Borough of Chatham

10 Year Strategic Financial Plan Analysis

2016

Chart #1 – Capital Spending & Debt

Capital Appropriation
- $1,258,500 (Actual - 2016)
- $1,019,757 (Estimated - 2016)

Debt Service
- $1,803,286 (Actual - 2016)
- $1,874,205 (Estimated - 2016)

Debt
- $15,630,144 **(As of 12/31/15)** (Actual - 2016)
- $15,478,405 (Estimated - 2016)

x-axis: $- | $50 | $100 | $150 | $200

x 100000

Legend:
- Actual - 2016
- Estimated - 2016
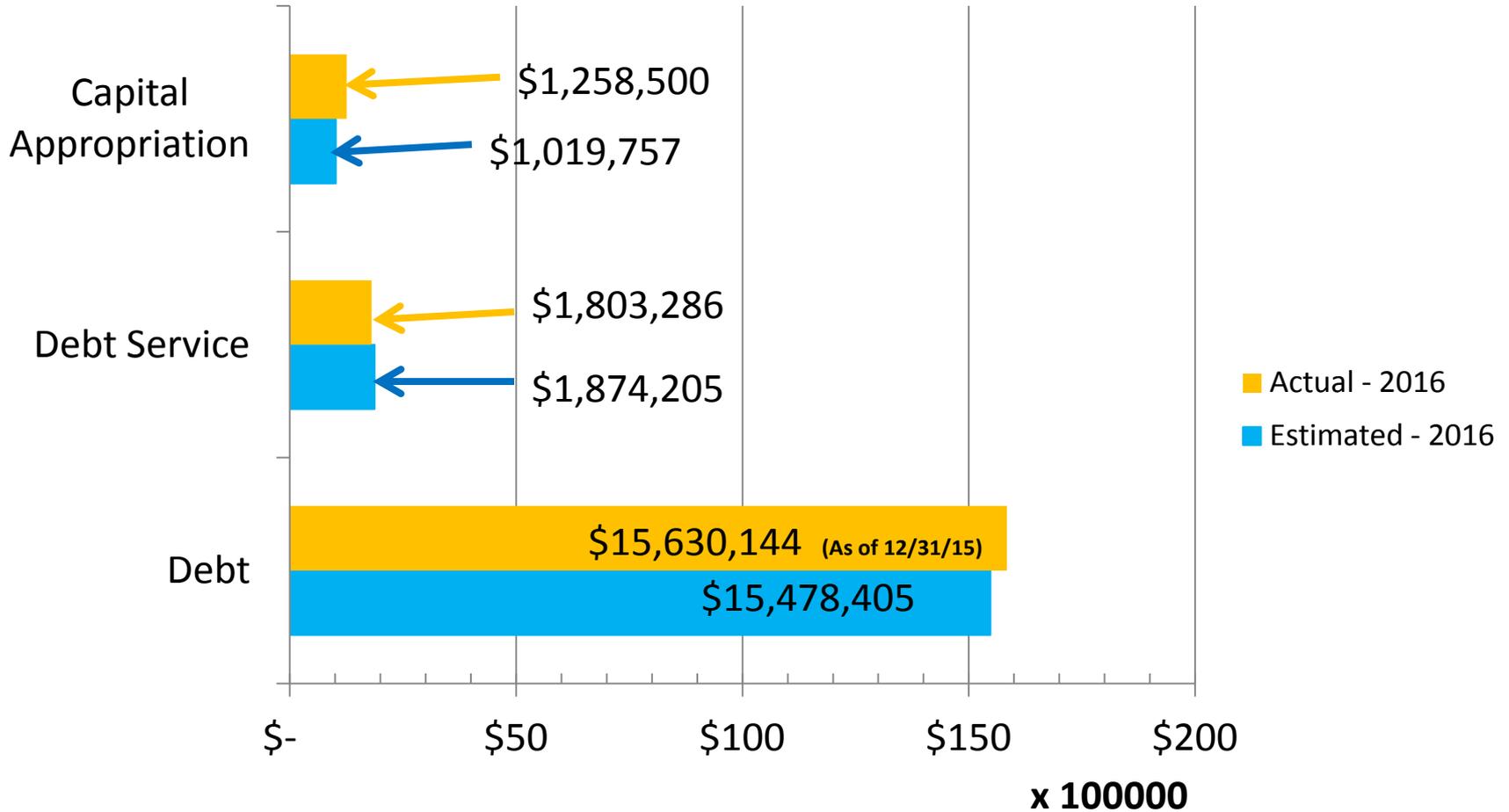
- **$455,000 Unanticipated Capital increase for Library**
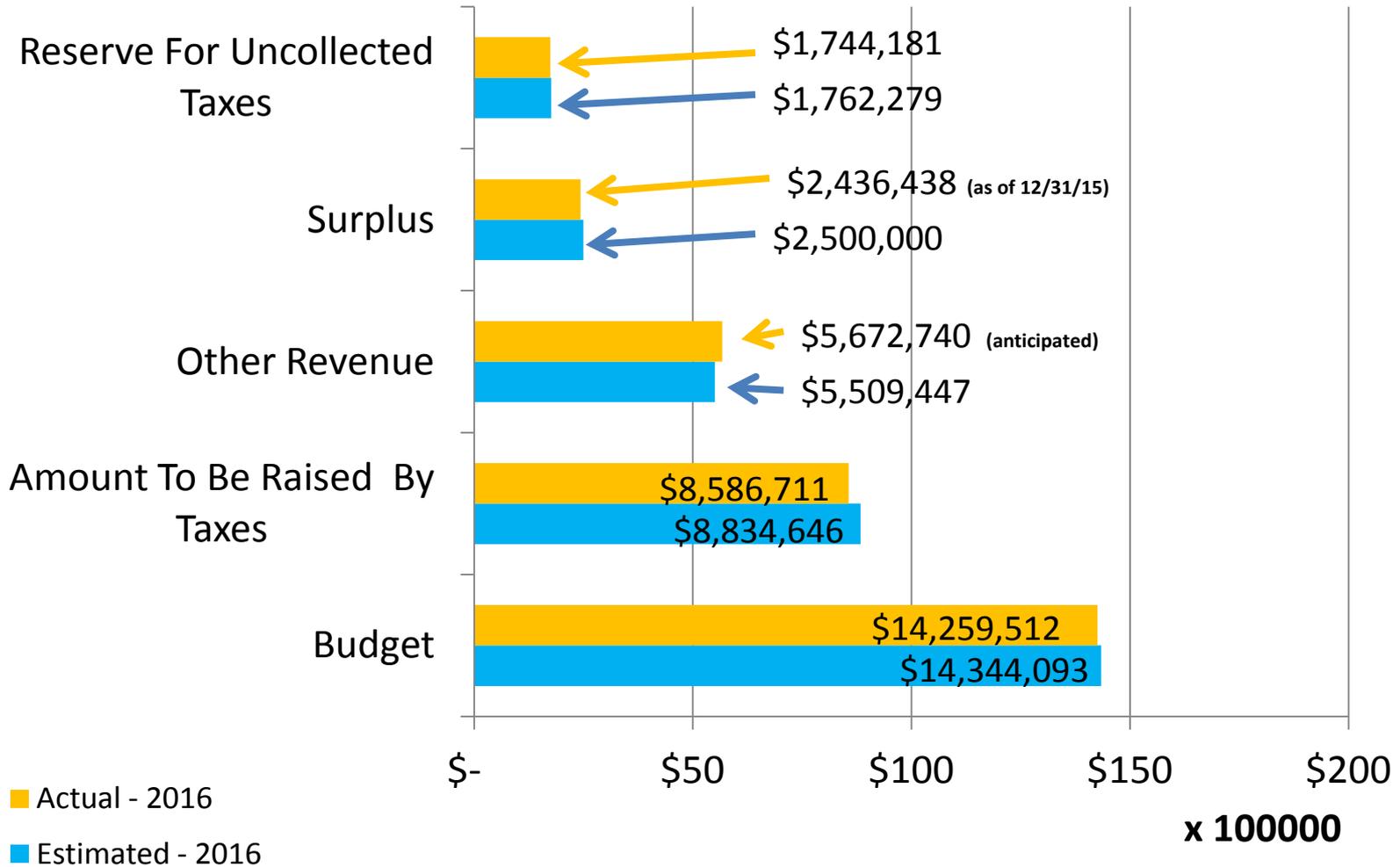- **$410,636 Unanticipated Debt for Library**

Chart #2 – Budget & Taxation

	Actual - 2016	Estimated - 2016
Reserve For Uncollected Taxes	$1,744,181	$1,762,279
Surplus	$2,436,438 (as of 12/31/15)	$2,500,000
Other Revenue	$5,672,740 (anticipated)	$5,509,447
Amount To Be Raised By Taxes	$8,586,711	$8,834,646
Budget	$14,259,512	$14,344,093

x 100000

Chart #3

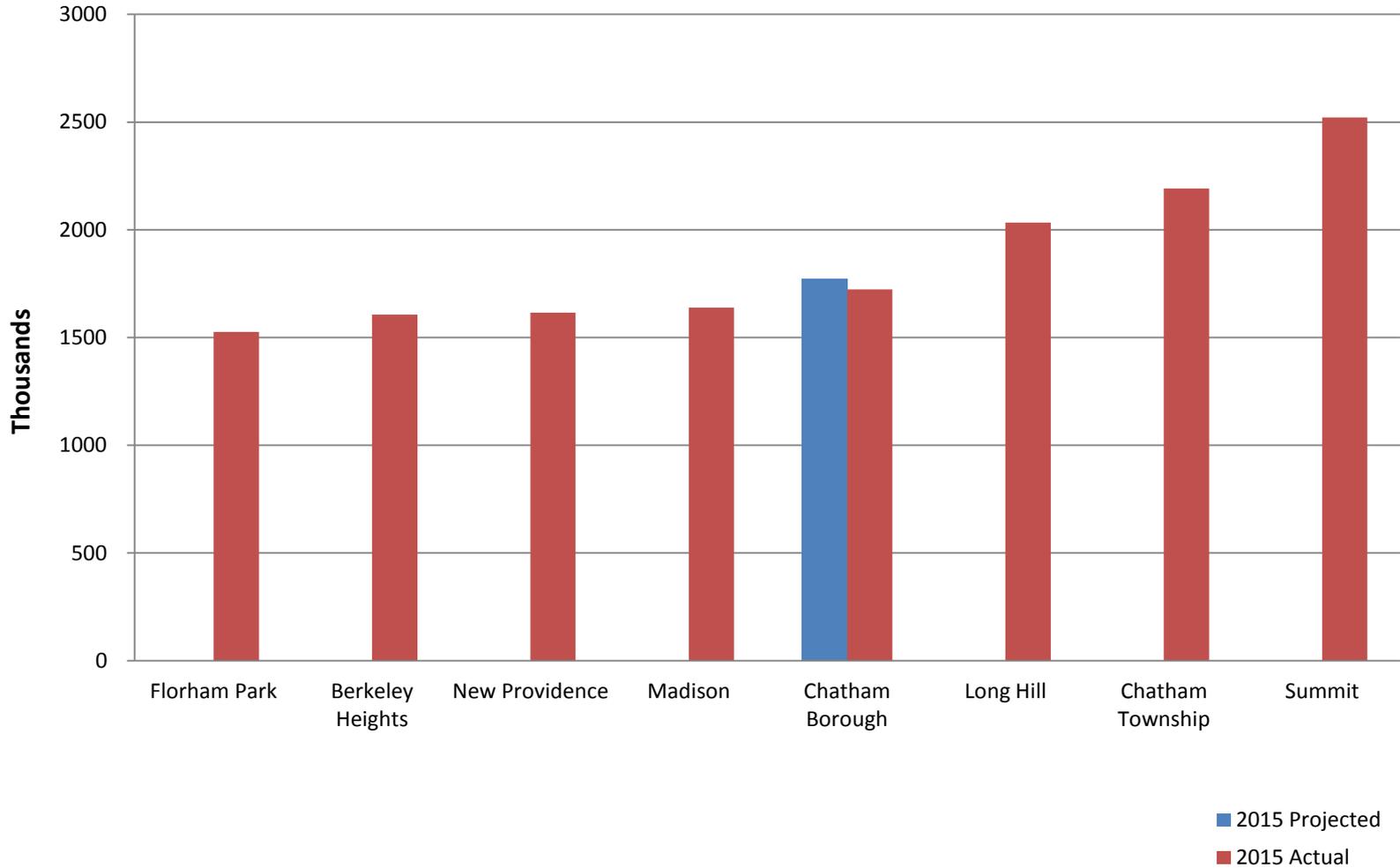# General Debt Owed per Person by Population by Municipality

Chart # 4

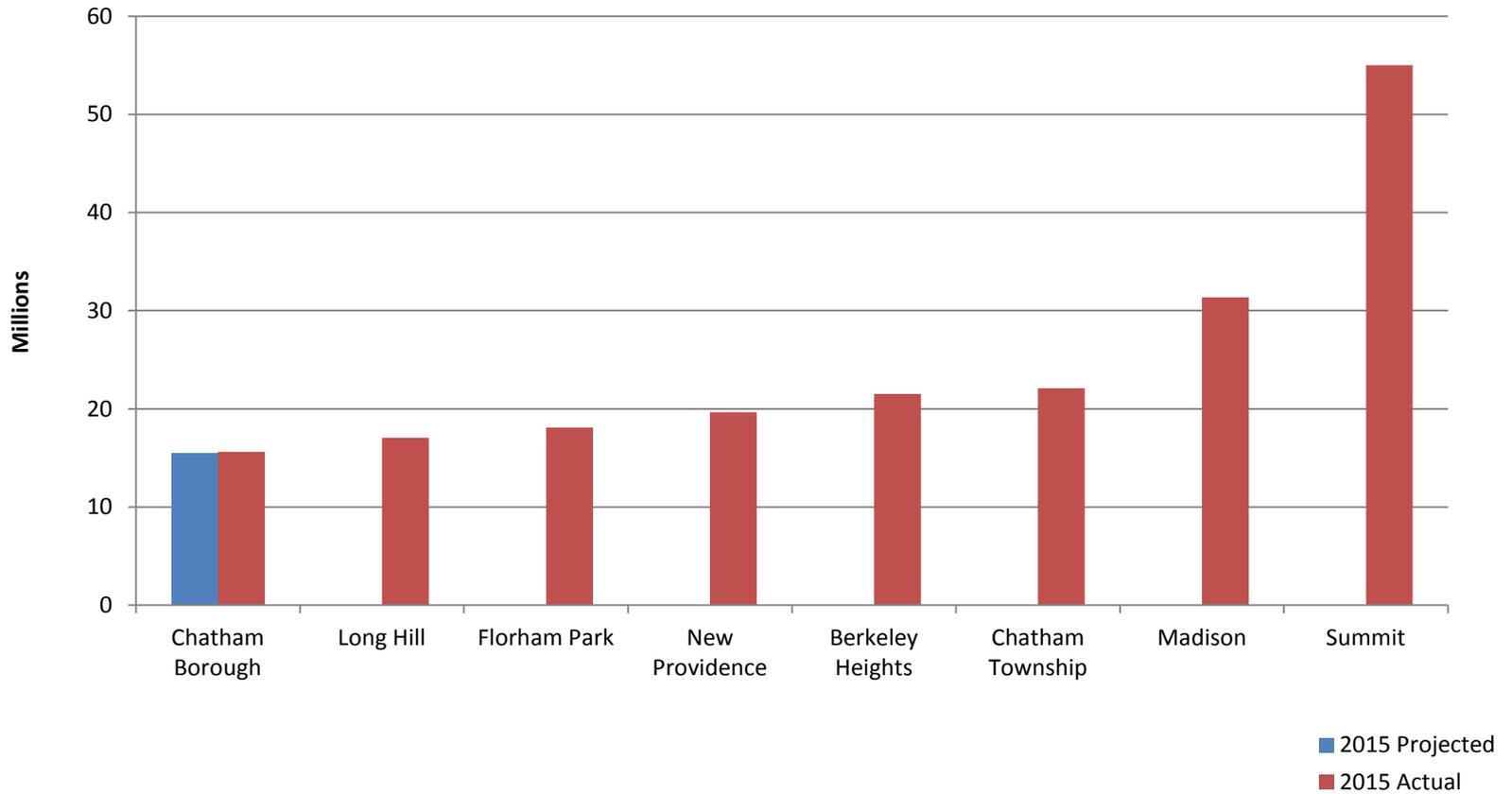Total General Debt by Municipality

Chart #5

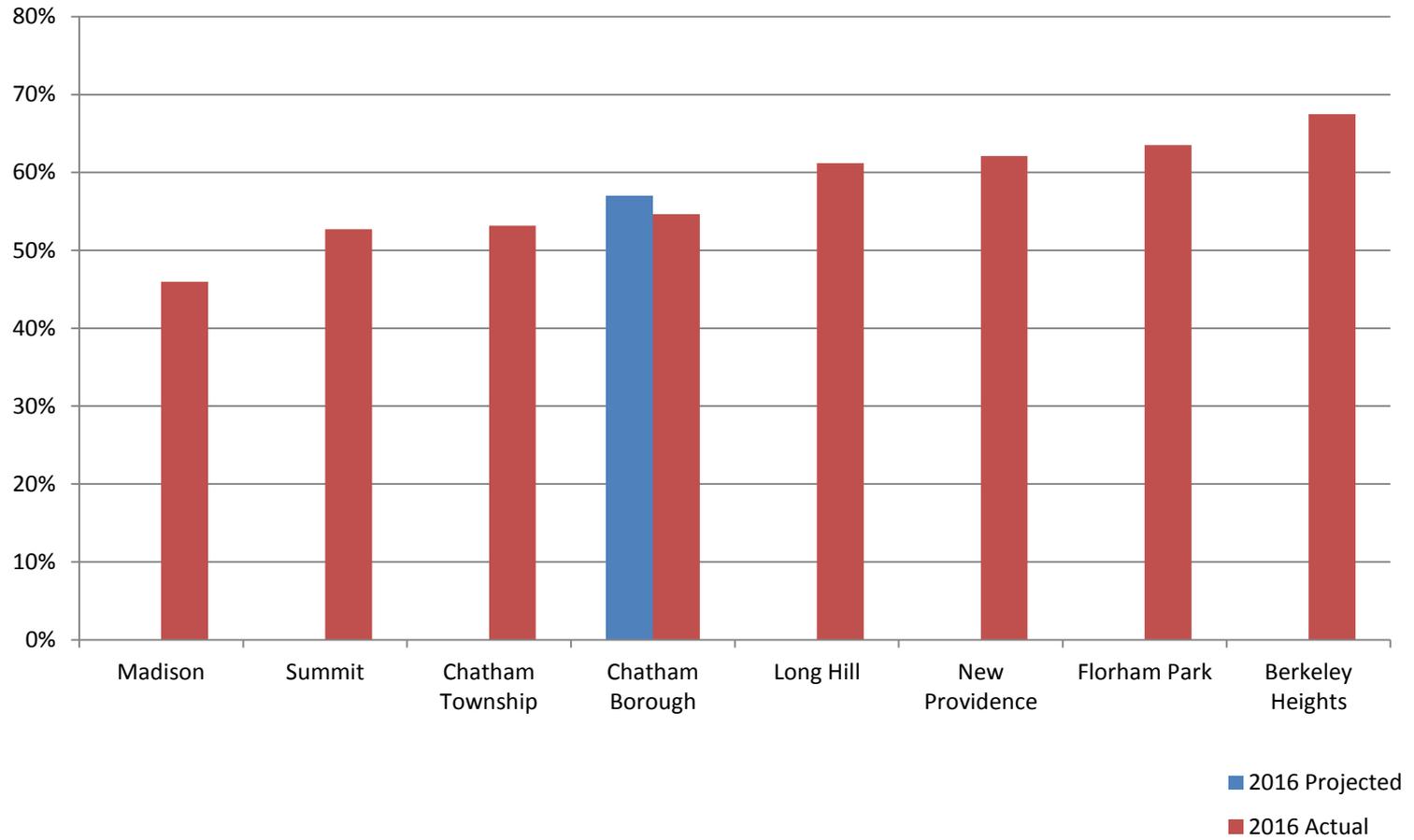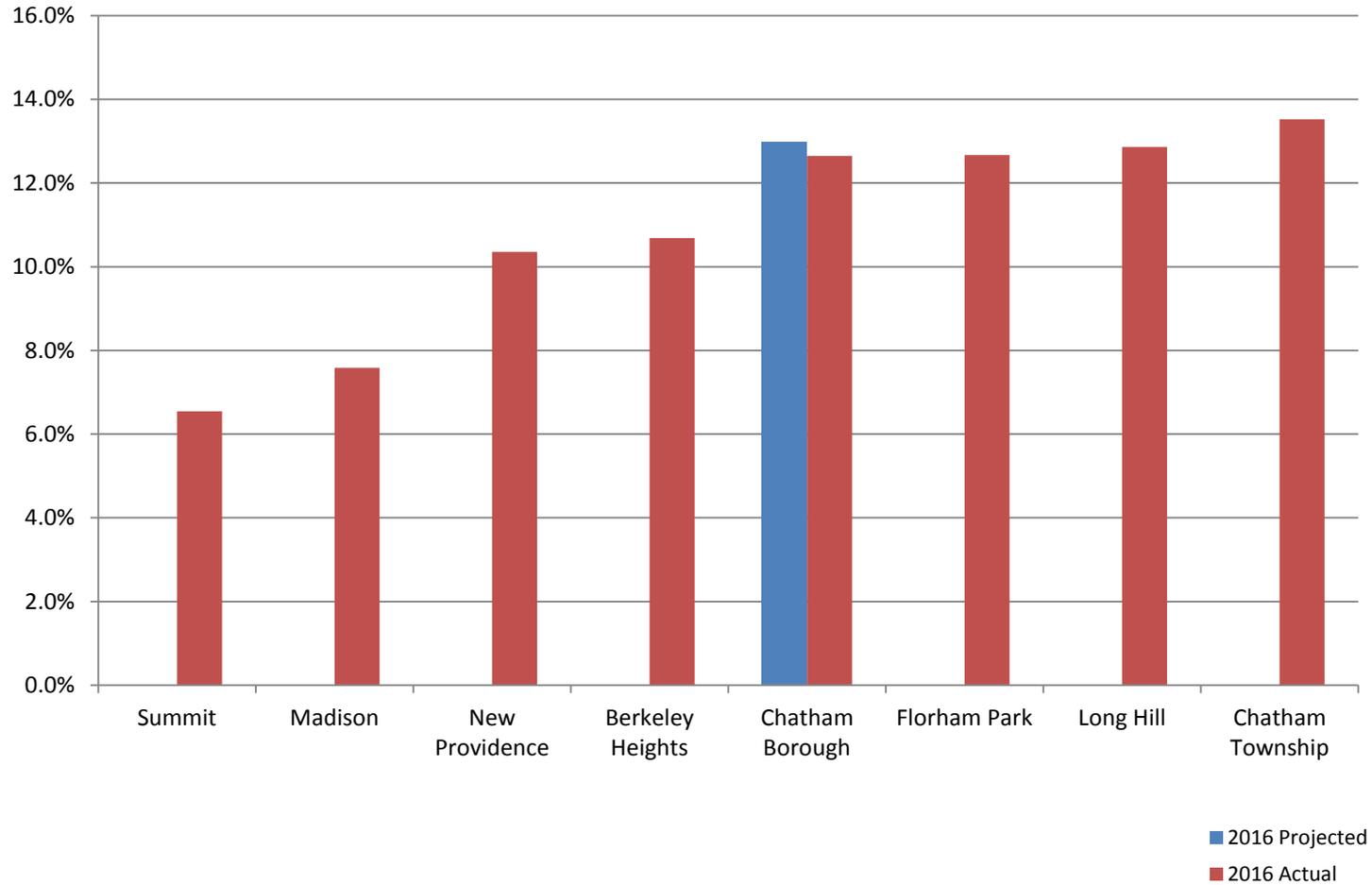## Percentage of Budget Funded by Property Tax

Chart #6

Debt Service Payment / Percentage of the Total Budget

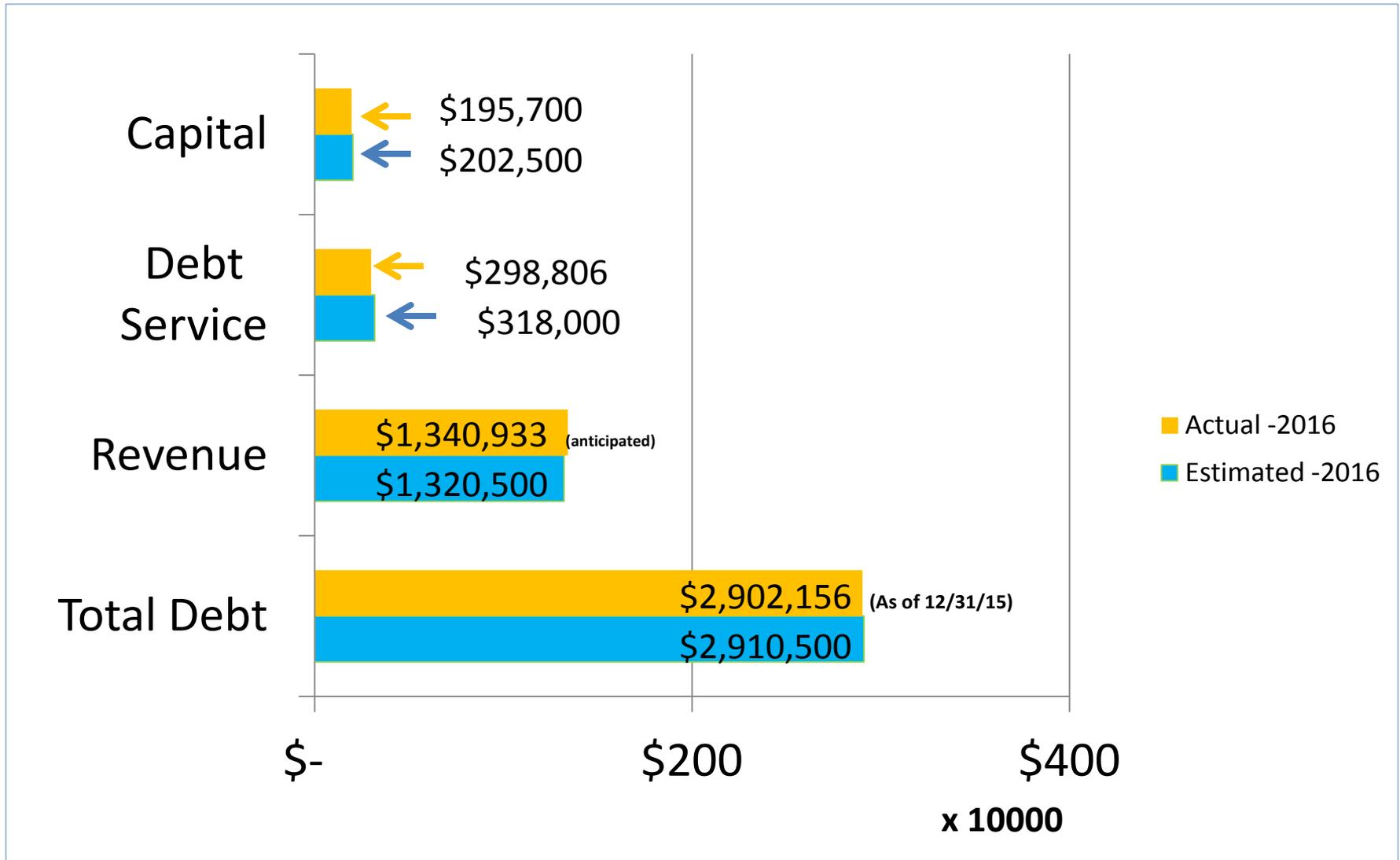# Recommendations – Strategic Financial Management Plan

Recommendations

1. Reduce the previous five year annual average for general capital purchases from $2,030,622 to no more than $1,000,000 annually. (reduction of $1,030,622 or 50%)
   - 2015 Capital Plan - $1,509,000 (includes Library Improvements $455,000)
   - 2016 Capital Plan - $1,258,500 (includes NJ DOT Grant $190,000)

2. By 2023, reduce the total debt by $4,764,636. (reduction of total debt 31%)
   - Increased Annual Note Pay downs ($100,000)

3. Limit annual increases for personnel and operating expenses to no more than 2%.
   - 2016 Budget Increase was under 2.0% -- 1.01%

4. Continue to identify new shared services opportunities to offset expenses.
   - Recreation, Court, Construction, Board of Health, & IT Services

5. Identify and rezone areas to encourage new businesses to locate in Chatham Borough to increase the ratable base.
   - Vendor hired to obtain added assessments – approximately $4 million
   - M Zone approved to expand River Road area

6. Annually review revenue streams to ensure that the fee charged for each service is at least adequate to cover actual expenses incurred by the Borough to provide the service.
   - Fee Resolution Adopted 1/04/2016

Recommendations – Strategic Financial Management Plan

Recommendations

7. **Identify and develop new mass transit opportunities, including parking and access.**
   - •**Discussions with NJ Transit regarding second station**

8. **Extend the useful life of equipment, facilities and infrastructure through aggressive preventative maintenance programs.**
   - •**Crosswalks & Sidewalks program**
   - •**Increased vehicle maintenance – refurnish vehicles & equipment**

9. **Maintain the Borough's Aaa bond rating.**
   - •**Borough's Bond Rating at Aaa**

10. **To measure financial performance, annually review and update the strategic financial management plan. Include the review and updating as one of the annual goals and report the achievement status.**
    - •**Update & Present Strategic Financial Management Plan Borough Council annually**

11. **The Finance Committee recommends that the Borough Finance Committee and Board of Education Finance Committee meet annually to review draft budgets and discuss the impact that each budget would have on the tax rate.**
    - •**To be scheduled for 2017 Budget Process**

12. **Develop a plan that will fund the Open Space debt and fund new Open Space projects.**
    - •**Vacant land list being developed to be discussed with Planner & Finance Committee**

Chart #7 – Water Utility Debt & Revenue

Recommendations – Strategic Financial Management Plan

Recommendations

1. **Limit water utility capital spending to $175,000 annually.**

    *   **2015 Capital Plan - $191,000**
    *   **2016 Capital Plan - $195,700**

2. **Annually review water & solid waste rates to determine that the rates are adequate to fund future personnel, operating & capital improvements that are necessary for the efficient operation of Chatham Borough's Water Utility & Solid Waste collection services.**

    *   **Finance annually prepares Rate Sheets for Water & Sewer rates that are presented to the Borough Council**

3. **Reduce the water utility debt by a minimum of $50,000 annually.**

    *   **12/31/2014 Debt - $2,806,206**
    *   **12/31/2015 Debt - $2,902,156**

4. **Pay for Capital Improvements from Utility Surplus and not borrow funds. This provides a cost savings to the Borough and a deduction in the Utility outstanding debt.**

    *   **Ordinance # 16-10 – Adopted 9/26/2016 – Improvements funded by Surplus**