

Local Finance Notice

LFN 2025-13

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2025 Municipal Best Practices Inventory

Language authorizing the Best Practices Inventory is included in the [FY2026 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 2025 Inventory assesses each municipality's compliance with various laws and evaluates the implementation of fiscal and operational best practices. Inventory answers provide taxpayers with 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 **Friday October 24, 2025**. 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. Post-submission answer changes are subject to Division approval.

The Best Practices Inventory is hosted on an [internet-based platform](#). [Platform instructions](#) and a helpful [FAQ document](#) concerning log-in and access are also provided.

The Division must determine whether some portion of a municipality's final formula aid payment will be withheld based on the results of its Inventory. A municipality's full final formula aid payment represents the maximum amount of aid that is subject to withholding. Please review [Local Finance Notice 2025-09](#) for further information on FY26 State Aid to municipalities.

Best Practices Inventory responses may be subject to independent verification.

Question Content and Scoring

The 2025 Best Practices Inventory features new and repeat questions on the following topics:

- Budget
- Capital Projects
- Emergency Services
- Environment
- Ethics
- Financial Administration
- Insurance
- Lead Remediation
- Opportunity Zones
- Personnel
- Procurement
- Redevelopment
- Shared Services
- Technology
- Transparency
- Utilities

A total of 70 questions are distributed amongst three scoring categories: Core Competencies (37 questions), Best Practices (13 questions), and Unscored Survey (20 questions). Four (4) questions in the Unscored Survey category are divided into multiple subparts to better facilitate data tabulation. The Division has introduced a total of six (6) new scored questions and nine (9) new unscored questions to the 2025 Inventory. Five additional questions (three (3) scored and two (2) unscored) have been revived from prior years' Inventories. Each municipality must receive a **minimum score of 32** 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.

The 2025 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 50 scored questions (Core Competencies + Best Practices) for a total of 43.5 points. The thresholds for aid withholding are as follows:

Inventory Score	Final Payment Amount Disbursed	Impact on final 5% aid payment
32 and greater	100%	No withholding
28-31	75%	Lose 25% of final formula aid payment
24-27	50%	Lose 50% of final formula aid payment
0-23	0%	Lose 100% of final formula aid 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 and 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, where the Division of Local Government Services and the Department of Community Affairs may need to prioritize technical assistance resources, and to determine the scope of potential future grant programs. Responses vary from “Yes/No” to multiple-choice to fill-in. Please note that Question 43b may require the upload of an Opportunity Zone Survey Form if your municipality is designated an Opportunity Zone municipality.

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. Please email Matthew.Gallello@dca.nj.gov if you require technical assistance. For assistance regarding the Inventory questions, contact bestpractices@dca.nj.gov. Failure to submit the Inventory is deemed equivalent to a zero score.

The municipality’s Chief Finance Officer, Chief Administrative Officer and the Municipal Clerk must all 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 whomever is responsible for running day-to-day operations (e.g., Municipal Clerk, CMFO). Every municipality has a Chief Administrative Officer in some form.

The Municipal Clerk must also 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; with the inventory results and the certification of same by the Clerk and the chief administrative and financial officers referenced in the meeting minutes. 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.**

Appeals of Best Practices Scores

A municipality may appeal its score to the Director, but not before submitting its Best Practices Inventory. Appeals must be submitted by close of business **Friday, October 24, 2025** 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: Michael F. Rogers, Director

Document	Internet Address
FY26 Approp. Act	https://pub.njleg.state.nj.us/Bills/2024/AL24/22_.PDF
Best Practices Platform	https://njdca.dynamics365portals.us/
BPI Instructions	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/2025/BPI%20Instructions%202025.docx
Log-In & Access FAQ	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/2025/BPI%20Log-In%20and%20Access%20FAQ.docx
BPI Question List	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/2025/FINAL%20-%202025%20DLGS%20BPI%20Questions.xlsx
LFN 2025- 09	https://www.nj.gov/dca/dlgs/lfns/2025/2025-09.pdf
Opp. Zone Survey	https://www.nj.gov/dca/dlgs/programs/best_practices_docs/2025/OZ%20Best%20Practices%20Survey%20Form.xlsx