

Northern New Jersey NIGP
Minutes of the Regular Meeting – September 10, 2014
The Imperia Conference Center, Somerset New Jersey

The meeting was called to order at 10:11 AM by Vice President John Gregory.

After the flag salute, followed by a moment of silence, the Vice President welcomed all new guests and introductions were made by the attendees.

By motion, the Treasurers Report which had been emailed to members and the minutes from the previous meeting held on June 12, 2014 were approved.

GUEST SPEAKERS

John Gregory then spoke about the subject matter to be discussed at the meeting, citing the fact that there can be disconnection between the purchasing and finance functions. He then introduced Marc Pfeiffer, who is retired from the Division of Local Government Services (DLGS). Marc discussed his activities post retirement and his position as Assistant Director at the Bloustein Local Government Research Center at Rutgers University.

Marc's presentation covered budgeting, appropriations and encumbrance systems, which are all a part of an integrated financial system. Overall fiscal policy rests with the governing body. A budget provides spending authority and in a balanced budget, revenues will equal appropriations. It results in tax authority. New Jersey is the only state that has an agency (DLGS) that reviews budgets. Among other things it ensures that revenues are not being over anticipated.

Budgets are prepared in advance of the fiscal year, but are finalized after the close of the fiscal year to get hard and complete revenue collection numbers. If an entity doesn't adopt its budget on time, the DLGS can set the budget and tax levy for the entity. This happens very rarely. Prior to adoption of the budget, the entity works off a temporary budget which runs from the start of the fiscal year to final budget adoption. Emergency appropriations are made when needed.

Marc gave an overview of the creation of the budget, providing information about the Budget Document comprised of

- Budget Message/Data Sheet
- Revenue Section
- Appropriations

Budgets can be amended through Budget amendments, as circumstances change throughout the course of a year. One of the most common needs for an amendment would be due to the insertion of a Special Item of Revenue (c.159). Also emergencies might require budget amendments. Funds for the emergency must be raised in the following year's budget or can be funded by borrowing or taken from surplus.

In addition, budgets can be changed by transfers, moving appropriations between line items. This requires the approval of 2/3 of the governing body.

Also addressed was the concept of Reserve Years, which is leftover money from a prior year’s budget and Appropriation Refunds, for example, insurance money. This can be treated as a c.159 budget amendment or as miscellaneous revenue not anticipated.

Marc ended his presentation by discussing encumbrance systems and the paying of bills which requires governing body approval prior to payment.

Gordon Ball, Procurement Specialist, DLGS, then discussed the relationship between purchasing and finance and the fact that purchasing does not exist in a vacuum, but should be of help to other departments such as finance and user departments. Centralized vs. decentralized purchasing systems were discussed as well as the need to establish good working relationships.

With regard to the order entry side, it is necessary to keep up with current events, and to time your orders to obtain the best prices. For example place your order for rock salt in the summer not in the winter when demand is high and prices are probably higher. Know what current prices are for commodities, don’t just guess. Be proactive and look ahead. Utilize open end contracts, cooperative contracts, commodity resale, NJ State Contracts, National Coops (LFN-2012-10). Don’t categorize purchases as emergencies if they are not.

Ultimately the encumbrance system is controlled by the Finance Officer. The responsibilities of the Local Finance Officer are on DLGS website. Gordon concluded his presentation by commenting on 1033 programs (transfer of surplus military property to state and local governments) and the fact that certification of funds must state how much is being certified.

The Guest Speaker portion of the program concluded at 11:50 AM.

NEW BUSINESS

Mary Lou Stanton stated that the Rutgers conference (Procurement Enlightenment) will be held on 4/29 and 4/30 in 2015. Kathi Cupano will have brochures ready at the League of Municipalities conference in November.

OLD BUSINESS

President Jim Jorgensen thanked John Gregory for putting the day’s program together. He also talked about the decision to stay with the National Chapter of NIGP which was made for several reasons, including the fact that we share a 35 year history and the lack of a clear vision of what the next step was going to be if we were to go on our own.

The meeting was adjourned at 11:57 AM

Next meeting date: Thursday, December 11, 2014 at 10 AM.