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Department of Community & Economic Development  
Governor's Center for Local Government Services  
Commonwealth Keystone Building  
400 North Street, 4th Floor  
Harrisburg, PA 17120-0225  
Ph: 888-223-6837 | fax: 717-783-1402

**2021 MUNICIPAL ANNUAL AUDIT  
AND  
FINANCIAL REPORT**

**150993 MALVERN BORO, CHESTER COUNTY**

OFFICE OF THE  
PROTHONOTARY  
CHESTER CO., PA.

2022 OCT -6 PM 4: 28

**FILED**

# Peterson, Fieo & Co. LLP

Certified Public Accountants

Richard M. Peterson, CPA  
Giorgio E. Fieo, CPA\*, CFE  
\*also licensed in New Jersey

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Media, Penna. 19063-1757  
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## INDEPENDENT AUDITORS' REPORT

To the Mayor & Borough Council of  
Malvern Borough, Chester County, Pennsylvania

We have audited the Borough of Malvern's Municipal Annual Audit & Financial Report, Form DCED-CLGS-30 as of 31<sup>st</sup> December 2021 and for the year ended.

**Management's Responsibility.** Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting practices prescribed or permitted by the Pennsylvania Department of Economic Development (DCED). Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility.** The auditors' responsibility is to express an opinion on the financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States, which require that the auditor plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. Risk assessments involve consideration of internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

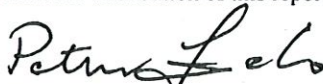
We believe that the audit evidence we have obtained is sufficient & appropriate to provide a basis for our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles.** The financial report was prepared in conformity with accounting practices prescribed or permitted by the Pennsylvania Department of Community & Economic Development. Malvern Borough prepares its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial report of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles.** In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial report referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Malvern Borough as of 31<sup>st</sup> December 2021, or changes in financial position or cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting.** In our opinion, the accompanying financial report referred to above presents fairly, in all material respects, the cash balances of each fund of Malvern Borough as of 31<sup>st</sup> December 2021, and the revenues it received and the expenditures it paid for the year then ended in accordance with the basis of accounting described above and on the basis of the financial reporting provisions of the Pennsylvania Department of Community & Economic Development as noted above.

**Restriction on Use.** This report is intended solely for the use of the members of council and management of the Borough of Malvern, and for filing with the Pennsylvania Department of Community & Economic Development, and for filing with the Chester County Clerk of Courts. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Peterson, Fieo & Co.  
10<sup>th</sup> May 2022



MALVERN BORO, CHESTER County  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

|  | Governmental Funds |  |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total |
|--|--------------------|--|------------------|--------------|------------|-------------------|--|----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |       |

**REVENUES**

|        | Taxes  |  |  |  |  |  |  |  |           |           |
|--------|--|--|--|--|--|--|--|--|-----------|-----------|
| 301.00 | Real Estate Taxes  |  |  |  |  |  |  |  | 1,179,213 |           |
| 305.00 | Occupation Taxes (levied under municipal code)                           |  |  |  |  |  |  |  |           |           |
| 308.00 | Residence Taxes (levied by cities of the 3rd Class)                      |  |  |  |  |  |  |  |           |           |
| 309.00 | Regional Asset District Sales Tax (Allegheny County municipalities only) |  |  |  |  |  |  |  |           |           |
| 310.00 | Per Capita Taxes   |  |  |  |  |  |  |  | 12,190    |           |
| 310.10 | Real Estate Transfer Taxes   |  |  |  |  |  |  |  | 180,395   |           |
| 310.20 | Earned Income Taxes / Wage Taxes   |  |  |  |  |  |  |  | 2,149,207 |           |
| 310.30 | Business Gross Receipts Taxes  |  |  |  |  |  |  |  |           |           |
| 310.40 | Occupation Taxes (levied under Act 511)                                  |  |  |  |  |  |  |  |           |           |
| 310.50 | Local Services Tax **  |  |  |  |  |  |  |  | 125,646   |           |
| 310.60 | Amusement / Admission Taxes  |  |  |  |  |  |  |  |           |           |
| 310.70 | Mechanical Device Taxes  |  |  |  |  |  |  |  |           |           |
| 310.90 | Other: _____   |  |  |  |  |  |  |  |           |           |
|        | Other: _____   |  |  |  |  |  |  |  |           |           |
|        | <b>Total Taxes</b>   |  |  |  |  |  |  |  | 3,646,651 | 3,646,651 |

|         |                                   |  |  |  |  |  |  |  |         |         |
|---------|-----------------------------------|--|--|--|--|--|--|--|---------|---------|
|         | <b>Licenses and Permits</b>       |  |  |  |  |  |  |  |         |         |
| 320-322 | All Other Licenses and Permits    |  |  |  |  |  |  |  | 91,125  | 91,125  |
| 321.80  | Cable Television Franchise Fees   |  |  |  |  |  |  |  | 82,497  | 82,497  |
|         | <b>Total Licenses and Permits</b> |  |  |  |  |  |  |  | 173,622 | 173,622 |

|         |                                 |  |  |  |  |  |  |  |        |        |
|---------|---------------------------------|--|--|--|--|--|--|--|--------|--------|
|         | <b>Fines and Forfeits</b>       |  |  |  |  |  |  |  |        |        |
| 330-332 | Fines and Forfeits              |  |  |  |  |  |  |  | 21,721 | 21,721 |
|         | <b>Total Fines and Forfeits</b> |  |  |  |  |  |  |  | 21,721 | 21,721 |

MALVERN BORO, CHESTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

|  | Governmental Funds |  |                  |              | Proprietary Funds |                  | Fiduciary Fund | Total |
|--|--------------------|--|------------------|--------------|-------------------|------------------|----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service |                |       |

**REVENUES**

| Interest, Rents and Royalties              | General Fund  | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise   | Internal Service | Fiduciary Fund | Total          |
|--|---------------|--|------------------|--------------|--------------|------------------|----------------|----------------|
| 341.00 Interest Earnings                   | 11,164        | 324  | 1,959            |              | 6,872        |                  | 870,897        | 891,216        |
| 342.00 Rents and Royalties                 | 73,735        |  |                  |              |              |                  |                | 73,735         |
| <b>Total Interest, Rents and Royalties</b> | <b>84,899</b> | <b>324</b>                                     | <b>1,959</b>     |              | <b>6,872</b> |                  | <b>870,897</b> | <b>964,951</b> |

| Federal  |  |
|--|--|
| 351.03 Highways and Streets                              |  |
| 351.09 Community Development                             |  |
| 351.00 All Other Federal Capital and Operating Grants    |  |
| 352.01 National Forest                                   |  |
| 352.00 All Other Federal Shared Revenue and Entitlements |  |
| 353.00 Federal Payments in Lieu of Taxes                 |  |
| <b>Total Federal</b>                                     |  |

| State   |         |
|---|---------|
| 354.03 Highways and Streets   |         |
| 354.09 Community Development  |         |
| 354.15 Recycling / Act 101  | 14,185  |
| 354.00 All Other State Capital and Operating Grants                             | 380,175 |
| 355.01 Public Utility Realty Tax (PURTA)  | 3,431   |
| 355.02-355.03 Motor Vehicle Fuel Tax (Liquid Fuels Tax) and State Road Turnback | 85,938  |
| 355.04 Alcoholic Beverage Licenses  |         |
| 355.05 General Municipal Pension System State Aid                               | 28,289  |
| 355.07 Foreign Fire Insurance Tax Distribution                                  | 23,519  |
| 355.08 Local Share Assessment/Gaming Proceeds                                   |         |
| 355.09 Marcellus Shale Impact Fee Distribution                                  |         |
|   | 14,185  |
|   | 380,175 |
|   | 3,431   |
|   | 85,938  |
|   | 28,289  |
|   | 23,519  |
|   | 28,289  |
|   | 23,519  |

**MALVERN BORO, CHESTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

|  | Governmental Funds |  |                  |              | Proprietary Funds |                  | Fiduciary Fund | Total |
|--|--------------------|--|------------------|--------------|-------------------|------------------|----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service |                |       |

**REVENUES**

|        | State  |         |        |  |  |  |  |         |
|--------|--|---------|--------|--|--|--|--|---------|
| 355.00 | All Other State Shared Revenues and Entitlements |         |        |  |  |  |  |         |
| 356.00 | State Payments in Lieu of Taxes                  |         |        |  |  |  |  |         |
|        | <b>Total State</b>                               | 449,599 | 85,938 |  |  |  |  | 535,537 |

|        | Local Government Units  |        |  |  |  |  |  |        |
|--------|---|--------|--|--|--|--|--|--------|
| 357.03 | Highways and Streets  |        |  |  |  |  |  |        |
| 357.00 | All Other Local Governmental Units Capital and Operating Grants                 | 12,180 |  |  |  |  |  | 12,180 |
| 358.00 | Local Government Unit Shared Payments for Contracted Intergovernmental Services |        |  |  |  |  |  |        |
| 359.00 | Local Governmental Units and Authorities Payments in Lieu of Taxes              |        |  |  |  |  |  |        |
|        | <b>Total Local Government Units</b>   | 12,180 |  |  |  |  |  | 12,180 |

|        | Charges for Service  |        |  |  |         |  |  |         |
|--------|--|--------|--|--|---------|--|--|---------|
| 361.00 | General Government   | 14,994 |  |  |         |  |  | 14,994  |
| 362.00 | Public Safety  | 8,550  |  |  |         |  |  | 8,550   |
| 363.20 | Parking  |        |  |  |         |  |  |         |
| 363.00 | All Other Charges for Highway & Street Services  |        |  |  |         |  |  |         |
| 364.10 | Wastewater / Sewage (including connection / tapping fees, sewer usage charges, reserve capacity fee, etc.) |        |  |  | 978,920 |  |  | 978,920 |
| 364.30 | Solid Waste Collection and Disposal Charge (trash)   |        |  |  |         |  |  |         |
| 364.60 | Host Municipality Benefit Fee for Solid Waste Facility   |        |  |  |         |  |  |         |
| 364.00 | All Other Charges for Sanitation Services  | 1,873  |  |  |         |  |  | 1,873   |
| 365.00 | Health   |        |  |  |         |  |  |         |
| 366.00 | Human Services   |        |  |  |         |  |  |         |
| 367.00 | Culture and Recreation   | 218    |  |  |         |  |  | 218     |
| 368.00 | Airports   |        |  |  |         |  |  |         |

MALVERN BORO, CHESTER COUNTY  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

| General Fund | Governmental Funds                             |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total |
|--------------|--|------------------|--------------|------------|-------------------|--|----------------|-------|
|              | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |       |

**REVENUES**

| Charges for Service |                                  |        |  |  |         |  |  |           |
|---------------------|----------------------------------|--------|--|--|---------|--|--|-----------|
| 369.00              | Bars                             |        |  |  |         |  |  |           |
| 370.00              | Cemeteries                       |        |  |  |         |  |  |           |
| 372.00              | Electric System                  |        |  |  |         |  |  |           |
| 373.00              | Gas System                       |        |  |  |         |  |  |           |
| 374.00              | Housing System                   |        |  |  |         |  |  |           |
| 375.00              | Markets                          |        |  |  |         |  |  |           |
| 377.00              | Transit Systems                  |        |  |  |         |  |  |           |
| 378.00              | Water System                     |        |  |  |         |  |  |           |
| 379.00              | All Other Charges for Service    |        |  |  |         |  |  |           |
|                     | <b>Total Charges for Service</b> | 25,635 |  |  | 978,920 |  |  | 1,004,555 |

| Unclassified Operating Revenues |  |        |  |  |  |        |        |        |
|---------------------------------|--|--------|--|--|--|--------|--------|--------|
| 383.00                          | Special Assessments                              |        |  |  |  |        |        |        |
| 386.00                          | Escheats (sale of personal property)             |        |  |  |  |        |        |        |
| 387.00                          | Contributions and Donations from Private Sectors | 2,650  |  |  |  | 20,620 |        | 23,270 |
| 388.00                          | Fiduciary Fund Pension Contributions             |        |  |  |  |        | 28,289 | 28,289 |
| 389.00                          | All Other Unclassified Operating Revenues        | 8,124  |  |  |  |        |        | 8,124  |
|                                 | <b>Total Unclassified Operating Revenues</b>     | 10,774 |  |  |  | 48,909 |        | 59,683 |

| Other Financing Sources |   |        |  |         |  |  |  |         |
|-------------------------|---|--------|--|---------|--|--|--|---------|
| 391.00                  | Proceeds of General Fixed Asset Disposition |        |  |         |  |  |  |         |
| 392.00                  | Interfund Operating Transfers               | 43,308 |  | 473,100 |  |  |  | 516,408 |
| 393.00                  | Proceeds of General Long-Term Debt          |        |  |         |  |  |  |         |
| 394.00                  | Proceeds of Short Term-Debt                 |        |  |         |  |  |  |         |





**MALVERN BORO, CHESTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

|  | Governmental Funds |  |                  |              |            | Proprietary Funds |  | Fiduciary Fund | Total     |
|--|--------------------|--|------------------|--------------|------------|-------------------|--|----------------|-----------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise | Internal Service  |  |                |           |
|  | 1,543,505          |  |                  |              |            |                   |  |                | 1,543,505 |

**EXPENDITURES**

| Public Safety |   |
|---------------|---|
| 414.00        | Planning and Zoning                     |
| 415.00        | Emergency Management and Communications |
| 416.00        | Militia and Armories                    |
| 417.00        | Examination of Licensed Occupations     |
| 418.00        | Public Scales (weights and measures)    |
| 419.00        | Other Public Safety                     |
|               | <b>Total Public Safety</b>              |

| Health and Human Services |  |
|---------------------------|--|
| 420.00-425.00             | Health and Human Services              |
|                           | <b>Total Health and Human Services</b> |

| Public Works - Sanitation |   |
|---------------------------|---|
| 426.00                    | Recycling Collection and Disposal             |
| 427.00                    | Solid Waste Collection and Disposal (garbage) |
| 428.00                    | Weed Control                                  |
| 429.00                    | Wastewater / Sewage Treatment and Collection  |
|                           | <b>Total Public Works - Sanitation</b>        |

| Public Works - Highways and Streets |                                   |
|-------------------------------------|-----------------------------------|
| 430.00                              | General Services - Administration |
| 431.00                              | Cleaning of Streets and Gutters   |
| 432.00                              | Winter Maintenance - Snow Removal |
| 433.00                              | Traffic Control Devices           |
| 434.00                              | Street Lighting                   |





**MALVERN BORO, CHESTER COUNTY**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
 December 31, 2021

|  | Governmental Funds |  |                  |              | Proprietary Funds |                  | Fiduciary Fund | Total |
|--|--------------------|--|------------------|--------------|-------------------|------------------|----------------|-------|
|  | General Fund       | Special Revenue (Including State Liquid Fuels) | Capital Projects | Debt Service | Enterprise        | Internal Service |                |       |

**EXPENDITURES**

| Employer Paid Benefits and Withholding Items |   |        |  |  |  |  |  |        |
|--|---|--------|--|--|--|--|--|--------|
| 484.00                                       | Worker Compensation Insurance                             |        |  |  |  |  |  |        |
| 487.00                                       | Other Group Insurance Benefits                            |        |  |  |  |  |  |        |
|  | <b>Total Employer Paid Benefits and Withholding Items</b> | 28,289 |  |  |  |  |  | 28,289 |

| <b>Insurance</b> |                                 |        |  |  |  |  |        |
|------------------|---------------------------------|--------|--|--|--|--|--------|
| 486.00           | Insurance, Casualty, and Surety | 29,162 |  |  |  |  | 29,162 |
|                  | <b>Total Insurance</b>          | 29,162 |  |  |  |  | 29,162 |

| <b>Unclassified Operating Expenditures</b> |  |  |  |  |  |         |         |
|--|--|--|--|--|--|---------|---------|
| 488.00                                     | Fiduciary Fund Benefits and Refunds Paid         |  |  |  |  | 255,495 | 255,495 |
| 489.00                                     | All Other Unclassified Expenditures              |  |  |  |  |         |         |
|  | <b>Total Unclassified Operating Expenditures</b> |  |  |  |  | 255,495 | 255,495 |

| <b>Other Financing Uses</b> |                                   |         |        |  |  |  |         |
|-----------------------------|-----------------------------------|---------|--------|--|--|--|---------|
| 491.00                      | Refund of Prior Year Revenues     |         |        |  |  |  |         |
| 492.00                      | Interfund Operating Transfers     | 473,100 | 43,308 |  |  |  | 516,408 |
| 493.00                      | All Other Financing Uses          |         |        |  |  |  |         |
|                             | <b>Total Other Financing Uses</b> | 473,100 | 43,308 |  |  |  | 516,408 |

|                           |           |         |         |         |         |           |
|---------------------------|-----------|---------|---------|---------|---------|-----------|
| <b>TOTAL EXPENDITURES</b> | 3,779,332 | 101,401 | 502,575 | 983,154 | 283,318 | 5,649,780 |
|---------------------------|-----------|---------|---------|---------|---------|-----------|

|   |         |         |         |       |         |           |
|---|---------|---------|---------|-------|---------|-----------|
| <b>EXCESS/DEFICIT OF REVENUES OVER EXPENDITURES</b> | 693,705 | -15,139 | -27,516 | 2,638 | 636,488 | 1,290,176 |
|---|---------|---------|---------|-------|---------|-----------|

MALVERN BORO  
December 31, 2021

DEBT STATEMENT

OUTSTANDING BONDS AND NOTES

Listed below are all currently outstanding bond and note issues according to our files, excluding bond issues redeemed or refunded and defeased. Please show the principal payments and make any other necessary corrections and additions.

| Purpose                                   | Bond (B)<br>Capital Lease (C)<br>Lease Rental (L)<br>Note (N) | Issue Year<br>(YYYY) | Maturity<br>Year<br>(YYYY) | Original<br>Amount of<br>Issue | Outstanding<br>Beginning of<br>Year (1) | Principal<br>Incurred<br>This Year | Principal<br>Paid This<br>Year | Current Year<br>Accretion on<br>Compound Interest<br>Bonds | Outstanding at<br>Year End (1) | Plus (less)<br>Unamortized<br>Premium<br>(Discount) | Total<br>Balance |
|---|---|----------------------|----------------------------|--------------------------------|---|------------------------------------|--------------------------------|--|--------------------------------|---|------------------|
| <b>General Obligation Bonds and Notes</b> |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| GO Note 2013                              | Note  | 2013                 | 2023                       | 300,000                        | 95,000                                  |                                    | 31,000                         |  | 64,000                         |   | 64,000           |
| Non-Electoral                             | Note  | 2002                 | 2022                       | 2,500,000                      | 474,000                                 |                                    | 235,000                        |  | 239,000                        |   | 239,000          |
| <b>Revenue Bonds and Notes</b>            |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| <b>Lease Rental Debt</b>                  |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |
| <b>Other</b>                              |   |                      |                            |                                |   |                                    |                                |  |                                |   |                  |

(1) - excludes unamortized premium/discount

Total bonds and notes outstanding 303,000

Capitalized lease obligations 0

Net debt 303,000

MALVERN BORO, CHESTER County  
STATEMENT OF CAPITAL EXPENDITURES

December 31, 2021

| Category                          | Capital Purchases | Capital Construction | Total          |
|-----------------------------------|-------------------|----------------------|----------------|
| Community Development             |                   |                      |                |
| Electric                          |                   |                      |                |
| Fire                              |                   |                      |                |
| Gas System                        |                   |                      |                |
| General Government                | 28,447            |                      | 28,447         |
| Health                            |                   |                      |                |
| Housing                           |                   |                      |                |
| Libraries                         |                   |                      |                |
| Mass Transit                      |                   |                      |                |
| Parks                             |                   | 37,634               | 37,634         |
| Police                            |                   |                      |                |
| Recreation                        |                   |                      |                |
| Sewer                             | 9,000             | 14,070               | 23,070         |
| Solid Waste                       |                   |                      |                |
| Streets / Highways                |                   | 121,952              | 121,952        |
| Water                             |                   |                      |                |
| Other: Shade Tree                 |                   | 2,005                | 2,005          |
| <b>TOTAL CAPITAL EXPENDITURES</b> | <b>37,447</b>     | <b>175,661</b>       | <b>213,108</b> |

EMPLOYEE COMPENSATION

Total salaries, wages, commissions, etc. paid this year (including all employees and elected officials)

1,759,074

**Independent Public Accountant/Certified Public Accountant Submission Page**  
Opinion page was provided in lieu of signature page.

SIGNATURE AND VERIFICATION

Signed: Peterson, Fieo & Co. LLP Appointed Auditor/CPA

December 31, 2021

**NOTES / COMMENTS**

**BOROUGH OF MALVERN, CHESTER COUNTY, PENNSYLVANIA**

Note to the DCED Annual Audit & Financial Report  
31 December 2021

Note 1: Summary of Significant Accounting Policies

Nature of Operations. The Borough of Malvern was incorporated in 1889 and operates as a Borough under the Commonwealth of Pennsylvania Borough Code. The Borough operates under a council/manager form of government with seven council members. The Borough provides the following services: public safety (police & fire), health, highways & streets, sanitation (trash), recreation, planning & zoning, and general administrative services.

Reporting Entity. In evaluating how to define the Borough, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in U.S. Generally Accepted Accounting Principles (GAAP). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Borough is able to exercise oversight responsibilities. Based upon the application of these criteria, the Borough of Malvern has no component units.

Basis of Accounting. The Borough's policy is to prepare its report for the DCED on the cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. This basis of accounting differs from GAAP in that revenues and the related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when obligations are incurred.