Borough of Chatham

10 Year Strategic Financial Plan Analysis

Annual Progress Report - 2014
Chart #1 – Capital Spending & Debt

- Capital Appropriation:
  - Actual: $971,000
  - Estimated: $949,760

- Debt Service:
  - Actual: $1,797,859
  - Estimated: $1,813,946

- Debt:
  - Actual: $15,841,398
  - Estimated: $14,935,991

x 100000
Chart #2 – Budget & Taxation

- Reserve For Uncollected Taxes:
  - Actual - 2014: $1,720,576
  - Estimated - 2014: $1,732,279

- Surplus:
  - Actual - 2014: $2,540,437
  - Estimated - 2014: $2,114,416

- Other Revenue:
  - Actual - 2014: $5,826,335
  - Estimated - 2014: $5,454,898

- Amount To Be Raised By Taxes:
  - Actual - 2014: $8,361,943
  - Estimated - 2014: $8,386,204

- Budget:
  - Actual - 2014: $14,094,778
  - Estimated - 2014: $13,810,307

*Chart: Compare actual vs. estimated values for various budget components, including reserves, surplus, other revenue, and taxes, for the years 2013 and 2014.*
Chart #3

General Debt Owed per Person by Population by Municipality

Thousands

2014 Projected
2014 Actual

New Providence
Berkeley Heights
Madison
Chatham Borough
Florham Park
Long Hill
Chatham Township
Summit

Thousands

$0
$1
$2
$3

10/14/2015
TBD
Chart # 4

Total General Debt by Municipality

Millions

- Chatham Borough
- New Providence
- Long Hill
- Chatham Township
- Florham Park
- Berkeley Heights
- Madison
- Summit

- 2014 Projected
- 2014 Actual
Chart #5

Percentage of Budget Funded by Property Tax

- Madison
- Chatham Borough
- Summit
- Chatham Township
- Long Hill
- New Providence
- Florham Park
- Berkeley Heights

2014 Projected vs. 2014 Actual
Chart #6

Debt Service Payment / Percentage of the Total Budget

- Summit
- Madison
- New Providence
- Berkeley Heights
- Chatham Township
- Chatham Borough
- Long Hill
- Florham Park

2014 Projected
2014 Actual
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%)
   - 2014 Capital Plan - $971,000

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

3. Limit annual increases for personnel and operating expenses to no more than 2%.
   - 2014 Budget Increase was under 2.0% -- 1.87%

4. Continue to identify new shared services opportunities to offset expenses.
   - Construction & 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 (additional from $3,962,298 in 2014 to approx. $13,090,869 in 2015)
   - 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 1/06/2015
Recommendations – Strategic Financial Management Plan

**Recommendations**

7. Identify and develop new mass transit opportunities, including parking and access.
   - Discussions with NJ Transit have been initiated 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
   - Administrator submitted a plan to the Finance Committee

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 (10/13/15)

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 2016 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

- **Capital**
  - Actual - 2014: $119,000
  - Estimated - 2014: $115,500

- **Debt Service**
  - Actual - 2014: $333,709
  - Estimated - 2014: $335,684

- **Revenue**
  - Actual - 2014: $1,310,138 (anticipated)
  - Estimated - 2014: $1,275,000

- **Total Debt**
  - Actual - 2014: $2,806,206 (As of 12/31/14)
  - Estimated - 2014: $2,800,364

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10/14/2015

TBD

10
Recommendations – Strategic Financial Management Plan

Recommendations

1. Limit water utility capital spending to $175,000 annually.
   • 2014 Capital Plan - $119,000

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.
   • The Finance Committee 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.
   • 12/31/2013 Debt - $2,942,906
   • 12/31/2014 Debt - $2,806,206

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 # 15-10 – Adopted 10/4/2015 – Improvements funded by Surplus in amount of $170,000