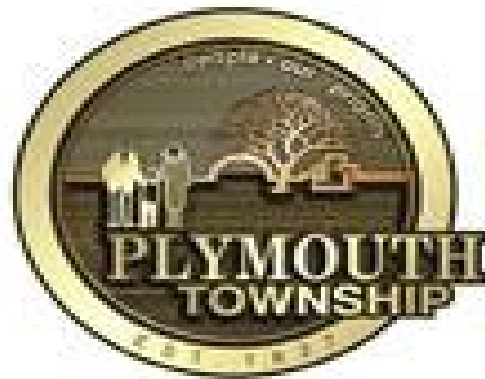


Charter Township of Plymouth

FY2024 BUDGET BOOK



INTRODUCTION

Plymouth Township is located in Western Wayne County, Michigan, approximately 18 miles Northeast of Ann Arbor. Plymouth was settled in 1824 and became a Township on April 12, 1827, by a legislative act of then-Governor Cass.

The first meeting of the Plymouth Township Board was conducted on May 25, 1827, at the home of John Tibbits. Judge Witherell of Detroit came to the Township to administer the Oath of Office to the first elected officials.

Plymouth later became a Charter Township on April 19, 1977, which allowed for greater protection from annexation attempts and improved taxing controls. As a Charter Township, Plymouth is governed by a seven-member Board of Trustees. The board consists of three top-elected officials and four part-time trustees. The top elected officials include the Township Supervisor, Clerk, and Treasurer.

LOCAL GOVERNMENT

The Board of Trustees generally meets twice per month to conduct business. The Board of Trustees sets government policy, determines types and levels of service to be provided, and approves all expenditures of Township funds. The Board is also responsible for establishing ordinances and approving the annual municipal budget.

The Board of Trustees sets government policy for Plymouth Township. The Board of Trustees is the elected local legislative body of Plymouth Township. Board members are responsible for establishing ordinances, approving the municipal budget to finance programs and services and setting policy under which the Township government runs.

The Plymouth Township Board of Trustees typically conducts regular meetings on the second and fourth Tuesdays of the month at 7:00 pm. Prior to each meeting, agendas are available in the Plymouth Township Clerk's office at 9955 N. Haggerty Road. Meetings are conducted under a modified Robert's Rules of Order.

At the start of each year the Township Board sets its annual goals and objectives for the township with the key objective being identifying priorities for the effective management and utilization of the township's financial resources.

ADOPTED 2024 TOWNSHIP BUDGET

The Charter Township of Plymouth is obligated to its citizens for the responsible use of its tax dollars. Funds must be used wisely to ensure proper funding is available for the services, public facilities, and infrastructure needs essential to meet the community's current and future needs. Several funding sources support the functions of the Townships that require a balancing of revenues and expenditures to maintain a strong and stable government platform. It is important when considering funding priorities and program mandates, to be aware of economic realities that apply to the Township over periods of time that extend beyond the year-to-year budget appropriation.

Governmental entities use an accounting system that utilizes funds to track their revenues and expenditures. A fund is an independent accounting entity with a self-balancing set of accounts, created for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In establishing a balanced budget for fiscal year 2024, the Township budgeted conservatively overall, while still preserving a high level of service. While working within financial limitations to support current priorities and challenges that affect the scope and the level of service we provide, considerations were given to the long-term implications of tax revenue due to Proposal A limitations, Headlee roll backs, personal property tax **reductions**, impacts on State Shared revenues, and other economic climate changes.

The Township Board of Trustees adopted all fund expenditures at the department, or function level and adopted revenues at the fund level.

The FY2024 adoption included the **General Fund**, which is the primary operating fund of a local government and accounts for all resources not required to be reported in any other funds. The township has twenty-nine operating departments within the general fund.

Also adopted were **Special Revenue Funds** which account for and report the proceeds of specific revenue sources that are restricted or committed for a specific purpose. Within the Special Revenue Fund category, the township has three Forfeiture funds in which the local unit participates in a justice equitable sharing program. These funds are subject to laws, rules, regulations and orders of the state or local jurisdiction that govern the use of these funds. Also contained within the Special Revenue Fund category, the Township's Component Unit funds include the **Brownfield Redevelopment Authority** established under Public Act 381 of 1996 and the **Downtown Development Authority** established under Public Act 197 of 1975. The Brownfield Redevelopment fund is for the purpose of revitalizing and improving properties that have been previously contaminated. The Downtown Development Authority fund is for the purpose of improving property within the township boundaries, for the benefit of its residents.

The **Township Improvement (Capital) Revolving Project Fund** accounts for funds advanced from the General Fund intended to be used to build reserves for future capital outlays and acquisitions of construction of facilities or capital equipment.

Also included in the FY2024 budget are three **Proprietary or Enterprise Funds** which consist of the **Transportation Fund, Water & Sewer Fund, and the Rubbish Collection Fund**. These funds are used to report activities for which a fee is charged to external users for services or goods.

GENERAL FUND BUDGET

The General Fund section of this document contains revenue and expenditure summaries that include a brief narrative on each major revenue and expense category. The various charts and graphs provide historical information and show trends in the data.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risk due to unplanned emergencies. The FY2024 General Fund budget adopted consists of total financing sources (revenues) of \$21.6 million and requested financing uses (expenses) of \$21.6 million, for a balanced budget.

Fund balance is a measure of the financial resources available in a governmental fund and is separated into five categories of how the resources can be spent; non-spendable, restricted, committed, assigned, and unassigned. This is required under the Governmental Accounting Standards Board (GASB) statement number 54.

Non-spendable fund balance is used to hold fund balances associated with prepaid expenses and/or inventories.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of Trustees).

Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

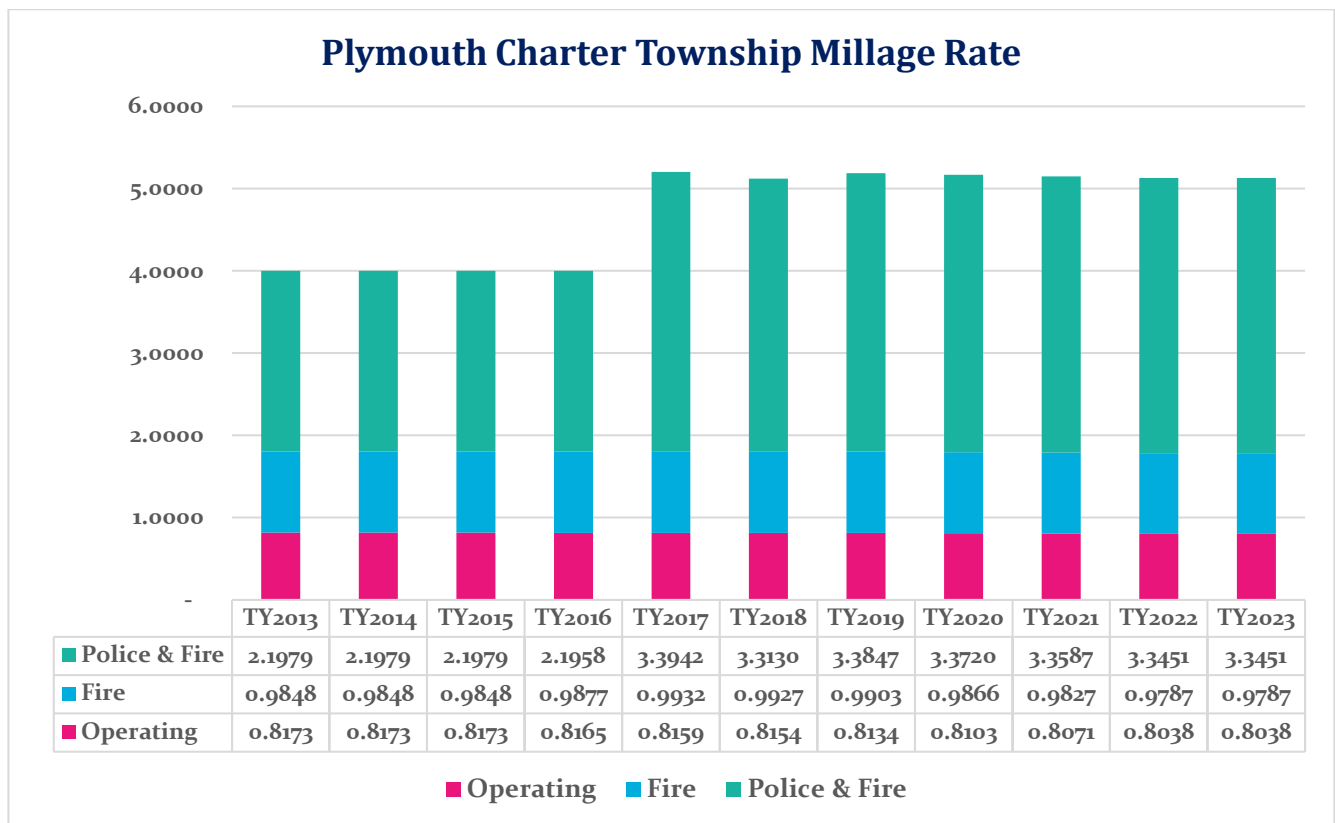
At the end of Fiscal Year 2022 the General Fund's total fund balance was \$8,273,745 which consisted of:

Non-spendable – Prepaids	\$ 377,492
Restricted – Public Education Government (PEG) Fees*	\$ 541,296
Restricted – Construction	\$ 1,992,219
Committed – Public Safety	\$ 129,244
<u>Unassigned</u>	<u>\$ 5,303,494</u>

*PEG (Public, Educational and Governmental) access fees are revenues collected by the local cable company from its subscribers that are passed along to various local units of government. These funds are used to help finance equipment and programming for local government channels streamed online and over the air. This enables residents who aren't cable TV subscribers to watch local government meetings and other programming. As cable companies continue to lose subscribers to online video services, we expect this revenue to continue to decline over time.

MILLAGE RATES

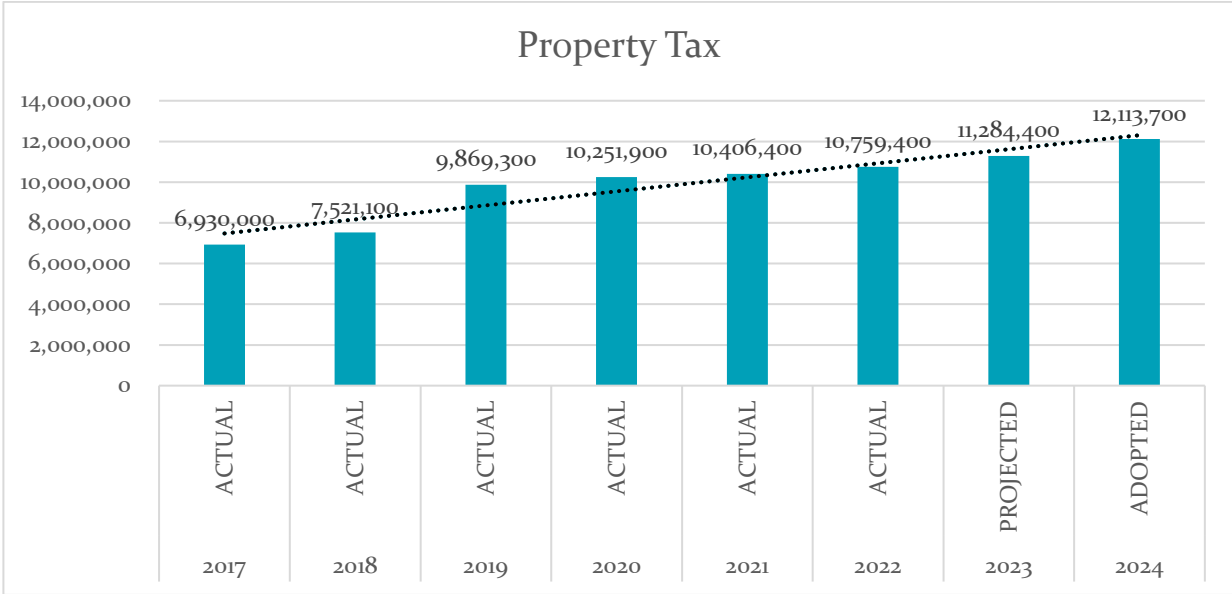
In November of 2018, voters approved a public safety millage of 1.2000 mills to help bring the police, dispatch, and fire departments up to full staffing, fund the replacement of aged equipment, and address burgeoning pension and retiree legacy costs (known as OPEB-Other Post Employment Benefits). In FY2023, the millage rate was permanently reduced by the Headlee rollback, to 1.1831 mills.



REVENUE SOURCES

The 2024 General Fund derives its revenue from a variety of sources, discussed below:

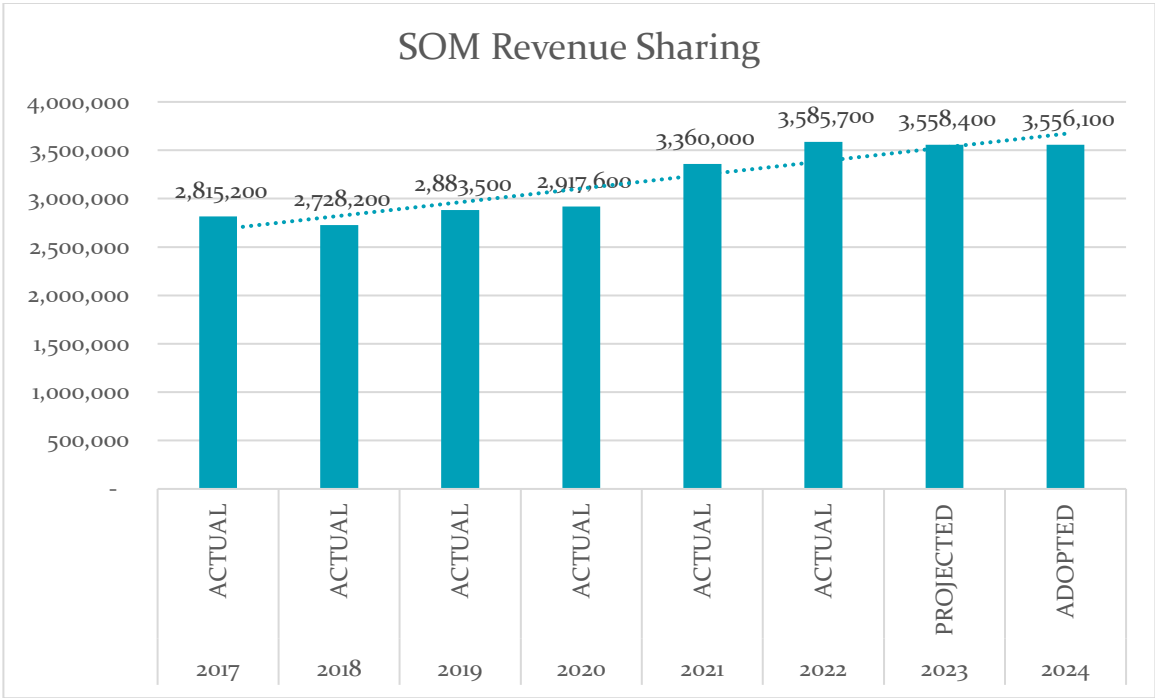
Property Taxes – this is the largest source of revenue for the Township. The City’s overall 2023 millage rate is 5.1276 which will provide approximately \$12.1 million; or 56.0% of the total General Fund 2024 budget for revenues and other financing sources.



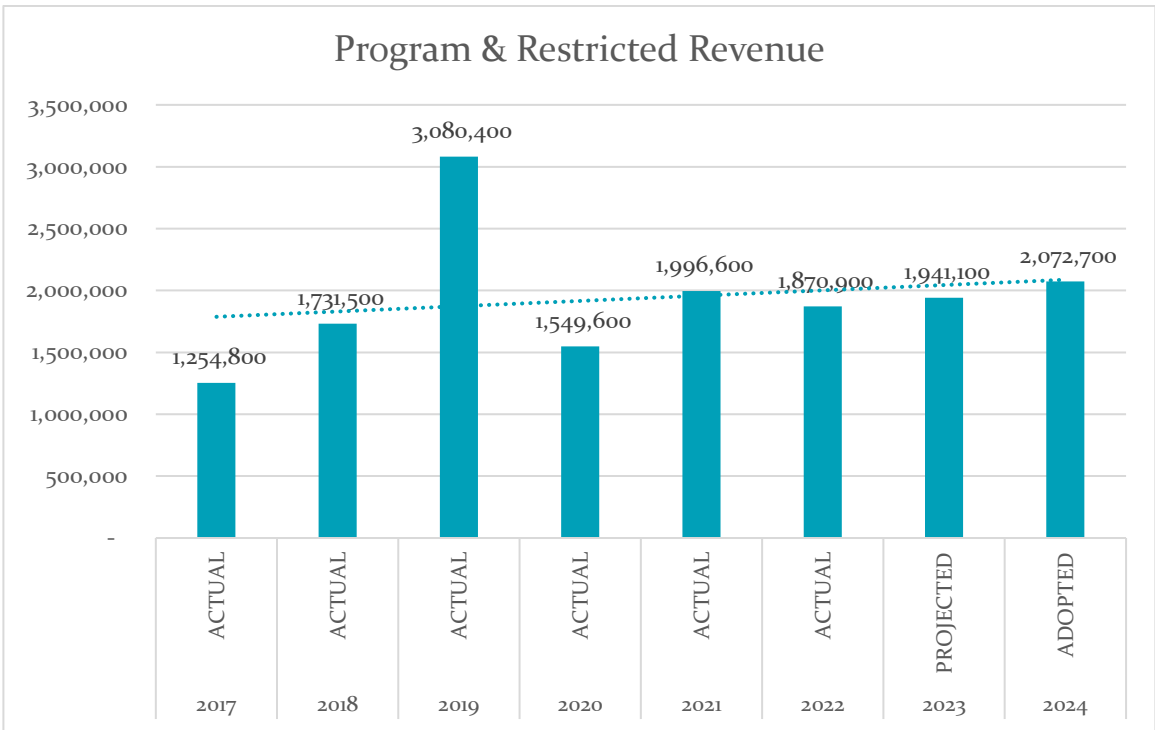
State revenue sharing – this is the second largest revenue source to Plymouth Township, which has come under pressure due to the condition of the state’s economy. State revenue sharing has two components – a constitutional piece and a statutory piece.

The constitutional piece is a return of 15% of gross collections from the first 4% the 6% state sales tax to the local units of government based on the municipality’s population, relative tax efforts, valuation and state operating and reporting mandates, making up approximately \$3.5 million or 16.5% of the township’s total financing sources.

The statutory piece does not follow the same formula as the constitutional piece and the method of calculation has undergone many changes over the years. In 2011, the State added requirements for local governments to obtain their statutory revenue sharing payments. Titled the Economic Vitality Incentive Program (EVIP), local governments must now comply with three categories to receive payments. The categories include accountability and transparency, consolidation of services, and unfunded accrued liability plan. The State of Michigan Revenue sharing also reflects the Local Community Stabilization Act funds received from 2017 and projected through 2022.

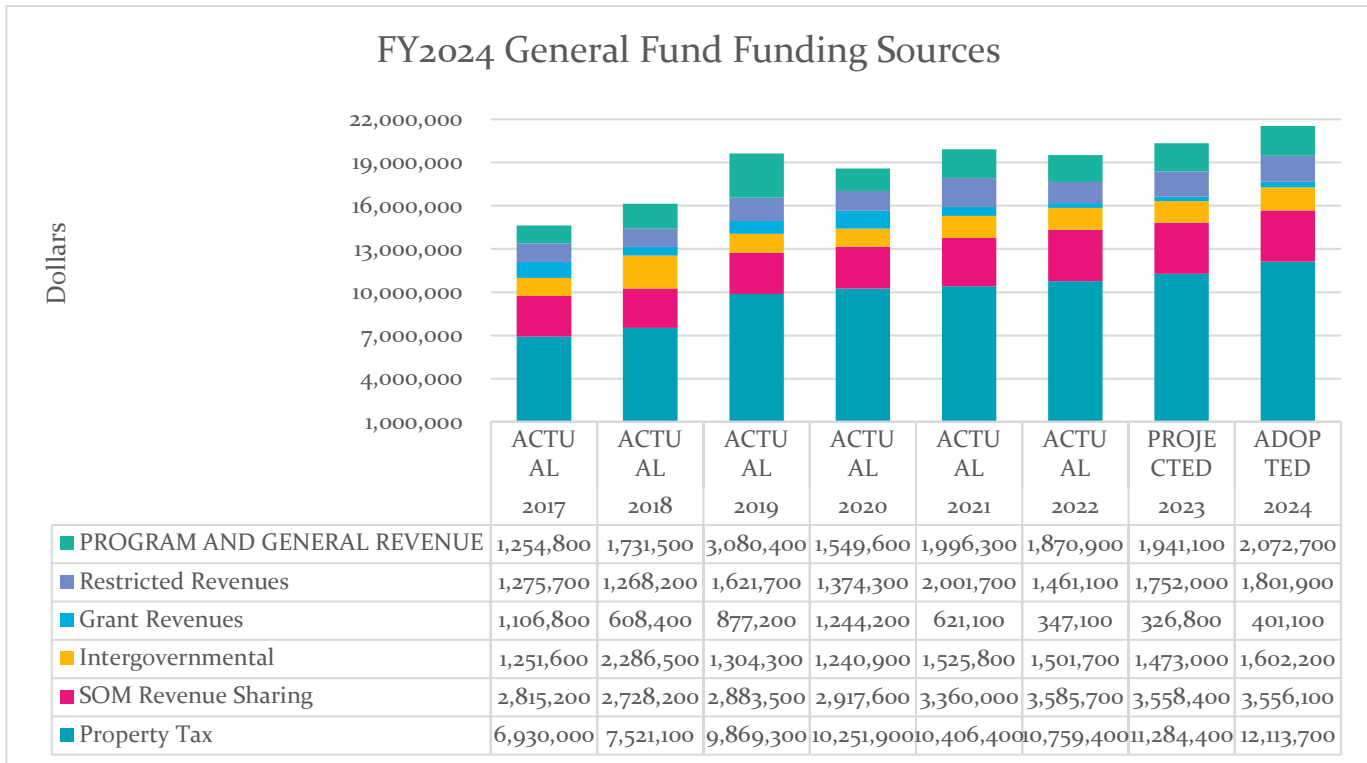


Program and restricted revenues – these revenues are the third largest revenue source for Plymouth Township, generating \$3.9 million dollars and making up 18% of the total revenues and subject to economic climate change. These collections are for services and fees received from those who benefit from a specific program like funding generated from building and mechanical permits, park rentals, dog licenses, or passport fees.



The three main financing sources (see graphs below) represent 90.3% of the General Fund revenue for governmental operations. While the township experienced steady increases over historical years from 2017 to 2019, revenue sources have come under pressure in recent fiscal years due to the Coronavirus pandemic's impact on Michigan's financial economy in 2020 and at this time remain somewhat volatile.

Fiscal 2023 revenue projections are based on actual activity experienced through the third quarter of the fiscal year. Revenue changes are primarily due to an increase in park fees, permits, and interest income – in general, a return to normal levels of revenue generating activity.



Program & General Revenue – is made up of charges for services, payments in lieu of, licenses, interest income, reimbursement revenue, insurance recoveries, land proceeds and lease revenues.

Restricted Revenue – includes Public Education Government Fees (PEG) and the Building department's charges for services rendered.

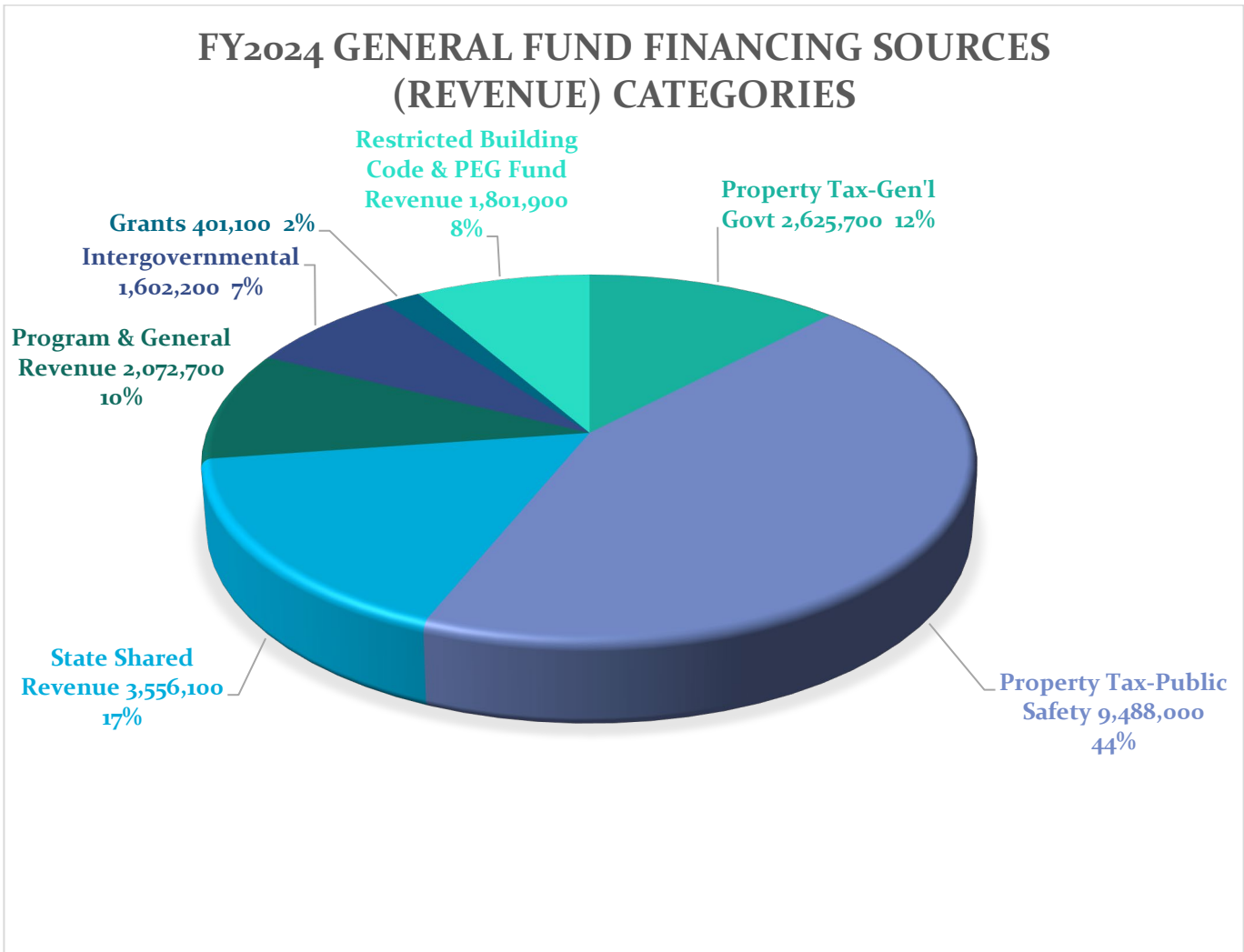
Grant Revenue – includes local grant funding from the CWW for 911 services, Wayne County Parks Millage, METRO Act Funds, SMART credits for busing services, and from the Community Development Block Grant (CDBG).

Intergovernmental Revenues – include general fund expenditures for enterprise fund services provided and funding from other governments such as the City of Plymouth for Dispatch/Jail services.

SOM Revenue Sharing – as explained previously, State of Michigan Revenue Sharing is a return of a percentage of the 6% state sales tax to the local units.

Property Tax – as explained previously, property tax is made up of all millage-based revenues, trailer taxes, property tax administration fee, and delinquent or penalty revenues.

The FY2024 General Fund adopted revenue budget of \$21,547,700 is made up of the following financing sources utilized to provide public services to the taxpayers of Plymouth Charter Township:



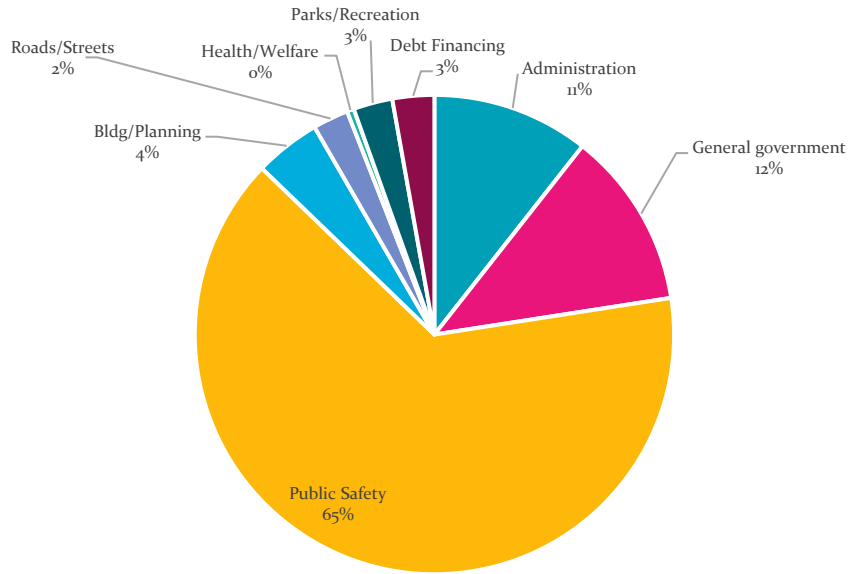
The FY2024 General Fund financing uses were adopted by the Board of Trustees at the department level. The Charter Township of Plymouth has 28 department functions that make up the total adopted budget.

The departmental expenditures are grouped together here by function or budgetary cost center:

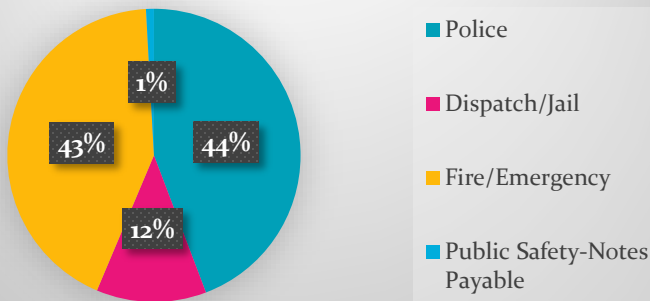
General Fund Financing Uses:		FY 2024
Department		Amount
<i>Township Board</i>		71,000
<i>Supervisor</i>		402,600
<i>Accounting/Finance</i>		296,100
<i>Clerk</i>		442,800
<i>Information Technology</i>		232,500
<i>Board of Review</i>		3,100
<i>Treasurer</i>		432,700
<i>Assessor</i>		410,600
<i>General Government</i>		1,308,400
<i>Elections</i>		660,300
<i>Building & Grounds</i>		182,300
<i>Civil Service/Merit System</i>		1,300
<i>Municipal Risk Insurance</i>		430,500
<i>Police</i>		6,180,300
<i>Dispatch</i>		1,568,900
<i>Fire</i>		5,945,300
<i>Jail (Corrections)</i>		126,300
<i>Building Inspection Department</i>		740,700
<i>Emergency Management</i>		31,000
<i>Roads, Streets & Safety</i>		520,000
<i>Senior Center</i>		81,100
<i>Community Development Block Grant</i>		20,000
<i>Planning Department</i>		193,500
<i>Zoning Board of Appeals</i>		9,300
<i>Planning Commission</i>		19,500
<i>Parks & Recreation</i>		571,600
<i>Debt Service - General Obligation</i>		609,200
<i>Debt Service - Notes Payable</i>		121,800
<i>Interfund Transfers Out</i>		-
Total Financing Uses - Expenditures		\$ 21,612,700
Total Financing Sources - Revenue		\$ 21,612,700

The General Fund's financing uses are from the major functional areas of the Township's activity: administration, general operating, public safety, building and planning, parks and recreation, and senior services.

General Fund Major Expenditure Functions



Public Safety Budget



Distribution of Public Safety financial resources:

Public Safety	Budget	
Police Department	6,180,300	
Fire/Emergency Management	5,976,300	
Dispatch & Jail	1,695,200	
Notes Payables*	121,800	
Total Public Safety	13,973,600	65 %

* Notes payables budget here includes the principal & interest for the 10-year financing of the 2019 fire truck and Dispatch/Communications department includes the notes payable for the 5-year financing of the 911 Equature system reflected in the General Fund's Debt Service Notes Payables function within the adopted budget.

General Government	Budget	
General Government	1,308,400	

Elections Office	660,300	
Building & Grounds	182,300	
Civil Service Merit	1,300	
Municipal Insurance	430,500	
Total General Government	2,582,800	12 %
Administration	Budget	
Township Board	71,000	
Supervisor	402,600	
Information Technology	232,500	
Treasurer	432,700	
Clerk	442,800	
Elections	660,300	
Assessor	410,600	
Board of Review	3,100	
Accounting	296,100	
Total Administration	2,291,400	11 %

Building & Planning/Zoning	Budget	
Building Department	740,700	
Planning Department	193,500	
Planning Commission	19,500	
Board of Appeals	9,300	
Total Building/Planning	963,000	4 %

Parks & Recreation	Budget	
Parks & Recreation	571,600	
Total Parks & Recreation	571,600	3 %

Roads, Streets & Safety	Budget	
Roads & Streets	520,000	2 %

Health & Welfare	Budget	
Senior Center	81,100	
Community Development Block Grant	20,000	
Total Health & Welfare	101,100	0.5%

Debt & Interfund Transfers	Budget	
Debt & Interfund Transfers	609,200	3 %

OTHER INFORMATION:

In 2021 the Township implemented the new State of Michigan's 2020 Uniform Chart of Accounts. As a result, the Township realized a renumbering of its funds, activities, and account numbers. The General Fund activities descriptions primarily remained the same, while the senior center activity is now reflected separately from the Building and Grounds department and the Accounting/Finance office is reflected separately from the Clerk's department. Debt Service was also more clearly defined within its own activity as bond obligations and notes payable separate from the general government activity.

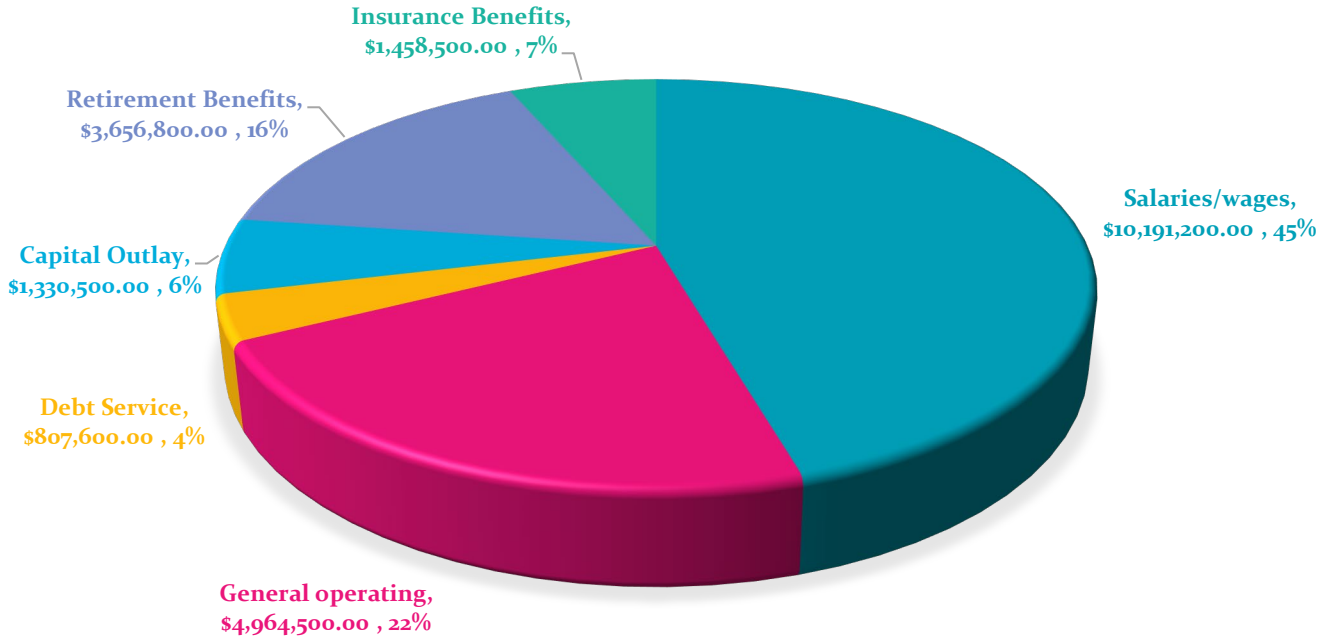
Debt service general obligations (2012 General Obligation Tax Refunding Bond and 2017 General Obligation Tax Refunding Bond) include amounts for principal and interest payments of \$609,200 for FY2024, with the final payment for the 2012 Township Hall General Obligation Tax Refunding Bond obligation budgeted through FY2025.

General Fund Capital Outlay makes up \$1,184,500 of the adopted budget or approximately 6% of the total financing uses requested in FY2024. The Police department projects are the largest category of capital projects, making up \$409,500 of this request or approximately 35% of the budgeted outlay planned. The capital outlay consists of three new police vehicles, some computer equipment, and other equipment purchases. The second largest capital outlay request is \$300,000 planned for sidewalk replacement. Another large capital outlay planned is \$275,000 for a new utility vehicle for the Fire department.

Other general government capital outlay projects are budgeted within the Special Revenue Funds. Improvements are planned such as a new "welcome" sign near I-275, along with plans to improve the CSX railroad sidewalk overpass. The Water & Sewer Fund will also be investing in major sewer line and water main improvements.

The FY2024 General Fund adopted expenditure budget is made up of the following six main financing uses shown in the pie chart below. The largest expenditure of the General Fund is for personnel - wages and employer-paid taxes are budgeted at \$10.2 million, or 45.5% of the adopted budget (excludes retirement costs, discussed later). This includes salary, overtime, and employer-paid taxes for full and part-time employees. The second highest financing use in the township is for general operating costs, in the amount of \$4.9M or approximately 22% of the adopted budget. The third largest expenditure is for the legacy cost for the now-closed defined benefit pension plan of \$1,744,400, the retiree health care plan of \$1,204,100, and the current defined contribution retirement benefits of defined contribution plans of \$708,300 for a total annual cost of \$3.7 million or 16% of the adopted budget.

FY 2024 GENERAL FUND EXPENDITURES BY CATEGORY



Financing Uses	Dollars
Salaries/wages	\$10,191,200
General operating	\$4,964,500
Debt Service	\$807,600
Capital Outlay	\$1,330,500
Retirement Benefits	\$3,656,800
Insurance Benefits	\$1,458,500
Interfund Transfers Out	\$0
TOTAL	\$22,409,100

A CLOSER LOOK AT PERSONNEL COSTS:

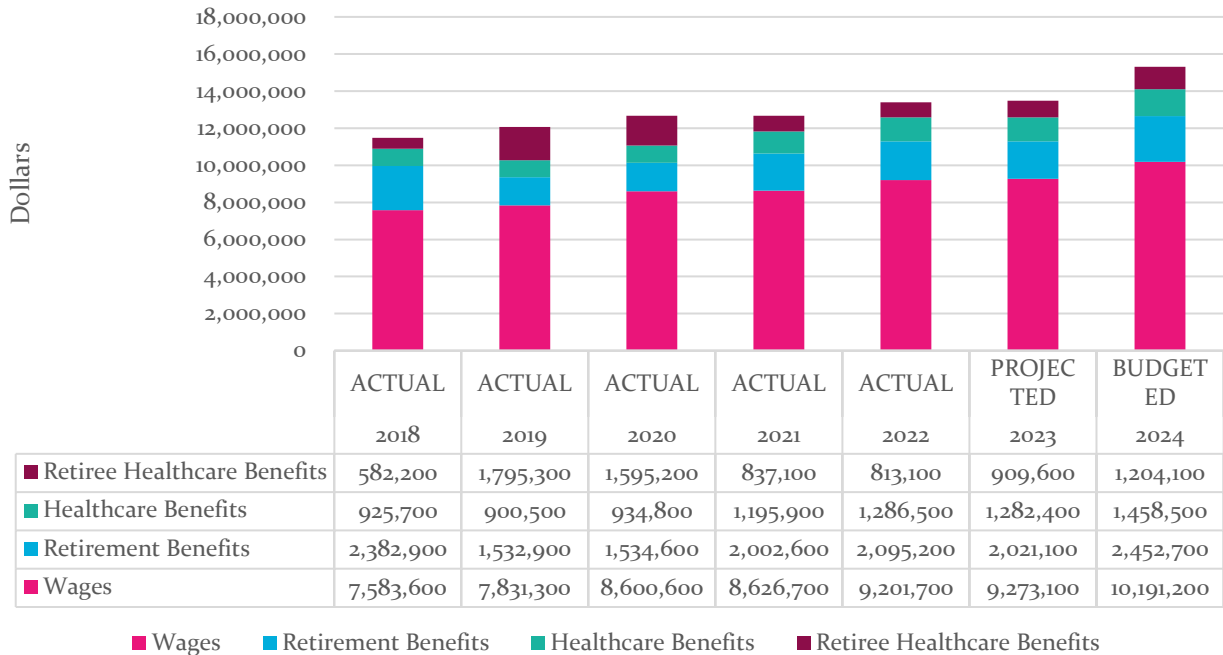
Personnel costs, retirement and healthcare benefits are the largest use of General Fund dollars and comprise 68% of the total FY2024 budgeted annual expenditures.

Budgeted salaries and wages for FY2024 comprise \$10.1M or 45.5% of the total budgeted General Fund expenditures of \$22.4M.

Budgeted healthcare benefits include medical, optical, dental, life, disability, and workers compensation insurances and are \$1.4M or 6.5% of the total General Fund budget.

Budgeted retirement benefits are \$3.6M or 16% of the total General Fund budget.

Personnel Costs by Year

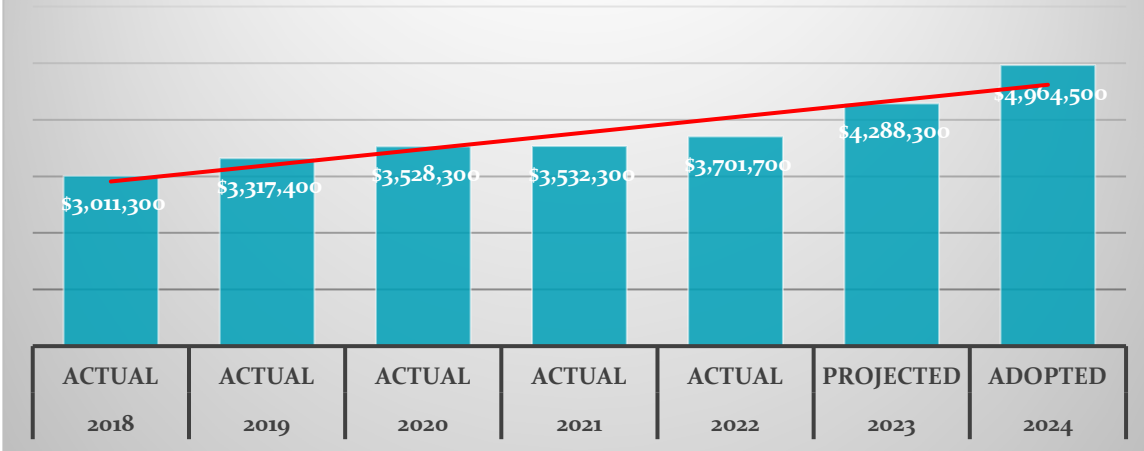


Retiree healthcare benefit costs jumped significantly starting in 2019 due to the passage of Public Act 202 of 2017 which addressed reporting requirements for OPEB retirement benefits and actuarial assumptions for defined benefit plans. As a result, the Township’s plan was deemed to be underfunded. It is important to note that many municipalities in the state of Michigan encountered this issue when PA 202 passed. The Township has been required to make one-time contributions to the plan to bring it back to a sufficiently funded status. The last one-time contribution is due to be made in FY2023, for a total contribution of just over \$2.95M.

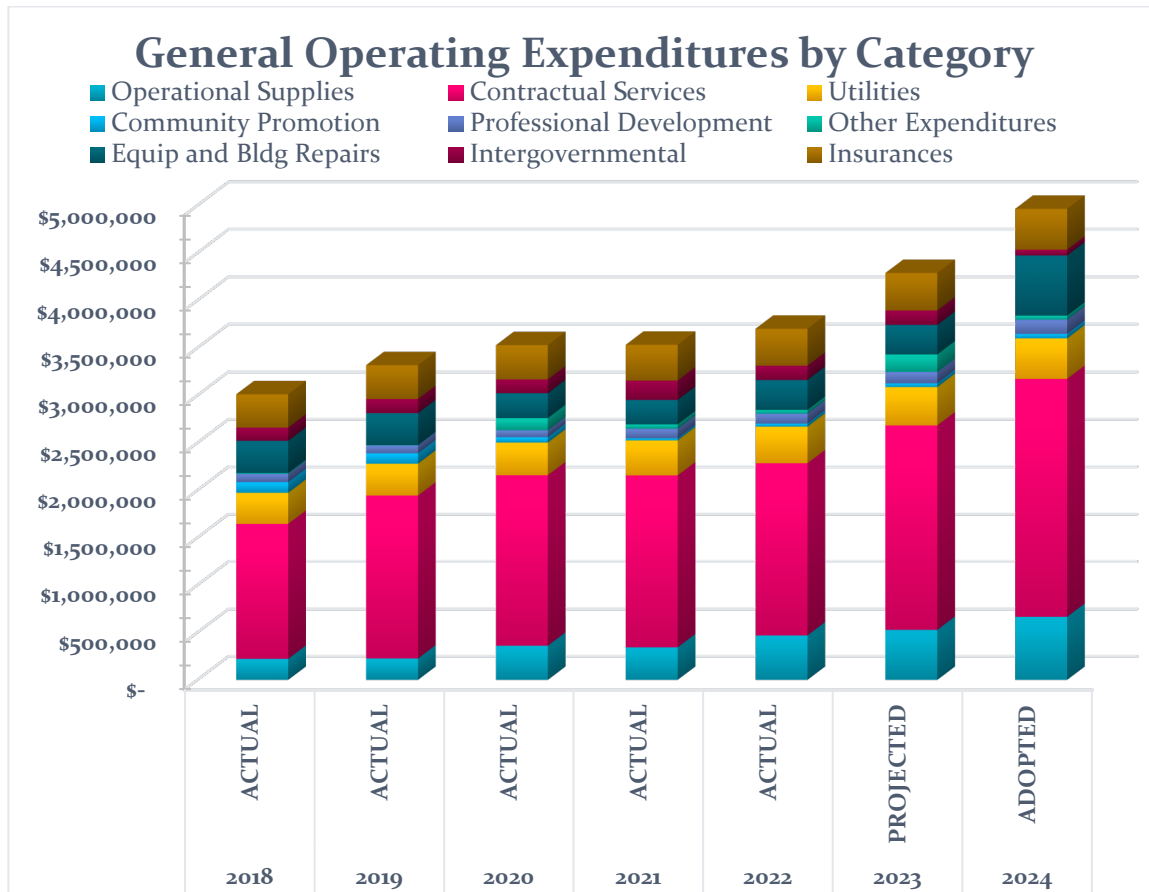
As stated previously, in 2018, the voters approved a public safety millage of 1.2000 mills to, among other things, help fund public safety pension and retiree healthcare legacy costs.

Behind personnel-related costs, the next largest use of the General Fund resources is for general operations in the amount of \$4.9M.

Total General Operating Expenditures category, by Year



General Operating expenditures are further segregated into the following subcategories:



The largest category of general operational expenditures is contractual services, making up 51%, or \$2.5M, of the FY2024 general operations budget. It includes expenditures for services that provide the township with legal, engineering, planning, assessing, computer services, audit, intergovernmental or human resource professionals as needed.

Other significant categories of general operating expenditures include operational supplies of \$665,300 which comprise 13% of the general operational budget, equipment and building repairs of \$633,700 or 13%, utilities of \$426,200 or 9% and Property & Casualty Insurance of \$430,500 or 9% of the FY2024 adopted budget.

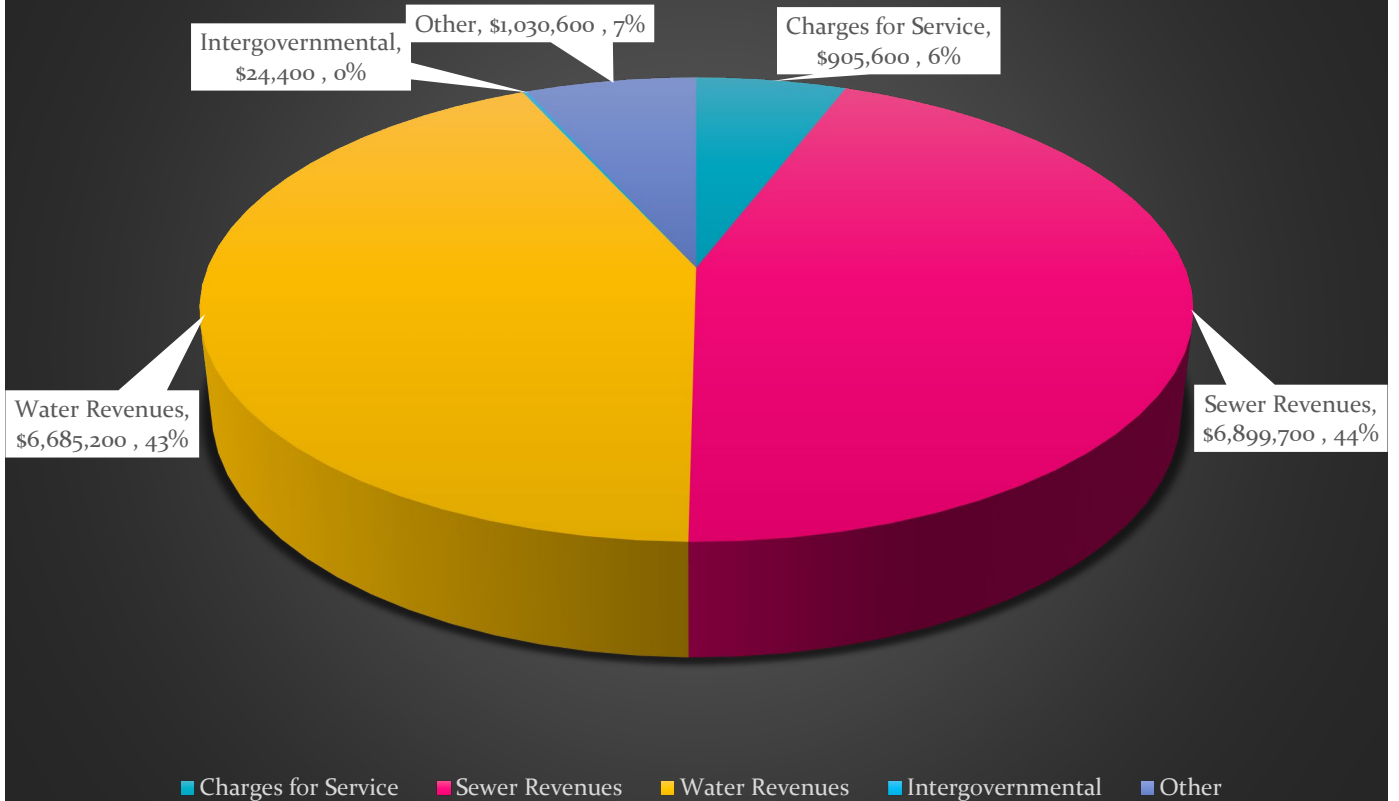
WATER & SEWER FUND BUDGET

The Public Works division is dedicated to servicing the township residents by safeguarding the quality of the Township's drinking water that is provided by Great Lakes Water Authority (GLWA). Equally as important is providing safe assurances to users for the efficient discharge of wastewater to Western Townships Utility Authority (WTUA) and the Ypsilanti Community Utilities Authority (YUCA) waste treatment facility.

The FY2023 Water & Sewer budget adoption consisted of total financing sources in the amount of \$15.5 million, exceeding requested financing uses of \$14.8 million by \$.7M.

The pie chart below shows the sources of revenue by category for FY2024. By far the largest source of revenue is for the cost of the water consumed and the sewerage disposal charges. Charges for Service include items such as water tap fees, connection fees, water meter sales, repairs and permit inspections. Items in the Other category include interest income on surplus funds and funds received from developers and/or businesses who are building facilities in the Township that require water and sewer infrastructure.

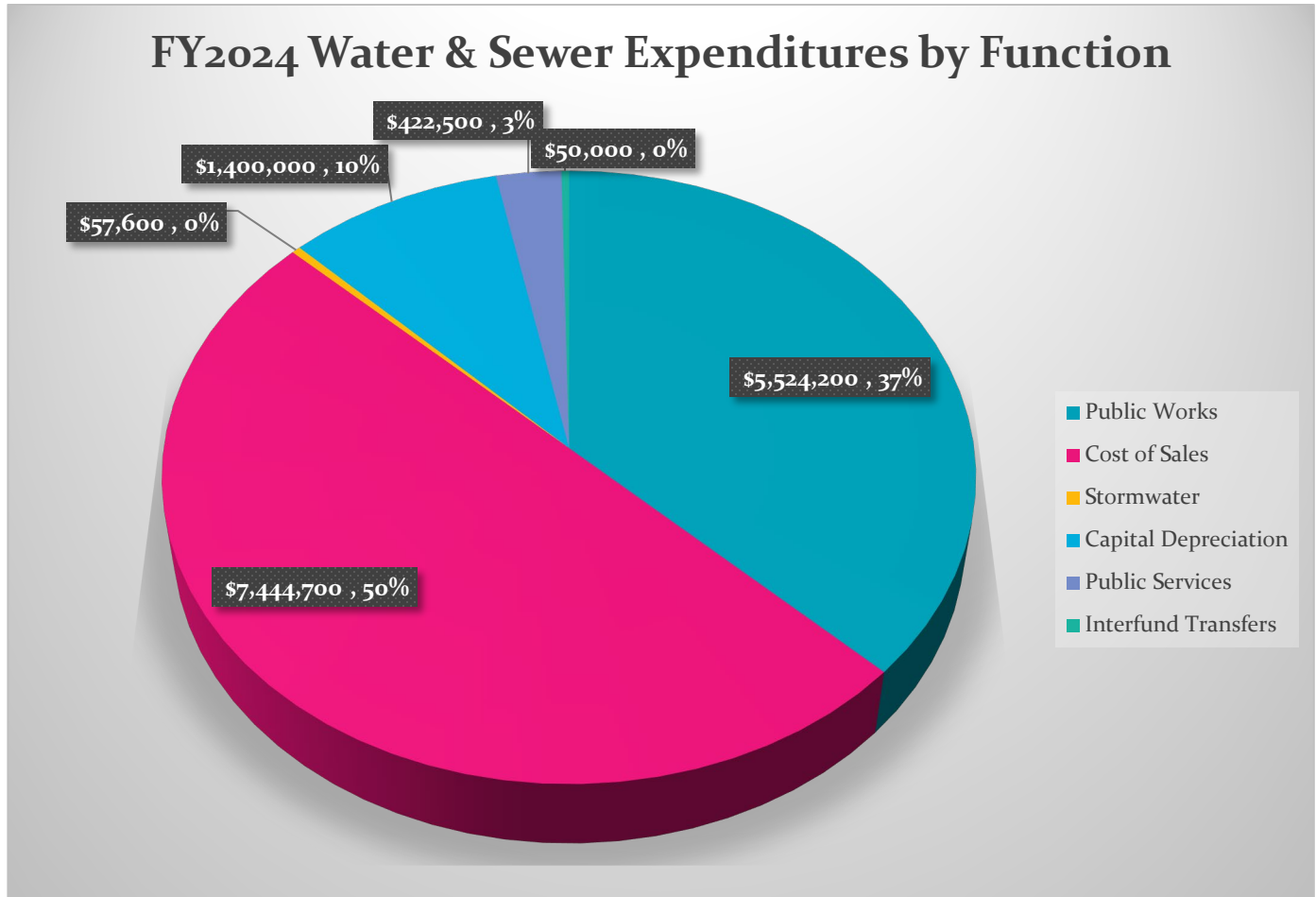
FY2024 Water & Sewer Revenue Sources



Water and Sewer rates are reviewed annually. The township purchases water from the GLWA and sewage from WTUA which has a direct impact on the rate charged to residents by the township. In August of 2020 the Board of Trustees conservatively increased water rates for the first time since July of 2017. Water rates in the first half of FY2024 are \$5.99 with Sewer rates at \$4.94 per 1,000 gallons of water usage and are adjusted in July of each year. The current FY2024 adopted budget anticipates a rate that includes an expected increase of 3 percent for the second half of fiscal 2024.

Only 40% of GLWA's costs are variable while 60% of those costs passed on to the township are fixed. It is estimated that the township uses approximately 1.2 million gallons of water per year.

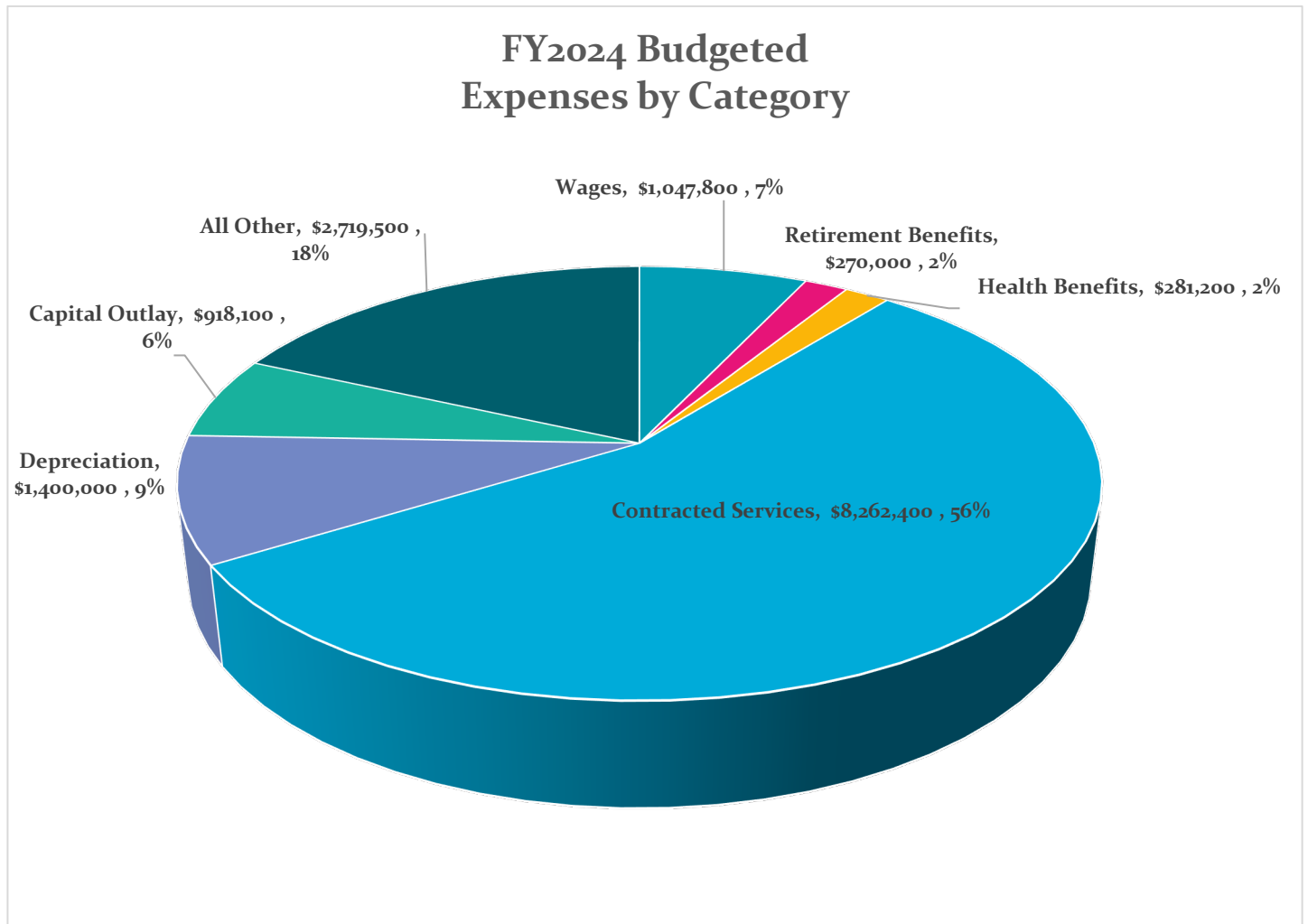
The Water and Sewer Fund is made up of six major expenditure functions recognized as Public Services, Public Works - Transmission and Distribution, Cost of Sales, Stormwater Management, Interfund Transfers, and Depreciation & Amortization, as shown in the pie chart below:



The FY2024 cost of sales function (pink) makes up the largest use of the fund’s finances at \$7.4 million and represents the annual variable usage and fixed water charge consisting of \$4.9 million, sewage flow cost and wastewater treatment charges making up approximately \$1.8 million of the budget, and industrial waste control of \$63,000.

The second largest fund expenditure is the public works department (turquoise), with \$6.9 million dollars of expenses budgeted in fiscal year 2024 which captures the combined cost of the township’s transmission and distribution operation along with capital outlay investments in water/sewer projects of \$901,000.

Within the Water and Sewer Fund, the major expense categories are personnel costs, retirement costs, health insurance costs, contracted services (which includes cost of sales), depreciation, capital outlay, and all other expenses. Below is a pie chart containing information by these categories:



AMENDING THE BUDGET

Public Act 2 of 1968 requires that if a deviation from budgeted expenditures and/or revenues is forecasted to occur, the legislative body (the Board of Trustees) must amend the budget as soon as the deviations can be sufficiently quantified. It is the Township's policy/procedure to review the budget each quarter and if necessary, amend it 4 times per year.