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August 12, 2026

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, 2025, Annual Comprehensive Financial Report (ACFR). Our report is dated July 1, 2026; DAP No. 2026-57-802. The report was accepted by the Committee on Audit on July 22, 2026, and formally received by the Wayne County Commission on August 6, 2026.

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

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Wayne County Commission Fiscal Agency
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Wayne County Executive

DAP No. 2026-57-802

Consulting Report on
Budget Sensitive Issues and
Review of Wayne County’s September 30, 2025
Annual Comprehensive Financial Report

July 1, 2026

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July 1, 2026 DAP No. 2026-57-802

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 2025 Annual Comprehensive Financial Report (ACFR) and Budget Sensitive Issues to the Wayne County Commission as it begins its fiscal year 2026-2027 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 2026-2027. 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, 2025 – June 30, 2026, as well as issues contained in the County's September 30, 2025, 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

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 2025-659, 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 2027 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, 2025 – June 30, 2026. Also included is a review of the County's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2025.

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 1, 2026.

METHODOLOGY

The procedures performed were limited to reviewing the County's FY 2025 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, 2026, that could potentially have a budgetary impact on County operations for the fiscal year ended 2027.

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 2025 ACFR and Other Audit Results Potentially Impacting FY 2027 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 fiscal years ended September 30, 2025, and 2024.

General Fund FY 2025 vs FY 2024 Comparison

	FY 2025	FY 2024	Change	% Change
Revenues				
Taxes:				
Property	$ 396,443,650	$ 367,587,481	$ 28,856,169	7.9%
State sales	70,404,734	63,290,301	7,114,433	11.2%
Licenses and permits	926,636	1,030,434	(103,798)	-10.1%
Federal grants	24,447,338	25,956,950	(1,509,612)	-5.8%
State grants and contracts	31,729,856	39,051,464	(7,321,608)	-18.7%
Local grants and contracts	-	32,740	(32,740)	-100.0%
State sources	23,914,210	21,385,349	2,528,861	11.8%
Charges for services	138,117,841	147,104,334	(8,986,493)	-6.1%
Interest revenue (loss) and rents	38,390,771	40,087,034	(1,696,263)	-4.2%
Other	35,073,054	21,574,058	13,498,996	62.6%
Total Revenues	$ 759,448,090	$ 727,100,145	$ 32,347,945	4.4%
Expenditures				
Current operations:				
Legislative	$ 10,940,966	$ 11,794,688	$ (853,722)	-7.2%
Judicial	164,424,143	157,255,746	7,168,397	4.6%
General government	186,729,008	147,229,523	39,499,485	26.8%
Public safety	159,285,903	150,452,537	8,833,366	5.9%
Public works	738,700	443,289	295,411	66.6%
Health and welfare	32,533,731	35,561,531	(3,027,800)	-8.5%
Capital outlay	37,227,570	75,782,547	(38,554,977)	-50.9%
Debt service: Interest	6,500	12,500	(6,000)	-48.0%
Total Expenditures	$ 591,886,521	$ 578,532,361	$ 13,354,160	2.3%
Revenues over (under) Expenditures	$ 167,561,569	$ 148,567,784	$ 18,993,785	12.8%
Other financing sources (uses)				
Transfers in	$ 46,588,610	$ 24,796,445	$ 21,792,165	87.9%
Transfers out	(172,341,244)	(173,465,320)	1,124,076	-0.6%
New leases and SBITAs entered into	8,807,965	30,945,435	(22,137,470)	-71.5%
Proceeds from sale of capital assets	29,625	21,750	7,875	36.2%
Total Other Financing Sources (uses)	$(116,915,044)	$ (117,701,690)	$ 786,646	-0.7%
Net change in fund balances	$ 50,646,525	$ 30,866,094	$ 19,780,431	64.1%
Fund balances, beginning of year	$ 419,125,841	$ 388,259,747	$ 30,866,094	7.9%
Fund balances, end of year	$ 469,772,366	$ 419,125,841	$ 50,646,525	12.1%

The General Fund's revenues increased over the prior year by $32.3 million (4.4%) and its expenditure amounts increased by $13.3 million (2.3%). Consequently, the Fund Balance increased by $50.6 million (12.1%) as compared to a $30.9 million (7.9%) increase in the prior year. Explanations for major fluctuations in General Fund revenues and expenditure amounts are discussed below.

Increase in Property Tax Revenues

The General Fund's property tax revenues increased by $28.8 million or 7.9% in fiscal year 2025, in which a total of $367.5 million was recorded in fiscal year 2024 and $396.4 million was recorded in fiscal year 2025. This was due to an increase in taxable values of properties within the County, which led to increases in collection of property taxes by the Treasurer's Office.

Property tax revenue also had a favorable variance of $14.3 million compared to the final amended budget due primarily to stronger than anticipated property tax collections and continued growth in taxable values.

The County's 2025 Equalization Report indicates that the total State Equalized Value for Wayne County increased by $6.1 billion, from $80.2 billion to $86.4 billion, resulting in an increase of 7.6 %. The total taxable value of the County serves as the basis for current and future tax levies. The total taxable value also increased by $3.0 billion from $55.6 billion to $58.6 billion, resulting in an increase of 5.5%.

Decrease in State Grants and Contracts

The General Fund's State grants and contracts revenues decreased by $7.3 million or 18.7% in fiscal year 2025, in which $39 million was recorded in fiscal year 2024 and $31.7 million was recorded in fiscal year 2025. This was driven primarily by a reduction in State of Michigan grant funding that was related to Judicial programs, such as the Gun Case Backlog Program, High Crime Community Support, and Third Circuit Court/Friend of the Court grants.

Decrease in Charges for Services Revenues

The General Fund's charges for services revenues decreased 6.1% or $9.0 million over the prior year, from $147.1 million in fiscal year 2024 to $138.1 million in fiscal year 2025, due to reductions across all general fund functions. The total percentage of charge for services also declined from 20.2% in fiscal year 2024 to 18.2% in fiscal year 2025.

Charge for services revenues were also $9.0 million lower than the final amended budget, primarily due to revenue being lower than anticipated from various County operations.

Increase in Other Revenues

The General Fund's other revenues increased 62.6% or $13.5 million over the prior year, from $21.6 million in fiscal year 2024 to $35.0 million in fiscal year 2025, mainly due to the receipt of tax increment financing revenue. Other revenue was also $13.8 million higher than the final amended budget due to reimbursement of prior project costs by the Brownfield Authority.

Increase in Expenditures

The General Fund's expenditure amounts experienced a net increase of $13.3 million or 2.3% due to the increased expenditure amounts that were incurred by the judicial, general government, and public safety departments. These expenditure amounts were offset by a reduction in health and welfare and capital outlay costs.

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 $786.6 thousand is primarily attributable to a substantial decrease in new leases and SBITAs that were entered, partially offset by transfers in**.** The total amount of new leases and SBITAs changed from $30.9 million in fiscal year 2024 to $8.8 million in fiscal year 2025, resulting in a decrease of 71.5%.

General Fund – Fund Balance

As of the fiscal year ended September 30, 2025, the County's General Fund had a total fund balance of $469.7 million, of which $417.5 million was unassigned as shown in the table below. Unassigned fund balance consists of residual amounts remaining in the General Fund in amounts that exceed the non-spendable, 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 2025	FY 2024	Change	% Change
Nonspendable				
Supplies inventory	$ 8,022	$ 8,022	$ -	0.0%
Prepayments and deposits	427,544	484,735	(57,191)	-11.8%
Interfund receivable	787,744	2,385,369	(1,597,625)	-67.0%
Total Nonspendable	$ 1,223,310	$ 2,878,126	$ (1,654,816)	-57.5%
Restricted for				
Inpatient hospitalization	$ 14,878,131	$ 12,621,494	$ 2,256,637	17.9%
Judicial	5,734,781	9,184,356	(3,449,575)	-37.6%
CED	6,323,267	5,244,029	1,079,238	20.6%
Total Restricted	$ 26,936,179	$ 27,049,879	$ (113,700)	-0.4%
Committed for Judicial	$ 12,153,361	$ 6,167,569	$ 5,985,792	97.1%
Assigned for				
General government	$ 11,976,604	$ 11,976,604	$ -	0.0%
Total Assigned	$ 11,976,604	$ 11,976,604	$ -	0.0%
Unassigned	$ 417,482,912	$ 371,053,663	$ 46,429,249	12.5%
Total fund balance	$ 469,772,366	$ 419,125,841	$ 50,646,525	12.1%

In addition to the $417.5 million unassigned fund balance, the General Fund's total fund balance is also comprised of the following:

- Non-spendable fund balance includes amounts that are not in spendable form or are legally or contractually required to be maintained intact. The General Fund's non-spendable fund balance at fiscal year 2025 was $1.2 million and primarily includes prepayments and deposits, 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. The restricted fund balance for fiscal year was $26.9 million, and was to be used 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 fiscal year was $12.1 million and was to be used 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 General Fund's assigned fund balance for fiscal year 2025 was $11.9 million, which was to be used 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.

Revenue Enhancements/User Fees

In FY 2025, General Fund charges for services revenues decreased 6.1% or $9.0 million over the prior year, from $147.1 million in FY 2024 to $138.1 million in FY 2025, indicating a decrease in operations which charge direct fees for services.

Charges for services as a percentage of total General Fund revenue decreased slightly from 20.2% in FY 2024 to 18.2% in FY 2025.

Charges for Services

General Fund:	2025	2024	Inc./(Dec.)	% Change
Charges for Services	$138,117,841	$147,104,334	($8,986,493)	-6.1%

- **Impact/Action**
  The Commission should request Management & Budget work with all department heads and elected officials to review user fees established as well as analyze the costs of delivering mandated services and propose service fee increases as deemed necessary.

- ✓ **Views from Responsible Officials**
  M&B agrees with the need to work with all department heads and elected officials to review user fees established as well as analyze the costs of delivering mandated services and propose service fee increases as deemed necessary.

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.

Unassigned/Unrestricted Fund Deficit
FYE 2023 to FYE 2025

	Unassigned / Unrestricted Fund Deficit			Increase (Decrease) in Deficit					
	9/30/2023	9/30/2024	9/30/2025	2023 - 2024		2024 - 2025		2023 - 2025	
Governmental funds									
Community Development Block Grant	953,756	-		(953,756)	-100%			(953,756)	-100%
Community & Economic Development**			226,740			226,740	100%	226,740	100%
Victim Witness**	-	947,759	237,137	947,759	100%	(710,622)	-75%	237,137	100%
Raise the Age - RTA**	137,404	159,497	10,841	22,093	16%	(148,656)	-93%	(126,563)	-92%
Chapter 8 Drains		346,334		346,334	100%	(346,334)	-100%		
Drug Enforcement**			7,334			7,334	100%	7,334	100%
Internal service funds									
Central Services	3,838,569	1,750,234	1,501,892	(2,088,335)	-54%	(248,342)	-14%	(2,336,677)	-61%
Environment	23,907			(23,907)	-100%	-		(23,907)	-100%
Buildings & Grounds Maintenance	703,223			(703,223)	-100%	-		(703,223)	-100%
Total	$5,656,859	$3,203,824	$1,983,944	($2,453,035)	-43%	($1,219,880)	-38%	($3,672,915)	-65%

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

Unassigned/unrestricted fund deficits decreased $1.2 million (38%) over the prior year. Under State statute, the County is required to submit a Deficit Elimination Plan (DEP) for funds showing a deficit position. The following four (4) funds in a deficit position for FY 2025 required a DEP to be submitted to the State: Community and Economic Development; Victim Witness; Raise the Age-RTA; and Drug Enforcement. While the Central Services fund was also in a deficit position for FY 2025, a DEP was not required because the deficit was directly caused by the recording of the net pension liability and the net Other Post-Employment Benefits (OPEB) liability, along with the related deferred outflows and deferred inflows, within the Internal Service funds. Each fund deficit is explained below.

- The Community and Economic Development fund reported a deficit unassigned fund balance of $226,740, due to expenditures related to economic development initiatives and program activities exceeding available current-year revenues. The deficit will be eliminated in future periods through interfund charges, program revenues, and transfers from other available resources, as permitted by the County's financial plan.
- The deficit of $237,137 in the Victim Witness fund was a decrease of $710,622, or 75%, over the last year. This deficit resulted from expenditures incurred for program operations and victim support services exceeding revenues. The deficit will be eliminated through future General Fund appropriations and continued program funding.

- The deficit of $10,841 in the Raise the Age-RTA fund was a decrease of $148,656, or 93%, over the last year. The deficit resulted from the program expenditures associated with the implementation of the State-mandated Raise the Age legislation that exceeded revenues recognized during the fiscal year. The deficit will be eliminated through future state grant revenues and budget adjustments in subsequent fiscal periods.

- The Drug Enforcement fund deficit unassigned fund balance of $7,334 resulted primarily from revenues that were not available under the modified accrual basis of accounting. The fund operates largely on a reimbursement basis where expenditures are incurred prior to the recognition of related revenues, so the deficit is expected to be eliminated in the subsequent fiscal periods.

- The unrestricted net position deficit of $1,501,892 in the Central Services Internal Service fund was a decrease of $248,342, or 14%, over the last year. This deficit resulted from the recognition of net pension liability and net OPEB liability, as required under governmental accounting standards. These liabilities represent the long-term actuarial obligations associated with the County's pension and OPEB plans and do not require the immediate use of current financial resources. As a result, future service charges to County departments and the systematic funding of pension and OPEB obligations will reduce the deficit.

➢ **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 collaborate with elected offices and departments to eliminate existing accumulated (i.e., fund-level) deficits in accordance with the Deficit Elimination Plans approved by Commission. Additionally, internal financial reports and the quarterly financial reports submitted to Commission will improve the identification of projected or potential deficits and causing factors.

County Debt and Bond Ratings

At the end of fiscal year 2025, the County's total bonded debt and notes outstanding was $829.2 million. Of the total bonded debt, $526.1 million is comprised of debt primarily backed by the full faith and credit of the County (general obligation bonds). $40.8 million is debt primarily backed by specific revenue sources of the County (revenue bonds), and $46.3 million represents bond premium. The remaining $216.0 million consists of delinquent tax notes. During the fiscal year ended 2025, the County's total bonded debt and notes increased by $1.7 million. Debt for governmental activities decreased by $157 thousand. The County's delinquent tax notes borrowing increased by $16.2 million (new issuances exceeded principal repayments). Business-type activities debt increased by $1.9 million as the result of the new issuance of long-term debt.

The County's bond ratings were supported by strong reserve levels, declining long-term liabilities, and continued financial stabilization efforts identified within the rating agency reports.

The County has an "AA" rating with the third-highest tier of creditworthiness, indicating a very strong capacity to repay debt from Fitch Ratings, an "A+" rating with an upper medium grade credit worthiness indicating strong capacity to meet financial commitments from Standard & Poor's, and an "A1" with a stable outlook from Moody's Investors Service for uninsured debt issuances.

All three major rating agencies maintained stable outlooks for the County's uninsured debt issuances during FY 2025.

The table below provides a historical trend of the County's bond ratings from the three major rating agencies, in addition to the current outlook, as reported in the FY 2025 ACFR. However, in September 2025, Moody's upgraded the County's credit rating to Aa3 indicating the County's strong reserves, declining long-term liabilities, and growing economic base.

Historical Trend of County Bond Ratings

Rating Agency	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2025 Outlook	FY 2024 Outlook
Moody's	Baa1	A3	A1	A1	A1	A1	Stable	Stable
S&P	BBB+	A	A	A	A+	A+	Stable	Stable
Fitch	BBB+	BBB+	A	A	AA	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 should continue to monitor bond ratings and the Administration will provide notification of rating changes or anticipated rating changes. Most recently, on September 23, 2025, Moody's Ratings raised its rating one notch to 'Aa3' from 'A1'.

Staffing Shortages, Overtime Expenditures, and Recruiting/Retention Efforts

Staffing Shortages

Staffing shortages remain a challenge for the County but have improved over the past few years. The inability to hire and retain employees poses a serious risk to the County's ability to provide County services, as well as departmental responsibilities. The table below presents a summary of budgeted versus actual positions in the last five fiscal years.

Summary of Budgeted vs Actual Positions

	# of Positions		Vacant Positions	
	Budgeted	Filled	Number	% of Budget
FY 2021	3932	2782	1150	29%
FY 2022	4000	2692	1308	33%
FY 2023	4037	2807	1230	30%
FY 2024	4242	3162	1080	25%
FY 2025	4264	3518	746	17%

Source: Department of Management & Budget

In FY 2025, the County budgeted for 4,264 positions, of which 746 (or 17%) were vacant as of September 30, 2025. Over the past several years, there has been a continued fluctuation in the percentage of vacant positions, from 29% in FY 2021, to 30% in FY 2023, and 17% in FY 2025.

The number of budgeted positions approved with the County's FY 2025 budget increased by 22 compared to FY 2024. While the number of positions filled through September 30, 2025, increased by 356 compared to FY 2024, 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, 2025.

Breakdown of Budgeted, Actual, and Vacant Positions

	As of September 30, 2025			
Department	**Budgeted**	**Filled**	**Vacant**	**Vacancies as a % of Dept Budget**
Commission	57	85	28	-4%
County Clerk	295	278	(17)	2%
Prosecutor (WCPO)	395	358	(37)	5%
Registrar of Deeds	57	39	(18)	2%
Circuit Court	602	477	(125)	17%
Sheriff's Office (WCSO)	1,055	779	(276)	37%
Treasurer (WCTO)	90	81	(9)	1%
Probate Court	80	82	2	0%
Retirement	27	22	(5)	1%
CEO	29	24	(5)	1%
Corporation Counsel	54	50	(4)	1%
HHVS	194	159	(35)	5%
Homeland Security & Emerg Mgmt	5	8	3	0%
Management & Budget (M&B)	122	83	(39)	5%
Personnel and Human Resources	44	39	(5)	1%
Public Service (DPS)	631	520	(111)	15%
Senior Services	10	9	(1)	0%
Information Technology (DOiT)*	61	69	8	-1%
Economic Development	33	24	(9)	1%
Indigent Defense Services	25	22	(3)	0%
Facilities Management & Planning	90	81	(9)	1%
Juvenile & Youth Services	308	229	(79)	11%
Total	4,264	3,518	(746)	100%
% of budgeted possitions filled		83%		

A July 2025 Civil Service Position Report stated that Wayne County had 5,130 budgeted civil service positions as of July 22, 2025, of which 3,615 (70.5%) positions were filled, and 1,515 (29.5%) positions remained unfilled. Among the unfilled positions, the following job titles had the highest number of vacancies: Police Officer (174), Project Consultant (108), Corporal (101), and Laborer/Seasonal (81).

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.

As of September 30, 2025, the Sheriff's Office, Circuit Court, and Department of Public Services accounted for 512 of the County's 746 vacant positions (approximately 69%), indicating that staffing shortages remain concentrated within a small number of operational departments.

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 to develop cultural, competence, and compliance skills.
- Quarterly coaching and feedback provided to employees through the APEX tool.

Personnel and Human Resources (P/HR) launched 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 county-wide decreased from 1,080 vacant as of September 30, 2024, to 746 vacant as of September 30, 2025. It is recommended that the Commission continue to work with P/HR and department heads to develop mechanisms to retain employees and determine the root causes of recurring employee vacancies.

Overtime Expenditures

In FY 2025, County-wide overtime costs amounted to roughly $37.5 million as compared to $34.4 million in FY 2024; an increase of approximately $3.0 million (8.74%). In FY 2025, overtime costs were budgeted at $19.4 million as compared to $20.3 million in FY 2024; a $.9 million (4.4%) decrease from the prior year. However, in FY 2025, actual overtime expenditures exceeded the budget by $18.0 million.

For FY 2025, the overtime costs incurred by the Wayne County Sheriff Office (WCSO) accounted for approximately 47% of total overtime expenditures, as compared to 58% and 43% in fiscal years ended 2024 and 2023, respectively. The overtime costs for the Department of Public Services accounted for 26% of total overtime expenditures, and Juvenile & Youth Services accounted for 11% of total overtime expenditures. WCSO also exceeded the budget by $9.2 million in FY 2025, and by $10.8 million and $6.5 million, in FY 2024 and FY 2023, respectively.

The Department of Public Services exceeded its overtime budget by approximately $3.0 million in FY 2025 and by approximately $0.9 million in FY 2024 but was approximately $0.7 million under budget in FY 2023. Juvenile & Youth Services exceeded its overtime budget by approximately $1.9 million in FY 2025 and by approximately $0.9 million in FY 2024, as shown in the table below.

Analysis of Budget vs Actual Overtime Expenditures

	2023			2024			2025		
	Budget	Actual	% of Total	Budget	Actual	% of Total	Budget	Actual	% of Total
Sheriff	$ 8,842,520	$ 15,356,079	43%	$ 9,329,285	$ 20,082,269	58%	$ 8,311,366	$ 17,515,377	47%
Public Services	$ 7,977,633	$ 7,301,033	21%	$ 6,278,450	$ 7,164,361	21%	$ 6,677,633	$ 9,633,732	26%
Juvenile & Youth Services	**	**		$ 1,786,566	$ 2,731,554	8%	$ 2,316,750	$ 4,231,602	11%
Other Departments	$ 11,683,939	$ 12,691,141	36%	$ 2,946,824	$ 4,465,581	13%	$ 2,105,316	$ 6,074,763	16%
Total Overtime Costs County-Wide	$ 28,504,092	$ 35,348,253	100%	$ 20,341,125	$ 34,443,765	100%	$ 19,411,065	$ 37,455,474	100%

**Amounts not available, as Juvenile & Youth Services was part of another department in 2023

It should be noted that the same data was obtained via Oracle and the totals for FY 2025 Total Budgeted Overtime were $.23 million less than JD Edwards totals, and $1.6 million less than JD Edwards totals for Total Actual Overtime.

The WCSO continues to experience challenges with staffing shortages which remain the primary driver of overtime, followed by FMLA usage. To address this, WCSO is accelerating the hiring process to fill vacant uniform positions and evaluating the use of part-time officers were permitted under the POAM Collective Bargaining Agreement (CBA). In addition, WCSO is aligning staffing with peak demand by shift, reducing reliance on mandatory overtime and holdovers. WCSO is also reviewing current duties and workflows to identify inefficiencies and redundancies in their administrative offices, by standardizing processes, eliminating duplicate work, and setting realistic deadlines. Additionally, cross-training staff will help prevent workflow bottlenecks that often result in after-hours work.

A June 2026 Report on Sheriff Office Overtime Costs provided a final update on the overtime costs that were incurred within the WCSO during FY 2025. Per the report, as of May 31, 2026, budgeted year-to-date overtime costs for the Sheriff's Office were $5,403,466 and actual year-to-date overtime costs were $8,573,320, exceeding the year-to-date budget by $3,169,854.

Per the report, the high overtime costs resulted from the following reasons: staffing shortages and high FMLA usage in Jail Operations and inefficiencies in Administrative Offices.

- **Impact/Action**

  As hiring and recruiting challenges endure across all County departments, Commission leadership should consider requesting the following from the Administration:
  - a detailed and comprehensive compensation analysis for all positions within the County, starting with County-mandated departments most affected by staffing shortages;
  - a County-wide what-if cost analysis of improved employee health and pension 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 PHR on implementation progress of succession planning.
  - An analysis of why overtime expenditures continue to increase despite a decrease in vacant positions, and an assessment of the factors contributing to the County's continued reliance on overtime.

✓ **Views from Responsible Officials**

M&B acknowledges the issue surrounding the attraction and retention of quality employees. M&B and PHR are collaborating on increasing employee compensation while maintaining fiscal sustainability. Under the "One Wayne" initiative started in previous years, the Administration is working with the County's unions to amend collective bargaining agreements (CBAs) ensuring the County will change its culture, engage employees, and improve working conditions.

Funding the Retirement System

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, 2025. Employer required minimums and known actual contributions for the last eight (8) years are shown in the table below. The County's fiscal year 2025 actual contributions exceeded the required minimum by $26,571,823.

Employee Required Minimum versus Actual Contributions
Fiscal Years 2018 to 2027

		[1]	[2]	[2]-[1]	[2] / [1]
Fiscal Year Ending	**Valuation Date September 30**	**Minimum Required**	**Actual Contributed**	**Excess Contributed**	**Percentage In Excess**
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	87,493,230	26,571,823	143.62%
2026	2024	59,442,862	n/a	n/a	n/a
2027	2025	60,619,419	n/a	n/a	n/a

Investment Rate of Return

The market value rate of return on investments during fiscal year 2025 was 7.3%, and the total Retirement System fund had $79.3 million in investment income, as compared to 14.7% and $142.7 million, respectively, in fiscal year 2024.

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

	Actuarial Accrued Liabilities (AAL)					Portion of Accrued Liabilities Covered by Plan Assets				
	[1]	[2]	[3]	[4]	[5]		([5] - [1]) / [2]		[5] / [4]	[4] - [5]
Valuation Date September 30	Member Contributions	Retirees and Beneficiaries	Employer Financed	Total AAL	Funding Value of Assets	Active Member Contributions	Retirees and Beneficiaries	Employer Financed Portion for Active Members	Total Funded Ratio	Unfunded Actuarial Accrued Liability (UAAL)
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**
2025	89,168	1,058,362	132,715	**1,280,245**	**934,127**	100%	80%	0%	**73%**	**346,118**

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, 2025 Actuarial Valuation Report for additional information.

As of September 30, 2025, valuation date, the defined benefit plan is funded at a level of 73%. 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 2016 to 73% in 2025. 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 September 30, 2025, valuation date, were sufficient to cover 100% of

active member contributions on deposit and 80% 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 2025 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 8.4, 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 (8) years is heavily dependent upon future contributions and future investment returns. 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 2025

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 on March 26, 2002, under Michigan Public Act 90 of 2002) 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 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 shares 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 the fiscal year ended September 30, 2015. At the end of the five-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's 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 remaining Combined Pre-2002 Retiree Unfunded Liability has not been reached. Furthermore, in fiscal years 2021 to 2025, 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 2025.

➢ **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. Additionally, the County should continue to contribute more than the calculated rate to maintain a targeted funded ratio of 100%.

✓ **Views from Responsible Officials:**
M&B agrees with the recommendation of working with WCAA to resolve the outstanding obligations due from the Authority for the Pre-2002 Airport Retirees. Management plans to begin discussion with the airport authority.

The Delinquent Tax Revolving Fund

- 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 creates 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 in FY 2025 is approximately $257K.

- 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 $549 million) include cash and investments of $341 million, delinquent property taxes receivable of $204 million, and other restricted assets and deferred outflows of $4 million; offset by liabilities payable from restricted assets (totaling $244 million), including delinquent tax note obligations ($216 million) and other liabilities and deferrals ($28 million).

- Unrestricted net position includes other assets or obligations that are not restricted in a manner referenced in the above two categories. Consistent with prior year, unrestricted net position for the FYE 2025 equals $0.

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

RECONCILIATION OF NET POSITION	FY 2025	FY 2024	FYE 2023	FYE 2022	FYE 2021
Net investment in capital assets	256,935	126,615	168,140	270,602	354,264
Restricted net position					
Restricted assets:					
Cash and investments	340,848,797	295,638,672	241,824,286	225,806,880	159,505,740
Delinquent property taxes receivable	204,085,466	190,940,441	161,723,176	145,668,814	152,556,375
Other restricted assets and deferred outflows	4,056,445	3,379,812	2,892,632	3,427,481	2,559,463
Less liabilities payable from restricted assets:					
Delinquent tax notes	(216,032,001)	(199,793,000)	(164,569,000)	(148,582,000)	(149,157,000)
Other liabilities and deferred inflows	(27,719,805)	(14,635,399)	(14,502,089)	(23,271,648)	(10,141,025)
Total restricted net position	305,238,902	275,530,526	227,369,005	203,049,527	155,323,553
Unrestricted net position					
Unrestricted assets:					
Cash and investments			-	-	-
Total unrestricted net position			-	-	-
Total net position	$305,495,837	$275,657,141	$227,537,145	$203,320,129	$155,677,817

Total assets = $490M

Total liabilities = $214M

Total net position has almost doubled from $156 million in FYE 2021 to $305 million for FYE 2025. Transfers to the General Fund have not kept up with this trend, as shown in the table below.

DTRF Transfers to General Fund

	FY 2025	FY 2024	FYE 2023	FYE 2022	FYE 2021
DTRF transfers to General Fund	$23,662,000	$20,000,000	$30,000,000	$6,452,841	$30,000,000

Throughout the 2025 fiscal year, delinquent tax note liabilities increased from almost $200 million in prior year to $216 million in FY 2025; expected future delinquent property tax collections (aka delinquent property taxes receivable) of $204 million plus other receivables of $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 $341 million far and away exceeds the additional $8 million note liability and the remaining other liabilities of $27.6 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 2025, $23.7 million was transferred to the General Fund compared to a $20 million transfer in the prior year, an increase of $3.7 million. The County continues to anticipate a decline in surplus transfers from the DTRF.

➢ **Impact/Action**

The Commission should request a detailed analysis report on the DTRF funds. The report should start with the fund balances under the control of the County Treasurer and then the deduction of all required and justifiable reserves required for DTAN pledges, and any working capital needs resulting in the funds available that can be transferred to the general fund.

✓ **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.

Guardian Building and First Street Parking Deck

Over the last year, the Guardian Building experienced an increase in net operating income from the prior year's net operating loss of $467K to a current net operating loss of $174K. In the prior year, there was 962% decrease in net operating income, from $543K in FY 2022, to $54K in 2023. This year's fluctuation can be primarily attributed to a reduction in recoverable expenses partially offset by a slight increase in Nonrecoverable Expenses. The amount unpaid (accounts receivable) from the prior year increased by 15%, from $148K in 2024 to $170K in 2025. The Guardian Building occupancy rate decreased from 88.3% in FY 2024 to 86.5% in FY 2025.

The First Street Parking Deck (FSPD) holds a total of 1,451 leasable spaces, of which, 1,276 were in use as of January 2026, as compared to 1,385 at the end of fiscal year 2024. This is a decrease in usage of 109 spaces from the prior year. This decrease can primarily be attributed to Comerica Bank no longer leasing parking spaces at the FSPD.

The average monthly parking rate in Detroit has 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 1,276 spaces in use, 52 are being offered at no cost, 1098 are held for Wayne County employees at a monthly rate of $60 per space paid by the County, 61 are in use at below market rate, and the remaining 65 spaces are being offered at or above monthly market rates.

First Street Parking Garage Spaces and Rates

		Number of Spaces in Use		
Description	**Rate**	**2025**	**2024**	**Incr/(Decr)**
Comp Spaces	$0	52	53	(1)
County Employees	$60	1098	798	300
Below Market Rate	$61 - $150	61	63	(2)
Market Rate	$151 - $200	19	5	14
Above Market Rate	>$200	46	466	(420)
Total		1,276	1,385	(109)

Legal Matters

There were no legal matters reported as of February 2026.

Guardian Building Delinquencies

The table below displays the payment delinquencies for Guardian Building tenants as of February 2026.

GUARDIAN BUILDING DELINQUENCIES
AS OF FEBRUARY 2026

TENANT	BALANCE	NOTES
"Tenant A"	$20,805.27	Balance represents fourteen (14) months of base rent and late fees.
"Tenant B"	$14,002.49	Balance represents five (6) months of base rent, 13 (thirteen) months of electric charges, one (1) building pass, operating expenses, and late fees.
TOTAL	**$34,807.76**	

➢ **Impact/Action**
Commission leadership should ensure that Guardian Building Monthly Operating Reports are complete and thorough and 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**
Guardian Building Monthly Operating Reports are sent from the Management Company to the Administration. The Administration will continue to forward Guardian Building Monthly Operating Reports to Commission.

Implementation of Enterprise Resource Planning (ERP) System

The implementation of the County's Enterprise Resource Planning (ERP) System, known as Connect43, continued throughout 2025 with ongoing stabilization, testing, and enhancement activities extending into 2026. Connect43 represents a countywide transformation initiative impacting all 43 communities within Wayne County. The system is designed to modernize the County's financial, human resources, budgeting, reporting, and data management operations.

The Autonomous Data Warehouse – Human Capital Management (ADW-HCM) soft launch occurred, and the Autonomous Data Warehouse – Enterprise Resource Planning (ADW-ERP) Implementation contract is currently being finalized, with a project kickoff targeted for June or July 2026 pending final approval.

The Connect43 implementation consists of four (4) primary components:

1. **Oracle Human Capital Management (HCM)** – Supports the full employee lifecycle, including recruiting, onboarding, payroll, benefits administration, learning management, talent management, and employee self-service functions.

2. **Oracle Enterprise Resource Planning (ERP)** – Supports the County's financial operations, including procurement, purchasing, accounts payable, grants management, and financial reporting activities, replacing the County's legacy JD Edwards financial system.
3. **Oracle Enterprise Performance Management (EPM)** – Provides budgeting, forecasting, planning, and financial reporting tools to improve management oversight and financial decision-making.
4. **Oracle Autonomous Data Warehouse (ADW)** – Provides a centralized database and analytics platform designed to support reporting, business intelligence, and operational analysis.

As of April 2026, the status of Connect43 implementation is as follows:

Human Capital Management (HCM)

The primary risk consists of resource availability, which is considered medium. To mitigate the risk, existing contracts and internal resources are being evaluated.

The table below summarizes Human Capital Management, Team Ticket Metrics. The areas with significant open tickets include HCM Time and Labor, Benefits, and Payroll. Of the open tickets, 78 have a priority of medium or higher.

Human Capital Management Team Ticket Metrics
As of 4/28/2026

Total Tickets	Closed/Completed	Pending	Work In Progress	Open
835	730	37	68	105

Enterprise Performance Management (EPM)

The EPM key risk is not having a final landscape in place, including testing and quality platforms. To help mitigate the risk, pros and cons of the Oracle Enterprise system are currently being assessed.

The table below summarizes Enterprise Performance Management Team Ticket Metrics. All five open tickets have a low priority.

Enterprise Risk Management Team Ticket Metrics
As of 4/28/2026

Total Tickets	Closed/Completed	Pending	Work In Progress	Open
25	20	1	4	5

Enterprise Resource Planning (ERP)

The ERP key risks and issues is access to JD Edwards beyond December 31, 2026. The mitigating action is to allow enough time to execute the general ledger reclass project, JD Edwards would need to stay available an estimated 12 additional months.

The table below summarizes Enterprise risk Planning Team Ticket Metrics. Of the 59 open tickets, 43 are medium or higher priorities. Of these open items, the majority pertain to payables, procurement, expenses and the supplier portal.

Enterprise Risk Planning Team Ticket Metrics
As of 4/28/2026

Total Tickets	Closed/Completed	Pending	Work In Progress	Open
143	84	20	39	59

Autonomous Data Warehouse (ADW)

The Autonomous Data Warehouse (ADW) - HCM soft launch has been completed and is currently in production, with a resolve date of April 22, 2026, and no key risk or issues identified.

The Autonomous Data Warehouse (ADW) – ERP is currently in contract finalization phase, with the key activity to receive contract approval, which is to be resolved in June 2026.

Other key risks identified in Change Management include the high demand for ERP training and office hours. The action to mitigate the risk includes increased session frequency, stagger EPM training dates, continue request triage with DMBS and module owners. Another identified risk is the inconsistent adoption across business units. To manage this risk, the action is to deliver targeted coaching, use of office hour themes to tailor training and reinforce standardized processes. In the area of Oracle Subject Matter Expert (SME), a key risk identified is the current gap in ERP cross-functional solution architect impacting resolution of cross functional issues. One key issue is that payroll has not posted to the general ledger correctly since the go live date. This has an impact on incorrect financials and reports to the state. Another risk in the area is the payroll/general ledger/ PPM reconciliation issues that has multiple workstreams and moving pieces. To mitigate the risk, a resource to Project Manage the process is needed.

Program Financial Status

The Connect43 Program Financial Summary reflects continued expenditures associated with implementation, managed services, licensing, staffing support, consulting, security services, and post-go-live stabilization activities. Currently, the Program Management Office cost center is in a deficit due to fiscal year 2025 invoices depleting the fiscal year 2026 budget. Activity is being reviewed for corrections.

Recent contract amendments and renewals include $ 600,000 for Oracle managed services, a 6.9 million Oracle SME cost and time amendment (total across FY26-FY-28) and 8.2 million staff augmentation resources.

As of April 2026, total budgeted program expenditures are approximately $153.3 million, with a total spend estimate of $115.3 million, and remaining available funds of approximately $38 million.

<u>Note:</u> The estimates are based on the prior pro forma baseline, with amounts still pending ongoing reconciliation. Additionally, all FY25-FY26 amounts remain subject to audit review and finalization.

- ➢ **<u>Impact/Action</u>**
  The Commission should continue monitoring the stabilization of the Connect43 ERP System to ensure timely completion of remaining project activities, including testing, integrations, training, data cleanup, and operational readiness.

  Continued oversight should also include monitoring project expenditures, contract amendments, staffing support, active project risks, and the County's progress toward stabilization and long-term operational sustainability of the Connect43 system.

- ✓ **<u>Views from Responsible Officials</u>**
  Management agrees and will continue to provide reporting on the stabilization of the Connect43 ERP System to ensure timely completion of remaining project activities, including testing, integrations, training, data cleanup, and operational readiness.

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 amounts spent as of June 17, 2026, and the remaining amounts.

Analysis of State and Local Fiscal Recovery Funds

Total ARPA Allocation	$339,789,370		
	County Contribution	Spend as of 6/17/2026	Funds Remaining
Batch 1 - Obligated Projects			
Workforce Development Initiative - SEMCA (Wayne County)	20,000,000	19,670,635	329,365
Mill Street Redevelopment (Ecorse)	3,500,000	3,500,000	-
Victory Station Rehabilitation - upgrade (Belleville)	176,800	176,800	-
Dearborn Parks Equity & Access for Citizen Eng. (PEACE) Proj. (Dearborn)	9,619,765	9,619,765	-
The Joe Louis Greenway (Detroit)	20,000,000	12,447,711	7,552,289
Downtown Outdoor Fitness Court (Lincoln Park)	124,865	124,865	-
Marygrove Community Association Kentucky St Lots Project (Detroit)	47,500	47,500	-
Motown Museum Expansion Project (Detroit)	2,500,000	2,500,000	-
Daylighting the Rouge River Park (Northville)	2,500,000	2,500,000	-
Lange Park Action Adventure Park (Taylor)	2,326,230	2,326,230	-
Demolition of Riverside Hospital (Trenton)	1,500,000	1,500,000	-
Van Buren Township Community Center Project & Senior Center Improvements (Van Buren Twp)	4,500,000	4,500,000	-
City of Wayne Goudy Park Amphitheater Pavilion Rehabilitation Proj. (Wayne)	250,000	250,000	-
Boys & Girls Club of Southeastern Michigan (Detroit, Highland Park)	500,000	500,000	-
* Wayne County Energy Efficiency (Sustainability Program) (Wayne County)	1,155,750	115,451	1,040,299
Total Batch 1	**68,700,910**	**59,778,957**	**8,921,953**
Batch 2 - Obligated Projects			
Cherry Hill Village Renewal (Canton)	4,750,000	4,392,111	357,889
Huron Charter Township Downtown Development Project (Huron Twp)	275,000	128,275	146,725
Kessey Fieldhouse Multi-Purpose Trailhead (Melvindale)	2,000,000	1,631,062	368,938
Recreation and Wellness Center (Redford)	6,500,000	6,500,000	-
Centennial Community Plaza (River Rouge)	275,000	275,000	-
Southgate Tower Park (Southgate)	5,000,000	3,017,179	1,982,821
Downtown Wyandotte Capital Impr. and Infrastructure Project (Wyandotte)	3,950,000	3,950,000	-
Wayne County Land Bank Blighted Demolition Prog. (Wayne County)	7,498,625	2,510,069	4,988,556
The Garden City Community Center (Garden City)	4,000,000	4,000,000	-
North Branch Ecorse Drain Project (Wayne County)	10,000,000	7,867,638	2,132,362
* Parks Improvement Project (Wayne County)	10,000,000	3,766,515	6,233,485
**Fisher 21 Lofts (Wayne County)	2,500,000	2,500,000	-
Total Batch 2	**56,748,625**	**40,537,850**	**16,210,775**
Total SLFRF Administrative Compliance and Oversight	**8,428,867**	**4,615,768**	**3,813,099**
Total SLFRF (ARPA) Obligation	**133,878,402**	**104,932,575**	**28,945,827**

	County Contribution	Spend as of 6/17/2026	Funds Remaining
Funding for GF Projects			
Revenue Replacement for Eligible Expenditures I	179,870,255		
Revenue Replacement for Eligible Expenditures II	26,040,713		
Total Special Account - GF Projects	205,910,968		
Priority Internal GF Projects			
RESA	(14,495,129)		
Public Health Funding	(60,000,000)		
Employee Benefits & Compensation Enhancements	(60,000,000)		
Total Balance Remaining in Special Account - GF Projects	**71,415,839**		
Commission Approved GFSA Projects			
Livonia 21	8,000,000	8,000,000	-
Dr. Ossian H. Sweet Foundation	226,952	194,578	32,374
Eccalon Mission Accelerator***	394,019	-	394,019
University Commonwealth	500,000	93,075	406,925
Mack Ave. Corridor Streetscape & Green Infrastructure	380,000	86,327	293,673
Hamtramck Parks Improvement	251,766	-	251,766
Detroit Horse Poer Urban Equine Education Center	1,400,000	620,952	779,048
Detroit Housing Initiative	500,000	500,000	-
Merit Park	2,000,000	2,000,000	-
Paradise Valley	2,000,000	1,039,408	960,592
Rouge Gateway	4,591,353	403,187	4,188,166
Nankin Square and Ampjhitheater	2,500,000	2,500,000	-
Brownstown Community Center Renovation	2,000,000	418,357	1,581,643
Mincok Park Place (Grandmont)	2,500,000	2,498,194	1,806
Midblock at Brush and Watson	4,500,000	4,500,000	-
Harper Woods Community Center	379,035	-	379,035
New 2025 projects			
Wayne County Small Business Support Network - Techtown	3,000,000	-	3,000,000
Leaders Advancing and Helping Communities - Dearborn	1,350,000	-	1,350,000
Operation Refuge/Mother's Pantry - Inkster	30,000	-	30,000
Life Remodeled/Anchor Detroit - Detroit	250,000	-	250,000
Downtown Detroit Partnership (DDP) - Magnetometers	200,000	200,000	-
Coleman A. Young Statue for Washington, D.C.	500,000	-	500,000
Downriver Community Conference (DCC) Drone Mapping	189,000	-	189,000
Liberian Association of Michigan Community Kitchen - Detroit	227,000	-	227,000
Total Commission Approved GFSA Projects	**37,869,125**	**23,054,078**	**14,815,047**
Balance Remaining - Special Account GF Projects	**33,546,714**		

* Individual vendor contracts go to Commission for approval
**Added to Batch 2 in 2025
*** Reduced from 1 million dollars

The Batch 1 & 2 projects from the table above are required to be fully expended by December 31, 2026. As of June 17, 2026, the expended amounts are $59,778,957 or 87% for Batch 1, and $40,537,850 or 71% for Batch 2. The Administrative funds are required to be fully expended by March 31, 2027. As of June 17, 2026, $4,615,768 or 55% has been expended. The general fund projects do not have a deadline for spending.

Impact/Action

- The Commission should: 1) request an update prior to December 31, 2026 of the funds that have not been spent; 2) request an update on how the $120 million allocated for Public Health Funding and Employee Benefits & Compensation Enhancements was spent, and 3) request a status of the remaining $33.5 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 Single Audit (A-133) for the fiscal year ended September 30, 2025, reported a total of 11 findings. Of these 11 findings, nine (9) were related to financial reporting and two (2) were related to a federal program. All 11 findings were classified as material weaknesses. Of the nine (9) financial statement findings, eight (8) were repeat findings from prior years, and one (1) was identified as a new finding. Of the two (2) federal award findings one (1) was a repeat finding and one (1) was a new finding.

Single Audit Findings
Fiscal Year Ending September 30, 2025

Ref. #	Responsible Party	Finding	Type of Weakness	Repeat
2025-001	Management & Budget	The 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.	Material	Yes
2025-002	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
2025-003	Management & Budget	There were numerous instances identified where the County was not in compliance with laws and regulations: - 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, 2025. - For the General Fund, Roads Fund, Special Projects Fund, and multiple nonmajor governmental funds, actual expenditures exceeded the approved budget. - The County's original budget and amended budgets for Victim Witness Fund and Raise the Age Fund, the original budget for the Law Enforcement Fund, and the amended budget for the Law Enforcement Fund would have resulted in a projected fund deficit as presented in other supplemental information. - The County did not approve and adopt a budget for the Wayne County Building Authority Special Revenue Fund. - 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.	Material and Material Non Compliance	Yes

Ref. #	Responsible Party	Finding	Type of Weakness	Repeat
2025-004	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
2025-005	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
2025-006	Treasurer's Office	The County did not have procedures in place to ensure that the balances in the Undistributed Property Tax Fund were properly reconciled at year end.	Material	Yes
2025-007	Treasurer's Office	For one bank utilized by the County, certain individuals are able to initiate wires without the need for secondary approval.	Material	Yes
2025-008	Management & Budget and Treasurer's Office	While 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 on a timely basis.	Material	Yes
2025-009	Management & Budget	During the year under audit, the County made a payroll disbursement to an employee that was significantly greater than what it should have been.	Material	No
2025-010	Nutrition Program	The County engaged a third-party contractor to perform certain eligibility reassessments, including obtaining verification of medical necessity when required. While the County had a process in place to properly identify when reassessment was required and to follow up with contractor about the status of reassessments, controls did not ensure the third-party contractor followed through on reassessments on a timely basis.	Material	Yes
2025-011	Nutrition Program	The County did not maintain effective internal control over the reconciliation of expenditures reported on the schedule of expenditures of federal awards to amounts billed to the funding agency.	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**

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. 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 (2025-001 to 2025-011). 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 $417.5 million which includes $23 million designated for budget stabilization, and by the County's continued improvement in its bond ratings and stable outlooks from all three major rating agencies. However, the County continues to face significant challenges related to staffing shortages, overtime expenditures, succession planning, and the recruitment and retention of qualified employees. As the Wayne County Commission proceeds with its FY 2026-2027 budget deliberations, continued monitoring of these issues will be critical to maintaining the County's long-term financial stability and its ability to provide mandated services effectively.

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