

Borough of Chatham

Annual Report

2012



Finance Report Prepared by
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Human Resource Report Prepared by
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2012 FINANCE REPORT

By Michael Mariniello Jr., Director of Finance

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 3 full-time and four 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 Director of Finance 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, 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.

2012 ACCOMPLISHMENTS

- There was no need for the State required Corrective Action Plan in 2012 **as there were no recommendations in the 2011 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.
- Cross-training efforts were continued within the department, particularly in the payroll functions and revenue procedures.

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- Upgraded the LAN server with a second server and rewired the patch panel to assure a neat appearance as well as confirming that all connections were secure.
- The finance department continues to assist the recreation department in accepting credit cards through Community Pass.
- The finance department along with the entire Borough department heads continue to make suggestions and plans for the office reorganization. Much of this has taken place already and the balance will be finished soon. This required many compromises and concessions of the employees, but the final results will make each department more efficient having all its members working together in the same area.
- 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 continues to be a challenge during the year 2012 starting at 2% in January and ending the year around 1%. Our Fund Balance at year-end still maintained a strong level of \$3,901,904 due in part to a good tax collection rate of 98.68%. 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.

	2012	2011	2010	2009	2008
Interest Rate At Year End	5.0%	4.0%	2.25%	1.25%	1.73%
Interest Earned	\$350,526	\$208,730	\$79,761	\$74,610	\$120,882
Fund Balance At Year End	\$3,901,904	\$3,717,473	\$3,234,676	\$3,010,193	\$2,907,950
Fund Balance Utilized In Next Year's Budget	\$2,000,000	\$3,300,000	\$2,800,000	\$2,550,000	\$2,450,000
Starting Fund Balance	\$417,473	\$434,675	\$460,193	\$457,950	\$420,396

Water Operating Fund

- The Water Operating Fund had an excess in revenue from water fees in 2012 of \$88,833.
- The water utility has continued to be self-liquidating in 2012.
- The 2012 year-end Fund Balance was \$212,350 this was an increase over 2011 year-end fund balance of \$108,382.
- We appropriated \$66,483 of the 2011 fund balance in the 2012 budget.

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Solid Waste Operating Fund

- The Solid Waste Operating Fund had an excess in revenue in 2012 of \$33,645.
- The closing Fund Balance was \$58,171.
- In 2011 the closing fund balance was \$53,050, with excess in revenue of \$38,419.
- We appropriated \$0 of the 2011 fund balance in the 2012 budget.

2012 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 compute 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.

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- 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.

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

- Breakdown list and distribute alphabetically to work on a section every month until completed.
- Setup a time frame for completion.

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

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

Achievement: The software vendor has been identified and we will be up and running January, 2013

2013 GOALS AND OBJECTIVES

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.

- Request department personnel to place in writing job procedures detailing their day to day activities.
- Compile the information received into a book with an index for easy identification and distribution.

Goal: Obtain the highest possible return on the Borough's Investment Portfolios

Achievement: Fund balances were transferred from TD Bank to Investors Bank was necessary to ensure a higher yield.

Goal: Maintain the Fixed Asset Inventory system installed in the Borough. Continue to implement this system with new purchases and sales of fixed assets.

- Update the process and obtain appraisal reports where necessary.