

Office of Legislative  
**Auditor General**

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September 23, 2025

**FINAL REPORT TRANSMITTAL LETTER**

Honorable Wayne County Commission:

Enclosed is our copy of the Office of Legislative Auditor General's Consulting Report on Budget Sensitive Issues and Review of Wayne County's September 30, 2024 Annual Comprehensive Financial Report (ACFR). Our report is dated July 31, 2025; DAP No. 2025-57-802. The report was accepted by the Committee on Audit on September 10, 2025, and formally received by the Wayne County Commission on September 24, 2025.

We are pleased to inform you that officials from the County 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 final reports can be found on our website: [Legislative Auditor General Reports - Wayne County, Michigan](#)

Marcella Cora, CPA, CIA, CICA  
Auditor General

**REPORT DISTRIBUTION**

**Wayne County Department of Management & Budget**

John Wallace, Chief Financial Officer

Yogesh Gusani, Deputy Chief Financial Officer

Shauntika Bullard, Director, Grants Compliance and Contract Management

**Wayne County Commission Fiscal Agency**

Terrance Adams, Chief Fiscal Advisor / Budget Director

**Wayne County Executive**

**DAP No. 2025-57-802**

**Consulting Report on  
Budget Sensitive Issues and  
Review of Wayne County's September 30, 2024  
Annual Comprehensive Financial Report**

**July 31, 2025**

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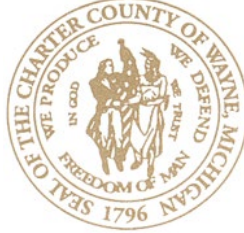
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Office of Legislative  
**Auditor General**

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July 31, 2025

DAP No. 2025-57-802

Honorable Alisha Bell, Chairwoman, Wayne County Commission  
Honorable Melissa Daub, Chairwoman, Committee on Audit  
Honorable Jonathan C. Kinloch, Chairman, Committee on Ways and Means  
Members of the Wayne County Commission  
Honorable Warren C. Evans, Wayne County Executive

Honorable Elected Officials:

The Office of Legislative Auditor General (OAG) is pleased to provide its annual report on our review of the County's FY 2024 Annual Comprehensive Financial Report (ACFR) and Budget Sensitive Issues to the Wayne County Commission as it begins its fiscal year 2025-2026 budget deliberations. The report contains issues which could have a budgetary impact on the County's operations and financial position that came to our attention through not only our review of the ACFR, but other audits, consulting, and engagement reports.

In summary, this report identifies issues that may have a potential budgetary impact on FY 2025-2026. This report is primarily prepared for the benefit and use of the County's Ways and Means Committee during its budget deliberation process.

This report is classified as a consulting engagement and contains budgetary issues for the period May 1, 2024 – June 30, 2025, as well as issues contained in the County's September 30, 2024 ACFR.

The OAG will continue our efforts to help strengthen the County's internal control environment by working to identify and mitigate risk, assess areas for potential cost savings and revenue enhancements, as well as assist the Wayne County Commission in its oversight responsibility of County operations.

Respectfully submitted,

Marcella Cora, CPA, CIA, CICA  
Auditor General

## **PURPOSE/ OBJECTIVE**

The purpose of this engagement is to comply with (1) Home Rule Charter section 3.119(e), which requires the Office of Legislative Auditor General (OAG) to report on the financial position of the County; and (2) Enrolled Appropriations Ordinance 2023-727, which requires the OAG to summarize issues which may be deemed to have a budgetary impact on the budget hearings and deliberations for the fiscal year ended 2025 and beyond, and to provide the report to the Ways and Means Committee and the Wayne County Commission (the Commission).

The objective of this engagement is to specifically identify matters and financial issues that could impact County operations and budget, with an assessment overview, suggested topics of discussion, and/or courses of action for consideration by the Ways and Means Committee in carrying out their oversight of the budget deliberations and approval responsibilities.

## **SCOPE**

This report is not an audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

This is a consulting report and contains a summary of budgetary issues and observations that either came to the attention of the OAG or were presented in reports to the Wayne County Commission's Committee on Audit for the period May 1, 2024 – June 30, 2025. Also included is a review of the County's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024.

The consulting engagement and the procedures performed were in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors (IIA). The IIA standards define consulting engagements as advisory and related management service activities, the nature and scope of which are agreed with and/or requested by management. The consulting services are intended to add value and improve the County's governance, risk management, and control processes without the internal auditor assuming management responsibility.

The fieldwork for this engagement was substantially completed on July 31, 2025.

## METHODOLOGY

The procedures performed were limited to reviewing the County's FY 2024 ACFR, other external auditor reports, and OAG internal audit reports. We conducted limited interviews with appropriate management officials and obtained and reviewed additional documentation provided for our analysis. We also reviewed and evaluated financial issues and matters that came to our attention through June 30, 2025, that could potentially have a budgetary impact on County operations for the fiscal year ended 2026.

We shared the report with officials from the County's Department of Management & Budget (M&B) to obtain their comments on the budgetary issues presented in this report. Their comments have been included.

## Review of FY 2024 ACFR and Other Audit Results Potentially Impacting FY 2026 Budget Decisions

### *The General Fund*

The General Fund is the primary operating fund of the County and accounts for all financial resources and expenditures except those accounted for and reported in other funds. The table below presents a comparative analysis of the County's General Fund revenues, expenditures and fund balances for the fiscal years ended September 30, 2024 and 2023.

#### General Fund FY 2024 vs FY 2023 Comparison

	FY 2024	FY 2023	Change Over PY	
<b>Revenues</b>				
Taxes:				
Property	\$367,587,481	\$ 354,259,725	13,327,756	3.8%
State sales	63,290,301	59,625,141	3,665,160	6.1%
Licenses and permits	1,030,434	951,837	78,597	8.3%
Federal grants	25,956,950	29,767,639	(3,810,689)	-12.8%
State grants and contracts	39,051,464	22,767,414	16,284,050	71.5%
Local grants and contracts	32,740	0	32,740	100%
State sources	21,385,349	20,389,740	995,609	4.9%
Charges for services	147,104,334	124,649,514	22,454,820	18%
Interest revenue (loss) and rents	40,087,034	25,258,468	14,828,566	58.7%
Other	21,574,058	24,745,817	(3,171,759)	-12.8%
<b>Total revenues</b>	<b>727,100,145</b>	<b>662,415,295</b>	<b>64,684,850</b>	<b>9.7%</b>
<b>Expenditures</b>				
Current operations:				
Legislative	11,794,688	10,036,943	1,757,745	17.5%
Judicial	157,255,746	104,965,087	52,290,659	49.8%
General government	147,229,523	102,230,092	44,999,431	44%
Public safety	150,452,537	42,902,290	107,550,247	250.7%
Public works	443,289	2,072,442	(1,629,153)	-78.6%
Health and welfare	35,561,531	21,101,054	14,460,477	68.5%
Capital outlay	75,782,547	1,185,958	74,596,589	6290%
Debt service: Interest	12,500	3,500	9,000	257.1%
<b>Total expenditures</b>	<b>578,532,361</b>	<b>284,497,366</b>	<b>294,034,995</b>	<b>103.4%</b>
<b>Revenues over (under) expenditures</b>	<b>148,567,784</b>	<b>377,917,929</b>	<b>(229,350,145)</b>	<b>-60.7%</b>
<b>Other financing sources (uses)</b>				
Transfers in	24,796,445	35,491,745	(10,695,300)	-30.1%
Transfers out	(173,465,320)	(330,326,239)	156,860,919	-47.5%
New leases and SBITAs entered into	30,945,435			
Proceeds from sale of capital assets	21,750	47,270	(25,520)	-54%
<b>Total other financing sources (uses)</b>	<b>(117,701,690)</b>	<b>(294,787,224)</b>	<b>177,085,534</b>	<b>-60.1%</b>
<b>Net change in fund balances</b>	<b>30,866,094</b>	<b>83,130,705</b>	<b>(52,264,611)</b>	<b>-62.9%</b>
<b>Fund balances (deficits), beginning of year</b>	<b>388,259,747</b>	<b>305,129,042</b>	<b>\$ 83,130,705</b>	<b>27.2%</b>
<b>Fund balances, end of year</b>	<b>\$ 419,125,841</b>	<b>\$ 388,259,747</b>	<b>\$ 30,866,094</b>	<b>7.9%</b>

General Fund revenues increased over prior year by \$64.7 million (9.7%) and expenditures increased by \$294 million (103.4%). Fund Balance increased by \$30.9 million (7.9%) in FY 2024, as compared to a \$83.1 million (27.2%) increase in prior year.

Explanations for major fluctuations in General Fund revenues and expenditures are discussed below.

#### *Increase in Property Tax Revenues*

Property tax revenues increased by \$13.3 million or 3.8% as compared to a 3% increase over prior year (from \$354.3 million in FY 2023 to \$367.6 million in FY 2024) due to an increase in taxable values of properties that led to increases in collection of property taxes by the Treasurer's Office.

The County's 2024 Equalization Report indicates the total State Equalized Value for Wayne County increased by \$8.1 billion, from \$72.1 billion to \$80.2 billion, an increase of 11.2%. The total taxable value of the County serves as the basis for current and future tax levies. The total taxable value increased by \$4 billion from \$51.6 billion to \$55.6 billion, an increase of 7.7%.

#### *Increase in Charges for Services Revenues*

In FY 2024, General Fund charges for services revenues increased 18% or \$22.5 million over the prior year, from \$124.6 million in FY 2023 to \$147.1 million in FY 2024, indicating continued economic recovery from the pandemic and an increase in operations which charge direct fees for services. Charges for services as a percentage of total General Fund revenue remained relatively consistent at 20.2% year over year.

#### *Increase in Interest Revenue and rents*

Interest Revenue and rent increased by 58.7% or \$14.8 million over the prior year from \$25.3 million in FY 2023 to \$40.1 million in FY 2024. The increase is due to better performance and earnings on investments.

#### *Increase in Expenditures*

General Fund expenditures experienced a net increase of \$294 million or 103.4% due primarily attributable to compensation adjustments, retention/recruitment bonuses, retroactive wages and fringes benefits costs and capital outlay. Some expenditures were charged to ARPA funds in the prior year.

#### *Other Financing Sources and Uses*

Other financing sources and uses consist of transfers in and out of the General Fund and proceeds received from the sale of capital assets. The net decrease of \$177 million is primarily attributable to a \$156.9 less in transfers out to Special Projects compared to the prior year. In the prior year, the transfers to Special Projects totaled \$179.9 million as compared to \$26.1 million in FY 2024. In addition, the decrease is attributable to \$10 million less in transfers from the Delinquent Tax Revolving Fund as compared to prior year. In the prior year, transfers to the General Fund from the DTRF totaled \$30 million as compared to \$20 million in FY 2024.

#### ➤ **Impact/Action**

***Commission leadership should request the Administration submit an annual report analyzing the costs of delivering mandated services and proposing service fee increases as deemed necessary.***



✓ **Views from Responsible Officials**

Management & Budget (M&B) agrees with the need for a cost study and fee assessment. A cost analysis of required services and proposed corresponding service fee increases would help ensure the County maintains a stable outlook.

General Fund – Fund Balance

As of the fiscal year ended September 30, 2024, the County's General Fund had a total fund balance of \$419 million, of which \$371 million was unassigned as shown in the table below. Unassigned fund balance consists of residual amounts remaining in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balances. Unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. Consistent with prior year, the General Fund's unassigned fund balance includes \$23 million for budget stabilization.

General Fund - Fund Balance Summary				
	FY 2024	FY 2023	Incr (Decr) Over PY	
<b>Nonspendable</b>				
Supplies inventory	8,022	8,022	-	0%
Prepayments and deposits	484,735	14,096,985	(13,612,250.00)	-97%
Interfund receivable	2,385,369	5,159,727	(2,774,358.00)	-54%
<b>Total Nonspendable</b>	<b>2,878,126</b>	<b>19,264,734</b>	<b>(16,386,608.00)</b>	<b>-85%</b>
<b>Restricted for</b>				
Inpatient hospitalization	12,621,494	10,567,535	2,053,959.00	19%
Judicial	9,184,356		9,184,356.00	100%
CED	5,244,029	3,679,197	1,564,832.00	43%
<b>Total restricted</b>	<b>27,049,879</b>	<b>14,246,732</b>	<b>12,803,147.00</b>	<b>90%</b>
<b>Committed for Judicial</b>	<b>6,167,569</b>	<b>7,932,862</b>	<b>(1,765,293.00)</b>	<b>-22%</b>
<b>Assigned for</b>				
General government	11,976,604	11,976,604	-	0%
<b>Total assigned</b>	<b>11,976,604</b>	<b>11,976,604</b>	<b>-</b>	<b>0%</b>
<b>Unassigned</b>	<b>371,053,663</b>	<b>334,838,815</b>	<b>36,214,848.00</b>	<b>11%</b>
<b>Total fund balance</b>	<b>\$ 419,125,841</b>	<b>\$ 388,259,747</b>	<b>\$ 30,866,094</b>	<b>8%</b>

In addition to the \$371 million unassigned fund balance, the General Fund's total fund balance is also comprised of the following:

- Nonspendable fund balance includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. The General Fund's nonspendable fund balance at 9/30/2024 is \$2.9 million primarily, including prepayments, supplies inventory, and interfund receivables.

- Restricted fund balance includes amounts that have externally imposed constraints and are legally restricted by outside parties, constitutional provisions or enabling legislation for use of a specific purpose. Restricted fund balance for FYE 2024 is \$27 million restricted for inpatient hospitalization, Judicial and Community and Economic Development.
- Committed fund balance includes amounts committed for a specific purpose by formal action of the County Commission and can only be rescinded via resolution by the Commission. The General Fund's committed fund balance for FYE 2024 is \$6.2 million committed for the Third Circuit Court.
- Assigned fund balance includes amounts that are intended to be used for a specific purpose but are not restricted or committed. By resolution, the Commission designated authority to the Chief Financial Officer subject to approval of the Commission for assignment of funds. The assigned General Fund balance includes \$12 million assigned for general government costs associated with retention stipends, additional pension fundings and right size compensation.

➤ **Impact/Action**

*The Commission should continue to monitor the General Fund's fund balances and amounts allocated for budget stabilization.*

✓ **Views from Responsible Officials**

M&B agrees that the Commission should continue to monitor the General Fund's fund balances and amounts allocated for budget stabilization.

## Unassigned/ Unrestricted Fund Deficits and Deficit Elimination Plans

The County is required by its Home Rule Charter and State statutes to operate under a plan to eliminate any fund deficits. A three-year summary of unassigned/unrestricted fund deficits is shown in the table below, with discussion surrounding each.

### Unassigned/Unrestricted Fund Deficit FYE 2022 to FYE 2024

	Unassigned / Unrestricted Fund Deficit			Increase (Decrease) in Deficit					
	9/30/2022	9/30/2023	9/30/2024	2022 - 2023		2023 - 2024		2022 - 2024	
<b>Governmental funds</b>									
Community Development Block Grant	404,201	953,756		549,555	136%	(953,756)	-100%	(404,201)	-100%
Victim Witness**	250,466		947,759	(250,466)	-100%	947,759	100%	697,293	278%
Raise the Age - RTA		137,404	159,497	137,404	100%	22,093	16%	159,497	100%
Chapter 8 Drains	328,109		346,334	(328,109)	-100%	346,334	100%	18,225	6%
<b>Internal service funds</b>									
Central Services	8,665,957	3,838,569	1,750,234	(4,827,388)	-56%	(2,088,335)	-54%	(6,915,723)	-80%
Environment	3,525,029	23,907		(3,501,122)	-99%	(23,907)	-100%	(3,525,029)	-100%
Buildings & Grounds Maintenance	3,154,481	703,223		(2,451,258)	-78%	(703,223)	-100%	(3,154,481)	-100%
<b>Total</b>	<b>\$16,328,243</b>	<b>\$5,656,859</b>	<b>\$3,203,824</b>	<b>(\$10,671,384)</b>	<b>-65%</b>	<b>(\$2,453,035)</b>	<b>-43%</b>	<b>(\$13,124,419)</b>	<b>-80%</b>

\*\* Requires a deficit elimination plan be submitted to the State of Michigan.

Unassigned/unrestricted fund deficits decreased \$2.5 million (43%) over prior year. Under State statute, the County is required to submit a Deficit Elimination Plan (DEP) for funds showing a deficit position. Of those funds in a deficit position for FY 2024, only one (1) the Victim Witness required a DEP be submitted to the State. Each fund deficit is explained below.

- According to the notes to the ACFR, the FY 2024 deficit in Victim Witness fund will be eliminated as resources are available from the General Fund.
- The deficit in the Raise the Age fund increased by 16% over prior year and similar to prior year, the deficit is a result of expenses incurred and recorded in FY 2024, with offsetting revenue received in FY 2025. The deficit will be eliminated upon receipt of these revenues.
- The FY 2024 deficit in Internal Service Fund, Central Services was directly caused by recording net pension liability and net other post-employment benefits liability.

➤ **Impact/Action**

*The Commission should consider requesting periodic updates on the progress of eliminating existing fund deficits and notification of projected or potential deficits and causing factors.*

✓ **Views from Responsible Officials**

M&B will continue to monitor funds in a deficit position, as well as funds at risk of moving into a deficit position. Further, M&B is submitting the budget vs actual with projection report to commission on a quarterly basis for earlier detection.

## **County Debt and Bond Ratings**

At the end of fiscal year 2024, the County's total bonded debt and notes outstanding was \$827.5 million. Of the total bonded debt, \$535.8 million is comprised of debt primarily backed by the full faith and credit of the County (general obligation bonds). \$43.4 million is debt primarily backed by specific revenue sources of the County (revenue bonds), \$48.4 million is bond premium. The remaining \$199.8 million consists of delinquent tax notes. During the fiscal year ending 2024, the County's total bonded debt and notes increased by \$25.2 million. Debt for governmental activities increased by \$18.0 million. The increase is primarily due to new issuance of Delinquent Tax Notes of \$184.1 million. The County's delinquent tax notes borrowing increased by \$35.2 million (new issuances exceeded principal repayments). Business type activities debt increased by \$7.2 million as the result of the new issuance of long-term debt.

Per the FY 2024 ACFR, state statutes limit the amount of general obligation debt a governmental entity may issue to ten percent (10%) of its total state equalized valuation. The County's current debt obligation (debt carrying the County's limited tax obligation) is approximately \$803.9 million including tax notes and certain component unit obligations, which is significantly less than the County's \$8.0 billion legal debt limit.

The County has an "AA" rating with the second-highest tier of creditworthiness, indicating a very strong capacity to repay debt from Fitch Ratings, an "A+" with an upper medium grade creditworthiness, from Standard & Poor's, and an "A1" with a stable outlook from Moody's Investor Services for uninsured debt issuances. The table below provides a historical trend of the County's bond ratings from the three (3) major rating agencies, in addition to the current outlook, as reported in the FY 2024 ACFR.

## Historical Trend of County Bond Ratings

Rating Agency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2024 Outlook	FY 2023 Outlook
Moody's	Baa1	Baa1	A3	A1	A1	A1	Stable	Stable
S&P	BBB+	BBB+	A	A	A	A+	Stable	Stable
Fitch	BBB+	BBB+	BBB+	A	A	AA	Stable	Stable

Source: Wayne County Annual Comprehensive Financial Reports

The rating upgrades and positive outlook changes are noteworthy accomplishments.

➤ **Impact/Action**

*It is suggested that the Commission continue to monitor bond ratings and request the Administration provide notification of rating changes or anticipated rating changes.*

✓ **Views from Responsible Officials**

M&B agrees that the Commission continue to monitor bond ratings and request the Administration provide notification of rating changes or anticipated rating changes. Also, in June of 2025, Moody's Ratings raised its rating one notch to 'Aa2' from 'Aa3' on Wayne Charter County (Wayne County), Mich.'s Senior Lien (2018 series) and Second Lien (2020 series) DSA revenue bonds , series.

## Staffing Shortages, Overtime Expenditures, and Recruiting/Retention Efforts

### Staffing Shortages

Staffing shortages remain a challenge for the County and have not improved post-pandemic. The inability to hire and retain employees poses a serious risk to the County's ability to provide County services and meet departmental responsibilities. The table below presents a summary of budgeted versus actual positions in the last five (5) fiscal years and more recent information as of July 22, 2025.

### Summary of Budgeted vs Actual Positions

	# of Positions		Vacant Positions	
	Budgeted	Filled	#	% of Budget
FY 2020	4,026	2,962	1,064	26%
FY 2021	3,932	2,782	1,150	29%
FY 2022	4,000	2,692	1,308	33%
FY 2023	4,037	2,807	1,230	30%
FY 2024 **	4,242	3,162	1,080	25%

\*\* Data per M&B as of July 22, 2025

In FY 2024, the County budgeted for 4,242 positions, of which 1,080 (or 25%) were vacant as of September 30, 2024. Over the past several years, there has been a continued fluctuation in the percentage of vacant positions, from 26% in FY 2020, to 33% in FY 2022, and 25% in FY 2024.

The number of budgeted positions approved with the County's FY 2024 budget increased by 205; and similarly, the number of positions filled through September 30, 2024 increased by 355, suggesting progress is being made.

The table below shows a breakdown of budgeted, actual, and vacant positions, and vacant positions as a percentage of departmental budgets as of September 30, 2024 (*Refer to the FY 2024 ACFR M&B Presentation and supplement schedule*).

### Breakdown of Budgeted, Actual, and Vacant Positions

Department	As of September 30, 2024			
	# of Positions			Vacancies as a % of Dept Budget
	Filled	Budgeted	Vacant	
Commission	85	56	(29)	-3%
County Clerk	267	295	28	3%
Prosecutor (WCPO)	341	385	44	4%
Registrar of Deeds	38	59	21	2%
Circuit Court	286	658	372	34%
Sheriff's Office (WCSO)	738	1,067	329	30%
Treasurer (WCTO)	75	90	15	1%
Probate Court	70	83	13	1%
Retirement	18	27	9	1%
CEO	27	30	3	0%
Corporation Counsel	46	54	8	1%
HHVS	155	190	35	3%
Homeland Security and Emergency Management	10	5	(5)	0%
Management & Budget (M&B)	87	120	33	3%
Personnel and Human Resources	43	47	4	0%
Public Service (DPS)	434	630	196	18%
Senior Services	57	9	(48)	-4%
Information Technology (DOiT)	59	61	2	0%
Economic Development	29	33	4	0%
Indigent Defense Services	15	24	9	1%
Facilities Management & Planning	62	85	23	2%
Juvenile & Youth Services	220	234	14	1%
<b>Total</b>	<b>3,162</b>	<b>4,242</b>	<b>1,080</b>	<b>100%</b>
<b>% of budgeted positions filled</b>	<b>75%</b>			

A July 2024 Civil Service Position Report stated that 1,164 (or 32%) of the 3,589 budgeted civil service positions were unfilled as of June 18, 2024. Among these, the following position titles had the highest amount of unfilled budgeted positions: Corporal (195); Police Officer (147); Laborer/Seasonal (70); and Public Service Maintenance Worker (55).

Therefore, attracting and retaining qualified employees remains a challenge for the County. Prior analysis has also shown that non-competitive salaries and benefits have been a driving factor for increased employee turnover in Wayne County.

### Succession Planning Efforts

A June 2025 Succession Plan Report stated that during the months of December 2024 and June 2025, approximately 80% of the County's appointee positions had been filled. This was an increase of five percent (5%) from the prior year.

The following succession planning efforts were recently made during 2024 and 2025:

- Implementation of the Oracle Learning module on May 1, 2025 to support professional growth.
- Integration of the Open Sesame online learning platform with extensive content libraries to develop cultural, competence, and compliance skills.
- Quarterly coaching and feedback provided to employees through the APEX tool.

Personnel and Human Resources (P/HR) also plan to launch the Oracle Talent module in September 2025 to assist in their succession planning efforts at Wayne County.

### Hiring and Retention Efforts

While conditions appear to be improving, the problem of attracting and retaining county employees continues to persist. The total number of vacant positions countywide decreased from 1,230 vacant as of September 30, 2023 to 1,080 vacant as of September 30, 2024. It is recommended that the Commission continue to work with P/HR and department heads to develop mechanisms to retain employees and to determine the root cause of recurring employee vacancies.

### Overtime Expenditures

In FY 2024, Countywide overtime costs amounted to roughly \$34.4 million as compared to \$35.3 million in FY 2023; a \$904,487 (3%) decrease from the prior year. In FY 2024, overtime costs were budgeted at \$20.3 million as compared to \$28.5 million in FY 2023; a \$8.1 million (29%) decrease from the prior year. Also, in FY 2024 actual overtime expenditures came in over budget by \$14.1 million.

Also, for FY 2024, only \$133 of the actual overtime expenditures of \$34.4 million were funded with American Rescue Plan Act (ARPA), Coronavirus State and Local Fiscal Recovery Funds (CSLRF), and QUBA grant dollars, as compared to \$7.2 million in FY 2023.

For FY 2024, the overtime costs incurred by the Wayne County Sheriff's Office (WCSO) accounted for 58% of total overtime expenditures, as compared to 43% and 56% in fiscal years ended 2023 and 2022, respectively. The overtime costs for the WCSO also exceeded the budget by \$10.8 million in FY 2024, and by \$6.5 million and \$974 thousand, in FY 2023 and FY 2022 respectively as shown in the table below.

### **Analysis of Budget vs Actual Overtime Expenditures**

	FY 2022		FY 2023		FY 2024	
	Budget	Actual	Budget	Actual	Budget	Actual
Sheriff	\$ 12,912,088	\$ 13,886,204	\$ 8,842,520	\$ 15,356,079	\$ 9,329,285	\$ 20,082,269
Other departments	\$ 12,181,946	\$ 11,048,530	\$ 19,661,572	\$ 19,992,174	\$ 11,011,840	\$ 14,361,496
<b>Total overtime costs county-wide</b>	<b>\$ 25,094,034</b>	<b>\$ 24,934,734</b>	<b>\$ 28,504,092</b>	<b>\$ 35,348,253</b>	<b>\$ 20,341,125</b>	<b>\$ 34,443,765</b>
<b>Sheriff OT as a % of total OT costs</b>		<b>56%</b>		<b>43%</b>		<b>58%</b>

The WCSO continues to experience challenges with hiring and retaining new recruits, largely due to starting wages lower than the median salary for corrections officers nationwide, plus imposed mandatory overtime due to high Family Medical Leave Act (FMLA) usage.

A September 2024 Report on Sheriff's Office Overtime Costs provided a final update on the overtime costs that were incurred within the WCSO during FY 2024. Per the report, as of August 31, 2024, budgeted overtime costs for the Sheriff's Office were \$8,319,661, and actual overtime costs were \$18,520,119.

Per the report, the high overtime costs resulted from one or more reasons: increases in employee turnover; increases in FMLA usage; and increases in employee absences due to the COVID-19 virus. However, the WCSO has been diligently working on recruiting more police officers through various mediums to remediate their staffing and overtime issue.

An August 2024 news article stated that a total of 400 WCSO employees were affected by a technical glitch that occurred in the Oracle payroll system. Also, several of these WCSO employees had stopped volunteering to work overtime until they received their corrected paycheck from the County. Therefore, there is an increased risk that the county may not have accurately recorded the WCSO's overtime expenditures in the Oracle system during this period.

➤ **Impact/Action**

*As hiring and recruiting challenges endure across all County departments, Commission leadership should consider requesting the following from Administration:*

- *Continue a detailed and comprehensive compensation analysis (including pay and benefits) for all positions within the County, starting with County-mandated departments affected the most;*
- *A Countywide "what-if" cost analysis of improved employee health benefit provisions;*
- *Continued updates on the status of staffing shortages, voluntary departures, progress of hiring initiatives, and their related impact on key initiatives and mandated services;*
- *Continued periodic updates from P/HR on implementation progress of succession planning.*

✓ **Views from Responsible Officials**

M&B acknowledges the issue surrounding the attraction and retention of quality employees. As mentioned, M&B and PHR are actively participating in the new "One Wayne" collaborative effort. This is an effort in which the administration is working with the County's unions in which collective bargaining agreements (CBAs) will be amended and the County will change its culture to engage employees in order to improve working conditions, retain employees, and attract new employees.

## **Funding of the Retirement System**

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The funding objective for the Wayne County Employees' Retirement System (WCERS or the Retirement System) is to establish and receive contributions, invest the contributions, and accumulate sufficient assets to pay expected retirement benefits.

### **Contributions**

The Retirement System is supported by member contributions, employer contributions, and investment income on Retirement System assets. Members contribute percentages of their pay (by Ordinance and/or collective bargaining agreement) and the County contributes the actuarially determined remainder needed to meet the funding objective. Employer contribution requirements are determined by the Annual

Actuarial Valuation Report, the most recent of which is dated September 30, 2024. Employer required minimums and known actual contributions for the last eight (8) years are shown in the table below. The County's fiscal year 2024 actual contributions exceeded the required minimum by \$14,321,505.

**Employee Required Minimum versus Actual Contributions  
Fiscal Years 2017 to 2026**

Fiscal Year Ending	Valuation Date September 30	[1]	[2]	[2]-[1]	[2] / [1]
		Minimum Required	Actual Contributed	Excess Contributed	Percentage In Excess
2017	2015	47,467,616	61,830,334	14,62,718	130.26%
2018	2016	55,082,405	144,639,837	89,557,432	262.59%
2019	2017	56,869,257	68,633,312	11,764,055	120.69%
2020	2018	52,280,754	57,638,508	5,357,754	110.25%
2021	2019	51,703,879	56,770,685	5,066,806	109.80%
2022	2020	52,411,871	58,319,186	5,907,315	111.27%
2023	2021	55,240,807	62,983,793	7,742,986	114.02%
2024	2022	58,463,206	72,784,711	14,321,505	124.5%
2025	2023	60,921,407	n/a	n/a	n/a
2026	2024	59,442,862	n/a	n/a	n/a

*Investment Rate of Return*

The market value rate of return on investments during fiscal year 2024 was 14.7%, and the total Retirement System fund had \$142.7 million in investment income, as compared to an increase of 10.3% and an increase of \$95.1 million, respectively, in fiscal year 2023.

*Funding Progress*

Michigan Public Act 202 of 2017 established reporting requirements that are applicable to all local Michigan governments that offer or provide defined benefit pensions and/or defined benefit Other Post-Employment Benefits (OPEB) plans. Government units that are in an “underfunded status” of less than 60%, must either submit a waiver or a corrective action plan to bring funding levels up to 60%. The following table summarizes the Retirement System's funding progress and status for the last nine (9) valuation years ended September 30.



## Retirement System's Finding Progress and Status Last Nine Valuation Years Ended September 30th

Valuation Date September 30	Actuarial Accrued Liabilities (AAL)				Funding Value of Assets	Portion of Accrued Liabilities Covered by Plan Assets				Unfunded Actuarial Accrued Liability (UAAL)
	[1]	[2]	[3]	[4]		([5] - [1]) / [2]		[5] / [4]		
	Member Contributions	Retirees and Beneficiaries	Employer Financed	Total AAL		Active Member Contributions	Retirees and Beneficiaries	Employer Financed Portion for Active Members	Total Funded Ratio	
2015	91,806	1,142,343	142,593	1,376,742	740,195	100%	57%	0%	54%	636,547
2016	92,970	1,207,108	136,482	1,436,560	782,839	100%	57%	0%	54%	653,721
2017	93,312	1,187,208	136,234	1,416,754	780,642	100%	58%	0%	55%	636,112
2018	92,374	1,164,651	133,330	1,390,355	863,172	100%	66%	0%	62%	527,183
2019	92,806	1,150,369	124,809	1,367,984	879,462	100%	68%	0%	64%	488,522
2020	87,856	1,138,840	117,286	1,343,982	873,375	100%	69%	0%	65%	470,607
2021	87,293	1,157,657	125,593	1,370,543	896,348	100%	70%	0%	65%	474,195
2022	83,125	1,140,796	121,488	1,345,409	876,652	100%	70%	0%	65%	468,757
2023	82,359	1,118,505	119,716	1,320,580	875,704	100%	71%	0%	66%	444,876
2024	84,019	1,085,224	128,349	1,297,592	910,334	100%	76%	0%	70%	387,258

Note: \$ in thousands

Note: Values in table are determined based on present value of future expectations and other actuarial assumptions. Refer to the September 30, 2024 Actuarial Valuation Report for additional information.

As of the September 30, 2024 valuation date, the defined benefit plan is funded at a level of 70%. The funded ratio, calculated by taking the funding value of assets divided by the Actuarial Accrued Liability (AAL), is expected to hold steady or gradually move toward 100% in the absence of benefit changes, assumption changes, or valuation method changes. As expected, the funded ratio has gradually increased over the years, from 54% in 2015 to 70% in 2024. Much of this increase is due to the accelerated funding policy adopted by the Retirement System's Board and the additional contributions made by the County over the years.

Also presented in the above table, is the portion of accrued liabilities covered by assets on hand (at funding value), and the Unfunded Portion of the Actuarial Accrued Liability (UAAL). The funding value of assets on hand as of the September 30, 2024 valuation date were sufficient to cover 100% of active member contributions on deposit and 76% of future benefits to present retirees and beneficiaries, leaving nothing to fund employer financed obligations. According to the Actuarial Valuation Report, it is very important that rapid progress be made in funding the total liability to 100%.

According to the 2024 Actuarial Valuation Report, the funded status has improved since last year; however, potential cash flow problems remain a concern for the Retirement System. Assets in the plan are not sufficient to cover 100% of current retiree liabilities. The ratio of assets at market value to retiree benefit payroll is 8.3, which means that approximately eight (8) years of retiree benefit payments can be paid from current assets (at market value). The ability to make such payments beyond eight years is heavily dependent upon future contributions and future investment return. The Retirement System's Funding Policy promotes funding by defining the amount of time in which certain types of unfunded liabilities should be paid off. Adhering to the Funding Policy should ultimately lead to the plan becoming 100% funded. A copy of the Retirement System's Funding Policy can be found in Section D of the 2024 Actuarial Valuation Report.

### Combined Pre-2002 Retiree Liability

Prior to August 9, 2002, the County operated the Detroit Metropolitan Wayne County Airport and the Willow Run Airport through the County's Department of Airports. Following that date, the Wayne County Airport Authority (referred to as WCAA or the Authority, created in March 26, 2002 under

Michigan Public Act 90) assumed operational jurisdiction of the airport, including rights and obligations with respect to airport contracts and duties, including but not limited to employee benefits and retirement responsibilities for airport employees or retirees that were County employees or retirees prior to August 9, 2002 (referred to as Pre-2002 Airport Retirees) in addition to WCAA employees hired after August 9, 2002. The Wayne County Airport Authority continues to utilize WCERS as a means of providing retirement benefits for its retirees and employees. As it currently stands, the Pre-2002 Airport Retirees represent a subset of all County employees that retired prior to August 9, 2002 (together referred to as the Combined Pre-2002 Retirees).

On July 27, 2017, via Resolution No. 2017-482, the Wayne County Commission approved a retroactive Memorandum of Understanding (MOU) between the County, WCERS, and the WCAA to memorialize both the County's and the Authority's respective share of the Combined Pre-2002 Retiree obligations. Under the MOU, the parties agreed that the Authority is responsible for 10.25% of the total Combined Pre-2002 Retiree liability and committed the Authority to an accelerated payment schedule which provided for payments of \$4.4 million per year for five (5) years beginning with fiscal year ended September 30, 2015. At the end of the 5-year period (September 30, 2020), the resulting unfunded portion of the Authority's 10.25% obligation, if any, would either be paid in lump sum or in another manner to be determined at that time. The term of the MOU expires upon the occurrence of either of the following: 1) all the Pre-2002 Airport Retirees and their beneficiary(ies) are deceased, and the Authority paid off its unfunded actuarial accrued liability for said employees; or 2) the Authority and the County agree on an amount that satisfies termination of the liability which is calculated by WCERS' actuary.

On September 30, 2020, the Authority's total actuarial accrued liability amounted to \$27.5 million, the unfunded portion of which approximates \$6.3 million. To date, an official agreement regarding the settlement of the unfunded Combined Pre-2002 Retiree liability has not been reached. Furthermore, in fiscal years 2021 to 2024, no amounts were paid by WCAA which means the County made all the benefit payments for the combined retiree group from fiscal years 2021 to 2024.

➤ **Impact/Action**

*Commission leadership should consider requesting management's plan to resolve the outstanding obligations due from the Authority for the Pre-2002 Airport Retirees.*

✓ **Views from Responsible Officials**

M&B agrees with the recommendation of working with WCAA to come to a revised agreement surrounding the settlement of the outstanding portion of the unfunded Combined Pre-2002 Retiree liability. Management plans to begin discussion with the airport authority.

## **The Delinquent Tax Revolving Fund**

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The Wayne County Treasurer's Office (WCTO) is required by the General Property Tax Act 206 of 1983, to collect delinquent real property taxes levied by all local units of government within the County. Taxes become delinquent, if unpaid, on March 1 of the year subsequent to the year levied. For example, taxes levied in July and December of 2022 became delinquent March 1, 2023. On this date, the local municipalities close their current tax rolls, create delinquent property tax rolls, and formally transfer the delinquent tax rolls to the WCTO. The delinquent tax cycle is two and a half years from delinquency to foreclosure and property sale. Property sales generally take place in September and October.

The Delinquent Tax Revolving Fund (DTRF) was established to advance the amount of delinquent property taxes and special assessments owed to the County's General Fund, other internal County funds,

municipalities, school districts, and other taxing authorities through the issuance of tax revenue notes. Amounts advanced to all entities create a delinquent tax receivable for the specific tax year within the DTRF. Subsequent collections of delinquent property taxes, along with statutory interest and fees, are pledged as collateral for repayment of the tax revenue notes.

The table below presents a historical summary of the DTRF's net position, including the three (3) components that make up total net position.

- Net investment in capital assets: Includes capital assets, net of accumulated depreciation, and outstanding debts related to the acquisition thereof. The net investment in capital assets at FY 2024 approximates \$127K.
- Restricted net position: Includes assets restricted as to use, determined by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation and any liabilities/obligations payable from the assets restricted as to use. In the table below, restricted assets (totaling \$490 million) include cash and investments of \$295.6 million, delinquent property taxes receivable of \$190.9 million, and other restricted assets and deferred outflows of \$3.4 million; offset by liabilities payable from restricted assets (totaling \$214 million), including delinquent tax note obligations (\$199.8 million) and other liabilities and deferrals (\$14.6 million).
- Unrestricted net position includes other assets or obligations that are not restricted in a manner referenced in the above two (2) categories. Consistent with prior year, unrestricted net position for the FYE 2024 equals \$0.

### Historical Summary of the Delinquent Tax Revolving Fund's Net Position

RECONCILIATION OF NET POSITION	FY 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020
Net investment in capital assets	126,615	168,140	270,602	354,264	185,079
<b>Restricted net position</b>					
Restricted assets:					
Cash and investments	295,638,672	241,824,286	225,806,880	159,505,740	157,062,375
Delinquent property taxes receivable	190,940,441	161,723,176	145,668,814	152,556,375	168,695,487
Other restricted assets and deferred outflows	3,379,812	2,892,632	3,427,481	2,559,463	2,371,137
Less liabilities payable from restricted assets:					
Delinquent tax notes	(199,793,000)	(164,569,000)	(148,582,000)	(149,157,000)	(184,930,000)
Other liabilities and deferred inflows	(14,635,399)	(14,502,089)	(23,271,648)	(10,141,025)	(4,002,359)
<b>Total restricted net position</b>	<b>275,530,526</b>	<b>227,369,005</b>	<b>203,049,527</b>	<b>155,323,553</b>	<b>139,196,640</b>
<b>Unrestricted net position</b>					
Unrestricted assets:					
Cash and investments	-	-	-	-	-
<b>Total unrestricted net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net position</b>	<b>\$275,657,141</b>	<b>\$227,537,145</b>	<b>\$203,320,129</b>	<b>\$155,677,817</b>	<b>\$139,381,719</b>

Total net position has doubled from \$139.4 million in FYE 2020 to \$275.7 million for FYE 2024. Transfers to the General Fund have not kept up with this trend, as shown in the table below.

## DTRF Transfers to General Fund

	FY 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020
DTRF transfers to General Fund	\$20,000,000	\$30,000,000	\$6,452,841	\$30,000,000	\$17,400,000

Throughout the 2024 fiscal year, delinquent tax note liabilities increased from \$164.6 million in prior year to \$199.8 million in FY 2024; expected future delinquent property tax collections (aka delinquent property taxes receivable) of \$190.9 million plus other receivables of \$3.4 million are not sufficient to cover 100% of the outstanding delinquent tax note liabilities as has been the last couple of years. However, the remaining cash of \$295.6 million far and away exceeds the additional \$5.5 million note liability and the remaining other liabilities of \$14.6 million. Given the continued surplus in the DTRF, the County would be well served to work with the Treasurer's Office and agree upon a formula, calculated annually, to determine amounts available for transfer to the General Fund to assist with County operations. Of course, restrictions resulting from debt covenants will need to be considered.

In FY 2024, \$20 million was transferred to the General Fund compared to a \$30 million transfer in the prior year, a decrease of \$10 million. The County continues to anticipate a decline in surplus transfers from the DTRF.

➤ **Impact/Action**

*The Commission should request the development of an agreed upon formula for calculating surplus DTRF funds that can be transferred to the General Fund, with the known surplus identified prior to preparation of the annual budget, included in the annual budget, and finally, transferred to the General Fund for said budget year.*

✓ **Views from Responsible Officials**

Currently, WCTO is required by the Commission to provide an annual Delinquent Tax Reserve Status report that summarizes DTRF activity and Forfeiture and Foreclosure activity. M&B agrees the County should agree upon a formula to transfer a portion of DTRF surplus to the General Fund on an annual basis, to support County initiatives.

## **The Treasurer's Transfer of Tax-Reverted Properties to the Land Bank**

In July 2023, the Treasurer and Wayne County Land Bank (WCLB) renewed their Inter-Governmental Agreement (IGA) related to handling and management of certain tax-reverted properties. As in the prior IGAs, the WCTO will transfer certain tax-reverted properties to the WCLB. In return, the Land Bank agrees to obtain title to the tax-foreclosed properties, and to demolish, manage, maintain, and market the properties in exchange for maintenance and administrative funds to be paid by the Treasurer as consideration for each property transferred. The IGA is set to expire May 1, 2026, but may be extended for an additional three (3) years.

With the May 2023 agreement, the Treasurer conveyed thousands of properties to the Land Bank and earmarked maintenance funds as consideration for the Land Bank's administrative and maintenance expenses incurred. The IGA defines a "Per-Property Allocation" disbursement amount that accompanies the conveyance of the properties to the Land Bank. The Per-Property Allocation includes the following:

1. Properties with built structures or remnants of built structures: \$550 per property plus an administrative payment of \$150 (as compared to \$450 and \$100, respectively, under the previous IGA).
2. Properties with no built structures or remnants of built structures: \$300 per property plus an administrative payment of \$150 (as compared to \$200 and \$100, respectively, under the previous IGA).

In addition to the Per-Property Allocation, the IGA states the Treasurer will transfer an annual per-property maintenance disbursement of \$300 and per-property administrative payment of \$150 (as compared to 200 and 100, respectively, under the prior IGA). The amount transferred is based on the number of properties reported as on-hand by the Land Bank at the final Board of Directors Regular meeting in the prior calendar year. In accordance with the IGA, the Treasurer may transfer additional funds from time to time at his sole discretion

Based on our analysis, the Land Bank recorded a combined total of \$3.2 million in receipts from the WCTO for property maintenance in fiscal years 2018 through 2024. Expenditures incurred against this amount totaled \$2.8 million, leaving approximately \$321K of revenues in excess of expenditures that had not been spent by the Land Bank as of September 30, 2024.

➤ **Impact/Action**

- *The Commission should inquire what will be the disposition of excess maintenance funds that are transferred and not expended in the fiscal year and the need for the Treasurer to continue to transfer funds to the Land Bank at the current rate.*
- *The Commission should inquire if the method of transferring funds from the Wayne County Treasurer is appropriate.*

✓ **Views from Responsible Officials**

Management & Budget (M&B) review the intergovernmental agreement and work with the Land Bank to determine the disposition of excess maintenance funds that are transferred from WCTO.

## **Guardian Building and First Street Parking Deck**

Over the last year, the Guardian Building experienced a 962% decrease in net operating income (from \$54K in FY 2023 to net operating loss of \$467K in FY 2024 as compared to a 29.5% decrease (from \$731K in FY 2021 to \$543K in 2022) in the prior year. This fluctuation can be primarily attributed to increases in expenses related to repairs and maintenance, insurance premiums, administration, and electric and janitorial services. The amount unpaid (accounts receivable) from the prior year decreased by 5.9%, from \$157K in 2023 to \$148K in 2024. The Guardian Building occupancy rate increased from 87.5% in FY 2023 to 88.3% in FY 2024. Since fiscal year end, occupancy has increased 2.2% leaving the Guardian Building 90.2% occupied.

The First Street Parking Deck (FSPD) holds a total of 1,451 leasable spaces, of which, 1,385 were in use at the end of fiscal year 2024, as compared to 1,624 at the end of fiscal year 2023. This is a decrease in usage of 239 spaces from the prior year. This decrease can primarily be attributed to a reduction of 100 Comerica Bank parking patrons and Rock Central no longer leasing spaces at the First Street Parking Deck.

The average monthly parking rate in Detroit remained consistent from the prior year at an approximate market rate between \$150 and \$200 per space. Below is a table summarizing spaces in use at various rates. Of the 1,385 spaces in use, 53 are being offered at no cost, 798 are being held for Wayne County employees at a monthly rate of \$60 per space, 63 are in use at below market rate, and the remaining 471 spaces are being offered at or above monthly market rates.

#### **First Street Parking Garage Spaces and Rates**

Description	Rate	Number of Spaces in Use		Incr/(Decr)
		2024	2023	
Comp Spaces	\$0	53	53	0
County Employees	\$60	798	725	73
Below Market Rate	\$61 - \$150	63	63	0
Market Rate	\$151 - \$200	5	0	5
Above Market Rate	>\$200	466	783	(317)
Total		1,385	1,1624	(239)

#### Legal Matters

Tenant #1 vacated its retail space in the fall of 2022. Their lease expired in 2021, however the tenant asked to hold over through the pandemic. Management offered rent relief, but the tenant did not comply and owed an outstanding balance of \$16,277.52. Legal counsel was engaged, and a demand letter was sent in mid-June without a response. The landlord's counsel has the final lease statement ledger and will file a payment demand with the court. Tenant #1 ignored the demand for payment and after further research, Huth Law has found that they are very delinquent at their location at the Fisher Building, as well. Management recommended this to be sent to a collection agency and was approved by the EDC board in April 2024. Management contacted two collection agencies with no success.

#### Guardian Building Delinquencies

The table below displays the payment delinquencies for Guardian Building tenants as of March 2025.

#### **GUARDIAN BUILDING DELINQUENCIES AS OF MARCH 2025**

TENANT	BALANCE	NOTES
"Tenant A"	\$11,047.41	Balance represents nine (9) months of base rent and late fees.
"Tenant B"	\$22,068.48	Balance represents eight (8) months of base rent, 11 months of electric charges, one (1) building pass, operating expenses, and late fees.
<b>TOTAL</b>	<b>\$33,115.89</b>	

#### ➤ Impact/Action

*Commission leadership should ensure that Guardian Building Monthly Operating Reports continue to be consistently forwarded to the Commission for review to allow Commission leadership to monitor revenues, occupancy rates, delinquencies, and spaces leased.*

✓ **Views from Responsible Officials**

Monthly financial reports are sent from the Management Company to the County's Administration. Management will forward the current operating reports for the Guardian Building and parking at First Street Parking Deck for future months. Management utilizes the reports for periodic review of activity.

## **Implementation of Enterprise Resource Planning (ERP) System**

Implementation of the new ERP system continued throughout 2024 and into 2025. The project was renamed to Connect43 because the implementation of the system will impact all 43 communities within Wayne County. Connect43 has four (4) components:

1. Oracle HCM (Human Capital Management) will enable the County to manage every phase of the employee lifecycle, from attracting talent, screening, hiring, onboarding, time reporting, time-off requests, payroll, and compensation and benefits.
2. Oracle ERP (Enterprise Resource Planning) will allow the county to manage day-to-day financial activities, such as processing purchase orders; and will replace JD Edwards as the County's financial reporting system.
3. Oracle EPM (Enterprise Performance Management) will provide leadership with the tools to plan, budget, predict, and report on the County's financial results.
4. Oracle ADW (Autonomous Data Warehouse) will provide the county with an autonomous database optimized for analytic workloads to rapidly, easily, and cost-effectively discover business insights.

The Connect43 System implementation is under the guidance of John Wallace, Chief Financial Officer and Executive Project Sponsor. The overall project is progressing toward a targeted go-live date of October 1, 2025, with a total pro forma budget of \$128.8 million. As of May 2025, the total amount spent is \$87.4 million, leaving an estimated \$41.4 million to complete the project.

The Human Capital Management (HCM II) phase is currently at risk, with 71% completion. While the Learning and Health & Safety modules are live, the Talent module is still in the prototype stage due to data load issues that are delaying testing; resolution is anticipated by July 18, 2025. The Enterprise Performance Management (EPM) component is reported as on track, with the system already live and supporting budget processes, though minor configuration and scheduling risks remain. The Enterprise Resource Planning (ERP) module is also at risk, currently 67% complete and in Prototype 4, with several integrations and enhancements still pending. The Autonomous Data Warehouse (ADW) has been fully implemented by Oracle but remains in a delayed status due to pending County IT acceptance of the production runbook.

Project Roadmap contracts include \$34.9 million in costs to address staffing, system enhancements, security, and support services which are included in the above costs. Overall, while the project has made significant progress across multiple modules, key risks and dependencies remain that will require continued oversight to ensure timely completion.

➤ **Impact/Action**

*The Commission should continue to monitor the status of the ERP implementation and the County's progress as the system continues to be rolled out.*

✓ **Views from Responsible Officials**

Management agrees and will provide timely monitoring and provide reporting updates. Also, the first phase of the new Oracle clouds system Implementation; Oracle HCM module did go live on July 1, 2024 as planned. The other modules, ERP and EPM are planned to be live on October 1, 2025.

## **State and Local Fiscal Recovery Funds/American Rescue Plan Act Funding**

In 2021, Wayne County entered into a grant agreement with the U.S. Department of the Treasury to receive \$339,789,370 in State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act of 2021 (ARPA) to respond to the global COVID-19 crisis. The intent is to fund initiatives that have longtime been a need and a hope for the Wayne County residents and municipal governments, and which will improve quality of life for residents and tax revenue communities. As part of the County's engagement with its 43 communities, the County solicited "top" projects for funding consideration under the County's transformational strategy. The County set out 6 major priority areas to guide this work: 1) Health; 2) Economic Development; 3) Infrastructure; 4) Public Spaces; 5) Workforce Development; and 6) Housing.

ARPA SLFRF guidelines indicate that SLFRF funding is required to be obligated by December 31, 2024, and fully expended by December 31, 2026. Any funds not obligated or expended by these timelines must be returned to the Federal Government. As of December 2024, all funds have been obligated. The table below details the \$339,89,370.



<b>Total ARPA Allocation</b>		<b>\$339,789,370</b>
<b>Batch 1 - Obligated Projects</b>		
**Workforce Development Initiative - SEMCA	Wayne County	50,000,000
Mill Street Redevelopment	Ecorse	3,500,000
Victory Station Rehabilitation - upgrade	Belleville	176,800
Dearborn Parks Equity and Access for Citizen Engagement (PEACE) Project	Dearborn	9,619,765
The Joe Louis Greenway	Detroit	20,000,000
Downtown Outdoor Fitness Court	Lincoln Park	124,865
Marygrove Community Association Kentucky Street Lots Project	Detroit	47,500
Motown Museum Expansion Project	Detroit	2,500,000
Daylighting the Rouge River Park	Northville	2,500,000
Lange Park Action Adventure Park	Taylor	2,326,230
Demolition of Riverside Hospital	Trenton	1,500,000
Van Buren Township Community Center Project & Senior Center	Van Buren Township	4,500,000
City of Wayne Goudy Park Amphitheater Pavilion Rehabilitation Project	Wayne	250,000
Boys & Girls Club of Southeastern Michigan	Detroit, Highland Park	500,000
Wayne County Energy Efficiency (Sustainability Program)	Wayne County	1,155,750
<b>Total Batch 1</b>		<b>98,700,910</b>
<b>Batch 2 - Obligated Projects</b>		
Cherry Hill Village Renewal	Canton	4,750,000
Huron Charter Township Downtown Development Project	Huron Township	275,000
Kessey Fieldhouse Multi-Purpose Trailhead	Melvindale	2,000,000
Recreation and Wellness Center	Redford	6,500,000
Centennial Community Plaza	River Rouge	275,000
Southgate Tower Park	Southgate	5,000,000
Downtown Wyandotte Capital Improvements and Infrastructure Project	Wyandotte	3,950,000
Wayne County Land Bank Blighted Demolition Program	Wayne County	7,498,625
The Garden City Community Center	Garden City	4,000,000
North Branch Ecorse Drain Project	Wayne County	10,000,000
* Parks Improvement Project (\$5M approved by Commission on 9/4/25)	Wayne County	10,000,000
<b>Total Batch 2</b>		<b>54,248,625</b>
Administrative compliance and oversight	Wayne County	6,969,580
<b>Total SLFRF (ARPA) Obligation</b>		<b>159,919,115</b>
<b>**Workforce Development Contract Amendment</b>		<b>(\$30,000,000)</b>
<b>Projects Finished Under Budget</b>		<b>(\$208,938)</b>
<b>Total SLFRF (ARPA) Obligation</b>		<b>129,710,177</b>
<b>Remaining Funds to be Obligated</b>		<b>30,208,938</b>
<b>Obligated in December 2024</b>		
SLFRF Funds Applied to Government Expenses		(26,040,713)
Fisher Body Plant Project		(2,500,000)
Legal and Financial Compliance Contracts		(1,334,580)
eCivis		(333,645)
<b>Balance Funds Not Obligated by December 2024</b>		<b>(0)</b>
Resolution 2023-39: Revenue Replacement for Eligible Expenditures	Wayne County	179,870,255
Livonia 21 Project	Livonia	(\$8,000,000)
RESA	Wayne County	(\$13,495,129)
Just Air Solutions	Wayne County	(\$2,107,550)
<b>Total Balance Remaining in Special Account - GJ Projects</b>		<b>156,267,576</b>
<b>Special Account - Priority Internal GF Projects</b>		
Public Health Funding	Wayne County	(\$57,892,450)
Employee Benefits & Compensation Enhancements	Wayne County	(\$60,000,000)
<b>Prior Balance - Special Account GF Projects</b>		<b>38,375,126</b>
SEMCA Clawback Budget Adjustment		26,040,713
<b>Balance - Special Account GF Projects</b>		<b>64,415,839</b>
<b>December 2024 - 15 Projects approved</b>		<b>(24,729,106)</b>
<b>Balance Remaining - Special Account GF Projects</b>		<b>39,686,733</b>
<b>**Contract amended from \$50M to \$20M on 6/6/24</b>		

### **Impact/Action**

- ***The Commission should: 1) request the annual Wayne County Recovery Plan Performance Report to review the status of amounts spent compared to the amounts allocated by project; 2) monitor the \$117.9 million allocated for Public Health Funding and Employee Benefits & Compensation Enhancements. and 3) monitor the status of the remaining \$39.7 million in the Special Account GF Projects.***

✓ **Views from Responsible Officials**

Management agrees and will provide timely monitoring and provide reporting updates.

### **Fy 24 ACFR and Single Audit Findings**

The county's Annual Comprehensive Financial Report (ACFR) and Single Audit (A-133) for the year ending September 30, 2024, contained 15 findings. Of the 15 findings, 14 are financial statement findings and one (1) was related to a federal program. In addition, of the 15 findings, 14 are considered material weaknesses, and one (1) is considered a significant deficiency. Seven (7) of the 15 findings were repeat findings.

#### **Single Audit Findings Fiscal Year Ending September 30, 2024**

Ref. #	Responsible Party	Finding	Type of Weakness	Repeat
2024-001	Management & Budget	County's general ledger and underlying financial records were not reconciled and closed in a timely manner. There were numerous adjustments that should have been identified by management, which were instead identified during the audit of the County and component units. It was also identified that the County misallocated penal fines when distributing them to libraries over the last 10 years.	Material	Yes
2024-002	Management & Budget	The County lacked appropriate overall monitoring of account balances during the year in order to compile complete and accurate financial reports that resulted in many auditors proposed journal entries.	Material	Yes
2024-003	Management & Budget	Instances where the County was not in compliance with laws and regulations: <ul style="list-style-type: none"><li>- The County has not quantified the amount to be escheated to the State of Michigan and therefore has not escheated required items by September 30, 2024.</li><li>- Expenditures exceeded budgeted amounts in certain expenditure groups within General Fund, Roads Fund, and multiple nonmajor governmental funds.</li><li>- Original budget and amended budgets for Victim Witness Fund and CDBG Fund would have resulted in a projected fund deficit as presented in other supplemental information.</li><li>- Building Authority special revenue fund did not adopt a budget.</li><li>- The County incurred costs before the end of the year but did not amend the budget until after year end, which resulted in the expenditure of funds that were not budget for.</li></ul>	Material	Yes
2024-004	Sheriff's Office	The County did not have procedures in place to ensure that the inmate property bank accounts were reconciled to the inmate cash balances per the jail management system and general ledger on a timely basis.	Material	Yes
2024-005	Management & Budget	The County did not have procedures in place to ensure that the balances within the Cash Receipts Fund were properly reconciled at year end.	Material	Yes
2024-006	Management & Budget	The County did not have procedures in place to ensure that the balances within the fiduciary funds were properly reconciled at year end and the necessary activities were appropriately moved to the General Fund.	Material	Yes

Ref. #	Responsible Party	Finding	Type of Weakness	Repeat
2024-007	Treasurer's Office	The County did not have procedures in place to ensure that the undistributed property taxes were properly reconciled at year end.	Significant Deficiency	Yes
2024-008	Information Technology	Key applications are backed up on a regular basis. Incremental backups of the active directory are performed daily, but full active directory backups are performed every six months.	Material	No
2024-009	Personnel/ Human Resources	The initial census data submitted to the actuary included several errors.	Material	No
2024-010	Treasurer's Office	For one bank utilized by the County, certain individuals are able to initiate wires without the need for secondary approval.	Material	No
2024-011	Personnel / Human Resources	Liability balances in the imprest payroll fund were not reviewed, reconciled, or adjusted. The County had also not completed its annual reconciliation of total salary and wages between the payroll systems and the general ledger.	Material	No
2024-012	Treasurer's Office	During the audit, it was identified that the County had not properly recognized tax capture revenue earned from 2020 through 2024, or related amount owed from the Brownfield Redevelopment Authority (BRA) to the General Fund.	Material	No
2024-013	Management & Budget	The activity reported to the Michigan Indigent Defense Commission fund did not close out and accumulate all transactions within the general ledger system, causing the trail balance to be out of balance.	Material	No
2024-014	Management & Budget and Treasurer's Office	Significant improvements have been made over the past several years and the County does have adequate procedures in place; the County lacked the operational effectiveness to ensure that all bank accounts were fully reconciled to the general ledger with only the necessary reconciling items and that this was done on a timely basis.	Material	No
2024-015	Health, Human and Veteran Services – Aging Cluster	The County did not have adequate controls over meal participants to ensure a review was in place to check the intake forms for Halal Home Delivered meal participants or that updated assessments were obtained for home delivered meals. Lastly there was not a control in place to ensure liquid meal participants maintained a physician order, renewed every six months stating the need for additional supplement.	Material	No

➤ **Impact/Action**

*The Commission should request periodic reports from M&B regarding corrective actions to address the noted findings, especially those repeat findings that could have an impact on the financial statement preparation, involve reporting requirements and adherence to Uniform Guidance.*

✓ **Views from Responsible Officials**

Year Audit Findings” (status). This report discloses, for each finding, whether the corrective action has been completed or at what stage of completion the corrective action is in. The auditors’ final findings are not issued until the audit is complete, which is six months after the fiscal year end. Corrective actions are subsequently made, and a new status is written, which is satisfactory for the funding sources. As shown in the above matrix, the County ended up with one finding this year only. Reporting the status more often would not be productive.

Repeat findings do not necessarily indicate that a corrective action has not been taken. The audit is being performed months after the fiscal year end is being audited and thus deficiencies are not discovered until well after the end of the fiscal year which then results in a repeat finding. The auditor disclosed questioned costs do not always result in payback to the funding agency.

Due to staffing reductions and changes within the department, Management & Budget has not made much progress as initially intended to address findings (2024-001 to 2024-015). We continue to make every effort to correct these ongoing issues, but it is likely that these will remain for the foreseeable future.

## CONCLUSION

Over the period covered by this report, the Wayne County Office of Legislative Auditor General reviewed matters of budgetary concerns, audits, consulting, and other engagement reports that contain issues which could have a budgetary impact on County operations and its financial position.

We believe the County's financial condition is continuing to move in the right direction with an unassigned General Fund balance of \$371 million and improved bond ratings. The County still faces many challenges that need to be addressed, particularly in the area of obtaining adequate staffing and employee retention, in order to fulfill obligations due to County constituents. It is our hope the Commission finds the information in this report helpful in preparation of the fiscal year 2026 budget deliberation process.

This report is intended solely to provide information to the Wayne County Commission and should not be used for any other purposes. This restriction is not intended to limit the distribution of the report, which is a matter of public record.



Marcella Cora, CPA, CIA, CICA  
Auditor General