

# Borough of Chatham

## Annual Report

2007



Finance Report Prepared by  
Dorothy M. Klein, Chief Financial Officer

Human Resource Report Prepared by  
Tyrina Milian, Assistant Finance Officer

# 2007 FINANCE REPORT

By Dorothy M. Klein, 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 and 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 consists of four full-time and one part-time employee.

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. 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 Statutes. The functions of the department include accounts payable, purchasing, general accounting, financial reporting, utility and tax collection, 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.

## 2007 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2007 **as there were no recommendations in the 2006 audit.**
- The online ACH tax payments giving citizens the ability to pay their taxes online through their bank accounts at no cost to the user has become more popular this year with each quarter seeing an increase number of residents using this service.
- Continued the on-going evaluation of internal controls to maintain proper segregation of duties while streamlining workflow. We were able to further segregate duties by teaching more people how to complete bank reconciliations.
- Cross-training efforts were continued within the department. This year we were able to bring more of the parking duties into finance. This will continue through 2008 when the parking duties will be fully assimilated.

# 2007 FINANCE REPORT

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- The two LAN servers continue to take care of the needs of the administration offices. Two PC's were purchased to upgrade outdated machines; one of these was passed on for other uses in the DPW the other was put up for auction.
- The recreation department on-line program, Community Pass, is totally utilized to accept credit cards through Community Pass. This has made the financial posting of the receipts more efficient.
- The finance department completed its relocation this year and is entirely located together on the middle level behind a locked door with security windows for receipts. It gives everyone a more secure environment to accept receipts.
- 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

## YEAR END STATUS

### Current Fund Balance



The interest earned on investments continued to climb during the year 2007 even with the reduction of rates which starting at 5.0% in January and ending the year around 4.3%. Our Fund Balance at year-end still maintained a strong level of \$4,160,716 due in part to a good tax collection rate of 99.01%. Anticipated Revenues realized at or in excess of the anticipated amounts and other Miscellaneous Revenue Not Anticipated including a large increase in interest earned on investments helped to increase our fund balance.

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
Interest Rate At Year End	4.17%	5.0%	4.0%	2.25%	1.25%
Interest Earned for the Year	\$521,103	\$350,526	\$208,730	\$79,761	\$74,610
Fund Balance At Year End	\$4,160,716	\$3,904,402	\$3,717,473	\$3,234,676	\$3,010,193
Fund Balance Utilized In Next Year's Budget	N/A	\$3,500,000	\$3,300,000	\$2,800,000	\$2,550,000
Starting Fund Balance	\$404,402	\$417,473	\$434,675	\$460,193	\$457,950

# 2007 FINANCE REPORT

By Dorothy M. Klein, Chief Financial Officer

## Water Operating Fund

- The Water Operating Fund had a deficit in rent revenue from water fees in 2007 of (\$37,914) but the Miscellaneous Revenues of \$46,932 created a \$9,018 excess.
- The water utility has continued to be self-liquidating in 2007.
- The 2007 year-end Fund Balance was \$85,417 this was a decrease from 2006 of \$126,933.
- We appropriated \$172,144 of the 2006 fund balance in the 2007 budget.

## Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2007 of \$16,481.
- The closing Fund Balance was \$51,516
- In 2006 the closing fund balance was \$58,171, with excess in revenue of \$33,645.
- We appropriated \$46,252 of the 2006 fund balance in the 2007 budget.

## 2007 GOALS AND OBJECTIVES AND ACHIEVEMENTS

**Goal:** Implement a procedure book for the finance department detailing each employee's day-to-day functions. This can serve as a guide for others in the department when covering another's duties.

Objectives:

- Sent out requests to department and received detailed descriptions of their day to day procedures. Because the department was reorganized there was still one additional person to incorporate.

**Achievements:** All of the descriptions have been received. There is some updating necessary as they continually change. We look to further this goal in the coming months.

**Goal:** Contract to have a new Fixed Asset Inventory system installed in the Borough. Implement this system after all offices have been relocated and new purchases are in place.

Objectives:

- In February complete contract and schedule appraisals.
- Start appraisals at the end of March into April.
- Complete process and obtain appraisal report.

**Achievements:** All of the above have been completed on schedule.

**Goal:** When available have the utilities get online service of ACH payments.

Objectives:

- This only became available a few weeks ago

**Achievements:** I have a proposal being prepared in the next week.

# 2007 FINANCE REPORT

By Dorothy M. Klein, Chief Financial Officer

## 2008 GOALS AND OBJECTIVES

**Goal:** Implement ACH payments for Water/Sewer and Solid Waste.

- By End of February receive proposal
- Start testing by May 1
- Have on line by June 1 for Water/Sewer
- Have Solid Waste on line for 2009 billing

**Goal:** Write Cash Procedures for the Finance Offices

- Complete summary of procedures by the end of March.
- Proof, approve and distribute by the end of June

**Goal:** Write procedures for Fixed Asset Inventory as well as do updates to inventory list.

- Complete summary of procedures by April 1; proof, approve and distribute by end of May.
- Update inventory list with new items from 2007 ASAP and report back to the Appraisal Company. (No later than March 31)

**2007 Human Resource Report**  
**By Tyrina Milian, Assistant Finance Officer**

The human resource department is responsible for the administration of insurance, pensions, and benefits for the Borough of Chatham. The purpose of this department is to provide customer service to employees, effectively communicate all changes, and maintain compliance with state and federal employment regulations.

The human resource department is responsible for, but not limited to, management of employee records, leave administration, new hire documentation, payroll processing and benefits administration. In 2007, the Borough of Chatham employed 120 men and women. Of those 120 employees, (66) were full-time, (40) part-time, (14) seasonal. Through the course of the year, (7) new employees were hired, of which, (3) were full-time, (3) part-time, and (1) seasonal. There were (3) resignations and (1) retirements.

Below is a list of programs offered and its participating members.

Public Employees Retirement System	64	American General Life Insurance *	0
Police & Fire Retirement System	25	Premier Vision Care Network *	7
Guardian Dental Insurance *	36	Horizon Blue Cross/Blue Shield	67
Aflac Disability Insurance *	19	PBA Local 226 *	24
American United Life Deferred Comp *	24	Teamsters Local 469 *	18
AXA Equitable Deferred Comp *	37	US Bonds *	5

\* Employee Paid Programs

In 2007, the Borough of Chatham withdrew from New Jersey State Health Benefits and joined Horizon Blue Cross/Blue Shield of New Jersey through the brokerage firm of Grinspec. Employees and retirees attended informative seminars detailing the insurances and support services available to them. The Human Resources Department attended an orientation for enrollment and employee notifications with Grinspec personnel. This department administered the collection and verification of all enrollment applications for employees and retirees, as well as the distribution of I.D. cards and member handbooks.

Throughout the year it becomes necessary for the Borough to provide proof of its insurance in the form of certificates of insurance. The human resource department will request certificates of insurance from the Morris County JIF for leases and activities such as training, use of facilities and recreation. In total, the Borough requested (11) certificates of insurance, of which, (2) were for the police department, (3) fire department, (5) recreation, and (1) general purpose. In addition, certificates of insurance are also provided from outside sources using Borough property and facilities. In total, (52) certificates of insurance were received and filed.

It is also the responsibility of this department to administer insurance claims regarding general liability, property and automobile loss with the Morris County Joint Insurance Fund. This department also tracks worker's compensation claims, ensuring prompt reporting of injuries, status and payment of medical expenses.

**2007 Human Resource Report**  
**By Tyrina Milian, Assistant Finance Officer**

Below is a summary of the types of claims, reported and filed, by the Borough of Chatham for 2007:

<b>GENERAL LIABILITY</b>	<b>REPORTED</b>	<b>FILED</b>
Property Damage by Trees	3	0
Sewer Related	3	2
Personal Injury	3	0
Recreation	0	0
<b>TOTALS</b>	<b>9</b>	<b>2</b>

<b>AUTOMOBILE CLAIMS</b>	<b>REPORTED</b>	<b>FILED</b>
Library	0	1
Police Department	1	0
DPW	0	0
Third Party Vehicles	3	0
<b>TOTALS</b>	<b>4</b>	<b>1</b>

<b>WORKER'S COMPENSATION CLAIMS</b>	<b>CLAIMS</b>	<b>DAYS LOST</b>
Police	2	0
DPW	2	0
Fire Department	0	0
Emergency Squad	1	0
<b>TOTALS</b>	<b>5</b>	<b>0</b>

**GOALS & OBJECTIVES**

**2007 GOALS & OBJECTIVES**

- Goal: Complete the updated Employee Job Descriptions manual
  - Achievement: All job descriptions were collected later than anticipated. Several positions were expanded. In addition, a new position was created. 95% of the job descriptions have been reviewed and revised as well as inserted in binders.
  - Objective: The manuals will be completed and distributed in late spring.

**2007 Human Resource Report**  
**By Tyrina Milian, Assistant Finance Officer**

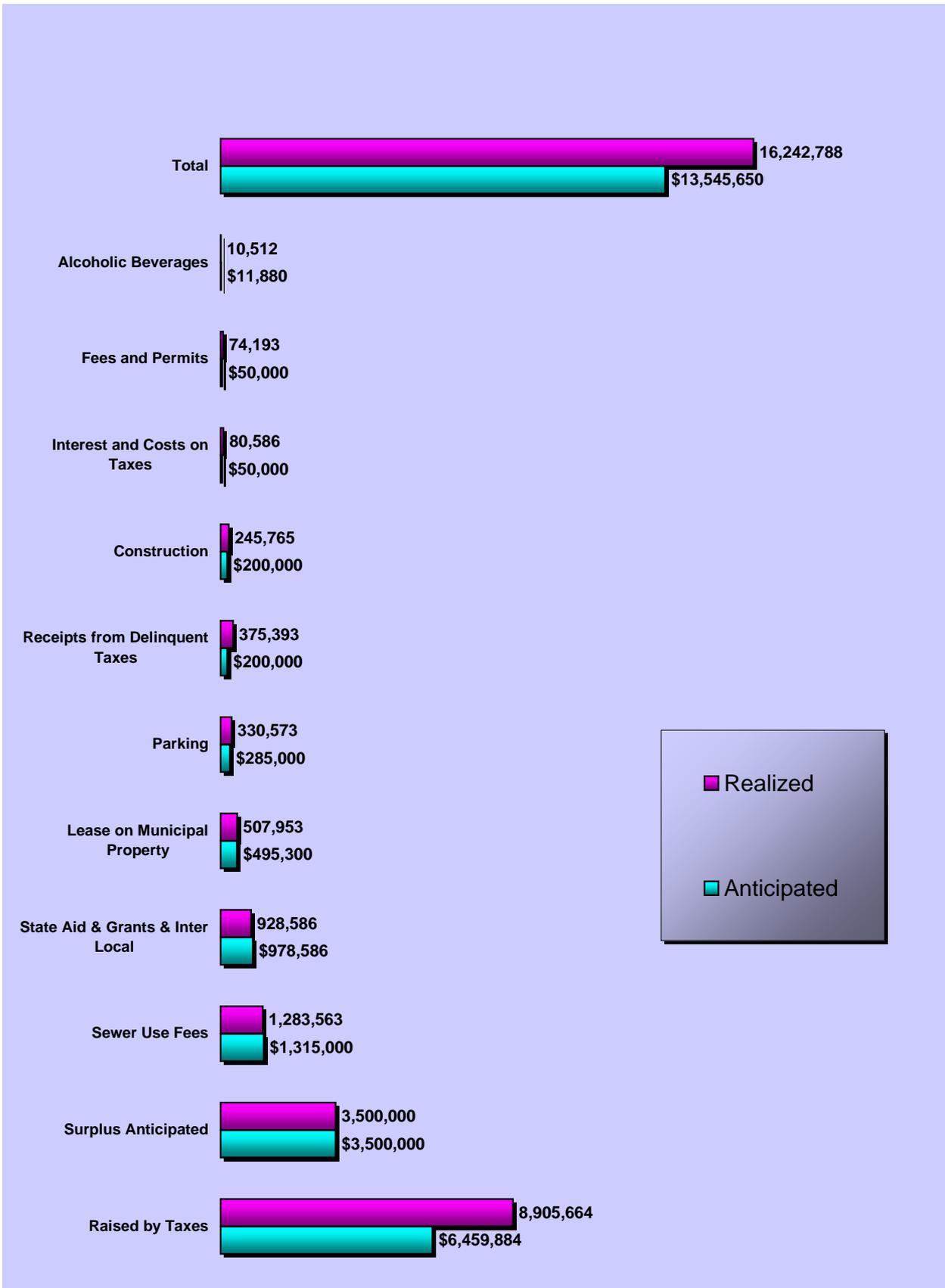
- Goal: Complete and distribute the individual employee extended wages summary.
  - Achievement: The cost of each employee's health insurance and employer portions for State Disability Insurance, State Unemployment Insurance, Social Security and Medicare for each employee had been determined. An excel spreadsheet has been developed to merge pertinent data. An individual payroll bulletin format had been designed.
  - Objective: To update relative data for each employee's extended wages summary and distribute.
  
- Goal: Design a Human Resources/Payroll Bulletin.
  - Achievement: It was decided to integrate the Human Resources/Payroll Bulletin with the employee's extended wages report.
  - Objective: Research possible information to be used and survey employees to see what they would like to see.

**2008 GOALS & OBJECTIVES**

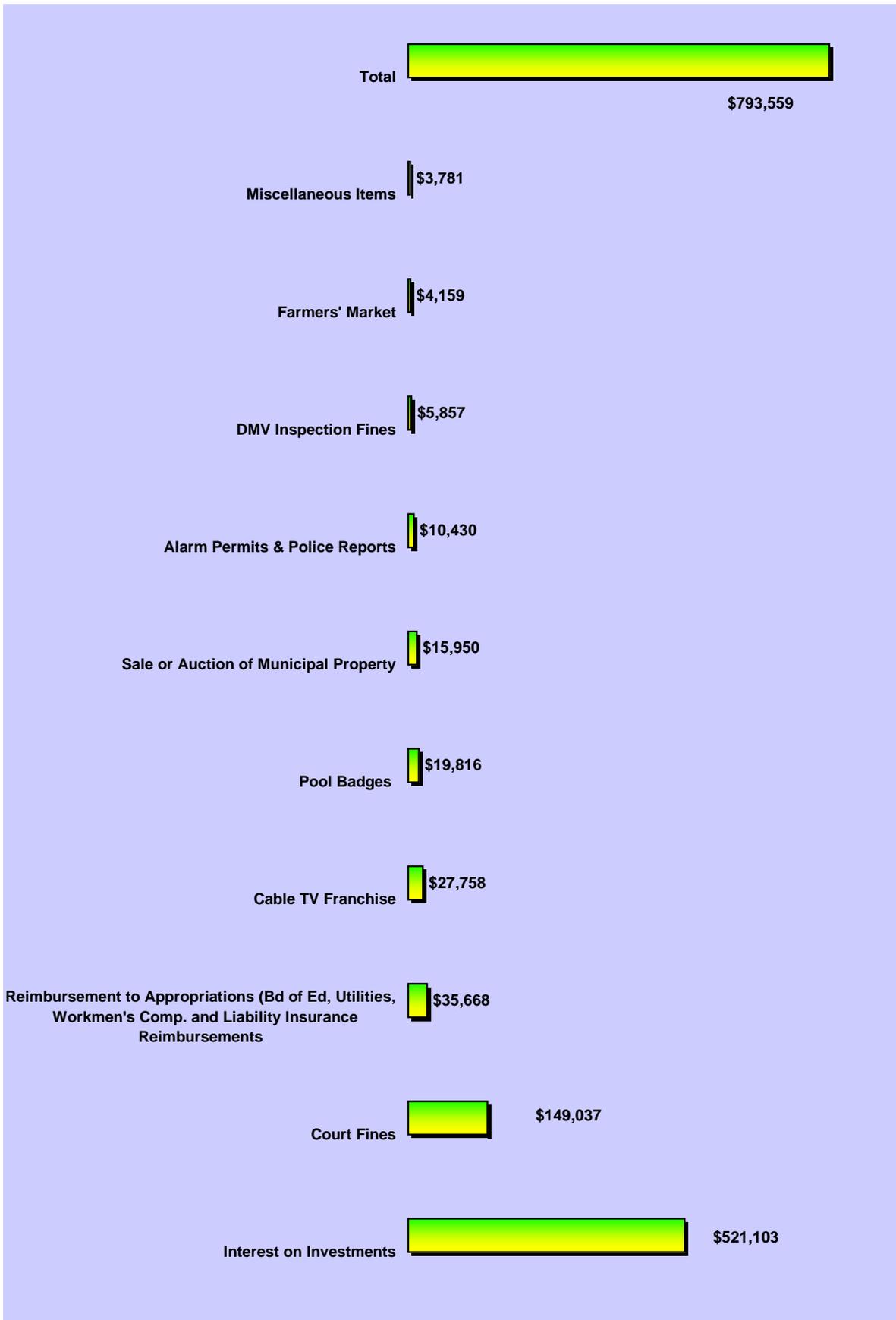
- Complete the Employee Job Descriptions manual and prepare for distribution.
  
- Complete and distribute the individual Human Resources/Payroll Bulletin, which includes the extended wages summary.
  
- Review the Personnel and Policy Procedures to comply with JIF Requirements.



**Anticipated Revenue 2006**



**Miscellaneous Revenue Not Anticipated (MRNA) 2006**



**BOROUGH OF CHATHAM**

**Debt Service**

**2007 Debt Service**  
**General Capital Improvement Bonds**

<b><u>1995 General Improvement Bonds Total Issue</u></b>	<b>\$2,864,000.00</b>	
Outstanding January 1, 2007		\$704,000.00
Interest Rate	5.40%	
Final Payment Due	March 1, 2009	
Principal Due	March 1	
Interest Due	March 1, September 1	
To Be Retired 2007		<u>(240,000.00)</u>
<b><u>Bonds Outstanding December 31, 2007</u></b>		<b><u>\$ 464,000.00</u></b>

<b><u>2002 General Improvement Bonds Total Issue</u></b>	<b>\$5,058,000.00</b>	
<b><u>(Includes Open Space Trust Portion)</u></b>		
Outstanding January 1, 2007		\$4,158,000.00
Interest Rate	3.375 - 4.25%	
Final Payment Due	August 1, 2017	
Principal Due	August 1	
Interest Due	February 1, August 1	
To Be Retired 2007		<u>(250,000.00)</u>
<b><u>Bonds Outstanding (General Budget) December 31, 2007</u></b>		<b><u>\$3,908,000.00</u></b>

<b><u>2006 General Improvement Bonds Total Issue</u></b>	<b>\$8,170,000.00</b>	
<b><u>(Includes Open Space Trust Portion)</u></b>		
Outstanding January 1, 2007		\$8,170,000.00
Interest Rate	3.63% - 4.0% (3.79%)	
Final Payment Due	December 15, 2021	
Principal Due	December 15	
Interest Due	June 15, December 15	
To Be Retired 2007		<u>(125,000.00)</u>
<b><u>Bonds Outstanding (General Budget) December 31, 2007</u></b>		<b><u>\$8,045,000.00</u></b>

**Debt Service due on these Bonds in 2007 will be:**

Principal	\$	563,000.00
Interest	\$	436,402.00
		<u>\$ 999,402.00</u>

**2007 Debt Service**  
**Water Capital Utility Bonds**

<b><u>1995 Water Utilities Bonds Total Issue</u></b>	<b>\$1,287,000.00</b>	
Outstanding January 1, 2007		\$682,000.00
Interest Rate	5.5% - 5.8%	
Final Payment Due	March 1, 2009	
Principal Due	March 1	
Interest Due	March 1, September 1	
To Be Retired 2007		<u>(65,000.00)</u>
<b><u>Bonds Outstanding December 31, 2007</u></b>		<b><u>\$ 617,000.00</u></b>

<b><u>2002 Water Utilities Bonds Total Issue</u></b>	<b>\$1,274,000.00</b>	
Outstanding January 1, 2007		\$ 1,089,000.00
Interest Rate	3.375 - 4.25%	
Final Payment Due	August 1, 2017	
Principal Due	August 1	
Interest Due	February 1, August 1	
To Be Retired 2007		<u>(50,000.00)</u>
<b><u>Bonds Outstanding December 31, 2007</u></b>		<b><u>\$ 1,039,000.00</u></b>

<b><u>2006 Water Utilities Bonds Total Issue</u></b>	<b>\$945,000.00</b>	
Outstanding January 1, 2007		\$945,000.00
Interest Rate	3.63%-4.0% (3.79%)	
Final Payment Due	December 15, 2026	
Principal Due	December 15	
Interest Due	June 15, December 15	
To Be Retired 2007		<u>(65,000.00)</u>
<b><u>Bonds Outstanding December 31, 2007</u></b>		<b><u>\$ 880,000.00</u></b>

**Debt Service due on these Bonds in 2007 will be:**

Principal	\$ 145,000.00
Interest	<u>\$ 117,194.00</u>
	<b><u>\$ 262,194.00</u></b>

**2007 Debt Service**  
**Wastewater Treatment Loans**

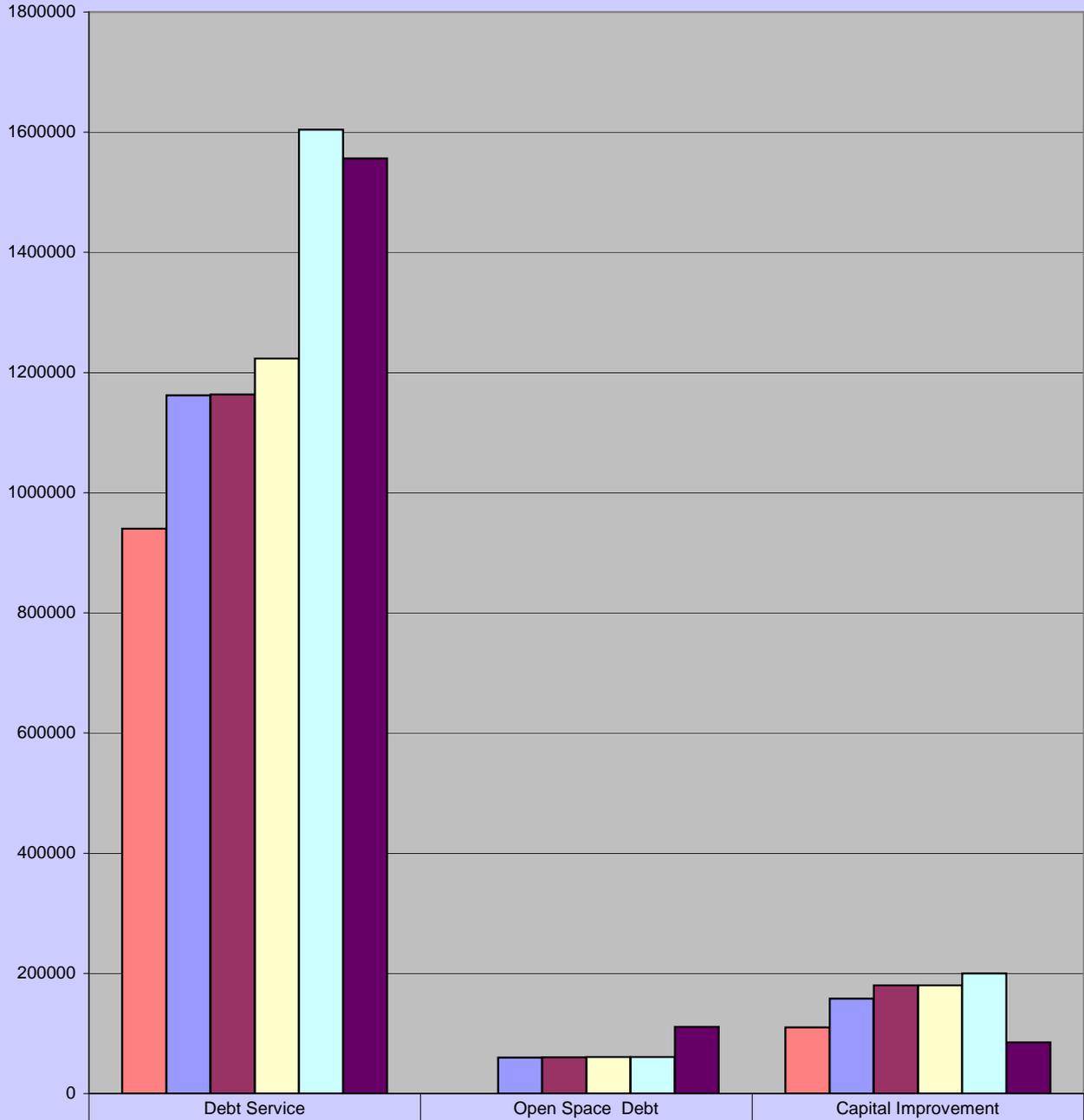
STATE OF NEW JERSEY TRUST & WASTEWATER TREATMENT LOANS

<u>Principal Balance As Of</u>	<u>Date of New Jersey</u> <u>Fund Loan (No Interest)</u>	<u>Wastewater</u> <u>Treatment Trust Loan</u>	
<u>Total Balance January 1, 2007</u>			\$1,092,517.41
 <b><u>Loan #1 - 1988</u></b>			
January 1, 2007	\$ 198,464.40	\$ 376,953.98	
Retired In 2007	<u>\$ (135,131.60)</u>	<u>\$ (205,000.00)</u>	
Balance at December 31, 2007	<u>\$ 63,332.80</u>	<u>\$ 171,953.98</u>	
 <b><u>Loan #2 - 1989</u></b>			
January 1, 2007	\$ 188,975.75	\$ 206,782.61	
Retired in 2007	<u>\$ (48,886.59)</u>	<u>\$ (70,000.00)</u>	
Balance at December 31, 2007	<u>\$ 140,089.16</u>	<u>\$ 136,782.61</u>	
 <b><u>Loan #3 - 1993</u></b>			
January 1, 2007	\$ 51,340.67	\$ 70,000.00	
Retired in 2007	<u>\$ (8,229.25)</u>	<u>\$ (10,000.00)</u>	
Balance at December 31, 2007	<u>\$ 43,111.42</u>	<u>\$ 60,000.00</u>	
 Loans #1, #2, & #3 State and Wastewater			 <u><u>\$ 615,269.97</u></u>

**Debt Service Due on these Loans in 2007 will be:**

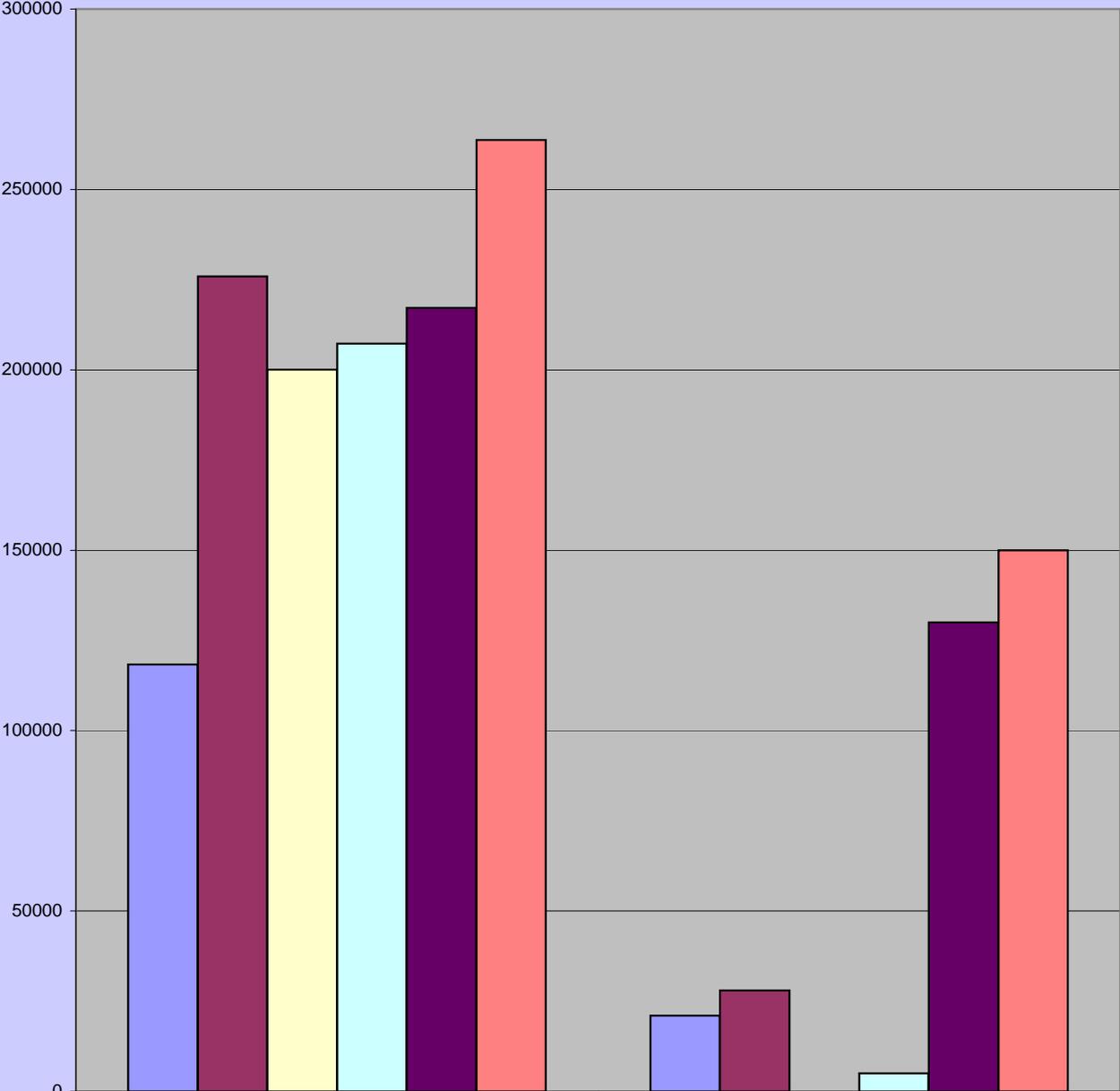
Principal	\$ 461,777.00
Interest	<u>\$ 40,839.00</u>
	<u><u>\$ 502,616.00</u></u>

**Borough of Chatham General Capital Debt Service  
Also Showing Open Space Debt Service**



2002	940212	0	110000
2003	1162292	59747	158000
2004	1163395	60184	180000
2005	1223545	60570	180000
2006	1604348	60906	200000
2007	1556491	111190	85000

Borough of Chatham Water Capital Debt Service



	Water Capital Debt	Capital Improvement
2002	118305.58	21000
2003	225916	28000
2004	200034	0
2005	207292	5000
2006	217203	130000
2007	263711	150000