



**2023 Operating Budget
Financial Analysis as of July 31,
2023**

2023 Operating Budget Overview

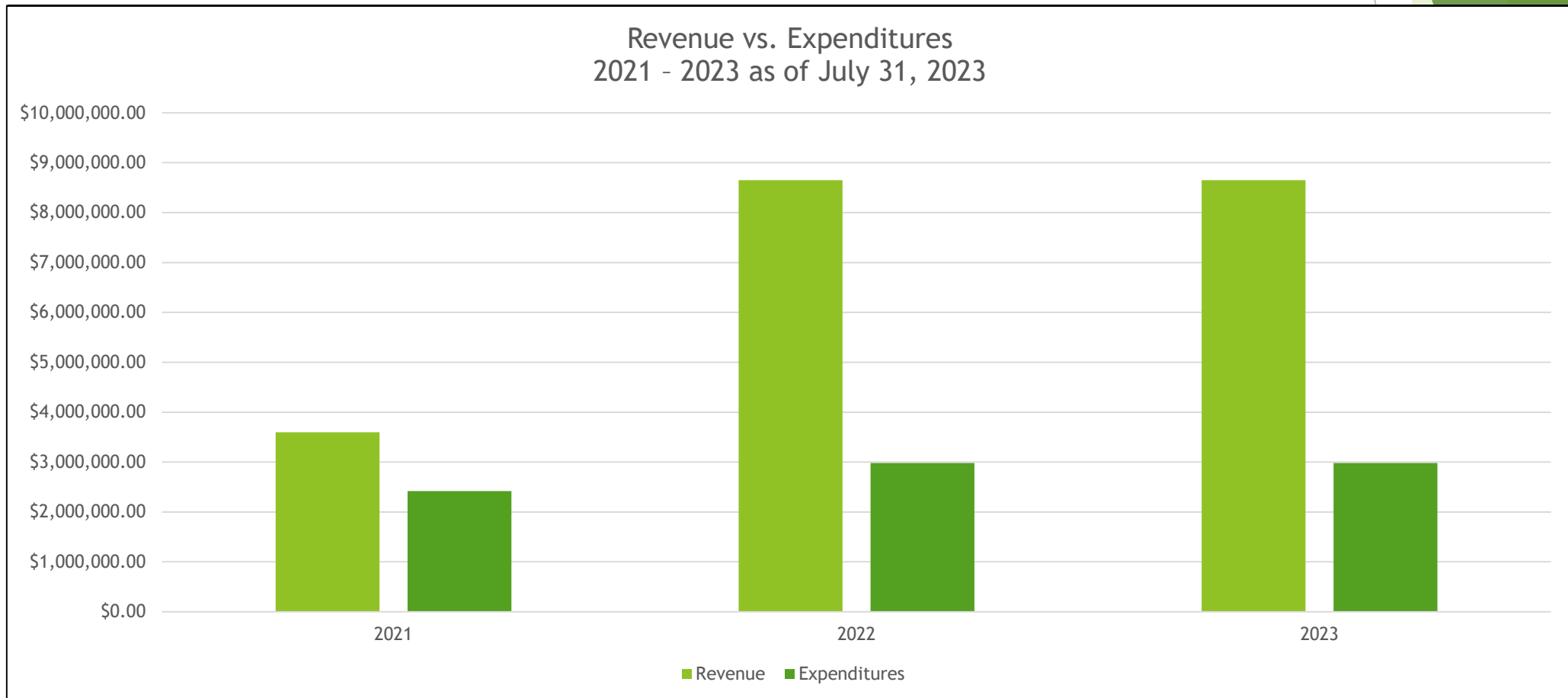
Fund	Type	Beginning Balance	Operating Funds	Interfund Transfers	Total
General	Revenue		\$3,655,680		\$3,655,680
	Expenditures		\$3,577,071		\$3,577,071
Capital Reserve	Revenue	\$1,191,310	\$2,056,019		\$3,247,329
	Expenditures		\$520,984		\$520,984
Sewer	Revenue		\$684,694		\$684,694
	Expenditures		\$672,664		\$672,664
Sewer Capital Reserve	Revenue	\$1,991,281	\$451		\$1,991,732
	Expenditures		\$3,228		\$3,228
Highway Aid	Revenue	\$216,974	\$91,174		\$314,148
	Expenditures		25,000		25,000

Status Through July 31, 2023

- ▶ Revenue has exceeded Expenditures across all funds by \$5,094,636

Fund	Revenue	Expenditures
General	\$3,655,680	\$3,577,071
Capital Reserve	\$3,247,329	\$520,984
Sewer	\$684,694	\$672,664
Sewer Capital Reserve	\$1,991,732	\$3,228
Highway Aid	\$314,148	\$25,000
Total	\$9,893,583	\$4,798,947

2021 - 2023 Revenue/Expenditure Comparison



General Fund Revenue

- ▶ The General Fund constitutes 38% of revenue received by the Borough and 55% of the Borough's annual expenditures. Overall, through July 31, 2023, **revenue has exceeded expenditures by \$78,608 in the General Fund.** Revenue in the General Fund totals **\$3,655,680**, and expenditures have totaled **\$3,577,071**.
 - ▶ Revenue in the General Fund is at 66% of the budgeted amount as of July 31, 2023.
 - ▶ Current year real estate taxes are at 95% of budgeted revenue (\$1,139,898). Revenue collected from delinquent real has exceeded the budgeted revenue amount by \$785.00
 - ▶ Local Enabling Tax revenue (e.g., Per Capita, Earned Income, Real Estate Transfer, and Local Service taxes) is currently at 75% of budget through July 31, 2023.
 - ▶ Real Estate Transfer Tax revenue has exceeded the budgeted revenue amount by \$41,715 through July 31, 2023.
 - ▶ Total combined Earned Income Tax (EIT) revenue (current and prior years) is 71% of the budget through July 31, 2023. 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 61% of budget through July 31, 2023. Please note that this includes both current and prior year Local Services Tax revenue.

General Fund Expenditures

- ▶ Expenditures in the General Fund are currently at 65% of budgeted projections. The reasons for not having a lower percentage for expenditures may be attributed to the following:
 - ▶ A transfer from the General Fund to the Capital Reserve Fund totaling **\$1,427,799 (Line Item #01.492.011)** which consists of the general fund surplus transfer, grant funding transfer, and debt service transfer
 - ▶ Increased costs associated with professional services due to several factors including personnel matters, lawsuits, Right-to-Know requests/appeals, sewer system maintenance, and Borough building repairs.
 - ▶ Specifically speaking to Right-to-Know requests/appeals for Year 2023 **\$65,000** was budgeted for this line item for the entire year. As of July 31, 2023, **\$37,122** 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 and further pending lawsuits.

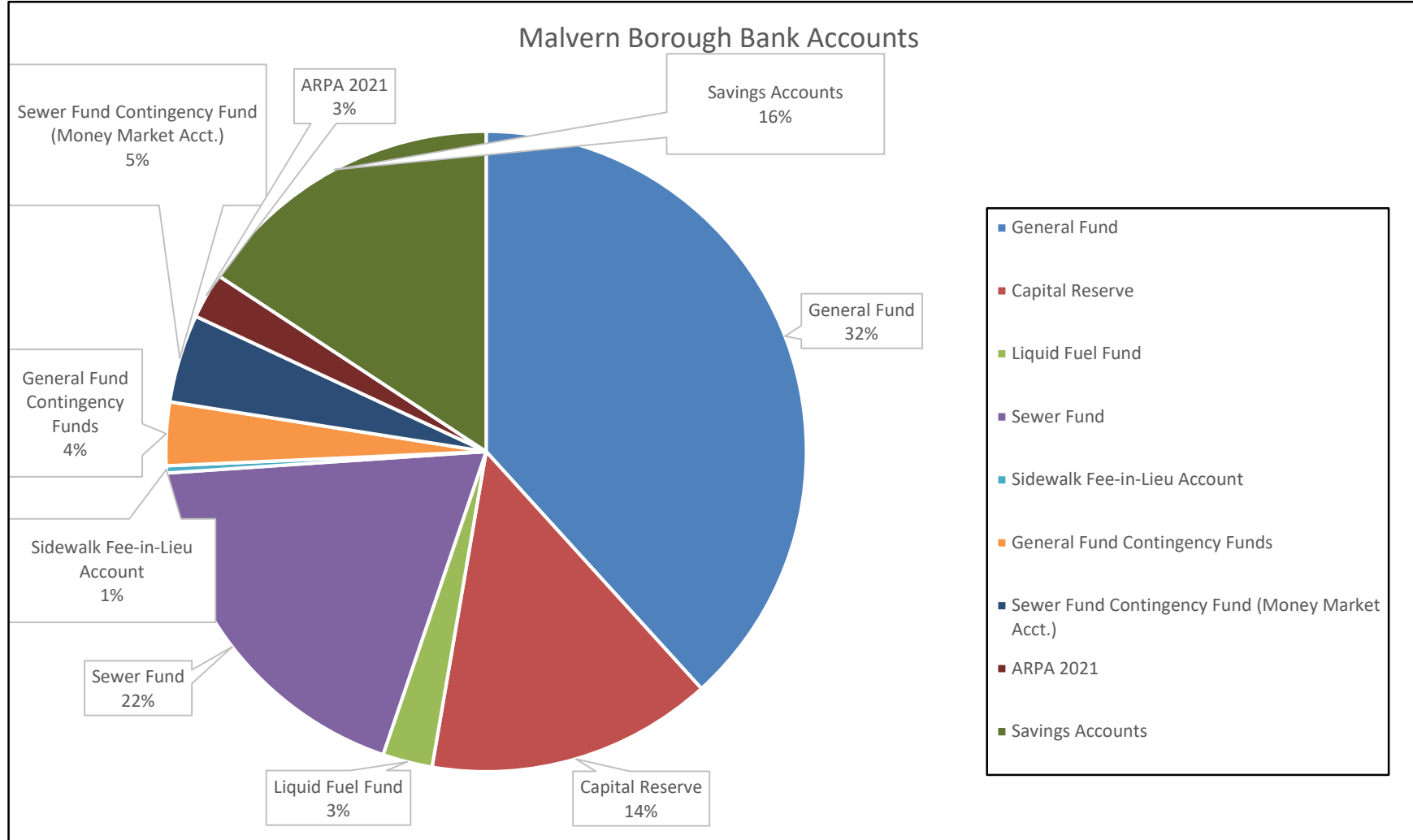
Sewer Fund Revenue & Expenditures

- ▶ The Sewer Fund represents 7% of the Borough's 2023 budgeted revenue and 10% of the 2023 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. 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.
 - ▶ Overall, through July 31, 2023, expenditures have exceeded revenues totaling a loss of **\$12,030**.
 - ▶ Expenditures in the Sewer Fund are at 64% of budget totaling **\$672,664**. Revenue is currently at 64% of budget totaling **\$684,694**. Revenue is expected to increase due to the increased sewer rate for usage over 5,000 gallons per quarter.

Cash Reserve Balance

- ▶ The Borough's cash reserve balance through July 2023 is **\$8,853,665**. Please be advised that this includes the funds that were received through the American Rescue Plan Act of 2021 (ARPA) (\$361,632). As of July 31, 2023 the ARPA cash balance is \$221,154 due to Borough Council authorizing fencing & lighting for the MBPD in the rear of the Borough Building Property, Borough Hall sound system upgrade, charging station for police vehicles, LED lighting upgrades for all Borough buildings, upgraded Borough building sound system, police detail, Craft & Mercantile event, and composting trial program for 50 residents. All remaining funds are required to be spent by December 31, 2024. Much has been accomplished thus far.
- ▶ Currently, if all projects were to be completed and paid for outright, in cash, in Year 2023 budgeted expenditures total **\$10,069,697**. There is a potential deficient of **\$1,216,014**; 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 and Phase IA improvements, the Restoration of Old Lincoln Highway, and Warren Avenue Stream Bank Stabilization). Please also note that the line item budgeted for the Frist Avenue Bike Trail Park is part of a referendum that passed and an easement is being recorded with Willistown Conservation Trust for the property to be protected and classified for passive recreation. The budgeted amount of \$201,500 will not be spent in Year 2023 except for the \$1,489 that has been spent to date. Additionally, our grant funding has been revoked by Chester County.

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



Police Budget Comparison

Willistown Township

- \$5,372,045
- 36.4 % of total budget

East Whiteland Township

- \$6,837,836
- 41.9% of total budget.

Malvern Borough

- \$1,532,317
- 27.7% of total budget.

- The Police Department expenses are 24.6% of the expenses spent to date and 27.7% of the general fund budgeted expenses.
- The Municipal Building Camera Security System is a part of the Capital Reserve expenditures totaling \$52,623.
- Additionally, the Police Body and Dash Board cameras is a part of the Capital Reserve expenditures totaling \$14,590.

Malvern Borough Police Crime Stats

2013

- ▶ Calls for Service: 2,249 *
- ▶ Arrests: 48
- ▶ Accidents: 81
- ▶ Traffic Enforcement: 294

August 2022 to August 2023

- ▶ Calls for Service: 1,434
- ▶ Arrests: 19
- ▶ Accidents: 53
- ▶ Traffic Enforcement: 525

Since 2013, reported crimes, traffic accidents, and arrests have decreased in Malvern Borough. This is mainly attributed police presence, professionally trained officers, traffic calming studies/enforcement, and follow up investigations being completed.

*Note- In 2013, one call would generate multiple calls for service since supplemental information was added in separate call numbers. This is no longer completed this way per CHRIA, all supplements are listed under the original report.

Considerations for the 2023 Budget

- ▶ Collective Bargaining Agreement with Malvern Police Department concludes December 31, 2023.
- ▶ Borough Council is currently in negotiations with Malvern Police Department regarding their renewal contract.
- ▶ As negotiations ensue updates will be provided as par to the Borough's budget proposal and presentation for Year 2024.
- ▶ Additional staffing needs for the Administration and Public Works Department to address succession planning.
- ▶ Borough Hall improvements including replacing the air conditioning system as discussed earlier in the year.

Proposed Budgetary Timeline

- ▶ End of August - Borough staff will begin discussing recommendations for the 2024 budget.
- ▶ September 19, 2023 - Preliminary year-end projections will be provided to Council.
- ▶ October 3, 2023 - Cost estimates to be provided to Finance & Administration Sub-Committee including review of Capital Projects with each Sub-Committee(s) as it pertains to their subject matter.
- ▶ October 17, 2023 - First public presentation of the draft budget.
- ▶ November 8, 2023 - Complete budget package with comments to Finance & Administration Sub-Committee.
- ▶ November 21, 2023 - Final budget numbers provided to Council for comment and authorization to advertise.
- ▶ December 5, 2023 - Complete budget package with comments to Council, public hearing on the budget as required, and adoption of the preliminary budget.
- ▶ December 19, 2023 - Council to adopt Budget and the tax levy ordinance.

Questions?