



**2022 Operating Budget
Mid-Year Report**

2022 Operating Budget Overview

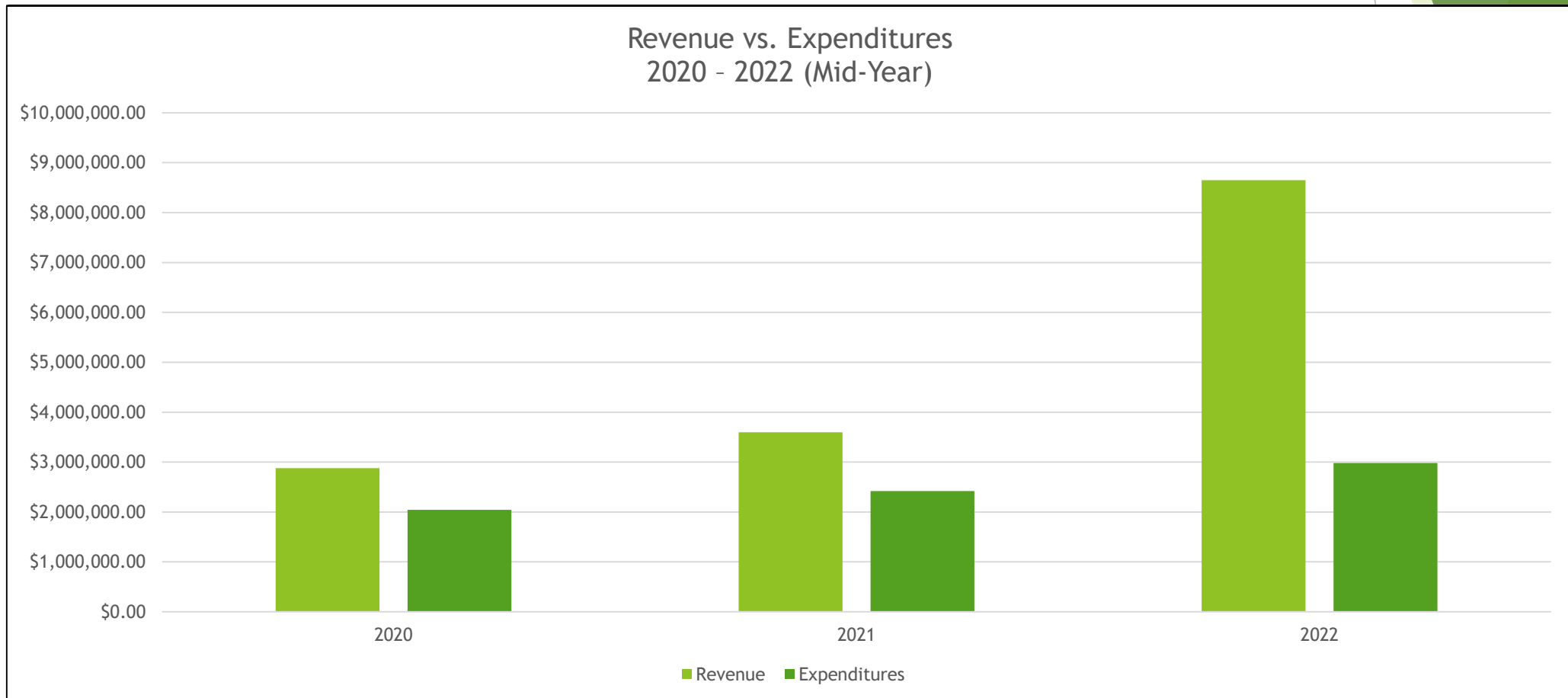
Fund	Type	Beginning Balance	Operating Funds	Interfund Transfers	Total
General	Revenue		\$2,874,013		\$2,874,013
	Expenditures		\$2,313,158		\$2,313,158
Capital Reserve	Revenue	\$1,235,697	\$1,349,216	\$657,980	\$3,242,893
	Expenditures		\$190,466		\$190,466
Sewer	Revenue		\$506,356		\$506,356
	Expenditures		\$474,808		\$474,808
Sewer Capital Reserve	Revenue	\$1,795,858	\$451		\$1,796,309
	Expenditures		\$1,862		\$1,862
Highway Aid	Revenue	\$139,933	\$91,878		\$231,811
	Expenditures				

Status Through June 30, 2022

- ▶ Revenue has exceeded Expenditures across all funds by \$1,841,620

Fund	Revenue	Expenditures
General	\$2,874,013	\$2,313,158
Capital Reserve	\$1,349,216	\$190,466
Sewer	\$506,356	\$474,808
Sewer Capital Reserve	\$451	\$1,862
Highway Aid	\$91,878	\$0
Total	\$4,821,914	\$2,980,294

2020 - 2022 Revenue/Expenditure Comparison



General Fund Revenue

- ▶ The General Fund is the largest fund in the 2022 budget. This fund constitutes 41% of revenue received by the Borough and 48% of the Borough's annual expenditures. Overall, through June 30, 2022, **revenue has exceeded expenditures by \$560,855 in the General Fund.** Revenue in the General Fund has totaled **\$2,884,013**, and expenditures have totaled **\$2,313,158**.
 - ▶ Revenue in the General Fund is at 68% of budget overall through June 30, 2022.
 - ▶ Current year real estate taxes are at 93% of budgeted revenue (\$1,102,569). Revenue collected from delinquent real estate taxes is at 86%.
 - ▶ Local Enabling Tax revenue (e.g., Per Capita, Earned Income, Real Estate Transfer, and Local Service taxes) is currently at 64% of budget through June 30, 2022.
 - ▶ Real Estate Transfer Tax revenue is currently at 34% of budget through June 30, 2022.
 - ▶ Total combined Earned Income Tax (EIT) revenue (current and prior years) is 68% of the budget through June 30, 2022. While collected throughout the year, EIT distributions to municipalities occur primarily in the months of February, May, August, and November, with the largest distribution occurring in May.
 - ▶ Revenue from the Local Services Tax (LST) is currently at 34% of budget through June 30, 2022. Please note that this includes both current and prior year Local Services Tax revenue.
 - ▶ The building department/ permits are at 68% of budget through June 30, 2022 and are expected to exceed budget due to the demand for renovations and the high demand for housing.

General Fund Expenditures

- ▶ Expenditures in the General Fund are currently at 55% of budgeted projections. The reasons for not having a lower percentage for expenditures may be attributed to the following:
 - ▶ Increased costs associated with professional services, primarily legal costs, due to several factors including personnel matters, hiring employees, lawsuits, Right-to-Know requests/appeals, and Zoning Hearing Board appeals addressing Notice of Violation(s) occurring within the Borough.
 - ▶ Specifically speaking to Right-to-Know requests/appeals for Year 2022 \$6,000 was budgeted for this line item for the entire year. As of June 30, 2022 \$22,945 has been spent. Incurring costs under this specific line item are not expected to cease or decrease anytime in the near future due to repeat requesters.
 - ▶ Two (2) full time administration employees, One (1) part-time administration employee, One (1) Summer Intern, One (1) full time Public Works employee, One (1) full time MBPD administrative position, and several part-time Police Officers were hired in the first half of the year due to job promotion, turn-over, retirement, and/or coverage needs. Supplies have been purchased, training services, and professional services have been utilized to account for the new hires which has resulted in increased costs.
 - ▶ All Committee(s)/ Commissions of the Borough are effectively using their budgets for the betterment of the Community regarding their designated budgeted spending amount for the year. This includes the P&R, STC, EAC, MPC, MHC, and the Comprehensive Plan Committee(s)/ Commission(s). There was a previous practice of not allowing these funds to be released.

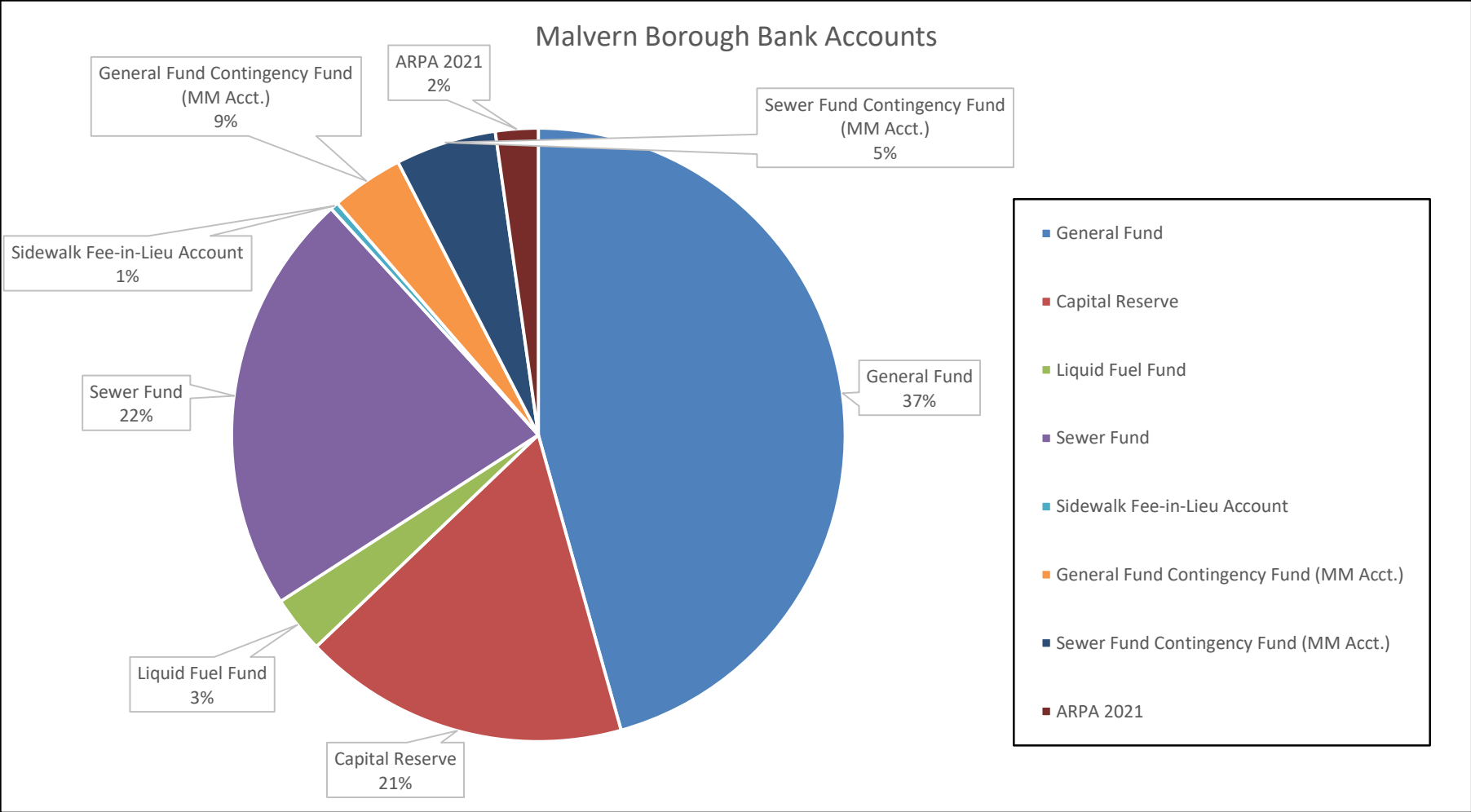
Sewer Fund Revenue & Expenditures

- ▶ The Sewer Fund represents 10% of the Borough's 2022 budgeted revenue and 12% of the 2022 budgeted expenditures. This fund covers all non-capital costs related to the Borough's sanitary sewer system, including maintenance, treatment/disposal, and engineering. The primary source of revenue for this fund are sewer rental charges and tapping/connection fees. Sewer rents (user fees & charges) constitute 95% of all revenue realized by the Sewer Fund. This is a standard practice as there is no tax levy for this fund. Tapping fees related to new construction is the other major revenue source, but not near the same level as user fees. As part of the 2022 budget, Borough Council approved a rate increase for usage over 5,000 gallons per quarter.
 - ▶ The most significant expenditure in the Sewer Fund is related to the operation and maintenance of the Borough's sanitary sewer system. Approximately 74% of this cost is related to sewage treatment and disposal. These include fees paid to Aqua Resources, Inc. and East Whiteland Township for conveyance, as well as the Valley Forge Sewer Authority for treatment. The remaining costs relate to general maintenance and operations for the Borough's sanitary sewer system.
 - ▶ Expenditures in the Sewer Fund are at 45% of budget totaling **\$474,808**. This may primarily be attributed to the repairs that were necessary to pump station #1. Revenue is currently at 48% of budget totaling **\$506,356**. Revenue is expected to increase due to the increased sewer rate for usage over 5,000 gallons per quarter
 - ▶ Overall, through June 30, 2022, revenue has exceeded expenditures by **\$31,548**.

Cash Reserve Balance

- ▶ The Borough's cash reserve balance through June 2022 is **\$8,391,436**. Please be advised that this includes the funds that were received through the American Rescue Plan Act of 2021 (ARPA) (\$180,816.06). As of June 30, 2022 the ARPA cash balance is \$144,190.88 due to Borough Council approving EMS equipment for Malvern Fire Company. The Borough will be receiving the remaining funds from this Act in early Fall of this year and created a tracking spreadsheet for all projects currently designated to be paid from this account.
- ▶ Currently, if all projects were to be completed and paid for outright, in cash, in Year 2022 budgeted expenditures total **\$8,719,020**. There is a potential deficient of **\$327,584**, however projects requiring and/or linked to grant funding are more than likely to be completed in following years (i.e. Randolph Woods - Phase I improvements and the installation of the Pump Track), as well as additional grant funding that will be obtained in the following months that has been applied for.

The cash reserve balance represents all funds, including restricted accounts. The chart below illustrates a breakdown of the Borough's bank accounts:



Considerations for the 2023 Budget

- ▶ Trash & Recycling Collection
 - ▶ Current contract concludes June 30, 2023
 - ▶ Service provided to 56% of households in the Borough
 - ▶ Estimated number of households = 1,547 (2014 - 2018 American Community Survey)
 - ▶ Service provided to 863 units
 - ▶ Options to reduce costs
 - ▶ Moving to once a week trash service
 - ▶ Billing directly to households who receive service
 - ▶ The Public Works Sub-Committee is working on creating a survey to be submitted to the Malvern Borough Residents to better understand the needs of the Community.

Questions?