

**NEW JERSEY HIGHLANDS COUNCIL
BUDGET AND FINANCE COMMITTEE**

**CHAIR REPORT
FOR THE MEETING OF NOVEMBER 27, 2006**

On November 27, 2006, the Budget and Finance Committee held a meeting at the New Jersey Highlands Council office in Chester, New Jersey. Council members present included the Committee Chair Debbie Pasquarelli, Mimi Letts, and Janice Kovach. Highlands Council staff members present included Dante Di Pirro, Patty Sly and Ranji Persaud.

The Committee reviewed the draft FY06 Statement of Activities and Financial Report that summarizes revenues and expenditures for the prior fiscal year. The Committee also examined the updated versions of the proposed FY07 Operating Budget, the proposed FY07 Regional Master Plan Budget, the new Municipal and County Grants Report and the Funding History Report..

The Committee reviewed, discussed and approved the draft FY07 Operating and RMP budgets. The budgets call for the \$3,000,000 FY07 State appropriation to be split between the two budgets, \$2,275,000 and \$725,000 respectively. The largest component of the Operating budget is personnel. The budget was developed in recognition of the State hiring freeze and therefore reflects the current staffing levels. Additional manpower is needed, however, and so funds were set aside in the RMP budget to allow for contracted professional staff. The FY07 budgets will be placed on the November 30, 2007 Council meeting agenda to be considered for approval.

The Committee discussed the Office of Management and Budget's (OMB) request for a draft fiscal 2008 budget at the FY07 appropriation level, as well as scenarios envisioning 10% and 20% reductions from that amount. The committee agreed that a budget reduction would impair the Council's ability to fulfill its mission, and that a proposed FY08 draft budget and the correspondence to OMB should reflect the actual resource needs of the Council. The Council will send FY06 actuals data, a merged (Operating and RMP) FY07 budget, and a memo regarding the FY08 draft budget on December 1st. The committee agreed to meet in December in order to prepare an appropriate draft budget for FY08.

The Committee reviewed the draft format for reporting grants that are awarded by the Council out of the Highlands Protection Fund. In addition to changing the headings of some of the items, the Committee requested a second page be provided with the individual grants itemized. Mr. Di Pirro noted that the next grant program to be proposed will address supporting municipalities wishing to explore becoming a TDR receiving community. The proposal will be sent to Plan Development Committee for consideration in the near future.

Mr. Di Pirro reported that the annual review of the rental arrangement with Chester Township is underway. There is no signed lease because of the Township's interest in having separate electric meters for each tenant prior to finalizing a longer term arrangement. Council staff is in regular communication with the Township liaison and will attempt to finalize the arrangement in the near future. Meanwhile the rental arrangement is on a month to month basis.

The Committee also reviewed the issue of outside accounting and auditing services. Preliminary investigation indicates that the Council is not required to conduct a certified audit of most fiscal

matters because it resides “in but not of” the DEP and that agency’s internal “single audit obligation” will suffice. However, an audit of the Council’s grant award activity is still in question. Ms Sly will follow up for definitive answers to both audit questions and the Committee requested that responses be obtained from Trenton in writing. Finally, the staff would like to renew exploring the need for accounting and internal control consulting from an outside agency. This would involve a review of our procedures for accuracy, compliance with accounting standards and appropriate checks and balances.

After opening the meeting for any public comment, and receiving none, the Committee adjourned.