

Borough of Chatham

Annual Report

2008



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

Human Resource Report Prepared by
Tyrina Milian, Assistant Finance Officer

2008 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.

2008 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2008 **as there were no recommendations in the 2007 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 even more popular this year with each quarter seeing an increase number of residents using this service.
- The tax collector's office has significantly reduced the number of overpayments on record this year to only 25 unclaimed in 2008. We are still awaiting notification on these. This was accomplished through diligent investigations by the collector when there was a change in ownership.
- 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.

2008 FINANCE REPORT

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- Cross-training efforts were continued within the department. Because of this cross-training we managed the department effectively through the assistant finance officer's 3 month medical leave. We only had the help of one part time temporary and some additional hours from other department members.
- All of the parking duties were fully assimilated into the finance department in 2008. We also added a fourth machine which is dedicated only to smart cards.
- During the summer we accomplished a full census canvassing of the dog and cat population. We used summer help students and crossing guards. This added an additional responsibility to the finance (licensing) department with the large number of phone calls received relating to the census. The canvassing resulted in receiving 150 more dogs and 90 more cat registrations.
- One LAN server was upgraded this year putting all the internet and mail on the older server and all the other programs on the new server to maximize storage and enhancing the speed of the system Three PC's were purchased to upgrade machines that malfunctioned this year.
- 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.
- 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 dropped throughout 2008. Starting at 4.17% in January and dropping to a low of 1.5% by year end. With a decrease in interest income over 50% our Fund Balance at year-end had a drop from the prior year's balance for the first time in recent history of over \$54,000. The total fund balance was \$4,105,998 with an excellent 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.

2008 FINANCE REPORT

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	2008	2007	2006	2005	2004
Interest Rate At Year End	1.5%	4.17%	5.0%	4.0%	2.25%
Interest Earned for the Year	\$258,777	\$521,103	\$350,526	\$208,730	\$79,761
Fund Balance At Year End	\$4,105,998	\$4,160,716	\$3,904,402	\$3,717,473	\$3,234,676
Fund Balance Utilized In Next Year's Budget	N/A	3,500,000	\$3,500,000	\$3,300,000	\$2,800,000
Starting Fund Balance	\$410,716	\$404,402	\$417,473	\$434,675	\$460,193

Water Operating Fund

- The Water Operating Fund had an excess in fee revenue in 2008 of \$94,139 but a shortfall in anticipated miscellaneous revenue of \$32,459 due to the drop in interest revenue.
- The water utility has continued to be self-liquidating in 2008.
- The 2008 year-end Fund Balance was \$80,523 this was a decrease from 2007 of only \$4,894.
- We appropriated \$76,843 of the 2007 fund balance in the 2008 budget.

Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2008 of \$29,282
- The closing Fund Balance was \$53,218
- In 2007 the closing fund balance was \$51,516 with an excess in revenue of \$16,481.
- We appropriated \$50,000 of the 2007 fund balance in the 2008 budget.

2008 GOALS AND OBJECTIVES AND ACHIEVEMENTS

Goal: Implement ACH Payments online for Water/Sewer and Solid Waste in order to enable the residence to have online ability to pay their utility bills.

Objectives:

- This process was reviewed for possibilities and it was determine that until the software people Cit-e-net and Edmunds can advance their technologies it was not worth pursuing at this time. The time it takes for the process is not worth the few who would use it.

Achievements: It was determined that this was not necessary at this time.

Goal: Write Financial Internal Control Policy to include in the Policy and Procedure Manual and to make clear the procedures to follow by department heads and members of the finance department.

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Objectives:

- In May requests were sent to members of the finance department for input to the details of their day to day processes.
- In June the CFO researched laws and suggested procedures as well as other government units for the best procedures to fit our needs in the areas of Cash Management, Cash Handling Procedures and Petty Cash Procedures.
- By July the policy was completed. It was then reviewed and approved by the Administrator.

Achievements: On August 28, 2008 this policy was signed and distributed into the Policy Manual.

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

Objectives:

- In March forms were designed and policies written to cover the Fixed Asset Inventory process. These were distributed to the department heads for new purchases.
- In April and May the inventory update was started but due to several circumstances it was not completed until July. It was sent back to the appraisal company to update our records and they returned the updated appraisals to us in August/

Achievements: The Fixed Asset Inventory Procedures are completed and on file in our Policy Manual. The 2007 inventory has been update and on file.

2009 GOALS AND OBJECTIVES

Goal: Organize the old personnel files that are in the storage room.

- After the first of the year when the Clerk will have the storage room microfilmed and reorganized the project will begin.
- The old files which are in boxes will be moved to a more convenient box or cabinet which will allow for access of files in alpha order.
- Move the set of older employee files that now exist in the HR office to be moved into the Storage Room.

Goal: Renumber the Cash Receipt codes in the Edmunds System

- In the early part of the year work out the most logical sequence of codes to be used for the receipts.
- By the End of January have the Temporary Assistant complete the input of these codes into Edmunds.
- Distribute a new listing to the members of the finance department for their reference.

Goal: Setup Program through Community Pass for the Parking Permit to make it an online process.

- Community Pass is in the process of developing a program for this process.
- March through April would be a good time to implement this new process if available.
- Cheri will look for other possible vendors

2008 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.

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 2008, the Borough of Chatham employed 125 men and women. Of those 125 employees, (65) were full-time, (45) part-time, (15) seasonal. Through the course of the year, (13) new employees were hired, of which, (2) were full-time, (7) part-time, and (4) seasonal. There were (6) resignations, (2) leaves of absence and (2) retirements.

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

Public Employees Retirement System	68	American General Life Insurance *	0
Police & Fire Retirement System	25	Premier Vision Care Network *	7
Guardian Dental Insurance *	34	Horizon Blue Cross/Blue Shield	65
Aflac Disability Insurance *	19	PBA Local 226 *	24
American United Life Deferred Comp *	19	Teamsters Local 469 *	18
AXA Equitable Deferred Comp *	38	US Bonds *	5
Deferred Contribution Retirement Prog.	1		

* Employee Paid Programs

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 (21) certificates of insurance, of which, (6) were fire department, (3) recreation, and (12) farmer's market. In addition, certificates of insurance are also provided from outside sources using Borough property and facilities. In total, (11) certificates of insurance were received and filed.

The Human Resources department along with the help of the Morris County JIF and the Borough attorney developed and implemented into the Policy & Procedures Manual a standard Hold Harmless Agreement that may be used when outside organizations utilize Borough property. This form, along with a certificate of insurance, is now mandatory.

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.

Below is a summary of the types of claims, reported and filed, by the Borough of Chatham for 2008:

2008 Human Resource Report
By Tyrina Milian, Assistant Finance Officer

PROPERTY DAMAGE	REPORTED	FILED
Buildings & Roads	4	4
Automobiles	3	2
Miscellaneous	2	2
TOTALS	9	8

GENERAL LIABILITY	REPORTED	FILED
Property Damage	4	2
Sewer Related	2	2
Personal Injury	4	1
Automobile	6	3
Civil Rights	1	1
TOTALS	17	9

WORKER'S COMPENSATION CLAIMS	CLAIMS	DAYS LOST
Police	3	88
DPW	6	49
Fire Department	3	0
Administration	1	0
TOTALS	13	137

GOALS & OBJECTIVES

2008 GOALS & OBJECTIVES

- Goal: Complete the Employee Job Descriptions manual and prepare for distribution.
 - Achievement: Job Descriptions have been reviewed and edited for administrator approval.
 - Objective: As per Borough policy, all job descriptions will be given to the administrator for approval. Once they are approved, they will be distributed to the appropriate personnel.

- Goal: Complete and distribute the individual employee extended wages summary.

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- Achievement: Relative data for each employee's extended wage summary had been updated with 2008 rates; however the additional information for the bulletin was not collected.
- Objective: Update bulletin with 2009 health insurance rates and potential research data.

- Goal: Complete and distribute the individual Human Resources/Payroll Bulletin, which includes the extended wages summary.
 - Achievement: Data not collected due to medical leave.
 - Objective: Research possible information to be used and survey employees to see what they would like to see.

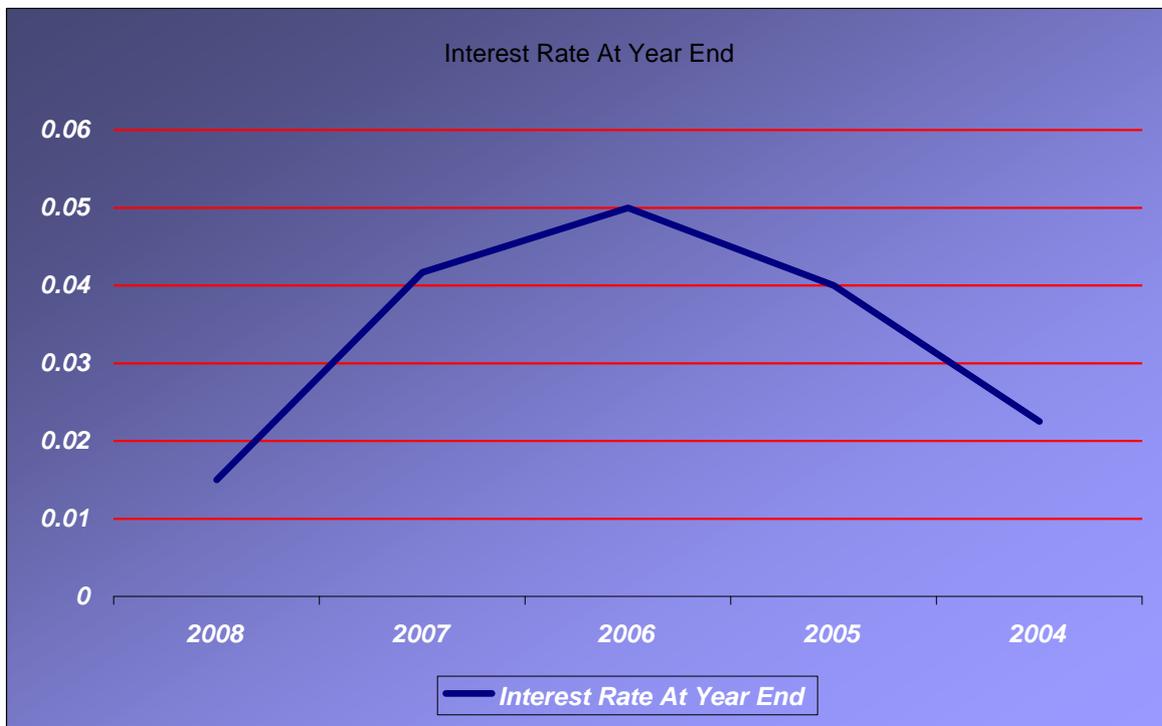
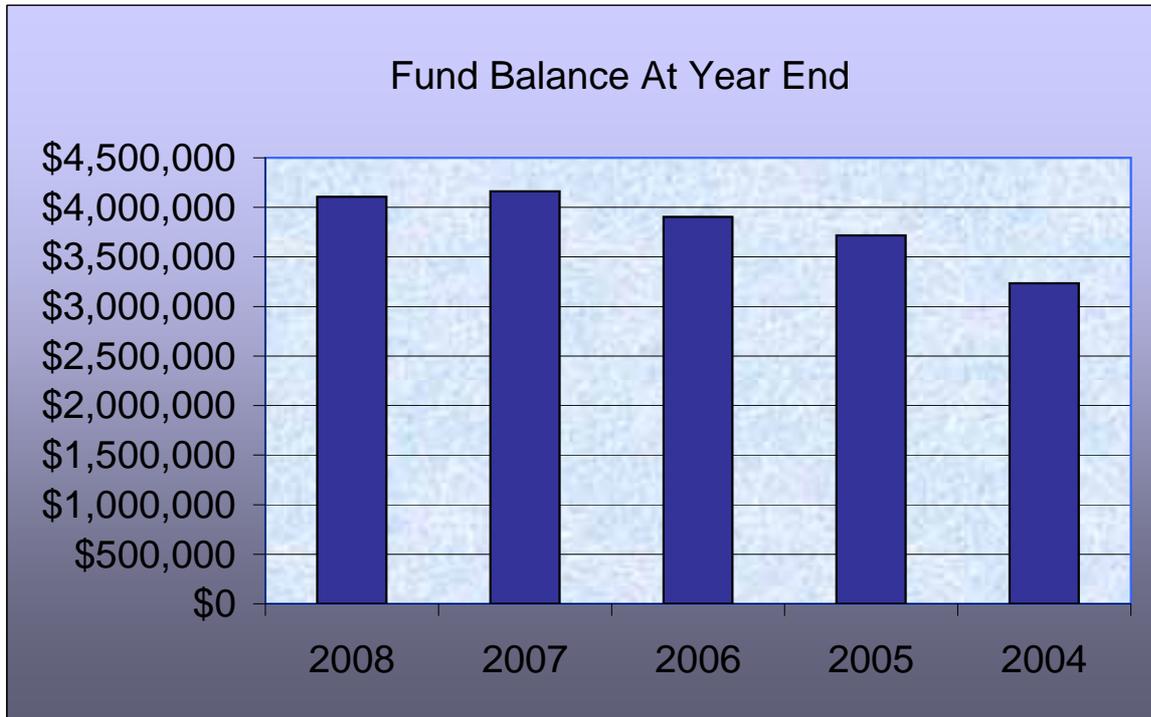
- Goal: Review the Personnel and Policy Procedures to comply with JIF Requirements.
 - Achievement: Majority of policy updated to comply with JIF Requirements. Project was transferred to the Administrator for completion due to medical leave.

2009 GOALS & OBJECTIVES

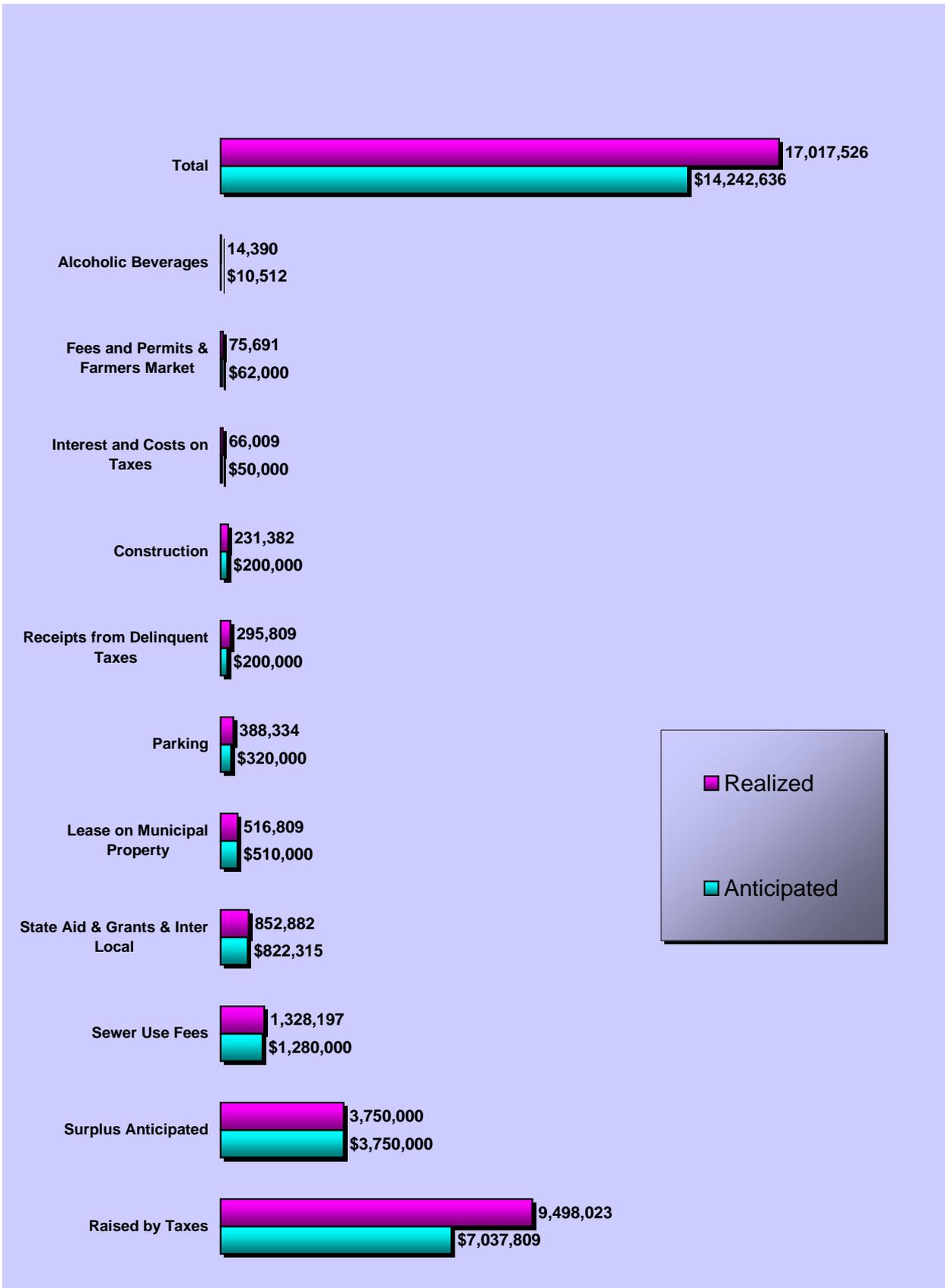
- Goal: Complete and Distribute Job Descriptions
 - Objective: To provide each department with a clear understanding of job descriptions and to aid in cross training.

- Goal: Complete Human Resources/Payroll Bulletin
 - Objective: To provide employees with updated payroll and human resource information as it becomes available.

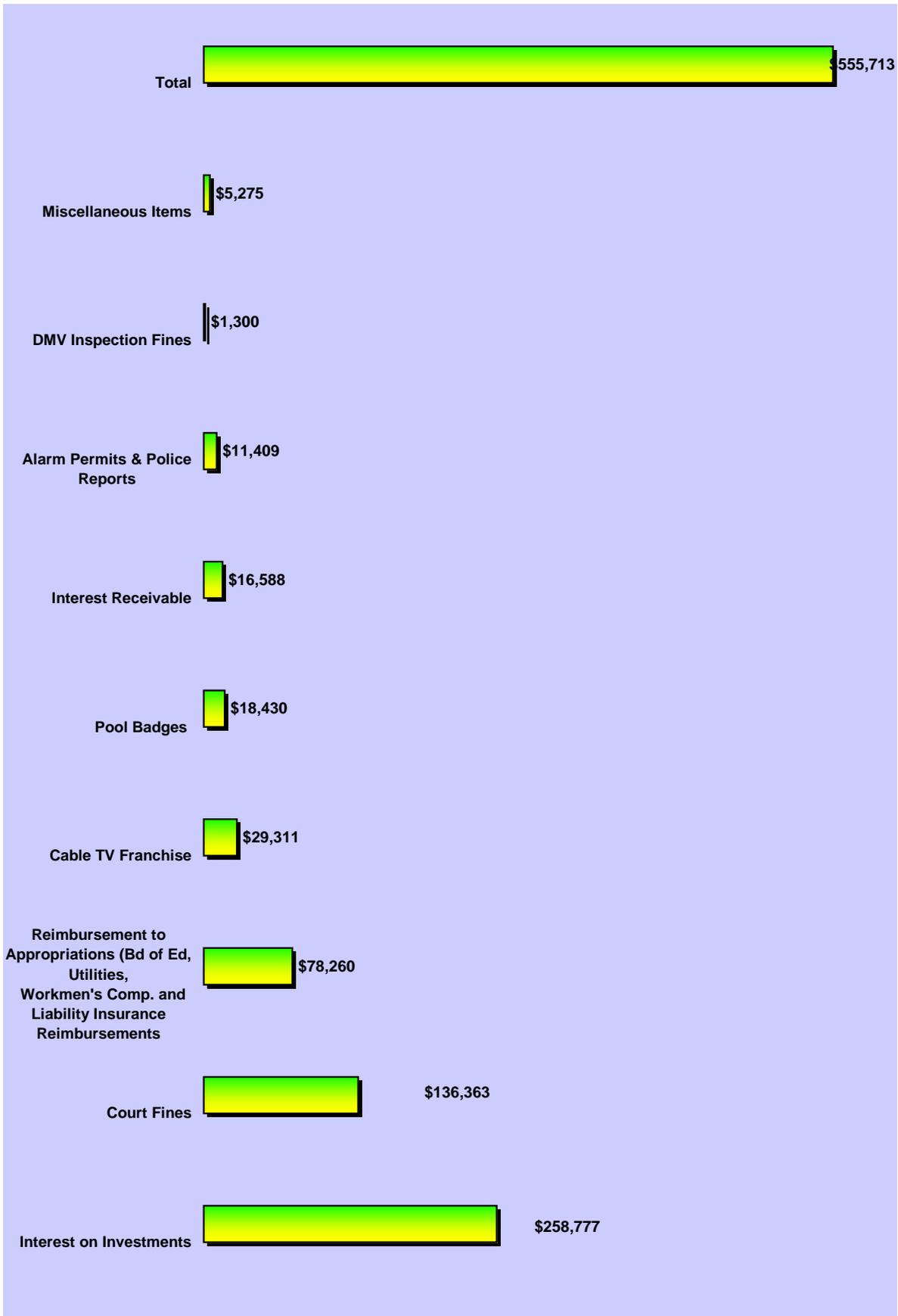
Year-End Fund Balance and Interest Rate



Anticipated Revenue 2008



Miscellaneous Revenue Not Anticipated (MRNA) 2008



BOROUGH OF CHATHAM

Debt Service

2008 Debt Service
General Capital Improvement Bonds

<u>1995 General Improvement Bonds Total Issue</u>	\$2,864,000.00	
Outstanding January 1, 2008		\$464,000.00
Interest Rate	5.40%	
Final Payment Due	March 1, 2009	
Principal Due	March 1	
Interest Due	March 1, September 1	
To Be Retired 2008		<u>(240,000.00)</u>
<u>Bonds Outstanding December 31, 2008</u>		<u>\$ 224,000.00</u>

<u>2002 General Improvement Bonds Total Issue</u>	\$5,058,000.00	
<u>(Includes Open Space Trust Portion)</u>		
Outstanding January 1, 2008		\$3,908,000.00
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 2008		<u>(260,000.00)</u>
<u>Bonds Outstanding (General Budget) December 31, 2008</u>		<u>\$3,648,000.00</u>

<u>2006 General Improvement Bonds Total Issue</u>	\$8,170,000.00	
<u>(Includes Open Space Trust Portion)</u>		
Outstanding January 1, 2008		\$8,045,000.00
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 2008		<u>(150,000.00)</u>
<u>Bonds Outstanding (General Budget) December 31, 2008</u>		<u>\$7,895,000.00</u>

Debt Service due on these Bonds in 2008 was:

Principal	\$ 650,000.00
Interest	<u>\$ 469,350.00</u>
	<u>\$ 1,119,350.00</u>

2008 Debt Service
Water Capital Utility Bonds

<u>1995 Water Utilities Bonds Total Issue</u>	\$1,287,000.00	
Outstanding January 1, 2008		\$617,000.00
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 2008		<u>(70,000.00)</u>
<u>Bonds Outstanding December 31, 2008</u>		<u>\$ 547,000.00</u>

<u>2002 Water Utilities Bonds Total Issue</u>	\$1,274,000.00	
Outstanding January 1, 2008		\$ 1,039,000.00
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 2008		<u>(55,000.00)</u>
<u>Bonds Outstanding December 31, 2008</u>		<u>\$ 984,000.00</u>

<u>2006 Water Utilities Bonds Total Issue</u>	\$945,000.00	
Outstanding January 1, 2008		\$915,000.00
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 2008		<u>(30,000.00)</u>
<u>Bonds Outstanding December 31, 2008</u>		<u>\$ 885,000.00</u>

Debt Service due on these Bonds in 2008 will be:

Principal	\$ 155,000.00
Interest	<u>\$ 111,057.00</u>
	<u>\$ 266,057.00</u>

2008 Debt Service
Wastewater Treatment Loans

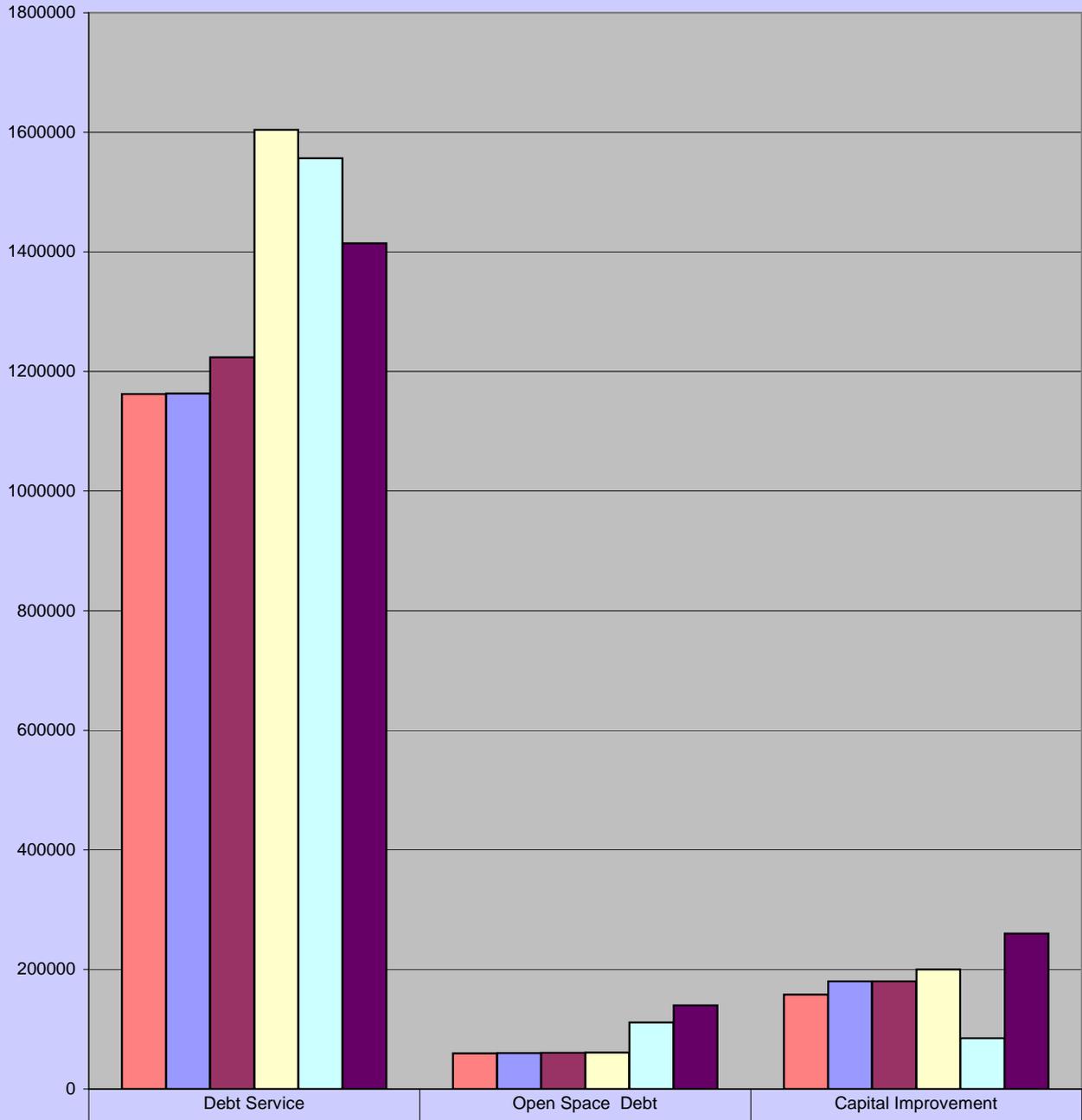
STATE OF NEW JERSEY TRUST & WASTEWATER TREATMENT LOANS

<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, 2008</u>			\$615,269.97
 <u>Loan #1 - 1988</u>			
January 1, 2008	\$ 135,131.60	\$ 225,000.00	
Retired In 2008	<u>\$ (135,131.60)</u>	<u>\$ (225,000.00)</u>	
Balance at December 31, 2008	<u>\$ -</u>	<u>\$ -</u>	
 <u>Loan #2 - 1989</u>			
January 1, 2008	\$ 48,716.72	\$ 160,000.00	
Retired in 2008	<u>\$ (44,532.59)</u>	<u>\$ (80,000.00)</u>	
Balance at December 31, 2008	<u>\$ 4,184.13</u>	<u>\$ 80,000.00</u>	
 <u>Loan #3 - 1993</u>			
January 1, 2008	\$ 44,013.87	\$ 60,000.00	
Retired in 2008	<u>\$ (8,084.76)</u>	<u>\$ (10,000.00)</u>	
Balance at December 31, 2008	<u>\$ 35,929.11</u>	<u>\$ 50,000.00</u>	
 Loans #1, #2, & #3 State and Wastewater			 <u><u>\$ 170,113.24</u></u>

Debt Service Due on these Loans in 2008 will be:

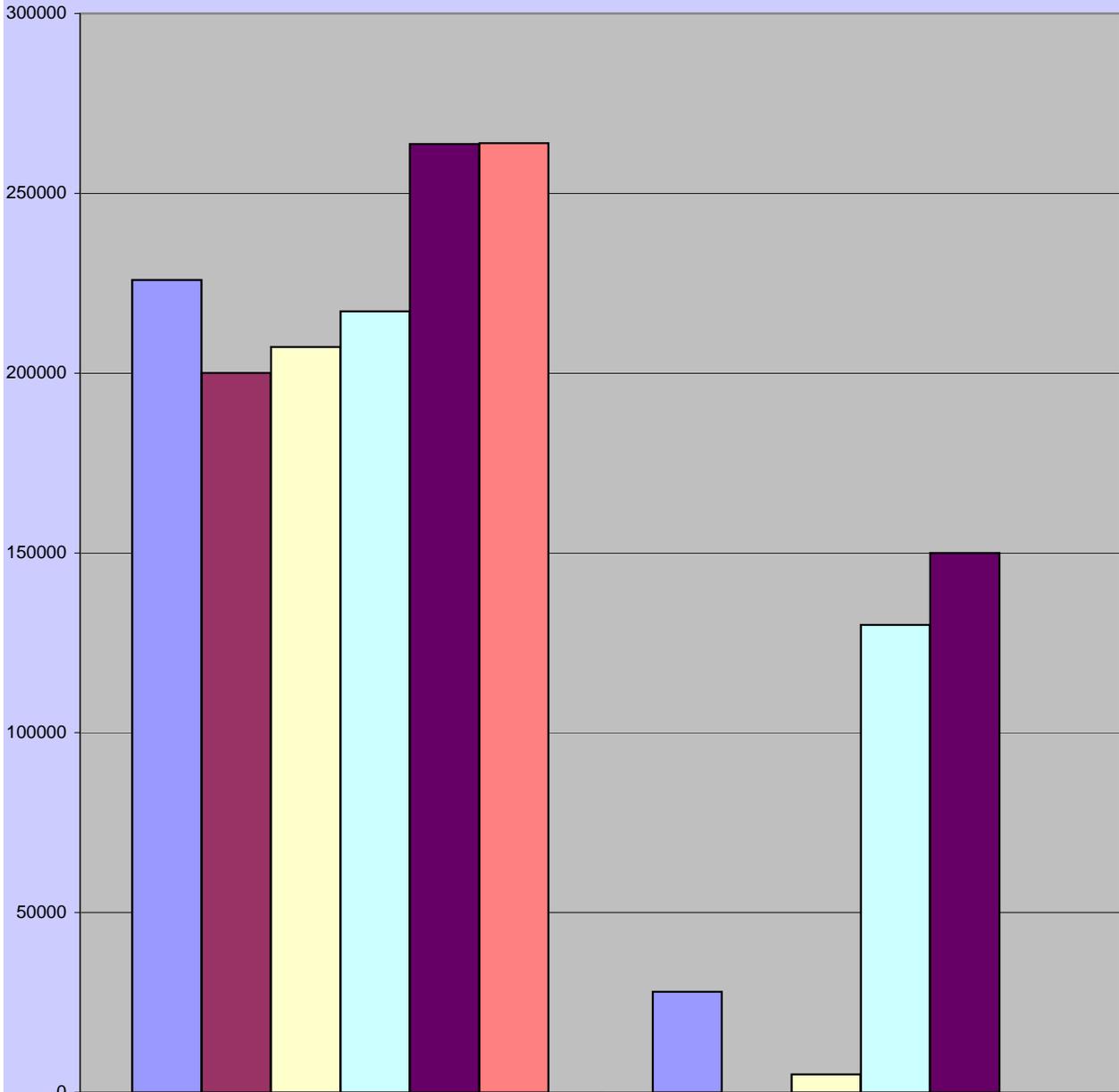
Principal	\$ 404,465.00
Interest	<u>\$ 6,992.00</u>
	<u><u>\$ 411,457.00</u></u>

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



2003	1162292	59747	158000
2004	1163395	60184	180000
2005	1223545	60570	180000
2006	1604348	60906	200000
2007	1556491	111190	85000
2008	1414467	139962	260000

Borough of Chatham Water Capital Debt Service



	Water Capital Debt	Capital Improvement
2003	225916	28000
2004	200034	0
2005	207292	5000
2006	217203	130000
2007	263711	150000
2008	263903	0