

# SHELBY TOWNSHIP PRESS RELEASE

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## **Shelby Township audit shows proof of Board policy's financial stability, success**

At its presentation of the 2014 audit for the Charter Township of Shelby Plante Moran , PLLC outlined two significant turning points for the community as it looks to move further ahead following economic downturn that impacted the state and region.

What Plante Moran dubbed "most impactful" was the move by the township's Board of Trustees and the employees and unions in the police and fire departments to close the defined-benefit pension system and use bonds and a loan from the Department of Public Works to fully fund the pensions.

"Overall, in 2014 really the most impactful event, purely from an accounting perspective for the township, was the issuance of about \$9 million of bonds for the pension plan and a \$13 million advance from the Water and Sewer fund to the Police and Fire funds, which was then contributed to the pension fund," said Lisa Manetta of Plante Moran.

"This was a very strategic financial decision to address legacy costs while still maintaining strong financial position of the township that you've worked very hard to accumulate over the years through the five year financial forecasting and budgeting."

Funding the pension accounted for significant reductions in the township police and fire funds as they dropped \$6.63 million and \$6.28 million, respectively. But the onset of a defined-contribution pension plan for new hires in both departments should allow for more financial stability and growth in years to come.

"The fully-funded pension gives us more stability as it allows us to budget a more uniform annual contribution to maintain the pension fund," Finance Director Allan McDonald said. "It also will reduce costs by giving us a lower interest rate on payments."

Those reduced costs and added stability has all three major township funds supported by local tax millages forecasted to run surpluses in 2015. If realized, the township's run into the black will be just the second time it has occurred since 2006, and shows a near complete rebound from the economic downturn in 2008 when property values and tax revenue plummeted.

While the General Fund has seen surpluses every year, and the fire department has posted four surpluses since the majority of the Board was elected in 2008, the police department has not had a surplus since 2009.

Along with the added stability, Plante Moran also outlined more signs of stability as they showcased a 3 percent increase in total revenue for the township in 2014 as well as a gain of 1 percent in property tax revenues. In years past, the township saw a drop of \$600,000 in taxable value in 2013 and a drop of \$1.5 million in taxable value in 2012.

"It's nice to see an increase in revenue, and this audit shows the real value of the policies enacted by the conservative majority of our Board of Trustees since 2008," Shelby Township Supervisor Rick Stathakis said. "These policies allowed Shelby Township to maintain a steady and growing course while revenues dropped without raising taxes."

Along with the increase in revenue , township government reduced expenditures in the general fund by more than 5 percent for the second consecutive year and that the 2014 audit revealed a seventh-straight general fund surplus.

"During this year's audit, we actually had no financial adjustments that we brought to the finance department to be corrected or changed in the financial results," Manetta said.

"This report represents the accumulation of data that was all provided by the township and that really is a testament to the hard work of Allen McDonald and the entire finance department to do such a good job in maintaining the books and records throughout the year and through the year end closing process and audit preparation process."

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