

Office of Legislative  
**Auditor General**

**MARCELLA CORA CPA, CIA, CICA, CGMA**  
AUDITOR GENERAL



500 GRISWOLD STREET  
STE. 842 GUARDIAN BLDG  
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

May 6, 2021

**FINAL REPORT TRANSMITTAL LETTER**

Honorable Wayne County Commission:

Enclosed is our copy of the Office of Legislative Auditor General's Financial Assessment – Limited Review report for the Greater Wayne County Economic Development Corporation's audited financial statements for the fiscal years ended September 30, 2020 and 2019. Our report is dated April 9, 2021; DAP No. 2021-57-902. The report was accepted by the Committee on Audit at its meeting held on April 21, 2021 and formally received by the Wayne County Commission on May 6, 2021.

We are pleased to inform you officials from the Greater Wayne County Economic Development Corporation provided their full cooperation. If you have any questions, concerns, or desire to discuss the report in greater detail, we would be happy to do so at your convenience. This report is intended for your information and should not be used for any other purpose. Copies of all Office of Legislative Auditor General's reports can be found on our website at: <https://www.waynecounty.com/elected/commission/oag/legislative-auditor.aspx>.

Sincerely,

Marcella Cora, CPA, CIA, CGMA, CICA  
Auditor General

**REPORT DISTRIBUTION**

**Wayne County Economic Development Corporation**

Khalil Rahal Executive Director, Wayne County Economic Development Corporation

Wafa Dinaro, Executive Director, Economic Development Corporation (EDC)

Tim Attalla, Chairman, GWCEDC

**Department of Management & Budget**

Hughey Newsome, Chief Financial Officer

Yogesh Gusani, Deputy Director of Financial Reporting

Shauntika Bullard, Assistant Director, Grants Compliance and Contract Management

**Wayne County Executive**



**WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL**

**County of Wayne, Michigan  
Office of Legislative Auditor General**

**Financial Assessment – Limited Review Report**

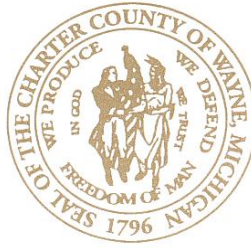
**Greater Wayne County Economic Development Corporation  
Year Ended September 30, 2020 and 2019  
Financial Statements**

**DAP NO. 2021-57-902**

**April 9, 2021**

Office of Legislative  
**Auditor General**

**MARCELLA CORA CPA, CIA, CICA, CGMA**  
AUDITOR GENERAL



500 GRISWOLD STREET  
STE. 842 GUARDIAN BLDG  
DETROIT, MICHIGAN 48226

TELEPHONE: (313) 224-8354

April 9, 2021

**DAP No. 2021-57-902**

Honorable Raymond E. Basham, Chairman  
Committee on Audit  
Wayne County Commission  
County of Wayne, Michigan  
500 Griswold, Suite 766  
Detroit, MI 48226

**Subject:** Office of Legislative Auditor General's Financial Assessment – Limited Review Report of the Greater Wayne County Economic Development Corporation's financial statements for the fiscal years ended September 30, 2020 and 2019.

Dear Chairman Basham:

The Office of Legislative Auditor General (OAG) received (see Attachment) the Greater Wayne County Economic Development Corporation's (GWCEDC) financial statements for the fiscal years ended September 30, 2020 and 2019. We elected to conduct a limited review of their financial statements for the fiscal years ended September 30, 2020 and 2019.

Our limited review is substantially less in scope than an examination or audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) or Generally Accepted Auditing Standards (GAAS), the objective of which is the expression of an opinion on the audited financial statements. Accordingly, we do not express such an opinion.

Our limited review of the Greater Wayne County Economic Development Corporation's audited financial statements for the fiscal years ended September 30, 2020 and 2019 included, but was not necessarily limited to, a thorough and complete review of the financial statements, limited inquiries of Department of Management & Budget officials and analytical review procedures. Below we have summarized some key items from the financial statements for consideration by the committee and commission members:

**Background**

- The Greater Wayne County Economic Development Corporation (GWCEDC) was created on November 22, 2004, as a Michigan Public Body Corporate. It was created through an inter-local agreement between the Economic Development Corporation (EDC) of the

Charter County of Wayne, Michigan (The County), the EDC of the City of Taylor, and the EDC of the City of Detroit for the purpose of administering economic development programs and functions in Michigan.

- For financial reporting purposes, the GWCEDC is a component unit of the County of Wayne, and though the GWCEDC is a separate legal entity, its financial results are included in the County's Annual Comprehensive Financial Report (ACFR) as a discretely presented component unit. As a component unit, the County is financially accountable.

The Greater Wayne County Economic Development Corporation's main source of funding is "Facilities Fees" of \$523,600 from the Wayne County Building Authority issuance of: (a) \$7,365,000 Building Authority Revenue Bonds, Series 2011A, the proceeds of which were used to acquire a building located in Hamtramck; and, (b) \$7,595,000 Building Authority Revenue Bonds, Series 2011B, the proceeds of which were used to acquire a building in Inkster. The Building Authority charged the seller of the Hamtramck building a facility fee of \$257,775 and charged the seller of the Inkster building a facility fee of \$265,825 (collectively, the "Facilities Fees"). The Facilities Fees were deposited with the GWCEDC and were required, per the bond documents, to be used to grant funds to third parties unrelated to both GWCEDC and Wayne County, Michigan for economic development purposes. As of September 30, 2020, and 2019 \$4,568 and \$39,750, respectively, remains available to be granted. GWCEDC's only revenue for FY ending September 30, 2020 and 2019 is Investment Income of \$619 and \$1,086, respectively.

### **External Auditors Reports and Letters**

- Plante & Moran, PLLC, the independent external auditor, stated that the financial statements presented fairly, in all material respects, the financial position of the governmental activities and General Fund of the GWCEDC as of September 30, 2020 and 2019. In addition, the changes in its financial position for the year ended were in accordance with accounting principles generally accepted in the United States of America.
- A Report on Internal Controls over Financial Reporting and on Compliance and Other Matters was provided in accordance with Generally Accepted Government Auditing Standards. The auditors' report noted an instance of Noncompliance with Laws and Regulations. Specifically, Public Act 2 of 1968 requires that all local units of government, in Michigan, adopt balanced budgets. GWEDC was required to adopt a budget for their main operating fund, which had total expenditures of approximately \$36,000 for fiscal year ending September 30, 2020. The GWEDC Board did meet during the year. However, the meeting was only to approve a resolution to spend down funds. A budget was not adopted for fiscal year ending September 30, 2020. Thus, GWEDC is not in compliance with Public Act 2 of 1968.

### **Financial Results /Operations**

The GWCEDC's only major fund is the General Fund, which serves as the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

**Statement of Net Position**

Description	FY 2020	FY 2019	Increase /(Decrease)	Primary Reasons
Assets	\$34,112	\$39,750	(\$5,638)	Change is due to GWCEDC spending down net position as the program is winding down
Liabilities	\$29,544	-	\$29,544	
Change in Net Position	\$4,568	\$39,750	(\$35,182)	

*\*See Wayne Co. GWCEDC Audited Financial Statements, FYE 9/30/2020, pgs. 7-8*

**Subsequent Event**

- The GWCEDC is beginning the process of winding down operations. Management has determined that the 2021 fiscal year will be the last year of operations for the GWCEDC. The remaining cash on hand will be allocated, and no new revenue sources are expected.

**Conclusion**

Based on our limited review, nothing came to our attention that caused us to believe the Greater Wayne County Economic Development Corporation audited financial statements are not presented in conformity with generally accepted accounting principles.

It is our recommendation that the OAG’s Financial Assessment – Limited Review Report on the Greater Wayne County Economic Development Corporation’s financial statements for fiscal years ended September 30, 2020 and 2019, be forwarded to the Wayne County Commission for receiving and filing.

Respectfully submitted,



Marcella Cora, CPA, CIA, CICA, CGMA  
 Auditor General

Cc: Hughey Newsome, Chief Financial Officer

- Yogesh Gusani, Deputy Chief Financial Officer, Department of Management & Budget
- Shauntika Bullard, Director, Grants Compliance and Contract Management, Dept. of M&B
- Khalil Rahal, Director, of Economic Development Corporation
- Wafa Dinaro, Executive Director, Economic Development Corporation (EDC)
- Tim Attalla, Chairman, GWEDC

**Attachment**

**Greater Wayne County Economic Development Corporation  
Financial Statements  
Fiscal Year Ended September 30, 2020**

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# Greater Wayne County Economic Development Corporation

(a discretely presented component unit of the County of Wayne, Michigan)

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**Financial Report  
with Supplemental Information  
September 30, 2020**

# **Greater Wayne County Economic Development Corporation**

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**Independent Auditor's Report**

To the Board of Directors  
 Greater Wayne County Economic  
 Development Corporation

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and General Fund of Greater Wayne County Economic Development Corporation (the "GWCEDC"), a discretely presented component unit of the County of Wayne, Michigan, as of and for the years ended September 30, 2020 and 2019 and the related notes to the financial statements, which collectively comprise Greater Wayne County Economic Development Corporation's basic financial statements, as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and General Fund of Greater Wayne County Economic Development Corporation as of September 30, 2020 and 2019 and the respective changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Greater Wayne County Economic  
Development Corporation

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021 on our consideration of Greater Wayne County Economic Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Wayne County Economic Development Corporation's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 25, 2021

# Greater Wayne County Economic Development Corporation

## Management's Discussion and Analysis

As management of Greater Wayne County Economic Development Corporation (the "GWCEDC"), we offer readers this narrative overview and analysis of the financial activities for the years ended September 30, 2020 and 2019. Readers are encouraged to read it in conjunction with the accompanying basic financial statements.

### **Overview of the Financial Statements**

This annual report consists of two types of financial statements. The statement of net position and the statement of activities provide information about the activities of the GWCEDC as a whole and present a longer-term view of the GWCEDC's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending.

The financial statements consist of the General Fund balance sheet/statement of net position and the statement of revenue, expenditures, and changes in fund balance/statement of activities.

The statement of net position presents information on all of the assets and liabilities of the GWCEDC, with the difference between the two reported as net position. Net position can be thought of as one way of measuring the financial strength of the GWCEDC. Increases or decreases in net position over time may serve as a useful indicator of whether the financial condition of the GWCEDC is improving or deteriorating.

The statement of activities presents information showing how the net position of the GWCEDC has changed over the course of the most recent fiscal year. All changes in net position are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenue and expenses reported in these statements are related to items that will only result in cash flows in future years.

The General Fund balance sheet and statement of revenue, expenditures, and changes in fund balance present information on the modified accrual basis of accounting. This methodology is focused primarily on the current use of available resources.

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements.

### **Financial Overview**

It is important to recognize the mission of the GWCEDC when analyzing its financial position. The GWCEDC is funded primarily by the County of Wayne, Michigan and was created on November 22, 2004 for the purpose of administering economic development programs and functions in Michigan. As required by the Governmental Accounting Standards Board, the discussion and analysis contains comparisons between 2020, 2019, and 2018.

### **Governmental Activities**

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior two years:

	Governmental Activities			
	2018	2019	2020	Change
<b>Assets</b> - Current assets	\$ 49,608	\$ 39,750	\$ 34,112	\$ (5,638)
<b>Liabilities</b> - Current liabilities	-	-	29,544	29,544
<b>Net Position</b> - Restricted	<u>\$ 49,608</u>	<u>\$ 39,750</u>	<u>\$ 4,568</u>	<u>\$ (35,182)</u>

# Greater Wayne County Economic Development Corporation

## Management's Discussion and Analysis (Continued)

As indicated in the following schedule, the net position of the GWCEDC decreased by \$35,182 and \$9,858 for the years ended September 30, 2020 and 2019, respectively. The decrease in net position is primarily due to the GWCEDC spending down net position, as the program is winding down.

	Governmental Activities			
	2018	2019	2020	Change
<b>Revenue</b> - Investment income	\$ 1,674	\$ 1,086	\$ 619	\$ (467)
<b>Program Expenses</b> - Community and economic development	237,365	10,944	35,801	24,857
<b>Change in Net Position</b>	(235,691)	(9,858)	(35,182)	(25,324)
<b>Net Position</b> - Beginning of year	285,299	49,608	39,750	(9,858)
<b>Net Position</b> - End of year	<u>\$ 49,608</u>	<u>\$ 39,750</u>	<u>\$ 4,568</u>	<u>\$ (35,182)</u>

### **General Fund Budgetary Highlights**

For the fiscal year, the GWCEDC did not have any operating revenue, other than investment income of \$619. The GWCEDC's total operating expenditures were \$35,801, which resulted in total net position of \$4,568 for 2020.

### **Economic Factors and Next Year's Budget and Rates**

The GWCEDC has an operating net position of \$4,568 for the year ended September 30, 2020. The GWCEDC plans on continuing to wind down the program in fiscal year 2021.

### **Contacting the Management of the GWCEDC**

This financial report is designed to provide the citizens, taxpayers, investors, creditors, and others with a general overview of the finances of the GWCEDC. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the office administrator at the following address: Greater Wayne County Economic Development Corporation, 500 Griswold, 28th Floor, Detroit, MI 48226.

**Greater Wayne County Economic Development Corporation**

**Statement of Net Position**

**September 30, 2020 and 2019**

	Governmental Activities	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 34,112	\$ 34,648
Prepaid expenses	-	5,102
Total assets	34,112	39,750
<b>Liabilities - Accounts payable</b>	29,544	-
<b>Net Position - Restricted - Economic development</b>	<b>\$ 4,568</b>	<b>\$ 39,750</b>

# Greater Wayne County Economic Development Corporation

## Statement of Activities

Years Ended September 30, 2020 and 2019

	Program Revenue		Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2020	2019
Expenses	\$ 35,801	\$ -	\$ -	\$ (35,801)	\$ (10,944)
<b>Total primary government</b>	<b>\$ 35,801</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(35,801)</b>	<b>(10,944)</b>
General revenue - Investment income					
				619	1,086
<b>Change in Net Position</b>					
				(35,182)	(9,858)
<b>Net Position - Beginning of year</b>					
				39,750	49,608
<b>Net Position - End of year</b>					
				<b>\$ 4,568</b>	<b>\$ 39,750</b>

**Functions/Programs -**  
 Primary governmental activities -  
 Community and economic development

# Greater Wayne County Economic Development Corporation

## Balance Sheet

September 30, 2020 and 2019

	General Fund	
	2020	2019
<b>Assets</b>		
Cash and cash equivalents	\$ 34,112	\$ 34,648
Prepaid expenses	-	5,102
Total assets	<u>\$ 34,112</u>	<u>\$ 39,750</u>
<b>Liabilities - Accounts payable</b>	\$ 29,544	\$ -
<b>Fund Balance</b>		
Nonspendable - Prepaids	-	5,102
Restricted - Economic development	4,568	34,648
Total fund balance	<u>4,568</u>	<u>39,750</u>
Total liabilities and fund balance	<u>\$ 34,112</u>	<u>\$ 39,750</u>

# **Greater Wayne County Economic Development Corporation**

## **Statement of Revenue, Expenditures, and Changes in Fund Balance**

**Years Ended September 30, 2020 and 2019**

	<u>General Fund</u>	
	<u>2020</u>	<u>2019</u>
<b>Revenue - Investment income</b>	\$ 619	\$ 1,086
<b>Expenditures - Current services -</b>		
Community and economic development:		
Operations	1,154	233
Write-off of forgivable loans	24,737	-
Professional services	3,220	4,365
Insurance	6,690	6,346
<b>Total expenditures</b>	<u>35,801</u>	<u>10,944</u>
<b>Net Change in Fund Balance</b>	(35,182)	(9,858)
<b>Fund Balance - Beginning of year</b>	<u>39,750</u>	<u>49,608</u>
<b>Fund Balance - End of year</b>	<u><u>\$ 4,568</u></u>	<u><u>\$ 39,750</u></u>



# **Greater Wayne County Economic Development Corporation**

## **Notes to Financial Statements**

**September 30, 2020 and 2019**

### **Note 1 - Nature of Business**

Greater Wayne County Economic Development Corporation (the "GWCEDC") was created on November 22, 2004 as a Michigan public body corporate. It was created through an interlocal agreement between the Economic Development Corporation (EDC) of the County of Wayne, Michigan (the "County"); the EDC of the City of Taylor, Michigan; and the EDC of the City of Detroit, Michigan for the purpose of administering economic development programs and functions in Michigan.

The GWCEDC is a legal unit separate from the County of Wayne, Michigan. The financial statements of the GWCEDC will be incorporated in the financial statements of the County as a discretely presented component unit.

### **Note 2 - Significant Accounting Policies**

#### ***Accounting and Reporting Principles***

The GWCEDC follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the GWCEDC:

#### ***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements. For the year ended September 30, 2020, there are no reconciling items.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Unrestricted intergovernmental receipts and other items not properly included among program revenue are reported instead as general revenue.

#### ***Fund Accounting***

##### **Governmental Funds**

Governmental funds include all activities that provide general governmental services. The GWCEDC's only major fund is the General Fund, which is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

#### ***Basis of Accounting***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

# Greater Wayne County Economic Development Corporation

## Notes to Financial Statements

September 30, 2020 and 2019

### Note 2 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered and recorded when a liability is incurred.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the GWCEDC considers amounts collected within 60 days of year end to be available for recognition.

#### ***Specific Balances and Transactions***

##### **Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

##### **Net Position**

Net position is classified as restricted and consists of restricted assets reduced by liabilities related to those assets.

##### **Net Position Flow Assumption**

The GWCEDC will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the GWCEDC's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

##### **Fund Balance Flow Assumptions**

The GWCEDC will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the GWCEDC's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The GWCEDC itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the GWCEDC's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the GWCEDC that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

# **Greater Wayne County Economic Development Corporation**

## **Notes to Financial Statements**

**September 30, 2020 and 2019**

### **Note 2 - Significant Accounting Policies (Continued)**

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 committed. The board has not given anyone the authority to assign fund balance; therefore, assignments may only be done by board action. The board of directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

### **Note 3 - Stewardship, Compliance, and Accountability**

#### ***Budgetary Information***

Annual budgets should be adopted on a basis consistent with generally accepted accounting principles; state law requires the GWCEDC to have its budget in place by October 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

The GWCEDC did not adopt a budget for the year ended September 30, 2020.

### **Note 4 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The GWCEDC has its cash included as part of the County of Wayne, Michigan's pooled cash (investment pool). The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with state statutory authority, as listed above.

There are no limitations or restrictions on participant withdrawals for the investment pools with the County of Wayne, Michigan that are recorded at amortized cost.

#### ***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the GWCEDC's deposits may not be returned to it. The GWCEDC does not have a deposit policy for custodial credit risk. For both September 30, 2020 and 2019 year ends, the GWCEDC had \$0 of bank deposits (certificates of deposit and checking and savings accounts) that were insured. The GWCEDC also has \$34,112 and \$34,648 as part of the County of Wayne, Michigan's pooled cash for the years ended 2020 and 2019, respectively. The Federal Deposit Insurance Corporation (FDIC) coverage for this is not independently ascertainable.

## **Greater Wayne County Economic Development Corporation**

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### Notes to Financial Statements

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September 30, 2020 and 2019

#### **Note 5 - Other Income/Facility Fees**

In October 2011, the Wayne County Building Authority (the "Building Authority") issued (a) \$7,365,000 Building Authority Revenue Bonds, Series 2011A, the proceeds of which were used to acquire a building located in Hamtramck, and (b) \$7,595,000 Building Authority Revenue Bonds, Series 2011B, the proceeds of which were used to acquire a building in Inkster. The Building Authority charged the seller of the Hamtramck building a facility fee of \$257,775 and charged the seller of the Inkster building a facility fee of \$265,825 (collectively, the "Facilities Fees"). The Facilities Fees were deposited with the GWCEDC and required, per the bond documents, to be used to grant funds to third parties unrelated to both the GWCEDC and the County of Wayne, Michigan for economic development purposes. As of September 30, 2020 and 2019, \$4,568 and \$39,750, respectively, remain available to be granted.

#### **Note 6 - Subsequent Event**

The GWCEDC is beginning the process of winding down operations. Management has determined that the 2021 fiscal year will be the last year of operations for the GWCEDC. The remaining cash on hand will be allocated, and no new revenue sources are expected.

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Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements  
Performed in Accordance with *Government  
Auditing Standards*

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with *Government Auditing Standards*

**Independent Auditor's Report**

To Management and the Board of Directors  
Greater Wayne County Economic  
Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Wayne County Economic Development Corporation (the "GWCEDC"), which comprise the financial statements and the related notes to the financial statements as of and for the year ended September 30, 2020, and have issued our report thereon dated March 25, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the GWCEDC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GWCEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the GWCEDC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the GWCEDC's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the GWCEDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2020-001.

**The GWCEDC's Response to the Finding**

The GWCEDC's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The GWCEDC's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

To Management and the Board of Directors  
Greater Wayne County Economic  
Development Corporation

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GWCEDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GWCEDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plante & Moreau, PLLC*

March 25, 2021

**Greater Wayne County Economic Development Corporation**

**Schedule of Findings and Questioned Costs**

Reference  
Number

Finding

2020-001      **Finding Type – Noncompliance with Laws and Regulations**

**Criteria** - Public Act 2 of 1968 requires that all local units of government, in Michigan, adopt balanced budgets, to establish responsibilities and define the procedures for preparation, adoption and maintenance of the budget, and to require certain information for the budget process.

**Condition** - A budget was not adopted for fiscal year ending September 30, 2020.

**Context** - GWCEDC was required to adopt a budget for their main operating fund, which had total expenditures of approximately \$36,000 for fiscal year ending September 30, 2020.

**Cause** - The Board did not meet during the year. As a result, a budget was not adopted for fiscal year ending September 30, 2020.

**Effect** - GWCEDC is not in compliance with Public Act 2 of 1968.

**Recommendation** - It is recommended for GWCEDC to adopt an annual budget, in accordance with Michigan Law.

**Views of Responsible officials** - Management agrees with the finding. A thorough discussion with responsible officials including elected offices personnel impacted by this finding will take place. Due to the Pandemic and staffing during the past year a board meeting did not take place in fiscal year 2020, therefore GWCEDC was unable to provide documentation supporting an approved budget for fiscal year ending 2020. Processes and procedures will be documented and implemented to ensure that an annual board meeting occurs in order to approve the budget and documentation will be retained in accordance with Michigan Laws and Regulations.