

Borough of Chatham

Annual Report

2015



Finance Report Prepared by
Timothy B. Day., Chief Financial Officer

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

The finance department is responsible for all financial affairs of the Borough. The goal of the financial department is to maintain financial stability, to provide accurate and timely financial information, provide recommendations to the Borough's decision makers, and to protect the Borough's assets through the establishment of effective internal controls. The department also strives to provide valuable and responsive support services to the other Borough departments. The department remains at the same staffing levels since 2014 - 3 full-time and 3 part-time employees.

The department is responsible for the Borough's debt management; maintaining the budget; managing cash activity; for the receipt, deposit, investment and disbursement of funds and ensure that all properties are assessed properly. The Chief Financial Officer has the responsibility for managing the day-to-day operations. Surplus funds are invested for maximum safety, liquidity and yield in compliance with the Borough's investment policy and the State of New Jersey Statues. The functions of the department include accounts payable, purchasing, general accounting, financial reporting, utility / tax collection, tax assessments, fixed assets, accounts receivable, information systems, general liability insurance and workman's compensation insurance, health insurance and human resources. This department processes new and terminating employees as well as assisting employees with health benefits and payroll issues including tax withholdings, direct deposit and deferred compensation.

The purchasing section is responsible for the proper procedures in the processing of the centralized system, assists department heads in the use of the computerized requisition system and assures the Borough purchasing policies are followed. This area provides budget reports to all departments.

The information system section coordinates contract services for maintenance for the programming and hardware maintenance of the Borough's automated systems and services for web site management. The information section also supports computer users in the administrative departments, maintains the local area network, and assists departments in the selection of software systems. The department also coordinates training of the staff on new computer equipment and software.

2015 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2015 **as there were no recommendations in the 2014 audit.**
- Continued the on-going evaluation of internal controls to maintain proper segregation of duties while streamlining workflow.
- Cross-training efforts were continued within the department, particularly in the payroll functions and revenue procedures.
- The finance department completed many bank changes during the year. The trust accounts were combined into one account therefore allowing Finance Department to reduce the number of bank accounts. We opened bank accounts with Investors and Peapack Gladstone Banks. We will continue the bank account consolidations in 2016.

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

- The finance department and the Borough department heads assisted in finalizing the plans for the office reorganization. The reorganization started in the beginning of 2015 and will be completed by the end of the 1st quarter.
- Effectively manage the Borough's cash and investment portfolio to maximize revenues while adhering to the primary goals of safety and liquidity of the Borough's cash reserves
- The Borough has completed the outsourcing of the payroll processing to a 3rd Party Vendor. Finance Department still manages the payroll function, but utilizes the vendor to pay payroll taxes, files regulatory reports, and print payroll checks / advices.

YEAR END STATUS

Current Fund Balance



The interest earned on investments continues to be a challenge during the year of 2015 and the rate is .20% for operating accounts and 35% for investment accounts. Our Fund Balance at year-end still maintained a strong level of \$2,241,351 due in part to a good tax collection rate of 98.86%. The Borough had two one-time Miscellaneous Revenues Not Anticipated (sale of property & an insurance reimbursement), which increased the 2014 Fund balance.

	2015	2014	2013	2012	2011
Interest Rate At Year End	.20% /.35%	.35%	.50%	.50%	4.0%
Interest Earned	\$134,450	\$105,998	\$83,500	\$350,526	\$208,730
Fund Balance At Year End	\$2,241,351	\$2,540,437	\$2,475,875	\$2,137,821	\$3,717,473
Fund Balance Utilized In Next Year's Budget	\$2,195,000	\$2,195,000	\$2,175,000	\$2,000,000	\$3,300,000
Ending Fund Balance	\$46,351	\$345,437	\$300,875	\$417,473	\$434,675

Water Operating Fund

- The Water Operating Fund had an excess in revenues from 2015 water fees of \$377,787.
- The water utility has continued to be self-liquidating in 2015.
- The 2015 year-end Fund Balance was \$1,101,239. This was an increase over 2014 year-end fund balance of \$758,378.
- We appropriated \$52,000 of the 2014 fund balance in the 2015 budget.

Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2015 of \$34,335.
- The 2014 closing Fund Balance was \$263,751.
- In 2015 the Borough collected in \$36,207 in excess of revenues anticipated vs. \$37,920 collected in 2014.
- We appropriated \$0 of the 2014 fund balance in the 2015 budget.

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

2015 Tax Collector's Office Annual Report

2015 Tax Collections.....	\$38,779,423.73
2014 Tax Collections	\$ 434,054.40
Prepaid Taxes (2016)	\$ 176,700.92
Interest	\$ 96,864.60
Bounced Check Fee	\$ 85.00
Miscellaneous	\$ 40.00
Tax Search Fee	\$ 12.00
Premiums collected at Tax Sale (*not included in total).....	\$ 5,500.00*
Redemptions during 2015 (*not included in the total)	\$ 58,498.98*
Premiums returned during 2015 (*not included in the total)	\$ <u>95,100.00*</u>
Total Receipts	\$39,487,179.65

2015 Tax Assessors Office Annual Report

The ratable base increased from \$2,060,682,700 to \$2,072,948,300 from 2015 to 2016, an increase of \$12,265,600 not including personal property telephone – 6A. That equates to \$234,395 in tax dollars based on the 2015 tax rate of 1.911. There was some loss in tax appeals due to market conditions and sales but an increase due to added assessments/new construction and permits.

We had 28 County Tax Appeals in 2015 where six were withdrawn, three had stipulations which two were corrections while the other was to withdraw of all prior years pending, one was upheld, and ten were affirmed because they were Tax Court pending, three were dismissed for taxes not paid and five were dismissed for nonappearance. There were 2 added assessment appeals, one the hearing was waived and the other was reversing the added. There was a total loss of \$370,000 in assessed value which equates to \$7,070 in tax dollars. The loss from the added assessment appeal was \$16,300 for 8 months which equates to \$207.68 however the total added assessments picked up were \$14,325,000 which is \$273,750 in taxes. The total ratable base that was under appeal was \$17,330,000.

We had around 18 State Appeals filed in 2015, along with prior years there were around 53 appeals. The loss was minimized by trying to have appeals withdrawn for prior years or step down the reductions.

The outlook for tax appeals is difficult to ascertain. Due to market conditions and solicitations from attorneys we may see more appeals. The deadline for filing tax appeals is April 1, 2016. At that time, we will have a better idea as to our potential ratable losses.

We will continue to settle cases which will favor the Borough and minimize loss as best we can or go to trial to defend the assessments when necessary.

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

2015 Registrars Yearly Report

During 2015, this office issued various licenses and certified documents:

Certified Death Certificates	1,305	\$13,050.00
Marriage Licenses Issued	30	\$ 90.00
Marriage Certified Copies	147	\$ 1,470.00
Birth Certified Copies	1	\$ 10.00

Total Monies Deposited for Registrar's Office \$14,620.00

Death

Reported Deaths of Chatham Borough Residents	41
Deaths taking place in Chatham Borough	23

Marriages/Civil Unions

Twenty-one (21) marriages took place in Chatham Borough houses of worship, homes or restaurants, thirteen (13) of those marriages were Borough residents. We issued 30 Certificate of Marriage, down from 34 in 2014.

Registrars Duties

Cheri Morris is now the Deputy Registrar and Robin Kline is the Alternate Deputy. We continue to attend training classes through-out the year to maintain our certifications.

Chatham Borough is a member of the State and the Morris County Registrar's Association. Both organizations provide support and training throughout the year.

Fees in 2015

The office raised our fees from \$10.00 per certified copy of a record to \$15.00 and \$40.00 for a correction.

2015 GOALS AND OBJECTIVES

Goal: Reduced number of Banks the Borough does business with. Maintain one bank for all the operating type accounts and one bank for investment accounts.

Achievement: Reduced manual accounting entries and streamline banking function for the Borough. We have completed 95% of the bank account consolidation.

Goal: Explored benefits / costs to include escrow module with the Edmunds Finance Software.

Achievement: The benefits would be to reduce cost and provide fewer steps to process escrow payments and receipts. We received a quote for installation of the module from Edmunds. The installation and set-up is anticipated to occur in 2nd quarter or 2016.

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

Goal: Requested quotes from Payroll companies to provide payroll services to Borough. This would eliminate the use of the Edmunds system for payroll processing.

Achievement: The vendor (Prime Point) was selected the transition were completed by year end and 2016 Payrolls will be processed by vendor.

Goal: Prepared and submitted 2015 Budget for Council approval within the State required dates.

Achievement: The budget approval process met the required dates and we were able to provide a positive response to the Best Practices Questionnaire allowing for receipt of entire state aid.

Goal: Develop policy and procedure for the disposal and destruction of electronic (computer) equipment from Borough Hall.

Achievement: This will allow the Borough to be compliant with NJ State law for electronics disposal and records requirements. A vendor will be set up to recycle the obsolete electronic equipment. There were some modifications to the plan electronics disposal in 2015 and the policy will be part of 2016 goals.

Goal: Enhanced the Purchase Requisition Module with the Edmunds Finance Software.

Achievement: The benefits enhanced controls and approvals on the procurement of goods and services. Some minor changes were made to this module and more will occur in 2016.

2016 GOALS AND OBJECTIVES AND ACHIEVEMENTS

Goal: The department will review the additional modules offer by the payroll company for full time reporting and human resources.

Objectives:

- Determine if these modules would provide added value to the borough and employees. We will also review the associated costs for these services and determine the potential savings. We will view a webinar provided by the vendor and visit other clients who use these services.

Achievements: These potential new services will provide Borough Administration and employees will be more timely and accurate information regarding benefits and time reporting. Also will provide work efficiencies to the Finance Department.

Goal: Continue to develop a professional well-trained staff in order to provide the highest level of quality and cost-effective service.

- Provide computer software classes on desktop programs to the Borough staff maximizing the use of technology resources.
- Maintain and update the Borough's website using in-house staff and web content management technology to reduce the cost of this service.

2015

FINANCE REPORT

By Timothy B. Day, Chief Financial Officer

- Develop cross-training procedures for department staff to provide the most efficient work force possible. Having personnel alternate monthly duties so each become's proficient in completing these tasks.

Achievements: We implemented web content management technology which enabled the clerk to update more items on the site reducing costs. The bank reconciliations and certain payroll functions are alternated by two people each month.

Goal: Determine if a procurement card issued to Department Heads under the State of New Jersey program would provide value added for Borough related purchasing.

- Reduce the number of Purchase Orders and checks issued by the Borough.
- Allow a purchasing method for Department Heads an easier method from procurement of goods & services.

Achievements: Provide efficiencies with the Borough's procurement of goods & services and possibly provide a cost savings as well.

Goal: Finalize the policy and procedure for the disposal and destruction of electronic (computer) equipment from Borough Hall.

Achievement: This will allow the Borough to be compliant with NJ State law for electronics disposal and records requirements. A vendor may be set up to recycle the obsolete electronic equipment.