



**2020 Annual Operating Budget
First Public Presentation
January 1 – December 31, 2020**

2020 Operating Budget Procedure

- ▶ Internal budget staff meetings beginning in August 2019
- ▶ Initial 2019 year-end projections provided to Borough Council in August 2019
- ▶ Finance & Administration Committee reviewed the proposed 2020 budget on September 17, 2019 and October 9, 2019
- ▶ Draft budget provided to Borough Council on October 15, 2019
 - ▶ Initial public presentation held
- ▶ Proposed budget must be authorized for advertisement by Borough Council
- ▶ Consideration of 2020 Preliminary Budget - First meeting in December
- ▶ Consideration of 2020 Budget - Second meeting in December
- ▶ Budget must be adopted by December 31, 2019

2019 Budget - Year End Outlook

▶ 2019 Year-End Projections

▶ Borough's unrestricted cash balance is strong

▶ Long-term capital projects either near completion or awarded

- ▶ N. Warren Avenue Transit Project - Road-Con, Inc. - \$910,428.75 - \$560,000 funded by grant funding
- ▶ E. King Street Pedestrian Signals - Charles A. Higgins & Sons - \$82,894.80
- ▶ Ruthland Avenue Force Main Upgrade - Delaware Valley Utility Contractors - \$309,475.48

▶ Current fund balance = 46% of projected General Fund Revenues

▶ General Fund revenue projected to decline compared to year-end 2018 data

- ▶ Decline in Building Permit Fee revenue - Still higher than five (5) year average
- ▶ Majority of grant revenue for the Woodland Avenue Streetscape Project received in 2018
- ▶ 21% reduction in State Aid to the Borough's pension funds

▶ Debt Service = \$273,336.28 (principal & interest)

- ▶ Outstanding principal balance = \$831,000 (13% of total projected 2019 expenditures)
- ▶ Bonds will be paid off in 2022 and 2023, respectively

▶ General Fund revenue is projected to finish ahead of expenditures

- ▶ Operating costs are projected to finish below projections (approx. 6% lower)

▶ Sewer Fund revenues projected to finish ahead of expenditures

▶ Healthy year-end balances in the Sewer Capital, Capital Reserve, and Highway Aid Funds

2019 Budget - Year End Outlook

Fund	Type	Beginning Balance	Operating Funds	Interfund Transfer	Total
General	Revenue	\$ -	\$ 3,964,167.00	\$ 87,100.00	\$ 4,051,267.00
	Expenditures		\$ 3,278,767.00	\$ 772,500.00	\$ 4,051,267.00
Capital Reserve	Revenue	\$ 3,563,736.00	\$ 56,193.00	\$ 772,500.00	\$ 4,392,429.00
	Expenditures		\$ 743,740.00	\$ -	\$ 743,740.00
Sewer	Revenue	\$ -	\$ 961,240.00	\$ -	\$ 961,240.00
	Expenditures		\$ 779,151.00	\$ 182,089.00	\$ 961,240.00
Sewer Capital Reserve	Revenue	\$ 1,561,783.00	\$ -	\$ 182,089.00	\$ 1,743,872.00
	Expenditures		\$ 425,225.00	\$ -	\$ 425,225.00
Highway Aid	Revenue	\$ 217,160.00	\$ 96,532.00	\$ -	\$ 313,692.00
	Expenditures		\$ -	\$ 87,100.00	\$ 87,100.00

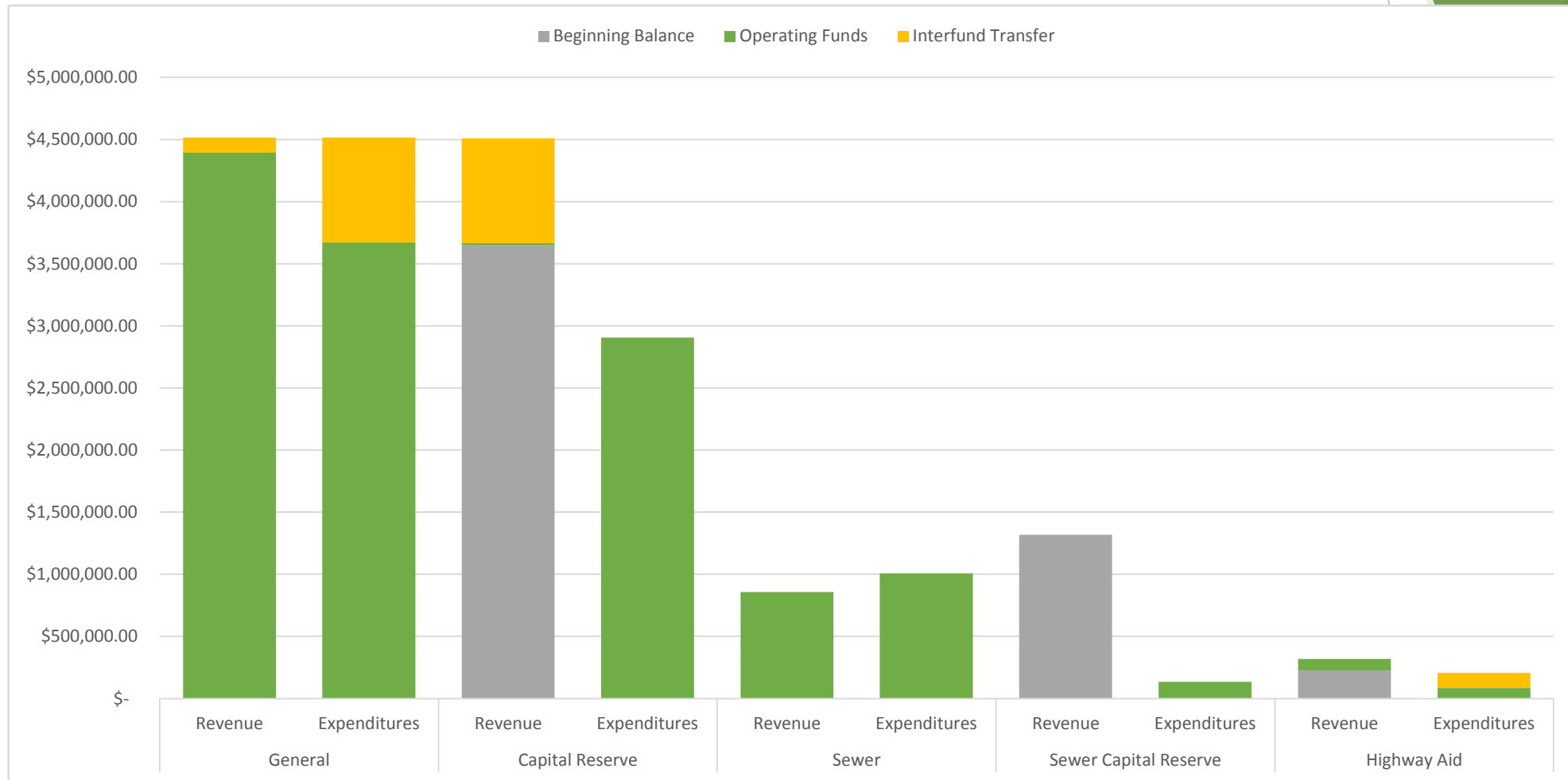
2019 Budget - Year End Outlook



2020 Operating Budget Overview

Fund	Type	Beginning Balance	Operating Funds	Interfund Transfer	Total
General	Revenue	\$ -	\$ 4,394,402.00	\$ 121,000.00	\$ 4,515,402.00
	Expenditures		\$ 3,671,406.00	\$ 843,996.00	\$ 4,515,402.00
Capital Reserve	Revenue	\$ 3,648,689.00	\$ 16,000.00	\$ 843,995.00	\$ 4,508,684.00
	Expenditures		\$ 2,904,769.00	\$ -	\$ 2,904,769.00
Sewer	Revenue	\$ -	\$ 857,717.00	\$ -	\$ 857,717.00
	Expenditures		\$ 1,005,828.00		\$ 1,005,828.00
Sewer Capital Reserve	Revenue	\$ 1,318,648.00	\$ -	\$ -	\$ 1,318,648.00
	Expenditures		\$ 135,000.00	\$ -	\$ 135,000.00
Highway Aid	Revenue	\$ 226,592.00	\$ 91,716.00	\$ -	\$ 318,308.00
	Expenditures		\$ 85,000.00	\$ 121,000.00	\$ 206,000.00

2020 Operating Budget Overview



2020 Operating Budget General Fund

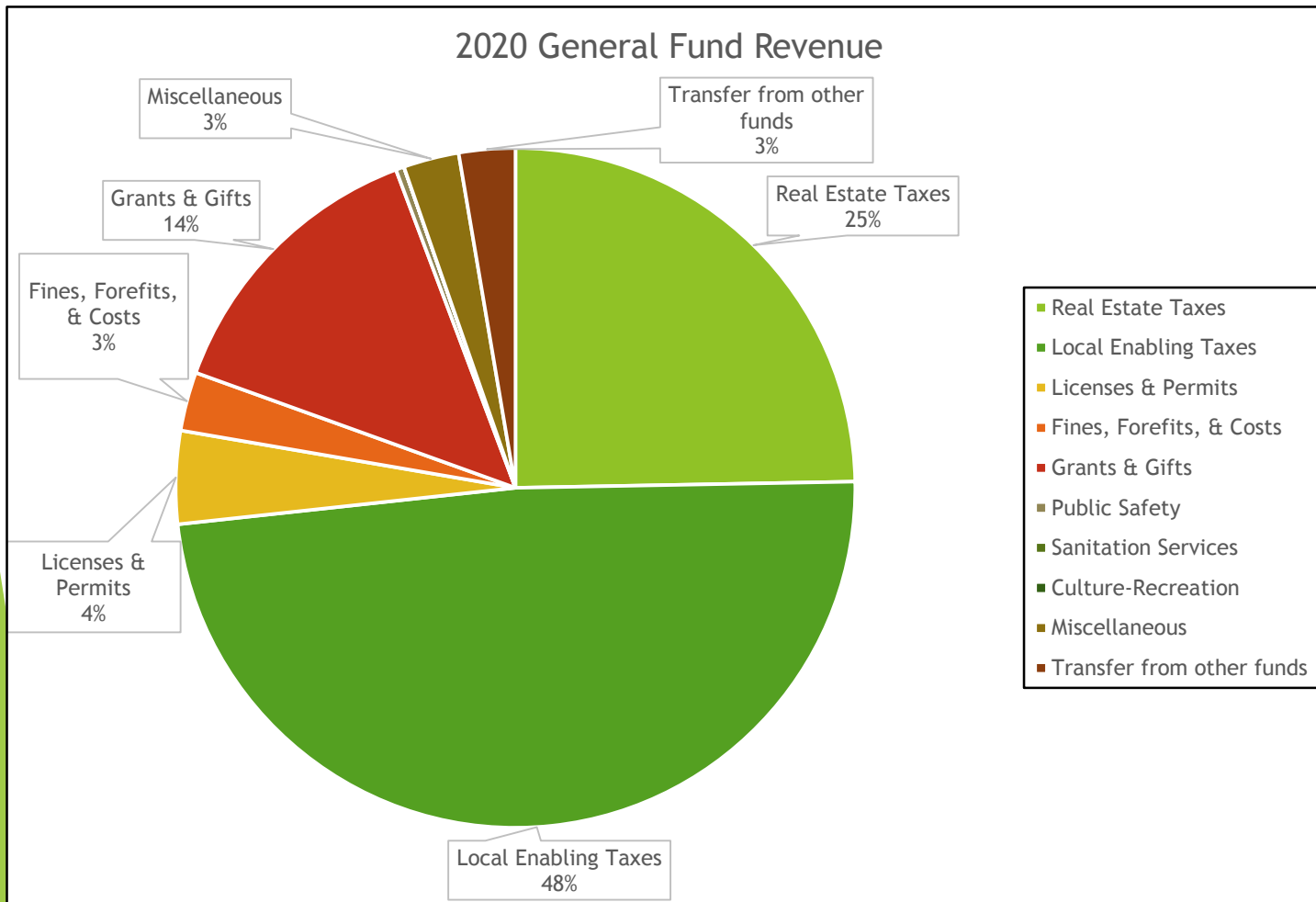
► Revenue

- 69% of all budgeted revenue
- Total Revenue Projected is \$4,515,402
- Tax Revenue = \$3,309,181
- 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 projected assessment = \$245,855,991
 - Final assessment in November
 - 1.3% increase from 2019
 - Increased 3.8% since 2017
 - Most significant increases from 2013 to 2016 (10.4% increase)

► Expenditures

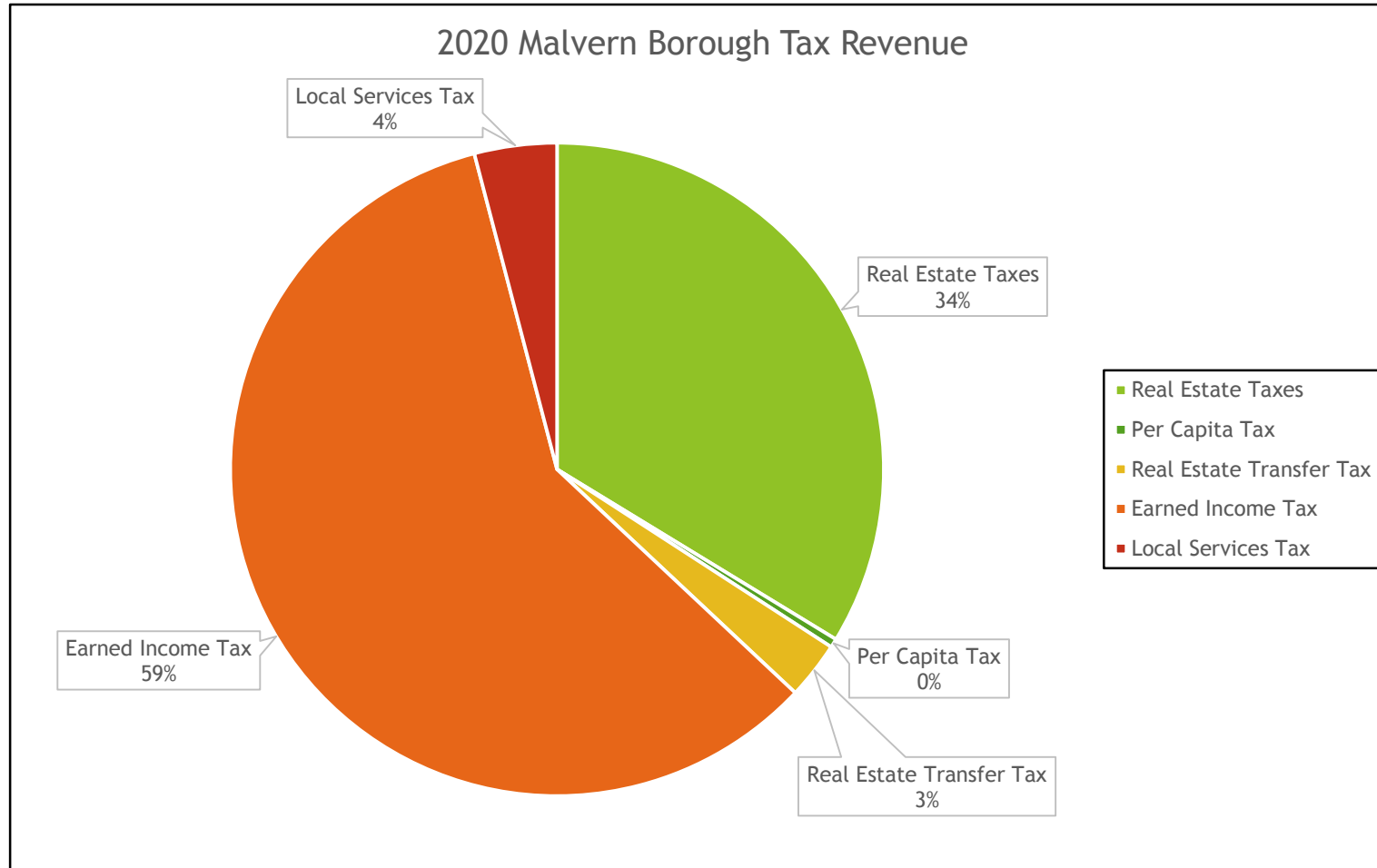
- 50% of all budgeted expenditures
- Total Expenditures Projected at \$4,515,402
- Notable General Fund Expenditures
 - Cost for employee benefits projected at 5.4% increase for medical/prescription/vision and 7% increase of dental
 - Replacement of HVAC units in Police Department (\$10,500)
 - Proposed hiring of two (2) employees - One full-time Public Works Laborer and one (1) part-time Permit Clerk
 - Replacement of vehicle for the Public Works Department (\$72,000) - To be funded by Liquid Fuels funding
 - Trash and recycling collection - Borough Council must select option by March 30, 2020
 - Paving of Borough roads - Budgeted across three (3) funds
- Civic contributions budgeted at \$41,000
 - 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.

2020 Operating Budget General Fund

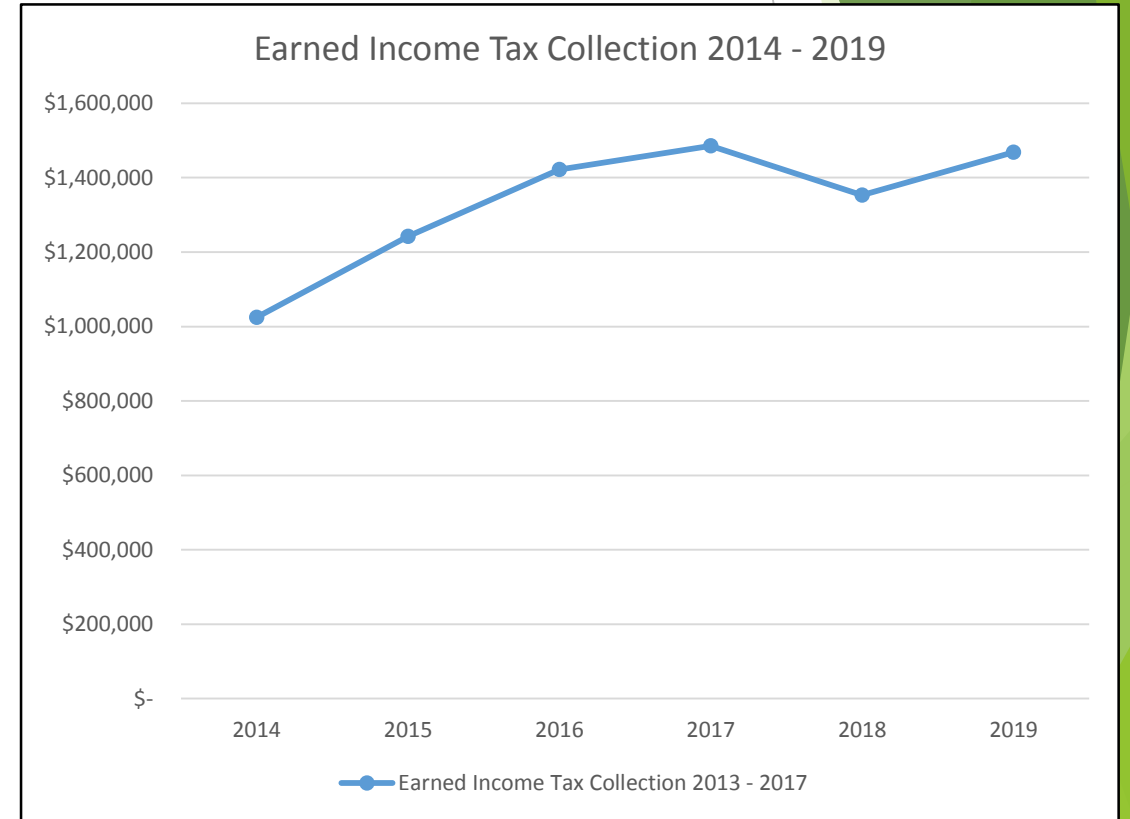


- ▶ Revenue from real estate taxes has begun to plateau
 - ▶ Borough assessment increased 10.4% from 2013 to 2016
- ▶ Act 511 tax revenue has stabilized
 - ▶ Real Estate Transfer Tax revenue has rebounded from 2018
 - ▶ Earned Income Tax revenue has witnessed an increase in 2019
- ▶ Permit fee revenue was considerably higher in 2018 due to construction at Malvern Prep. Declined in 2019.
- ▶ Rent revenue increased by new lease with Comcast
- ▶ Revenue from investment earnings has significantly increased
- ▶ Grant revenue declining due to the completion of projects

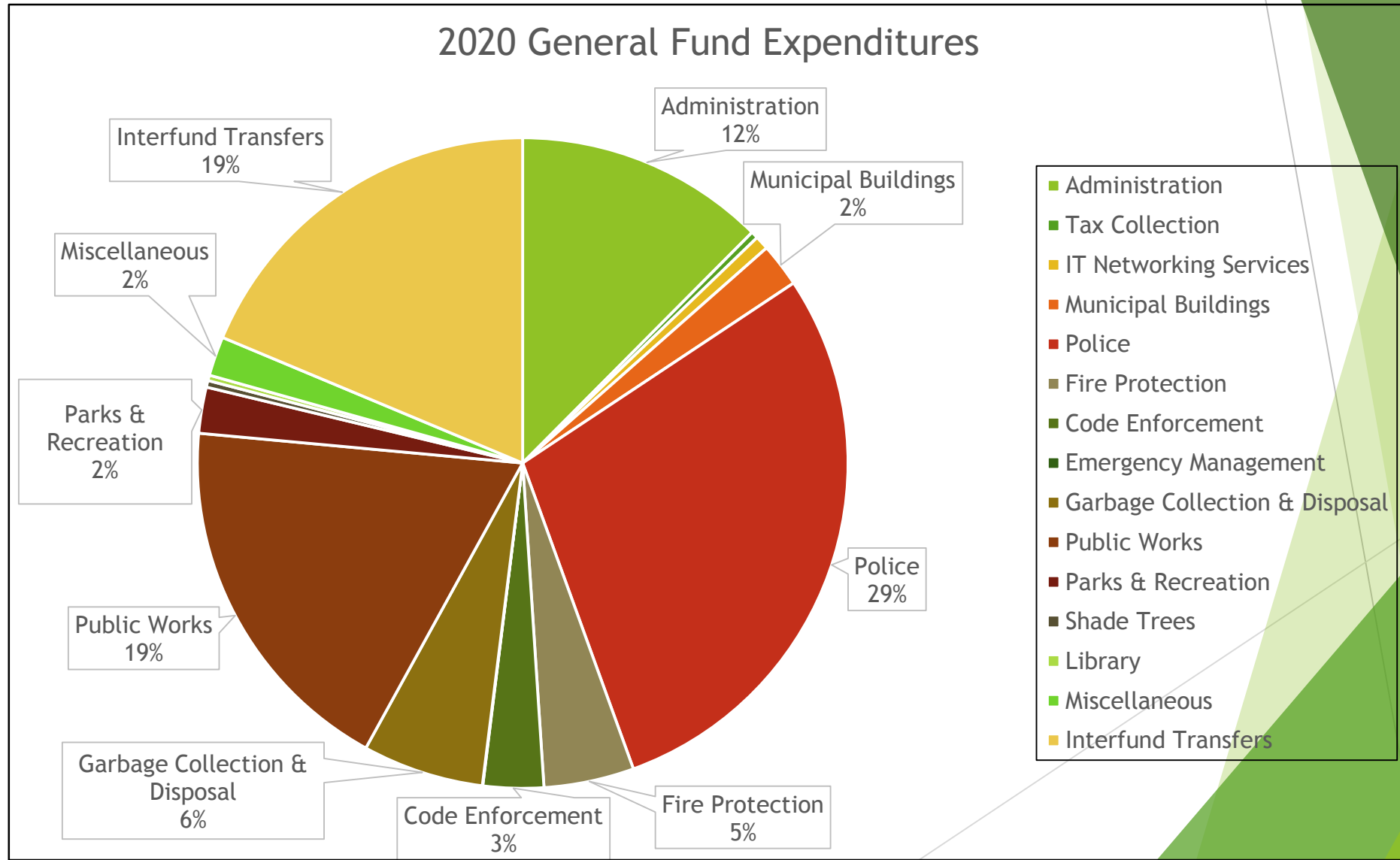
2020 Operating Budget General Fund



2020 Operating Budget General Fund



2020 Operating Budget General Fund



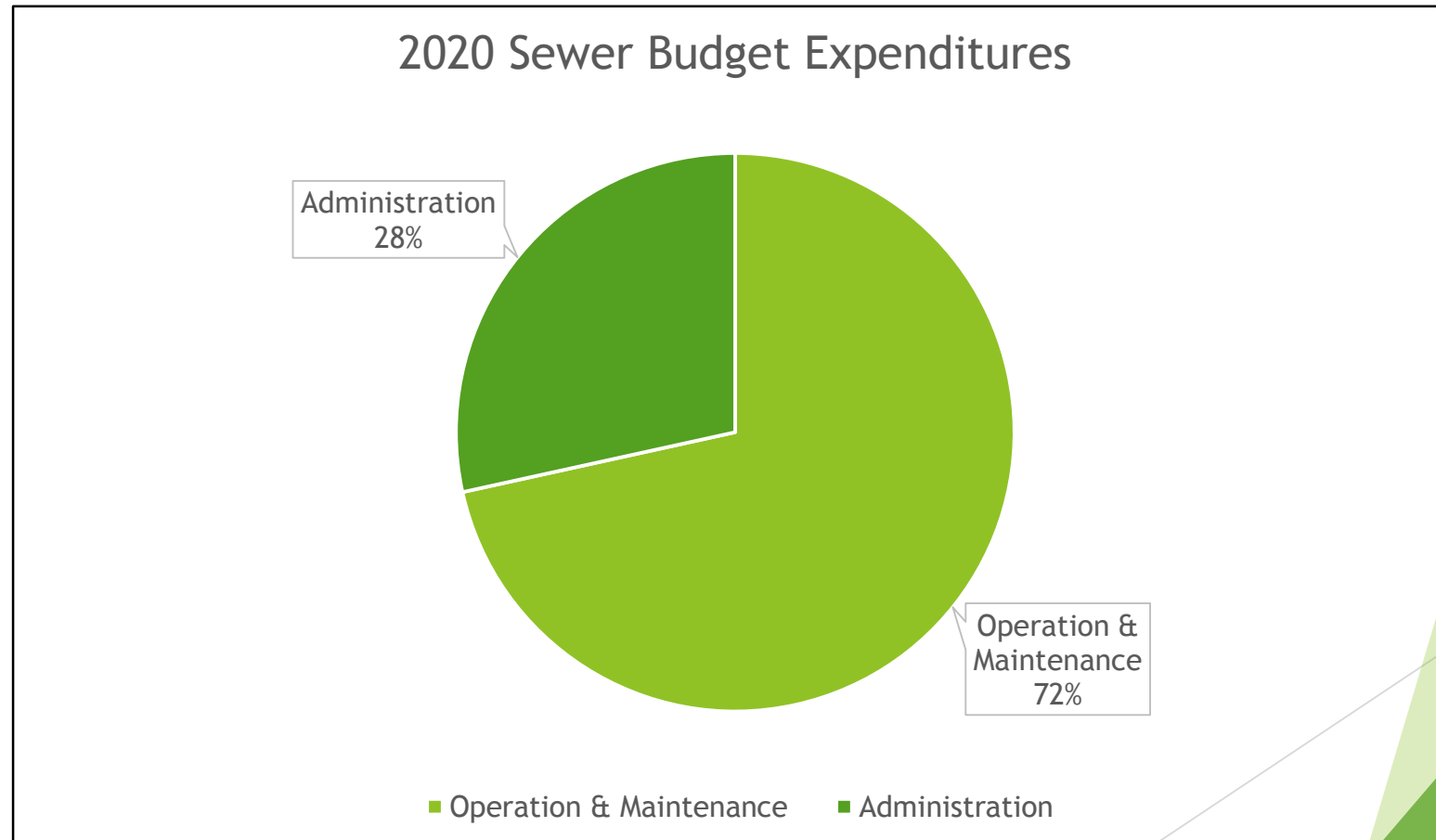
2020 Operating Budget General Fund

- ▶ Overall operating expenditure increase = 5.4%
- ▶ Employee benefits
 - ▶ Medical insurance budgeted at 5.4% increase
 - ▶ Dental insurance budgeted at 7% increase (final numbers forthcoming)
 - ▶ 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 two (2) computers in the Borough administration
 - ▶ Replacement of HVAC units in the Police Department (\$10,500)
 - ▶ Road paving (\$180,000)
 - ▶ New vehicle for the Public Works Department (\$72,000)
 - ▶ Hiring of new Public Works Department employee
 - ▶ Hiring of new P/T Permit Clerk
 - ▶ Projected transfer to Capital Reserve Fund = \$843,995

2020 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 11% of all expenditures
- ▶ Total Revenue projected: **\$857,717**
 - ▶ 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: **\$1,005,828**
 - ▶ Operation & Maintenance: \$719,747
 - ▶ Sewage Disposal costs = 70.9% of expenditures
 - ▶ Projected increases in costs paid to Valley Forge Sewer Authority (7%) and East Whiteland Township (12%)
 - ▶ No increase to Aqua PA (Year 2 of 3 year rate lock)
 - ▶ Administration: \$286,081
- ▶ Fund to be balanced by available reserve funds (\$148,112)

2020 Operating Budget Sewer Fund



2020 Operating Budget Sewer Capital Reserve Fund

- ▶ Represents 0% of total revenue and 2% of total expenditures
- ▶ **Revenue - \$1,318,648**
 - ▶ All from projected beginning balance
- ▶ **Expenditures - \$135,000**
 - ▶ Repair of sewer mains - \$5,000
 - ▶ Repair of joints for I & I - \$75,000
 - ▶ Construction Fund to VFSA - \$50,000
 - ▶ Repairs at PS #2 Check Valve - \$5,000
- ▶ **Projected fund balance - \$1,183,648**
- ▶ **No major capital projects planned**
 - ▶ Recommend comprehensive I & I analysis of sewer system

2020 Operating Budget Capital Reserve Fund

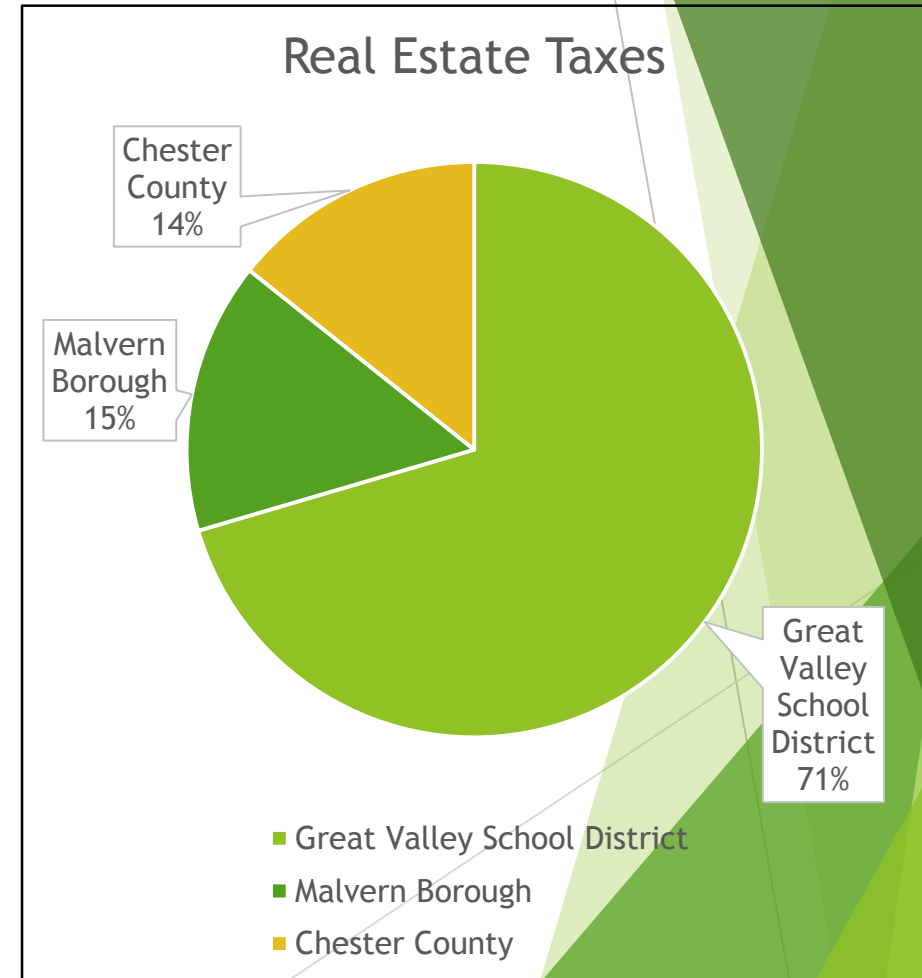
- ▶ Represents 13% of total revenue and 33% of total expenditures
- ▶ **Revenue - \$4,508,368**
 - ▶ Projected beginning balance of \$3,648,373
 - ▶ Interfund transfer of \$843,995 from the General Fund
 - ▶ Includes \$560,000 in Multimodal Transportation Fund grant revenue
- ▶ **Expenditures - \$2,904,769**
 - ▶ Based on the Borough's Capital Improvement Plan
 - ▶ This document should be reviewed and updated
 - ▶ Major projects
 - ▶ N. Warren Avenue Transit Project
 - ▶ Building Security Improvements
 - ▶ Update to the Borough's Comprehensive Plan (Grant being sought)
 - ▶ Streetlight upgrade through DVRPC
 - ▶ Old Lincoln Highway Improvements
 - ▶ Includes debt service costs of \$273,569
- ▶ **Projected Balance = \$1,603,599**

2020 Operating Budget Highway Aid Fund

- ▶ Funded exclusively by money received through the State Motor Vehicle License Fund
 - ▶ Funding declining 4.6% in 2020
- ▶ **Revenue - \$318,308**
 - ▶ Includes a projected beginning balance of \$226,592
 - ▶ State funding in the amount of \$90,716
- ▶ **Expenditures - \$206,000**
 - ▶ Paving of N. Warren Avenue (from Pennsylvania Avenue to the Borough boundary) - \$85,000
 - ▶ Interfund transfer to the General Fund - \$121,000
 - ▶ \$72,000 for new Public Works vehicle
 - ▶ \$49,000 for streetlight electricity costs

2020 Operating Budget Tax Information

- ▶ Recommended tax rate for 2020 = 4.67 mills
 - ▶ No increase from 2019
 - ▶ Borough Tax = 15% of total tax bill
- ▶ Malvern Borough has one of the lowest tax rates among Chester County boroughs
 - ▶ Oxford - 12.00
 - ▶ Parkesburg - 10.00
 - ▶ South Coatesville - 7.60
 - ▶ Downingtown - 7.65
 - ▶ West Chester - 6.96
 - ▶ Kennett Square - 6.75
 - ▶ Modena - 6.40
 - ▶ Phoenixville - 6.14
 - ▶ Atglen - 5.50
 - ▶ West Grove - 5.00
 - ▶ Spring City - 4.73
 - ▶ **Malvern - 4.67**
 - ▶ Avondate - 4.00
 - ▶ Honey Brook - 2.00
 - ▶ Elverson - 0.00



Questions?