

Grosse Pointe Shores Informed Taxpayers

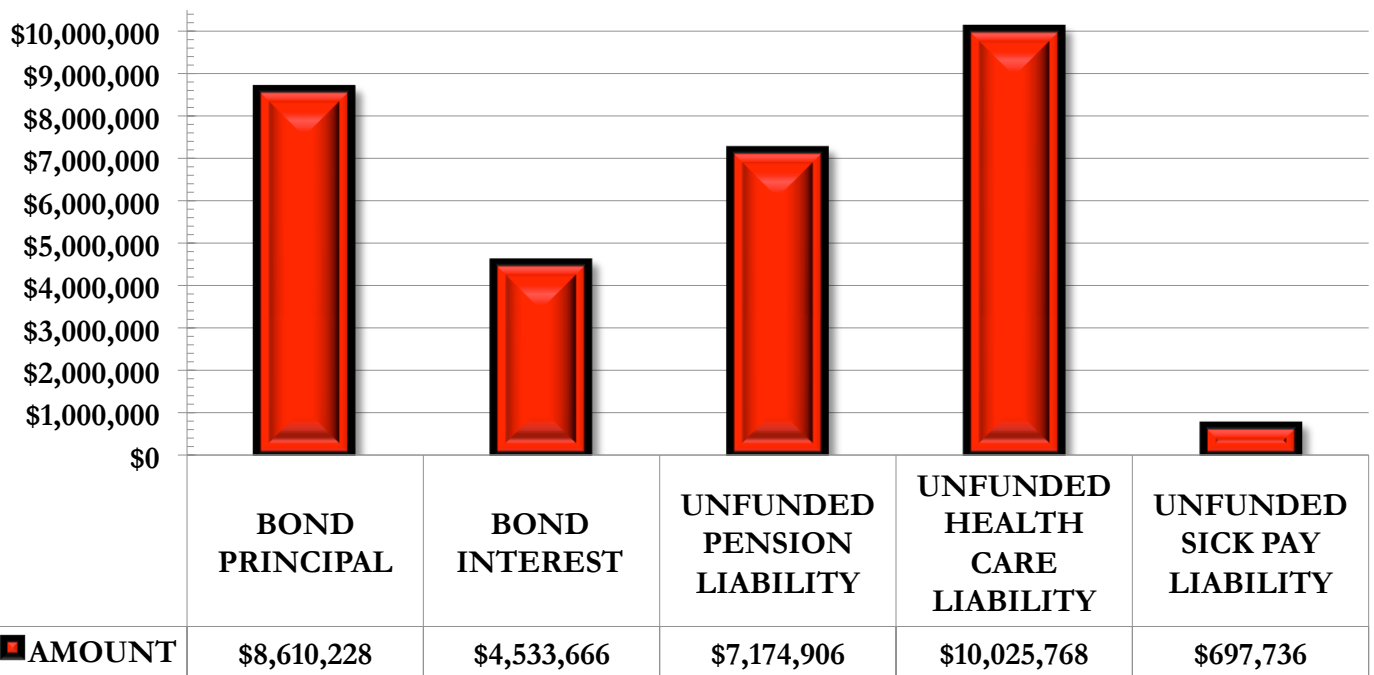
YOUR TAX DOLLARS

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Before you vote, review the basic facts of the current financial status of Grosse Pointe Shores.
If you are not outraged, you're not paying attention.

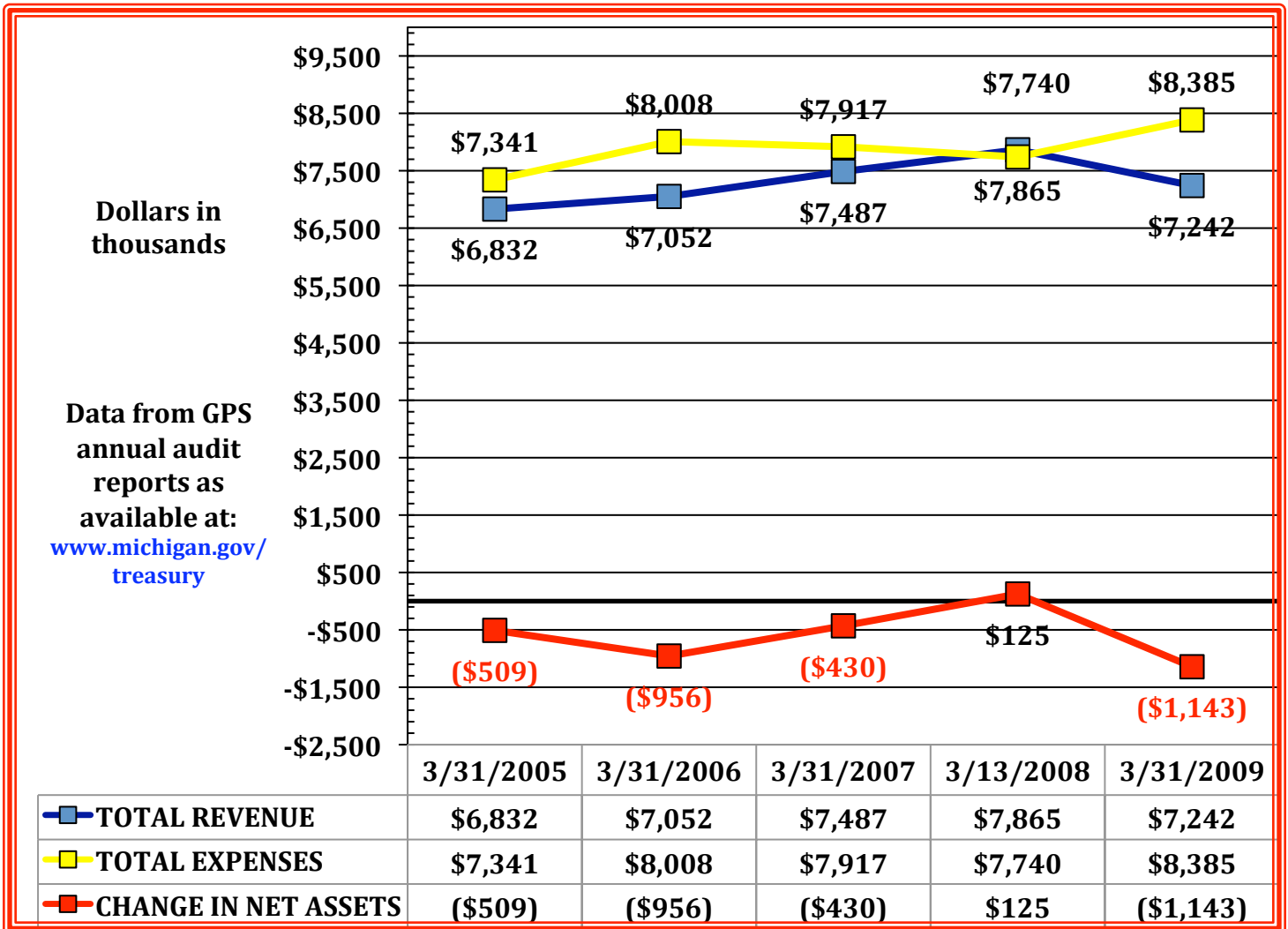
GROSSE POINTE SHORES DEBT = \$31 Million



Debt levels are an important measure of a city's fiscal health. Source documents for the chart are the Shores March 2009 Financial Report and the July 2009 Health Care Report, available at www.shoresrecall.com, or by calling city hall. Standard & Poor's credit rating service has noted the Shores 2007 bond debt burden of \$7,110 per capita is high.

With \$31 million dollars of obligations, the Shores total debt level stands at the **astounding amount of \$28,323 for each of the 1096 households in our city of 2500 residents. That's a debt of \$12,335 per capita.** The Grosse Pointe Times (12/17/09) reported the Woods debt level per capita was only \$299, and falling. Don't believe the incumbents' claim that all cities are in the same financial boat!

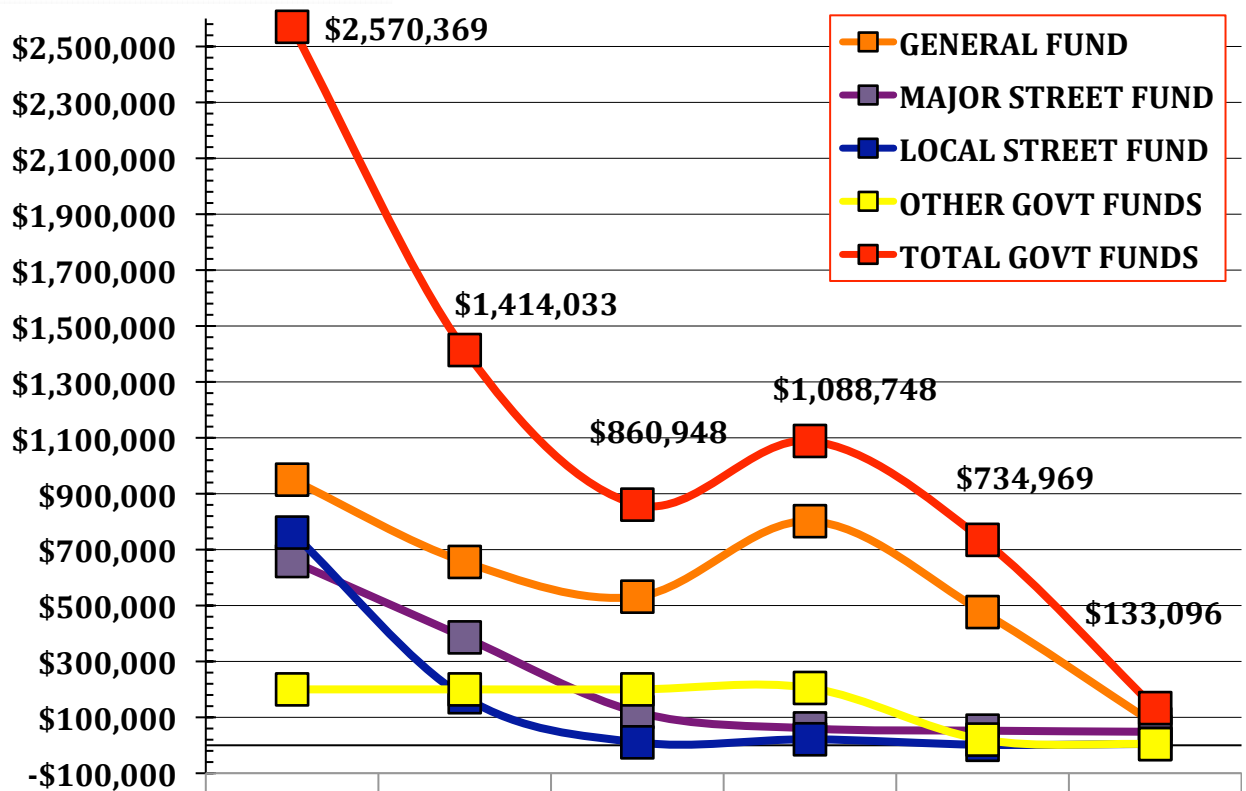
DEFICIT SPENDING & DECLINING NET ASSET VALUE UNDER INCUMBENTS



Michigan law (MCL Section 141.436) requires cities “*not adopt a general appropriations act or an amendment to that act which causes estimated total expenditures, including an accrued deficit, to exceed total estimated revenues...*” Shores expenses exceeded revenues in four of the last five fiscal years! Last year, the incumbents overspent revenue intake by \$1.14 million. The trend started back in 2005, well before the steep plunge in home values.

The justification of conduct statements of Mayor Cooper and Council members Boyce and Graziani claim their actions were “*in the best interest of the community*” and “*not in violation of any law or policy.*” The years of deficit spending are in clear violation of what state law demands from officials responsible for civic finances. **Hold the incumbents accountable on May 4th.**

SHORES FUND BALANCES PLUMMET UNDER INCUMBENTS' MISMANAGEMENT



	Mar-05	Mar-06	Mar-07	Mar-08	Mar-09	Jun-09
GENERAL FUND	\$950,269	\$655,910	\$531,721	\$801,817	\$476,653	\$75,492
MAJOR STREET FUND	\$659,074	\$386,090	\$118,699	\$60,401	\$52,347	\$48,278
LOCAL STREET FUND	\$761,026	\$172,033	\$10,528	\$21,472	\$1,756	\$5,070
OTHER GOVT FUNDS	\$200,000	\$200,000	\$200,000	\$205,058	\$20,413	\$4,256
TOTAL GOVT FUNDS	\$2,570,369	\$1,414,033	\$860,948	\$1,088,748	\$734,969	\$133,096

A five-year period of deficit spending drives down total operating funds from \$2.5 million to almost nothing. Auditors must report Shores to Michigan Treasury Department, as *general fund actually has a deficit of \$210,000 in June 2009*. Street funds and “budget stabilization” (other) funds are almost depleted.

At the same time, Mayor Cooper and Council members Boyce and Graziani claim that their tax increase is needed to “*strengthen*” fund balances. Look at the trends.

Were the incumbents honest about the real reason for increasing your taxes?

Annual Shores audits reports available on the web at www.michigan.gov/treasury.

BEFORE YOU CAST YOUR BALLOT ON MAY 4th

Grosse Pointe Shores: A one square mile, entirely residential city, with approximately 1096 households and 2500 residents. There is no business district or industry, so the demands of city management are relatively small compared to cities with retail, commercial and industrial zoning. With this in mind, please consider the following issues prior to voting:

- Was it appropriate to award our new city manager 12 years of pension vestment upon hire in October 2008, plus \$100,000 in annual salary, approximately \$60,000 in total benefits, as well as a \$6600 annual car allowance, \$3500 annual conference allowance, and reimbursement for club membership(s)?
- Is it appropriate to pay over \$100,000 salary, plus generous benefits similar to those of the City Manager to our City Finance Director? Shouldn't the City Manager be able to handle both tasks?
- Does it make sense to maintain a court system that loses money every year?
- Does it make sense to have a separate property assessing department for a fully developed city that issues only a handful of building permits each year?
- Is it reasonable to maintain a separate department for Park operations when for years it was effectively managed by our DPW?
- Does it make sense to employ a high-priced major law firm to oversee our part-time legal matters at the rate of over \$160,000 per year when many cities operate on a quarter of that amount?
- Is it reasonable to continually wait until the last minute to prepare the coming year's budget? This prevents advance public review and forces the council to give approval without thorough examination.
- Is it reasonable to go on from year to year with finances that are clearly **not** adequately audited?
 - "We did not audit the information and express no opinion on it." – Plante Moran
 - "This data has been reviewed for reasonableness, but no attempt has been made to audit such information." – Rodwan Consulting
- Should we not be alarmed when our actuary tells us we now face a retiree medical benefits fund deficit of more than \$10 million? Or that the incumbents still refuse to take steps to start closing this gap?
- Is it reasonable to ask council members to approve a monthly City Financial Report that consists of a schedule of checks with no supporting documentation, especially with so many questionable expenditures, that total approximately \$300,000 every month?
- Is it reasonable that, despite continual requests from some council members and the public, the Mayor and Council majority refused to significantly reduce the outrageous banked sick-day policy that allows retiring employees to walk away with nearly an extra year's pay on top of their extravagant benefits package?
Note: Grosse Pointe Shores' current UNFUNDED sick-pay liability now totals over \$750,000.
- The Shores has five (5) years of annual operating losses, a situation which threatens to become worse. The Council EXHAUSTED the general unrestricted fund balance to the point of a \$210,000 OVERDRAFT last June. This is the real basis behind the incumbents' the one mil (\$300,000) tax increase.

VOTE YES FOR THE RECALL. Don't be misled by the false picture of financial well being that some in our government and their anti-recall supporters are preaching. Disregard the seriousness of this matter now, and the truth will be all too apparent in the months ahead as Grosse Pointe Shores is forced to raise taxes, driving our property values down even further. Don't think it can't happen here. It can and will happen here if Shores voters don't take the proper steps to save our city.

VOTE YES TO RECALL COOPER, BOYCE AND GRAZIANI