



**2019 Annual Operating Budget
January 1 – December 31, 2019**

2019 Operating Budget Procedure

- ▶ Internal budget staff meetings beginning in August 2018
- ▶ Initial 2018 year-end projections provided to Borough Council in August 2018
- ▶ Finance & Administration Committee reviewed the proposed 2019 budget on September 18, 2018 and October 9, 2018
- ▶ Draft budget provided to Borough Council on October 12, 2018
- ▶ Initial public presentation on November 6, 2018
 - ▶ Budget authorized for advertisement
- ▶ Budget advertised for public review in the November 20, 2018 edition of the Daily Local newspaper and the November 21, 2018 edition of the Philadelphia Inquirer. Budget also posted on the Borough website.
- ▶ December 4, 2018 - Public Hearing and consideration of the 2019 Preliminary budget
- ▶ December 18, 2018 - Scheduled meeting for final adoption
- ▶ Budget must be adopted by December 31, 2018

2018 Budget - Year End Outlook

▶ 2018 Year-End Projections

- ▶ Borough's unrestricted cash balance projected to finish in a comparable position to 2017
 - ▶ Major expenditures out of the Capital Reserve Fund in 2018 - 13.3% decline in reserves
 - ▶ The Governmental Finance Officers Association (GFOA) recommends a general reserve fund balance of 5% to 15% of regular general fund operating revenues.
 - ▶ Current fund balance = 48% of projected General Fund Revenues
- ▶ Debt Service = \$274,059.58 (principal & interest)
 - ▶ Outstanding principal balance = \$1,089,000 (12% of total projected 2018 expenditures)
 - ▶ Bonds will be paid off in 2022 and 2023, respectively
- ▶ General Fund expenditures will finish ahead of revenues
 - ▶ Interfund transfer from the General Fund to the Capital Reserve Fund projected at \$1,139,034
 - ▶ Includes \$394,182 in grant reimbursements, \$274,060 for debt service, and \$470,792 in remaining revenue over expenditures
 - ▶ Operating costs are projected to finish below projections
- ▶ Sewer Fund revenues projected to finish ahead of expenditures
- ▶ Healthy year-end balances in the Sewer Capital, Capital Reserve, and Highway Aid Funds
- ▶ \$2,140,000 in capital projects will be rolled into 2019

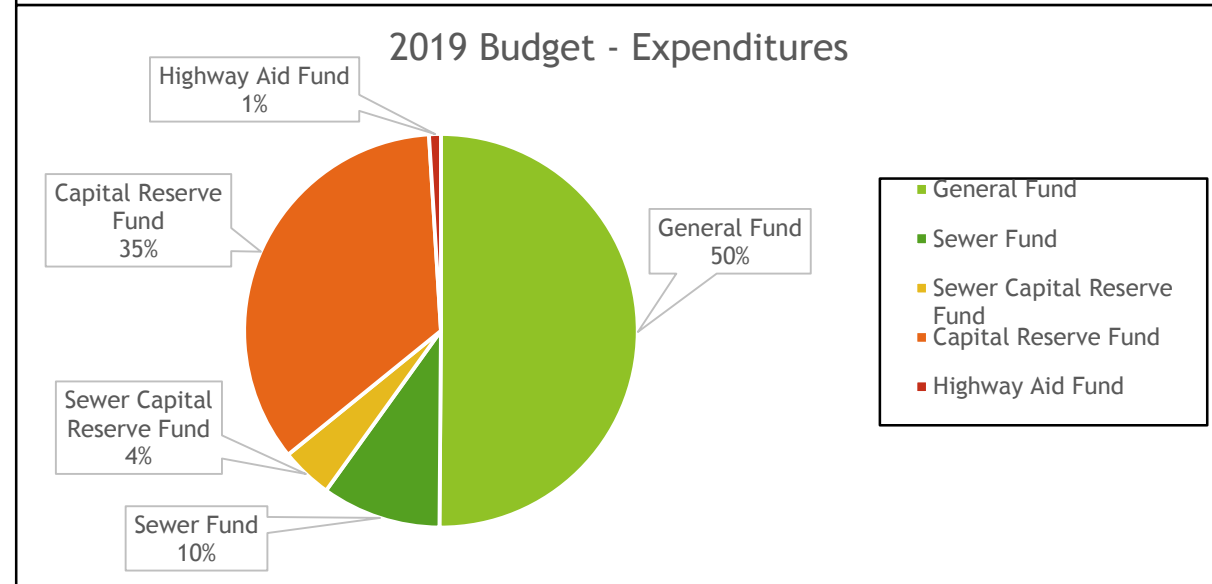
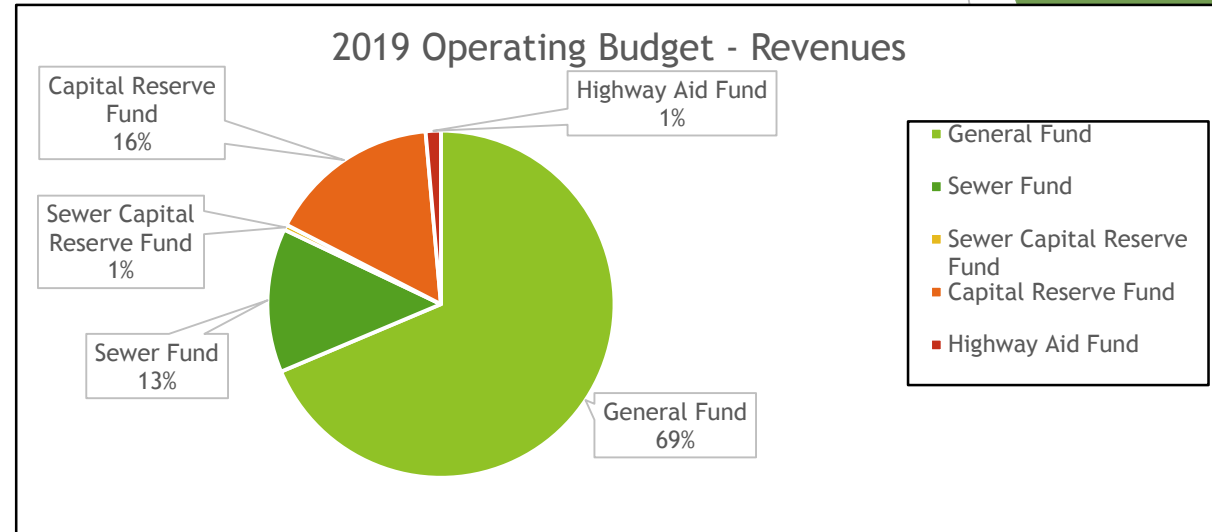
2019 Operating Budget Overview

► Revenue

- General Fund - \$4,490,367
- Sewer Fund - \$877,877
- Sewer Capital Reserve Fund - \$1,275,730
- Capital Reserve Fund - \$3,734,900
- Highway Aid Fund - \$308,439
 - Total Revenue - \$10,687,313

► Expenditures

- General Fund - \$4,490,367
- Sewer Fund - \$877,877
- Sewer Capital Reserve Fund - \$380,000
- Capital Reserve Fund - \$3,123,836
- Highway Aid Fund - \$87,100
 - Total Expenditures - \$8,955,862



2019 Operating Budget General Fund

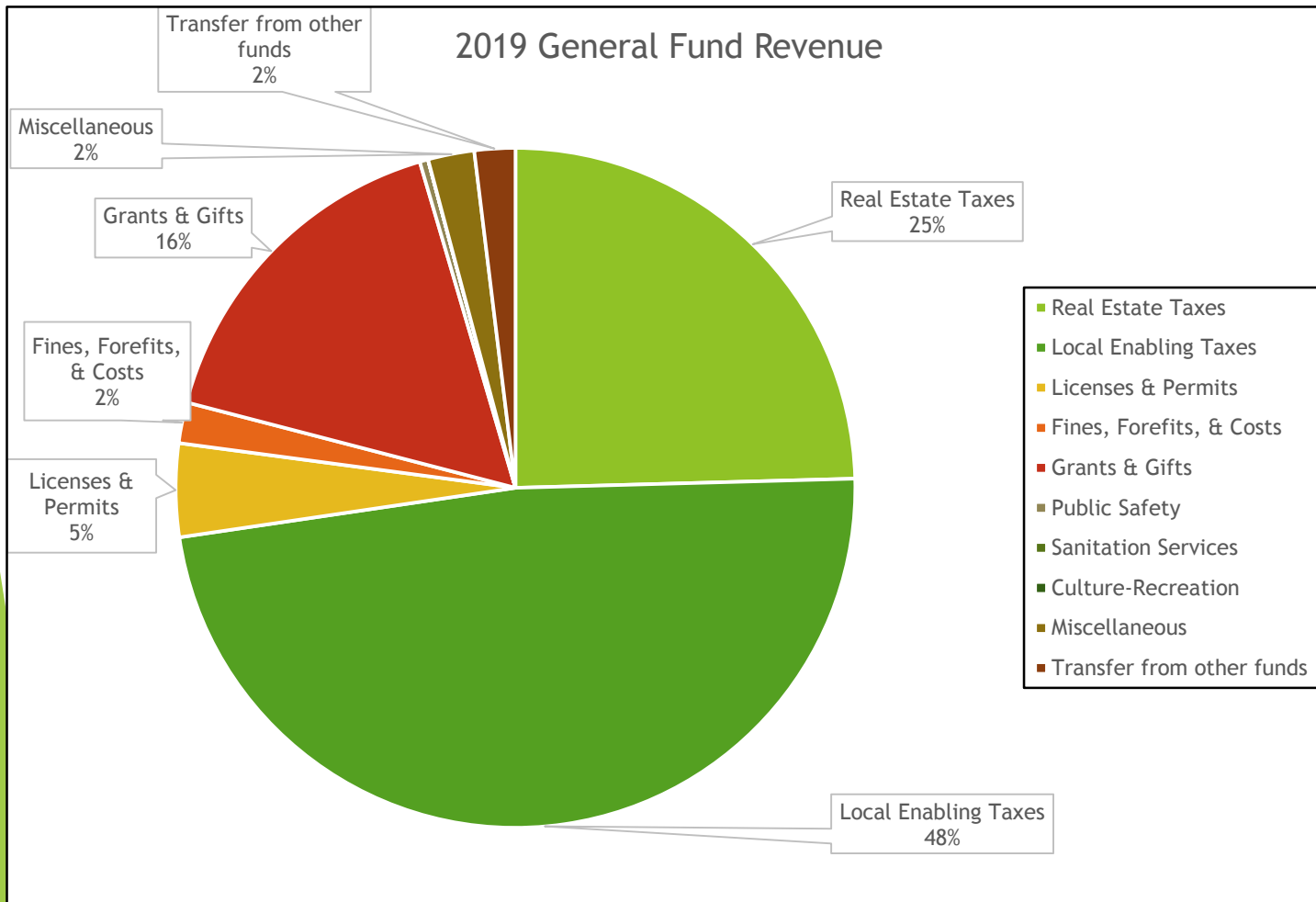
▶ Revenue

- ▶ 69% of all budgeted revenue
- ▶ Total Revenue Projected is \$4,490,367
- ▶ Tax Revenue = \$3,261,030
- ▶ Local Enabling Taxes = 66.3% of tax revenue
 - ▶ Earned-Income Tax Revenue represents 42.9% of General Fund Revenue, 59% of all projected tax revenue, and 89.2% of projected revenue from Local Enabling Taxes
- ▶ Malvern Borough's assessment is \$242,700,080
 - ▶ 1.3% increase from 2018
 - ▶ Increased 4.7% since 2016
 - ▶ Most significant increases from 2013 to 2016 (10.4% increase)

▶ Expenditures

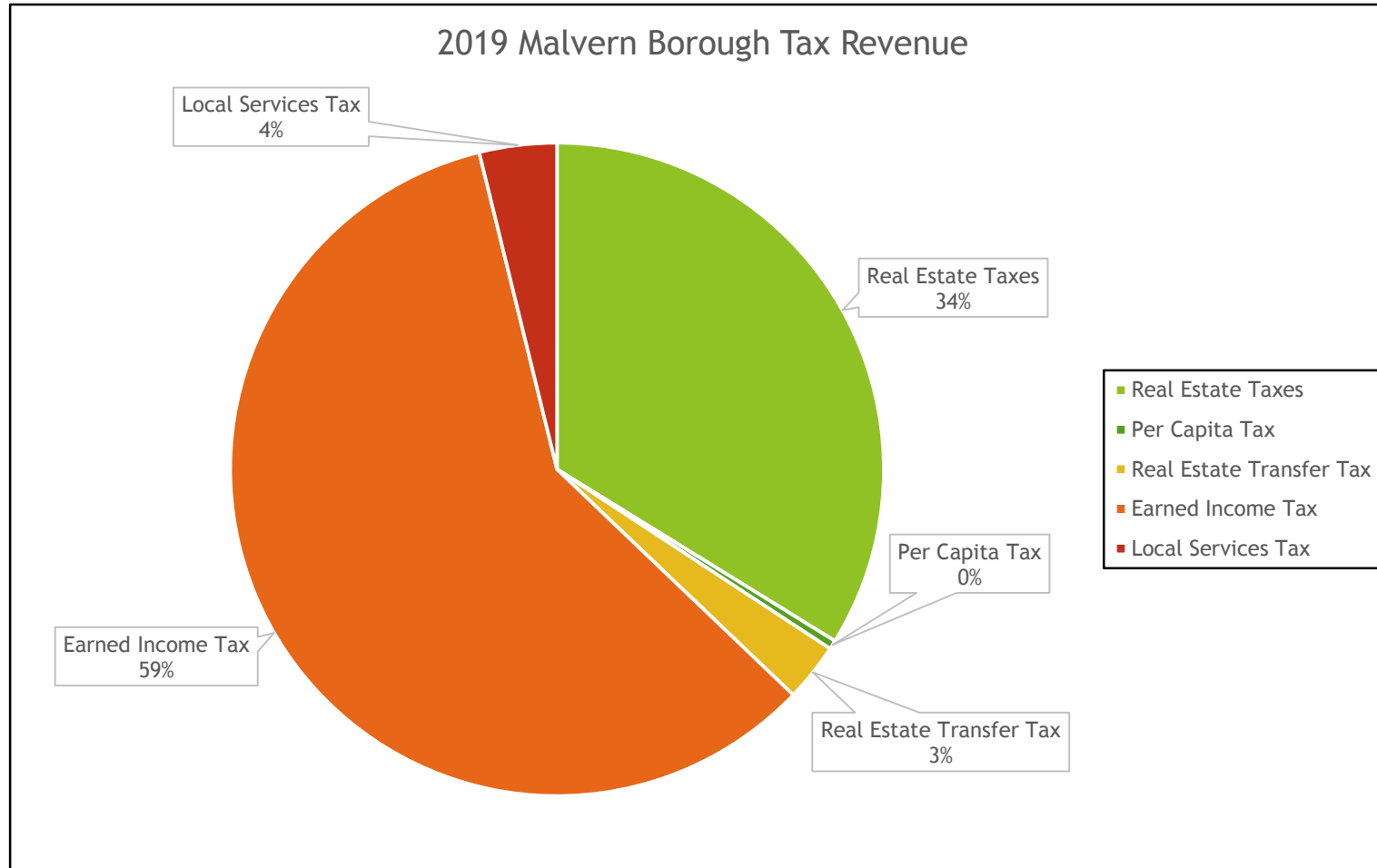
- ▶ 50% of all budgeted expenditures
- ▶ Total Expenditures Projected at \$4,490,367
- ▶ Notable General Fund Expenditures
 - ▶ Increased cost for legal expenditures due to upcoming contract negotiations with the Malvern Police Officer's Association
 - ▶ Increased contributions to the Malvern Fire Company
 - ▶ Upgrades to the fire alarm system in Borough Hall
 - ▶ Purchase of a new traffic unit vehicle for the Malvern Police Department
 - ▶ Purchase of a new vehicle for the Public Works Department
 - ▶ Road paving projects - anticipated are W. King Street, Church Street, and Green Street
- ▶ Civic contributions budgeted at \$39,500
 - ▶ Includes contributions to: Great Valley Senior Center, Upper Main Line Memorial Assn., Malvern Park & Civic Assn., Chester Valley Little League, Surrey Services for Seniors, Malvern Business & Professional Association, Paoli Battlefield Preservation Fund, and the Paoli Memorial Assn.

2019 Operating Budget General Fund

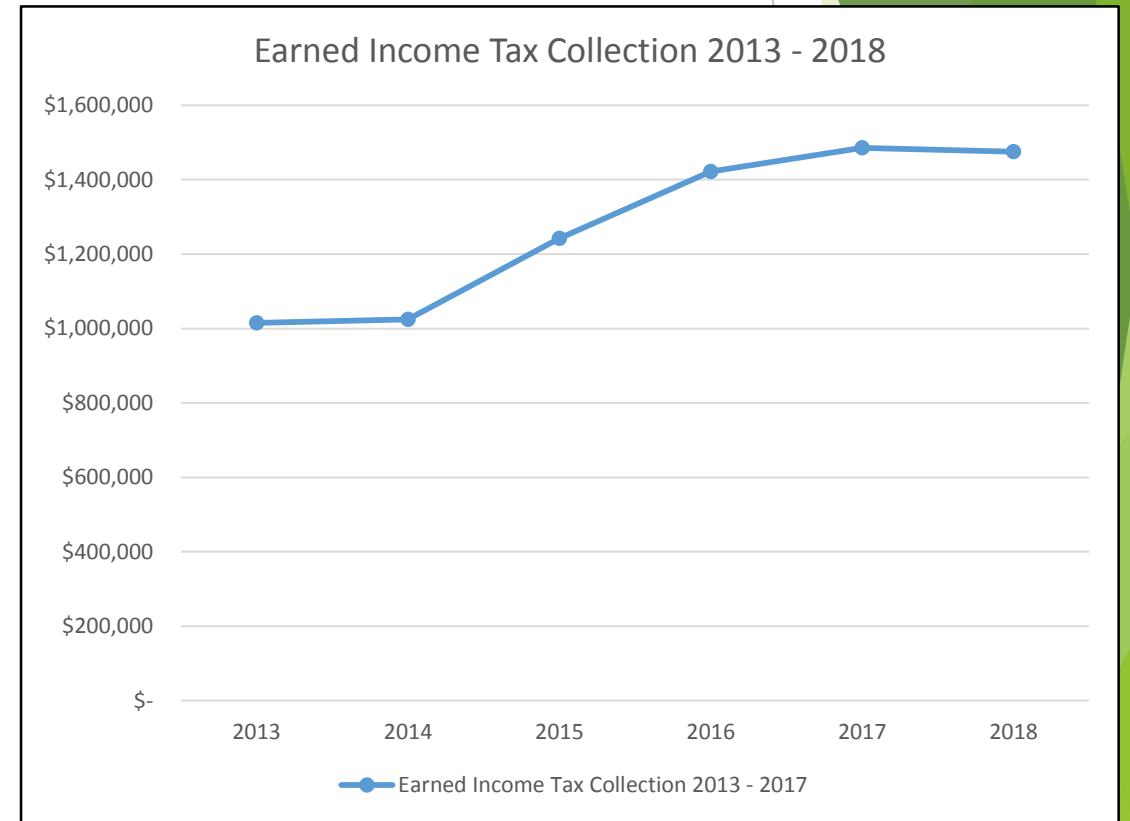
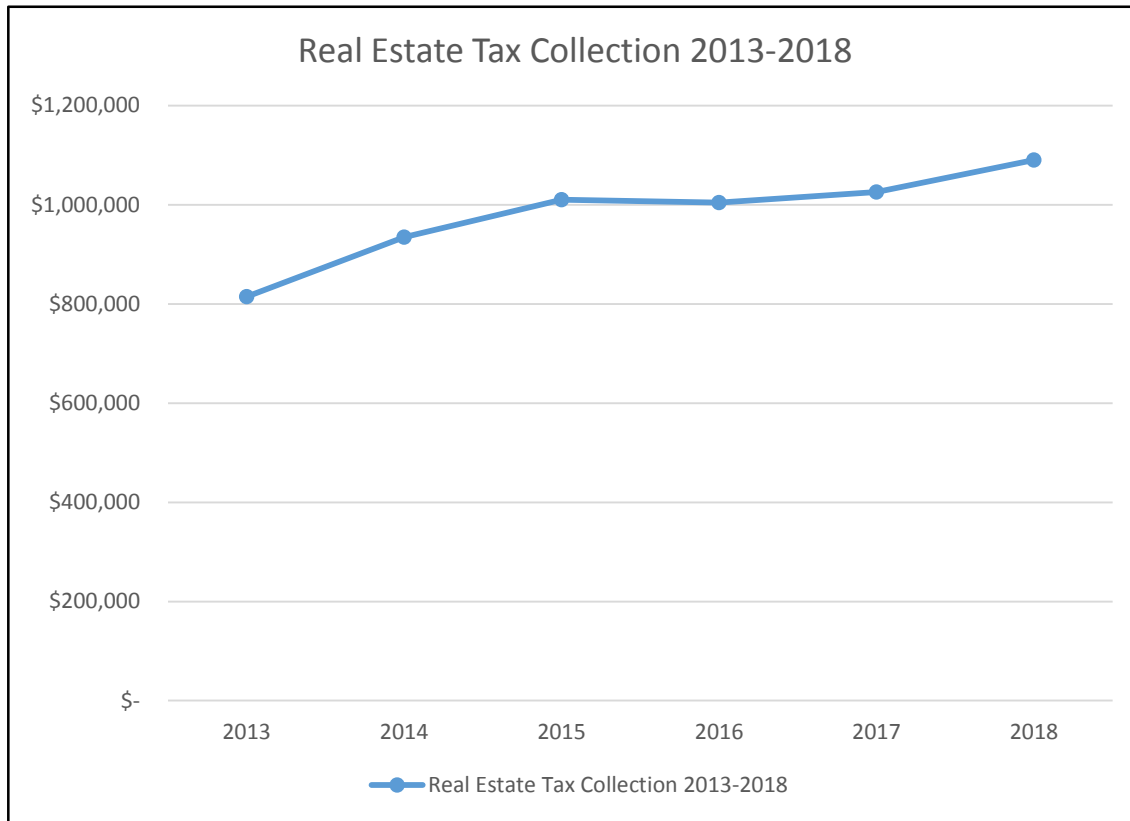


- ▶ Revenue from real estate taxes has begun to plateau
 - ▶ Borough assessment increased 10.4% from 2013 to 2016
 - ▶ 2019 assessment is 1.3% higher than 2018
- ▶ Notable decline in Real Estate Transfer Tax Revenue
 - ▶ Witnessed a 43% increase in 2017
 - ▶ Median collection over the last five (5) years = \$94,615.81
- ▶ Permit fee revenue was considerably higher in 2018 due to construction at Malvern Prep
- ▶ Grant revenue declining due to the completion of projects
- ▶ Earned-income tax revenue has seen significant increases in the last five (5) years
 - ▶ Most dramatic from 2014 to 2016 (38.7%)
 - ▶ 4.4% collection increase in 2017
 - ▶ Projections show collection leveling-off
 - ▶ East Whiteland Twp will be increasing their EIT 0.25%

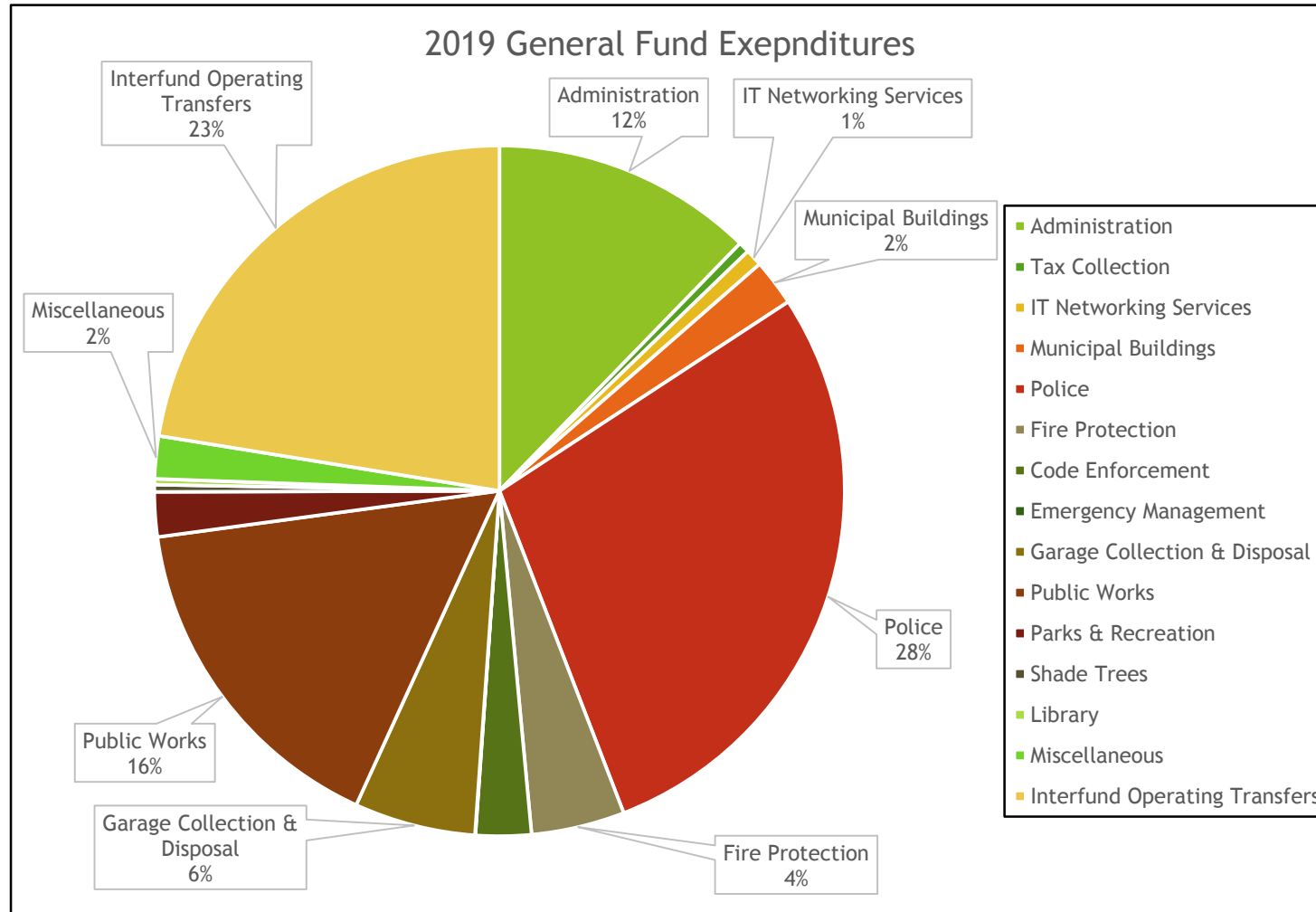
2019 Operating Budget General Fund



2019 Operating Budget General Fund



2019 Operating Budget General Fund



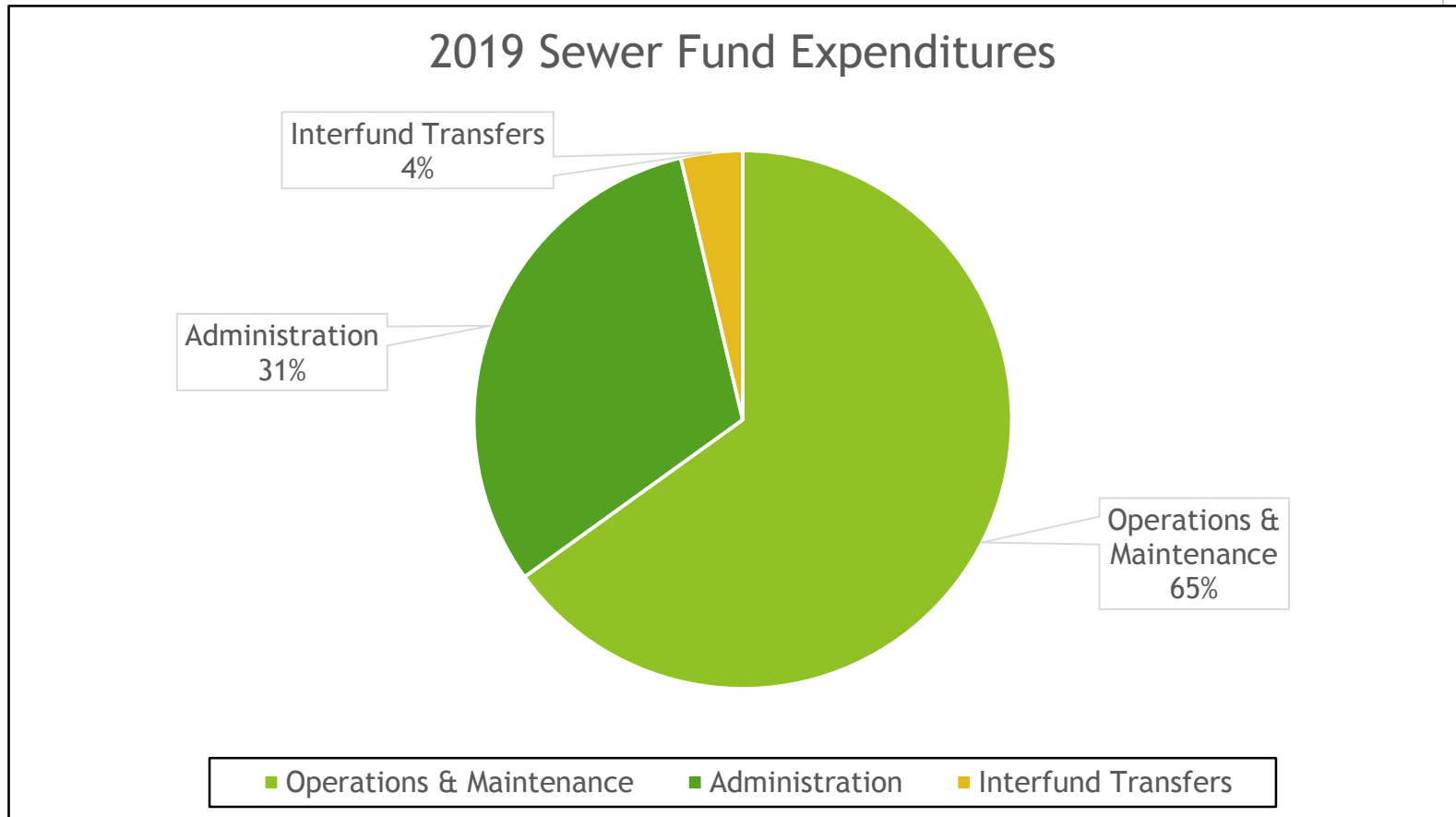
2019 Operating Budget General Fund

- ▶ Overall operating expenditure increase = 2.5%
- ▶ Increase in legal services - 15% due to upcoming contract negotiations
- ▶ Employee benefits
 - ▶ Medical insurance budgeted at 7.16% increase
 - ▶ Dental insurance budgeted at 2.5% increase
 - ▶ Ancillary insurances (life, AD&D, disability) at no increase in rates - locked in until November 2020
- ▶ No increase in rates for Borough professional services
- ▶ Notable expenditures
 - ▶ Replacement of server for Borough Hall (\$6,000 - \$7,000)
 - ▶ Road paving (\$150,000)
 - ▶ New traffic unit vehicle for the Malvern Police Department (\$45,000)
 - ▶ New vehicle for the Public Works Department (\$31,400)
 - ▶ Increased costs for part-time patrol offices to have two officers per shift
 - ▶ Projected transfer to Capital Reserve Fund = \$1,008,105

2019 Operating Budget Sewer Fund

- ▶ Fund covers all non-capital costs of the Borough's sanitary sewer system
- ▶ Sewer Fund represents 13% of all revenue and 10% of all expenditures
- ▶ Total Revenue projected: **\$877,877**
 - ▶ Sewer Fee: \$95.60 per quarter for the first 5,000 gallons / \$4.00 per each 1,000 gallons used thereafter
 - ▶ Tapping Fee: \$2,858.45 per connection
- ▶ Total Expenditures projected: **\$877,877**
 - ▶ Operation & Maintenance: \$571,211
 - ▶ Sewage Disposal costs = 67.4% of expenditures
 - ▶ 6% increase in costs paid for treatment with the Valley Forge Sewer Authority
 - ▶ Administration: \$274,123
 - ▶ Transfers to other funds: \$32,543

2019 Operating Budget Sewer Fund



2019 Operating Budget Sewer Capital Reserve Fund

- ▶ Represents 1% of total revenue and 4% of total expenditures
- ▶ **Revenue - \$1,275,730**
 - ▶ Projected beginning balance of \$1,243,188
 - ▶ Projected interfund transfer of \$32,543 from the Sewer Operating Fund
- ▶ **Expenditures - \$380,000**
 - ▶ Repair of sewer mains - \$5,000
 - ▶ Repair of joints for I & I - \$75,000
 - ▶ Upgrade to Ruthland Ave. Pump Station - \$240,000
 - ▶ Construction Fund to Tredyffrin Township & the VFSA - \$50,000
 - ▶ Repairs at Pump Station #1 - \$10,000
- ▶ **Projected fund balance - \$895,730**

2019 Operating Budget Capital Reserve Fund

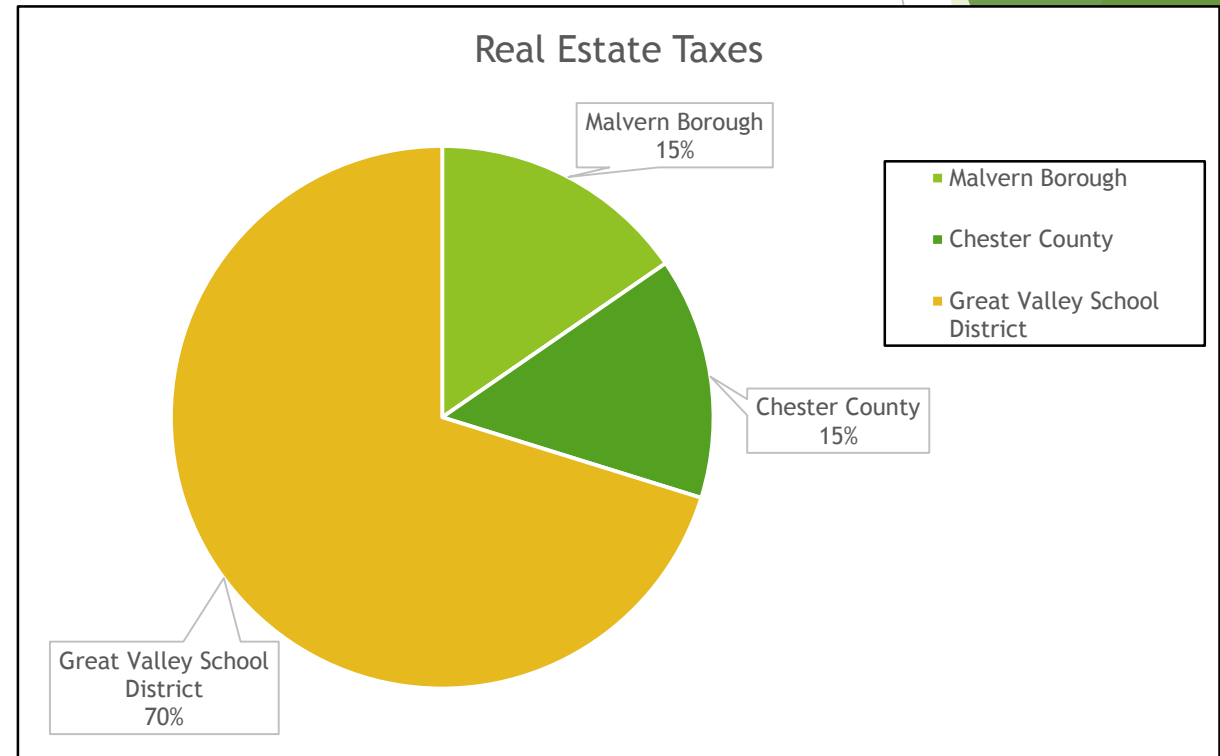
- ▶ Represents 16% of total revenue and 35% of total expenditures
- ▶ **Revenue - \$3,734,900**
 - ▶ Projected beginning balance of \$2,686,971
 - ▶ Interfund transfer of \$1,008,105 from the General Fund
 - ▶ Includes \$560,000 in Multimodal Transportation Fund grant revenue
 - ▶ Includes \$116,318 in Community Revitalization Program grant revenue
- ▶ **Expenditures - \$3,123,836**
 - ▶ Based on the Borough's Capital Improvement Plan
 - ▶ Includes carry-over projects in the amount of \$2,087,500
 - ▶ Includes debt service costs of \$273,336
- ▶ **Projected Balance = \$611,064**

2019 Operating Budget Highway Aid Fund

- ▶ Funded exclusively by money received through the State Motor Vehicle License Fund
- ▶ **Revenue - \$308,439**
 - ▶ Includes a projected beginning balance of \$215,149
 - ▶ State funding in the amount of \$92,590
- ▶ **Expenditures - \$87,100**
 - ▶ Only expenditure is an interfund transfer to the General Fund for the cost of maintaining the Borough's street lights and for the purchase of a vehicle for the Public Works Department

2019 Operating Budget Tax Information

- ▶ Recommended tax rate for 2019 = 4.67 mills
 - ▶ No increase from 2018
 - ▶ Borough Tax = 15% of total tax bill
- ▶ Breakdown of Property Tax Bill on an avg. assessed property
 - ▶ Great Valley School District - \$4,471.95
 - ▶ Malvern Borough - \$980.70
 - ▶ Chester County - \$917.49
 - ▶ **Total - \$6,370.14**



Questions?