

SUBCHAPTER 19. BUILDING SECURITY

5:10-19.1 Hotels

(a) The following provisions apply to hotels:

1. Entrance doors to dwelling units shall be equipped with a medium duty dead latching lockset (series 160, FF-H-106c, minimum, with a minimum 11/16 inch by 1/2 inch with 1/2 inch minimum throw latch bolt with automatic deadlocking plunger, or ANSI/BHMA \*[156.2]\*\***A156.2\*** (Grade 2 also amended below) or with a dead bolt separate from the latch set.

2.-4. (No change.)

5:10-19.2 Multiple dwellings

(a) The following provisions apply to multiple dwellings.

1. Every building entrance door or other exterior door permitting access to two or more units of dwelling space shall be equipped with heavy duty dead latching locksets (series 161, FF-H-106c, minimum, with a minimum 7/8 inch by 5/8 inch with 1/2 inch minimum throw latch bolt with automatic dead-locking plunger, or ANSI/BHMA \*[156.2]\*\***A156.2\*** Grade 1). Outside cylinders of main entrance door locks shall be operated by the tenant’s key, which shall not be keyed to also open the tenant’s dwelling unit entrance door.

2.-3. (No change.)

4. All entrance doors to dwelling units shall be equipped with a medium duty dead latching lockset (series 160, FF-H-106c, minimum, with a minimum 11/16 inch by 1/2 inch with 1/2 inch minimum throw latch bolt with automatic dead-locking plunger, or ANSI/BHMA \*[156.2]\*\***A156.2\*** Grade 2) or with a dead bolt lock separate from the latch set.

5.-11. (No change.)

SUBCHAPTER 27. CHILD-PROTECTION WINDOW GUARDS

5:10-27.1 Child-protection window guards; when required

(a) (No change.)

(b) The requirements of this subchapter shall not apply to:

1. Any window, which gives access to a fire escape;
2. Any window, which is not designed to open;
3. Any unit that is owner-occupied;
4. Any seasonal rental units; or

5. Any window on the first floor if the sill of such window is six feet or less above grade as measured at the location of the window and there is no hazardous condition at that location that would necessitate the installation of a window guard.

(c)-(f) (No change.)

(g) The rules for window guard orientation programs shall be, as follows:

1. In January or February of each year, a window guard orientation program shall be offered by the owner of each multiple dwelling that is over three stories in height and meets any of the following criteria:

- i. Any multiple dwelling built with public funds or assistance;
- ii. Any multiple dwelling financed in whole, or in part by, a loan guaranteed or insured by the Federal government or any agency thereof; or
- iii. Any multiple dwelling allocated any low income tax credits or have any residents who are recipients of State or Federal rental assistance.

2. The window guard orientation program shall educate tenants about the safe use and manipulation of window guards and their rights with regard to the installation of window guards.

i. All such orientation programs shall include distribution and reading aloud of the brochure promulgated as Appendix 27B of this subchapter, incorporated herein by reference.

ii. A record indicating the date, time, and place at which the orientation program was offered, copies of all written information presented, and the names of all presenters and attendees, shall be maintained by the owner and be available for inspection by any representative of the Bureau.

iii. Notice of the orientation program shall be posted in appropriate common areas of the building at least two weeks prior to the date of the program.

(h) (No change.)

5:10-27.4 Specifications for window guards

(a)-(d) (No change.)

(e) Window guards shall protect the full openable area of each lower window. Installation of rigid metal stops in the upper tracks of a lower window, or other attempts to limit the ability to raise the lower window, shall not be an acceptable method of satisfying the requirements of this section.

(f)-(k) (No change.)

SUBCHAPTER 28. CARBON MONOXIDE ALARMS

5:10-28.1 Carbon monoxide alarms

(a) Carbon monoxide alarms shall be installed and maintained in full operating condition in the following locations:

1. (No change.)

2. As an alternative to the requirements at (a)1 above, carbon monoxide alarms may be installed, in accordance with the Uniform Construction Code, N.J.A.C. 5:23. A copy of the certificate of approval issued by the local construction code enforcing agency shall be provided to the Bureau at the time of installation, at or after the time of inspection, or at any other time, as proof of installation, in accordance with the Uniform Construction Code. Devices may be installed in locations, as specified in the Uniform Construction Code, N.J.A.C. 5:23, or the Uniform Fire Code, N.J.A.C. 5:70.

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

**(a)**

**LOCAL FINANCE BOARD**

**Local Finance Board Rules**

**Readoption with Amendments: N.J.A.C. 5:30**

**Adopted New Rules: N.J.A.C. 5:30-2.7, 3.1, 3.7, 3.10, 3.11, 3.12, 3.13, 5.8, 6.4, 6.6, 6.7, 6.8, 8.6, 8.11, 10.1, 10.2, 10.3, 10.4, 15.6, 15.7, 15.8, 15.9, and 15.10, and 5:30 Appendix**

**Adopted Recodification: N.J.A.C. 5:30-10 as 5:31-9**

Proposed: February 21, 2023, at 55 N.J.R. 256(a).

Adopted: July 12, 2023, by the Local Finance Board, Jacquelyn A. Suárez, Chair.

Filed: July 12, 2023, as R.2023 d.094, **with non-substantial changes** not requiring additional public notice and comment, **but with the proposed amendments at N.J.A.C. 5:30-8.8 not adopted.**

Authority: N.J.S.A. 52:27BB-10, 28, 30, 32, and 66, 52:27D-18, 20.1, 118.30a.b, 40A:2-17.b and c, 22.1, and 51.c, 40A:4-10, 22, 43 through 45, 45.45.b, 78.b, and 83, 40A:5-16.c, 38, 45, and 48, 40A:12-6, 40A:14-194, 40A:26B-11.b, and 18A:24-61.5.

Effective Dates: July 12, 2023, Readoption; August 7, 2023, Amendments and New Rules.

Expiration Dates: July 12, 2030, N.J.A.C. 5:30; December 9, 2027, N.J.A.C. 5:31.

**Summary of Public Comments and Agency Responses:**

**David P. Rible, Executive Director, Utility and Transportation Contractors Association of New Jersey (UTCA); Richard Henning, President & CEO of the New Jersey Utilities Association; Sabrina Rodriguez, Advocacy and Government Affairs Manager for New Jersey Future; and Rich Calbi and Mike Furrey, Co-Chairs of the Jersey Water Works’ Lead in Drinking Water Task Force, Implementation Workgroup; Kevin Donovan, Senior Audit Manager, The Curchin Group; Linda Gardner, President, Brent Material Company; Scott Woodfield, Chief Financial Officer, Union Paving Company; and Raymond Baszak.**

1. COMMENT: The commenters stated that, by defining and limiting what local governments can charge to contractors, in addition to, law enforcement officer compensation, the proposed rule would help reduce

unnecessary expenses that drive up the cost of vital transportation and public health infrastructure projects.

RESPONSE: The Local Finance Board (Board) appreciates the commenters' support for N.J.A.C. 5:30-8.6, as proposed.

**David P. Ribble, Executive Director, Utility and Transportation Contractors Association of New Jersey (UTCA)**

2. COMMENT: The UTCA supports the proposed updates to Subchapter 4 as they pertain to municipal and county capital budgets. These updates are warranted to implement N.J.S.A. 58:31-7. We especially support new N.J.A.C. 5:30-4.3(d) and the amendments at N.J.A.C. 5:30-4.5(c)2 that would require a local unit owning a water system to prepare and adopt a capital budget for each budget year. The amendments at N.J.A.C. 5:30-4.6 are a necessary part of the State's overall strategy to ensure proper asset management for all water systems.

RESPONSE: The Board appreciates the commenter's support for the proposed changes at Subchapter 4.

**John G. Donnadio, Esq., Executive Director, Government Finance Officers Association of New Jersey**

3. COMMENT: Proposed new N.J.A.C. 5:30-5.8 would require municipalities and counties to recode their internal digital chart of accounts to match the Flexible Chart of Accounts (FCOA) codes required by the Division of Local Government Services. A local unit's internal chart of accounts should bear no relevance if the FCOA codes required by the Division of Local Government Services are otherwise utilized in preparing and presenting the budget. The language should be reworded to read as follows: "Municipalities and counties shall incorporate the Flexible Chart of Account (FCOA) codes promulgated by the Director into the annual budget, annual audit, and all other financial statements."

RESPONSE: The Board agrees to make the clarifying change requested by the commenter in the final adopted rule. The Board did not intend to require the implementation of FCOA codes for purposes of internal accounting, but rather merely codify the authority of the Director of the Division of Local Government Services to standardize the chart of accounts used for municipal and county budgets and other financial statements.

**Frank Marshall, Esq., Associate General Counsel, New Jersey State League of Municipalities**

4. COMMENT: Overall, the New Jersey League of Municipalities (League) supports many of the proposed amendments and changes at N.J.A.C. 5:30. Many sections have received long-overdue updates and clarifications to become practical and workable.

RESPONSE: The Board appreciates the League's support of the many updates incorporated into the proposed re-adoption of N.J.A.C. 5:30, a key goal of which is to provide greater clarity and certainty with respect to various aspects of local government fiscal practices.

5. COMMENT: The reference to web address [www.state.nj.us](http://www.state.nj.us) at N.J.A.C. 5:30-1.9(a) should be changed to reflect the updated domain [www.nj.gov](http://www.nj.gov).

RESPONSE: The Board agrees to make the requested update in the final adopted rule (a similar change is also made to the email address at N.J.A.C. 5:30-1.1(e)).

6. COMMENT: As proposed, N.J.A.C. 5:30-3.2(c) would require a municipality or county to submit its approved introduced budget to the Division of Local Government Services with a certification from the governing body that the municipality's or county's hiring practices comply with the United States Equal Employment Opportunity Commission's "Enforcement Guidance on the Consideration and Arrest of Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964," as amended, 42 U.S.C. §§ 2000 et seq. (April 25, 2012). The League suggests removing this provision from the final adopted rule.

Currently, the budget document is certified by the chief municipal finance officer and municipal clerk. The proposed certification would add a governing body certification requirement concerning labor practices to a document that is the municipality's fiscal plan. Depending on the form of government, the municipal governing body may not have hiring authority, such as in a council-manager form where hiring is under the jurisdiction of the municipal manager.

RESPONSE: The proposed regulation is consistent with P.L. 2017, c. 183, which amended N.J.S.A. 40A:4-5 to require municipalities and counties to submit the above-referenced certification with their approved introduced budget. As such, the Board is unable to make the requested changes to this provision.

7. COMMENT: N.J.A.C. 5:30-8.6(f)1 states that, if a third-party firm administers a local unit's program for off-duty employment of law enforcement officers, the local unit may only incorporate the amount billed by the third-party for administering the local unit's program. Limiting the amount recoupable to just the amount billed by the third-party firm does not allow the local unit to be made whole. Some local units have arrangements with third-party firms, where the firms administer the program, but the local unit pays the officer. Under these circumstances, the local unit's administrative costs could not be recovered. This section should be amended and clarified so that all administrative costs associated with an off-duty law enforcement employment program can be recouped by the local unit.

RESPONSE: N.J.A.C. 5:30-8.6(f) limits what may be charged to an outside entity or individual for administrative costs related to off-duty law enforcement employment to the cost of scheduling officers for off-duty employment, maintenance of time records, payroll processing, and billing. If a third-party firm administers the local unit's program for off-duty employment of law enforcement officers by performing one or more of these tasks, the local unit may pass along the entirety of the amount billed by the third-party administrator for performing the above-referenced tasks. This subsection is being changed upon adoption to further clarify that, if a municipality has outsourced some, but not all, of the above-referenced administrative tasks, a municipality may charge for those administrative tasks that are performed by the municipality and pass along the amount billed by a third-party firm for performing other administrative tasks outsourced to that firm.

8. COMMENT: The proposed amendments at N.J.A.C. 5:30-8.8 would require a municipality's "Long-Term Tax Exemption Report" to be submitted to the Director of the Division of Local Government Services alongside the Annual Financial Statement. While we understand the Director's continued interest in receiving this information, we have concerns about the timing requirements. Requiring a separate report due simultaneously with the Annual Financial Statement may place an unnecessary burden on a chief municipal finance officer at a time of year when they are closing out the fiscal year, starting a new fiscal year, and crafting the budget. It is suggested that the changes to this section either be withdrawn or additional time be provided to submit the report.

RESPONSE: At this time, the Board will refrain from adopting the amendments proposed at N.J.A.C. 5:30-8.8. The Board will reexamine the rule to determine whether, in lieu of creating a separate report, further information on long-term tax exemptions could be added to the existing municipal User-Friendly Budget report section on payments in lieu of taxes (PILOTS). In addition, the Board will consider what additional regulatory measures may be needed to strengthen monitoring of long-term PILOTS to ensure municipalities, counties, and, if applicable, other local units are collecting the amount of revenues to which they are entitled pursuant to the underlying financial agreement with a redeveloper.

9. COMMENT: To date, no municipality, county, or otherwise has created a stormwater utility. This is not to say that some have not begun to explore the concept. While having draft financial reporting requirements, such as those envisioned at proposed N.J.A.C. 5:30-8.11, may be useful for those considering such a utility, the adoption of actual rules may be premature. With no currently functioning stormwater utility it is impossible to get appropriate feedback and comments on these rules. It is suggested that these rules be withdrawn until a stormwater utility is operational, so that true comments and feedback can be obtained.

RESPONSE: N.J.S.A. 40A:26B-11b requires the adoption of rules outlining the substantive requirements for, and the form and manner of, an annual stormwater utility report regardless of whether a local unit has in fact created a stormwater utility. As stormwater utilities begin to be created, the Division of Local Government Services may provide additional guidance to local units in implementing the reporting requirement and analyze whether further changes are warranted.

**John Swisher, CPA, Suplee, Clooney and Company**

10. COMMENT: As to the Subchapter 15 rules accounting for accumulated absences, the Board should consider requiring a local unit's labor counsel to sign off or certify that any payments over \$15,000 comply with applicable laws and regulations. This would take the burden of interpreting the contract out of the hands of the auditor and place it firmly in the hand of the attorney, where it should be. The Board could also require that that certification be made part of a governing body resolution approving the payment, similar to the certification of funds, and require a copy to be sent to the Division of Local Government Services. Doing so would improve transparency and alert the Division to any unusually large payments.

RESPONSE: In order to avoid the inference that the auditor render a legal opinion, the Board agrees to clarify the rule by replacing the word "determine" with "identify" in the final adopted version of N.J.A.C. 5:30-15.10. The Board may consider adding language at N.J.A.C. 5:30-15.4 requiring the local unit to consult with legal counsel when it is unclear if an employee is subject to these provisions if experience demonstrates that such consultation is necessary. However, the requirement that the auditor identify whether the employee is subject to the provisions at P.L. 2007, c. 92 or P.L. 2010, c. 3, pertaining to accumulated or compensated absence is mutually exclusive from the local unit's compliance obligation.

**Mr. Keith Fane, Egg Harbor City**

11. COMMENT: Presently, there are many inequities with police officer outside employment. There are municipalities that are close in proximity of others that often are assigning police officers to work for the same vendor on the same job site, sometimes in one municipality or sometimes the job site goes into two municipalities. Very often these officers that are working the details are receiving different hourly salaries as the municipalities are billing out at various rates. I would imagine this is an accounting nightmare for the vendors. Even more confusing is when a vendor's road construction effects areas that are policed by State Police and one or two other municipal law enforcement agencies, resulting in officers from multiple law enforcement agencies working the same detail for the same vendor, but with the officers receiving different pay rates.

My suggestion to this would be to make road construction and all outside employment of law enforcement billable at either one Statewide hourly rate or separate North Jersey and South Jersey rates. This hourly rate should be approximately \$110.00 to \$125.00 per hour with the portion paid to the police officer ranging from \$85.00 to \$100.00 per hour, with the amount reviewable and subject to change every three years.

RESPONSE: The commenter's suggested language would require a statutory change, as the Board does not possess the authority to establish a standard rate for off-duty law enforcement employment. In many instances, compensation to law enforcement officers for off-duty work is governed under a collective negotiated agreement. Additionally, N.J.A.C. 5:30-8.6(a) is being amended to note that "law enforcement officers engaging in outside employment [must be] consistent with the Federal Fair Labor Standards Act (FLSA), 29 U.S.C. §§ 201 et seq."

**Summary of Agency-Initiated Changes:**

1. At N.J.A.C. 5:30-2.9, a duplicative reference to authorities is being deleted.

2. At N.J.A.C. 5:30-3.8(d)14iii, instead of requiring a municipality to list each individual position for which an individual serving therein is subject to restrictions on accumulated absence compensation and/or accumulation pursuant to law, the Board is changing the regulation to require a municipality to list in its User-Friendly Budget, the number of individuals, regardless of whether part of a collective bargaining unit, that are subject to restrictions on accumulated absence compensation and/or accumulation pursuant to P.L. 2007, c. 92, or P.L. 2010, c. 3. This provision is consistent with N.J.A.C. 5:30-15.3(a)3, as adopted by the Board.

3. At N.J.A.C. 5:30-6.1, the provision extending the audit requirements for municipalities and counties to regional service agencies (also known as joint meetings) is being changed to clarify that its application is limited to those regional service agencies whose constituent local units are solely made up of municipalities and/or counties.

4. At N.J.A.C. 5:30-6.4, 6.5, 6.6, and 6.7, the changes add references to the secretary of a regional service agency. Also at N.J.A.C. 5:30-6.5, the phrase "the sections of the annual audit entitled" are being deleted, as it is duplicative.

5. At N.J.A.C. 5:30-7.4(b)1, municipalities that have issued refunding obligations of fiscal year adjustment bonds will remain categorically ineligible for local examination. There are no current municipalities impacted by this change; however, the Division still needs to review these budgets based on their potential overall impact.

6. N.J.A.C. 5:30-8.2(b), clarification is added to indicate that the specified surety bond schedule for chief financial officers is the minimum schedule; and the requirement will be effective on January 1, 2024.

7. At N.J.A.C. 5:30-8.6(a), the Board is creating greater consistency with N.J.A.C. 5:30-8.6(c), by clarifying that a local unit's formal policy regulating outside employment of off-duty law enforcement officers shall, in addition to the Federal Fair Labor Standards Act (FLSA), be consistent with applicable law and any relevant provisions included in a collective negotiated agreement(s) to which the local unit's law enforcement officers are subject.

8. At N.J.A.C. 5:30-13.3(a), the change clarifies that appointments to a financial review board created pursuant to N.J.S.A. 52:27D-118.30a(b) shall be made pursuant to statute.

9. N.J.A.C. 5:30-15.10(a) is clarified to indicate that it is the "employee being tested" that this provision applies to, not just "the employee."

10. At N.J.A.C. 5:30-16.2, the deadline by which the following local government officials must register in GovConnect has been pushed back from April 30, 2023 (which has already passed) to November 1, 2023:

- Business administrator or manager of a municipality;
- Administrator or manager of a county;
- Individuals designated to serve as a local unit's purchasing agent, regardless of whether the individual is licensed as a Qualified Purchasing Agent; and
- A certified public works manager of a municipality.

11. At N.J.A.C. 5:30 Appendix, the confidential auditor report will reference its applicability to counties and joint meetings/regional service agencies, in addition to municipalities.

**Federal Standards Statement**

As amended, N.J.A.C. 5:30-5.6(a) updates the regulatory citation to the U.S. Office of Management and Budget's Circular A-87 as pertains to fixed asset management and reporting, and N.J.A.C. 5:30-6.1 would reference the Federal OMB regulation codifying the former Circular A-133. New N.J.A.C. 5:30-6.6 codifies the requirement that, when a single audit conducted pursuant to 2 CFR Part 200 Subpart F results in one or more findings, that the local unit shall prepare a separate corrective action plan and summary schedule of prior audit findings relative to the Federal awards. N.J.A.C. 5:30-8.6(a) requires that a formal policy adopted by a local unit concerning outside employment of off-duty law enforcement officers be consistent with the Federal Fair Labor Standards Act (FLSA), 29 U.S.C. §§ 201 et seq. These rules do not exceed the Federal standards, and, therefore, no Federal standards analysis is required.

In all other cases, the rules readopted with amendments, new rules, and a recodification are not being readopted pursuant to the authority of, or in order to implement, comply with, or participate in any program established pursuant to Federal law or a State law that incorporates or refers to Federal law, standards, or requirements.

**Full text** of the readopted rules can be found in the New Jersey Administrative Code at N.J.A.C. 5:30.

**Full text** of the adopted amendments, new rules, and recodification follows (additions to proposal indicated in boldface with asterisks \*thus\*; deletions from proposal indicated in brackets with asterisks \*[thus]\*):

**SUBCHAPTER 1. GENERAL PROVISIONS****5:30-1.1 Rules and regulations**

(a)-(d) (No change.)

(e) Additional information on the Board and its practices can be obtained by contacting the Executive Secretary, Local Finance Board, 101 South Broad Street, PO Box 803, Trenton, New Jersey 08625-0803, (609) 292-6613, or by email at \*[digs@dca.state.nj.us]\* \*[digs@dca.nj.gov](mailto:digs@dca.nj.gov)\*.

(f) (No change.)

5:30-1.8 Use of Local Finance Notices

(a) (No change.)

(b) Local Finance Notices shall be made available by electronic means to those officers or individuals affected by the Notice, as determined necessary by the Director, at no charge. All Notices shall be posted on the Division’s website. Receiving email notification of publication of a Notice by email shall be available to any person at no charge.

5:30-1.9 Use of electronic communications networks

(a) Where practicable, the Division and Board shall provide notices, information, and copies of forms to the public through a website maintained by the Division. While subject to change, the website is found at <https://www.nj.gov/dca/dlgs/index.shtml>. As an alternate, users may access the Division’s information at the State’s home page at [\\*www.state.nj.us\\*](http://www.state.nj.us) [\\*https://www.nj.gov\\*](https://www.nj.gov) and then use appropriate links to find the Department of Community Affairs or Division of Local Government Services.

(b) (No change.)

5:30-1.11 Realized revenue report

(a) When required to do so by the Local Finance Board or the Director, governmental units shall file a form entitled “Realized Revenue Report.” The form of the Realized Revenue Report shall be approved by the Board or the Director, and shall list, for each revenue, the budgeted amount, realized amount, percent realized, and amount not realized.

(b) All statements shall be certified as being accurate and complete by the chief financial officer of the local unit.

SUBCHAPTER 2. LOCAL BOND LAW

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

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

NOTICE OF PENDING BOND ORDINANCE AND SUMMARY

The bond ordinance, the summary terms of which are included herein, was introduced and passed upon first reading at a meeting of the governing body of the \_\_\_\_\_ of \_\_\_\_\_, in the County of \_\_\_\_\_, State of New Jersey, on \_\_\_\_\_, 20\_\_\_. It will be further considered for final passage, after public hearing thereon, at a meeting of the governing body to be held at the \_\_\_\_\_, in the \_\_\_\_\_ on \_\_\_\_\_, 20\_\_ at \_\_\_\_\_ o’clock \_\_\_ M. During the week prior to and up to and including the date of such meeting copies of the full ordinance will be available at no cost and during regular business hours, at the Clerk’s office for the members of the general public who shall request the same. The summary of the terms of such bond ordinance follows:

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

\_\_\_\_\_, Clerk

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

BOND ORDINANCE STATEMENTS AND SUMMARY

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

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

\_\_\_\_\_, Clerk

5:30-2.7 Request for determination of period of usefulness

(a) As used in this section, the terms set forth below shall have the following meanings:

1. “Capital improvement” means any of the following:

- i. Development of land;
- ii. Acquisition, construction, improvement, rehabilitation, and/or renovation of buildings, roads, structures, facilities, and infrastructure; or
- iii. Major repairs, reconditioning, or overhaul that meaningfully extends the useful life of an existing capital asset.

2. “Property” means real property, or personal property of a substantial nature, such as vehicles or major equipment.

(b) For any capital improvement or property with a useful life of five years or more that is not included at N.J.S.A. 40A:2-22, a municipality or county may request that the Director of the Division of Local Government Services in the Department of Community Affairs determine a period of usefulness for the same, provided that no law, including the Local Bond Law, expressly prohibits the authorization of obligations for the capital improvement or property. Any request to the Director shall:

- 1. Identify the subject capital improvement or property;
- 2. Request a useful life determination of not less than five years, but not more than 15 years;
- 3. Provide a certification from an engineer, architect, or other appropriate professional that the physical useful life of the capital improvement or property meets, at a minimum, the period of usefulness being requested, including such supporting documentation and other information as may be required by the Director;
- 4. State whether the issuance of an obligation for the capital improvement or property would require Local Finance Board approval; and
- 5. Supply such other information, as may be required by the Director.

(c) Once the Director issues a period of usefulness determination regarding property or a capital improvement, the Director may make said determination applicable to all municipalities and counties upon publication of a notice in the New Jersey Register. If the Director’s useful life determination has been published in the New Jersey Register, a municipality or county may only submit a request for a determination for the same capital improvement or property if the request is readily and clearly distinguishable from the published determination.

5:30-2.9 Submission of electronic proposals for sale of bonds

(a) Local units (including municipalities, counties, authorities, and fire districts) [\\*\[and authorities\]\\*](#) planning to issue bonds may receive proposals for the competitive or negotiated sale of such bonds through an open or closed electronic auction managed by a nationally recognized electronic securities bidding service. For the purposes of this section, a closed auction includes the submission of electronically sealed bids that are opened at a set time and an open auction is where bidders submit bids against each other in real time.

(b) Requirements that bidders be members of the National Association of Security Dealers, have a business relationship with the Depository Trust Corporation, or require participation in a similar financial industry-based program shall not be construed as limiting competition.

5:30-2.10 Use of financial surety bonds in electronic bond sale auctions

(a) (No change.)

(b) The financial surety bond must be provided by an insurance company or other guarantor that is licensed and authorized to do business in the State of New Jersey. Applicants shall possess the requisite financial capability and experience in issuing financial surety bonds to guarantee a bid deposit on the sale of government securities and further, that they possess the capability to respond to requests for the provision of financial

surety bonds in a timely and secure manner for the use of bidders who seek to purchase local unit securities.

(c) Acceptance of a financial surety bond by a local unit shall be subject to the following conditions:

Recodify existing 2.-9. as 1.-8. (No change in text.)

### SUBCHAPTER 3. ANNUAL BUDGET

#### 5:30-3.1 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context indicates otherwise:

“County entity” means a county board of taxation, office of the county superintendent of election, office of the county board of election, office of the county register of deeds and mortgages, office of the county clerk, office of the county surrogate, office of the county prosecutor, and county sheriff’s department.

“County entity budget authority” means the county tax administrator, county superintendent of election, county board of election, county register of deeds and mortgages, county clerk, county surrogate, county prosecutor, and county sheriff, in their role as the appointing authority of their respective offices.

“Election expenses” means all necessary expenses incurred by the superintendent of elections, county clerk, and board of elections for each county related to election costs and the administration, preparation, and implementation of all elections, including all vendor related contract services; voting machine maintenance, repairs, parts and equipment, certification, and technical coding; transportation of voting machines and election supplies; overtime for all staff related to election duty; food services during election; poll workers, machine technicians, and other temporary workers; supplies; office equipment; printing; postage; advertisement costs, upon being certified to by the superintendent of elections, county clerk, and board of elections for each county; but shall not mean or include staff salaries for the office of the superintendent of elections, staff salaries for the county clerk, or staff salaries for the county board of elections.

“Local unit” means a county or municipality.

#### 5:30-3.2 Procedures for adoption of budget

(a) (No change.)

(b) The procedure shall be as follows:

1.-5. (No change.)

6. The clerk of the local unit shall transmit a certified copy of the budget, as adopted, to the county board not later than 15 days following the adoption of the budget.

(c) The budget shall be introduced, in writing, at a meeting of the governing body. Approval of the introduction of the budget shall constitute a first reading, which may be by title. Within three days of approval, the certified approved budget shall be electronically submitted to the Director through the Financial Automation Submission Tracking (FAST) system, or such other automated system as may be implemented by the Director. Together with the approved budget, the governing body’s certification that the local unit’s hiring practices comply with the United States Equal Employment Opportunity Commission’s “Enforcement Guidance on the Consideration and Arrest of Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964,” as amended, 42 U.S.C. §§ 2000 et seq. (April 25, 2012), shall also be transmitted in such a manner as may be specified by the Director. The Director shall have the discretion to require the submission of one or more certified paper copies of the approved 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.

(d) Within three days after adoption of the budget, the certified adopted budget shall be transmitted to the Director through the FAST system or 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 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.

(e) No municipality may adopt its annual budget unless it has submitted to the Director a user-friendly budget section corresponding with the previous year’s adopted budget. This provision shall not be interpreted to allow a municipality to avoid submitting a user-friendly budget section together with the corresponding annual budget form.

(f) The governing body of any municipality that operated a solid waste collection district as of December 31, 1989, shall determine the amount of money necessary for the support of the solid waste collection district. The amount so determined shall become part of the municipal budget on forms furnished and prescribed by the Director, and during those years when the annual budget of the municipality is subject to Director approval prior to adoption, shall be subject to approval by the Director.

#### 5:30-3.3 Examination of budget

(a) The Director shall examine the budget filed in the Division of Local Government Services with reference to all estimates of revenue and to the following appropriations:

1.-5. (No change.)

(b) (No change.)

(c) A local unit may, by resolution, include any of the following dedications by rider in the budget of the local unit, without further approval of the Board or Director of the Division of Local Government Services. A copy of the adopted resolution shall be submitted to the Director. All such receipts shall be for the sole purpose for which the funds are intended.

1.-10. (No change.)

11. Tax appeal filing fees collected by the county boards of taxation;

12. Sanitary landfill closure trust fund;

13. Surcharges and convenience fees as permitted for electronic receipt transactions pursuant to N.J.A.C. 5:30-9.9, the dedicated trust fund account for which shall be entitled “Electronic Receipt Fees”; and

14. For Urban Enterprise Zone municipalities, any funds received from the enterprise zone assistance fund pursuant to N.J.S.A. 52:27H-88.

(d) A county budget request cap workbook for each county entity shall accompany every county budget submitted to the Director for review, in such a manner as determined by the Director. No county shall be authorized to adopt its annual budget unless the budget request cap workbook for each county entity is completed and demonstrates compliance with the county budget request cap law. The county entity budget request cap workbook must display both the percentage and dollar amounts by which the property tax-funded budget request has increased as a result of the base year adjustment.

#### 5:30-3.7 County entity budget request cap

(a) A budget request submitted to the county governing body, as appropriate to the form of government, by a county entity budget authority on behalf of a county entity shall consist of two parts:

1. The amount to be funded by property taxation; and

2. The amount to be funded wholly through State or Federal funds, fees raised by the county entity, or other sources.

(b) In the preparation of the portion of its budget request to be raised by property taxation, a county entity budget authority shall limit any increase in that portion of its budget request to two percent of the previous year’s budget request, with the exception of election expenses and the exclusions set forth at N.J.S.A. 40A:4-45.45.b. The county entity budget request cap shall be applied by measuring current year anticipated revenue against the prior year adopted budget appropriations. No budget request exceeding the cap may be submitted to a county governing body.

(c) Any permitted exceptions to the county entity budget request cap will not be relevant for a county entity’s budget request if the costs that fall within those exceptions are budgeted pursuant to the county’s central budget.

(d) In those situations where non-property tax-based revenues fully funded a county entity’s prior year budget request but are not expected to fully fund the county entity’s upcoming year’s budget request, the county entity can certify a base amount to be signed off on by the county’s chief finance officer and approved by the county governing body, as appropriate to the form of government.

(e) Once the county governing body receives a county entity budget request, as appropriate to the form of government, the governing body has the discretion to determine whether to allow a county entity to exceed the

limit imposed by the budget request cap, subject to any limitations on the county tax levy in the 1977 and 2010 levy cap laws (N.J.S.A. 40A:4-45.4 and 40A:4-45.45, respectively).

1. If a county governing body allows a county entity budget request to exceed the limit imposed by the cap, then the governing body shall adopt a resolution to that effect stating the amount of the increase, the extent to which the increase exceeds the budget request cap, and a statement that the governing body has determined that the increase in the budget request cap shall not cause the county to exceed the levy caps set forth in the 1977 and 2010 levy cap laws.

2. If a county governing body intends the increase to become the base from which subsequent county entity budget request increases are to be measured, the resolution must expressly state as such; otherwise, the maximum statutorily permitted budget request increase for the prior year shall serve as the base.

(f) The limitation on transfers established at N.J.S.A. 40A:4-45.38 does not apply to the county entity budget request cap.

#### 5:30-3.8 Municipal budgets, user-friendly budget section

(a) (No change.)

(b) The user-friendly budget shall be in a format set forth by the Director, who shall provide standard forms for required use by each municipality, and be submitted electronically and in such other manner as may be set forth by the Director. The municipality need only submit to the Director the user-friendly budget section of the adopted budget; however, the Director may request from the municipality the user-friendly budget section corresponding with the introduced budget.

(c) (No change.)

(d) The user-friendly budget section shall include the following:

1.-13. (No change.)

14. As of the final day of the prior budget year:

i. The gross number of days of accumulated absences and the dollar value of the same as of the final day of the prior budget year, broken down by bargaining unit in the case of unionized employees, and by individual position in the case of non-unionized employees with those non-union employees holding more than one position reported based on the accumulated absence liability for all positions held;

ii. For each collective bargaining unit or individual position, the legal basis for the benefit; and

\*[iii. Each individual position, regardless of whether part of a collective bargaining unit, for which an individual serving therein is subject to restrictions on accumulated absence compensation and/or accumulation pursuant to law.]\*

**\*iii. The number of individuals, regardless of whether part of a collective bargaining unit, that are subject to restrictions on accumulated absence compensation and/or accumulation pursuant to P.L. 2007, c. 92 or P.L. 2010, c. 3.\***

15.-20. (No change.)

#### 5:30-3.10 Property tax levy cap exclusion; increase in certain shared services costs

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

#### 5:30-3.11 Annual financial statement for solid waste collection districts

(a) By no later than February 10, or August 10 for a municipality on a State fiscal year budget cycle, the chief financial officer of a municipality with a solid waste collection district shall file with the Director a statement showing in detail the items of moneys received and disbursed by the district during the preceding fiscal year, and also the balance of unexpended funds at the end of the fiscal year. Such statement shall be filed on forms furnished and prescribed by the Director. The deadline for submission may be extended by the Local Finance Board pursuant to N.J.S.A. 40A:4-5.1.

(b) If the chief financial officer fails to file the annual financial statement of the municipality's solid waste collection district with the Director within 10 days after the applicable deadline, the chief financial officer shall be subject to a penalty of \$5.00 for each day of neglect to file

the statement, to be recovered in a summary proceeding against the chief financial officer instituted and prosecuted pursuant to the penalty enforcement law (N.J.S.A. 2A:58-1 et seq.).

#### 5:30-3.12 Notice of intent to sell or lease a municipal public utility service

In a municipality undertaking the process of selling or leasing a sewer plant, water plant, heat, light, or power plant, system of transportation, or other public utility plant or system to another municipality, or a county, authority, commission, or other public body pursuant to N.J.S.A. 40:62-3 or 40:62-3.1, the transfer of a municipal water utility serving less than five percent of the population of that municipality to any person or entity, the municipal clerk shall provide the Director with a certified copy of the ordinance authorizing the sale or long-term lease and, if applicable, the resolution authorizing the issuance of a bid or request for proposals, within five days of final adoption.

#### 5:30-3.13 Notice of certain referenda and results thereof

(a) In a municipality where a referendum is taking place concerning any tax levy, or concerning the appropriations cap pursuant to N.J.S.A. 40A:4-45.3a and 45.3a1, the municipal clerk shall provide the Director with a certified copy of the ordinance or resolution authorizing the referendum within five days of final adoption. The municipal clerk shall also provide the Director with a copy of the ballot question and copy of any notice published regarding the referendum.

(b) In a county where a referendum concerning any tax levy is taking place, the clerk of the board of county commissioners shall provide the Director with a certified copy of the ordinance or resolution authorizing the referendum within five days of final adoption. The clerk of the board of county commissioners shall also provide the Director with a copy of the ballot question and copy of any notice published regarding the referendum.

(c) The municipality or county shall provide the Director with the certified results of any referendum referenced at (a) or (b) above within five days of the municipality or county, as applicable, receiving the certified results.

### SUBCHAPTER 4. CAPITAL BUDGETS AND CAPITAL IMPROVEMENT PROGRAMS

#### 5:30-4.3 When required

(a)-(c) (No change.)

(d) Notwithstanding (a) above to the contrary, a local unit that owns a water system shall prepare and adopt a capital budget for each budget year.

#### 5:30-4.5 Forms and content

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

(c) Capital program forms rules are as follows:

1. (No change.)

2. A municipality with population under 10,000 that does not own a water system may discontinue annual capital program submissions whenever it shall, in compliance with the terms of this section, have had no capital budgets for three consecutive years provided\*[\*]\* that the capital program shall be reinstated when a capital budget is adopted.

#### 5:30-4.6 Review and certification

(a) In reviewing a local unit's annual budget, the Director shall determine whether a capital budget and program are required, and if so, whether it has been included in the proper form. This review shall not extend to any determination as to the sufficiency or wisdom of its content except that, in the case of a local unit that owns its own water system, the capital budget and program shall identify the capital infrastructure improvement projects to be undertaken in accordance with the local unit's asset management plan pursuant to N.J.S.A. 58:31-7, along with the estimated costs and the anticipated financing by sources and amounts.

(b) If the required capital budget and programs are not included in accordance with the requirements of this regulation, approval of the entire budget may be withheld, pending local corrective action. With respect to capital infrastructure improvement projects to be undertaken in accordance with the local unit's asset management plan pursuant to

N.J.S.A. 58:31-7, the Director may take into account the local unit's fiscal circumstances in determining appropriate measures for corrective action.

#### SUBCHAPTER 5. CERTIFICATIONS OF AVAILABILITY OF FUNDS AND ACCOUNTING SYSTEM REQUIREMENTS FOR LOCAL UNITS

##### 5:30-5.2 Encumbrance systems

(a) All local units except those subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) shall maintain an encumbrance accounting system for all funds as follows:

1.-2. (No change.)

3. Local units shall maintain internal controls that ensure that all purchases charged to "Other Expense" or other non-salary line items shall be sequentially numbered through a computerized system that produces appropriate purchasing internal control.

(b) (No change.)

##### 5:30-5.3 General requirements

(a)-(c) (No change.)

(d) Notwithstanding (c) above, if a local unit subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) does not maintain an encumbrance system, the certifying finance officer of the local unit shall, at a minimum, maintain a record of all open contracts, including open purchase orders. If a purchase or the execution of a contract does not require, either by State law or any State or local rule, specific authorization by formal action of the governing body, the individual approving the contract or release of the purchase order shall consult with the record of open contracts in determining whether there are available sufficient uncommitted appropriations to provide for the payment.

##### 5:30-5.4 Procedure

(a) The following procedure shall be utilized for the certification of funds when a contract is to be authorized by the governing body of the local unit:

1.-3. (No change.)

4. When a contract is issued as a purchase order or amendment thereto, the certification of availability of funds shall be executed through the budgetary accounting encumbrance process set forth at (b) below and N.J.A.C. 5:30-5.3(c), which shall take the place of, and be used instead of, the written certification of available funds described at (a)1 above. If a local unit subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) does not maintain an encumbrance system, the record of open contracts maintained pursuant to N.J.A.C. 5:30-5.3(d) shall be updated to reflect the issuance of the purchase order or amendment thereto.

(b) When a contract is awarded and a resolution or ordinance of the governing body is not required, the chief financial officer or certifying finance officer shall cause an appropriate entry to be made into the local unit's encumbrance system pursuant to N.J.A.C. 5:30-5.1 and 5.2 prior to the issuance of a contract. If a local unit subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) does not maintain an encumbrance system, the record of open contracts maintained pursuant to N.J.A.C. 5:30-5.3(d) shall be updated to reflect the awarded contract.

##### 5:30-5.5 Methods of accounting for and certifying available funds for special situations

(a) (No change.)

(b) Open-end contracts: When a contract provides for certain goods or services to be provided upon request, up to an established maximum, and the local unit is not obligated to order, accept, or pay for said goods or services, except when it orders them, the local unit may enter into the contract upon compliance with the following:

1. (No change.)

2. If the full amount of the contract would not be charged against the budget at the time the contract is awarded by the governing body, no amount shall be encumbered until such time as goods or services are ordered, pursuant to the open-end contract. When this option is utilized, the budgetary accounting encumbrance process set forth at N.J.A.C. 5:30-5.3(c) and 5.4(b) shall take the place of, and be used instead of, the written

certification of available funds set forth at N.J.A.C. 5:30-5.4(a). If a local unit subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.) does not maintain an encumbrance system, the record of open contracts maintained pursuant to N.J.A.C. 5:30-5.3(d) shall be updated to reflect any purchases made pursuant to the open-end contract.

(c)-(f) (No change.)

##### 5:30-5.6 Accounting for governmental fixed assets

(a) All local units shall have and maintain a fixed assets accounting and reporting system that:

1. Establishes and maintains a physical inventory of fixed assets of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Governments, 2 CFR Part 225, incorporated herein by reference, as amended and supplemented. A local unit may establish a capitalization level less than, but not in excess of, the threshold in Circular A-87, except that nonexpendable, tangible personal property shall have a useful life of at least five years;

2. Places a value on all fixed assets whether constructed or acquired through purchase, grant, or gift. Fixed assets acquired after December 31, 1985, shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost, the basis of which shall be disclosed in the local unit's annual financial statement;

3. Has a subsidiary ledger, consisting of detailed property records for controlling additions, retirements, and transfers of fixed assets. Such ledger shall be maintained and reconciled periodically and at the end of every fiscal year with the general ledger control accounts for fixed assets;

4.-5. (No change.)

##### 5:30-5.7 General ledger accounting systems

(a) All local units shall have and maintain a general ledger for the current fund and all other funds.

(b) (No change.)

(c) In support of the general ledger, the following books of original entry (journals) are required to be maintained in an electronic format:

1. Cash receipts journal;
2. Cash disbursements journal;
3. Payroll journal; and
4. General journal.

(d) The cash receipts journal shall be used to record all transactions where cash is received by the local unit; either for revenue or non-revenue (reimbursement of expenditures).

(e) The cash disbursements journal shall be used to record all transactions where cash is disbursed by the local unit for any purpose such as: budget appropriations, grant expenditures, capital ordinances, trust funds, or payroll.

(f) The payroll journal shall be used to record the details of each payroll for each employee indicating the pay period, employee's name, hours worked, rate of pay, overtime, and payroll deductions.

(g) The general journal shall be used to record any transactions that cannot be recorded in any other journals. Examples of journal entries in the general journal include:

1. Opening accounts at the beginning of the accounting period;
2. Recording temporary and adopted budgets;
3. Closing budgetary and operating accounts at the end of the accounting period;
4. Recording adjusted entries or corrections to previously recorded transactions;
5. Recording non-cash budgetary transactions such as:
  - i. Charging deferred charges to appropriations;
  - ii. Charging surplus to realized revenue;
  - iii. Charging State and Federal grants;
  - iv. Charging reserves for uncollected taxes to appropriations; and
  - v. Recording non-municipal tax levies;
6. Recording the adoption of bond ordinances; and
7. Recording grant awards.

(h) The general ledger is the final record in which a financial transaction is recorded. An accounting transaction is not to be considered completed, unless it is:

1. Documented and supportable;
2. Recorded in the applicable book of original entry; and

3. Posted from the book of original entry to the affected general ledger accounts.

(i) At the beginning of the local unit's fiscal year, before any current period transactions are recorded, the general ledger accounts shall reflect opening balances in assets, liability, reserves, and fund balance only. All books of original entry shall be closed at the end of each accounting period by totaling the recorded transactions and posting the totals to the general ledger. Totals for all funds shall be posted to the general ledger on at least a monthly basis.

(j) General ledger accounts shall reflect the following normal balances at the end of each accounting period:

1. Balance sheet accounts, as follows:
  - i. Assets-debit balances;
  - ii. Liabilities-credit balances;
  - iii. Reserves-credit balances; and
  - iv. Fund balance-credit balances; and
2. Budgetary and operating accounts, as follows:
  - i. Anticipated revenues-debit balances;
  - ii. Appropriations-credit balances;
  - iii. Revenues-credit balances;
  - iv. Expenditures-debit balances; and
  - v. Encumbrances-debit balances.

#### 5:30-5.8 Chart of accounts for municipalities and counties

Municipalities and counties shall \*[implement for their general accounting systems]\* **\*incorporate\*** the Flexible Chart of Account (FCOA) codes promulgated by the Director\*[\*]. Such FCOA codes shall be incorporated]\* into the annual budget, annual audit, and all other financial statements.

### SUBCHAPTER 6. ANNUAL AUDIT

#### 5:30-6.1 Uniform accounting system for local units

(a) The Requirements of Audit that have been promulgated for municipalities, and counties, which are deemed to include the county surrogate's office and the county probation department, are considered as minimum requirements and should be elaborated upon whenever, in the judgment of the registered municipal accountant, it is required. The Requirements of Audit shall also apply to regional service agencies **\*[created by a municipality or county]\* *\*whose constituent members are solely made up of municipalities and/or counties\****.

(b) (No change.)

(c) In addition to the Requirements of Audit, the registered municipal accountant of each local unit shall also utilize the requirements of the following authoritative resources, incorporated herein by reference, in conducting the annual audit, as appropriate and applicable:

1. (No change.)
2. Government Accounting Standards Board with regard to disclosure of notes to the financial statements, except that municipalities, counties, and regional service agencies **\*whose constituent members are solely made up of municipalities and/or counties\*** may use the most recent available audited GASB 68 and GASB 75 financial information published by the New Jersey Department of the Treasury, Division of Pensions and Benefits;
3. 2 CFR Part 200 Subpart F;
4. New Jersey Office of Management and Budget Circular 15-08; and
5. Generally Accepted Government Auditing Standards promulgated by the U.S. General Accounting Office (Yellow Book).

(d) A municipality that operates a solid waste collection district as of December 31, 1989, shall incorporate the district into its annual municipal audit.

(e) As used in this section, the term "local unit" shall mean a municipality, county, and any regional services agency **\*[created by a municipality or county]\* *\*whose constituent members are solely made up of municipalities and/or counties\****.

#### 5:30-6.4 Synopsis of audit

(a) Within 30 days of receipt of the annual audit, the clerk of the county board of commissioners, the municipal clerk, or the secretary of the regional service\*[s]\* agency, as applicable, shall have a synopsis of audit published at least once in the official newspaper of the local unit, if there

is one, or if there is none, in a newspaper published in the local unit. If there is no newspaper published within the local unit, it shall be published in a newspaper having a general circulation in the local unit. The synopsis of audit shall include the following:

1. A comparative balance sheet;
2. A comparative statement of revenue, expenses/expenditures, and changes in retained earnings/fund balance;
3. A summary of all comments, findings, and recommendations. If the audit contains one or more findings repeated from the prior year's annual audit, the summary shall specifically identify those findings as repeat findings; and
4. If the annual audit contains one or more findings, a statement that a corrective action plan outlining actions to be taken to correct the finding or findings will be placed on file for public inspection with the clerk of the county board of commissioners,\* **\*[or]\* the municipal clerk, *\*or the secretary of the regional service agency,\**** as applicable. The statement shall include the date on which the corrective action plan will be on file with the clerk **\*or secretary, as applicable\***, which date shall be no later than 60 days from the date on which the registered municipal accountant filed the completed annual audit with the local unit.

(b) If the clerk of the county board of commissioners,\* **\*[or]\* the municipal clerk, *\*or the secretary of the regional service agency,\**** as applicable, fails to have publication of the synopsis and recommendations made within 30 days of receipt of the annual audit, the clerk shall be subject to a fine of \$10.00 payable to the local unit for each day after the expiration of the 30 days that such publication fails to appear.

#### 5:30-6.5 Certification of governing body

(a) The annual audit of accounting records and transactions required of every local unit pursuant to N.J.S.A. 40A:5-4 shall be filed by the local unit's registered municipal accountant with the clerk of the board of county commissioners,\* **\*[or]\* *\*the\* municipal clerk \*, *\*or the secretary of the regional service agency, as applicable,\***** pursuant to N.J.S.A. 40A:5-6, and a copy shall be delivered to each member of the governing body.

(b) The governing body of each local unit shall, by resolution, certify to the Local Finance Board that all members of the governing body have personally reviewed, at a minimum, **\*[the sections of the annual audit entitled:]\* all audit findings, comments, and recommendations.**

1.-2. (No change.)

(c) Failure to comply with the requirements of this section may subject the members of the local governing body to the penalty provisions at N.J.S.A. 52:27B-52.

#### 5:30-6.6 Corrective action plan; summary schedule of prior year audit findings

(a) The local unit is responsible for follow-up and corrective action on all audit findings. If the local unit's annual audit contains one or more findings, the local unit shall prepare a corrective action plan to address each finding. No later than 60 days from the date on which the registered municipal accountant filed the annual audit with the local unit, a corrective action plan shall be adopted by the governing body and placed on file with the clerk of the board of county commissioners,\* **\*[or]\* *\*the\* municipal clerk \*, *\*or the secretary of the regional service agency,\***** as applicable. For each finding, the plan shall include:

1. The reference number assigned by the registered municipal accountant;
2. The corrective action planned and the anticipated completion date;
3. The contact person(s) responsible for the corrective action; and
4. For each audit finding with which the governing body disagrees, or believes corrective action is not required, an explanation with specific reasons.

(b) The local unit must also prepare a summary schedule of prior audit findings, if any. The summary schedule must include the reference numbers assigned to each finding by the registered municipal accountant, along with the fiscal year in which the finding initially occurred. No later than 60 days from the date on which the registered municipal accountant filed the annual audit with the local unit, a summary schedule of prior audit findings shall be adopted by the governing body and placed on file with the clerk of the board of county commissioners,\* **\*[or]\* *\*the\****



municipal clerk\*, or the secretary of the regional service agency\*, as applicable.

1. When an audit finding in the prior year annual audit has been fully corrected and is not repeated in the current year annual audit, the summary schedule need only list the audit findings and state that corrective action was taken.

2. When audit findings either remain uncorrected or were only partially corrected, the summary schedule must describe the reason or reasons for the findings' recurrence and planned corrective action, and any partial corrective action already taken.

3. When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the management decision of a State agency, Federal agency, or a pass-through entity, the summary schedule must provide an explanation with specific reasons.

4. When the local unit believes one or more audit findings are no longer valid or do not warrant further action, the reasons for this position must be described in the summary schedule. A valid reason for considering an audit finding as not warranting further action is that all of the following have occurred:

i. Two years have passed since the audit report in which the State or Federal award finding occurred was submitted to the Federal Audit Clearinghouse or the Division of Local Government Services;

ii. The State agency, Federal agency, or pass-through entity is not currently following up with the local unit on the audit finding; and

iii. A management decision was not issued.

(c) When a single audit is required pursuant to 2 CFR Part 200 Subpart F or New Jersey Office of Management and Budget Circular 15-08 that results in one or more findings, the local unit shall prepare a separate corrective action plan and summary schedule of prior audit findings relative to the State or Federal awards.

(d) Each corrective action cited in a corrective action plan shall be initiated within six months after the registered municipal accountant files the annual audit with the local unit.

(e) Members of the local governing body who, after the date fixed for compliance with this section, fail or refuse to obey an order of the Director to comply, shall be subject to the penalty provisions at N.J.S.A. 52:27BB-52.

#### 5:30-6.7 Required submissions to Director

(a) A certified duplicate copy of the annual audit shall be filed with the Director, over the signature of the registered municipal accountant, within five days of the original report of audit being filed with the clerk of the county board of commissioners\*,\* [or]\* the municipal clerk,\*or the secretary of the regional service agency,\* as applicable.

(b) A certified copy of the resolution and group affidavit required pursuant to N.J.A.C. 5:30-6.5(b) shall be filed with the Director within five days of the resolution being adopted by the governing body. Proof of publication of the synopsis of audit pursuant to N.J.A.C. 5:30-6.4 shall be included in the submission.

(c) The corrective action plan and summary schedule of prior audit findings shall be filed with the Director within five days of being filed with the clerk of the county board of commissioners\*,\* [or]\* the municipal clerk, \*or the secretary of the regional service agency,\* as applicable.

#### 5:30-6.8 Discovery of fraud or illegal acts

(a) The Division of Local Government Services has the prerogative to take full charge of the auditing of any local unit where any shortage, embezzlement, or fraud is discovered. Where there is detection of an illegal act, shortage, or irregularity, the Division shall be notified at once by means of a special confidential report. The independent auditor's responsibility for the detection of illegal acts and irregularities in an audit of financial statements shall be according to Generally Accepted Accounting Standards (GAAS).

(b) Confidential report blanks shall be submitted in triplicate; one copy for filing in the Division, one copy for filing with the local unit, and the third copy for the auditor's files. Blanks can be procured upon request and may be secured either in advance or immediately upon the discovery of any condition requiring a special report. The special confidential report

(see N.J.A.C. 5:30 Appendix, incorporated herein by reference) shall be prepared, as follows:

1. Section One is a preliminary report and must be filed with the Division within 48 hours after the discovery of any irregularity or shortage regardless of whether or not the facts have been definitely established;

2. Section Two shall be filed immediately after the auditor has completed the work or after the auditor has completed the preliminary work to a point where the auditor can make a fair determination as to the amount involved. The auditor shall file supplements or preliminary reports from time to time pending the filing of Section Two in completed form; and

3. Section Three shall be filed upon final disposition of the case.

(c) In connection with every shortage discovered by the auditor, there shall be an immediate report to the Division of Local Government Services, Bureau of Financial Regulation, and the governing body. The governing body shall make immediate report to the bonding company upon presentation of the preliminary report of the auditor. It is the duty of the governing body to report the discovery of any shortage or irregularity involving public moneys to the county prosecutor serving the county in which the entity is located. The Director shall render a report to the responsible deputy attorney general. The independent auditor shall follow up on these matters in each and every instance and keep the Division informed as to progress and procedure.

### SUBCHAPTER 7. MUNICIPAL BUDGET LOCAL EXAMINATION AND APPROVAL

#### 5:30-7.4 Eligibility for local examination

(a) The Director shall randomly assign each municipality to one of three reporting year pools. Each pool shall be assigned the years in which the budget shall be considered for local examination.

1. Within 30 days after the start of each fiscal year, the Director shall determine and notify all municipalities if they are eligible or ineligible for local examination for the fiscal year.

(b) Municipalities that meet one or more of the following criteria shall not be eligible for local examination in a given year and shall have their budgets examined by the Director:

1. Have outstanding fiscal year adjustment bonds \*or refunding obligations of fiscal year adjustment bonds\*;

2. (No change.)

3. Received Supplemental Municipal Property Tax Relief Discretionary (N.J.S.A. 52:27D-118.35) funds or Transitional Aid to Localities (N.J.S.A. 53:27S-118.42a) funds in the previous fiscal year;

4.-6. (No change.)

7. If, during the current or prior fiscal year, a private entity is or was temporarily fulfilling the duties of a chief municipal finance officer pursuant to N.J.S.A. 40A:9-140.10;

8. If, during the current or prior fiscal year, an individual who does not hold a municipal finance officer certificate is or was serving as a temporary municipal finance officer pursuant to N.J.S.A. 40A:9-140.13.f;

9. If, in the prior fiscal year, voters approved the sale of a water or sewer system pursuant to N.J.S.A. 40:62-5;

10. If, in the prior fiscal year, the municipality has completed the approval process pursuant to the Water Infrastructure Protection Act (N.J.S.A. 58:30-1 et seq.) for the sale of a water or sewer system;

11. Failed to submit to the Division a user-friendly budget section corresponding with the previous year's adopted budget;

12. The Director's subsequent review of the previous year's locally examined adopted budget shows that the budget failed to meet the requirements of local examination. Such a finding shall disqualify a municipality from local examination for the following three years; or

13. If, in the opinion of the Director, the fiscal integrity or solvency of the municipality will be jeopardized by local examination.

(c) At the initiative of the Director, the criteria at (b) above may be waived if the Director determines the fiscal integrity or solvency of the municipality shall not be jeopardized by local examination. Requests for waivers by a municipality shall not be considered by the Director.

SUBCHAPTER 8. FINANCIAL ADMINISTRATION

5:30-8.1 Electronic data processing systems for financial, revenue, and property tax accounting

(a) Local units utilizing electronic data processing systems or services for financial, payroll, revenue, or property tax accounting, and equipment used for cash receipting purposes, are subject to the following provisions:

1. Local units procuring or upgrading systems or services shall ensure that they meet the following requirements:

i. Transaction recording and reporting elements shall provide audit trails and reports that meet generally accepted government accounting standards, \*[and meet]\* requirements of audit\*,\* \*[and]\* all relevant provisions of the Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.),\* and rules promulgated by the Local Finance Board and the Director of the Division of Local Government Services.

ii.-iii. (No change.)

2. (No change.)

3. The requirements of this section shall be subject to review by the local unit auditor as part of the annual review of internal controls.

5:30-8.2 Recommended surety bond coverage for chief financial officers

(a) Local units shall provide a fidelity bond with faithful performance coverage for the chief financial officer or other individual holding overall management responsibility for the local unit's finances. If coverage is being provided pursuant to the local unit's blanket fidelity bond, coverage pursuant to the blanket bond for the chief financial officer or other individual holding overall management responsibility for the local unit's finances shall be subject to the application of individual rating criteria and underwriting standards that consider the risk and potential liability presented by the individuals covered by the blanket bond as if the individuals were covered by an individual bond.

(b) \*[The]\* **As of January 1, 2024, the** following schedule shall serve as the **minimum** basis for the bond amount:

1. The exposure index from which the amount of the bond is calculated, is at least 10 percent of the total revenues of the local unit, including, but not limited to:

i. (No change.)

ii. Current, trust, capital, and utility funds for municipalities or counties;

iii. Grants;

iv. Revenues from payments in lieu of property taxes (PILOTs);

v. All taxes other than property taxes collected by the municipality; and

vi. (No change in text.)

Exposure Index

Minimum Bond Amount

...

5:30-8.3 Minimum surety bond coverage for tax collectors

(a) Each tax collector and collector of utility rents shall be bonded with a surety bond, calculated as follows:

1. The minimum requirement for the surety bond of each tax collector shall be such percentage of the preceding year's tax duplicate for all tax levies as is required by the schedule set forth in this subsection, along with such percentage of the following revenues collected by the tax collector in the preceding year:

i. Payments in lieu of taxes (PILOTs), if collected by the tax collector;

ii. Local assessments; and

iii. Any other revenues collected by the tax collector.

2.-4. (No change.)

(b) The following additional provisions shall apply to such surety bonds:

1.-4. (No change.)

5. If coverage is being provided pursuant to the local unit's blanket fidelity bond, coverage under the blanket bond for the tax collector and collector of utility charges shall be subject to the application of individual rating criteria and underwriting standards that consider the risk and potential liability presented by the individuals covered by the blanket bond as if the individuals were covered by an individual bond.

5:30-8.4 Minimum surety bond requirements for municipal courts

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

(c) The municipal judge and the municipal court administrator shall be bonded in such amount as may be deemed appropriate and adequate pursuant to the circumstances, the amount, including all assistants, to be not less than the minimum referred to at (a) above, and in every case where the minimum requirement applies, based on the volume of annual transactions, the municipal judge and the municipal court administrator shall be bonded in the amount of not less than \$1,000 each. If coverage is being provided pursuant to the local unit's blanket fidelity bond, coverage pursuant to the blanket bond for the municipal judge and the municipal court administrator shall be subject to the application of individual rating criteria and underwriting standards that consider the risk and potential liability presented by the individuals covered by the blanket bond as if the individuals were covered by an individual bond.

(d)-(g) (No change.)

5:30-8.6 Managing and accounting for outside employment of off-duty law enforcement officers

(a) Each local unit that permits employment of off-duty law enforcement officers by outside entities or individuals shall adopt a formal policy relating to such employment. The policy shall provide for exercise of the local unit's authority to regulate outside employment of off-duty law enforcement officers and to set hourly compensation rates for law enforcement officers engaging in outside employment that is consistent with the Federal Fair Labor Standards Act (FLSA), 29 U.S.C. §§ 201 et seq., **and other applicable laws, and any relevant provisions included in a collective negotiated agreement to which the local unit's law enforcement officers are subject.** For purposes of this section, off-duty work or off-duty employment shall be work performed on behalf of an outside entity or individual performed outside of a law enforcement officer's regular shift or overtime.

(b) If an outside entity or individual utilizes off-duty law enforcement officers for police-related activities at assignments or projects, such as, but not limited to, security and traffic safety control, any payment by the outside entity or individual in connection therewith must be remitted directly to the local unit.

(c) Any rates or fees charged by a local unit for employment of off-duty law enforcement officers by outside entities or individuals shall be subject to the provisions of this section and incorporated into the local unit's formal policy regulating such off-duty employment. The rates or fees shall either be established by ordinance or resolution, as appropriate to the form of government, unless the hourly compensation paid to off-duty law enforcement officers is specified in a collective negotiated agreement. Such rates or fees shall not incorporate local unit costs other than those directly attributable to the provision of off-duty law enforcement officers for the project or event. Rates or fees charged by the municipality shall be itemized as follows:

1. Personnel;

2. Administrative;

3. Vehicle;

4. Equipment; and

5. Other costs.

(d) Subsection (c) above shall not be interpreted to require a local unit to charge a fee for each of the above categories. Charges for "Equipment" or "Other costs" shall be directly related to those goods or services not encompassed within the "Personnel," "Administrative," or "Vehicle" categories that are necessary for an off-duty law enforcement officer to effectively fulfill the duties of the off-duty employment; however, any costs relating to personnel, administration, vehicles, and equipment that are barred from being incorporated into the rate or fees charged for said categories pursuant to this section may not be included pursuant to the categories "Equipment" or "Other costs."

(e) Hourly compensation paid to off-duty law enforcement officers and payroll taxes attributable to the off-duty employment of law enforcement officers, along with any additional liability insurance that may be required, are the only costs that may be charged as personnel-related costs. The cost of pension benefits, health benefits, and other fringe benefits that are part of base salary and employment shall be excluded from personnel

costs charged to an outside entity or individual utilizing off-duty law enforcement officers for police-related activities.

(f) Administrative costs shall be limited to the scheduling of officers for off-duty employment, maintenance of time records, payroll processing, and billing.

1. If a third-party firm administers **\*all, or a portion, of\*** the contracting unit's program for off-duty employment of law enforcement officers, the contracting unit may only incorporate the amount billed by the third-party administrator for performing **\*one or more of\*** the above-referenced tasks.

2. A contracting unit that directly administers **\*[such a program]\* \*all, or a portion, of a program for off-duty employment of law enforcement officers\*** shall charge only up to the cost of hourly compensation for the lowest paid employee or employees that can efficiently perform the above-referenced tasks. Charges for staff may also include the prorated cost of payroll taxes and employer contribution toward worker's compensation insurance, pension benefits, health benefits, and other fringe benefits.

(g) Costs charged for use of a law enforcement vehicle shall not exceed the cost of operating the vehicle during the off-duty assignment, together with travel to and from the assignment. If the charge for use of a law enforcement vehicle exceeds the per-hour or per-mile rate, as applicable, established for police automobiles or motorcycles by the most recent Federal Emergency Management Agency's Schedule of Equipment Rates for reimbursement-eligible equipment costs pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121, et seq., a written explanation and detailed calculation justifying the rate shall accompany the written itemized estimate issued pursuant to (h) below.

(h) In advance of the police-related activities being performed by the local unit's off-duty law enforcement officers, the outside entity<sup>[.]</sup> or individual shall pay to the local unit the estimated cost of the police-related activities. The local unit shall issue a written itemized estimate to the outside entity or individual. Items charged pursuant to the "equipment" and "other costs" categories must be necessary to carry out the duties associated with the off-duty employment, and shall be specifically itemized and justified in the estimate. If a third-party firm administers the local unit's program pursuant to (f) above, the local unit may permit the third-party administrator to receive payment from the outside entity or individual in the amount of the written estimate, which the third-party administrator must pay over to the local unit in advance of the police-related activities being performed.

(i) If a contractor will be utilizing a local unit's off-duty law enforcement officers for purposes of traffic safety in performance of a contract awarded by the same local unit, the local unit may charge the cost of employing the off-duty law enforcement officers to the capital ordinance, grant, or other appropriation.

(j) A local unit shall establish a trust fund pursuant to N.J.A.C. 5:30-3.3(c)5, within which receipts from outside entities and individuals employing off-duty law enforcement officers charged by local units pursuant to (i) above, shall be deposited. Local units are not permitted to use "contra" accounting methods, where the local unit pays law enforcement officers for off-duty employment, along with any staff administering such employment, through the normal salary and wage budget line item and the funds paid by the outside entity or individual serve to reimburse the salary and wage budget line item.

(k) A local unit shall issue a written statement to the outside entity or individual no later than 30 days after the police-related activities were performed. The statement must show the law enforcement officers and vehicles assigned to the project, as well as itemized by the categories set forth at (c) above with a further breakdown of the component costs for each category. Any outstanding balance must be included with the statement, which shall also include any interest and penalties for which the outside entity or individual would be liable in the event of late payment.

(l) Outside entities and individuals employing off-duty law enforcement officers on a regular basis may be required to maintain a minimum balance in the trust fund equal to the average amount paid to assigned off-duty law enforcement officers within a specified time period, and the local unit may cease making off-duty law enforcement officers

available for police-related activities until such time as the outside entity or individual replenishes the minimum balance. In circumstances where the local unit is not requiring an outside entity or individual to maintain a minimum balance in the trust fund, any monies in the trust fund that exceed the cost of the police-related activities for an individual assignment or project shall be returned to the outside individual or entity within 30 days after conclusion of the assignment or project.

#### 5:30-8.10 Acceptance of third-party financial organization payments

When authorized through bona fide "bank-by-phone" or "online banking" systems, local units are permitted to accept check-based payments made by banks or other financial organizations on behalf of individual persons when authorized by such persons and when such transactions provide payor information.

#### 5:30-8.11 Stormwater utility reports

(a) Any local unit that establishes a stormwater utility pursuant to N.J.S.A. 40A:26B-1 et seq., shall submit, concurrent with the adoption of the local unit's annual budget, an annual stormwater utility report to both the Division of Local Government Services in the Department of Community Affairs and the Department of Environmental Protection. The stormwater utility report shall be certified by the chief financial officer.

(b) The stormwater utility report shall contain the following information for the local unit's prior and current budget years:

1. Service area of the local unit's stormwater utility;
2. Schedule of stormwater fees, other charges, and credits established by the local units, including whether the rate structure is individually calculated, tiered, or a uniform flat fee. If the rate structure is individually calculated, the calculation method shall be described;
3. Billing frequency and whether the local unit directly bills tenants of a property;
4. The number of properties that are subject to stormwater fees and other charges, including rights-of-way and easements regardless of whether or not they are assigned a lot and block number;
5. Total realized and anticipated revenues from stormwater fees and other charges;
6. The number of properties granted credits or exemptions from any fees or charges broken down by land use type, including, but not necessarily limited to, residential, commercial, industrial, and agricultural, along with the cumulative value of credits granted to properties of each land use type. The term "properties" shall include rights-of-way and easements regardless of whether or not they are assigned a lot and block number;

#### 7. A breakdown of credits by the following types:

- i. A property maintaining and operating a stormwater management system complying with the State and local stormwater management standards that were in place at the time the system was approved and that effectively reduces, retains, or treats stormwater onsite;
- ii. A property that has installed and is operating and maintaining current stormwater best management practices that reduce, retain, or treat stormwater onsite and which are approved by the local unit establishing the stormwater utility; and
- iii. Any property that has installed and is operating and maintaining green infrastructure that reduces, retains, or treats stormwater onsite and that exceeds any requirements for green infrastructure that may be applicable to that property pursuant to any rule or regulation adopted by the Department of Environmental Protection or the local stormwater control ordinance;
8. The percentage and amount of revenues from fees and other charges appropriated and spent on each of the following purposes:
  - i. Initial establishment of the stormwater utility;
  - ii. Administrative support;
  - iii. Capital expenditures, including planning, design, engineering, acquisition, construction, and improvement of the stormwater management system; and
  - iv. Any action required pursuant to any New Jersey Pollutant Discharge Elimination System Permit, including the following:

(1) Development and implementation of an asset management program for the stormwater management system, a stormwater management plan, and stormwater control ordinances pursuant to N.J.S.A. 40:55D-93;

(2) Any long-term control plan to mitigate combined sewer overflows pursuant to State or Federal law, rule, regulation, permit, or consent decree;

(3) Other capital expenditures;

(4) Operation and maintenance expenditures of the stormwater management system;

(5) Shared services agreements with other local units;

(6) Monitoring, inspection, and enforcement activities related to stormwater management and mitigation; and

(7) Public education and outreach related to stormwater management;

9. FCOA codes used for stormwater utility-related revenues and appropriations in the local unit's budget;

10. All capital projects listed in the capital budget and program that are related to stormwater management and mitigation;

11. Whether there is an asset management plan for the stormwater management system in place or one currently under development; and

12. Methods of stormwater management-related public education and outreach that are being undertaken by the local unit.

(c) The stormwater utility report shall contain the following information for the local unit's prior budget year:

1. A list of all fully implemented stormwater capital projects; and

2. Broken down by land use type, the number of properties for which tax liens attributable to delinquent stormwater charges were sold, the number of properties for which delinquent stormwater charges remained unsold at tax sale and were struck off to the municipality, and the average arrearage amount.

(d) The chief financial officer shall electronically submit a certified copy of the stormwater utility report to the Director of the Division of Local Government Services through the Division's Financial Automation Submission Tracking (FAST) system, together with all relevant information and documentation as prescribed in this section or as otherwise may be required by the Director or the Department of Community Affairs.

SUBCHAPTER 9. GOVERNMENT ELECTRONIC RECEIPT ACCEPTANCE

5:30-9.1 Purpose and authority

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

(c) While the title of the legislation refers to "electronic payment," this subchapter utilizes the phrase "electronic receipt," as the use of "payment" could be confused with the ability of a local government unit to pay its own obligations electronically.

5:30-9.2 Definitions

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

... "Electronic funds transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, that is initiated through an electronic terminal, telephone, or computer, or magnetic tape for the purpose of ordering, instructing, or authorizing a financial institution to debit or credit an account, and includes an in-person funds transfer and an online funds transfer.

... "In-person funds transfer" means any transfer of funds through a service that accepts a payment made in-person, by any method, and then transmits those funds to a payee by electronic funds transfer, but shall not include a service that requires a local unit to maintain, and funds to be transmitted to, an account that is not a designated depository of the local unit pursuant to N.J.S.A. 40A:5-14.

... "Online funds transfer" means any Internet-based transfer of funds through an Internet-based payment system, but shall not include a service that requires a local unit to maintain, and funds to be transmitted to, an account that is not a designated depository of the local unit pursuant to N.J.S.A. 40A:5-14.

...

5:30-9.8 Individual electronic receipts

(a) Local units may permit electronic receipts generated by individuals, generically known as "bank-by-phone" or "online banking," where an individual authorizes a bank or other processor organization to process a payment transaction to the local unit on the individual's behalf.

(b) (No change.)

SUBCHAPTER 9A. ELECTRONIC DISBURSEMENTS AND CLAIMANT CERTIFICATION

5:30-9A.6 Certifications required for paying out moneys; exceptions

(a) A certification pursuant to N.J.S.A. 40A:5-16.a that a bill or demand is correct or N.J.S.A. 40A:5-16.b that the goods have been received by or services rendered to the local unit must either feature an original signature, signature stamp, facsimile signature, or electronic signature of the individual making the certification.

(b) (No change.)

(c) For a local unit, including a county college, payments may be made without certification by an officer or duly designated employee of the local unit having knowledge of the facts that the goods have been received by, or the services rendered to, the local unit when payment to vendors is required in advance of the delivery of the following materials or services, if those materials or services cannot be obtained from any other source at comparable prices:

1. For such purposes as may be permitted pursuant to N.J.S.A. 40A:5-16.2 and 16.3;

2. Payment obligations to the State or Federal governments;

3. Membership in a nonprofit organization;

4. Educational courses, including, but not limited to, those where continuing education credits are awarded; and

5. Website hosting, including registration and maintenance of a domain name.

(d) For a local unit, including a county college, payments may be made without certification by the vendor or claimant as to the bill or demand being correct pursuant to the following circumstances:

1. When ordering, billing, and payment transactions for goods or services are made through a computerized electronic transaction utilizing standard electronic funds transfer technologies;

2. The circumstances specified at (c) above; and

3. Where the local unit institutes a standard policy through resolution or ordinance, as appropriate, to not require a vendor or claimant certification if said vendor or claimant does not provide, as part of its normal course of business, a certification from an individual with knowledge of the transaction that a bill or demand is correct. In instituting such a policy, the local unit shall have the discretion to require vendor or claimant certification, as the local unit deems necessary or appropriate.

(e) The provisions at (d) above shall not apply to the reimbursement of employee expenses or payment for personal services.

1. No employee expenses shall be reimbursed, unless the employee provides a detailed statement, certified, in writing, by the employee, along with documentation in support of each expense.

2. (No change.)

(f) Vendor or claimant certification shall not be required as a condition for payment to be made for debt service or any services set forth at N.J.S.A. 40A:5-16.d.

SUBCHAPTER 10. MUNICIPALITIES UNDER STATE SUPERVISION

5:30-10.1 Purpose and scope

This subchapter establishes rules for the interpretation and administration of N.J.S.A. 52:27BB-54 through 100, commonly referenced as "State Supervision."

5:30-10.2 Default in municipal debt obligations

A default in the payment of bonded obligations or notes due to insufficient funds, failure to authorize payment, or failure to make payment for any other reason shall be grounds for the Local Finance Board to place a municipality under State Supervision pursuant to N.J.S.A. 52:27BB-55(1).

5:30-10.3 Authorization and execution of disbursements

For a municipality under State Supervision, the Director may order the governing body or an officer to authorize disbursements, or an officer to make disbursements, in accordance with the adopted budget, or any temporary or emergency appropriations adopted by the Board or by the governing body pursuant to N.J.S.A. 40A:4-19, 40A:4-19.1, or 40A:4-20, as applicable. The orders may be enforced as authorized by law. Whenever such an order of the Director has not been fully performed or carried out by the officials or employees of the municipality, the Board may perform directly, or cause to be performed by its agents, including the director, in the name of the municipality, the authorization and execution of disbursements.

5:30-10.4 Fiscal control officer

(a) The Board may recommend to the municipal governing body that a fiscal control officer be appointed for a municipality under State Supervision. The fiscal control officer shall have some of the powers and duties of the Director at N.J.S.A. 52:27BB-57 and 58, and 52:27BB-82 through 87 inclusive, as may be specifically assigned by the Board. A fiscal control officer shall exercise authorized power and perform required duties pursuant to the general supervision of the Director.

(b) If the Board recommends the appointment of a fiscal control officer, the Board shall submit, to the governing body, the names of not \*[less]\* **\*fewer\*** than three persons who are found by the Board to be qualified to perform the duties of fiscal control officer for that municipality. Within 14 days of the names being submitted, or such other period as may be agreed to by the Board, the governing body shall appoint as fiscal control officer one of the persons so named. If the governing body fails to appoint a fiscal control officer within the required period, the Director shall appoint as fiscal control officer one of the persons so named.

(c) The fiscal control officer shall receive compensation to be paid out of the funds of the municipality in an amount fixed by the governing body and approved by the Board. The fiscal control officer shall give bond for the faithful performance of duties in an amount fixed by the governing body and approved by the Board.

(d) The employment of a fiscal control officer shall continue until termination by the governing body, subject to approval of the Board, or termination by the Board. The Director may recommend termination of the fiscal control officer and the appointment of a replacement, and may suspend the fiscal control officer pending a determination by the Board on whether to terminate the officer.

SUBCHAPTER 13. FINANCIAL REVIEW BOARDS

5:30-13.3 Financial review board

(a) The board shall consist of five members appointed \*[by the Governor]\* **\*pursuant to subsection b. of N.J.S.A. 52:27D-118.30a\***.

(b)-(k) (No change.)

SUBCHAPTER 15. ACCUMULATED ABSENCE MANAGEMENT AND FINANCING

5:30-15.2 Definitions

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

...  
 "Employer agreement" or "agreement" means a duly negotiated and approved labor agreement between the local unit and a collective bargaining organization; or a local unit employer practice or an agreement provided by ordinance or resolution as appropriate to the local unit, which, subject to law, allows the employee to accumulate sick days, vacation days, personal days, compensatory time, or other absence time, and which obligates the local unit to compensate the employee for the value of that time upon separation from employment.

"Local unit" means any county, municipality, regional service agency, or a local public authority or fire district that is subject to the Local Authorities Fiscal Control Law, N.J.S.A. 40A:5A-1 et seq.

...

5:30-15.3 Calculation of compensated absence liability

(a) Each municipality and county shall include a breakdown of accumulated absences and a preliminary schedule of the value of compensated absence, to be submitted as part of the local unit's introduced and adopted annual budget. The report shall provide the following information:

1. The gross number of days of accumulated absences and the dollar value of same as of the final day of the prior budget year, broken down by:

i. Sick days, vacation days, personal days, compensatory time, and other absence time; and

ii. Bargaining unit in the case of unionized employees, and individual position in the case of non-unionized employees, with those non-union employees holding more than one position reported based on the accumulated absence liability for all positions held;

2. For each collective bargaining unit or individual position, the legal basis for the benefit;

3. The number of individuals, regardless of whether part of a collective bargaining unit, that are subject to restrictions on accumulated absence compensation and/or accumulation pursuant to P.L. 2007, c. 92 or P.L. 2010, c. 3;

4. A summary of any offsetting reserves or budgeted appropriations; and

5. For municipalities, accumulated absence liability reporting shall be incorporated into the municipal user-friendly budget pursuant to N.J.A.C. 5:30-3.8. On an annual basis, the municipality shall provide a copy of its accumulated absence liability reporting to the municipal auditor.

(b) (No change.)

(c) All compensated absence calculations shall be made pursuant to GASB Statement Number 16 (1992), Accounting for Compensated Absences (C. 60), incorporated herein by reference, as amended and supplemented, and shall be subject to any restrictions on accumulated absence compensation and/or accumulation pursuant to State law.

(d) (No change.)

5:30-15.4 Authorization for compensated absence payments

(a) (No change.)

(b) No payments for compensated absence shall be authorized that exceed limitations established pursuant to State law.

(c) Payment for compensated absence shall be made upon certification by the chief financial officer of the local unit that sufficient documentation of the amount of the accumulated absence has been provided, and that funds are available to pay for the amount of compensated absence due. Sufficient documentation shall include:

1. (No change.)

2. Documentation of the employee's hire date and the amount of accumulated absence time broken down by category;

3. If the employee is subject to accumulated absence restrictions established by P.L. 2007, c. 92, the date the employee entered a title subject to P.L. 2007, c. 92; and

4. (No change in text.)

(d) (No change in text.)

(e) For officers and employees subject to P.L. 2007, c. 92 or P.L. 2010, c. 3, payment for unused sick leave shall be payable only at the time of retirement from a State-administered or locally administered retirement system based on the leave credited on the date of retirement.

5:30-15.6 Payment for accumulated sick leave for certain officers and employees who are subject to P.L. 2007, c. 92

(a) A local unit shall not pay supplemental compensation to any officer or employee as defined at (b) below for accumulated unused sick leave in an amount in excess of \$15,000, except an officer or employee who:

1. On July 1, 2007, or upon the expiration of a collective negotiations agreement or contract of employment applicable to that officer or employee in effect on July 1, 2007, has accrued supplemental compensation based upon accumulated unused sick leave shall, upon retirement, be eligible to receive for any unused leave not more than the amount so accumulated or not more than \$15,000, whichever is greater; or

2. Becomes an officer or employee after July 1, 2007, and has previously accrued supplemental compensation based upon accumulated

unused sick leave shall, upon retirement, be eligible to receive for any unused leave not more than the amount so previously accumulated or not more than \$15,000, whichever is greater.

(b) As set forth at (a) above, "officer or employee" shall mean:

1. An elected official;
2. The statutory-based, untenured chief administrative officer of the local unit, including business administrators, county administrators, municipal or county managers, municipal or county administrators appointed pursuant to the authority of a local ordinance, executive directors, or similar positions;
3. Individuals with principal operating responsibility of a government function(s) (commonly called "department heads" or similar title), that are appointed by the governing body or a municipal or county manager, as applicable to the form of government, and who directly report to an elected official(s) or chief administrative officer;
4. Legal counsel to the local unit, regardless of title, directly employed by the local unit;
5. Municipal engineers or county engineers directly employed by the local unit;
6. Municipal court judges;
7. Appointed commissioners of a local authority subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.);
8. Gubernatorial appointees serving in municipal or county government for a fixed term; or
9. A person appointed by an elected public official or elected governing body of a local unit, with the specific consent or approval of the elected governing body of the political subdivision that is substantially similar in nature to the advice and consent of the Senate for appointments by the Governor of the State as that similarity is determined by the elected governing body and set forth in an adopted ordinance or resolution. The Director may provide interpretations of this subpart at the request of a local unit.

(c) For purposes of (a) above, an "officer or employee" shall not include a person who:

1. Is employed or appointed in the regular or normal course of employment or appointment procedures and consented to or approved in a general or routine manner appropriate for and followed by the local unit;
2. Holds a professional license or certificate to perform and is performing in any of the following capacities, regardless of the position the officer or employee holds:
  - i. Certified health officer;
  - ii. Tax assessor;
  - iii. Tax collector;
  - iv. Municipal planner;
  - v. Chief financial officer;
  - vi. Registered municipal clerk;
  - vii. Construction code official;
  - viii. Licensed uniform subcode inspector;
  - ix. Qualified purchasing agent; or
  - x. Certified public works manager; and
3. Individuals serving in an acting or temporary capacity in any of the positions listed at (c)2 above, for which a local unit may appoint an individual on an acting or temporary basis.

5:30-15.7 Payment for accumulated vacation leave for certain officers and employees who are subject to P.L. 2007, c. 92

(a) A local unit officer or employee who does not take vacation leave that accrues on or after July 1, 2007, or on or after the date on which the person becomes an officer or employee, in a given year because of business demands shall be granted that accrued leave only during the next succeeding year, except that:

1. Vacation leave not taken in a given year because of duties directly related to a state of emergency declared by the Governor may accumulate at the discretion of the appointing authority until, pursuant to a plan established by the officer or employee's appointing authority, the leave is used, or the employee or officer is compensated for that leave, which shall not be subject to collective negotiation or collective bargaining; and
2. A person who is an officer or employee on July 1, 2007, or becomes an officer or employee after July 1, 2007, and has previously accrued

vacation leave shall be eligible and shall be permitted to retain and use that accrued vacation leave.

(b) As set forth at (a) above, "officer or employee" shall mean:

1. An elected official;
2. The statutory-based, untenured chief administrative officer of the local unit, including business administrators, county administrators, municipal or county managers, municipal or county administrators appointed pursuant to the authority of a local ordinance, executive directors, or similar positions;
3. Individuals with principal operating responsibility of a government function(s) (commonly called "department heads" or similar title), that are appointed by the governing body or a municipal or county manager, as applicable to the form of government, and who directly report to an elected official(s) or chief administrative officer;
4. Legal counsel to the local unit, regardless of title, directly employed by the local unit;
5. Municipal engineers or county engineers directly employed by the local unit;
6. Municipal court judges;
7. Appointed commissioners of a local authority subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.);
8. Gubernatorial appointees serving in municipal or county government for a fixed term; or
9. A person appointed by an elected public official or elected governing body of a local unit, with the specific consent or approval of the elected governing body of the political subdivision that is substantially similar in nature to the advice and consent of the Senate for appointments by the Governor of the State as that similarity is determined by the elected governing body and set forth in an adopted ordinance or resolution. The Director may provide interpretations of this subsection at the request of a local unit.

(c) For purposes of (a) above, an "officer or employee" shall not include a person who:

1. Is employed or appointed in the regular or normal course of employment or appointment procedures and consented to or approved in a general or routine manner appropriate for and followed by the local unit;
2. Holds a professional license or certificate to perform and is performing in any of the following capacities, regardless of the position the officer or employee holds:
  - i. Certified health officer;
  - ii. Tax assessor;
  - iii. Tax collector;
  - iv. Municipal planner;
  - v. Chief financial officer;
  - vi. Registered municipal clerk;
  - vii. Construction code official;
  - viii. Licensed uniform subcode inspector;
  - ix. Qualified purchasing agent; or
  - x. Certified public works manager; and
3. Individuals serving in an acting or temporary capacity in any of the positions listed at (c)2 above, for which a local unit may appoint an individual on an acting or temporary basis.

5:30-15.8 Accumulated absence liability for officers and employees who are subject to P.L. 2010, c. 3

A local unit shall not pay supplemental compensation for accumulated unused sick leave in an amount in excess of \$15,000 to any officer or employee who commences service with the local unit on or after May 21, 2010, or, if a collective negotiations agreement in force on May 21, 2010, contained a provision concerning supplemental compensation for accumulated unused sick leave, to any officer or employee who commences service with the local unit on or after the expiration of the collective negotiations agreement.

5:30-15.9 Use of accrued vacation leave by officers and employees who are subject to P.L. 2010, c. 3

(a) A local unit officer or employee commencing service with the local unit on or after May 21, 2010, who does not take vacation leave that accrues in a given year because of business demands shall be granted that accrued leave only during the next succeeding year, except that vacation leave not taken in a given year because of duties directly related to a state

of emergency declared by the Governor may accumulate at the discretion of the appointing authority until, pursuant to a plan established by the officer or employee's appointing authority, the leave is used or the employee or officer is compensated for that leave, which shall not be subject to collective negotiation or collective bargaining.

(b) Notwithstanding (a) above to the contrary, if a collective negotiations agreement in force on May 21, 2010, contained a provision concerning the accrual of unused vacation leave, this section shall apply to any officer or employee who commences service with the local unit on or after the expiration of the collective negotiations agreement.

5:30-15.10 Compensated absence compliance testing in annual audit

(a) As part of the annual audit, the auditor shall undertake sample testing of the local unit's compensated absence liability, if any, using the following procedures:

- 1. Inspect employee personnel records to:
i. Confirm whether those records support the number of hours or days of accumulated absence recorded for the employee \*being tested\*; and
ii. \*Identify\* whether the employee is subject to the provisions at P.L. 2007, c. 92 or P.L. 2010, c. 3, pertaining to accumulated or compensated absence;
2. Confirm that the dollar value of compensated absence recorded for the employee \*being tested\* is authorized by a labor contract, individual employment agreement, or an ordinance or resolution, as appropriate to the local unit.
3. Confirm that a payout to an employee for accumulated absence is authorized by a labor contract, individual employment agreement, or an ordinance or resolution, as appropriate to the local unit.

SUBCHAPTER 16. AGENCY COMMUNICATIONS WITH LOCAL UNITS

5:30-16.2 GovConnect

- (a) (No change.)
(b) Pursuant to (c) below, the covered local officials must register in their official capacity with the GovConnect website on the myNewJersey portal by the date shown in this section.
(c) Covered local officials and the date by which they must be registered in GovConnect are as follows:
1.-3. (No change.)
4. Clerk to the County Board of Commissioners: April 30, 2002.
5. (No change.)
6. Representative designated by the Board of Commissioners from each local authority, including regional authorities subject to the Local Authorities Fiscal Control Law (N.J.S.A. 40A:5A-1 et seq.): October 1, 2004.
7. (No change.)
8. Business administrator or manager of a municipality: \*[April 30]\* \*November 1\*, 2023.
9. Administrator or manager of a county: \*[April 30]\* \*November 1\*, 2023.
10. Individual designated to serve as a local unit's purchasing agent, regardless of whether the individual is licensed as a Qualified Purchasing Agent: \*[April 30]\* \*November 1\*, 2023.
11. Certified public works manager of a municipality: \*[April 30]\* \*November 1\*, 2023.

SUBCHAPTER 17. ELECTRONIC DISBURSEMENT CONTROLS FOR AUTHORIZED THIRD-PARTY DISBURSMENT SERVICES

5:30-17.1 Purpose

This subchapter sets forth standards for local governments to follow when contracting with an organization to make disbursements on the local unit's behalf, as permitted at N.J.S.A. 52:27D-20.1 and this subchapter. This subchapter is intended to ensure that local units understand the risks associated with electronic disbursements and implement sound fiscal and control practices governing such disbursements.

5:30-17.2 Definitions

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

- "Third-party disbursement service organization or disbursing organization" means an organization engaged either directly or indirectly to perform any of the services authorized pursuant to this subchapter.
"Third-party disbursement service" means such service or services of the type authorized pursuant to this subchapter.

5:30-17.5 Eligibility requirements for disbursing organizations

- (a) Disbursing organizations shall meet the following conditions and/or requirements:
1. The disbursing organization shall provide evidence of satisfactory internal control, evidence of which shall be required by the CFO.
i. The disbursing organization's Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness, performed pursuant to AICPA (American Institute of Certified Public Accountants) Statement on Standards for Attestation Engagements No. 18, or such successor standards as may be promulgated by AICPA;
ii-iii. (No change.)
2. (No change.)

5:30-17.6 Contract terms and conditions

- (a)-(b) (No change.)
(c) Upon reasonable notice, the disbursing organization shall allow an independent auditor compensated by the local unit to examine its internal controls applying SSAE 18 standards, or such successor standards as may be promulgated by AICPA, SysTrust™ standards, or other standards and procedures mutually agreed upon to ensure accurate, complete, and timely work product.
(d)-(k) (No change.)

APPENDIX

SPECIAL CONFIDENTIAL REPORT—SECTION 1, PAGE 1

(Preliminary report to be filed within forty-eight hours after discovery)

NOTE: File one copy with the Division of Local Government Services, and where a shortage develops, one copy with the municipality\*, county, or regional services agency\*.

\*[MUNICIPALITY]\* \*LOCAL UNIT\*:

MUNI CODE: \_\_\_\_\_

COUNTY: \_\_\_\_\_

1. OFFICIAL

- (a) Name and Title
(b) Length of service
(c) Name of other person working in or having access to the same
(d) Duties of persons referred to in (c)

2. AMOUNT INVOLVED \$ \_\_\_\_\_

(If amount involved is not definitely known, so state, but give known amounts and facts as determined to date-render supplemental reports of findings from time to time, and give final report in Section 2.)

3. DISCOVERY

- (a) Date
(b) Facts and circumstances leading to discovery (attention is directed to the text of the "Requirements of Audit")

SPECIAL CONFIDENTIAL REPORT-SECTION 1, PAGE 2

\*[MUNICIPALITY]\* \*LOCAL UNIT\*: \_\_\_\_\_

MUNI CODE: \_\_\_\_\_

COUNTY: \_\_\_\_\_

4. SURETY BONDS

Corporate

(a) Amounts and Company \_\_\_\_\_

(b) New bond each year Yes \_\_\_ No \_\_\_

(c) Continuation certificate Yes \_\_\_ No \_\_\_

Personal

(d) Name, address, and business of each bondsman

(e) Amount

5. REPORTED TO

(a) Governing Body

(1) How—written or oral

(2) Date

(b) Bonding Company

(1) By whom

(2) Company Direct

(3) Agent of Company

(4) How

(5) Date

(c) Prosecutor

(1) By whom

(2) How

(3) Date

Date \_\_\_\_\_ 20 \_\_\_\_\_ Signed \_\_\_\_\_

Print Name: \_\_\_\_\_

Registered Municipal Accountant

SPECIAL CONFIDENTIAL REPORT—SECTION 2, PAGE 3

(To be filed upon completion, or reasonable determination of amount)

\*[MUNICIPALITY]\* \*LOCAL UNIT\*: \_\_\_\_\_

MUNI CODE: \_\_\_\_\_

COUNTY: \_\_\_\_\_

6. METHOD OR METHODS USED BY OFFICIAL

(a) In obtaining funds

(b) In covering up shortage

7. AMOUNT OF SHORTAGE AS DETERMINED AT THIS DATE, AND DATE OF DETERMINATION

8. REPORT OR REPORTS TO

(a) Governing Body

(1) How—written or oral

(2) Date

(b) Bonding Company

(1) By whom

(2) To Whom

(3) How reported

(4) Date

(c) Prosecutor

(1) By whom

(2) How

(3) Date

Date \_\_\_\_\_ 20 \_\_\_\_\_ Signed \_\_\_\_\_

Print Name: \_\_\_\_\_

Registered Municipal Accountant

SPECIAL CONFIDENTIAL REPORT—SECTION 3, PAGE 4

(To be filed upon disposition of case)

\*[MUNICIPALITY]\* \*LOCAL UNIT\*: \_\_\_\_\_

MUNI CODE: \_\_\_\_\_

COUNTY: \_\_\_\_\_

9. DISPOSITION OF SHORTAGE OF

(a) Repayment by

(b) Terms of Bonding Company Settlement

10. REMARKS

(Note: Legal or criminal action and results)

Date \_\_\_\_\_ 20 \_\_\_\_\_ Signed \_\_\_\_\_

Print Name: \_\_\_\_\_

Registered Municipal Accountant

Note: To Registered Municipal Accountant

No report will be considered complete

Until all three (3) sections are filed

CHAPTER 31 LOCAL AUTHORITIES

SUBCHAPTER 9. MUNICIPAL PORT AUTHORITIES

5:31-9.1 (No change in text)

(a)

DIVISION OF HOUSING AND COMMUNITY RESOURCES

Winter Termination Program

Adopted New Rules: N.J.A.C. 5:45

Proposed: November 21, 2022, at 54 N.J.R. 2137(a).

Adopted: June 12, 2023, by Lt. Governor Sheila Y. Oliver, Commissioner, Department of Community Affairs.

Filed: July 10, 2023 as R.2023 d.093, with non-substantial changes not requiring additional public notice and comment (see N.J.A.C. 1:30-6.3).

Authority: N.J.S.A. 40A:5A-30.

Effective Date: August 7, 2023.

Expiration Date: August 7, 2030.

Summary of Public Comments and Agency Responses:

Comments were received from David McMillin, Legal Services of New Jersey, and Lawrence Levine, Director, Urban Water Infrastructure, Natural Resource Defense Council.

1. COMMENT: The commenter recommends that the definition of "vendor" be amended to add language to state that the vendor "provides electric, sewer, or water service."

RESPONSE: The Department of Community Affairs (Department) has changed the definition, as recommended, as part of this rulemaking as it is a non-substantive change, clarifying change.

2. COMMENT: The commenters note that N.J.S.A. 40A:5A-29.b1 extends eligibility for the Winter Termination Program (WTP) to residential customers who participate in "any other State or local program that provides assistance specifically to help eligible customer pay electric, sewer, or water bills." Accordingly, the commenters ask that N.J.A.C. 5:45-2.1(a) be amended to reflect that.

RESPONSE: The Department has changed the language as part of this rulemaking as it reflects the statutory language.

3. COMMENT: The commenters state that the proposed rules lack the statutorily required process for a residential customer to self-certify an inability to pay due to circumstances beyond their control. Both commenters suggest adding provisions at N.J.A.C. 5:45-2.1(a) that would allow a residential customer to self-certify, either orally or in writing, and provide that such self-certification is sufficient to demonstrate an inability to pay. The commenters also suggest language that would require the local