

MUNICIPAL FIRE PROTECTION

Tug Hill Commission's 27th Annual Local Government Conference

March 31, 2016

Presented by Laird Petrie, Associate Examiner
Division of Local Government and School Accountability



Office of the New York State Comptroller Thomas P. DiNapoli, State Comptroller

State & Local Government Accountability

Andrew A. SanFilippo

Executive Deputy Comptroller

Local Government & School Accountability

Gabriel F. Deyo

Deputy Comptroller



Training Objective

- To provide an overview of various options that exist for providing fire protection and what effect each option has on municipal budgets, tax levy limits and year end reporting.
- Questions requiring a legal interpretation should be referred to your municipal attorney and/or OSC's Legal Division.





Municipal Fire Protection

- In cities and villages, fire protection is commonly provided by a municipal fire department composed of paid and/or volunteer firefighters.
- In towns, fire protection is not a direct town function but is provided by a Fire District or pursuant to contract in a Fire Protection District.
- Towns and villages can also establish Joint Fire Districts to provide fire protection to town and village properties within the district.





Fire Protection in Cities and Villages

- Many have “fire departments” to provide fire protection within the city or village.
- May also be authorized to respond to other types of emergencies.
- Often provide coverage outside of the city or village pursuant to contract or calls for assistance.
- In a village, the fire department is administered by a board of fire commissioners, or by the board of trustees and the “council of the fire department.”

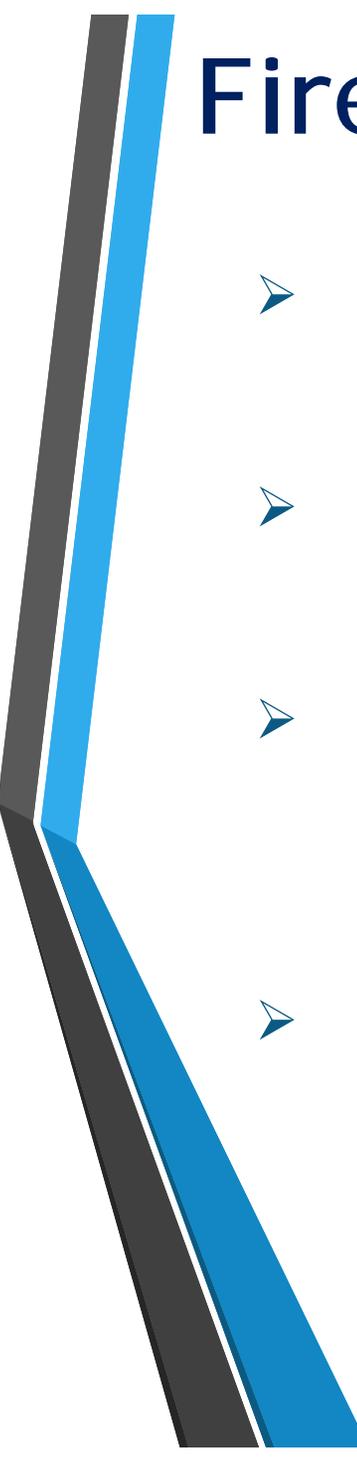




Fire Protection in Cities and Villages (continued)

- In a city, the fire department is administered as provided in the city's charter.
- Firefighting personnel frequently organized into one or more separate "fire companies"
- Fire protection funded by village or city budgets.





Fire Districts

- Separate political subdivision located in one or more towns.
- Established for the purpose of providing fire protection and response to emergencies.
- Created and extended by Town Board(s) on its own motion or by petition; dissolved by town board(s) or by elector initiative.
- Most have fire departments responsible for providing fire protection within Fire District boundaries.

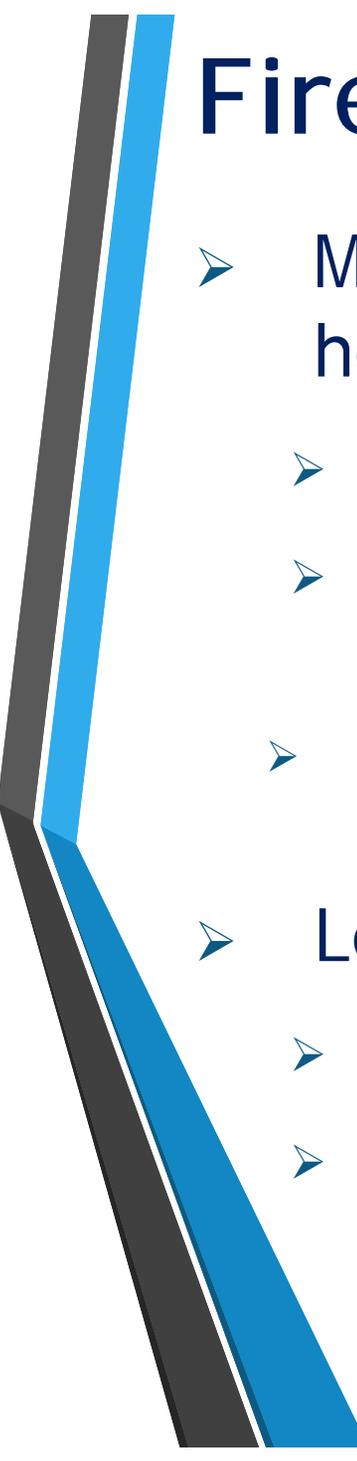




Fire Districts (continued)

- May provide coverage outside of Fire District boundaries pursuant to contract or, as a rule, pursuant to call for assistance.
- Firefighting personnel usually organized into one or more separate “fire companies.”
- Have the power to cause the levy of taxes and incur debt.
- Fiscal year is January 1 to December 31





Fire Districts (continued)

- Must adopt an annual budget after public hearing.
 - Expenditures subject to certain limitations.
 - Fire District budget annexed to town budget(s) without change.
 - Taxes are assessed, levied and collected at the same time and manner as town taxes.
- Levy is subject to Tax Cap legislation
 - Must file tax cap and tax freeze form.
 - Tax levy is not part of a town's tax levy.





Fire Districts (continued)

- Annual financial report filed with OSC.
- Generally, elected governing body (Board of Fire Commissioners); members serve 5 year terms without compensation.
 - Treasurer is generally elected but can be appointed and can be compensated (Treasurer can also serve as Secretary).
 - Secretary is appointed by the Board of Fire Commissioners and can be compensated.
 - Director of Purchasing (when established) is appointed by the Board of Fire Commissioners

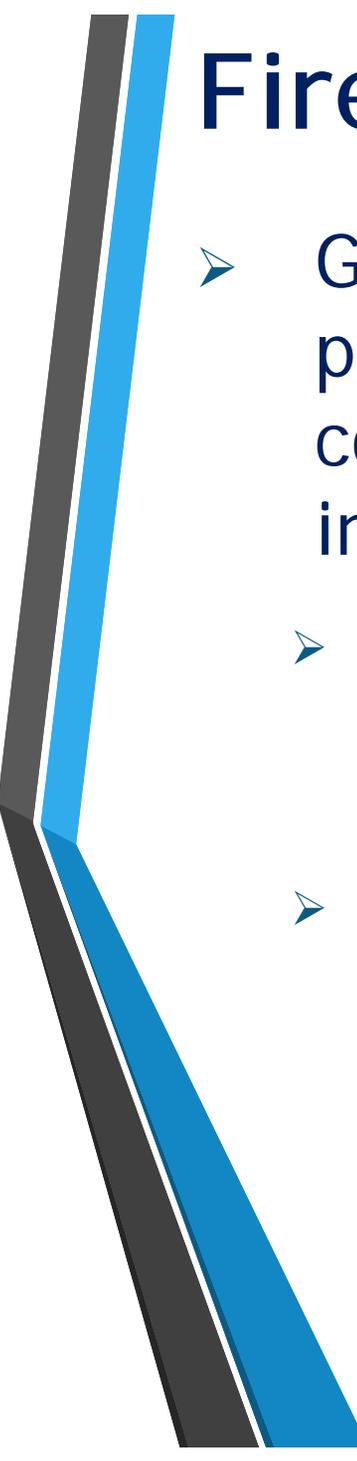




Joint Fire Districts

- Established by town and village boards pursuant to Town Law Article 11-A to provide fire protection within all or portion of town(s)-outside-village(s) and village(s) within the town(s).
- Territory must be contiguous.
- Governing body consists of 3 to 7 appointed commissioners, or commissioners elected as in other fire districts; commissioners serve fixed terms, without compensation.
- Fiscal year is January 1 to December 31; budgeting and reporting requirements are the same as for fire districts previously discussed.
- Tax levy is not part of either the town's or village's levy.





Fire Protection Districts

- Geographic area of town(s) which is provided fire protection pursuant to a contract with a city, village, fire district or incorporated fire company.
- The costs for fire protection services are assessed and levied against the taxable properties within the district.
- Created and extended by a town board(s) on its own motion or upon petition; dissolved by town board(s) or by elector initiative.

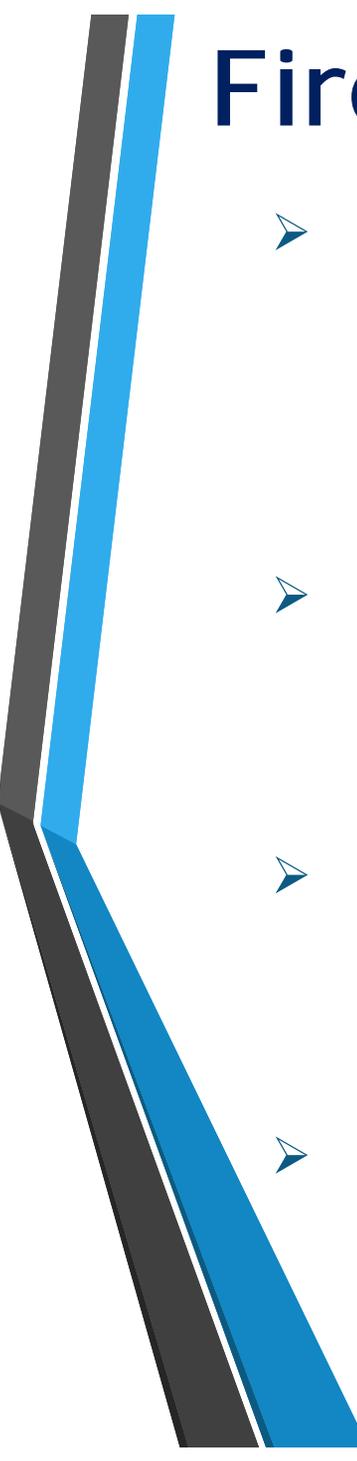




Fire Protection Districts (continued)

- Not a separate political subdivision; administrative area for which town board(s) responsible for contracting for fire protection.
- Tax levy is part of the town tax levy for tax cap and tax freeze purposes.
- Annual budget is part of the town's annual budget (SF fund).
- Financial information (SF Fund) reported to OSC with the town's annual financial report.





Fire Protection Districts (continued)

- Fire protection contract may be with city, village, fire district or with incorporated fire company usually located outside of a city, village or fire district.
- Contract with city, village or fire district requires fire department or company to consent to contract (GML §209-d).
- Town must hold a public hearing prior to entering into contract on at least 10 days prior published notice.
- Contracts should be reviewed and approved by town's legal advisor.

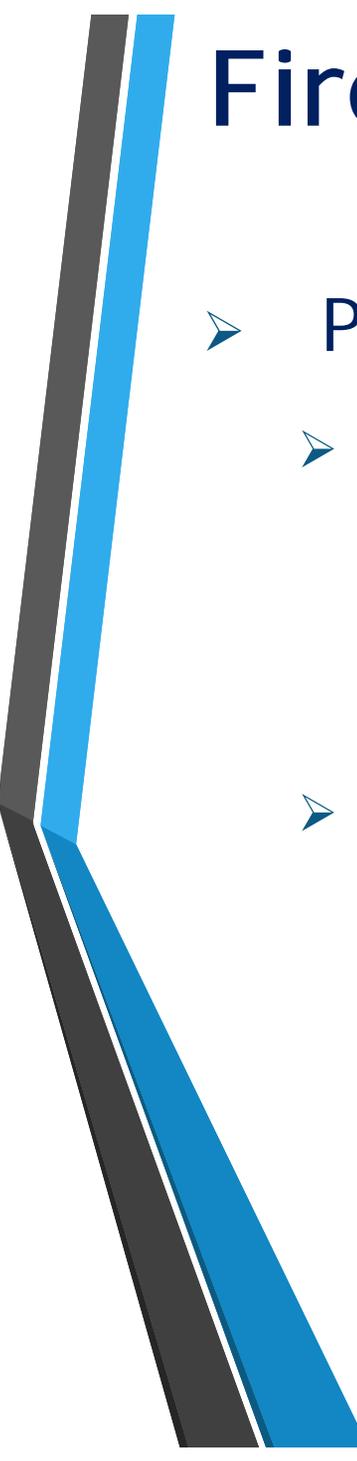




Fire Protection Districts (continued)

- Town board may contract for fire protection (both equipment and fire fighting personnel) OR may purchase fire protection apparatus and equipment and contract for the operation, maintenance and repair of the apparatus and equipment, and the furnishing of the fire protection.
- Contract must be for a definite period of time, but no more than 5 years.
- Contract must specify a definite sum to be paid each year.

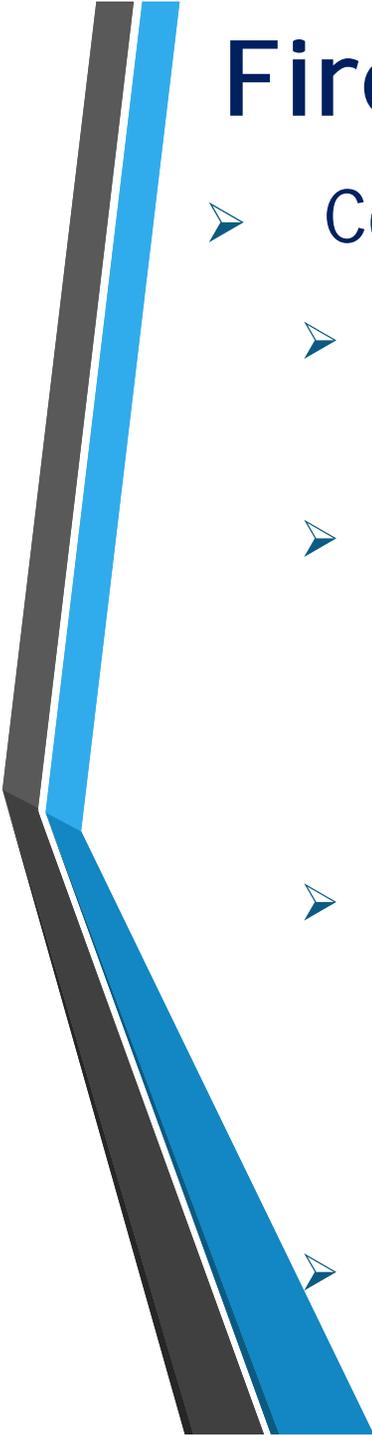




Fire Protection Districts (continued)

- Potential negotiation items to consider:
 - Requirement for a portion of contract amount paid to be used for specified purpose (e.g. to replace firefighting equipment and apparatus).
 - Disclosure of financial records or audit of fire company.

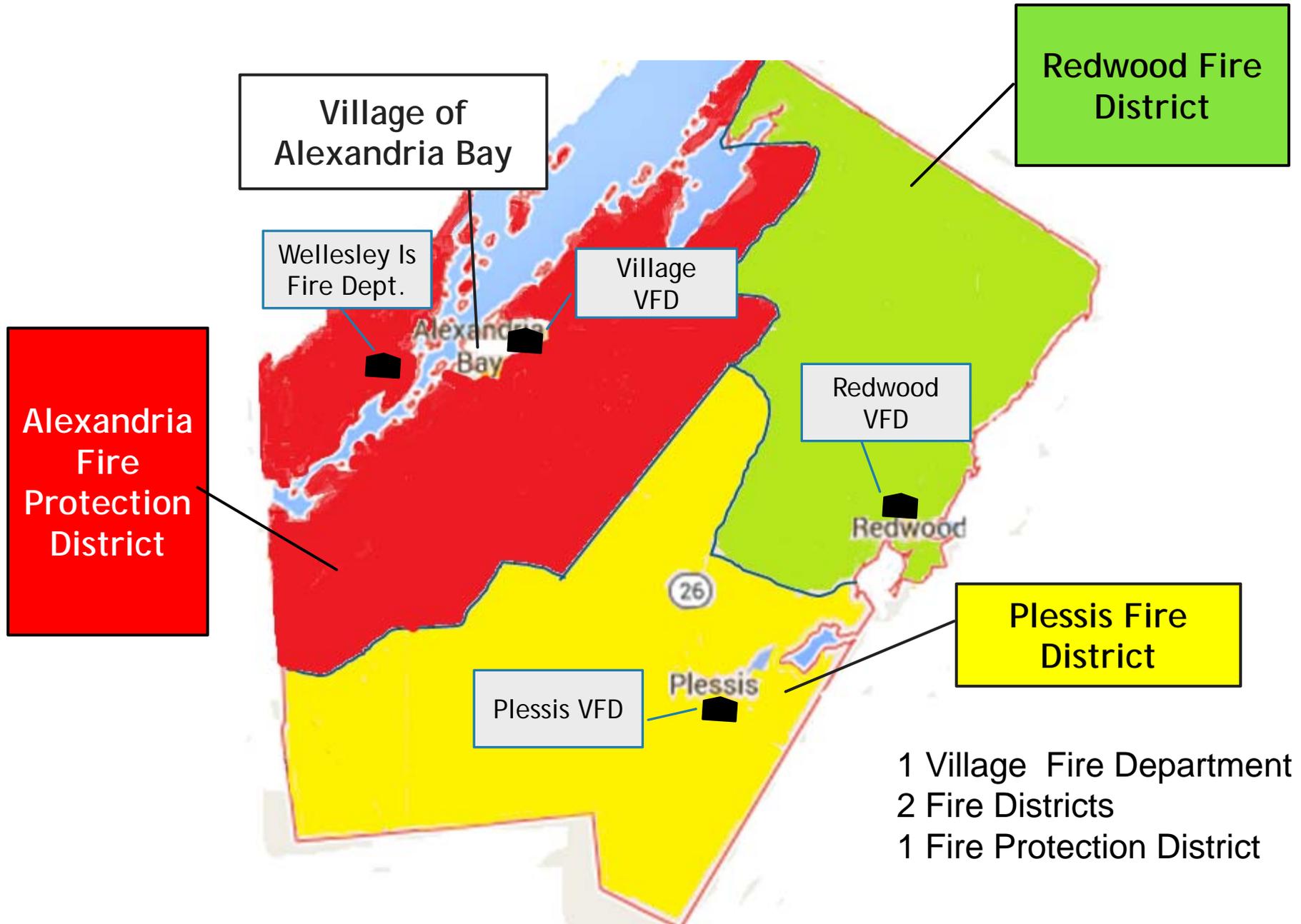


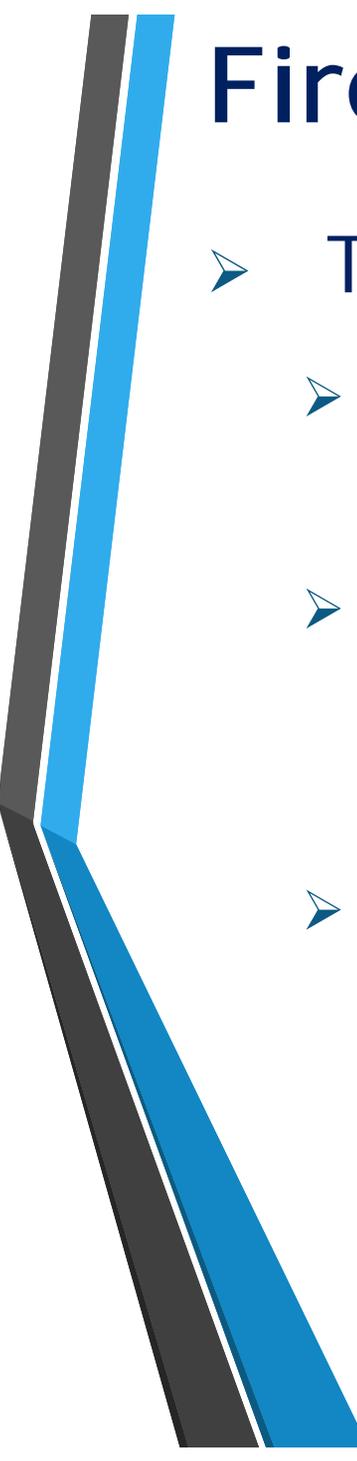


Fire Protection Districts (continued)

- Contract Payments
 - Can be paid each year in one sum or, if provided in the contract, paid in installments.
 - Contracts with city, village or fire district can provide for portion of the consideration to be paid to the fire department or company providing the coverage.
 - Amount payable to the fire department or company subject to statutory limits (generally, 35% if municipality owns all the fire fighting equipment).
 - Amounts payable to a fire company can be remitted directly to the company.◆◆◆◆

Town of Alexandria





Fire Departments/Companies

- Terms often used interchangeably.
- Usually, Not-for-profit corporation formed to provide fire protection.
- Must maintain their own financial records (e.g., fund raising money) but do not file an annual financial report with OSC.
- Companies with revenues of \$300,000 or more which contract with city, town, village or fire district required to obtain an annual audit.





Fire Departments/Companies

(continued)

- When applicable, must file annually with OSC a report of receipts and disbursements of Foreign Fire Insurance tax money (2% money).
- Must file annually with county clerk verified certificate including, among other things, an inventory of its property and statement of liabilities.





Impact on Tax Cap/Freeze

- Cities, Villages and Fire Districts
 - Fire protection generally part of General Fund budget therefore tax levy limits are impacted by fire protection expenditures and revenues.
 - Towns
 - Fire protection only impacts the tax levy limit if the town contracts for fire protection (SF Fund).
 - “Transfers of Function” can impact the tax levy limits of towns, villages and fire districts.
- 

Transfers of Function

- Changes in the manner a government offers fire protection services can have a significant impact on its tax cap limit in future years.
- Transfer amount calculated by OSC based on projections of additional costs or savings.
- **Example #1**: When a Town Board extends the boundaries of an existing Fire District to replace a Fire Protection District previously established:
 - Town's tax cap limit is generally reduced and the tax cap limit for the extended fire district will generally increase.

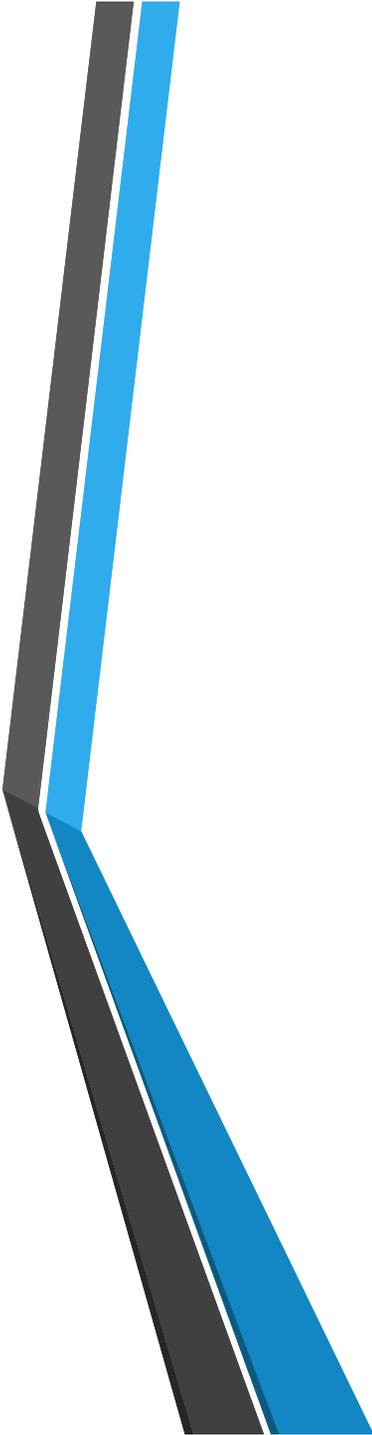




Transfers of Function *(continued)*

- **Example #2:** When a town that previously contracted for fire protection and a village establish a Joint Fire District (pursuant to Town Law Article 11-a):
 - Both the town and village tax levy limits will generally be reduced and the newly formed joint fire district will not have a tax levy limit the first year.





Thank You



**Office of the New York State Comptroller
Thomas P. DiNapoli, State Comptroller**

Division of Local Government and School Accountability
localtraining@osc.state.ny.us

