



**LFN 2021-17**

**September 29, 2021**

# Local Finance Notice

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## Distribution

Administrators/Managers  
Municipal CFOs  
Municipal Clerks  
Tax Collectors  
Munic. Procurement Officials  
Municipal Elected Officials

## 2021 Municipal Best Practices Inventory

Language authorizing the Best Practices Inventory is included in the [FY2022 Appropriations Act](#). In anticipation of its inclusion in the final Appropriations Act, as has occurred in prior years, the Division of Local Government Services ("Division") has promulgated an updated Best Practices Inventory to all municipalities, through which the State obtains vital information about the status of municipal government practices in New Jersey.

The 2021 Inventory assesses each municipality's compliance with various laws and evaluates implementation of fiscal and operational best practices. Inventory answers provide taxpayers an additional means of evaluating their municipality's performance. The Inventory also identifies areas where municipalities may require further technical assistance. Furthering this objective, the Inventory contains an unscored survey section soliciting information on a variety of topics.

All municipalities, including those on a State Fiscal Year budget cycle, must submit their completed Inventory to the Division by close of business **Wednesday November 3, 2021**. The Division strongly recommends completing and filing the Inventory as soon as possible so any technical or substantive issues can be resolved in a timely fashion. No post-submission answer changes will be permitted.

Furthering the Division's implementation of technology solutions, the Best Practices Inventory continues to be hosted on the internet-based platform debuted in 2019. Click on <https://njdca.dynamics365portals.us/> to access the platform sign-in page. Please review the detailed [step-by-step instructions](#) on completing and submitting the Best Practices Inventory before accessing the platform. A helpful [FAQ document](#) concerning log-in and access is also provided.

As in prior years, the Division must determine whether some portion of a municipality's CMPTRA and ETR Aid will be withheld based on the results of its Inventory. The municipality's final formula aid payment represents the maximum amount of aid that is subject to withholding.

### Question Content and Scoring

The 2021 Best Practices Inventory features new and repeat questions on the following topics:

- Personnel
- Budget
- Financial Administration
- Capital Projects
- Transparency
- ARP LFRF Funds
- Procurement
- Cybersecurity
- Shared Services
- Tax Collection
- Opportunity Zones
- Fire Districts
- Environment
- Planning & Economic Development

A total of 48 questions are distributed amongst three scoring categories: Core Competencies (19 questions), Best Practices (8 questions), and Unscored Survey (21 questions). Four unscored survey questions are divided into multiple subparts to facilitate data tabulation. The Division has introduced a total of three (3) new scored questions to the 2021 Inventory. Each municipality must receive a minimum score of 15 on the Inventory to receive its full Final Aid payment.

Core Competencies address statutory and regulatory compliance obligations and other areas critical to sound municipal finance and operations. These questions score 1 point each, with positive credit awarded for “Yes” answers as well as “Prospective” and “N/A” responses when permitted by the question. Answers of “Prospective,” which apply to new questions, should only be used when a municipality is committed to making good faith efforts to implement the practice in the upcoming year.

The 2021 Inventory also includes a Best Practices category, which involve fiscal and operational practices that are of significant benefit to many municipalities but not foundational in nature, or uniformly applicable to all municipalities. All questions in the Best Practices category are worth one-half (1/2) point, with positive credit awarded for “Yes” answers as well as “N/A” responses when permitted by the question. Please note that “Prospective” responses are not permitted responses under the Best Practices category.

Answers of “N/A” are only appropriate if a specific requirement does not apply to a given municipality; however, please note that some questions limit “N/A” responses to certain circumstances. Municipalities answering “N/A” should provide an explanation in the Comment space as to why the question is not applicable.

There is a total of 27 scored questions (Core Competencies + Best Practices) for a total of 23 points. The thresholds for aid withholding are as follows:

<b>Inventory Score</b>	<b>Final Payment Amount Disbursed</b>	<b>Impact on final 5% aid payment</b>
15 and greater	100%	No withholding
11-14	75%	Lose 25% of final CMPTRA & ETR payment
7-10	50%	Lose 50% of final CMPTRA & ETR payment
0-6	0%	Lose 100% of final CMPTRA & ETR payment

Questions in the Best Practices category are considered “extra credit” because the Inventory’s scoring threshold is based on the number of Core Competencies for which the Division determined a municipality should earn positive credit, rather than Core Competencies + Best Practices combined. Thus, positive credit for Best Practices questions helps offset Core Competencies for which a municipality does not earn positive credit.

Unscored Survey questions are meant to gather information and do not count toward a municipality’s final score, although their completion is a required component of the Inventory. Answers to these questions will help determine where municipalities may require additional assistance and where the Division of Local Government Services and the Department of Community Affairs may need to prioritize technical assistance resources. Responses vary from “Yes/No” to multiple-choice to fill-in.

The Unscored Survey questions primarily emphasize Shared Services, ARP Funds, Tax Collection and Planning and Economic Development. Question 40 requires each municipality to upload a completed Excel-based Tax Sale Report (an upload file button will appear for the question). If your municipality can affirmatively answer Question 42, which pertains to known Opportunity Zone tax incentive projects, please complete and upload the [Opportunity Zone Project Status Spreadsheet](#).

### **Completing and Submitting the Inventory**

A municipality must answer all questions before the Best Practices platform will permit submitting the Inventory. Certain questions require information to be typed into the Comment section before the online platform counts the question as completely answered. Please refer to the [Instructions](#) for further details. Failing to submit the Inventory is deemed equivalent to a zero score.

The municipality’s Chief Finance Officer and Chief Administrative Officer must both certify the Inventory using the Online Platform. The Chief Administrative Officer is an individual who, regardless of title, is responsible for 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. Every municipality has a Chief Administrative Officer.

The Municipal Clerk must certify 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. Municipal Clerks likewise make their certification using the online platform and do not file a separate certification document. The purpose of the acknowledgement requirement is to ensure that local officials are apprised of their municipality’s Best Practices Inventory response. Please do not wait for the Best Practices Inventory to be discussed at a governing body meeting before submitting the Inventory.

State Fiscal Year municipalities have the same Wednesday November 3 deadline as Calendar Year municipalities.

### **Appeals of Best Practices Scores**

A municipality may appeal its score to the Director on or before the submission deadline, but not before submitting their Best Practices Inventory. Appeals must be submitted by close of business **Wednesday November 3, 2021** via email to [bestpractices@dca.nj.gov](mailto:bestpractices@dca.nj.gov) with the heading “Best

Practices Appeal". The Director may exercise discretion upon finding that a municipality's individual circumstances so warrant. Municipalities that wish to submit an appeal should do so in conjunction with their Inventory submission.

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Approved: Jacquelyn A. Suárez, Director

<b>Document</b>	<b>Internet Address</b>
FY22 App. Act	<a href="https://www.njleg.state.nj.us/2020/Bills/AL21/133 .PDF">https://www.njleg.state.nj.us/2020/Bills/AL21/133 .PDF</a>
Best Practices Platform	<a href="https://njdca.dynamics365portals.us/">https://njdca.dynamics365portals.us/</a>
BPI Platform Instructions	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Online%20Platform%20Instructions%20-%202021.pdf">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Online%20Platform%20Instructions%20-%202021.pdf</a>
Log-In & Access FAQ	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI_Log-In_and_Access_FAQ-2021.pdf">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI_Log-In_and_Access_FAQ-2021.pdf</a>
Tax Sale Report	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/Tax%20Sale%20Results%20Spreadsheet.xlsx">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/Tax%20Sale%20Results%20Spreadsheet.xlsx</a>
Opportunity Zone Status Spreadsheet	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/OZ%20Best%20Practices%20Survey%20Form.xlsx">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/OZ%20Best%20Practices%20Survey%20Form.xlsx</a>
BPI Question List	<a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/2021%20DLGS%20Best%20Practices%20Inventory%20Questions%20.xlsx">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/2021%20DLGS%20Best%20Practices%20Inventory%20Questions%20.xlsx</a>