

EAST WHITELAND TOWNSHIP  
SPECIAL MEETING  
PRELIMINARY BUDGET  
November 29, 2010

Chair, William Holmes called the meeting to order at 6:40 p.m. In attendance were Virginia McMichael, Vice Chair, John Mott, Member, Terry Woodman, Township Manager, Eugene Dooley, Police Chief, Chris Yeager, Police Lieutenant, William Steele, Public Works Director, Kenneth Battin, Fire Marshall, George Lokken, Financial Administrator, and Mary Lou Knight, Assistant Township Secretary.

Announcement of the meeting was made at the November 10, 2010 Board Meeting.

After discussion of the preliminary budget of November 8<sup>th</sup>, revisions were made. The revised preliminary budget dated November 29<sup>th</sup>, showed a deficit of \$154,857.

Ms. Woodman indicated that the Township will end the year with a much higher deficit than was anticipated a year ago. She spoke to the decline in tax revenue due to the closing of Wyeth and the relocation of Sanifi, stagnant real estate tax revenue due to the current economy, a slow down in new construction, and the loss of revenue due to lower interest being paid on Township accounts. For the first time during her tenure as Township Manager, Ms. Woodman suggested that the Board consider adopting a tax increase of .055 mills (one-fifth of a mill), bringing the millage to .500 mills. This would generate an additional \$78,000 in Township revenue.

Ms. Woodman pointed out millage rates in seven surrounding townships. As an example, millage rates range from a low of 0.028 mills to a high of 2.230 mills. She pointed out corresponding EIT rates for those Townships. Considerable discussion ensued Ms. McMichael suggested that any proposed millage increase is explained to residents via website and Township newsletter.

Discussion ensued regarding use of the rainy day fund to balance the budget versus a tax increase. Ms. Woodman was of the opinion that a small incremental tax increase this year would be preferable to a larger increase in coming years. Eliminating the proposed revenue from a tax increase would increase the preliminary budget deficit to \$227,751. Discussion continued.

In response to a question from Ms. McMichael, Ms. Woodman indicated that surplus budget funds have been deposited in the rainy day fund for the last five years. Funding the projected 2010 and 2011 budget deficits from the rainy day fund would deplete the fund by approximately \$925,000.

Ms. Woodman suggested excess funds be placed in the capital reserve fund. She also encouraged the Board to meet to discuss putting a plan in place for the allocation of funds going forward. She pointed out that a separate account should be in place to fund, for example, fleet costs and post-retirement medical costs. Mr. Holmes was in agreement that fiscally responsible practices should be in place. Ms. Woodman pointed out that one of the reasons the rainy day fund was allowed to grow was that cash in hand was a way to achieve AA bond status which is

something the Township will need in the future. The Board should set objectives and guide staff toward a common goal.

Ms. McMichael pointed out that the country is in a terrible economic downturn. The Township is fortunate that due to good planning in the past, the rainy day fund was able to grow. She believes that the Township fiscal situation will improve and, therefore, felt it was appropriate to use the rainy day fund in order to avoid a tax increase. She would also like to see a united front from the Board on any decision made. Messrs. Holmes and Mott were of the opinion that the deficit should come from the rainy day fund. Discussion ensued regarding the need to outline the Township's objectives.

Mr. Holmes made a motion to accept the 2011 budget – revisions to preliminary budget presented to the Board on November 8, 2010 with the change to General Fund Line Item 01301 30110- Revenue – R/T Taxes – should read \$587,621 indicating no tax increase, thereby producing a 2011 budget deficit of \$227,751. Mr. Mott seconded the motion and the vote was unanimous.

Ms. McMichael will draft an article for a newsletter to residents, with approval by the Board. Ms. Woodman asked the Board for their available dates to interview candidates for Township Engineer.

There being no further business, the meeting adjourned at 7:35 p.m.

Respectfully submitted,

Mary Lou Knight  
Assistant Township Secretary