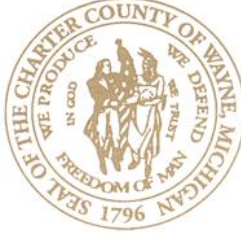


Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA
AUDITOR GENERAL



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

TELEPHONE: (313) 224-8354

June 17, 2025

FINAL REPORT TRANSMITTAL LETTER

Honorable Wayne County Commissioners:

Enclosed is our final copy of the Office of Legislative Auditor General's Financial Assessment – Limited Review report for the Wayne County Building Authority audited financial statements for the fiscal year ended September 30, 2024. Our report is dated June 2, 2025; DAP No. 2025-57-902. The report was accepted by the Committee on Audit at its meeting held on June 11, 2025, and formally received by the Wayne County Commission on June 17, 2025.

We are pleased to inform you that officials from the Wayne County Department of Management & Budget 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 at:

<http://www.waynecounty.com/elected/commission/oag/legislative-auditor.aspx>

Marcella Cora, CPA, CIA, CICA
Auditor General

REPORT DISTRIBUTION

Department of Management & Budget

John Wallace, Chief Financial Officer, Management & Budget (M&B)
Yogesh Gusani, Deputy Chief Financial Officer, Management & Budget
Shauntika Bullard, Director, Grants Compliance and Contracts Management, M&B

Wayne County Building Authority

Darryl Jones, Chief Administrator, Wayne County Building Authority
Eileen Dehart, Chairwoman, Wayne County Building Authority

Wayne County Executive



WAYNE COUNTY OFFICE OF LEGISLATIVE AUDITOR GENERAL

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

Financial Assessment – Limited Review Report

**Wayne County Building Authority
Fiscal Year Ended September 30, 2024
Financial Statements**

DAP NO. 2025-57-902

June 2, 2025

Office of Legislative
Auditor General

MARCELLA CORA CPA, CIA, CICA
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TELEPHONE: (313) 224-8354

June 2, 2025

DAP No. 2025-57-902

Honorable Melissa Daub, Chairwoman
Committee on Audit
Wayne County Commission
County of Wayne, Michigan
500 Griswold St., Suite 727
Detroit, MI 48226

Subject: Office of Legislative Auditor General's Financial Assessment – Limited Review Report of the Wayne County Building Authority's financial statements for the fiscal year ended September 30, 2024.

Dear Chairwoman Daub:

The Office of Legislative Auditor General (OAG) received the Wayne County Building Authority's (Authority) financial statements for the fiscal year ended September 30, 2024 (Appendix A). Because we have performed more extensive financial reviews of the Wayne County Building Authority's financial statements in the past few years in accordance with professional attestation standards, and determined they were complete, thorough, and in accordance with generally accepted accounting principles, we elected to conduct a limited review of their financial statements for the fiscal year ended September 30, 2024.

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 Wayne County Building Authority's audited financial statements for the fiscal year ended September 30, 2024 included, but was not necessarily limited to, a thorough and complete review of the financial statements, limited inquiries of Department of Management & Budget (M&B) 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 Authority was created in 1961 under the provisions of the State of Michigan Public Act No. 31, Extra Session of 1948, as amended. The Authority was established to provide for the acquisition, furnishing, equipping, owning, improvement, enlarging, operation, and maintenance of buildings and building sites for leasing to, and eventual ownership by, the county. This includes infrastructure such as recreational facilities, stadiums, parking lots, and other structures.
- A five-member board, whose members serve a five-year term, governs the Authority. The County Executive, subject to approval by the Wayne County Commission (WCC), appoints the board members. The Authority's administrative functions are managed by officials within the Department of Management & Budget.
- The Authority is a blended component unit of the Charter County of Wayne, Michigan. Blended component units are legally separate entities from the County, but because they provide services exclusively for the benefit of the county; their financial operations are combined into the primary government operations for reporting purposes in the Annual Comprehensive Financial Report in accordance with Generally Accepted Accounting Principles (GAAP) of the United States of America.

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 Wayne County Building Authority as of September 30, 2024. This type of opinion is issued by an auditor when the financial statements presented are free of material misstatements and are represented fairly in accordance with Generally Accepted Accounting Principles (GAAP). It is the best type of opinion an entity may receive from an external auditor.
- The financial statements of the Wayne County Building Authority have been included in the county's Annual Comprehensive Financial Report (ACFR) as a non-major governmental fund.
- The external auditors noted under "Required Supplemental Information" that management omitted management's discussion and analysis and the budgetary comparison schedule for the General Fund that generally accepted accounting principles require be presented to supplement the financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), which considers it to be an essential part of the financial reporting. However, the auditor's opinion on the basic financial statements is not affected by this missing information.

- The external auditors did not issue a separate SAS 114 letter or an A-133 (Single Audit) for the Wayne County Building Authority. The Independent Auditor’s Report to the Wayne County Commission, Wayne County Building Authority Board, and the Wayne County Executive indicated no significant deficiencies or material weaknesses for the Authority.

Financial Results /Operations

- The Authority’s financial operations are accounted for in three (3) types of governmental funds:
 1. General Operating Fund: This fund accounts for all financial resources and expenditures except those accounted for and reported in another fund.
 2. Debt Service Fund: This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.
 3. Capital Projects Fund: This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Governmental Funds

Description	FY 2024	FY 2023	Increase /(Decrease)	Primary Reasons
Revenues	\$1,787,454	\$1,599,372	\$188,082	This change is primarily due to an increase in revenues generated from building rent and interest income during fiscal year 2024.
Fund Balance	\$8,000,517	\$8,305,251	(\$304,734)	This decline was primarily due to increased expenditures in Community and Economic Development and higher interest and fiscal charges on Debt Service during fiscal year 2024.

See Wayne Co. Bldg. Authority Audited Financial Statements, FYE 9/30/2024, pg. 7.

- The Building Authority’s net position increased by \$12,760 in fiscal year 2024. This favorable variance resulted from a decrease in noncurrent liabilities and accrued interest payable. For fiscal years 2023 and 2024, the total amount of noncurrent liabilities due in more than a year, was recorded at \$11,807,730 and \$11,365,855, respectively.
- As of September 30, 2024, the Authority’s total governmental fund balance was \$8.0 million, which was a decrease of \$304,734 from the prior year. A significant portion of the fund balance is restricted to indicate it is not available for new spending because it has already been

committed to pay debt service (\$5.6 million), program activities (\$1.2 million). An additional \$776,621 is also assigned for capital projects.

Budgetary Information

- Annual budgets should be adopted on a basis consistent with generally accepted accounting principles and state law for General Fund and all special revenue funds. State law requires the Authority to have its budget in place by October 1. However, the auditors noted that the Wayne County Building Authority did not prepare a budget for the fiscal years ended September 30, 2024 and 2023. This was discussed within Note 3 of the notes section.

Deposits and Investments

- The external auditors noted that the Wayne County Building Authority did not establish policies to address the custodial credit risk of their deposits and investments. Therefore, in the event of failure, the Building Authority would be unable to retrieve its deposits and investments from the bank and/or counterparty. This was discussed within Note 4 of the notes section.

Conclusion

Based on our limited review, nothing came to our attention that caused us to believe the Wayne County Building Authority's 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 Wayne County Building Authority's financial statements for fiscal year ended September 30, 2024 be forwarded to the Wayne County Commission for receiving and filing.

Respectfully submitted,



Marcella Cora, CPA, CIA, CICA
Auditor General

Cc: Darryl Jones, Chief Administrator, WCBA
Eileen Dehart, Chairwoman, WCBA
John Wallace, Chief Financial Officer, M&B
Yogesh Gusani, Deputy Chief Financial Officer, M&B
Shauntika Bullard, Director, Grants Compliance and Contracts Management, M&B

Attachment

**Wayne County Building Authority
Financial Statements
Fiscal Year Ended September 30, 2024**

Charter County of Wayne, Michigan Building Authority

(a blended component unit of the Charter County of Wayne, Michigan)

Financial Report
September 30, 2024

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Independent Auditor's Report

To the Wayne County Commission,
Wayne County Building Authority Board,
and the Wayne County Executive
Charter County of Wayne, Michigan Building Authority

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter County of Wayne, Michigan (the "County") as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 19, 2025, which contained unmodified opinions on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to May 19, 2025.

In Relation to Opinion on Accompanying Financial Statements

The financial statements of the Charter County of Wayne, Michigan Building Authority (the "Authority") for the year ended September 30, 2024 are presented for the purpose of additional analysis and are not a required part of the County's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the County's basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the County's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the County's basic financial statements or to the County's basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the County's basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Charter County of Wayne, Michigan as of and for the year ended September 30, 2023 (not presented herein) and issued our report thereon dated March 22, 2024, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The financial information for the Authority for the year ended September 30, 2023 is presented for the purpose of additional analysis and is not a required part of the County's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The financial information for the Authority for the year ended September 30, 2023 has been subjected to the auditing procedures applied in the audit of the County's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information for the Authority is fairly stated in all material respects in relation to the County's basic financial statements as a whole for the year ended September 30, 2023.

To the Wayne County Commission,
Wayne County Building Authority Board,
and the Wayne County Executive
Charter County of Wayne, Michigan Building Authority

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Authority's funds and do not purport to, and do not, present fairly the financial position of the Charter County of Wayne, Michigan as of September 30, 2024 or the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Plante & Moran, PLLC

May 19, 2025

Charter County of Wayne, Michigan Building Authority

Statement of Net Position

September 30, 2024

	Governmental Activities	
	2024	2023 (For Comparative Purposes Only)
Assets		
Equity in pooled cash and investments (Note 4)	\$ 5,757,613	\$ 5,757,684
Other cash and investments	332	332
Leases receivable (Note 6)	12,080,119	12,510,619
Other receivables	36,389	-
Due from other county funds	1,745,214	1,745,214
Prepaid items	-	352,007
Restricted assets - Cash and investments (Note 5)	1,166,255	1,144,672
Total assets	20,785,922	21,510,528
Liabilities		
Accounts payable	41,280	41,352
Due to other county funds	968,759	968,759
Accrued interest payable	-	315,619
Other liabilities	366	166
Noncurrent liabilities:		
Due within one year	440,000	420,000
Due in more than one year	11,365,855	11,807,730
Total liabilities	12,816,260	13,553,626
Net Position		
Restricted:		
Debt service	5,604,252	5,602,377
Program activities	1,166,255	1,144,672
Unrestricted	1,199,155	1,209,853
Total net position	<u>\$ 7,969,662</u>	<u>\$ 7,956,902</u>

Charter County of Wayne, Michigan Building Authority

Statement of Activities

Year Ended September 30, 2024

		Net Revenue (Expense) and Changes in Net Position	
		Program Revenue	Total
		Charges for Services	2023 (For Comparative Purposes Only)
Expenses		2024	
Functions/Programs			
Primary government - Governmental activities:			
Community and economic development	\$ 735,831	\$ 1,300,295	\$ 564,464
Interest on long-term debt	618,863	-	(618,863)
Total primary government	\$ 1,354,694	\$ 1,300,295	(54,399)
General revenue - Unrestricted investment income		67,159	47,408
Change in Net Position		12,760	499,634
Net Position - Beginning of year		7,956,902	7,457,268
Net Position - End of year		\$ 7,969,662	\$ 7,956,902

Charter County of Wayne, Michigan Building Authority

Balance Sheet

September 30, 2024

	General Operating Fund	Debt Service Fund	Capital Projects Fund	2024	2023 (For Comparative Purposes Only)
Assets					
Equity in pooled cash and investments (Note 4)	\$ 386,345	\$ 5,371,268	\$ -	\$ 5,757,613	\$ 5,757,684
Other cash and investments	-	-	332	332	332
Leases receivables (Note 6)	12,080,119	-	-	12,080,119	12,510,619
Other receivables	36,389	-	-	36,389	-
Due from other county funds	-	-	1,745,214	1,745,214	1,745,214
Prepaid items	-	-	-	-	352,007
Restricted assets - Other cash and investments (Note 5)	1,166,255	-	-	1,166,255	1,144,672
Total assets	\$ 13,669,108	\$ 5,371,268	\$ 1,745,546	\$ 20,785,922	\$ 21,510,528
Liabilities					
Accounts payable	\$ -	\$ 41,280	\$ -	\$ 41,280	\$ 41,352
Due to other county funds	-	-	968,759	968,759	968,759
Other liabilities	200	-	166	366	166
Total liabilities	200	41,280	968,925	1,010,405	1,010,277
Deferred Inflows of Resources -					
Unavailable revenue	11,775,000	-	-	11,775,000	12,195,000
Total liabilities and deferred inflows of resources	11,775,200	41,280	968,925	12,785,405	13,205,277
Fund Balances					
Nonspendable - Prepaid Items	-	-	-	-	352,007
Restricted:					
Debt service	305,119	5,329,988	-	5,635,107	5,950,726
Program activities	1,166,255	-	-	1,166,255	1,144,672
Assigned - Capital projects	-	-	776,621	776,621	776,621
Unassigned	422,534	-	-	422,534	81,225
Total fund balances	1,893,908	5,329,988	776,621	8,000,517	8,305,251
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,669,108	\$ 5,371,268	\$ 1,745,546	\$ 20,785,922	\$ 21,510,528

Charter County of Wayne, Michigan Building Authority

Reconciliation of the Balance Sheet to the Statement of Net Position

September 30, 2024

	2024	2023 (For Comparative Purposes Only)
Fund Balances Reported in Governmental Funds	\$ 8,000,517	\$ 8,305,251
Amounts reported for governmental activities in the statement of net position are different because:		
Net leases receivable (due from other funds of the county) that are not collected within the period of availability are reported as unavailable revenue in the funds	11,775,000	12,195,000
Bonds payable and accrued bond premium are not due and payable in the current period and are not reported in the funds	(11,805,855)	(12,227,730)
Accrued interest is not due and payable in the current period and is not reported in the funds	-	(315,619)
Net Position of Governmental Activities	<u>\$ 7,969,662</u>	<u>\$ 7,956,902</u>

Charter County of Wayne, Michigan Building Authority

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended September 30, 2024

	General Operating Fund	Debt Service Fund	Capital Projects Fund	2024	2023 (For Comparative Purposes Only)
Revenue					
Building rents	\$ 1,720,295	\$ -	\$ -	\$ 1,720,295	\$ 1,551,964
Other revenue - Interest income	67,159	-	-	67,159	47,408
Total revenue	1,787,454	-	-	1,787,454	1,599,372
Expenditures					
Current services - Community and economic development	735,831	-	-	735,831	395,994
Debt service:					
Principal	-	420,000	-	420,000	390,000
Interest and fiscal charges	-	936,357	-	936,357	325,369
Total expenditures	735,831	1,356,357	-	2,092,188	1,111,363
Excess of Revenue Over (Under) Expenditures	1,051,623	(1,356,357)	-	(304,734)	488,009
Other Financing Sources (Uses)					
Transfers in	-	1,051,238	-	1,051,238	715,369
Transfers out	(1,051,238)	-	-	(1,051,238)	(715,369)
Total other financing (uses) sources	(1,051,238)	1,051,238	-	-	-
Net Change in Fund Balances	385	(305,119)	-	(304,734)	488,009
Fund Balances - Beginning of year	1,893,523	5,635,107	776,621	8,305,251	7,817,242
Fund Balances - End of year	<u><u>\$ 1,893,908</u></u>	<u><u>\$ 5,329,988</u></u>	<u><u>\$ 776,621</u></u>	<u><u>\$ 8,000,517</u></u>	<u><u>\$ 8,305,251</u></u>

Charter County of Wayne, Michigan Building Authority

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended September 30, 2024

	2024	2023 (For Comparative Purposes Only)
Net Change in Fund Balances Reported in Governmental Funds	\$ (304,734)	\$ 488,009
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report building rental received as revenue in the year collected. However, in the statement of activities, revenue is reported in the current year upon project completion, and collections are recorded as reduction of leases receivable	(420,000)	(390,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	420,000	390,000
Interest expense is recognized in the government-wide statements as it accrues	315,619	9,750
Amortization of bond premium and discount is recognized in the government-wide statements	1,875	1,875
Change in Net Position of Governmental Activities	\$ 12,760	\$ 499,634

September 30, 2024

Note 1 - Nature of Business

The Charter County of Wayne, Michigan Building Authority (the "Authority"), a blended component unit of the Charter County of Wayne, Michigan (the "County"), was created in 1961 under provisions of Act No. 31, Public Acts of Michigan, Extra Session of 1948, as amended. All revenue or other funds received by the Authority must be disbursed for specific purposes in accordance with agreements with the County and the holders of the Authority's bonds. The financial statements of the Authority reflect the operations associated with the acquisition, furnishing, equipping, owning, improvement, enlarging, operation, and maintenance of buildings and building sites for lease to, and eventual ownership by, the County. These financial statements represent the Authority and are not intended to present the financial position and results of operations of the County in conformity with accounting principles generally accepted in the United States of America. The financial statements of the Authority have been included in the County's Annual Comprehensive Financial Report and reported as special revenue, debt service, and capital projects funds. These financial statements, along with the County's Annual Comprehensive Financial Report, can be obtained by contacting the Department of Management and Budget at 500 Griswold, 14th Floor, Detroit, MI 48226.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The Authority 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 Authority:

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.

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.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Accounting

The Authority accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Authority to show the particular expenditures for which specific revenue is used. The Authority's funds are all governmental funds.

September 30, 2024

Note 2 - Significant Accounting Policies (Continued)

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Operating Fund, special revenue funds, debt service funds, capital project funds, and permanent funds.

- The General Operating Fund 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.
- The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Interfund Activity

During the course of operations, the Authority has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. The Authority did not have interfund loans outstanding at September 30, 2024 or 2023.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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 governmental funds use 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.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due. Proceeds from long-term debt are reported as other financing sources. Administrative overhead charges are included in direct expenses.

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 Authority considers amounts collected within 60 days of year end to be available for recognition. Interest, rents, and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the Authority and are recognized as revenue at that time.

September 30, 2024

Note 2 - Significant Accounting Policies (Continued)

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. Investments are stated at fair value.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The debt service fund is generally used to liquidate governmental long-term debt.

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The Authority 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 Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). 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 Authority'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 Authority itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

September 30, 2024

Note 2 - Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. The Wayne County commission, the Wayne County Building Authority board, and the Wayne County executive are the highest level of decision-making authority for the Authority that can, prior to the end of the fiscal year, commit fund balance. Once the commitment has been approved, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.

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 Authority has, by resolution, authorized the finance director to assign fund balance. The Wayne County commission, the Wayne County Building Authority board, and the Wayne County executive may also assign fund balance as they do 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.

Comparative Data

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Building Rent Revenue

Lease payments are collected from the County to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases by the Authority whereby the present value of the future lease payments is recorded as a lease receivable using the interest rate implicit in the lease. Building rent revenue is recognized in the fund financial statements as the principal and interest are collected. In the government-wide financial statements, the entire principal portion of the lease is recognized as revenue as projects progress, and interest is recognized as it is earned.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets should be adopted on a basis consistent with generally accepted accounting principles and state law for the General Operating Fund and all special revenue funds. State law requires the Authority to have its budget in place by October 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits governmental entities to amend their budgets during the year.

The Authority did not prepare a budget for the General Operating Fund for the years ended September 30, 2024 or 2023.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Authority incurred expenditures in the debt service fund, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
Debt service - Interest	\$ 631,238	\$ 936,357

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 Authority has cash included as part of Wayne County, Michigan's pooled cash (investment pool). In addition, the Authority has designated one bank for the deposit of its funds. 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 that are recorded at amortized cost.

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the county treasurer's internal cash management pool, was approximately \$6 million for 2024 and 2023. In 2024, approximately \$1,600,000 of those funds was separately held in demand deposit accounts. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categories are presented in the County's basic financial statements. The Federal Deposit Insurance Corporation (FDIC) coverage for the Authority is not independently ascertainable.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. In 2023, approximately \$1,100,000 of investment securities was held in the name of the County Treasurer.

September 30, 2024

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Authority has no investment policy that would further limit its investment choices. As of September 30, 2024, the Authority did not have any investments subject to credit risk. As of September 30, 2023, the credit quality ratings of debt securities pooled in the County's investments were as follows:

Investment Type	Fair Value at September 30, 2023	Rating	Rating Agency
Money market fund	\$ 1,144,672	AAAm	S&P

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. Because the Authority's investments are comingled with the County, it is infeasible to allocate risk to individual funds or pool participants. Aggregate investment categories are presented in the County's basic financial statements.

Note 5 - Restricted Assets

In accordance with the terms of certain bond issuances, the Authority restricts assets that are pledged for operating, maintenance, repairs and replacement, and construction. As of September 30, 2024 and 2023, the Authority had restricted assets of approximately \$1,200,000 and \$1,100,000, respectively, for operating and maintenance.

Note 6 - Leases Receivable

The Authority's leasing operations consist of leasing of facilities for use by the County, State, or any of its agencies under direct financing arrangements, expiring in various years through 2042. As these leases transfer ownership, they do not fall under the scope of GASB Statement No. 87. The lease payments are pledged solely for the payment of the maturing bonds and interest. When the bonds issued by the Authority to finance a facility have been retired, title to the facility is conveyed to the Charter County of Wayne, Michigan. The County is required to pay all operating expenses of the facilities.

The following is a summary of the components of the Authority's leases at September 30, 2024 and 2023:

	2024	2023
Total minimum lease payments to be received	\$ 18,188,175	\$ 19,239,413
Unearned income	(6,108,056)	(6,728,794)
Net leases receivable	\$ 12,080,119	\$ 12,510,619

September 30, 2024

Note 6 - Leases Receivable (Continued)

Minimum lease payments receivable as of September 30, 2024 are equal to the outstanding principal and interest payments on long-term debt and are summarized as follows:

Years Ending	Series 2011F Revenue Bonds
2025	\$ 1,050,238
2026	1,048,238
2027	1,045,238
2028	1,051,238
2029	955,738
2030-2034	5,219,227
2035-2039	5,813,739
2040-2042	2,004,519
Total	<u>\$ 18,188,175</u>

Note 7 - Interfund Transfers

The General Operating Fund transferred \$1,051,238 and \$715,369 for the years ended September 30, 2024 and 2023, respectively, to the debt service fund for repayment of principal and interest.

Note 8 - Long-term Debt

Long-term debt activity for the year ended September 30, 2024 can be summarized as follows:

	Beginning Balance	Additions	Reductions/ Refunding	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - Series 2011F, 3.00 percent to 5.25 percent, due serially to October 2041	\$ 12,195,000	\$ -	\$ (420,000)	\$ 11,775,000	\$ 440,000
Unamortized bond premiums	32,730	-	(1,875)	30,855	-
Total governmental activities long-term debt	<u>\$ 12,227,730</u>	<u>\$ -</u>	<u>\$ (421,875)</u>	<u>\$ 11,805,855</u>	<u>\$ 440,000</u>

September 30, 2024

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending September 30	Governmental Activities		
	Direct Borrowings and Direct Placements		
	Principal	Interest	Total
2025	\$ 440,000	\$ 305,119	\$ 745,119
2026	460,000	588,238	1,048,238
2027	480,000	565,238	1,045,238
2028	510,000	541,238	1,051,238
2029	440,000	515,738	955,738
2030-2034	3,005,000	2,214,227	5,219,227
2035-2039	4,575,000	1,238,739	5,813,739
2040-2042	1,865,000	139,519	2,004,519
Total	<u>\$ 11,775,000</u>	<u>\$ 6,108,056</u>	<u>\$ 17,883,056</u>

Note 9 - Risk Management

The County, including the Authority, is self-insured for general liability and other similar claims. Other claims consist of property damage and minor auto damage claims. The County purchases commercial insurance for claims in excess of self-insurance coverage and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note 10 - Commitments

The County is a defendant in a number of lawsuits and claims and is involved in other disputes, which have resulted from providing services to citizens of the County. The ultimate effect of the unrecorded amount and resolution of these matters on the financial statements of the Authority's operations, in the opinion of the County, is not expected to be material. See the County's Annual Comprehensive Financial Report for further discussion of commitments and contingencies.

Appendix B

Wayne County Building Authority Appointed Board Members

The Wayne County Building Authority (WCBA) is managed by a five-member board appointed by the County Executive. We noted that the following individuals were appointed five-year terms on the board as of May 29, 2025:

Wayne County Building Authority Board Members		
Name	Title	Term Ending
Eileen DeHart	Chairman	August 16, 2027
Frank Vaslo	Secretary Treasurer	July 31, 2026
James Saros, Jr.	Member	February 1, 2028
Sam Hussein	Member	September 2, 2025
Shannon Price	Member	May 19, 2026