



2019 Operating Budget Supplemental Report

Budget Procedure & Requirements

- ▶ Municipal Fiscal Year = Calendar Year
- ▶ Line-items in each fund are set by the DCED Chart of Accounts
- ▶ Borough Manager is charged with preparing and submitting to Borough Council the annual budget - Section 502.F. of the Home Rule Charter
- ▶ Borough staff meets internally in August to begin outlining the budget
- ▶ First draft of the budget is reviewed by the Finance & Administration Committee in September
- ▶ An initial public presentation is held once the Finance & Administration Committee has completed the initial review
- ▶ Borough Council reviews and authorizes the proposed budget for advertisement
- ▶ Budget must be advertised at least ten (10) days prior to final adoption
- ▶ Borough Council holds a public hearing on the proposed budget and considers adoption of the preliminary budget
- ▶ Borough Council considers adoption of the final budget
- ▶ Budget must be adopted by December 31st

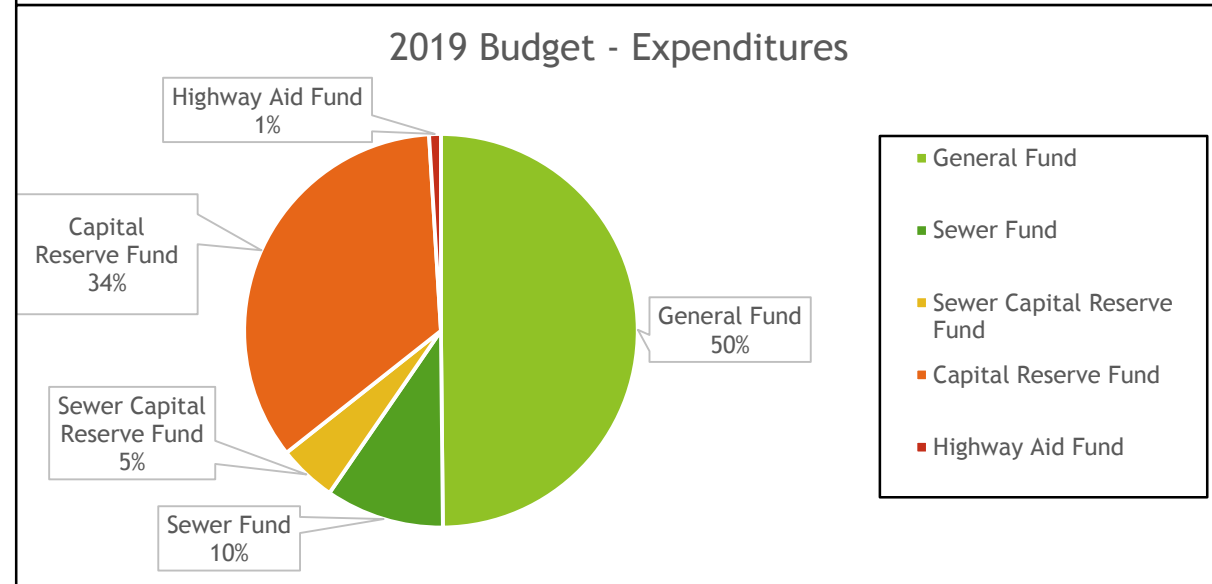
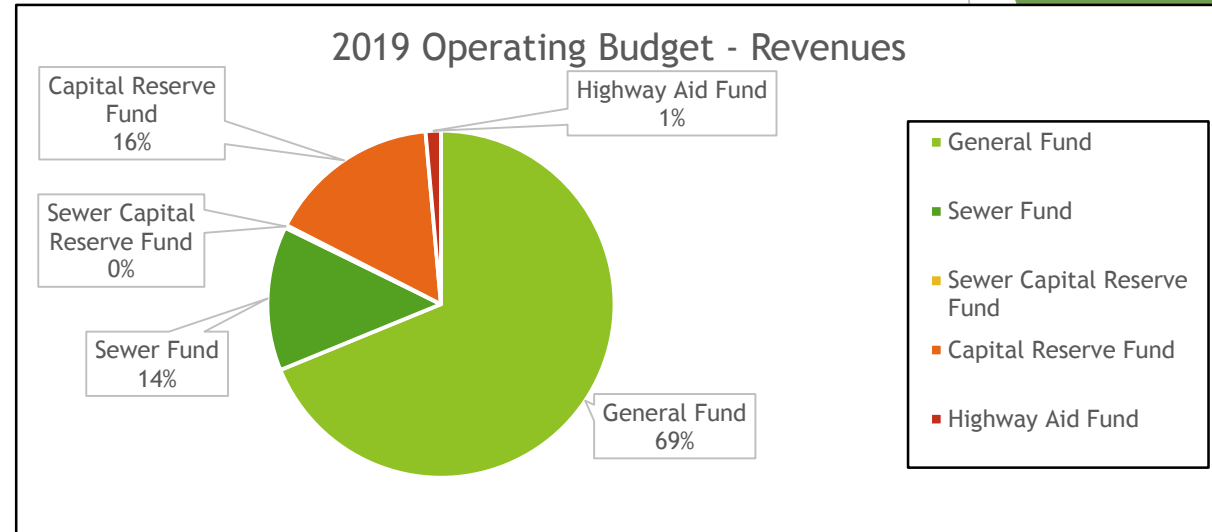
2019 Operating Budget Overview

► Revenue

- General Fund - \$4,490,367
- Sewer Fund - \$877,877
- Sewer Capital Reserve Fund - \$1,268,545
- Capital Reserve Fund - \$3,951,232
- Highway Aid Fund - \$308,547
 - Total Revenue - \$10,896,568

► Expenditures

- General Fund - \$4,490,367
- Sewer Fund - \$877,877
- Sewer Capital Reserve Fund - \$430,000
- Capital Reserve Fund - \$3,123,836
- Highway Aid Fund - \$87,100
 - Total Expenditures - \$9,009,180



2019 Operating Budget Status

- ▶ Revenue has exceeded expenditures across all funds by \$941,940.82
 - ▶ Total Revenue - \$2,838,503.76 (44%)
 - ▶ Total Expenditures - \$1,896,562.94 (21%)
 - ▶ Revenue is traditionally highest in the second and third quarters
- ▶ Revenue vs. Expenditures per fund through May 31, 2019
 - ▶ General Fund
 - ▶ Revenue = \$2,299,619.32 (51%) Expenditures = \$1,266,335.42 (28%)
 - ▶ Sewer Fund
 - ▶ Revenue = \$441,072.49 (50%) Expenditures = \$366,010.58 (42%)
 - ▶ Sewer Capital Reserve Fund
 - ▶ Revenue = \$0.00 (0%) Expenditures = \$10,741.11 (2%)
 - ▶ Capital Reserve Fund
 - ▶ Revenue = \$2,265.06 (0%) Expenditures = \$253,475.83 (8%)
 - ▶ Highway Aid Fund
 - ▶ Revenue = \$95,546.89 (102%) Expenditures = \$0.00 (0%)

2019 Operating Budget Status

- ▶ Revenue in the General Fund through May 31, 2019 is 3% higher when compared to 2018
 - ▶ Real Estate tax revenue is 1.5% higher
 - ▶ Act 511 tax revenue (Per Capita, Real Estate Transfer, Earned Income, and Local Services Taxes) are down 3%
 - ▶ Earned Income Tax revenue is down 4% compared to 2018
 - ▶ This is the largest tax revenue source for the Borough
- ▶ Expenditures in the General Fund through May 31, 2019 are 4% higher when compared to 2018
 - ▶ Professional services (Engineer, Solicitor, etc.) up 27%
 - ▶ Utility costs down 53% compared to 2018
 - ▶ Primary reason = replacement of the boiler in Borough Hall
 - ▶ Administrative costs up 6% compared to 2018
 - ▶ Police Department costs up 11% compared to 2018
 - ▶ Public Works Department costs up 4% compared to 2018

2019 Operating Budget Status

- ▶ Revenue in the Sewer Fund through May 31, 2019 is 9% higher when compared to 2018
 - ▶ Sewer Rents up 3% compared to 2018
 - ▶ Sewer Tapping Fees up 60% compared to 2018
- ▶ Expenditures in the Sewer Fund through May 31, 2019 are 21% higher when compared to 2018
 - ▶ Primarily due to increases in sewage treat costs - up 36% compared to 2018
 - ▶ Operation & Maintenance costs up 27% compared to 2018
 - ▶ Primary reason = treatment costs, which = 71% of operation and maintenance costs in 2019
 - ▶ Administrative costs up 8% compared to 2018

2019 Operating Budget Status

- ▶ Major expenditures to date
 - ▶ New truck for Public Works Department = \$31,285
 - ▶ Purchase of new server = \$7,414.89
 - ▶ General Liability & Property Insurance Renewal = \$53,909
 - ▶ Debt Service Payment = \$34,866.64
 - ▶ Sewage Disposal Costs = \$182,434.05
 - ▶ Debt Service Costs = \$36,152.78
- ▶ Major expenditures remaining
 - ▶ Purchase of new police vehicle = \$45,000 budgeted
 - ▶ 2019 Paving Program = \$150,000 budgeted
 - ▶ Ruthland Avenue Force Main Improvements = \$240,000 budgeted
 - ▶ N. Warren Ave. Transit Project = \$800,000 budgeted
 - ▶ Paving of Burke Park trails and parking lot = \$50,000 budgeted
 - ▶ E. King St. Pedestrian Signals = \$128,000 based on engineer's estimate

2019 Operating Budget Status

▶ Controlling expenditures

▶ Secured \$520,500 in grant funding since 2016

- ▶ Projects completed = Woodland Ave. Streetscape Project and *Malvern Borough-wide Multiple Transportation Study*

▶ Additional major projects funded through grants

▶ N. Warren Ave. Transit Project

- ▶ \$560,000 in grant funding = 60% of project cost

▶ Modification of employee benefits

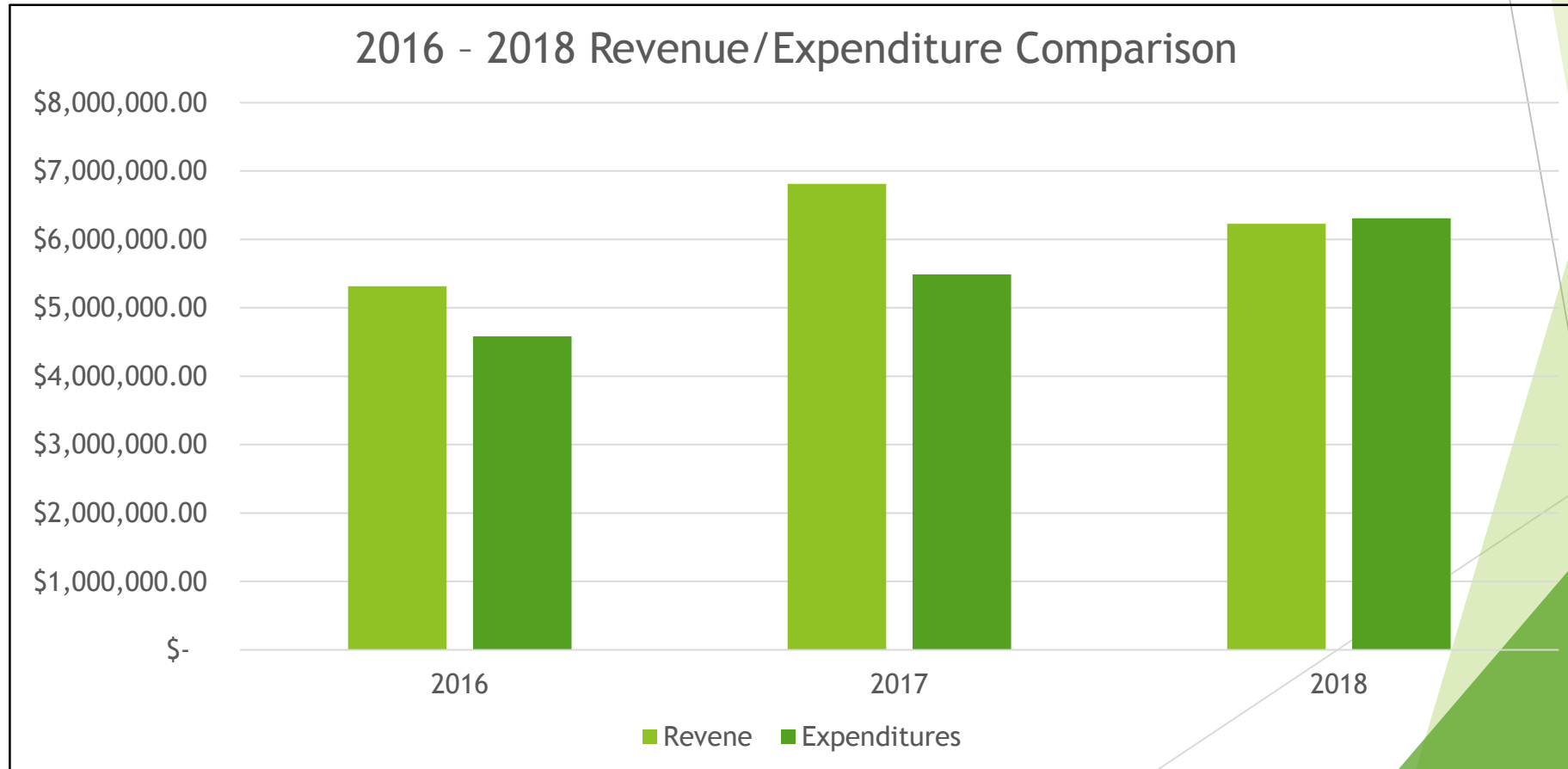
- ▶ Changes to health & dental coverage = \$20,142.57 savings

- ▶ Changes to ancillary insurance (life, AD&D, and disability) = \$16,100

▶ Adjustment to property and liability insurance = 8% savings since 2018

2016 - 2018 Revenue/Expenditure Comparison

► Information from the 2016 to 2018 audited financial statements



Questions?

Malvern Borough Budget and Salary Allocations

Malvern Borough's finances are divided into "funds," each of which could be best thought of as a "line of business."

- **General Fund:** This is the Borough's regular operating fund, which generally consists of regular revenues and regular expenses.
- **Sewer Fund:** Technically classified as a "Business-Like" or "Enterprise" fund, this fund actually operates as a business, meaning it provides a service and charges for that service and incurs expenses to provide that service.
- **Capital Reserve Fund:** Funds that the Borough has set aside for larger, one-time expenditures (i.e., capital expenditures) are accumulated in the Capital Reserve Fund. Each year the Borough evaluates its capital needs, and budgets Capital Reserve funds for these purposes. Generally, these projects are (a.) larger-priced projects; (b.) expected to last longer than one year; (c.) not expected to re-occur frequently; or any combination.
- **Liquid Fuels Fund:** Technically classified as a "Special Revenue Fund," this fund receives state money and is required to only spend it according to the state's criteria, in this case on construction and maintenance of roads & bridges. In this case, the state requires these funds to "live" in a separate account until spent.

From day-to-day, Borough personnel are working on the various tasks and responsibilities that each of the funds was created to address. In order to be efficient, the Borough has only one payroll and spreads the cost of its employees across the funds. In our case, the time spent on administration and management of the Capital Reserve and the Liquid Fuels Funds are deemed so small that there are no payroll costs allocated to these funds. Salaries are budgeted based on job responsibilities and distributed across the General Fund and the Sewer Fund, which are the two (2) operating funds for the Borough. Since management's attention and efforts are indeed focuses on sewer fund issues, a portion of certain salaries is allocated thereto; the sewer fund then reimburses the general fund for these payroll expenses.

Administration

- **Borough Manager**
 - **2019 Budgeted Salary** – \$112,500
 - **60% allocated in the General Fund – Administration (01.400.001)** – \$67,500
 - **40% allocated in the Sewer Fund – Administration (08.429.101)** – \$45,000
- **Assistant Borough Manager/Zoning Officer**
 - **2019 Budgeted Salary** – \$75,000
 - **60% allocated in the General Fund – Administration (01.400.003)** – \$45,000
 - **20% allocated in the General Fund – Code Enforcement (01.414.010)** – \$15,000
 - **20% allocated in the Sewer Fund – Administration (08.429.101)** – \$15,000
- **Treasurer**
 - **2019 Budgeted Salary** – \$72,000
 - **60% allocated in the General Fund – Administration (01.400.002)** – \$43,200
 - **40% allocated in the Sewer Fund – Administration (08.429.101)** – \$28,800
- **Building & Code Enforcement Official/Fire Marshal**
 - **2019 Budgeted Salary** - \$75,266.81
 - **100% allocated in the General Fund – Code Enforcement (01.414.010)** – \$75,266.81
- **Administrative Assistant**
 - **2019 Budgeted Salary** – \$47,840
 - **25% allocated in the General Fund – Administration (01.400.021)** – \$11,960
 - **25% allocated in the General Fund – Code Enforcement (01.414.010)** – \$11,960
 - **25% allocated in the General Fund – Parks & Recreation (01.455.010)** – \$11,960
 - **25% allocated in the Sewer Fund – Administration (08.429.101)** – \$11,960

Police

- **Chief of Police**
 - **2019 Budgeted Salary** – \$119,041.04
 - **100% allocated in the General Fund – Police Department (01.410.010)** – \$119,041.04
- **Full-time Patrol Officers**
 - **2019 Budgeted Salaries** – \$488,849.31
 - **100% allocated in the General Fund – Police Department (01.410.011)**
 - **Additional pay for training, Officer in Charge, holiday, and court appearances allocated in the General Fund – Police Department (01.410.011)** – \$48,884.69
 - **Overtime expenditures allocated in the General Fund – Police Department (01.410.018)** – \$50,000
- **Part-time Patrol Officers**
 - **2019 Budgeted Part-time Payroll** – \$80,000
 - **100% allocated in the General Fund – Police Department (01.410.015)**
- **Police Department Administration Assistant**
 - **2019 Budgeted Salary** – \$62,000
 - **100% allocated in the General Fund – Police Department (01.410.012)**
- **Police Department CODY/CLEAN Clerk (Part-time)**
 - **2019 Budgeted Salary** – \$12,199.20

Public Works

- **Superintendent of Public Works**
 - **2019 Budgeted Salary** – \$102,477.33
 - **55% allocated in the General Fund – Public Works (Highways & Streets) (01.430.010)** – \$56,362.53
 - **10% allocated in the General Fund – Parks & Recreation (01.455.010)** – \$10,247.73
 - **35% allocated in the Sewer Fund – Operation & Maintenance (08.429.010)** – \$35,867.07
- **Assistant Superintendent of Public Works**
 - **2019 Budgeted Salary** – \$69,423.60
 - **55% allocated in the General Fund – Public Works (Highways & Streets) (01.430.010)** – \$38,182.98
 - **10% allocated in the General Fund – Parks & Recreation (01.455.010)** – \$6,942.36
 - **35% allocated in the Sewer Fund – Operation & Maintenance (08.429.010)** – \$24,298.26
- **Laborers**
 - **2019 Budgeted Salaries** – \$182,986.47
 - **Breakdown is as follows:**
 - **55% allocated in the General Fund – Public Works (Highways & Streets) (01.430.010)** – \$100,642.56
 - **10% allocated in the General Fund – Parks & Recreation (01.455.010)** – \$18,298.65
 - **35% allocated in the Sewer Fund – Operation & Maintenance (08.429.010)** – \$64,045.27
- **Part-time Summer Labor**
 - **2019 Budgeted Part-time Labor** – \$8,400
 - **100% allocated in the General Fund – Parks & Recreation (01.455.010)**
- **Overtime expenditures allocated in the General Fund – Public Works (Highways & Streets) (01.430.010)** – \$40,000