

Borough of Chatham

Annual Report

2010



Finance Department

Finance Report Prepared by
Tammie L. Kopin, Chief Financial Officer

Human Resource Report Prepared by
Tyrina Milian, Assistant Finance Officer

2010 FINANCE REPORT

By Tammie L. Kopin, 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 two part-time employees.

The department is responsible for the Borough's debt management; developing and 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, payroll input and processing, utility and tax collection, tax assessment functions, 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. The purchasing responsibilities also include assistance to other departments in adhering to the Borough's purchasing policy and procedures as well as the state's best practices for purchasing. In addition to these functions the Chief Financial Officer is responsible for certifying that there are funds available for the issuance of contracts.

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.

2010 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2010 **as there were no recommendations in the 2009 audit.**
- A new Tax Assessor was appointed in April, 2010 following the retirement of Pat Aceto who had served as the Assessor for 19 years. To the credit of the staff in the finance department, a smooth transition was managed.
- 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 each year with an increase in the number of residents using this service.

2010 FINANCE REPORT

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- The tax collector’s office has seen an evening out in the number of overpayments on record this year of 24 from 25 in 2009.
- Effectively managed 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.
- Towards the end of 2010, the Finance and Human Resources departments began the process of assisting terminated employees’ with their payroll, unemployment, health insurance and severance packages.
- A new payroll policy was created and adopted which added termination policies and a requirement that the Chief Financial Officer and the Assistance Finance Officer attend a payroll class/seminar annually.

YEAR END STATUS

Current Fund Balance



The interest rate earned on investments stayed relatively flat during 2010. Starting at .30% in January and remaining there at year end, with small accounts earning .20%. With a decrease in interest income of more than 71% from the prior year, our Fund Balance at year-end had a drop from the prior year’s balance of \$658,986. The total fund balance was \$2,835,858 with a tax collection rate of 99.04%. Anticipated Revenues realized at or in excess of the anticipated amounts and other Miscellaneous Revenue Not Anticipated helped to produce our fund balance.

	2010	2009	2008	2007	2006
Interest Rate At Year End	.30%	.30%	1.5%	4.17%	5.0%
Interest Earned for the Year	\$18,079	\$62,351	\$258,777	\$521,103	\$350,526
Fund Balance At Year End	\$2,835,858	\$3,494,844	\$4,105,998	\$4,160,716	\$3,904,402
Fund Balance Utilized In Next Year's Budget	\$2,800,000	\$3,450,000	\$3,700,000	\$3,750,000	\$3,500,000
Starting Fund Balance	35,858	\$44,844	\$410,716	\$404,402	\$417,473

2010 FINANCE REPORT

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Water Operating Fund

- The Water Operating Fund anticipated fee revenue collections of \$1,129,000 in 2010 and actually realized \$1,231,932 however; there was a small shortfall in anticipated miscellaneous revenue of \$4,743.
- The water utility has continued to be self-liquidating in 2010.
- The 2010 year-end Fund Balance was \$145,216 this was an increase of \$106,884 over the 2009 year-end fund balance of \$38,332.
- We appropriated \$38,000 of the 2009 fund balance in the 2010 budget.

Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2010 of \$18,263
- The closing Fund Balance was \$42,241.
- In 2009 the closing fund balance was \$31,434 with an excess in revenue of \$2,167.
- We appropriated \$31,000 of the 2009 fund balance in the 2010 budget.

2010 GOALS AND OBJECTIVES AND ACHIEVEMENTS

Goal: Streamline the investment portfolio options

- After discussion with auditor, we have determined that there are investment depositories which are similar in nature and thereby unnecessary.
- In 2010 we will work toward simplifying the investment depositories

Achievements: This goal was completed in 2010 with the closing of one investment Portfolio, others are being evaluated at this time.

Goal: Reduce the use of interfund accounts to allow for a less cumbersome generals ledger

- Change payroll process to eliminate the use of interfunds
- Look into changing the bills list process to include a claims fund account which would reduce the number of inter-fund accounts

Achievements: This goal was not completed in 2010 and will be further investigated in 2011.

Goal: Monitor revenues on a regular basis

- Prepare a monthly or quarterly report on revenues as compared to prior year revenues
- This will allow for better planning throughout the budget year.

Achievements: This goal was accomplished in 2010 with the distribution of a quarterly revenue report.

2011 GOALS AND OBJECTIVES AND ACHIEVEMENTS

Goal: Streamline the bill paying process with the use of a claims account system thereby Reducing the use of interfunds in the general ledger system

2010 FINANCE REPORT

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- Consult with Edmunds on feasibility of this project
- Consult with bank on set-up of new account
- Develop new payroll and bills list procedures and accounts to enable this type of system

Goal: Develop new reporting procedures for tax appeals

- Work with tax assessor to develop reports which are more useful in determining status of Appeals and potential losses
- Establish monthly reporting procedures
- Develop legal and expert appraisal expense tracking devices in these reports

Goal: Set-up the availability of on-line utility payments

- Seek proposals for the establishment of a web based utility payment system
- Determine feasibility of this type of system within the Borough
- Prepare a cost analysis of start up and maintenance of a we-based utility system

Goal: Monitor general capital and water capital projects quarterly

- Develop report on status and balance information per project
- This will help to avoid arbitrage issues
- Ensure that completed projects are cancelled and closed out in a timely manner

2010 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. This department also serves the public with respect to liability claims.

In 2010, this department successfully administered yet another health insurance change in February transferring 65 employees and their benefits over to the North Jersey Municipal Health Insurance Fund. In addition, we implemented the changes mandated by the Federal Healthcare Reform Bill. Further, the Borough mandated the 1.5% employee contribution for health insurance.

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 2009, the Borough of Chatham employed 118 men and women. Of those 118 employees, (60) were full-time, (36) part-time, (14) seasonal. Through the course of the year, (15) new employees were hired, of which, (2) were full-time, (7) part-time, (2) temporary and (4) seasonal. There were (7) resignations, (3) terminations, (3) lay offs and (4) service retirements, (0) disability retirements, (0) accidental disability retirements. The Borough has (1) former employee and (11) crossing guards file and receive unemployment benefits. (14) Employees filed and received temporary disability insurance.

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

Public Employees Retirement System	55	Aetna Choice POS	58
Police & Fire Retirement System	22	United Healthcare	5
Guardian Dental Insurance *	34	US Bonds *	3
Aflac Disability Insurance *	17	PBA Local 226 *	22
Aflac Life Insurance *	2	Teamsters Local 469 *	17
American United Life Deferred Comp *	9	AXA Equitable Deferred Comp *	27

* Employee Paid Programs

It is 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 administers workman's compensation claims, ensures prompt reporting of injuries, and tracks the status and payment of medical expenses.

Below is a summary of the types of claims, reported and filed, by the Borough of Chatham for 2009:

PROPERTY DAMAGE	REPORTED	FILED
Buildings & Roads	0	0
Automobiles	3	2

2010 Human Resource Report
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Miscellaneous	0	0
TOTALS	3	2

GENERAL LIABILITY	REPORTED	FILED
Property Damage	9	7
Sewer Related	3	2
Personal Injury	3	2
Personal Injury/Property Damage	1	1
Automobile	8	3
Civil Rights	1	1
TOTALS	24	16

WORKER'S COMPENSATION CLAIMS	CLAIMS	DAYS LOST
Police	3	5
DPW	1	1
Fire Department	1	7
Administration	0	0
Library	1	12
Emergency Medical Services		
	6	25
TOTALS		

GOALS & OBJECTIVES

2010 GOALS & OBJECTIVES

- Goal: Complete and Distribute Job Descriptions
 - Objective: To provide each department with a clear understanding of job descriptions and to aid in cross training.
 - Status: Under review.

- Goal: Formalize electronic communication with personnel.
 - Objective: To provide a more efficient way of communication and reduce paper distributions.
 - Status: Electronic mail addresses collected for most departments. Crossing guards and other part-time employees listings remain incomplete due to the demographics of the group.

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2011 GOALS & OBJECTIVES

- Goal: Complete and Distribute Job Descriptions
 - Objective: To provide each department with a clear understanding of job descriptions and to aid in cross training.

- Goal: Wellness Program Initiative
 - Objective: In collaboration with the North Jersey Municipal Employees Benefits Fund, help to set up and enroll employees in the Wellness Program.

2010 Debt Service
General Capital Improvement Bonds

<u>2002 General Improvement Bonds Total Issue</u>	\$5,058,000.00	
<u>(Includes Open Space Trust Portion)</u>		
Outstanding January 1, 2010		\$3,278,000.00
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 2010		<u>(380,000.00)</u>
<u>Bonds Outstanding (General Budget) December 31, 2010</u>		<u>\$2,898,000.00</u>

<u>2006 General Improvement Bonds Total Issue</u>	\$8,170,000.00	
<u>(Includes Open Space Trust Portion)</u>		
Outstanding January 1, 2010		\$7,510,000.00
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 2010		<u>(575,000.00)</u>
<u>Bonds Outstanding (General Budget) December 31, 2010</u>		<u>\$6,935,000.00</u>

Debt Service due on these Bonds in 2010 was:

Principal	\$	955,000.00
Interest	\$	<u>354,993.87</u>
	\$	<u><u>1,309,993.87</u></u>

BOROUGH OF CHATHAM

2010 Debt Service

2010 Debt Service
General Capital Improvement Bonds

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Outstanding January 1, 2010	\$7,510,000.00
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 2010	<u>(575,000.00)</u>
<u>Bonds Outstanding (General Budget) December 31, 2010</u>	<u>\$6,935,000.00</u>

Debt Service due on these Bonds in 2010 was:

Principal	\$ 955,000.00
Interest	<u>\$ 354,993.87</u>
	<u>\$ 1,309,993.87</u>

2010 Debt Service
Water Capital Utility Bonds

<u>1995 Water Utilities Bonds Total Issue</u>	\$1,287,000.00	
Outstanding January 1, 2010		\$477,000.00
Interest Rate	5.5% - 5.8%	
Final Payment Due	March 1, 2015	
Principal Due	March 1	
Interest Due	March 1, September 1	
To Be Retired 2010		(75,000.00)
<u>Bonds Outstanding December 31, 2009</u>		<u>\$ 402,000.00</u>

<u>2002 Water Utilities Bonds Total Issue</u>	\$1,274,000.00	
Outstanding January 1, 2010		\$ 929,000.00
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 2010		(55,000.00)
<u>Bonds Outstanding December 31, 2010</u>		<u>\$ 874,000.00</u>

<u>2006 Water Utilities Bonds Total Issue</u>	\$945,000.00	
Outstanding January 1, 2010		\$855,000.00
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 2010		(30,000.00)
<u>Bonds Outstanding December 31, 2010</u>		<u>\$ 825,000.00</u>

Debt Service due on these Bonds in 2010 will be:

Principal	\$ 160,000.00
Interest	\$ 94,773.61
	<u>\$ 254,773.61</u>

2010 Debt Service
Wastewater Treatment Loans

STATE OF NEW JERSEY TRUST & WASTEWATER TREATMENT LOANS

	<u>Interest</u>	<u>Principal</u>
<u>Total Balance January 1, 2010</u>		
<u>Loan #3 - 1993</u>		
January 1, 2010	\$ 3,767.69	\$ 38,002.53
Retired in 2010	\$ (1,648.51)	\$ (9,499.46)
Balance at December 31, 2010	<u>\$ 2,119.18</u>	<u>\$ 28,503.07</u>
<u>NJEIT - Jt Mtg 2010</u>		
January 1, 2010	\$ 156,035.72	\$ 1,049,134.75
Retired in 2010	\$ (6,936.76)	\$ (8,880.23)
Balance at December 31, 2010	<u>\$ 149,098.96</u>	<u>\$ 1,040,254.52</u>
<u>NJEIT - Borough 2010</u>		
January 1, 2010	\$ 197,000.63	\$ 1,658,750.00
Retired in 2010	\$ (10,996.88)	\$ (42,330.50)
Balance at December 31, 2010	<u>\$ 186,003.75</u>	<u>\$ 1,616,419.50</u>

Debt Service Due on these Loans in 2010 will be:

Principal	\$ 68,047.40
Interest	<u>\$ 19,582.15</u>
	<u>\$ 87,629.55</u>

* NJ State & DEP admin fees built in