

5:31-2
LOCAL AUTHORITIES - 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) The budget shall comply with the terms of any security agreement and be prepared in compliance with these regulations.
- (c) The total budget appropriations shall not exceed total anticipated revenues reasonably expected to be realized.
- (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; and
 - 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) Annual budgets, capital budgets and capital programs shall be prepared on standard forms provided by the Division as prepared by the Director.
- (g) All introduced budgets, adopted budgets and budget amendments shall contain the recorded vote of the governing body.
- (h) For every budget, operating appropriations shall be itemized as to salaries and wages, fringe benefits and other expenses and further classified as to administration and cost of providing service and include total principal payments on debt service in lieu of depreciation.
- (i) For every budget, except for housing authorities, non-operating appropriations shall be itemized to include the following:
 - 1. Total interest payments on debt;
 - 2. Operations and maintenance reserve;
 - 3. Renewal and replacement reserve;
 - 4. Municipal/county appropriation; and
 - 5. Other reserves.
- (j) For every housing authority budget, non-operating appropriations shall be itemized to include the following:
 - 1. Net interest debt payments for other than Federally guaranteed debt;
 - 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. Amended by R.1985 d.511, effective October 21, 1985.
- (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 costs;
 - 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 numbers 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 thereof. The authority shall also disclose whether it was a party to any business transactions with an entity in which any such individuals 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, pays 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) Every authority shall prepare and adopt a capital budget, in conjunction with its annual budget, for any year in which it proposes to undertake a capital project.
- (b) No authority shall adopt a security agreement unless its provisions are in agreement with a previously adopted capital budget, temporary capital budget or amended capital budget.
- (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) Any capital budget or capital program that is to be adopted shall:
 - 1. Be prepared and assembled by the officer(s) responsible for preparing the annual budget;
 - 2. Be adopted by the affirmative vote of a majority of the full membership of the governing body;
 - 3. Be treated as part of the official annual budget;
 - 4. The capital budget shall include by title all projects scheduled for startup in the current budget year, the amounts appropriated and the anticipated financing by source and amount. The capital program period shall include the budget year and five succeeding years;
- (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) Except for the cost of preliminary plans, specifications and estimates, no authority shall make appropriations, authorize expenditures or adopt a security agreement for a capital project unless its provisions are in agreement with a previously adopted capital budget, temporary capital budget or amended capital budget.
- (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. Whether a long term infrastructure needs assessment has been prepared;

4. Whether any proposed capital improvement plan has a State Plan designated center, including goals and objectives thereof;
 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. For housing authorities only, whether the project has been reviewed and approved by the U.S. Department of Housing and Urban Development.
- (h) No authority shall construe a capital budget or program to be an authorization to raise or expend funds. Specific authorization to expend funds for capital improvement purposes is subject to the enabling legislation that created the authority.
- (i) Amendments to the capital budget or program are permitted at any time prior to budget adoption and shall be effectuated by resolution after budget adoption, at any time during the fiscal year, to reflect any:
1. Decrease in specific capital project costs or elimination of previously identified projects;
 2. Deferral of capital projects funding to future years; or
 3. Increase in capital project costs or additional projects with the identification and timing of anticipated funding sources.
- (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) This rule establishes procedures applicable to the introduction and adoption of budgets for authorities other than fire districts.
- (b) The governing body shall introduce and approve its annual budget by resolution, passed by not less than a majority of the full membership.
- (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. Interest on investments and deposits (investments, certificates of deposit, savings accounts, etc.) held for operating purposes as opposed to other purposes;
 5. Other income, consisting of amounts reasonably expected to be collected from regular and recurring sources;
 6. Amounts reasonably expected to be collected from unrestricted grants that may be used to finance budget appropriations; and
 7. Total anticipated revenues.
- (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. Provision for bond principal maturing during the budget year;
 3. Provision for note principal maturing during the budget year;
 4. Provision for future plant reconstruction and replacement, consisting of amounts determined by management to provide a reserve fund for future fund for future plant reconstruction and replacement;
 5. Contribution to the Public Employees' Retirement System;
 6. Contribution to the Social Security System;
 7. Contribution to the Unemployment Compensation Insurance fund;
 8. Addition to the Renewal and Replacement and Operations and Maintenance Reserves;
 9. Provision for interest accruing during the fiscal year on debt issued and outstanding;
 10. Provision for deficit of the preceding fiscal year and anticipated deficit of the current fiscal year;
 11. Provision for amortization of intangible assets;
 12. Provision for uncollectible accounts;
 13. Capital outlay for property, plant and equipment acquisitions expected to be paid from the operating budget;
 14. Unrestricted net position utilized; and
 15. Total appropriations.
- (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. A computation of the budgeted provision for doubtful accounts, including the method utilized and the percentage to billings, compared with the most recent moving average of uncollectible accounts to billings.
 4. A computation of the amount of the budgeted provision for future plant reconstruction or replacement.
 5. Summary of applicable provisions of service agreements and computation of amount due from each local unit and total amount due under such provisions;
 6. Computation or explanation of amounts expected to be realized from other sources accompanied by copies of grant agreements or other applicable agreements, if any;
 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. Computation of an anticipated deficit or net income for the current year.
- (g) No authority budget shall be finally adopted until the Director shall have approved the same. Final budget adoption shall be by resolution passed by a majority of the full membership of the authority governing body.
- (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) Upon adoption, the budget shall constitute an appropriation for the purposes stated therein for the purposes of the authority.

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

- (a) Every fire district 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 program section, and supplemental schedule and necessary certifications relating thereto. The Board of Commissioners shall introduce its annual budget by resolution, passed by not less than a majority of the full membership.
- (b) The budget shall set forth all anticipated revenues and other financing sources of the district, including the following, where applicable:
1. Fund balance utilized;
 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. 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. Administration;
 - ii. Operation and maintenance of each office or agency of the district;
 - iii. Reimbursement to employees of a fire district and any volunteer firemen having membership in a volunteer fire company within the fire district for expenses and losses actually incurred in the performance of their duties;
 - iv. Each paid position of a fire district, along with the compensation to be paid therefor;
 - 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) The total budget appropriations shall not exceed total anticipated revenues reasonably expected to be realized.
- (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 in 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 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 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, 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;
 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 such, 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 local unit 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 local unit 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 in (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 the governing body of the municipality in which the district is located, holding a hearing, and set the 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 in 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.

5:31-2.5 Late approval of budget; temporary appropriations

- (a) The Director may approve any authority budget not filed with the Board within the time prescribed, provided a resolution of the authority setting forth the reasons for the delay, satisfactory to the Director, shall accompany the proposed budget.
- (b) All actions taken by the Director and authority, with respect to approval by the Director and adoption by the authority, shall be taken forthwith and as if the filing by the authority had occurred on time.
- (c) The governing body may and, if any contracts, commitments or payments are required to be made prior to the adoption of the budget, shall, by resolution adopted prior to the beginning of

the fiscal year or within the first 30 days of the fiscal year make temporary appropriations to provide for the period between the beginning of the fiscal year and the adoption of the budget. The total appropriations made in accordance with the provision of this section shall not exceed the total of the appropriations made for all purposes in the budget for the preceding fiscal year.

- (d) Nothing contained in these regulations shall prevent or relieve the governing body from making appropriations for all interest and debt redemption charges maturing subsequent to the end of a fiscal year and prior to the date of adoption of the budget.
- (e) All resolutions referred to in this section shall be adopted by not less than a majority vote of the full membership of the governing body.

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. All estimates of revenue are reasonable, accurate and correctly stated;
 - 2. Items of appropriation are properly set forth;
 - 3. In itemization, form and content, the budget will permit the comptroller function within the authority;
 - 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) The Director may require such documentation, records and other information, and undertake any audit or investigation, as he or she may deem necessary in connection with his or her review.
- (c) If the Director finds that all requirements of law and the rules and regulations of the Local Finance Board have been met, he or she shall approve it; otherwise he or she shall refuse to approve it.
- (d) The Director in refusing to approve a budget:
 - 1. Shall not substitute his or her discretion with respect to the amount of an appropriation when that amount is not made mandatory by law or regulation.
 - 2. Shall notify the governing body of his or her reasons for refusing to approve and the conditions upon which approval will be granted

5:31-2.7 Appeals

- (a) Any decision of the Director in the course of budget review, pursuant to these rules, may be appealed to the Local Finance Board in the manner generally provided by N.J.S.A. 52:27BB-15.
1. The appellant must file the appeal application with the Director within 10 days of the Director's decision.
 2. The appellant must set forth in the application the reasons and basis for the appeal.
 3. The appellant must submit all documentation required to substantiate the appeal.

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

- (a) Amendments to the budget and capital budget are permitted as follows:
1. Decrease in revenue with corresponding decrease in budgeted costs;
 2. Reclassification of budgeted amounts among expense categories;
 3. Increase in budgeted costs with corresponding increases in budgeted revenues;
 4. Decrease in specific capital project costs or elimination of previously identified projects;
 5. Deferral of capital projects funding to future years;
 6. Increase in capital project costs or additional projects with identification and timing of anticipated funding sources.
- (b) All amendments to the budget shall be approved and adopted by resolution of the authority, passed by not less than a majority of the full membership. The resolution shall set forth the reasons for the amendment.
- (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 proposed budget or amendment thereto shall become effective prior to approval by the Director.

5:31-2.9 Fire districts--Length of service award programs

- (a) Any amounts appropriated for the first time, or the annual appropriation for a LOSAP shall be included in the budget of the fire district as a separate line item. The appropriation shall be entitled "Length of Service Award Program (LOSAP)-- Contribution (P.L. 1997, c.388)."

- (b) The annual budget of a fire district proposed by the Board of Fire Commissioners in a year that a public question referendum for the creation of a LOSAP is on the ballot shall include the first year's appropriation for funding the program. If the public question is defeated, that appropriation shall be deleted from that budget and the amount to be raised for taxation to support the district budget will be decreased by the same amount prior to the fire district's tax levy being certified to the County Board of Taxation.

5:31-2.10 Fire district property levy cap exclusion for extraordinary expenses due to emergencies

N.J.S.A. 40A:4-45.45.b authorizes an exclusion to the municipal and county property tax levy cap for “extraordinary costs” related to a declared emergency. For the purpose of this law, “extraordinary costs” are defined as expenditures incurred for the immediate preparation, response, recovery, and restoration of public services due to extreme weather conditions or other catastrophic events that are the subject of a gubernatorial emergency declaration, and only for that portion of costs exceeding the cost of providing services under non-emergency conditions. Such funds can be treated as one-time (non-permanent) property tax levy cap exclusions upon submission and review of certifications describing the expenditures to the Director of the Division of Local Government Services, and may be subject to adjustment to account for the receipt of any State or Federal reimbursements.

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 in 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 in 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 5 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 in 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 said 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 of 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) Any certification pursuant to (c) above must be in the format set forth in 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 an affidavit submitted under (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 therein shall have been granted a public hearing thereon.
- (c) 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 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.