Best Practices Worksheet CY 2012/SFY2013

		Hawthorne Borough (Passaic)	
1604		*Please see Color Key at bottom of sheet for limits on answers*	
	Answer	**Question**	
1	**Yes**	Sharing services has been promoted for many years as a means to control costs. In addition to sharing resources such as labor, facilities and equipment with a county or with neighboring communities, shared services include similar agreements with school boards, independent authorities and fire districts. Shared services do not include cooperative purchasing, cooperative pricing or commodity resale agreements. Did your municipality actively negotiate (i.e. meet with representatives from a neighboring town, your county or another local unit) and/or enter into at least one new shared service agreement in 2011?	
2	Yes	N.J.S.A. 40A:65-4b requires municipalities to file a copy of their shared service agreements, including amendments and renewals thereof, with the Division of Local Government Services. Has your municipality filed a copy of all shared service agreements presently in effect, along with any amendments thereto, with the Division? This response shall not include cooperative purchasing, cooperative pricing or commodity resale agreements.	
3	Yes	Has your municipality adopted a vehicle use policy prohibiting personal use of municipal vehicles, and providing that employees authorized to use such vehicles for commuting to/from work have a fringe benefit value added to the gross income reported on the employee's W-2 (unless the vehicle meets the "qualified non-personal vehicle" criteria specified by the IRS)?	
4	Yes	Does your municipality's legal counsel and/or qualified purchasing agent review and approve procurement specifications and professional service contracts before contracts are executed?	
5	No	Municipalities and their agencies are allowed to prohibit the award of public contracts to business entities that have made certain campaign contributions exceeding $300 and to limit the contributions that the holders of a contract can make during the term of a contract to $300. A model ordinance concerning pay-to-play can be found at www.nj.gov/dca/lgs/muniaid/pay_to_play_ordinance-contractor.doc. Has your municipality adopted a pay-to-play ordinance pursuant to N.J.S.A. 40A:11-51 that is more restrictive than state statutory requirements?	
6	Yes	Does your municipality maintain an up-to-date municipal website containing at minimum the following: past three years adopted budgets; the current year's proposed budget including the full adopted budget for current year when approved by governing body; most recent annual financial statement and audits; notification(s) for solicitation of bids and RFPs; contact information for elected and appointed officials, municipal administrator or manager, municipal clerk, police chief, municipal court administrator and all department heads; and meeting dates, minutes and agendas for the governing body, planning board, board of adjustment and all commissions?	
7	Yes	Does your municipality require its elected officials to attend on an annual basis at least one course offered by the Rutgers University Center for Government Services (or a similar education provider such as the NJ League of Municipalities) covering the responsibilities and obligations of elected officials (for example: ethics, municipal finance, labor relations, capital planning, shared services)?	
8	Yes	Are ordinances codified on an annual basis, with both the code and any uncodified ordinances made available online?	
		Financial Standards - FS	

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1604		*Please see Color Key at bottom of sheet for limits on answers*	
	Answer	**Question**	
9	Yes	With regard to your municipality's collective bargaining agreements that replaced contracts expiring on or after 1/1/11, is the overall impact of the aggregate economic costs limited to an average increase of 2% or less per year over the contract term? An example of such analysis can be found on the "PERC Summary Form; Public Sector; Non-Police and Non-Fire; Section V Impact of Settlement" and "PERC Summary Form; Police and Fire; Section VII Impact of Settlement"	
10	Prospective	Internal accounting control processes, procedures and authorizations are designed to safeguard assets and to limit the risk of loss or misstatement. Does your CFO evaluate and discuss this risk assessment annually with your governing body or an appropriate subcommittee of the governing body (Audit or Finance Committee) with a focus on developing accounting control processes, procedures and authorizations designed to limit the risk of loss or misstatement?	
11	Yes	An accounting policy manual documenting all internal accounting control processes, procedures and authorizations is of great value for staff to understand these safeguards. Are internal accounting control processes, procedures and authorizations documented and communicated to staff?	
12	Yes	Are all General Ledger cash balances reconciled to bank statements (e.g. receipts postings to bank deposits; disbursement postings to cleared checks and wire transfers) with all reconciling differences verified (e.g. deposits in transit, outstanding checks and posting differences)?	
13	Yes	Municipalities have the potential to save significant money by auditing their telephone lines annually, and other utilities on a less frequent but nonetheless regular basis. Does your municipality perform an audit of its utility accounts (e.g. telephone, electric meters, streetlighting) at least once every three years to ensure that inactive accounts are cancelled?	
14	Yes	In submitting your corrective action plan for findings cited in your annual audit, are these items reviewed by the CFO with the governing body or an appropriate subcommittee of the governing body (e.g. finance or audit committee)?	
15	Yes	Audit findings address areas needing improvement. Ignoring these findings devalues the process; therefore, municipalities should correct noted deficiencies. Have all audit findings from the 2010 audit been 1) identified in the corrective action plan and 2) addressed such that they are not repeated in the 2011 audit? If the answer is no, please list the repeat findings in the comments section.	

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	Answer	**Question**	
16	Yes	The CFO should prepare both the annual financial statement and annual debt statement. Excessive auditor assistance on these documents could create a perception that the auditor is not truly independent of the client in auditing the client's financial statements. At an absolute minimum, each CFO should prepare audit-ready financial records including books of original entry, general ledgers, subsidiary ledgers and other computer reports that accurately analyze and reflect the municipality's financial position. These records should have sufficient detail for an accountant with sufficient knowledge of New Jersey's municipal accounting system to extract the information necessary in preparing the annual financial and debt statements. This requires that all financial transactions (both cash and non- cash) be posted in the general ledger and that all general ledger accounts be supported by subsidiary ledgers, reports, reconciliations or are otherwise analyzed. If your CFO does not prepare the annual financial statement or annual debt statement, and does not present the financial records in a complete and audit-ready condition, are you retaining outside assistance to do so from an individual or entity separate from your municipality's audit firm?	
17	Yes	The CFO should prepare a municipality's annual budget. If your CFO does not prepare the municipality's annual budget, are you retaining outside assistance to do so from an individual or entity separate from your municipality's audit firm?	
18	Yes	Grant programs can create a significant burden on a municipality's cash flow if program expenses are either not timely reimbursed or are charged to other operating accounts instead of to the grant. Are all grant revenues reviewed at least quarterly to determine that all program expenses have 1) been filed for reimbursement and 2) have been properly charged to the grant, with follow up communication to grantor agencies in instances where payments are delayed?	
		Budget Preparation and Presentation - BP	
19	Yes	Has your municipality fully and accurately disclosed in the "Budget Message" section of your CY2012/SFY 2013 budget the following: Revenues at Risk; Non-Recurring Cost Reductions; Anticipated CY2013/SFY 2014 Appropriation Increases; and Structural Balance Offsets as detailed in Local Finance Notice 2011-37?	
20	Prospective	In preparing your annual budget it is important for both the governing body and public to understand the concept of surplus and how it accumulates (or declines) over the years. A formal policy regarding surplus serves as a basis for decisions concerning future financial solvency, and the lack of a policy could lead bond rating agencies to downgrade your municipality's credit rating. In developing said surplus policy your CFO should analyze and explain at least a five-year trend of surplus; illustrating the factors causing each annual increase or decrease. A surplus policy with realistic and sustainable goals can then be determined. Does your municipality have a written policy goal for the amount of surplus available in support of municipal operations, and is this goal evaluated annually?	

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	Answer	Question	
21	Yes	In preparing your annual budget for the current year it is important that the impact that these decisions may have on future years' budgets be presented, evaluated and considered before final action is taken. Long term plans concerning revenue, appropriations, tax levy, tax levy cap and surplus are critical toward sustaining (or achieving) a solid fiscal condition. Are projections calculated and discussed in sufficient detail so that the governing body understands the impact that the current year's budget may have on the future tax levy (as restricted by the levy cap) and future surplus balances for at least two (2) future year's budgets?	
22	N/A	Certain municipalities have indirectly pledged prompt payment (i.e. issued a guarantee) of debt service with respect to debt issued by counties, independent authorities or developers. Bond Rating Agencies (e.g. Moody's, Fitch, Standard & Poor's) have downgraded certain municipalities' bond ratings to below investment grade for lack of preparation in the event a lender calls in a debt guarantee. If your municipality guarantees any debt, are direct service revenues that may be pledged against debt repayment monitored by the municipal CFO; and to the extent that cash flow from pledged revenue will not satisfy the debt repayment, are sufficient funds held in reserve to satisfy the guarantee or is an existing authorization in place to issue debt (e.g. a bond ordinance) in the event a lender calls in the guarantee?	
23	Yes	Do elected officials receive status reports at least quarterly on all budget revenues and appropriations as they correspond to the annual adopted budget?	
24	No	Given the potential fiscal impact of property tax appeals on municipalities, the Tax Assessor and CFO should review the status of filed appeals on a regular basis to determine their effect on future budgets and plan accordingly. With input and approval from the governing body, this plan should include an evaluation of current assessment values and should consider setting aside an adequate estimated reserve to fund potentially successful state tax court appeals. Has your municipality considered a property reassessment/revaluation to counter the effect of successful residential tax appeals? In answering this question, a yes answer indicates that the municipality either 1) determined after reviewing assessed values that a reassessment/revaluation is unnecessary due to assessed values accurately reflecting market values (resulting in a small number of successful appeals); or 2) if the impact of appeals is significant, a revaluation plan has been filed with your County Board of Taxation.	
25	Yes	In developing your multi-year capital plan, is your municipality dedicating sufficient revenues to fund maintenance, repair and eventual replacement of infrastructure such as roads, storm sewers, sanitary sewers and water systems?	
26	Select	N.J.S.A. 40A:4-62.1 allows for the creation of a dedicated trust fund to reserve funds budgeted during years with relatively little snowfall for use in future years when excessive snowfalls may exceed budgeted funds. Although this past winter may have been mild, a responsible budget will take into consideration its impact on future years. In your 2012 budget, has your municipality reserved at least the average of snow removal expenses incurred over a minimum of 3 years?	
		Health Insurance - HI	
27	Yes	Does your municipality exclude from healthcare coverage part-time elected and appointed officials (less than 35 hours per week)?	
28	Yes	Does your municipality limit health benefits to full-time (35 or more hours weekly) employees (excluding elected and appointed officials)?	

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		Hawthorne Borough (Passaic)	
1604		***Please see Color Key at bottom of sheet for limits on answers***	
	Answer	**Question**	
29	Yes	Does your municipality conduct a monthly review of health benefit covered lives in an effort to delete employees, spouses or dependents who should no longer be receiving coverage?	

Best Practices Worksheet CY 2012/SFY2013

		Hawthorne Borough (Passaic)	
1604		*Please see Color Key at bottom of sheet for limits on answers*	
	Answer	Question	
30	Yes	As explained in Local Finance Notices 2011-20R and 2011-34, P.L. 2011 c. 78 requires employees to contribute toward healthcare based on a percentage of total premium cost, subject to a four-year phase-in. Has your municipality implemented the employee healthcare contribution provisions contained in P.L.2011 c. 78?	
31	No	Municipalities frequently contract with or designate insurance brokers to secure healthcare coverage from insurance carriers. Brokers are typically paid by third-party administrators (TPA's) hired to collect, review and pay healthcare bills. The municipality pays the TPA, who in turn pays the broker. Broker fees are often directly related to the amount of insurance premiums or fees paid by the municipality (i.e. the higher the premium, the larger the broker's commission). Thus, the municipality-broker-TPA arrangement is vulnerable to abuse because brokers could face conflicting incentives in seeking lower-cost insurance alternatives. If your municipality contracts with or otherwise designates an insurance broker, is the structure for broker payments pre-set (i.e. plainly disclosed in the resolution and/or contract designating the broker of record) so as to mitigate the risk of brokers recommending more expensive insurance coverage to earn higher fees?	
32	No	The State Health Benefits Program (SHBP) offers medical, prescription and dental coverage options for more than 850,000 participants, including employees, dependents and retirees. All plans have substantial networks of healthcare providers, and provide services nationwide. 62% of municipalities, and 33% of counties, within New Jersey participate in SHBP. As your municipality's collective bargaining agreements come up for renegotiation, do your municipality's negotiation proposals seek contract provisions allowing its employees to be switched to SHBP?	
33	Yes	If your municipality does not participate in the State Health Benefits Program (SHBP), have competitive proposals for health insurance been solicited in the last three years; including from the Division of Pensions and Benefits for SHBP health insurance coverage?	
		Personnel - PE	
34	Yes	N.J.S.A. 43:15A-7.2 and 43:15C-2(b)(4) preclude independent contractors and individuals performing professional services for any municipality or agency (e.g. municipal attorney, auditor, planner) under a professional services contract awarded pursuant to the Local Public Contracts Law from membership in the Public Employees' Retirement System (PERS) and Defined Contribution Retirement Program (DCRP) . Has your municipality reviewed the status of your independent contractors and professional services providers to ensure they are not deemed eligible for PERS and/or DCRP?	

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	Answer	**Question**	
35	Prospective	The Fair Labor Standards Act (FLSA) is a federal law that establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers in the private sector and in Federal, State, and local governments. The law requires that overtime pay must be paid for all hours over 40 hours in a work week except for those employees classified as exempt and thus not entitled to overtime. Management employees such as elected officials, municipal managers/administrators, municipal clerks, CFOs, public works superintendents, police chiefs and other department heads are typically classified as having exempt status and are not entitled to overtime pay. Other municipal employees may also be classified as exempt under the FLSA (you should consult with your labor counsel for more detailed guidance). Does your municipality refrain from paying overtime to employees who are classified as exempt under the FLSA? In answering this question, be aware that exempt status would also preclude overtime pay for time worked during emergencies, attendance at night meetings, participation in training sessions, and police "off-duty" assignments (a/k/a "Jobs in Blue").	
36	Yes	N.J.S.A. 34:13A-8.2 requires public employers, including municipalities, to file with the Public Employment Relations Commission (PERC) a copy of all contracts negotiated with public employee representatives. This includes, but is not limited to, collective bargaining agreements, memoranda of understanding, contract amendments, and "side letter" or "side bar" agreements. Copies of same may be emailed to contracts@perc.state.nj.us. Has your municipality filed all current contracts with PERC?	
37	Yes	Does your municipality make available to the public free of charge, either through an internet posting or on-site review, documents that show the current salaries of all personnel and additional documents that would allow the public to view how your municipality's salaries have changed over a three year period?	
38	Yes	Are standardized forms completed and filed, either electronically or by paper, to verify all employee time worked (e.g. time cards, electronic time keeping)?	
39	Yes	Does your personnel/human resources office maintain records that account for all leave time earned and used by employees?	
40	Yes	Do supervisors review and approve/deny employee time and attendance documentation before those records are submitted to management and, in the case of department heads, is such documentation reviewed and verified independently?	
41	Yes	Does your municipality limit the carry forward of accrued vacation time to no more than the amount earned in the previous year (meaning no employee hired after the effective date of the limitation policy can keep in any given year more vacation time that they earned in the prior year)?	

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	Answer	Question	
42	N/A	Does the municipal governing body approve all payments for accumulated absences pursuant to the requirements of N.J.A.C. 5:30-15.4?	
43	Yes	Does your municipality provide annual employment practice liability training for elected officials, managers, administrators, department heads and supervisors?	
44	Yes	Does your municipality have a transitional duty program (light duty) to encourage employees out on workers compensation to return to work?	
45	No	The State Workers Compensation Law provides that, when an employee receives a work-related injury producing temporary disability, the employee is entitiled to wage-continuation equal to 70% of the employee's weekly wages, subject to a maximum compensation as determined by the Commissioner of Labor. Does your municipality limit benefits for work-related injuries to the above statutory benefit?	
46	No	The weekly benefit rate provided under the State Temporary Disability Law for a non-work-related injury is calculated on the basis of claimant's average weekly wage. Each claimant is paid 2/3 of their average weekly wage up to the maximum amount payable, which is $572 for disabilities beginning on or after 1/1/12. Does your municipality refrain from supplementing the Temporary Disability benefit?	
47	No	Has your municipality adopted an ordinance, resolution, regulation or policy eliminating longevity awards, bonuses or payments for non-union employees?	
48	No	For any employees covered by a collective bargaining agreement, has your municipality eliminated longevity awards, bonuses or payments for employees hired on or after a specified date, and refrained from increasing longevity awards, bonuses or payments for employees hired before a specified date?	
		Public Safety - PS	
49	Yes	Does your municipality schedule and undertake periodic inspections/assessments of all municipal facilities to ensure they are in good repair and proper maintainance is being performed?	

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Hawthorne Borough (Passaic)

1604 — *Please see Color Key at bottom of sheet for limits on answers*

	Answer	Question
50	Yes	Has your municipality reviewed its policies and staffing requirements for providing traffic safety around utility and construction work, and implemented policies to assure that the most efficient and cost-effective approach is taken? Traffic safety policies for utility and construction work should balance the interests of public safety with those of controlling costs. For example, uniformed police officers controlling a cul-de-sac may be excessive; while parking a policeman in a patrol car on a major highway to act in lieu of a "crash truck" may be insufficient and could endanger the officer. An appropriate traffic safety plan should include parameters governing when police officers, flag men and safety apparatus are used in different circumstances.

1	Select
36	Yes
8	No
2	N/A
3	Prospective
49	**Total Answered:**
41	Score (Yes + N/A + Prospective)
82%	Score %
0%	Percent Withheld

Chief Financial Officer Completion Certification:

Type Name of CFO and Certification # in cells below:

Name

Date Prepared:

Color Key

Red = Repeat Question; Prospective answers not permitted

Blue = Questions where neither "not applicable" nor "N/A" answers are permitted

Green = Repeat questions where neither "Prospective" nor "Not Applicable" are permitted

No Color = "Yes"; "No"; "Prospective" and "Not Applicable" are all permissible answers

# of Questions scored yes, prospective, or "not applicable"	Amount of Aid Disbursed	Impact on final 5% aid payment/impact on total aid
41-50	100%	No penalty
33-40	80%	Lose 20% which equals 1% of total aid
25-32	60%	Lose 40% which equals 2% of total aid
17-24	40%	Lose 60% which equals 3% of total aid
9-16	20%	Lose 80% which equals 4% of total aid
0-8	0%	Lose 100% which equals 5% of total aid

Question	Table of Weblinks (Cut and paste into browser)
5	www.nj.gov/dca/lgs/muniaid/pay_to_play_ordinance-contractor.doc
9	http://www.state.nj.us/perc/Collective_Bargaining_Agreement_Summary_Form_Police_and_Fire_2012.04.02_
9	http://www.state.nj.us/perc/Collective_Bargaining_Agreement_Summary_Form_Police_and_Fire_2012.04.02_
19	http://nj.gov/dca/divisions/dlgs/lfns/11/2011-37.doc

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1604		***Please see Color Key at bottom of sheet for limits on answers***	
	Answer	**Question**	
	30	http://nj.gov/dca/divisions/dlgs/lfns/11/2011-20R.doc	
	30	http://nj.gov/dca/divisions/dlgs/lfns/11/2011-34.doc	
	34	http://nj.gov/dca/divisions/dlgs/lfns/07/2007-28.doc	
	42	http://www.nj.gov/dca/lgs/lfns/02lfns/cfo-2002-1.pdf	