

Melissa Velez-Morales

From: Masser, Michelle
Sent: Tuesday, September 20, 2016 1:16 PM
To: Harris, Laura
Cc: Melissa Velez-Morales
Subject: FW: CY2016/SFY2017 Municipal Best Practices
Attachments: LFN_2016-13_CY2016-SFY2017_Best_Practices.pdf

Correspondence

Michelle Masser
Township Clerk
Mount Olive Township
PO Box 450
204 Flanders Drakestown Road
Budd Lake, NJ 07828
clerk@mtolivetwp.org
973-691-0900 X7291

-----Original Message-----

From: egg@dca.state.nj.us [mailto:egg@dca.state.nj.us]
Sent: Tuesday, September 20, 2016 12:02 PM
To: Masser, Michelle <clerkmichelle@mtolivetwp.org>
Subject: CY2016/SFY2017 Municipal Best Practices

Dear Municipal Clerk:

The State's Fiscal Year 2017 Appropriations Act (P.L. 2016, c.10) requires the Division of Local Government Services ("Division") to issue a Best Practices Inventory to be completed by each municipality. As in previous years, the maximum amount of aid that is subject to being withheld by the Division is the full amount of the final aid payment (December 1 for Calendar Year municipalities). Please click http://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html to access the current Best Practices Inventory, located under CY2016/SFY2017 Program.

Changes to this year's Best Practices Inventory include a reduction in the total number of questions (from 50 to 30), along with the elimination of the ability to answer "Prospective" on any question. Municipalities must receive positive credit on a minimum of 22 questions in order to avoid withholding of aid. Given the introduction of several new questions and the reduced overall number of questions, the Division reserves the right to determine withholding percentages upon receiving all completed CY2016 Best Practices Inventories. Please review Local Finance Notice 2016-13, attached hereto, for further information concerning Best Practices.

Municipalities operating on a Calendar Year or Transition Fiscal Year (SFY reversions) must return their completed Inventory to the Division by Friday, OCTOBER 21, 2016. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by Friday, APRIL 7, 2017. Completion and filing instructions are included in an Appendix to the attached Local Finance Notice.

THIS NOTICE HAS BEEN SENT TO THE FOLLOWING OFFICIALS: Municipal Clerk, Chief Financial Officer

LFN 2016-13

September 19, 2016

Local Finance Notice

Chris Christie
Governor

Kim Guadagno
Lt. Governor

Charles A. Richman
Commissioner

Timothy J. Cunningham
Director

Contact Information

Director's Office

V. 609.292.6613

F. 609.292.9073

Legislative and Regulatory Affairs

V. 609.292.6110

F. 609.292.9073

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

E-mail: dlgs@dca.nj.gov

Distribution

Municipal Clerks

Municipal CFOs

Auditors

CY 2016/SFY 2017 Best Practices Inventory

The State's Fiscal Year 2017 Appropriations Act (P.L. 2016, c.10) 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") 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 or Transition Fiscal Year (SFY reversions) must return their completed Inventory to the Division by **Friday, October 21, 2016**. Those municipalities operating on State Fiscal Year budgets must return their completed Inventory by **Friday, April 7, 2017**. 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 the final aid payment (December 1 for Calendar Year municipalities).**

CY2016/SFY2017 Best Practices Format

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

- The inventory contains 30 questions (reduced from 50 in the prior year's Best Practices.
- "Prospective" answers are not permitted. The only permissible answers are "Yes", "No", and for a limited number of questions "N/A" (not applicable)
- **Municipalities must receive positive credit on a minimum of 22 questions in order to avoid withholding of aid.** Given the introduction of several new questions and the reduced overall number of questions, the Division reserves the right to determine withholding percentages upon receiving all completed CY2016 Best Practices Inventories.

The CY2016/SFY2017 Best Practices Inventory is in the form of an Excel worksheet that must be filled out and emailed to the Division. Note that the majority of questions focus on statutory requirements and have been asked in some fashion in previous years. **The majority of the questions asked in this year’s Best Practices are also curable, meaning that compliance can be achieved prior to the submission deadline.**

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 the following questions: 5, 13, 14, 15, 17, 18, 21, and 24 .

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

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, answers of “non-applicable” 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.

Permissible answers for questions in each category are set forth below:

Categories	Yes/No	Yes/No/N/A
General Management	1, 3, 4, 7, 8	2, 5, 6, 9
Finance & Audit	13, 15	10, 11, 12, 14, 16
Procurement	19	17, 18
Budget Preparation & Presentation	20	21
Health Insurance	22	23, 24
Personnel	25, 27, 28, 30	26, 29

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. 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 professional 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 where the particular circumstances of a municipality warrant. Reasonable accommodations will be considered where circumstances warrant. **As in previous years, the maximum amount of aid that is 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 21, 2016 (or Friday April 7, 2017 for SFY Municipalities).**

Approved: Timothy J. Cunningham, Director

Document	Internet Address
CY2016/SFY2017 Best Practices Worksheet	http://www.nj.gov/dca/divisions/dlgs/programs/best_practices.html

APPENDIX

INSTRUCTIONS TO COMPLETE AND SUBMIT THE CY 2016/SFY 2017

BEST PRACTICE 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: **2016_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 2016 filing is Friday, October 21, 2016; the SFY 2017 deadline is Friday, April 7, 2017.