



**LFN 2018-26**

**October 15, 2018**

# Local Finance Notice

Philip D. Murphy  
Governor

Lt. Governor Sheila Y. Oliver  
Commissioner

Melanie R. Walter  
Acting Director

## Contact Information

### Director's Office

V. 609.292.6613

F. 609.633.6243

### Legislative and Regulatory Affairs

V. 609.292.6110

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

### 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

Administrators/Managers

Chief Financial Officers

Municipal Clerks

## CY 2018/SFY 2019 Best Practices Inventory

The State's Fiscal Year 2019 Appropriations Act ([P.L. 2018, c. 53](#)) requires the Division of Local Government Services ("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 ("Inventory") completed by each municipality. This year's Inventory has an expanded policy focus while continuing to emphasize statutory compliance and core competencies.

Municipalities operating on a Calendar Year or Transition Fiscal Year (SFY reversions) must return their completed Inventory to the Division by **Monday, November 12, 2018**. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by **Friday, April 5, 2019**. 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).**

## CY2018/SFY2019 Best Practices Format

The CY2018/SFY2019 Best Practices Inventory is in the form of an [Excel worksheet](#) that must be filled out and emailed to the Division. There a total of 61 scored questions, 30 of which are new. New questions are at numbers 2, 5, 7, 8, 15, 17, 21, 23, 31 through 39, 41 through 49, 51, 53, and 58. An effort was made to make the wording of various questions more concise; a number of compound questions from prior years have been broken out into separate questions.

**Please read each question carefully.** Some questions, both repeat and new, may require additional information to be entered in the right column labeled "Comments", or clarify when a "yes" or "N/A" answer is appropriate. Weblinks are provided on the bottom of the Inventory concerning the following questions: 8, 13, 15, 16, 17, 18, 41, 51, and 58.

In addition to allowing “yes” or “no” answers, certain questions allow the option of answering “not applicable” or that compliance will be “prospective.” The spreadsheet automatically computes the score, with “prospective” and “not applicable” counted as positive answers for purposes of scoring.

Questions are color-coded according to their permissible range of answers:

	<b>Red</b> = Repeat Question; Prospective answers not permitted
	<b>Blue</b> = Questions where neither "not applicable" nor "N/A" answers are permitted
	<b>Green</b> = Repeat questions where neither "Prospective" nor "Not Applicable" are permitted
	<b>No Color</b> = "Yes"; "No"; "Prospective" and "Not Applicable" are all permissible answers

“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.

The Division has identified certain questions that should be applicable to all municipalities. Answers of “non-applicable” are not permitted for questions color-coded blue or green.

“Prospective” 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. These are questions the Division found to be critical performance measures worthy of continued monitoring. The Division will actively review completed Inventories and may withhold credit if requisite good faith efforts to comply are not apparent.

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 3.

New for this year, question categories have been condensed into two: Core Competencies and Additional Best Practices. Permissible answers for questions in each category are set forth below:

Categories	Yes/No	Yes/No/N/A	Yes/No/Prosp.	All Answers
Core Competencies	1, 4, 12, 19	3, 6, 9, 10, 11, 13, 14, 18, 20	2, 8, 21	5, 7, 15, 17
Additional Best Practices	22, 50, 52, 54, 55, 56, 57, 59, 60, 61	24, 25, 26, 27, 28, 29, 40,	30, 31, 32, 33, 34, 35, 36, 38, 41, 42, 44, 45, 47, 49, 58	23, 37, 39, 43, 46, 48, 51, 53

### **Additional Questions –Opportunity Zone Municipalities**

As part of the Best Practices Inventory, municipalities classified as Opportunity Zones pursuant to the federal “Tax Cuts and Jobs Act of 2017” are being asked to answer an additional series of survey questions. These unscored questions aim to help gauge the needs, priorities, and capacities

of Opportunity Zone municipalities, and will aid the State in helping these communities attract appropriate businesses, investment, and development.

### **Certification & 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. All certifying officers must type in (rather than handwrite) their names and certification numbers.

***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 whichever individual (e.g. municipal clerk, chief financial officer) is responsible for running day-to-day operations.***

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, inserting the date on which the meeting was or will be held; 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. **Once completed, please do not wait for the Best Practices Inventory to be discussed at a governing body meeting before submitting the Inventory.**

### **Criteria for Withholding Aid & Appeals to Director**

<b># of Questions scored yes, prospective, or "not applicable"</b>	<b>Final Payment Amount Disbursed</b>	<b>Impact on final 5% aid payment</b>
46-61	100%	No penalty
36-45	75%	Lose 25% of final CMPTRA & ETR payment
26-35	50%	Lose 50% of final CMPTRA & ETR payment
0-25	0%	Lose 100% of final CMPTRA & ETR payment

**Failing to submit the Inventory will result in a withholding of the full final aid payment.**

The State Appropriations Act requires the Director of the Division of Local Government Services to exercise discretion and flexibility in scoring the Best Practices Inventory. Reasonable accommodations will be considered where circumstances warrant. Municipalities may submit appeals to the Director 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 must be submitted **by close of business Tuesday November 12, 2018 (or Friday April 5, 2019 for SFY municipalities).**

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Approved: Melanie R. Walter, Acting Director

Document	Internet Address
P.L. 2018, c. 53	<a href="https://www.njleg.state.nj.us/2018/Bills/AL18/53_.PDF">https://www.njleg.state.nj.us/2018/Bills/AL18/53_.PDF</a>
CY2018/SFY2019 Best Practices	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html</a>

## APPENDIX

### INSTRUCTIONS TO COMPLETE AND SUBMIT THE CY 2018/SFY 2019 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](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 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, 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 whichever 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: **2018\_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](mailto: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](mailto:dlgs@dca.nj.gov) with the subject heading “Best Practices Question”. The deadline for submitting the CY 2018 filing is Monday, November 12, 2018; the SFY 2019 deadline is Friday, April 5, 2019.