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At a recent Board of Trustees meeting, Shelby Township Supervisor Richard Stathakis (left) asked Financial Management Director Allan McDonald to present an overview of the township's finances and to share some of the steps the township has taken to reduce its long-term liabilities.

Supervisor: Tools help shape financial future of township

By **SEAN DELANEY**

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Despite the progress that Shelby Township has made in terms of funding its long-term liabilities, Supervisor Richard Stathakis says the township must continue to keep an eye on its “financial big picture.”

“We put a lot of time and effort into getting our finances under control,” he said. “But we still have a \$70 million long-term debt out there that we need to continue to keep our eye on as we continue to make progress.”

At a recent Board of Trustees meeting, Stathakis asked Financial Management Director Allan McDonald to present an overview of Shelby Township's fi-

The township currently pays about 3 percent interest on the pension bonds and about 1 percent interest on the water and sewer loan.

“In addition to that, the township has the normal costs, which are the regular costs incurred every year just to fund these pension benefits,” McDonald said. “That ranges anywhere from \$1.5 million to \$2 million.”

While the numbers look daunting on paper, McDonald said the township is doing a decent job of setting money aside to fund its long-term liabilities.

“As far as the liabilities go, they're somewhat capped as the township, for most of its bargaining units, has closed or eliminated retiree health care for any new hires,” he said. “For the few bargaining

nances and to share some of the steps the township has taken to reduce its long-term liabilities.

“Back in 2008, the township had a net deficit of about \$69 million,” McDonald said. “If you look at where we estimated we would end up at the end of last year, 2015, we were looking to come in at approximately \$55.8 million, which is an improvement of about \$13 million.”

According to McDonald, the township has taken several steps toward reducing its long-term liabilities over the past few years.

“Back in 2014, for the police and fire defined benefit pension, the township closed that plan to new hires and bonded to fully fund the liability that was out there by issuing about \$9.3 million in pension bonds and borrowing \$13 million internally from the water and sewer fund,” he said. “The pension bonds are set to be paid off in October 2027, and the loan from the water and sewer fund is set to be paid off in October 2032.”

units that still receive retiree health care, the township has significantly reduced the benefit that is received.”

While Stathakis credited the township’s employees and the Board of Trustees for improving the township’s financial outlook, he also noted that development of new tools aided the process.

“What really got us through the tough times was the creation of a five-year financial model, the capital improvement plan, and a cost allocation model,” he said. “By having these simple tools available, we were able to maintain control of our finances in Shelby Township.”

According to Stathakis, the five-year financial model, capital improvement plan, and cost allocation model have allowed the township to reduce its liabilities, build a new police station, remodel Fire Station No. 1, invest in new sidewalks, and utilize grant funds to make improvements to Township Hall.

For more information on the township’s financial outlook, visit shelbytwp.org.