



**LFN 2020-19**

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# Local Finance Notice

Philip D. Murphy  
Governor

Lt. Governor Sheila Y. Oliver  
Commissioner

Melanie R. Walter  
Director

## Contact Information

### Director's Office

V. 609.292.6613

F. 609.633.6243

### Local Assistance Bureau

V. 609.292.6858

F. 609.633.6243

### Financial Regulation and Assistance

V. 609.292.4806

F. 609.984.7388

### Local Finance Board

V. 609.292.0479

F. 609.633.6243

### Administrative Services Unit

V. 609.292.6126

F. 609.633.6243

### Mail and Delivery

101 South Broad St.

PO Box 803

Trenton, New Jersey

08625-0803

### Web:

[www.nj.gov/dca/divisions/dlgs](http://www.nj.gov/dca/divisions/dlgs)

E-mail: [dlgs@dca.nj.gov](mailto:dlgs@dca.nj.gov)

## Distribution

Fire Districts

Municipal Clerks

Auditors

## 2021 Fire District Budget & Elections Guidance

This Notice addresses the CY 2021 fire district budget process, including use of the FAST (Financial Automation Submission and Tracking) System for budget submission and other key updates.

### 2021 Implementation of FAST Solution for Fire District Budgets

The Division of Local Government Services is pleased to announce that fire districts will submit their FY2021 budgets through FAST. All fire districts are required to enter their data into the Division's standardized Excel workbook budget template. Upon completion of the fire district budget workbook, each fire district shall upload and submit the completed and certified document to the Division through that fire district's FAST portal budget record.

The Division's budget template workbook must be used exclusively. No user generated excel workbook will be accepted. The workbook contains formulas and codes that are standardized and secured within the workbook to assure complete and accurate transmission through FAST.

Data input is restricted to the yellow and grey highlighted workbook cells. Data entered into these cells will carry throughout the remainder of the workbook. Do not attempt to enter data into the non-highlighted cells, attempt to change any formulas in the workbook, or attempt to override the workbook's protection.

Certain pages of the Fire District Budget excel workbook have been expanded to allow for direct data entry of explanations or detail. Additional budget information attachments must not be uploaded to FAST as separate documents unless specifically stated in the workbook. Supplemental information that will be entered directly into the Fire District Budget workbook includes but is not limited to: vehicle lists, revenue and appropriation details, and clarification of questionnaire responses.

**Only designated fire district officials may obtain FAST login credentials to access, upload, and submit the introduced and adopted fire district budgets in FAST.** Designated officials include the secretary to the board of fire commissioners, treasurer of the board of fire commissioners, and an administrative officer who is an employee of the fire district and responsible for day-to-day operations, including completion and execution of the budget. Preparers not designated as officials of the fire district must obtain the budget workbook from a designated official. Upon completion, the workbook must be returned to the designated official for uploading and submission through FAST. Preparers that do not qualify as designated officials as defined herein may not access a fire district account in FAST. Designated officials seeking access to FAST should email their name, fire district name, title, email address, and phone number to [FireDistricts@dca.nj.gov](mailto:FireDistricts@dca.nj.gov) to obtain login credentials.

Users are required to save the introduced and adopted fire district budgets as <<municode>>\_introbudget\_2021 and <<municode>>\_adoptbudget\_2021, respectively. A list of fire district muni codes, a six-digit identifier, is available on the Division's dedicated [FAST webpage](#).

Upon completion of the properly named document, users must upload and submit the budget document through FAST. The Division will not accept non-FAST submission of any paper or electronic copies of the budget.

Prior to submission, users are required to upload all supporting documentation and other related and annually transmitted forms through FAST. This includes contracts, shared services agreements, and grant agreements.

After uploading the completed and certified Fire District Budget workbook and supporting documents, the designated official must navigate to the "Submit for Review" tab and click the submit button to transmit the completed workbook and supporting documentation to the Division. Following submission, the designated official will receive an email confirmation acknowledging successful transmission to the Division.

Submission of the introduced budget through FAST initiates the Division's examination process. Division staff will be in contact with fire district officials regarding review and approval of the introduced budget.

After February 20, 2021 (the third Saturday in February), election results for fire districts with February elections, or any fire district with levy cap or restricted fund balance referendums taking place on the third Saturday in February, must be reported through the FAST portal using the system's Adopted Fire District Budget module.

Instructions governing completion of the Fire District Budget workbook are contained within the excel workbook and are available on the Division's dedicated [FAST webpage](#).

### **Compliance with 2010 Levy Cap Law**

A fire district's introduced budget must be balanced and be at or under the levy cap established pursuant to the 2010 levy cap law (N.J.S.A. 40A:4-45.45). The budget message on Page N-1 must indicate if the district plans to put a levy cap increase question before the voters. An introduced budget requiring referendum questions must include separate line item appropriations that the referendum proposes to fund by the tax levy increase. **For the health insurance cost increase exception, the State Health Benefits Programs (SHBP) rate increase in 2021 is 0 %.**

Please note that any cancelled or unexpended referendum line items (if a levy cap referendum was successful in the prior budget year), and unexpended line items relating to levy cap exclusions, will be deducted from the adjusted levy based on the audit report or as noted in the budget message. Any referendum line item funds left unexpended at the end of the fiscal year must be cancelled at year end, unless the Division approves retaining reserves. If unauthorized balances are found during review of the following year's budget, the Division will order cancellation of those balances and the levy cap will be adjusted accordingly.

### **Capital Appropriations**

Non-financed capital appropriations must be approved at a 2020 special meeting to be included in the 2021 introduced budget. Financed capital appropriations must first be put before voters as a public question either at the annual election or special election. Subsequent to the vote, the district must apply to the Local Finance Board for issuance of positive findings. The forms used to certify the results of a special meeting or public question are available on the Division web page.

To accommodate the unique challenges involved in administering the November 2020 general election, [Executive Order 177](#) states that December 2020 school special elections shall be suspended prior to the January 2021 special school election date, and further states that no special elections to fill any vacancies shall be held prior to January 12, 2021. So too, fire districts should wait until at least January 12, 2021 to hold a special election. Please advise the Division and consult your district's County Clerk and legal counsel if your district plans on holding a special election for your 2021 budget. By contrast, nothing in the fire district special meeting statute (N.J.S.A. 40A:14-84) indicates that a special meeting where the public votes on a capital expenditure should be considered an "election." Any fire district special meetings should be conducted in a fashion consistent with statewide social distancing and sanitary standards.

Please note that capital appropriations listed on Page F-5 of the Fire District Budget Excel workbook require:

- The date of the voter election;
- The percentage of affirmative votes for each capital item;
- The date of Local Finance Board issuance of findings (if financing required); and
- Restricted, unrestricted and/or grant revenue utilized for capital purposes, as all are considered in calculating the levy cap.

The District must state in the budget message whether it plans to utilize unrestricted or grant revenue to purchase capital items.

### **Grants**

For grants awarded prior to budget introduction, include the anticipated grant revenue in the budget along with the corresponding grant appropriations. Grants awarded after budget introduction will be processed as a budget amendment either at the public hearing or at any time after final adoption as allowed by N.J.S.A. 40A:14-78.5(e).

### **Transmittal of Budget to Director: Budget Adoption**

Each fire district shall transmit a copy of the introduced annual budget to the Division of Local Government Services at least sixty (60) days prior to February 20, 2021 (the third Saturday in February) through FAST. All required budget documentation must be consistent with the introduced budget. **Due to the large number of fire district budgets submitted concurrently, the Division strongly**

**recommends that fire districts submit their introduced budgets as early as possible, rather than waiting until the statutory due date.**

All fire district annual audit reports were due to the Division no later than the extended deadline of June 30, 2020, as directed by LFN 2020-13. The chairperson of the board of fire commissioners is required to prepare a synopsis of the audit and publish it at least once in a newspaper circulating in the fire district; the district must file a copy of the synopsis (and proof of publication) with the Division within 10 days after publication. N.J.S.A. 40A:5A-16. Within 45 days of receiving the annual audit, the board of fire commissioners must certify by resolution that each member has personally reviewed the audit report, and, by a majority vote of the board's full membership, sign an affidavit accepting the audit. If the audit report includes findings, a corrective action plan is also required. The resolution, group affidavit, and any corrective action plan must be submitted to the Division within 45 days after receipt of the audit. For those fire districts that have yet to comply with the statutory obligation to submit their 2020 annual audit to the Division, all documents related to the audit must be submitted to the Division prior to submission of the 2021 Introduced Budget.

The Director of the Division of Local Government Services must approve and authorize the adoption of a fire district budget. The budget shall be adopted no later than twenty-five (25) days prior to February 20, 2021. The adopted budget, including Pages C-7 and C-8, must be transmitted to the Director through FAST within seven (7) days after adoption.

#### **Post-Budget Adoption – Successful Levy Cap Referendum**

Following voter approval of a levy cap referendum, transfers to or from referendum line item appropriations are not permitted at any time. Referendum line items are only expended after the base line item amount is depleted. Any referendum line item funds left unexpended at the end of the fiscal year must be cancelled at year end, unless the Division approves retaining reserves. The Division will order the cancellation of balances identified during the following year's budget review, and the levy cap will be adjusted accordingly.

#### **Post-Adoption Budget Amendments – Special Items of Revenue**

N.J.S.A. 40A:14-78.5 establishes a process for fire districts to seek Director approval to insert special items of revenue into their budgets after the budget is adopted. While the new revenue item may have been made available by any private or public funding source, the amount of the corresponding appropriation cannot exceed the amount of the revenue received.

#### **Accounting for Use of Municipal Appropriations to Fire District**

N.J.S.A. 40A:14-34 requires the Director to adjust the annual cap on funds a municipality may appropriate for use by its volunteer fire companies or boards of fire commissioners for inflation every two years in accordance with the Cost-of-Living Adjustment promulgated for the 1977 cap law (N.J.S.A. 40A:4-45.1a). A COLA adjustment of two and one-half percent (2.5%) has been applied for CY 2019/SFY2020 and CY2020/SFY2021 municipal budgets. This 2.5% adjustment yields a maximum annual contribution of \$154,518.75. In any municipality with more than three such companies or boards, the governing body may annually appropriate an additional \$50,000 for each additional volunteer fire company or fire district. N.J.S.A. 40A:14-34 require a fire district receiving municipal appropriations to provide the municipal governing body an annual accounting of the use of all funds appropriated.

### **Fire District Website/Webpage Requirement**

N.J.S.A. 40A:14-70.2 requires that all fire districts maintain a website or a webpage on their municipality's website that contains certain information set forth in the statute. A review of the statute is recommended to determine that all required content is displayed on the fire district's website or webpage. An authorized officer of the fire district must certify on the budget document that the fire district's website or webpage complies with the minimum statutory requirements of N.J.S.A. 40A:14-70.2. No fire district budget will be approved unless the website certification is complete.

### **GovConnect**

All fire districts are required to have at least one official enrolled in the GovConnect network to receive Division and other State government information via e-mail. This network uses the State's "myNewJersey" portal. District leadership is responsible for ensuring that an appropriate individual is enrolled. To enroll in GovConnect, contact the GovConnect Helpdesk at [EGG@dca.nj.gov](mailto:EGG@dca.nj.gov).

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Approved: Melanie R. Walter, Director

<b>Document</b>	<b>Internet Address</b>
Municode List	<a href="https://www.nj.gov/dca/divisions/dlgs/pdf/Fire%20District%20MuniCodes.pdf">https://www.nj.gov/dca/divisions/dlgs/pdf/Fire%20District%20MuniCodes.pdf</a>
Fire District Budget Workbook Instructions	<a href="https://www.nj.gov/dca/divisions/dlgs/pdf/FAST%20Fire%20Budget%20User%20Guide.pdf">https://www.nj.gov/dca/divisions/dlgs/pdf/FAST%20Fire%20Budget%20User%20Guide.pdf</a>
Executive Order 177	<a href="https://nj.gov/infobank/eo/056murphy/pdf/EO-177.pdf">https://nj.gov/infobank/eo/056murphy/pdf/EO-177.pdf</a>