

LFN 2012-18

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Local Finance Notice

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Distribution

Municipal Clerks
 Chief Financial Officers

CY 2012/SFY 2013 Best Practices Inventory

The State's Fiscal Year 2013 Appropriations Act (P.L. 2012, c.18) requires the Division of Local Government Services ("Division") to determine how much of each municipality's final 5% allocation of CMPTRA and ETR aid will be disbursed based on the results of a Best Practices Inventory ("Inventory") to be completed by each municipality. The Inventory encourages municipalities to embrace practices that promote financial accountability and transparency. This Local Finance Notice provides guidance on how the Division will implement this statutory requirement.

Municipalities operating on a Calendar Year or Transition Fiscal year (SFY reversions) must return their completed Inventory to the Division by September 28, 2012. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by April 1, 2013. Completion and filing instructions are included in an Appendix to this Notice. Weblinks are provided on the bottom of the Inventory to items cited in questions 5, 9, 19, 30, 34 and 42.

The CY2012/SFY2013 Inventory remains 50 questions, 29 of which are new. In light of the Comptroller's recent report on pension abuses by professional service providers, one question asks whether your municipality deems any of its independent contractors eligible for pension credit under PERS and/or DCRP. Another new question highlights the need for municipalities to conduct a monthly review of their health benefits to delete employees, spouses or dependents who should no longer be receiving coverage.

For purposes of clarification, some repeat questions may be in a different form as compared to last year; however, the same information is being sought. Perfect scores are not required to receive the final 5% State aid payments.

Items of note include:

1. **User Friendly Format.** The Inventory is in the form of an [Excel worksheet](#) that must be filled out and emailed to the Division. In addition to allowing "yes" or "no" answers, for certain questions the form allows the option of answering each question as "not applicable" or that compliance will be "prospective." "Not applicable" is only an appropriate answer if a municipality concludes that the requirement is impossible to meet given the municipality's circumstances.

Using “not applicable” requires an explanation of why it is not applicable in the “comment” space provided. The “prospective” answer should only be used to indicate that compliance with a practice will be forthcoming in the upcoming year based on good faith efforts and direction from appropriate officials to implement the practice. The spreadsheet automatically computes the score.

2. **Repeat Questions cannot be answered “Prospective”.** There are 21 repeat questions on this year’s Inventory. These are questions the Division found to be critical performance measures worthy of continued monitoring. The CY2012/SFY2013 Inventory will not allow an answer of “prospective” to any question color keyed in red or green. As stated in Local Finance Notice 2011-18R, a “prospective” answer in the prior year’s Inventory reflected a commitment toward compliance in the upcoming year.
3. **Certain Questions Cannot be Answered “Non-Applicable”.** The Division has identified certain questions that should be applicable to all municipalities. As a result, answers of “non-applicable” will not be allowed for those questions color-coded blue or green.
4. **Governing Body Acknowledgement.** The completed form must be an agenda item for discussion at a municipal governing body meeting. The purpose is to ensure that local officials have been apprised of the response. That can happen before or after actual submission of the inventory form. The Municipal Clerk must subsequently file a certification (see attached instructions and certification form) confirming that the Inventory was discussed publicly.
5. **Criteria for Withholding Aid.** This year’s criteria withholds aid in an identical manner to that used in last year’s inventory, using a sliding scale up to the full amount of final aid payment:

# of Questions scored yes, prospective, or “not applicable”	Amount of Aid Disbursed	Impact on final 5% aid payment/impact on total aid
41-50	100%	No penalty
33-40	80%	Lose 20% which equals 1% of total aid
25-32	60%	Lose 40% which equals 2% of total aid
17-24	40%	Lose 60% which equals 3% of total aid
9-16	20%	Lose 80% which equals 4% of total aid
0-8	0%	Lose 100% which equals 5% of total aid

Other noteworthy aspects of the Inventory include:

Continued Flexibility with Scoring for New Questions. The State Appropriations Act requires the Director to exercise discretion and flexibility in scoring the Best Practices Inventory and reasonable accommodations will be considered where circumstances warrant. Credit will be given for all “yes” answers, as well as answers of “not applicable” where “not applicable” is a permissible answer. Answers of “prospective” will be credited where the question is not a repeat from the CY2011/SFY2012 Inventory. The Division will actively review completed Inventories and may withhold credit if requisite good faith efforts to comply are not apparent.

Chief Financial Officer Certification. The Chief Financial Officer must certify the results and submit the form.

Appeals Permitted. Appeals to the Director will be granted at the conclusion of the process.

Approved: Thomas H. Neff, Director.

APPENDIX A**INSTRUCTIONS TO COMPLETE AND SUBMIT THE CY 2012/SFY 2013
BEST PRACTICE INVENTORY**

- 1) Download the Excel spreadsheet from the Division's Best Practice webpage at http://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/2012_bp_worksheet.xls
- 2) The worksheet is locked and allows access only to relevant fields.
- 3) **Step 1** – Select Name of Municipality: follow the instruction at the top of the worksheet. (Click in cell C1, then click on the down arrow on the right side of the cell, then choose the name of municipality.)
- 4) **Step 2** – for each inventory question, click in the “Select” cell in Column D and choose the appropriate response.
- 5) For those questions that permit a non-applicable answer, if the answer to a question is “Not Applicable” insert an explanation in the adjoining “comment” cell (Column E). The cell can expand to fit the size of the comment.
- 6) **Step 3** – The Chief Financial Officer insert their name and certification number.
- 7) **Step 4** – Save the file using the following naming structure: *2012_best_practice_XXXX.xls* and replace *XXXX* with the municipality's 4-digit municipal code # (it appears in Cell B2 after the municipality's name is chosen).
- 8) Email the worksheet to: bestpractices@dca.state.nj.us Please include in the Subject Line the name of the municipality and the phrase “Best Practice Submission.”
- 9) **Step 5** – After the governing body considers the Inventory at a public meeting, the Municipal Clerk must complete the “Best Practice Public Meeting Certification Form” (following these instructions) and submit the certification to the Division. The Division prefers the certification be scanned and emailed to bestpractices@dca.state.nj.us with the following filename: *2012_BP Resolution_XXXX.???* where *XXXX* is the 4-digit municode. The *???* should be the type of format the file is saved as (i.e., pdf). Please use the phrase “Best Practice Meeting” in the subject of the email. Please fax the certification form to 609-633-6243 if it cannot be scanned.
- 10) Email questions concerning completing the worksheet to dlgs@dca.state.nj.us.
- 11) The deadline for submitting the CY 2012 filing is September 28, 2012; the SFY 2013 deadline is April 1, 2013.

Division of Local Government Services
CY 2012/SFY 2013 Best Practice Inventory Program
Best Practice Public Meeting Certification Form

This form must be completed by the Municipal Clerk after the Governing Body has reviewed the completed Best Practice Inventory at a public meeting.

Certification:

I hereby certify that the Governing Body of the
in the County of _____ discussed the CY 2012/SFY 2013 Best Practice Inventory
as prepared by the Chief Financial Officer at a public meeting on _____ .

Signature of Municipal Clerk	
Printed name of Clerk:	
RMC #:	
Date:	

(See Instructions to Complete and Submit the CY 2012/SFY 2013 Best Practice Inventory in Local Finance Notice 2012-18 for filing instructions.)
