

LFN 2017-14

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CY 2017/SFY 2018 Best Practices Inventory

The State's Fiscal Year 2018 Appropriations Act (P.L. 2017, c.99) requires the Division of Local Government Services (the Division) to determine whether some portion of a municipality's CMPTRA and ETR aid will be withheld based on the results of a Best Practices Inventory (the Inventory) to be completed by each municipality. The Inventory encourages municipalities to embrace practices that promote financial accountability, sound management and transparency. This Local Finance Notice provides guidance on how the Division will implement this statutory requirement.

Municipalities operating on a Calendar Year basis must return their completed Inventory to the Division by **Friday, October 20, 2017**. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by **Friday, April 6, 2018**. Completion and filing instructions are included in an Appendix to this Notice. **As in previous years, the maximum amount of aid that is subject to being withheld by the Division is the full amount of a municipality's final aid payment (December 1 for Calendar Year municipalities).**

CY2017/SFY2018 Best Practices Format

Noteworthy changes to this year's Best Practices include the following:

- The Inventory contains 25 questions (reduced from last year's 30)
- All questions have been asked in prior years' Inventories
- **Municipalities must receive positive credit ("Yes or "N/A" answers) on a minimum of 21 questions in order to avoid withholding of aid.** The following aid withholding schedule will be utilized for scores below 21:
 - 16-20: 25% of final CMPTRA and ETR payment withheld
 - 11-15: 50% of final CMPTRA and ETR payment withheld
 - 6-10: 75% of final CMPTRA and ETR payment withheld
 - 0-5: 100% of final CMPTRA and ETR payment withheld

The CY2017/SFY2018 Best Practices Inventory is in the form of an [Excel worksheet](#) that must be filled out and emailed to the Division. **Note that all of the questions asked this year have been asked in prior years' Best Practices and the majority are curable prior to the submission deadline.** The wording of Question 3 has been clarified from last year. Answers of "Prospective" are not permitted; the only permissible answers are "Yes", "No", and "N/A" (for select questions). The spreadsheet automatically computes the score, with "Yes" and "N/A" (not applicable) counted as positive answers for purposes of scoring.

Please read each question carefully. Certain questions may expressly state the circumstances under which a "yes", "no" or "N/A" answer must be selected, or under what circumstances additional information must be entered in the right column labeled "Comments". For questions with subparts, a "yes" answer means that the municipality is answering affirmatively to all parts of the question. The municipality must answer "no" if it cannot affirmatively answer all parts of the questions. Weblinks are provided on the bottom of the Inventory to items cited in Questions 12, 14, 16, and 19.

Questions are color-coded as follows pursuant to their permissible range of answers:

	Red = "Yes"; "No"; and "N/A" answers permissible
	Green = "N/A" answers are NOT permitted

The Division has identified certain questions that should be applicable to all municipalities. As a result, "N/A" answers will not be allowed for those questions color-coded green.

For those questions color-coded red, "not applicable" is only an appropriate answer if a municipality concludes that the requirement is not possible to meet given the municipality's circumstances, unless the question specifically limits an "N/A" answer to a particular circumstance. Using "not applicable" requires an explanation of why the question is not applicable in the comment space provided.

Once the municipality's Best Practices Inventory is transmitted to the Division, the worksheet cannot be amended and resubmitted except by making an appeal to the Director through the process outlined on Page 4.

Certifying to the Best Practices Inventory & Governing Body Acknowledgement

The municipality's Chief Administrative Officer, in addition to the Chief Financial Officer, must certify the Inventory. Space for these certifications is provided on the worksheet. Both officials must provide their certification number for all licenses they have been issued by the Division of Local Government Services. If the certifying official does not possess such a license, the space can be left blank or marked "N/A". All certifying officers must type in their names and certification numbers, rather than manually sign and enter same.

Note: The Chief Administrative Officer is the individual, whatever their title, who is in charge of the municipality's day-to-day operations. If a municipality does not have a business administrator or municipal manager, this person would be whatever individual (e.g. municipal clerk, chief financial officer) is charged with this responsibility.

Please be advised that Best Practices responses are subject to random auditing by the Division. Officials that certify Best Practices Inventories containing inaccurate responses may be subject to penalties including the Division taking action against their license.

As for the governing body's acknowledgement, the completed form must be an agenda item for discussion at a municipal governing body meeting. The Municipal Clerk must certify **on the worksheet** that the Inventory and the results thereof were or will be discussed at a public meeting, with the inventory results and the certification of same by the chief administrative and financial officers referenced in the meeting minutes. There is no separate certification document for municipal clerks to submit. The purpose of the acknowledgement requirement is to ensure that local officials are apprised of their municipality's Best Practices Inventory response.

Appeals Permitted

The State Appropriations Act permits the Director of the Division of Local Government Services to exercise discretion and make reasonable accommodations where the particular circumstances of a municipality warrant. **As in previous years, the maximum amount of aid subject to withholding is the full amount of the final aid payment.**

Municipalities may submit appeals before the submission deadline but not before their Best Practices Inventory is submitted. The Division encourages municipalities that wish to submit an appeal to do so in conjunction with their Inventory submission. Appeals to the Director must be submitted **no later than the close of business Friday October 20, 2017 (or Friday April 6, 2018 for SFY Municipalities).**

Approved: Timothy J. Cunningham, Director

Document	Internet Address
CY2017/SFY2018 Best Practices Worksheet	http://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html

APPENDIX

INSTRUCTIONS TO COMPLETE AND SUBMIT THE CY 2017/SFY 2018

BEST PRACTICES INVENTORY

Step 1 -- Download the Excel spreadsheet from the Division's Best Practice webpage at http://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html. The worksheet is locked and allows access only to relevant fields.

Step 2 – 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.)

Step 3 – for each inventory question, click in the “Select” cell in Column C and choose the appropriate response.

For those questions that permit a non-applicable answer, if the answer to a question is “Not Applicable” insert an explanation in the “comment” cell (Column E). The cell can expand to fit the size of the comment.

Step 4 – The Chief Administrative Officer and Chief Financial Officer for the municipality insert their name, certifying to the application's accuracy, and provide any license number that has been issued to them by the Division of Local Government Services. For example, if a certified Chief Financial Officer is also a Certified Tax Collector, their CTC license number should also be provided. Do not manually sign the certification.

The Chief Administrative Officer is the individual, whatever their title, who is in charge of the municipality's day-to-day operations. If a municipality does not have a business administrator or municipal manager, this person would be whatever individual (e.g. municipal clerk, chief financial officer) is charged with this responsibility.

Step 5 – The Municipal Clerk will certify that the Inventory results, and the certification of same by the Chief Administrative Officer and Chief Financial Officer, was discussed with the governing body at a public meeting and will be incorporated into the minutes thereof. Any license number that has been issued to the Clerk by the Division of Local Government Services must be provided. Do not manually sign the certification.

Step 6 – Save the file using the following naming structure: **2017_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).

Step 7 – Email the worksheet to: bestpractices@dca.nj.gov. Please include in the Subject Line the name of the municipality and the phrase “Best Practice Submission.”

Email questions concerning completing the worksheet to dlgs@dca.nj.gov with the subject heading “Best Practices Question”. The deadline for submitting the CY 2017 filing is Friday, October 20, 2017; the SFY 2018 deadline is Friday, April 6, 2018.