



LFN 2020-20

September 22, 2020

Local Finance Notice

Philip D. Murphy
Governor

Lt. Governor Sheila Y. Oliver
Commissioner

Melanie R. Walter
Director

Contact Information

Director's Office

V. 609.292.6613
F. 609.633.6243

Local Assistance Bureau

V. 609.292.6858
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

Administrative Services Unit

V. 609.292.6126
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

E-mail: dlgs@dca.nj.gov

Distribution

Administrators/Managers
Municipal CFOs
Municipal Clerks
Municipal Elected Officials

2020 Municipal Best Practices Inventory

Language authorizing the Best Practices Inventory is included in the Governor's [FY2021 State Budget](#). 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 2020 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. For example, one question asks what area of municipal operations has been most strained by the COVID-19 pandemic, while another asks about the degree of negative impact COVID-19 has had on municipal finances.

All municipalities, including those on a State Fiscal Year budget cycle, must submit their completed Inventory to the Division by close of business Tuesday November 3, 2020. Due to the ongoing COVID-19 pandemic, the Division strongly recommends completing and filing the Inventory as soon as possible so technical or substantive issues can be resolved in a timely fashion.

Furthering the Division's implementation of technology solutions, the Best Practices Inventory continues to be hosted on the internet-based platform debuted last year for the 2019 Inventory. 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 2020 Best Practices Inventory features new and repeat questions on the following topics:

- Personnel
- Budget
- Financial Administration
- Capital Projects
- Transparency
- COVID-19 Response
- Procurement
- Cybersecurity
- Shared Services
- PILOTs & Ratables
- Opportunity Zones
- Liquor Licensing
- Environment
- Planning & Economic Development

A total of 60 questions are distributed amongst three scoring categories: Core Competencies (20 questions), Best Practices (9 questions), and Unscored Survey (31 questions¹). Each municipality must receive a minimum score of 16 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 2020 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 29 scored questions (Core Competencies + Best Practices) for a total of 24.5 points.

The thresholds for aid withholding are as follows:

Inventory Score	Final Payment Amount Disbursed	Impact on final 5% aid payment
16 and greater	100%	No withholding
12-15	75%	Lose 25% of final CMPTRA & ETR payment
8-11	50%	Lose 50% of final CMPTRA & ETR payment
0-7	0%	Lose 100% of final CMPTRA & ETR payment

¹ Two unscored survey questions are divided into multiple subparts to facilitate data tabulation.

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, first featured on last year’s Inventory, 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 Division has introduced a total of nine (9) new scored questions to the 2020 Inventory, covering topics such as capital ordinances, investment policies, and the review of boilerplate language in bid or RFP documents.

The Division is also pleased to announce that certain questions asked in prior years have been retired from this year’s Inventory because the Division is satisfied that municipalities have embraced the obligations contained therein, achieving virtually uniform adoption. Examples of such questions include:

- Evaluating compliance with the Diane B. Allen Equal Pay Act.
- Review of policies concerning use of criminal history in making personnel decisions.
- Maintaining centralized employee records.

Thank you for your cooperation in these areas. Much progress has been made state-wide.

The Unscored Survey questions primarily emphasize Shared Services, Environment, and Planning and Economic Development. [If your municipality can affirmatively answer Question 50, which pertains to known Opportunity Zone tax incentive projects, please complete and upload the Opportunity Zone Project Status Spreadsheet \(an upload file button will appear for the question\).](#)

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 Monday 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 Tuesday November 3, 2020 via email to 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.

Approved: Melanie R. Walter, Director

Document	Internet Address
Governor's FY21 Budget	https://www.nj.gov/treasury/omb/publications/21budget/pdf/FY21GBM.pdf
Best Practices Platform	https://njdca.dynamics365portals.us/
Instructions for Best Practices Platform	https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Online%20Platform%20Instructions%20-%202020.pdf
Log-In & Access FAQ	https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Log-In%20&%20Access%20FAQ%20-%202020.pdf
Opportunity Zone Status Spreadsheet	https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/OZ%20Best%20Practices%20Survey%20Form.xlsx
BPI Question List	https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/2020%20Best%20Practices%20Inventory%20Questions.xlsx