositories and accounts authorized by resolution of the governing body?  | YES | NO |
| 3. Are receipts deposited within 48 hours pursuant to N.J.A.C. 5:31-3.1(b)?   | YES | NO |
| 4. Are the duties of personnel who receive and deposit cash separate from investments, cash disbursing, and bookkeeping?  | YES | NO |
| 5. Are cash receipts adequately safeguarded before deposit?   | YES | NO |
| 6. Is responsibility for the petty cash fund vested in only one person?   | YES | NO |
| 7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?  | YES | NO |
| 8. Are check signers and individuals initiating or authorizing transactions utilizing standard electronic funds transfer technologies designated by resolution? | YES | NO |
| 9. If a mechanical check signer is used, are there procedures to control and record the check numbers and the number of checks signed?                          | YES | NO |
| 10. Is there adequate security over blank checks?   | YES | NO |
| 11. Are the duties of personnel who disburse cash separate from the function of approving vouchers?   | YES | NO |
| 12. Are bank statements reconciled monthly?   | YES | NO |
| A. Is the sequence of check numbers accounted for?  | YES | NO |
| B. Are check endorsements scrutinized?  | YES | NO |
| 13. Are outstanding checks older than 6 months investigated?  | YES | NO |
| 14. Are investments under the control of a responsible official who does not receive or disburse cash?  | YES | NO |
| 15. Are all investments issued in the name of the district?   | YES | NO |
| 16. Are all investment transactions approved by the governing body?   | YES | NO |
| 17. Are all investments permitted by law or bond agreement?   | YES | NO |
| 18. Are perpetual records of investments reflecting all pertinent information maintained?   | YES | NO |
| 19. Is interest income verified?  | YES | NO |
| A. Is it promptly recorded in the accounting records?   | YES | NO |
| 20. Are investments examined periodically and verified with the detail record and control account?  | YES | NO |
| 21. Are investments protected against loss or theft?  | YES | NO |
| 22. Are signature stamps, mechanical signatures, facsimile  | YES | NO |

signatures, and electronic copies of signatures under adequate control and protected against unauthorized use?

**Accounts Receivable and Income**

**(District Taxes, User Charges and Miscellaneous)**

- |  |     |    |
|--|-----|----|
| 1. Has the district tax levy been verified with the Abstract of Ratables                                       | YES | NO |
| 2. Does the district tax revenue agree to the tax levy?  | YES | NO |
| 3. Are billings to users independently verified?   | YES | NO |
| 4. Is there segregation of duties among accounts receivable, record maintenance, billing, and receipt of cash? | YES | NO |
| 5. Are total accounts receivable balances verified with the accounts receivable control periodically?          | YES | NO |
| 6. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official?  | YES | NO |
| 7. Are accounts receivable records promptly posted?  | YES | NO |
| A. Billings to users?  | YES | NO |
| B. Cash receipts?  | YES | NO |
| 8. Are adjustments to accounts receivable approved by a responsible official?                                  | YES | NO |

**Inventory**

- |  |     |    |
|--|-----|----|
| 1. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal? | YES | NO |
| 2. Do quantities appear reasonable for normal consumption?   | YES | NO |
| 3. Are physical inventories taken annually?  | YES | NO |

**Accounts Payable and Purchasing**

- |   |     |    |
|---|-----|----|
| 1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented:   |     |    |
| A. Competitive bidding and contract award?  | YES | NO |
| B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)?                                | YES | NO |
| C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-15.4)?                         | YES | NO |
| D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)?            | YES | NO |
| E. Emergency purchases and contracts (40A:11-6)?  | YES | NO |
| 2. Are prenumbered or system generated purchase orders issued for all purchases, except petty cash purchases? | YES | NO |
| 3. Is there a record of all purchase orders issued?   | YES | NO |
| 4. Are quantities and descriptions of materials and supplies received:  | YES | NO |
| A. Compared to purchase orders?   | YES | NO |
| B. Compared to vendors' invoices?   | YES | NO |
| C. Verified with packing or delivery slips?   | YES | NO |
| 5. Are open purchase orders reviewed periodically?  | YES | NO |
| 6. Do vouchers approved for payment contain:  |     |    |
| A. Signature of person who verified quantities and description of materials received or services rendered?    | YES | NO |
| B. Copies of purchase order, delivery slips, etc.   | YES | NO |
| 7. Were all vouchers approved by the governing body?  | YES | NO |
| 8. Is there segregation of duties between the purchasing, receiving and disbursement functions?               | YES | NO |
| 9. Are total accounts payable balances verified with the accounts payable control periodically?               | YES | NO |

**Payroll**

- |  |     |    |
|--|-----|----|
| 1. Are the functions of payroll preparation and distribution separated?                                  | YES | NO |
| 2. Are names added to and deleted from payroll and rates of pay changed only upon written authorization? | YES | NO |
| 3. Are new employees, employee promotions and rates of pay approved by the governing body?               | YES | NO |
| 4. Are payroll deductions promptly paid to the proper agencies?  | YES | NO |
| 5. Are records maintained to control and verify vacation time, sick leave, etc. taken and accumulated?   | YES | NO |
| 6. Are all employees paid by check or by direct deposit?   | YES | NO |
| 7. Is there a separate bank account for payroll disbursements?   | YES | NO |
| A. Are deposits in exact amount of payroll?  | YES | NO |
| B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation?         | YES | NO |
| C. Are payroll procedures established by resolution of the governing body?                               | YES | NO |
| 8. Are all payroll deductions supported by signed authorizations on file?                                | YES | NO |
| 9. Are payroll check endorsements and employee account   | YES | NO |

authorizations scrutinized?

**Property, Plant and Equipment**

- 1. Are detailed fixed asset records maintained? YES NO
  - A. Are fixed assets properly identified with the fixed asset records? YES NO
  - B. Are additions and deletions properly authorized and promptly recorded? YES NO
- 2. Is the documentation substantiating the cost of fixed assets permanently filed? YES NO
- 3. Is there a written policy defining items to be capitalized and those to be expensed? YES NO
- 4. Does the capitalization of interest and other indirect costs conform to accounting principles? YES NO
- 5. Do fixed asset additions conform to the adopted or amended capital budget? YES NO
- 6. Are fixed assets carried on the accounting records at cost or, if acquired by gift, at fair market value at date of gift? YES NO
- 7. Is a physical inventory of fixed assets taken periodically and verified to fixed asset records? YES NO
- 8. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records? YES NO
- 9. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft? YES NO

**Long and Short Term Debt**

- 1. Is a detailed record such as a bond or note register maintained of debt issued and outstanding? YES NO
  - A. Are principal and interest due dates and amounts reflected and date of payment recorded? YES NO
- 2. Are debt issues properly authorized by the governing body? YES NO
- 3. Does the expenditure of borrowed funds conform to the purposes authorized? YES NO
- 4. Are paid bonds and notes properly cancelled and accounted for? YES NO
- 5. Has the fire district paid its debt service on a timely basis? YES NO
- 6. Is the fire district in compliance with all bond covenants? YES NO

**Capital Leases**

- 1. Have all capital leases been approved by the voters? YES NO
- 2. Has the project financing for capital leases been approved by the Local Finance Board? YES NO

**Budget System**

- 1. Were the adopted operating budget and amendments thereto approved by the Director of Local Government Services? YES NO
- 2. Were the adopted budgets and amendments recorded in the minutes? YES NO
- 3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts? YES NO
- 4. Is a budget status report periodically furnished to the governing body? YES NO
- 5. Are appropriations encumbered when purchase orders are issued? YES NO
- 6. Are fixed assets acquired through budget appropriations properly capitalized? YES NO

**Grant Management**

- 1. Is a permanent file of each grant maintained? YES NO
- 2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant? YES NO
- 3. Is each expenditure reviewed for compliance with the terms of the applicable grant? YES NO
- 4. Are all required reports promptly filed with the grantor agency? YES NO
- 5. Were grant reimbursement requests filed promptly? YES NO
- 6. Are assets acquired from grant funds properly identified? YES NO
- 7. If indirect costs are chargeable to grants, has the method of allocation been approved? YES NO

**Electronic Data Processing**

- 1. Does the district utilize electronic data processing for accounting or financial functions? YES NO
- 2. Was the system approved by the Division of Local Government Services? YES NO
- 3. Are there sufficient audit trails to identify documents being processed and identify output? YES NO
- 4. Are master files updated periodically and on schedule to prevent loss of data in transaction files? YES NO
- 5. Are there periodic printouts of updated files by E.D.P. transactions? YES NO
- 6. Are authorized users validated by user codes and passwords? YES NO

**ADOPTIONS**

**COMMUNITY AFFAIRS**

- 7. Are terminals located in a secure area, to prevent access by unauthorized personnel? YES NO
- 8. Are there copies of all critical materials such as programs, master files, transaction files, etc.? YES NO
- 9. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)? YES NO
- 10. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.? YES NO

**Electronic Funds Transfers**

- 1. Has the governing body adopted a resolution establishing policies and procedures governing electronic funds transfers? YES NO
- 2. Has the fire district's chief financial officer been charged by the governing body been charged by the governing body with the responsibility of ensuring that internal controls for electronic fund transfers are being adhered to? YES NO
- 3. Are initiation and authorization roles segregated and password restricted? YES NO
- 4. Has another officer of the fire district that is not under the chief financial officer's authority been designated to authorize an electronic funds transfer initiated by the chief financial officer? YES NO
- 5. Are activity reports on transactions involving electronic funds transfers reviewed at least weekly by the chief financial officer or an individual under the chief financial officer's supervision, and monitored by another individual not under the chief financial officer's supervision? YES NO
- 6. Have financial institution providers of electronic funds transfer technologies submitted to the fire district proof of satisfactory internal control? YES NO
- 7. Does each bill list have proper reference to the type of technology and a tracking mechanism to provide for an adequate audit trail? YES NO
- 8. For electronic funds transfers conducted through an automated clearing house transfer (ACH):
  - A. Is a current Electronic Funds Transfer and Indemnification Agreement in place with a banking institution authorized to access fire district bank accounts for the purpose of conducting electronic funds transfers through ACH? YES NO
  - B. Are users that can generate an ACH file neither given upload rights nor given access that permits editing of a vendor routing number or vendor account number? YES NO
  - C. Is each edit to vendor ACH information approved by a separate individual and logged showing the user editing the data, date stamp, IP address, and approval of the edit? YES NO
  - D. Are plain text ACH files not stored on a local computer past the time the file is transmitted to a bank? YES NO
- 9. For electronic funds transfers conducted through a charge card/account:
  - A. Are monthly purchase orders issued for each individual charge card or account that authorize a maximum amount that can expended per month? YES NO
  - B. Is the charge card or account limited to use with a specific vendor? YES NO
  - C. Are outstanding balances paid in full each month? YES NO
  - D. Has the authority adopted policies and procedures for use of charge cards/charge accounts? YES NO
  - E. Are individuals authorized to utilize charge cards/accounts
    - i. trained on the policies and procedures governing their use? YES NO
    - ii. signatories to a contract of understanding that includes financial responsibility for misuse? YES NO
    - iii. covered by a bond or blanket honesty policy? YES NO
  - F. Have individuals responsible for activity reconciliations and supervisory Review been trained in the policies and procedures governing the use of charge cards/accounts? YES NO
- 10. If the fire district utilizes a procurement card
  - A. Are individuals authorized to utilize procurement cards
    - i. trained on the policies and procedures governing their use? YES NO
    - ii. signatories to a contract of understanding that includes financial responsibility for misuse? YES NO
    - iii. covered by a bond or blanket honesty policy? YES NO
  - B. If procurement cards are being utilized, does a Qualified Purchasing Agent serve as program manager? YES NO
  - C. Have individuals responsible for activity reconciliations and supervisory review been trained in the policies and procedures governing the use of procurement cards? YES NO

**THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT**

APPENDIX C
RESOLUTION

WHEREAS, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause an annual audit of its accounts to be made, and

WHEREAS, the annual audit report for the fiscal year ended [blank] has been completed and filed with the [insert name of authority] pursuant to N.J.S.A. 40A:5A-15, and

WHEREAS, N.J.S.A. 40A:5A-17, requires the governing body of each authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments," "Recommendations," and "Schedule of Findings and Questioned Costs," and has evidenced that review by group affidavit in the form prescribed by the Local Finance Board, and

WHEREAS, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments," "Recommendations," and "Schedule of Findings and Questioned Costs," in accordance with N.J.S.A. 40A:5A-17,

NOW, THEREFORE BE IT RESOLVED, that the governing body of the [blank] hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended [blank], and specifically has reviewed the sections of the audit report entitled "General Comments," "Recommendations," and "Schedule of Findings and Questioned Costs," and has evidenced that review by group affidavit in the form prescribed by the Local Finance Board.

BE IT FURTHER RESOLVED that the secretary of the authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

IT IS HEREBY CERTIFIED THAT THIS IS A TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING HELD ON [blank]

Secretary

Date

LOCAL AUTHORITIES GROUP AFFIDAVIT FORM

PRESCRIBED BY THE NEW JERSEY LOCAL FINANCE BOARD

AUDIT REVIEW CERTIFICATE

We, the members of the governing body of the [blank], being of full age and being duly sworn according to law, upon our oath depose and say:

1. We are duly appointed/elected (cross out one) members of the [blank]

2. We certify, pursuant to N.J.S.A. 40A:5A-17, that we have each reviewed the annual audit report for the fiscal year ended [blank], and specifically the sections of the audit report entitled "General Comments," "Schedule of Findings and Questioned Costs," and "Recommendations."

(PRINT NAME)

(SIGNATURE)

[Blank lines for printing names and signatures]

Sworn to and subscribed before me this [blank] day of [blank], 20 [blank]

Notary Public of New Jersey

ENVIRONMENTAL PROTECTION

(a)

COMPLIANCE AND ENFORCEMENT
DIVISION OF COMPLIANCE OPERATIONS AND COORDINATION

Notice of Readoption
Pollution Prevention Program Rules

Readoption with Technical Changes: N.J.A.C. 7:1K

Authority: N.J.S.A. 13:1B-1 et seq., 13:1D-9; 13:1D-35 et seq., and 34:5A-1 et seq.

Authorized By: Catherine R. McCabe, Commissioner, Department of Environmental Protection.

Effective Dates: December 4, 2020, Readoption; January 4, 2021, Technical Changes.

New Expiration Date: December 4, 2027.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the Pollution Prevention Program Rules at N.J.A.C. 7:1K are readopted and shall continue in effect for a seven-year period. The rules had been scheduled to expire on January 23, 2021. The Department of Environmental Protection (Department) has reviewed these rules and has determined that the rules should be readopted with the technical changes discussed below because they are necessary, reasonable, and proper for the purpose for which they were originally promulgated. In accordance with N.J.S.A. 52:14B-5.1.c(1), timely filing of this notice extended the expiration date of the chapter seven years from the date of filing.

The Pollution Prevention Program Rules implement the goals of the Pollution Prevention Act (P2 Act), N.J.S.A. 13:1D-35 et seq., to reduce the use of hazardous substances, as well as the generation as waste and multimedia releases of hazardous substances at industrial facilities. The P2 Act requires "priority industrial facilities" to examine their production processes to determine if they are using hazardous substances in the most efficient way possible. Priority industrial facilities are those that must prepare and submit a toxic chemical release form under the Federal Emergency Planning and Community Right to Know Reporting Requirements at 42 U.S.C. § 11023, as well as those that meet one or more of the several criteria in the Pollution Prevention Program Rules.

The rules require priority industrial facilities to prepare pollution prevention plans, pollution prevention plan summaries, and pollution prevention plan progress reports as required by the P2 Act. The rules also provide for the development and issuance of multimedia permits covering a facility's air, water, and waste requirements under a pilot program established under the P2 Act. The pilot program has been completed.

The rules are readopted with technical changes to update program contact information and to correct the name of the United States Environmental Protection Agency's Toxics Release Inventory Program.

Full text of the technical changes follows (additions indicated in boldface thus; deletions indicated in brackets [thus]):

SUBCHAPTER 1. GENERAL PROVISIONS

7:1K-1.5 Definitions

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

"TRI list" means the Toxics Release Inventory (TRI) list established by the United States Environmental Protection Agency for reporting pursuant to 42 U.S.C. § 11023.