



**LFN 2022-17**

**October 6, 2022**

# Local Finance Notice

Philip D. Murphy  
Governor

Lt. Governor Sheila Y. Oliver  
Commissioner

Jacquelyn A. Suárez  
Director

## Contact Information

V. 609.292.6613

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)

## 2022 Municipal Best Practices Inventory

Language authorizing the Best Practices Inventory is included in the [FY2023 Appropriations Act](#). Pursuant to law, 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 2022 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 **Thursday November 10, 2022**. 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. Platform instructions and a helpful FAQ document concerning log-in and access [are 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.

## Distribution

Administrators/Managers

Municipal CFOs

Municipal Clerks

Municipal Procurement  
Officials

Municipal Elected Officials

## Question Content and Scoring

The 2022 Best Practices Inventory features new and repeat questions on the following topics:

- Health Benefits
- Personnel
- Budget
- Financial Administration
- Capital Projects
- Transparency
- ARP LFRF Funds
- Procurement
- Cybersecurity
- Lead Remediation
- Shared Services
- Tax Collection
- Opportunity Zones
- Fire Districts
- Environment
- Housing

A total of 56 questions are distributed amongst three scoring categories: Core Competencies (31 questions), Best Practices (11 questions), and Unscored Survey (13 questions). Four (4) unscored survey questions are divided into multiple subparts to facilitate data tabulation. The Division has introduced a total of 11 new scored questions to the 2022 Inventory. Each municipality must receive a minimum score of 24 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 certain new questions, should only be used when a municipality is committed to making good faith efforts to implement the practice in the upcoming year. New questions where “Prospective” is not a permitted answer may be cured prior to submitting the Inventory.

The 2022 Inventory also includes a Best Practices category, which involves fiscal and operational practices that are of significant benefit to many municipalities but are 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 explain why the question is not applicable in the comment space.

There is a total of 42 scored questions (Core Competencies + Best Practices) for a total of 36.5 points. The thresholds for aid withholding are as follows:

| Inventory Score | Final Payment Amount Disbursed | Impact on final 5% aid payment          |
|-----------------|--------------------------------|---|
| 24 and greater  | 100%                           | No withholding                          |
| 20-23           | 75%                            | Lose 25% of final CMPTRA & ETR payment  |
| 16-19           | 50%                            | Lose 50% of final CMPTRA & ETR payment  |
| 0-15            | 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.

If your municipality participates in the State Health Benefits Program (SHBP) for medical coverage, please complete and upload the [SHBP Best Practices Survey Form](#) for Question 3. Likewise, if your municipality can affirmatively answer Question 55a, which pertains to known Opportunity Zone 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 Thursday, November 10, 2022, deadline as Calendar Year municipalities.

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

A municipality may appeal its score to the Director **up to one week prior to the submission deadline**, but not before submitting their Best Practices Inventory. Appeals must be submitted by close of business **Thursday, November 3, 2022**, 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.

---

Approved: Jacquelyn A. Suárez, Director

| Document                            | Internet Address  |
|-------------------------------------|---|
| FY23 App. Act                       | <a href="https://www.nj.gov/treasury/omb/publications/23bill/AppropriationsAct.pdf">https://www.nj.gov/treasury/omb/publications/23bill/AppropriationsAct.pdf</a>   |
| Best Practices Platform             | <a href="https://njdca.dynamics365portals.us/">https://njdca.dynamics365portals.us/</a>   |
| Log-In & Access FAQ                 | <a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Log-In%20and%20Access%20FAQ%20-%202022.pdf">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/BPI%20Log-In%20and%20Access%20FAQ%20-%202022.pdf</a>                                       |
| SHBP Survey Spreadsheet             | <a href="https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/SHBP%20Best%20Practices%20Survey%20Form%20-%202022.xlsx">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/SHBP%20Best%20Practices%20Survey%20Form%20-%202022.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/Final%202022%20DLGS%20Best%20Practices%20Inventory%20Questions.xlsx">https://www.nj.gov/dca/divisions/dlgs/programs/best_practices_docs/Final%202022%20DLGS%20Best%20Practices%20Inventory%20Questions.xlsx</a> |