

# Borough of Chatham

## Annual Report

2014



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

2014

## 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 consists of 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.

### 2014 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2014 **as there were no recommendations in the 2013 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 LAN server and computer upgrades were completed with a second server. The new equipment has been running without any major issues.
- 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 2015.

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- 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 1<sup>st</sup> 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 "Smart Phone" application was developed and installed for individuals utilizing the parking facilities so they could pay via the "Park Mobile" system. The system is working well and the Borough has received positive feedback on the application.

### YEAR END STATUS

#### Current Fund Balance



The interest earned on investments continues to be a challenge during the year 2014 starting at .35% in January and ending the year around .20%. Our Fund Balance at year-end still maintained a strong level of \$2,540,437 due in part to a good tax collection rate of 98.86%. Anticipated Revenues realized at or in excess of the anticipated amounts and other Miscellaneous Revenue Not Anticipated including interest earned on investments helped to increase our fund balance.

	2014	2013	2012	2011	2010
Interest Rate At Year End	.20%	.35%	.50%	4.0%	2.25%
Interest Earned	\$105,998	\$83,500	\$350,526	\$208,730	\$79,761
Fund Balance At Year End	\$2,540,437	\$2,475,875	\$2,137,821	\$3,717,473	\$3,234,676
Fund Balance Utilized In Next Year's Budget	\$2,195,000	\$2,175,000	\$2,000,000	\$3,300,000	\$2,800,000
Ending Fund Balance	\$345,437	\$300,875	\$417,473	\$434,675	\$460,193

#### Water Operating Fund

- The Water Operating Fund had an excess in revenues from 2014 water fees of \$310,783.
- The water utility has continued to be self-liquidating in 2014.
- The 2014 year-end Fund Balance was \$758,378 this was an increase over 2013 year-end fund balance of \$315,050.
- We appropriated \$52,000 of the 2014 fund balance in the 2015 budget.

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### Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2014 of \$37,920.
- The 2014 closing Fund Balance was \$176,560.
- In 2014 the Borough collected in \$37,920 in excess of revenues anticipated vs. \$51,172 collected in 2013.
- We appropriated \$0 of the 2014 fund balance in the 2015 budget.

### 2014 GOALS AND OBJECTIVES AND ACHIEVEMENTS

**Goal:** Provide outstanding service to the Borough's departments with assistance in performing their department goals.

Objectives:

- Provide timely and accurate budget information to departments and policy decision makers in enabling them to effectively monitor budgets and make informed decisions. Send out monthly budget computer runs to departments heads. Assist department users with their questions related to the Borough's software system to increase the ability of users to understand and use the system.

**Achievements:** Instructed the larger departments on how to utilize the Edmunds budget program enabling them to pull reports whenever needed. The smaller departments were given printed reports monthly during the year or upon request.

**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.
- 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:** Implement a procedure book for the finance department detailing each employee's day-to-day functions. This would insure that employees are performing their duties correctly and according to policy and/or statutory requirements.

- Reduce the number of checking accounts and consolidate others.
- As this process is underway it would be stressed that desks and files should be organized so others can locate necessary information.

**Achievements:** We were able to consolidate and eliminate bank accounts where necessary.

**2014**

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**Goal:** Continue to update Vender Lists in the Edmunds Systems.

- Breakdown list and distribute alphabetically to work on a section every month until completed.

**Achievement:** We were able to enhance the Vendors List enabling an easier process looking up and identifying vendors.

**Goal:** Have the Utilities utilize online ACH service payments as soon as available.

**Achievement:** The software vendor has been identified and operational by January 1st, 2014

### **2015 GOALS AND OBJECTIVES**

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

**Achievement:** Will reduce manual accounting entries and streamline banking function for the Borough.

**Goal:** Explore 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.

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

**Achievement:** This will provide Finance Department employee's additional time to work on Borough related Finance work tasks.

**Goal:** Prepare and submit 2015 Budget for Council approval within the State required dates.

**Achievement:** This will allow the Borough 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.

**Goal:** Enhance the Purchase Requisition Module with the Edmunds Finance Software.

**Achievement:** The benefits would be to enhance controls and approvals on the procurement of goods and services.