

**CITY OF WAYNE, MICHIGAN**

**FINANCIAL REPORT  
WITH  
SUPPLEMENTAL INFORMATION**

**JUNE 30, 2021**

# CITY OF WAYNE, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council  
City of Wayne, Michigan

### Report on the Financial Statements

We have audited the accompanying 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 City of Wayne, Michigan (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 City, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

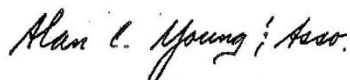
Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report on December 21, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Detroit, Michigan  
December 21, 2021

Our discussion and analysis of the City of Wayne, Michigan's (the "City" or "Wayne") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

The City has experienced financial difficulties for several years as a result of declining revenue sources, primarily property taxes and state shared revenue, and increasing costs, most notably pension contributions and retiree healthcare. As a result, the City's financial position has been eroding for several years; however, fiscal year 2021 showed a significant improvement from recent years. This improvement was driven by a series of one-time events. Significant financial events this year include:

- Due to the City's eroding financial position, in the spring of 2020, the City concluded to begin paying less than required toward its pension contributions. As a result, MERS filed a lawsuit for breach of contract against the City and won a judgment in Wayne County Circuit Court for \$4,753,409. The Court mandated the judgment be placed on the City's 2020 winter tax rolls. This resulted in a one-year levy of 13.1399 mills, the proceeds of which were paid to MERS during fiscal year 2021.
- Partially due in part to the MERS lawsuit, MERS offered to adjust the amortization period of several closed divisions, resulting in a savings of approximately one million dollars.
- Partially due to the Covid-19 pandemic, the City was awarded over \$800,000 of federal grants this year.
- Although the Coronavirus pandemic has been and continues to be tragic and has caused great difficulty to the City, its staff, and its residents, the financial impact to the City was not as disastrous as was initially expected back in the spring of 2020 when the original budget was passed for fiscal year 2021. As such, other revenues of the General Fund, including State Shared Revenue, fared better than anticipated. At the same time, the City's departments were able to operate within their budgets.
- Overall, General Fund fund balance grew by \$6,150,085.

#### **Other Highlights of Fiscal Year 2021:**

- During fiscal year 2021, the City's MERS defined benefit pension system's funding status increased from 56% for 2020 to 59% for 2021. During fiscal year 2021, the net pension liability decreased by approximately \$668,000.
- In 2017, the City Council voted to reduce the healthcare benefits offered to retirees to a fixed stipend instead of the City providing health insurance. This action was initially blocked in court, but subsequently that decision was reversed. Legal challenges from retirees continued, but those challenges have also been dismissed by the Court. The City implemented the stipend effective January 1, 2019 and immediately experienced financial savings. In fiscal year 2021, the City continued to provide the stipend to retirees. The new actuarial valuation calculates the City's Other Postemployment Benefits (OPEB) liability as \$5.1 million, an increase of \$288,000 from fiscal year 2020, but a reduction of over \$80 million from just four years ago.
- Under full accrual accounting, the Governmental activities of the City of Wayne's net position increased by approximately \$4.6 million, primarily due to the overall success of the General Fund.
- The Water and Sewer Fund continues to improve its financial position. Net position improved by approximately \$1.2 million during the year.

# CITY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Continued) June 30, 2021

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### REPORTING THE CITY AS A WHOLE

The following table shows the net position of the City as of June 30, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current Assets	\$ 16,425,584	\$ 10,281,676	\$ 11,414,390	\$ 10,195,759	\$ 27,839,974	\$ 20,477,435
Capital and other Assets	34,399,147	35,273,987	25,833,467	26,727,543	60,232,614	62,001,530
<b>Total Assets</b>	50,824,731	45,555,663	37,247,857	36,923,302	88,072,588	82,478,965
Deferred Outflows of Resources	4,298,824	5,236,329	367,878	445,332	4,666,702	5,681,661
<b>Liabilities</b>						
Current Liabilities	3,255,824	4,252,072	1,620,583	2,147,675	4,876,407	6,399,747
Debt and Long-term Liabilities	59,479,737	60,774,472	12,938,020	13,574,589	72,417,757	74,349,061
<b>Total Liabilities</b>	62,735,561	65,026,544	14,558,603	15,722,264	77,294,164	80,748,808
Deferred Inflows of Resources	2,303,431	313,138	200,534	7,675	2,503,965	320,813
<b>Net Position</b>						
Net Investment in Capital Assets	27,296,083	27,011,767	16,273,467	16,747,543	43,569,550	43,759,310
Restricted	6,987,149	6,307,969	-	-	6,987,149	6,307,969
Unrestricted	(44,198,669)	(47,867,426)	6,583,131	4,891,152	(37,615,538)	(42,976,274)
<b>Total Net Position</b>	\$ (9,915,437)	\$ (14,547,690)	\$ 22,856,598	\$ 21,638,695	\$ 12,941,161	\$ 7,091,005

# CITY OF WAYNE, MICHIGAN

## Management's Discussion and Analysis (Continued) June 30, 2021

### REPORTING THE CITY AS A WHOLE (Continued)

The following table shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
General Revenue	\$16,637,760	\$11,317,318	\$ 40,016	\$ 47,561	\$ 16,677,776	\$ 11,364,879
Charge for Service	6,713,124	6,225,698	12,276,588	11,580,891	18,989,712	17,806,589
Grants and Contributions	4,797,111	3,116,091	-	-	4,797,111	3,116,091
<b>Total Revenue</b>	<b>28,147,995</b>	<b>20,659,107</b>	<b>12,316,604</b>	<b>11,628,452</b>	<b>40,464,599</b>	<b>32,287,559</b>
<b>Program Expenses</b>						
General Government	4,369,441	4,245,045	-	-	4,369,441	4,245,045
District Court	840,495	1,112,306	-	-	840,495	1,112,306
Public Safety	9,393,373	8,779,831	-	-	9,393,373	8,779,831
Public Services	5,376,141	4,976,345	-	-	5,376,141	4,976,345
Recreation and Cultural	1,942,669	1,978,996	-	-	1,942,669	1,978,996
Interest on Long-term Debt	929,202	1,313,120	-	-	929,202	1,313,120
Community and Economic Development	664,421	531,307	-	-	664,421	531,307
Water and Sewer	-	-	11,098,701	10,932,977	11,098,701	10,932,977
<b>Total Expenses</b>	<b>23,515,742</b>	<b>22,936,950</b>	<b>11,098,701</b>	<b>10,932,977</b>	<b>34,614,443</b>	<b>33,869,927</b>
<b>Change in Net Position</b>	<b>\$ 4,632,253</b>	<b>\$(2,277,843)</b>	<b>\$ 1,217,903</b>	<b>\$ 695,475</b>	<b>\$ 5,850,156</b>	<b>\$(1,582,368)</b>

### GOVERNMENTAL ACTIVITIES

Net Position of the City's governmental activities increased by approximately \$4.7 million, reducing the deficit of Net Position from (\$14.6) million to (\$9.9) million.

The City paid down \$1.1 million of structured long-term liabilities (i.e, bonds).

The City's primary revenue sources, property taxes and state-shared revenues, continue to grow at approximately the rate of inflation, 1.5% to 3% annually. At first glance, fiscal year 2021 was a financial success; however, that was derived primarily of the pension judgment levy and other one-time revenue sources. On a long-term basis, the City still has a structural deficit. The massive taxable value losses the City incurred during the Great Recession cut taxable values in the City by approximately 45 percent. The City continues to cut costs or freeze spending where it can, but remaining expenses such as pension contributions continually increase. Even with the changes to retiree healthcare benefits noted earlier, the City's revenue streams are not adequate. The City of Wayne has a revenue problem, not an expenditure problem.

### BUSINESS-TYPE ACTIVITIES

The City has one business-type activity - the Water and Sewer System Fund, whose sole purpose is to provide water and sewer services to the City. The City purchased water from the City of Detroit, and then from the Great Lakes Water Authority beginning in January 2016. Sewer services are purchased from Wayne County.

Total net position of the business-type activities increased for the year by approximately \$1.2 million. The net investment in capital assets decreased by \$0.5 million, due to depreciation expense. The unrestricted net position increased by \$1.7 million due to the operational income being partially offset by an increase in pension liability.

During the year, the City issued \$9.2 million of new general obligation bonds and refunded approximately \$9.3 million of general obligation bonds from 2006 and 2007, lowering the interest rate from 4-4.5 percent to 1.69 percent, saving approximately \$1.3 million in future interest expense.

# **CITY OF WAYNE, MICHIGAN**

## **Management's Discussion and Analysis (Continued)**

**June 30, 2021**

### **THE CITY'S FUNDS**

As of June 30, 2021, the governmental funds of the City, as presented in the balance sheet on page 10, reported a combined fund balance of \$14.5 million. This is an increase of approximately \$6.7 million from the prior year.

The General Fund showed an increase of nearly \$6.2 million. As noted previously, this was due to the judgment levy, the effects of the Covid-19 pandemic, and the changes to the pension plan.

The rest of the governmental funds together created a surplus of \$574,000. Most significantly, the Major Street fund generated a surplus of approximately \$417,000. Other non-major funds that account for such activity as refuse collections and the library posted modest surpluses this year. The Library continues to reap the benefit of the additional millage approved by Wayne voters in FY 2019.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's General Fund original budget for fiscal 2021 began with an expected loss of approximately \$3.8 million. Amendments throughout the year for the judgment millage, changes to the pension plan resulting in lower required contributions, healthcare, public safety overtime, and others changed the projected loss to a projected surplus of \$4.7 million. Excluding the judgment levy, total revenues ended up \$3.2 million over the original budget. Expenditures ended up \$2.1 million under the original budget and \$1.3 million under the amended budget. Altogether, the General Fund performed better than the final budget by \$1.5 million.

### **CAPITAL ASSETS**

At the end of June 30, 2021, after depreciation expense, the City (excluding Component Units) had \$60.1 million invested in capital assets including land and land improvements, buildings, improvements, equipment (including police and fire equipment), park facilities, roads, bridges and water and sewer lines. This represents a decrease of \$1.6 million from the previous year as the City's depreciation expense exceeds the new investment in infrastructure like roads and the water and sewer systems. Last year, the capital asset balance declined \$1.3 million.

### **DEBT ADMINISTRATION**

At year end, the City has approximately \$16.5 million in outstanding general obligation bonds, notes payable, and capital leases payable. Principal payments on this debt were approximately \$1.4 million, with another \$0.7 million paid in interest.

As noted earlier, the City issued \$9.2 million of new Water and Sewer general obligation bonds and refunded \$9.3 million of bonds from 2006 and 2007, saving \$1.3 million in future interest expenses.

In addition, the City has \$2.2 million of accrued sick and vacation benefits which will be extinguished almost entirely out of the General Fund as the liability matures.

### **NEXT YEAR'S BUDGET**

In May 2021, the City approved the original budget for the new fiscal year beginning July 1, 2021 (FY2022). That approved budget, based on the amended FY2021 budget at that time, assumed FY2021 would finish with the City's General Fund having approximately \$5.8 million of remaining fund balance. Approved revenues and expenditures for the original FY2022 budget were \$16.3 million and \$17.7 million, respectively.



# **CITY OF WAYNE, MICHIGAN**

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## **Management's Discussion and Analysis (Continued)**

**June 30, 2021**

### **NEXT YEAR'S BUDGET (Continued)**

Since July 1, 2021, the City has continued to amend the FY2021 budget as new developments, like the sale of the City's recreation center and the payoff of the outstanding bonds on that building. Due to the financial success of FY 2021 and being able to start FY2022 with \$7.8 million of fund balance, the financial outlook is dramatically improved from spring of 2020; however, the City is still planning to use nearly \$1.5 million of fund balance in 2022 as the City's regular and reliable revenue sources are not sufficient for supporting the General Fund's fixed expenditures (a "structural deficit"). Balancing the budget on an ongoing basis will continue to be problematic.

The City continues to look for ways to reduce costs internally, share services with surrounding communities, and other cost saving initiatives; however, these opportunities are very limited. The City of Wayne has been dealing with significant financial hardships dating back to the beginning of the Great Recession in 2008. Through hard work, discipline, and shared sacrifice, the City – its residents, its business partners, and its employees - has weathered the storm so far. Challenges remain, but with continued cooperation, hard work, shared sacrifice, and a little bit of luck, the City is optimistic that it is properly prepared to overcome them.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, contact the City's finance office at 3355 South Wayne Road, Wayne, Michigan 48184.

# CITY OF WAYNE, MICHIGAN

## Statement of Net Position June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 13,938,771	\$ 8,553,374	\$ 22,492,145	\$ 671,498
Receivables, Net	2,035,490	2,745,517	4,781,007	-
Inventory	346,820	113,658	460,478	-
Prepaid Expenses	104,206	1,841	106,047	-
<b>Total Current Assets</b>	<b>16,425,287</b>	<b>11,414,390</b>	<b>27,839,677</b>	<b>671,498</b>
<b>Noncurrent Assets</b>				
Restricted Assets				
Cash and Cash Equivalents	138,064	-	138,064	-
Capital Assets, Net				
Assets not subject to Depreciation	4,495,549	-	4,495,549	1,841,176
Assets subject to Depreciation	29,765,534	25,833,467	55,599,001	2,124,219
<b>Total Capital Assets</b>	<b>34,261,083</b>	<b>25,833,467</b>	<b>60,094,550</b>	<b>3,965,395</b>
<b>Total Assets</b>	<b>50,824,434</b>	<b>37,247,857</b>	<b>88,072,291</b>	<b>4,636,893</b>
<b>Deferred Outflows of Resources - Pension</b>	<b>4,172,079</b>	<b>364,771</b>	<b>4,536,850</b>	<b>-</b>
<b>Deferred Outflows of Resources - OPEB</b>	<b>126,745</b>	<b>3,107</b>	<b>129,852</b>	<b>-</b>
<b>Total Deferred Outflows of Resources</b>	<b>4,298,824</b>	<b>367,878</b>	<b>4,666,702</b>	<b>-</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable and Accrued Expenses	1,111,172	753,821	1,864,993	37,208
Due to Other Governmental Units	166,063	-	166,063	-
Unearned Revenue	218,550	-	218,550	-
Unsettled Claims	225,425	-	225,425	-
Current Portion of Long-term Debt	884,937	840,000	1,724,937	63,886
Accumulated Compensated Absences	600,000	-	600,000	-
Accrued Interest Payable	49,677	26,762	76,439	10,527
<b>Total Current Liabilities</b>	<b>3,255,824</b>	<b>1,620,583</b>	<b>4,876,407</b>	<b>111,621</b>
<b>Long-term Liabilities</b>				
Long-term Debt, Net of Current Portion	6,090,000	8,720,000	14,810,000	-
Other Post Employment Benefits Payable	5,001,772	122,593	5,124,365	-
Net Pension Liability	46,831,879	4,094,593	50,926,472	-
Accumulated Compensated Absences	1,556,086	834	1,556,920	-
<b>Total Noncurrent Liabilities</b>	<b>59,479,737</b>	<b>12,938,020</b>	<b>72,417,757</b>	<b>-</b>
<b>Total Liabilities</b>	<b>62,735,561</b>	<b>14,558,603</b>	<b>77,294,164</b>	<b>111,621</b>
<b>Deferred Inflows of Resources - Pension</b>	<b>2,289,781</b>	<b>200,199</b>	<b>2,489,980</b>	<b>-</b>
<b>Deferred Inflows of Resources - OPEB</b>	<b>13,650</b>	<b>335</b>	<b>13,985</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>	<b>2,303,431</b>	<b>200,534</b>	<b>2,503,965</b>	<b>-</b>
<b>Net Position</b>				
Net Investment in Capital Assets	27,296,083	16,273,467	43,569,550	3,965,395
Restricted for:				
Cemetery Perpetual Care (Nonspendable)	376,784	-	376,784	-
Refuse Collection	605,009	-	605,009	-
Road	4,621,675	-	4,621,675	-
Youth Grants Program	381,690	-	381,690	-
Veteran's Memorial	59,841	-	59,841	-
Public Improvements	100,989	-	100,989	-
Police K9	50,820	-	50,820	-
Historical Museum	120,553	-	120,553	-
Court Building Fund	88,975	-	88,975	-
Library Operations	580,813	-	580,813	-
Unrestricted (Deficit)	(44,198,669)	6,583,131	(37,615,538)	559,877
<b>Total Net Position</b>	<b>\$ (9,915,437)</b>	<b>\$ 22,856,598</b>	<b>\$ 12,941,161</b>	<b>\$ 4,525,272</b>

The accompanying notes to financial statements are an integral part of this statement.

# CITY OF WAYNE, MICHIGAN

## Statement of Activities For The Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Charges in Net Position			
	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
General Government	\$ 4,369,441	\$ 2,580,199	\$ 1,475,355	\$ -	\$ (313,887)	\$ -	\$ (313,887)	\$ -
District Court	840,495	351,077	-	-	(489,418)	-	(489,418)	-
Public Safety	9,393,373	2,152,819	1,197,987	101,182	(5,941,385)	-	(5,941,385)	-
Public Services	5,376,141	1,513,214	1,850,480	-	(2,012,447)	-	(2,012,447)	-
Community and Economic Development	664,421	-	109,666	-	(554,755)	-	(554,755)	-
Recreation and Culture	1,942,669	115,815	62,441	-	(1,764,413)	-	(1,764,413)	-
Interest and Other Long-Term Debt	929,202	-	-	-	(929,202)	-	(929,202)	-
<b>Total Governmental Activities</b>	<b>23,515,742</b>	<b>6,713,124</b>	<b>4,695,929</b>	<b>101,182</b>	<b>(12,005,507)</b>	<b>-</b>	<b>(12,005,507)</b>	<b>-</b>
Business-type Activities:								
Water and Sewer	11,098,701	12,276,588	-	-	-	1,177,887	1,177,887	-
<b>Total Primary Government</b>	<b>\$ 34,614,443</b>	<b>\$ 18,989,712</b>	<b>\$ 4,695,929</b>	<b>\$ 101,182</b>	<b>(12,005,507)</b>	<b>1,177,887</b>	<b>(10,827,620)</b>	<b>-</b>
<b>Component Units</b>								
Downtown Development Authority	1,352,746	3,772	-	-	-	-	-	(1,348,974)
<b>Total Component Units</b>	<b>\$ 1,352,746</b>	<b>\$ 3,772</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,348,974)</b>
			<b>General Revenues:</b>					
			Property Taxes, Levied for General Purposes		7,175,574	-	7,175,574	1,363,215
			Property Taxes, Levied for Pension Payments		4,771,306	-	4,771,306	-
			Property Taxes, Levied for Refuse		1,056,425	-	1,056,425	-
			Property Taxes, Levied for Library		724,600	-	724,600	-
			Property Taxes, Levied for Road Program		364,132	-	364,132	-
			Franchise Taxes		265,988	-	265,988	-
			Investment Earnings		16,044	40,016	56,060	110
			State Shared Revenues		2,263,691	-	2,263,691	-
			<b>Total General Revenue</b>		<b>16,637,760</b>	<b>40,016</b>	<b>16,677,776</b>	<b>1,363,325</b>
			<b>Change in Net Position</b>		<b>4,632,253</b>	<b>1,217,903</b>	<b>5,850,156</b>	<b>14,351</b>
			<b>Net Position (Deficit) - July 1, 2020</b>		<b>(14,547,690)</b>	<b>21,638,695</b>	<b>7,091,005</b>	<b>4,510,921</b>
			<b>Net Position (Deficit) - June 30, 2021</b>		<b>\$ (9,915,437)</b>	<b>\$ 22,856,598</b>	<b>\$ 12,941,161</b>	<b>\$ 4,525,272</b>

The accompanying notes to financial statements are an integral part of this statement.

# CITY OF WAYNE, MICHIGAN

## Governmental Fund Balance Sheet June 30, 2021

	General Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 6,983,014	\$ 3,148,542	\$ 3,807,215	\$ 13,938,771
Restricted Cash and Cash Equivalents	138,064	-	-	138,064
Receivables:				
Accounts Receivable, Net	977,062	-	-	977,062
Special Assessments	97,473	-	-	97,473
Due from Other Governmental Units	494,821	83,663	306,813	885,297
Other	-	-	75,658	75,658
Due from Other Funds	87,484	-	-	87,484
Inventory	237,361	54,729	54,730	346,820
Prepaid Items	102,995	-	1,211	104,206
<b>Total Assets</b>	<b>\$ 9,118,274</b>	<b>\$ 3,286,934</b>	<b>\$ 4,245,627</b>	<b>\$ 16,650,835</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 350,778	\$ 192,808	\$ 245,009	\$ 788,595
Due to Other Governmental Units	144,926	4,307	16,830	166,063
Due to Other Funds	-	-	87,484	87,484
Accrued Salaries and Wages	286,074	-	11,935	298,009
Deposits	24,569	-	-	24,569
Unearned Revenue	-	-	218,253	218,253
Unsettled Claims	225,425	-	-	225,425
<b>Total Liabilities</b>	<b>1,031,772</b>	<b>197,115</b>	<b>579,511</b>	<b>1,808,398</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue	263,027	-	105,158	368,185
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid Items	102,995	-	1,211	104,206
Inventory	237,361	54,729	54,730	346,820
Permanent Fund Principal	-	-	376,784	376,784
Restricted:				
Road	-	3,035,090	1,477,126	4,512,216
Refuse Collection	-	-	605,009	605,009
Library Operations	-	-	579,602	579,602
Public Improvements	-	-	100,989	100,989
Veteran's Memorial	59,841	-	-	59,841
Youth Programs	-	-	360,212	360,212
Police K9	50,820	-	-	50,820
Court Building Fund	-	-	88,975	88,975
Historical Museum	120,553	-	-	120,553
Unassigned Balance	7,251,905	-	(83,680)	7,168,225
<b>Total Fund Balances</b>	<b>7,823,475</b>	<b>3,089,819</b>	<b>3,560,958</b>	<b>14,474,252</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,118,274</b>	<b>\$ 3,286,934</b>	<b>\$ 4,245,627</b>	<b>\$ 16,650,835</b>

The accompanying notes to financial statements are an integral part of this statement.

# CITY OF WAYNE, MICHIGAN

## Reconciliation of the Balance Sheet To the Statement of Net Position June 30, 2021

**Fund Balance - Total Governmental Funds** \$ 14,474,252

Amounts Reported for Government Activities in the Statement of Net Position are Different Because:

Capital Assets used in Governmental Activities are not Financial Resources and are not Reported in the Funds.

The Cost of Capital Assets is:	89,688,515	
Accumulated Depreciation is:	<u>(55,427,432)</u>	34,261,083

Deferred Outflows are not Current Financial Resources and are not Reported in the Funds.	4,298,824
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Deferred Inflows are not Current Obligations and are not Reported in the Funds.	(2,303,431)
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Revenues not meeting the availability Criteria are Recorded as Deferred Inflows at the Fund Level, but Recorded as Revenue in the Full Accrual Statements.	368,186
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Long-term Obligations are not Due and Payable in the Current Period and are not Reported in the Funds.

Compensated Absences	(2,156,086)	
Bonds and Note Payable (Net of Discount)	(6,974,937)	
OPEB Payable	(5,001,772)	
Net Pension Liability	<u>(46,831,879)</u>	(60,964,674)

Accrued Interest is not Due and Payable in the Current Period and is not Reported in the Funds.	<u>(49,677)</u>
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**Net Position of Governmental Activities** \$ (9,915,437)

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

## Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances Year Ended June 30, 2021

	General Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 11,946,880	\$ 364,132	\$ 1,781,025	\$ 14,092,037
Licenses and Permits	868,627	-	-	868,627
Intergovernmental	4,390,128	550,592	2,019,197	6,959,917
Charges for Services	1,211,707	-	46,055	1,257,762
Fines and Forfeitures	362,444	-	-	362,444
Interest and Rents	735,340	-	502	735,842
Other Revenue	3,622,671	522	132,093	3,755,286
<b>Total Revenue</b>	<b>23,137,797</b>	<b>915,246</b>	<b>3,978,872</b>	<b>28,031,915</b>
<b>Expenditures:</b>				
General Government	4,956,198	-	139,267	5,095,465
District Court	840,495	-	-	840,495
Public Safety	7,578,540	-	-	7,578,540
Public Service	1,929,945	1,333,316	1,699,328	4,962,589
Community and Economic Development	140,128	-	455,055	595,183
Recreation and Culture	610,582	-	695,558	1,306,140
Debt Service				
Principal	668,005	-	50,000	718,005
Interest and Paying Agent Fees	189,059	-	22,138	211,197
<b>Total Expenditures</b>	<b>16,912,952</b>	<b>1,333,316</b>	<b>3,061,346</b>	<b>21,307,614</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>6,224,845</b>	<b>(418,070)</b>	<b>917,526</b>	<b>6,724,301</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	307,103	74,760	381,863
Transfers Out	(74,760)	-	(307,103)	(381,863)
<b>Total Other Financing Sources (Uses)</b>	<b>(74,760)</b>	<b>307,103</b>	<b>(232,343)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>6,150,085</b>	<b>(110,967)</b>	<b>685,183</b>	<b>6,724,301</b>
<b>Fund Balances - July 1, 2020</b>	<b>1,673,390</b>	<b>3,200,786</b>	<b>2,875,775</b>	<b>7,749,951</b>
<b>Fund Balances - June 30, 2021</b>	<b>\$ 7,823,475</b>	<b>\$ 3,089,819</b>	<b>\$ 3,560,958</b>	<b>\$ 14,474,252</b>

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

## Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ 6,724,301
Amounts Reported for Governmental Activities in The Statement of Activities Are Different Because:		
Governmental Funds Report Capital Outlays As Expenditures; In The Statement of Activities These Costs Are Allocated Over Their Estimated Useful Lives As Depreciation:		
Depreciation Expense		(2,127,241)
Capital Outlay	1,497,328	
Less: Paid by Capital Grant	<u>(101,182)</u>	
Net paid by the City		1,396,146
Capital Grant not recorded in the Governmental Funds		101,182
Loss on Deletion of Assets not recorded in governmental funds recorded		(73,770)
Sale proceeds on capital assets recorded as revenue in funds		(52,001)
Revenue is recorded in the statement of activities when earned. It is not reported in the Funds until Collected or Collectible within 60 days of year end.		116,377
Repayment of Bond Principal is an Expenditure in the Governmental Funds; But Not in the Statement of Activities (Where it Reduces Long-Term Debt)		
Principal Payments on Bonds and Note Payable		1,059,875
Change in Accrued Interest Payable		5,384
Decreases in Accumulated Employee Sick and Vacation Pay Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the Fund Statements until they come due for payment.		76,306
Changes in Net OPEB Obligations Reported in the Statement of Activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment.		(280,781)
Decrease in Net Pension Liability does not require the use of current resources and is not reported in the governmental funds.		614,273
Increase in Deferred Inflows-Pension		(2,289,775)
Decrease in Deferred Inflows-OPEB		299,488
Decrease in Deferred Outflows-OPEB		(71,754)
Decrease in Deferred Outflows-Pension		<u>(865,757)</u>
<b>Change in Net Position of Governmental Activities</b>		<u>\$ 4,632,253</u>

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

## Proprietary Funds Statement of Net Position June 30, 2021

	<u>Enterprise Fund Water and Sewer Fund</u>
<b>Assets:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 8,553,374
Account Receivable, net	2,745,517
Prepaid Expenses	1,841
Inventory	113,658
<b>Total Current Assets</b>	<u>11,414,390</u>
Non-Current Assets:	
Capital Assets:	
Assets Subject to Depreciation	25,833,467
<b>Total Noncurrent Assets</b>	<u>25,833,467</u>
<b>Total Assets</b>	<u>37,247,857</u>
Deferred Outflow of Resources - Pension	364,771
Deferred Outflow of Resources-OPEB	3,107
<b>Total Deferred Outflow of Resources</b>	<u>367,878</u>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts Payable	752,080
Accrued Salaries and Wages	1,741
Accrued Interest Payable	26,762
Current Portion of Long-term Debt	840,000
<b>Total Current Liabilities</b>	<u>1,620,583</u>
<b>Noncurrent Liabilities</b>	
Long Term Debt, Net of Current Portion	8,720,000
Accrued Compensated Absences	834
Other Post-Employment Benefits Payable	122,593
Net Pension Liability	4,094,593
<b>Total Noncurrent Liabilities</b>	<u>12,938,020</u>
<b>Total Liabilities</b>	<u>14,558,603</u>
Deferred Inflows of Resources	
Pension	200,199
OPEB	335
<b>Total Deferred Inflows of Resources</b>	<u>200,534</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	16,273,467
Unrestricted	6,583,131
<b>Total Net Position</b>	<u>\$ 22,856,598</u>

The accompanying notes to financial statements are an integral part of this statement.



# CITY OF WAYNE, MICHIGAN

## Proprietary Funds Statement of Revenue, Expenses and Changes in Net Position Year Ended June 30, 2021

	<u>Enterprise Fund Water and Sewer Fund</u>
<b>Operating Revenues</b>	
Water Sales	\$ 6,167,533
Sewage Disposal	5,705,430
Penalties	193,270
Other	210,355
<b>Total Operating Revenues</b>	<u>12,276,588</u>
<b>Operating Expenses</b>	
Water Purchased	3,245,870
Sewage Disposal	3,024,054
Service and Maintenance	3,024,133
Depreciation	1,135,107
Other	231,128
<b>Total Operating Expenses</b>	<u>10,660,292</u>
<b>Operating Income</b>	<u>1,616,296</u>
<b>Non-Operating Revenue (Expense)</b>	
Interest Income	40,016
Interest and Paying Agent Fees Expense	<u>(438,409)</u>
<b>Total Non-Operating Revenue (Expense)</b>	<u>(398,393)</u>
<b>Change in Net Position</b>	1,217,903
<b>Net Position - July 1, 2020</b>	<u>21,638,695</u>
<b>Net Position - June 30, 2021</b>	<u>\$ 22,856,598</u>

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2021

	<b>Enterprise Fund Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 12,312,582
Cash Payment to Supplier for Goods and Services	(7,133,162)
Cash Payment to Employees for Services	(2,800,081)
Net Cash Provided by Operating Activities	<u>2,379,339</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and Construction of Capital Assets	(241,031)
New Bond Issue proceeds	9,185,000
Principal Paid on Revenue Bonds and Contracts	(9,605,000)
Interest Paid on Revenue Bonds and Contracts	(516,849)
Net Cash Used in Capital and Related Financing Activities	<u>(1,177,880)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investment	
Net Cash Provided from Investing Activities	<u>40,016</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	1,241,475
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>7,311,899</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 8,553,374</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income	\$ 1,616,296
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation and Amortization	1,135,107
Change in Assets and Liabilities	
Accounts Receivables	35,994
Inventory	(45,220)
Accounts Payable	(618,960)
Accrued and Other Liabilities	564
Prepaid Expenses	32,070
OPEB Payable	6,882
OPEB Deferred Outflows	1,759
OPEB Deferred Inflow	(7,340)
Pension Payable	(53,707)
Deferred Inflows-Pension	200,199
Deferred Outflows-Pension	75,695
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,379,339</u>

The accompanying notes to financial statements are an integral part of this statement.

# CITY OF WAYNE, MICHIGAN

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## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2021

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 15,644
Tax Receivable - Delinquent	<u>60,032</u>
<b>Total Assets</b>	<u>75,676</u>
<b>LIABILITIES</b>	
Due to Other Government	<u>75,676</u>
<b>NET POSITION</b>	<u>\$ -</u>

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

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## Fiduciary Funds Statement of Changes in Fiduciary Net Position June 30, 2021

	<u>Custodial Funds</u>
<b>Additions</b>	
Property Tax Collections	\$ 13,331,799
Other Additions	5,545
Total Additions	<u>13,337,344</u>
<b>Deductions</b>	
Tax Distributions to other Governments	13,331,799
Other Deductions	5,545
Total Deductions	<u>13,337,344</u>
<b>Net Change in Fiduciary Net Position</b>	-
<b>Net Position - Beginning of Year</b>	<u>-</u>
<b>Net Position - End of Year</b>	<u><u>\$ -</u></u>

*The accompanying notes to financial statements are an integral part of this statement.*

# CITY OF WAYNE, MICHIGAN

## Component Units Statement of Net Position June 30, 2021

	Component Units		
	Downtown Development Authority	Brownfield Redevelopment Authority	Total
<b>Assets:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 668,998	\$ 2,500	\$ 671,498
Non-Current Assets:			
Capital Assets			
Land, Improvement	1,841,176	-	1,841,176
Other Capital Assets - Net	2,124,219	-	2,124,219
<b>Total Non-current Assets</b>	<b>3,965,395</b>	<b>-</b>	<b>3,965,395</b>
<b>Total Assets</b>	<b>4,634,393</b>	<b>2,500</b>	<b>4,636,893</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	37,208	-	37,208
Long Term Liability-Payable Within One Year	63,886	-	63,886
Accrued Interest Payable	10,527	-	10,527
<b>Total Current Liabilities</b>	<b>111,621</b>	<b>-</b>	<b>111,621</b>
<b>Total Liabilities</b>	<b>111,621</b>	<b>-</b>	<b>111,621</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	3,965,395	-	3,965,395
Unrestricted	557,377	2,500	559,877
<b>Total Net Position</b>	<b>\$ 4,522,772</b>	<b>\$ 2,500</b>	<b>\$ 4,525,272</b>

The accompanying notes to financial statements are an integral part of this statement.

# CITY OF WAYNE, MICHIGAN

## Component Units Statement of Activities June 30, 2021

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grant and Contribution	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority	\$ 1,352,746	\$ 3,772	\$ -	\$ (1,348,974)	\$ -	\$ (1,348,974)
Brownfield Redevelopment Authority	-	-	-	-	-	-
<b>Total Component Units</b>	<u>1,352,746</u>	<u>3,772</u>	<u>-</u>	<u>(1,348,974)</u>	<u>-</u>	<u>(1,348,974)</u>
General Revenues:						
Property Taxes				1,363,215	-	1,363,215
Investment Earnings				110	-	110
Total General Revenue				<u>1,363,325</u>	<u>-</u>	<u>1,363,325</u>
<b>Change in Net Position</b>				14,351	-	14,351
<b>Net Position, July 1, 2020</b>				<u>4,508,421</u>	<u>2,500</u>	<u>4,510,921</u>
<b>Net Position, June 30, 2021</b>				<u>\$ 4,522,772</u>	<u>\$ 2,500</u>	<u>\$ 4,525,272</u>

The accompanying notes to financial statements are an integral part of this statement.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Wayne, Michigan (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the City of Wayne:

### Reporting Entity

The City of Wayne was incorporated as a village on April 12, 1869. It was incorporated as a City on August 5, 1958 under the provisions of Public Act 29, P.A. 1909 as amended (Home Rule City Act). The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police, fire and district court), highways and streets, culture-recreation, community development, water and sewage system and general and administrative services.

### Blended Component Units

**City of Wayne Building Authority** - The City of Wayne Building Authority's (the Authority) Governing Body is appointed by the City Council which has the ability to significantly influence operations. The City approves the Authority's budget, has responsibility to fund deficits, and surplus funds existing at the termination of the Authority vest to the City. The City has significant fiscal management responsibility and legal liability for the Authority's debt. The Authority is presented as a governmental type within the General Fund. Although the Building Authority Board still exists, the Building Authority Fund has been closed and there was no budget or activity for the year ended June 30, 2021.

### Discretely Presented Component Units

**City of Wayne Downtown Development Authority** - The City of Wayne Downtown Development Authority's (DDA) Governing Board is appointed by the City Council which has the ability to significantly influence its operations. The City approves the DDA budget, has responsibility to fund deficits, and has significant management responsibility. The City has significant transactions with the DDA, in that the DDA contributed \$535,000 to the City's governmental funds to help cover the DDA district's share of operating expenditure for the fiscal year.

**The Economic Development Corporation of the City of Wayne** - The Economic Development Corporation of the City of Wayne operates within the geographic boundaries of the City for the benefit of City's residents. The members of the Board of Directors of the Corporation are appointed by the Mayor subject to the City Council approval. However, this component unit has been inactive for several years. Therefore, no financial information is presented.

**Brownfield Redevelopment Authority of the City of Wayne** - The Brownfield Redevelopment Authority is controlled by the City of Wayne Downtown Development Authority.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general government, district court, public safety, public services, community and economic development, and recreation and culture are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (General Government, Public Safety, etc.) and business-type activities. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (General Government, Public Safety, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, intergovernmental revenues, and interest income.).

The City does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds to recover the direct costs of General Fund services provided (finance, personnel, legal, and technology management.). This is eliminated like a reimbursement (reducing the revenue and expense in the General Fund).

The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government -wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements as follows:



## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

#### (1) Governmental Funds:

The focus of governmental fund measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. **General Fund** is the general operating fund of the City. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.
- b. **Special Revenue Funds** are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.
- c. **Permanent Fund** (Cemetery Perpetual Care) is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used to achieve the objective of the fund.
- d. **Capital Projects Fund** (Court Renovation/Consolidation). This new fund was created during the year for the purposes of acquiring, constructing, repairing and equipping public building, and the possibility of consolidating the 29<sup>th</sup> and the 18<sup>th</sup> District Courts.

#### (2) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following is a description of the proprietary funds of the City:

**Enterprise Funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues or (b) establishes fees and charges based on a pricing policy designed to recover similar costs. The City reports the Water and Sewer Fund as a major enterprise fund. This fund is used to account for operation of the City's water supply and sewage disposal system.

#### (3) Fiduciary Funds (Not included in government-wide statements):

**Fiduciary Funds** are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support City programs. The reporting focus is on net position and changes in net position which is reported using accounting principles similar to proprietary funds. The fiduciary agency funds include current and delinquent tax collections, payroll, and miscellaneous funds held in an agency capacity.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditure/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City reports the General Fund and Local Streets Fund as major funds.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### (1) Measurement Focus

Within the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item (b) below:

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

- (a) All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.
- (b) All proprietary funds and other post-employment benefit trust funds are accounted for on a flow of economic resources measurement focus (full accrual). With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity is classified as net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

#### (2) Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### (a) Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

#### (b) Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### Assets, Liabilities and Net Position or Equity

**Bank, Deposits, and Investments** - For the purpose of the Statement of Net Position, cash and cash equivalents include amounts on deposit as well as short-term investments with an original maturity of three months or less from the date of acquisition.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less from the date of acquisition that can be readily converted to cash to be cash equivalents. Investment income revenues associated with the Permanent Fund are administratively assigned and transferred to the General Fund. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Additional cash and investment information, and fair values are presented in Note 2.

The City maintains a pooled investment fund for all funds. As of June 30, 2021, the pooled investment fund totaled \$23,157,445.

**Receivables and Payables** - During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". Short-term interfund loans are reported as "interfund receivables and payables". Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the government activities and business-type activities are reported in the government-wide financial statements as "internal balances". See Note 4 for details of interfund transactions, including receivables and payables at year end.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Assets, Liabilities and Net Position or Equity (Continued)****Receivables and Payables (Continued)**

Also, certain activity occurs during the year involving transfer of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. In government-wide financial statements, it is the City's policy that direct expenses are not eliminated from the various categories. Internal payments such as the revenue in the General Fund for the charges to the Water and Sewer Fund and to the component unit DDA fund for services provided (finance, personnel, legal, technology management, etc.), are treated as a reduction of expense.

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, state shared revenues, and fire rescue services. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

**Inventories and Prepaid Items** - Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased. Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items.

**Restricted Assets** - Certain resources held at the Michigan Municipal Risk Management Authority are classified as restricted assets on the Statement of Net Position because their use is limited to servicing of member retention fund claims.

**Capital Assets** - The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

**Unearned Revenue** – Unearned revenue is reported in connection with money received for services which have not yet performed and are therefore unearned. Revenue is recorded when the services have performed and are therefore earned.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Assets, Liabilities and Net Position or Equity (Continued)*****Government-Wide Statements***

Capital assets which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities' columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated cost if the actual is unavailable. Donated fixed assets are recorded at acquisition cost as per GASB 72.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements	20-25 years
Machinery and Equipment	10-25 years
Utility System	25-66 years
Infrastructure	25-40 years
Motor Vehicles	5-7 years

The costs of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

***Fund Financial Statements***

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition, Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-term Debt** - The accounting treatment of long-term debt, which consists primarily of bonds payable, notes payable, and accrued compensated absences, depends on whether the obligation is incurred in governmental fund operations or proprietary fund operations and whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as a liability on the Statement of Net Position in the government -wide financial statements. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government -wide financial statements. The City's general fund is primarily used to liquidate governmental long-term debt and the water and sewer fund is used to liquidate long-term debt from business-type activities.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government-Wide statements and proprietary funds report deferred outflows from the difference between projected and actual investment earnings of the pension and OPEB plans and changes in assumptions as well as City contributions made after the measurement date of the net pension and OPEB liabilities.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Assets, Liabilities and Net Position or Equity (Continued)*****Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. The governmental funds report grants and reimbursements as unavailable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. These amounts are shown as deferred inflows of resources on the governmental funds balance sheet. Those amounts will be recognized as revenue when received. The governmental funds reported \$368,185 as unavailable revenue at June 30, 2021.

**Compensated Absences** - City employees are granted vacation and sick leave in varying amounts based on the length of service. An employee's account is credited for vacation time on January 1 based on time worked in the previous calendar year and must be used prior to the next January 1. Upon termination employees are paid for all unused/accrued vacation leave. Sick leave is accumulated at the rate of one day per month of employment for all employees, except for fire employees who receive 1.4 days per month. Unused sick leave accumulates year to year but may be limited to a number of days or hours based on collective bargaining agreements. Days or hours in excess of the maximum will be paid on an annual basis of 50 percent of hourly rate. Upon death, retirement or termination, five-eighths of unused accumulated sick leave is paid to full-time employees with 10 years of service. For all City employees, except fire and Police Officers Association of Michigan (POAM) employees, the accumulated sick leave payments are calculated based on the rate of pay in effect at the time of termination. Fire employees and POAM accumulated sick leave is based upon the average final pay (POAM minimum of 60 days).

The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is based on projected information. Accrued compensated absences is reported as a liability in governmental funds only if they have matured; i.e., only if the employee has terminated as of June 30, 2021. Vested vacation leave and vested accumulated sick leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. The City's general fund is generally used to liquidate the obligations and the water and sewer fund is used to liquidate obligations from business-type activities.

**Pension** - The City offers pension benefits to retirees. The City records a net position liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The City's general fund is primarily used to liquidate the governmental obligations and the water and sewer fund is used to liquidate obligations from business-type activities.

## 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

**Other Postemployment Benefit Costs** - The City offers healthcare benefits to retirees. The city receives an actuarial valuation to compute the actuarially determined contribution (ADC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost based on the provisions of GASB 75. See note 7 for further information. The City's general fund is generally used to liquidate the governmental OPEB obligations and the water and sewer fund is used to liquidate OPEB obligations from business-type activities.

Fund Equity is classified as net position and displayed in three components:

- (a) **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) **Restricted** - Consists of net position with constraints placed on the use by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other *governments*; or (2) law through constitutional provisions or enabling legislation.
- (c) **Unrestricted** - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable: Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Amounts that are restricted to specific purposes by constraints placed on the use of resources by either externally imposed creditors, grantors, contributors or laws or regulations of other governments or amounts that are imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, the City Council. Commitments must be made by resolution of the City Council and can be rescinded only by resolution. Commitment resolutions must be made prior to year-end.

Assigned: Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent must be expressed by the City Council or the City's Finance Director who has been authorized by resolution to make assignments of fund balance.

Unassigned: Amounts that are the residual classification for the general fund. In other governmental funds, if expenditures are incurred for specific purposes that exceed the amounts restricted, committed or assigned, it will be necessary to report a negative unassigned fund balance in the fund.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position or Equity (Continued)**

Proprietary fund equity is classified the same as in the government-wide financial statements.

When an expense is incurred for which both restricted and unrestricted net position or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted balance classifications could be used, it is the City's policy to spend funds first from committed balances, second to assigned balances and lastly unassigned balances.

**Revenues, Expenditures and Expenses**

**Property Taxes** - Property taxes were levied July 1 (100% city taxes, 100% school taxes including Wayne County Regional Educational Service Agency (WCRESA), and 100% County operating) and December 1 (100% of other taxing authorities) and are payable on or before October 1 and February 14, respectively, without penalty. These taxes become liens against the property on December 31 of the previous year. After February 28, all unpaid taxes are declared delinquent with the City continuing to collect Act 198 taxes and ad valorem personal property taxes. Ad valorem real property taxes are turned over to the county treasurer who assumes responsibility for their collection and immediately, upon settlement, reimburses the City from the county revolving tax fund. The City collects its own property tax and also taxes for other entities including the county and school districts which are within the City. Collections and remittances of the taxes to those entities are accounted for in the current and delinquent tax collection funds. The City tax levy for the 2020 roll was as follows:

General Operating	14.8727 mills
Retirement System	0.9609 mills
Recreation	0.9914 mills
Public Safety Millage	0.9971 mills
Act. 298 Refuse Collection	2.8826 mills
Library Fund (Act 164)	1.9829 mills
Roads	0.9915 mills
Police Millage	0.9915 mills
P.A. - 359	0.1382 mills
Pension Judgement	13.1399 mills
<b>Total</b>	<u><u>37.9487 mills</u></u>

The pension judgement levy was mandated through Wayne County Circuit Court to be placed on the Winter 2020 tax roll. This raised \$4.8 million to pay MERS its outstanding obligation for fiscal 2020 and make the current payments for 2021.

**Program Revenues** - Program revenues reported within the Statement of Activities include licenses and fees, ordinance fines and costs, bond forfeitures and other court costs, building, electrical and other permits, state shared revenue, state and federal grants, recreation rentals and fees, and 911 service fees.

**Operating Revenues and Expenses** - Operating revenues and expenses for the proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues, Expenditures and Expenses (Continued)**

**Expenditures/Expenses** - In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities, in the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character: Current (further classified by function)

Debt Service

Capital Outlay

Proprietary Fund - By operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources and proprietary funds report expenses relating to use of economic resources.

**Interfund Transfers** --Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**2) 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 City has designated six banks for the deposit of its funds. The investment policy adopted by Council in accordance with Public Act 196 of 1997 has authorized investment of funds as listed above. The City of Wayne's deposits and investment policies are in accordance with statutory authority.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>	<b>Business Type Funds</b>	<b>Total Primary Government</b>	<b>Component Units</b>
Cash and Cash Equivalents	\$ 13,938,771	\$ 15,644	\$ 8,553,374	\$ 22,507,789	\$ 671,498
Cash and Cash Equivalents-Restricted	138,064	-	-	138,064	-
<b>Total</b>	<b>\$ 14,076,835</b>	<b>\$ 15,644</b>	<b>\$ 8,553,374</b>	<b>\$ 22,645,853</b>	<b>\$ 671,498</b>

**Custodial Credit Risk of Bank Deposits--** Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Neither State law nor the City's investment policy requires consideration of custodial credit risk.

As of June 30, 2021, the bank balance of the City deposits was \$24,248,935 of which \$500,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**2) DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk of Bank Deposits (Continued)** - The carrying amount of deposits and the bank balance for the City of Wayne Downtown Development Authority and Brownfield Redevelopment Authority, discretely presented component units, were \$668,998 and \$2,500 respectively. These being part of City’s pooled cash balances; the FDIC coverage is not separately determinable.

Investment pools are under the custody of the City Treasurer. Investing is performed in accordance with investment policies complying with State Statutes, the City Charter, and the City's Investment Policy. The City 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and investment pools of financial institutions.

**Interest Rate Risk** - Interest rate risk is the risk that the value on investments will decrease as a result of a rise in interest rates. In addition to restricting commercial paper to a maturity of 270 days or less, the City may not invest its funds in any security maturing more than five years from the date of purchase. No more than 40 percent of the City's total funds may be placed in securities maturing in more than three years. The fiduciary funds follow the City's investment policy.

<u>Fiduciary Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Rating</u>	<u>Rating Organization</u>
Pooled Investment Fund	\$ 1,008,407	63 days	AAAm	S&P
Others	26,646	N/A	Not Rated	N/A

State laws limit the City's investments in commercial paper to the two top ratings issued by nationally recognized statistical rating organizations at the time of purchase. The City's investment policy limits investments to the safest types of securities. All financial institutions and broker/dealers must be pre-qualified to do business with the City.

## 2) DEPOSITS AND INVESTMENTS (Continued)

**Fair Value Measurements:** The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

**Level 2:** Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets

Inputs other than quoted prices that are observable for the assets or liabilities;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the City's investments are considered to be Level 1 inputs.

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 3) CAPITAL ASSETS

Capital asset activity for the City for the current year was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2020</u>	<u>Additions 2020-21</u>	<u>Reclassification 2020-21</u>	<u>Disposals 2020-21</u>	<u>Balance June 30, 2021</u>
Capital Assets not being Depreciated:					
Land	\$ 4,495,549	\$ -	\$ -	\$ -	\$ 4,495,549
Construction in Progress	32,868	-	(32,868)	-	-
<b>Subtotal</b>	<u>4,528,417</u>	<u>-</u>	<u>(32,868)</u>	<u>-</u>	<u>4,495,549</u>
Capital Assets being Depreciated:					
Buildings	39,015,012	106,190	12,560	-	39,133,762
Improvements	4,482,012	117,627	20,308	(315,169)	4,304,778
Machinery & Equipment	8,455,186	424,255	-	(1,081,182)	7,798,259
Infrastructure	33,106,911	849,256	-	-	33,956,167
<b>Subtotal</b>	<u>85,059,121</u>	<u>1,497,328</u>	<u>32,868</u>	<u>(1,396,351)</u>	<u>85,192,966</u>
<b>Total</b>	<u>89,587,538</u>	<u>1,497,328</u>	<u>-</u>	<u>(1,396,351)</u>	<u>89,688,515</u>
Less: Accumulated Depreciation for:					
Buildings	20,493,886	896,165	-	-	21,390,051
Improvements	3,595,536	122,246	-	(239,117)	3,478,665
Machinery & Equipment	7,381,467	362,968	-	(1,031,463)	6,712,972
Infrastructure	23,099,882	745,862	-	-	23,845,744
<b>Subtotal</b>	<u>54,570,771</u>	<u>2,127,241</u>	<u>-</u>	<u>(1,270,580)</u>	<u>55,427,432</u>
<b>Net Capital Assets being Depreciated</b>	<u>30,488,350</u>	<u>(629,913)</u>	<u>32,868</u>	<u>(125,771)</u>	<u>29,765,534</u>
<b>Net Capital Assets</b>	<u>\$ 35,016,767</u>	<u>\$ (629,913)</u>	<u>\$ -</u>	<u>\$ (125,771)</u>	<u>\$ 34,261,083</u>

Depreciation was allocated to the following functional categories for the year ended June 30, 2021.

General Government	\$ 187,542
Public Safety	540,662
Public Services	791,218
Recreation and Culture	607,819
	<u>\$ 2,127,241</u>

<u>Water &amp; Sewer Fund:</u>	<u>Balance June 30, 2020</u>	<u>Additions 2020-21</u>	<u>Disposals / Adjustments 2020-21</u>	<u>Balance June 30, 2021</u>
Capital Assets being Depreciated:				
Water and Sewer Mains	\$ 41,892,778	\$ 7,703	\$ -	\$ 41,900,481
Meters	2,402,256	-	-	2,402,256
Equipment	987,470	-	-	987,470
Motor Vehicles	612,517	233,328	-	845,845
<b>Subtotal</b>	<u>45,895,021</u>	<u>241,031</u>	<u>-</u>	<u>46,136,052</u>
<b>Total Water &amp; Sewer</b>	<u>45,895,021</u>	<u>241,031</u>	<u>-</u>	<u>46,136,052</u>
Less: Accumulated Depreciation for:				
Water and Sewer Mains	17,779,728	780,120	-	18,559,848
Meters	418,422	120,113	-	538,535
Equipment	500,067	152,394	-	652,461
Motor Vehicles	469,261	82,480	-	551,741
<b>Subtotal</b>	<u>19,167,478</u>	<u>1,135,107</u>	<u>-</u>	<u>20,302,585</u>
<b>Net Capital Assets being Depreciated</b>	<u>26,727,543</u>	<u>(894,076)</u>	<u>-</u>	<u>25,833,467</u>
<b>Net Capital Assets</b>	<u>\$ 26,727,543</u>	<u>\$ (894,076)</u>	<u>\$ -</u>	<u>\$ 25,833,467</u>

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 3) CAPITAL ASSETS (Continued)

Capital Asset activity for the Downtown Development Authority was as follows:

<u>Downtown Development Authority:</u>	<u>Balance June 30, 2020</u>	<u>Additions 2020-21</u>	<u>Disposals 2020-21</u>	<u>Balance June 30, 2021</u>
Capital Assets not being Depreciated:				
Land	\$ 1,841,176	\$ -	\$ -	\$ 1,841,176
<b>Subtotal</b>	<u>1,841,176</u>	<u>-</u>	<u>-</u>	<u>1,841,176</u>
Capital Assets being Depreciated:				
Buildings	80,805	-	-	80,805
Improvements	3,255,455	-	-	3,255,455
Machinery and Equipment	433,448	-	-	433,448
Infrastructure	4,330,238	-	-	4,330,238
<b>Subtotal</b>	<u>8,099,946</u>	<u>-</u>	<u>-</u>	<u>8,099,946</u>
<b>Total Downtown Development Auth.</b>	<u>9,941,122</u>	<u>-</u>	<u>-</u>	<u>9,941,122</u>
Less: Accumulated Depreciation for:				
Buildings	46,350	2,598	-	48,948
Improvements	2,568,180	84,729	-	2,652,909
Machinery and Equipment	311,905	13,819	-	325,724
Infrastructure	2,789,348	158,798	-	2,948,146
<b>Subtotal</b>	<u>5,715,783</u>	<u>259,944</u>	<u>-</u>	<u>5,975,727</u>
<b>Net Capital Assets being Depreciated</b>	<u>2,384,163</u>	<u>(259,944)</u>	<u>-</u>	<u>2,124,219</u>
<b>Net Capital Assets</b>	<u>\$ 4,225,339</u>	<u>\$ (259,944)</u>	<u>\$ -</u>	<u>\$ 3,965,395</u>

### 4) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General Fund	CDBG	\$ 87,484
		<u>\$ 87,484</u>

The composition of Interfund transfers is as follows:

<u>Fund Transferred In</u>	<u>Fund Transferred Out</u>	<u>Amount</u>
Local Streets Fund	Major Streets and Trunkline Fund	\$ 307,103
Court Building Fund	General Fund	74,760
		<u>\$ 381,863</u>

Interfund balances are a result of a time lag between the date goods and services are provided, transactions are recorded and payments between funds are made.

The transfer from Major Streets and Trunkline Fund to Local Streets Fund was to finance local street projects and was in compliance with the requirements of Public Act 51.

The transfer from the General Fund to the Court Building Fund was to establish this new fund for accumulation and administration of a restricted portion of court fines and fees that can be utilized for court building related capital improvements or an eventual court consolidation.

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 5) LONG-TERM DEBT

**General Obligation Bonds** - The Government issued general obligation bonds to provide for the acquisition and construction of major capital facilities, General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Interest Rate	Principal Maturity Ranges	Beginning Balance July 1, 2020	Additions	Reductions	Ending Balance June 30, 2021	Due Within One Year
<b>Governmental Activities</b>							
<b>Bonds Payable - Other Debt</b>							
General Obligation Bonds:							
MI Transportation Bond Series 2008							
Amount of issue - \$730,000		\$50,000 - \$75,000	\$ 450,000	\$ -	\$ (50,000)	\$ 400,000	\$ 50,000
Maturing through 2028	5.00% - 5.10%						
Recreation Renovation Bond 2008			940,000	-	(95,000)	845,000	100,000
Amount of issue - \$1,800,000	5.25%	\$100,000 - \$140,000					
Maturing through 2028							
Refunding of Building Authority Bonds 2012A:			450,000	-	(450,000)	-	-
Amount of Issue - \$4,355,000							
Maturing through 2021							
Refunding of Building Authority Bonds 2012C:			6,165,000	-	(445,000)	5,720,000	725,000
Amount of Issue - \$8,585,000	2.70% - 3.40%	\$565,000 - \$1,000,000					
Maturing through 2028							
<b>Total General Obligation Bonds</b>			<b>8,005,000</b>	<b>-</b>	<b>(1,040,000)</b>	<b>6,965,000</b>	<b>875,000</b>
Note Payable-Ford Tax Settlement, as Corrected			29,812	-	(19,875)	9,937	9,937
Original Amount - \$119,249	0.00%	\$19,875					
Maturing in 2022							
<b>Total Bonds and Notes from Direct Borrowings</b>			<b>8,034,812</b>	<b>-</b>	<b>(1,059,875)</b>	<b>6,974,937</b>	<b>884,937</b>
Other Liabilities:							
Pension Unfunded Liability	N/A	N/A	47,446,152	-	(614,273)	46,831,879	-
OPEB Unfunded Liability	N/A	N/A	4,720,991	280,781	-	5,001,772	-
Accrued Compensated Absences	N/A	N/A	2,232,392	380,813	(457,119)	2,156,086	600,000
<b>Total Governmental Activities</b>			<b>\$ 62,434,347</b>	<b>\$ 661,594</b>	<b>\$ (2,131,267)</b>	<b>\$ 60,964,674</b>	<b>\$ 1,484,937</b>
<b>Business-type Activities</b>							
<b>Bonds Payable - Other Debt</b>							
Water Bonds 2004			725,000	-	(350,000)	375,000	375,000
Amount of Issue - \$3,525,000	4.40%	\$375,000					
Maturing through 2022							
Water Bonds 2006			5,100,000	-	(5,100,000)	-	-
Amount of Issue - \$7,500,000							
Maturing through 2032							
Water Bonds 2007			4,155,000	-	(4,155,000)	-	-
Amount of Issue - \$4,430,000							
Maturing through 2030							
Water Bonds 2021			-	9,185,000	-	9,185,000	465,000
Amount of Issue- \$9,185,000	1.69%	\$450,000- \$1,065,000					
Maturing through 2032							
Net Bonds Payable			9,980,000	9,185,000	(9,605,000)	9,560,000	840,000
Other Liabilities:							
Pension Unfunded Liability	N/A	N/A	4,148,300	-	(53,707)	4,094,593	-
OPEB Unfunded Liability	N/A	N/A	115,711	6,882	-	122,593	-
Accrued Compensated Absences			578	3,196	(2,940)	834	834
<b>Total Business-type Activities</b>			<b>\$ 14,244,589</b>	<b>\$ 9,195,078</b>	<b>\$ (9,661,647)</b>	<b>\$ 13,778,020</b>	<b>\$ 840,834</b>
<b>Long-term Liabilities</b>			<b>\$ 76,678,936</b>	<b>\$ 6,856,672</b>	<b>\$ (11,792,914)</b>	<b>\$ 68,742,696</b>	<b>\$ 2,325,771</b>

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 5) LONG-TERM DEBT (Continued)

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

Years Ending June 30,	Governmental Activities					
	General Obligation Bonds			Notes from Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 875,000	\$ 227,152	\$ 1,102,152	\$ 9,937	\$ -	\$ 9,937
2023	925,000	198,452	1,123,452	-	-	-
2024	1,015,000	166,394	1,181,394	-	-	-
2025	1,085,000	130,792	1,215,792	-	-	-
2026	1,075,000	93,254	1,168,254	-	-	-
2027-2028	1,990,000	67,533	2,057,533	-	-	-
	<u>\$ 6,965,000</u>	<u>\$ 883,577</u>	<u>\$ 7,848,577</u>	<u>\$ 9,937</u>	<u>\$ -</u>	<u>\$ 9,937</u>

Years Ending June 30,	Business-Type Activities		
	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 840,000	\$ 127,208	\$ 967,208
2023	925,000	139,552	1,064,552
2024	925,000	123,919	1,048,919
2025	930,000	108,245	1,038,245
2026	930,000	92,528	1,022,528
2027-2031	4,560,000	214,587	4,774,587
2032	450,000	3,803	453,803
	<u>\$ 9,560,000</u>	<u>\$ 809,842</u>	<u>\$ 10,369,842</u>

During the year, the City issued \$9,185,000 million in general obligations (revenue) bonds with an average interest rate of 1.69 percent. The net proceeds of these bonds (after payment of \$140,691 in underwriting fees, insurance, and other issuance costs) were used to immediately refund \$5,100,000 and \$4,135,000 of outstanding 2006 and 2007 water bonds respectively with interest rates of 4.5 percent and 4.125 percent respectively. As a result, the liability for the bonds has been removed from long-term debt. The refunding reduced the debt service payments over the next 11 years by approximately \$1.3 million which represents an economic gain of \$965,487.

#### Notes from Direct Borrowings - Downtown Development Authority

The City's component unit, the Downtown Development Authority's portion of a note payable to the Ford Motor Company is to be paid in four payments beginning in FY 2016-2017. Ford Motor Company has allowed the City to postpone paying back the note, so the remaining payments will be made through 2022.

At June 30, 2021, the long-term debt payable from the major component unit consisted of the following:

	Current Portion	Long-term Portion
\$766,609 Note Payable dated February 11, 2011 for Property Tax Settlement, Noninterest bearing	\$ 63,886	\$ -

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 5) LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity on the note payable (interest free) of the Downtown Development Authority are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	<u>\$ 63,886</u>
	<u>\$ 63,886</u>

### 6) JOINT VENTURES

(1) *Nankin Transit Commission* - The City participates in the Nankin Transit Commission with the cities of Garden City, Inkster, and Westland. The Commission was created as an intergovernmental organization for the purpose of providing for the operation, management, financing, and planning of local and specialized transit services in the participant's areas. Under the terms of a purchase of service contract entered into between the Nankin Transit Commission and the Suburban Mobility Authority for Regional Transportation (SMART), SMART has agreed to provide, among other things, certain equipment, vehicles and technical assistance necessary to provide public transportation services within a specified area. Two members of the Board of Directors for the joint venture are appointed by each of the four participating governments. The Board of Directors is responsible for approving the annual budget. The operating budget is funded by contributions from each participating government as well as contributions from SMART, the State of Michigan and the Federal Government. The City's contribution is based on a per capita basis and totaled \$21,000 for the year ended June 30, 2021. The City of Wayne represents approximately 12% of the per capita base of this organization. The City has no investment in the assets, liabilities, and fund equity of the Nankin Transit Commission. Complete financial statements of the Nankin Transit Commission can be obtained at the entity's administrative office: Nankin Transit Commission, 37151 Marquette, Westland, MI, 48185.

(2) *Central Wayne County Sanitation Authority* - The City is a member of the Central Wayne County Sanitation Authority along with the cities of Dearborn Heights, Garden City, Inkster, and Westland. The Authority was created as an inter-governmental organization for the purpose of establishing and operating sanitary waste disposal operations for the mutual advantage by each government. One member of the Board of Directors for the joint venture is appointed by each government. The Board of Directors is responsible for approving the annual budget. The operating and debt requirements are funded by contributions from each participating government. At June 30, 2007, all Authority debt was paid off in full. The City of Wayne has no investment in the Authority. Complete financial statements of the Central Wayne County Sanitation Authority can be obtained at the entity's administrative office: Central Wayne County Sanitation Authority, 35000 Sims, Wayne, MI, 48184.



**7) OTHER POST EMPLOYMENT BENEFITS**

**Plan Description** - The City provides retiree health care to eligible employees and their spouses. The Retirees Healthcare Plan is a single-employer defined benefit plan administered by the City. The City provides post-employment health care to all employees who retire from the City as per contractual agreement for union employees and Council resolution for non-union employees. The plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.

Postemployment life insurance benefits are provided on a contractual basis in amounts of \$2,000, \$4,000 and \$8,000 with current contracts providing for retiree life insurance in the amount of \$10,000.

**Funding Policy** - The cost of retiree healthcare and life insurance benefits is paid by the City of Wayne Retiree Healthcare Plan. This Other Post-Employment Benefits (OPEB) is funded by the City on a pay-as-you-go basis. For the year ended June 30, 2021, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2019.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Date of Member Count	<u>June 30, 2021</u>
Retirees and Beneficiaries	\$ 179
Inactive, Nonretired Members	9
Active Plan Members	<u>43</u>
Total Plan Members	<u><u>\$ 231</u></u>

**Contributions**

Retiree healthcare costs are paid by the City on a “pay-as-you-go” basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2021, the City made payments for postemployment health benefit premiums of \$206,797.

**Total OPEB Liability**

The June 30, 2021 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, which used updated procedures to roll forward the estimated liability to June 30, 2021.

# CITY OF WAYNE, MICHIGAN

## Notes to the Financial Statements (Continued) June 30, 2021

### 7) OTHER POST EMPLOYMENT BENEFITS (Continued)

#### Total OPEB Liability (Continued)

Changes in the total OPEB liability during the measurement year were as follows:

Changes in Total OPEB Liability	Total OPEB Liability
<b>Balance at July 1, 2020</b>	\$ 4,836,702
Changes for the year:	
Service Cost	53,763
Interest	116,625
Differences Between Expected and Actual Experience	(39,116)
Changes in Assumptions	363,188
Benefit Payments, Including Refunds	(206,797)
Net Changes	<u>287,663</u>
<b>Balance at June 30, 2021</b>	<u>\$ 5,124,365</u>

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows on Resources Related to OPEB

For the year ended June 30, 2021, the City recognized an OPEB expense of \$54,349.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 13,985
Changes in Assumptions	<u>129,852</u>	<u>-</u>
Total	<u>\$ 129,852</u>	<u>\$ 13,985</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2022	<u>\$ 115,867</u>
Total	<u>\$ 115,867</u>

#### Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) ranging from 3.0 percent to 9.7 percent; and using the Sex Distinct Pub-2010 Tables. These assumptions were applied to all periods included in the measurement.

**7) OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Other Information**

Effective January 1, 2019, the City terminated the current pre-65 and post-65 retiree medical plans. In place of these plans, eligible retirees will receive a monthly stipend for use toward the cost of individual health insurance premiums and/or qualified medical expenses. The new benefit structure was valued as part of the June 30, 2019 valuation.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 1.92 percent. The discount rate was based on the Fidelity “20-Year Municipal GO AA Index.”

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.92 percent, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (0.92%)	Current Discount Rate (1.92%)	1 Percent Increase (2.92%)
Total OPEB Liability of the Retiree Health Care Plan	\$ 5,948,281	\$ 5,124,365	\$ 4,473,618

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate**

Due to the flat dollar stipend style of the City’s plan, the net OPEB liability is not impacted by changes in the healthcare cost trend rates.

**Assumption Changes**

The discount rate used to measure the total OPEB liability as of June 30, 2021 was changed from 2.45 percent to 1.92 percent. The discount rate changed due to changes in the municipal bond rate.

**8) DEFINED PENSION PLAN**

**Plan Description** – the City participates in an agent multiple-employer defined benefit plan for all employees administered by the Municipal Employees’ Retirement System (MERS) of Michigan. Authority to establish and amend benefit provisions resides with the City of Wayne City Council through negotiations with the various bargaining units. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member Retirement Board. MERS issues a publicly available financial report as of December 31 each year that includes financial statements and required supplemental information of this defined benefit plan. This report may be obtained by writing to Municipal Employees’ Retirement System of Michigan, 1134 Municipal Way, Lansing, MI 48197.

**Benefit Provided** – The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers all full-time employees of the City (except the District Court Judge) that are eligible for a defined benefit pension.

**8) DEFINED PENSION PLAN (Continued)**

The following is a summary of benefits by division:

**General** – Retirement benefits for employees hired after February 19, 2008 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to February 19, 2008 are bridged and calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service, and 2.25 percent for service years subsequent to the bridge date (9/30/16) with an 80% retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or a reduced benefit at age 50 with 25 years of service.

**Dispatchers** – Retirement benefits for employees hired after December 20, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to December 20, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 7 percent of their salaries to fund benefits after 30 year of service, or a reduced benefit at age 50 with 25 years of service.

**Fire** – Retirement benefits for employees hired after November 1, 2011 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 60 years with a 10 year vesting period, early retirement with unreduced benefit at age 55 with 25 years of service, or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Retirement benefit for employees hired after March 16, 2009 and before November 1, 2011 are the same except for the normal retirement age is 50 years with a 10 year vesting period or early retirement with unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to March 16, 2009 are bridged and calculated at 2.7 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent if greater than 25 service years, of the employee's highest three consecutive years average salary times the years of service, and 2.25 percent for years subsequent to the bridge date of 9-30-16, with an 80% retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 50 years with a 10 year vesting period, early retirement with unreduced benefits after 25 years of service.

**8) DEFINED BENEFIT PENSION PLAN (Continued)**

**Department Heads** – Retirement benefits for employees hired after January 1, 2016 are calculated at 1.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 60 years with 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Retirement benefits for employees hired prior to January 1, 2016 are bridged and calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest five consecutive years average salary time the years of service and 2.25 percent for years subsequent to the bridge date of 9-30-16, with an 80% retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

**Court** - Retirement benefits for employees hired after December 18, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 7 percent of their salaries to fund benefits. Normal retirement age is 55 years with 10 year vesting period, early retirement with unreduced benefit after 30 years of service, or a reduced benefit at age 50 with 25 years of service. Retirement benefits for employees hired prior to December 18, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary time the years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period, early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

**TPOAM** - Retirement benefits for employees hired after June 5, 2007 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with no retirement. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with 10 year vesting period or early retirement with unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to June 5, 2007 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or early retirement with unreduced benefits after 25 years of service.

**POAM/COAM** - Retirement benefits for employees hired after May 5, 2008 are calculated at 2.5 percent of the employee's highest three consecutive years' average salary times the employee's years of service with a retirement maximum of 80 percent of final average compensation. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 50 years with 10 year vesting period or early retirement with an unreduced benefit after 25 years of service. Retirement benefits for employees hired prior to May 5, 2008 are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 50 years with a 10 year vesting period or early retirement with unreduced benefits after 25 years of service.

**8) DEFINED BENEFIT PENSION PLAN (Continued)**

**Supervisors** - Retirement benefits are calculated at 2.8 percent if less than 25 service years, 2.5 percent for 25-30 service years, and 1 percent for more than 30 years of service of the employee's highest three consecutive years average salary times the years of service with no retirement maximum. Members contribute 10 percent of their salaries to fund benefits. Normal retirement age is 55 years with a 10 year vesting period or early retirement with unreduced benefits after 30 years of service, or a reduced benefit at age 50 with 25 years of service.

An employee who leaves service may withdraw his or her contribution, plus accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Police and fire employee benefits terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms** – At the December 31, 2020 measurement date, the following employees were covered by the benefit terms:

Active plan members	70
Inactive employees or beneficiaries currently receiving benefits	204
Inactive employees entitled to but not yet receiving benefits	55
Total employees covered by MERS	329

**Contributions** – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during the year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

	<b>Monthly Fixed Contribution / Actual Percent of Payroll</b>
General	54.72%
Dispatchers	\$487
Fire Close New	18.02%
Retirees-2% Comp	\$43,786
Gen af 2/19/08	54.72%
Dept Heads	\$29,930
Supervisors	125.22%
Supr af 11/20/07	125.22%
Court	53.89%
Court af 12/18/07	53.89%
TPOAM	13.73%
TPOAM af 12/18/07	13.73%
DeptHeads af 1/1/16	0.00%
Disp af 12/20/07	\$161
POAM after 5/5/08	4.18%
POAM	\$7,647
COAM	152.29%
COAM after5/5/08	152.29%
Fire af 11/1/11	18.02%
Retire-2% Non-com Co	\$848
Retirees no COLA	\$0
Retire-2% COMP or ROI	\$235,063

**8) DEFINED BENEFIT PENSION PLAN (Continued)**

Dispatchers are now a closed division and the City pays a flat monthly rate of \$648. Department heads is also a closed division and the City pays a flat monthly rate of \$29,930.

**Net Pension Liability** – The net pension liability reported at June 30, 2021 was determined using a measure of the total pension liability and the pension net position as of December 31, 2020. The December 31, 2020 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

<u>Change in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>
Balance at December 31, 2019	\$ 119,333,375	\$ 67,738,923	\$ 51,594,452
Service Cost	823,578	-	823,578
Interest	8,787,639	-	8,787,639
Experience Differences	(917,414)	-	(917,414)
Changes in Actuarial Assumptions	4,536,956	-	4,536,956
Contributions - Employer	-	5,467,567	(5,467,567)
Contributions - Employee	-	456,538	(456,538)
Net Investment Income	-	8,110,464	(8,110,464)
Benefit Payments, Including Refunds	(8,236,647)	(8,236,647)	-
Administrative Expenses	-	(135,830)	135,830
Net Changes	<u>4,994,112</u>	<u>5,662,092</u>	<u>(667,980)</u>
<b>Balance at December 31, 2020</b>	<b><u>\$ 124,327,487</u></b>	<b><u>\$ 73,401,015</u></b>	<b><u>\$ 50,926,472</u></b>

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2021, the City recognized pension expense of \$2,736,436. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and expected experience.	\$ -	\$ (458,713)
Changes in assumptions	2,268,484	-
Net difference between projected and actual earnings on pension plan investments.	-	(2,031,267)
Employer contributions to the plan subsequent to the measurement date.	<u>2,268,366</u>	<u>-</u>
	<b><u>\$ 4,536,850</u></b>	<b><u>\$ (2,489,980)</u></b>

**8) DEFINED BENEFIT PENSION PLAN (Continued)**

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows.

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,406,011
2023	277,974
2024	(1,294,413)
2025	(611,068)
	<u>\$ (221,496)</u>

City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than the current fiscal period.

**Actuarial Assumptions** – the total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods including in the measurement:

Inflation	2.50%	
Salary Increases	3.00%	
Investment Rate of Return	7.60%	Gross of pension plan investment expenses, including inflation.

Mortality rates were based on the Pub-2010 mortality tables. For disabled retirees, the regular mortality table is used with a 10 year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of the most recent actuarial experience study covering 2013 through 2018. This study recommended updated demographic assumptions, including adjustments to mortality, retirement, disability and termination rates.

**Discount Rate** – The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

**Projected Cash Flows**

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**8) DEFINED BENEFIT PLAN (Continued)**

**Projected Cash Flows**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2021 for each major asset class included in the pension plan’s target asset allocation, as disclosed in the investment note, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return</b>
Global Equity	60.0%	5.25%
Global Fixed Income	20.0%	1.25%
Private Investments	20.0%	7.25%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City, calculated using the discount rate of 7.60 percent, as well as what City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60 percent) or one percentage point higher (8.60 percent) than the current rate:

	<b>1% Decrease 6.60%</b>	<b>Current Discount Rate 7.60%</b>	<b>1% Increase 8.60%</b>
Change in Net Pension Liability of the City 12/31/2020	\$ 15,268,852	\$ -	\$ (12,566,958)

**Pension Plan Fiduciary Net Pension** – Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at [www.mersofmich.com](http://www.mersofmich.com). The plan’s fiduciary net pension has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee’s contributions are recognized as expense when due and payable in accordance with the benefit terms.

**9) RISK MANAGEMENT**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers’ compensation). The City is self-insured for workers’ compensation and participates in the Michigan Municipal Risk Management Authority (the “Authority”) risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### 9) RISK MANAGEMENT (Continued)

The Michigan Municipal Risk Management Authority risk pool program operates as a claims serving pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

The City estimates the liability for general liability claims and workers' compensation claims that have been incurred through the end of the fiscal year, including those claims that have been reported as well as those that have not yet been reported. The estimate for the general liability and workers' compensation claims are all included in the General Fund. Changes in the estimated liabilities for the years ended June 30, 2021 and 2020 were as follows:

Changes in the balance of claims liabilities for property casualty during the current and prior year are as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Unpaid Claims, Beginning of Year	\$ 39,875	\$ 227,469
Incurred Claims, including Claims Incurred but not Reported	306,688	41,000
Claim Payments	<u>(126,930)</u>	<u>(228,594)</u>
<b>Unpaid Claims, End of Year</b>	<b><u>\$ 219,633</u></b>	<b><u>\$ 39,875</u></b>

Changes in the balance of claims liabilities for workers compensation during the current and prior year were as follows:

	<u>June 30,</u>	
	<u>2021</u>	<u>2020</u>
Unpaid Claims, Beginning of Year	\$ 28,979	\$ 19,155
Incurred Claims, including Claims Incurred but not Reported	(19,998)	43,163
Claim Payments	<u>(3,189)</u>	<u>(33,339)</u>
<b>Unpaid Claims, End of Year</b>	<b><u>\$ 5,792</u></b>	<b><u>\$ 28,979</u></b>

**10) CONTINGENT LIABILITIES**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**11) COVID 19**

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

**12) SUBSEQUENT EVENTS**

On August 27, 2021, the City redeemed 2008 Building Authority bonds, largely using the proceeds from the sale of a building.

We examined subsequent events through December 21 2021, the date the report was available to be issued. There was no event requiring recognition in the financial statements.

**13) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

At June 30, the City’s CDBG Fund (a non-major special revenue fund) had a fund deficit of \$83,660. This deficit is caused by a timing difference. \$83,660 of receivables at year-end was not received within 60 days of year-end and is therefore recorded as a deferred inflow of resources for unavailable revenue. When the money is received, the revenue will be recorded and the deficit will be eliminated.

For the year ended June 30, 2021, expenditures exceeded appropriations for the following function within the general fund:

<u>Function</u>	<u>Final Amended Budget</u>	<u>Fund Actual Expenditures</u>	<u>Variance</u>
Recreation and Culture	\$447,711	\$ 610,582	\$ 162,871

## 14) TAX ABATEMENTS

The City receives reduced property tax revenue as a result of tax abatement agreements granted by the City. The tax abatement agreements include the following:

The City uses the Industrial Facilities Tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property for up to 12 years.

For the fiscal year ended June 30, 2021, the City abated \$206,510 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

## 15) UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2022.

**REQUIRED SUPPLEMENTAL INFORMATION**

# CITY OF WAYNE, MICHIGAN

## Required Supplemental Information Budgetary Comparison Schedule – General Fund June 30, 2021

	Original Budget	Amended Budget	June 30, 2021 Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 6,994,985	\$ 11,953,284	\$ 11,946,880	\$ (6,404)
Licenses and Permits	592,005	835,395	868,627	33,232
Intergovernmental	2,646,820	4,656,255	4,390,128	(266,127)
Charges for Service and Sales	1,159,290	1,084,138	1,211,707	127,569
Fines and Forfeitures	518,500	353,545	362,444	8,899
Interest and Rents	433,900	667,209	735,340	68,131
Other revenue	2,819,650	3,366,216	3,622,671	256,455
<b>Total revenue</b>	<b>15,165,150</b>	<b>22,916,042</b>	<b>23,137,797</b>	<b>221,755</b>
<b>Expenditures - Current</b>				
General Government:				
City Council	41,550	41,550	27,535	(14,015)
City Manager	121,500	121,500	120,000	(1,500)
Finance	812,960	772,845	724,435	(48,410)
Law	253,500	295,000	280,631	(14,369)
City Clerk	224,973	245,268	206,380	(38,888)
Personnel	136,142	210,661	194,857	(15,804)
Information Technology	411,315	407,974	324,645	(83,329)
Other	4,265,610	3,074,721	3,077,715	2,994
<b>Total General Government</b>	<b>6,267,550</b>	<b>5,169,519</b>	<b>4,956,198</b>	<b>(213,321)</b>
District Court	1,196,590	1,012,146	840,495	(171,651)
Public Safety	7,404,616	8,040,241	7,578,540	(461,701)
Public Services	2,547,025	2,512,275	1,929,945	(582,330)
Community and Economic Development	218,295	166,565	140,128	(26,437)
Recreation and Culture	510,670	447,711	610,582	162,871
Debt Service	856,110	857,085	857,064	(21)
<b>Total Expenditures</b>	<b>19,000,856</b>	<b>18,205,542</b>	<b>16,912,952</b>	<b>(1,292,590)</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>(3,835,706)</b>	<b>4,710,500</b>	<b>6,224,845</b>	<b>1,514,345</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	-	(74,761)	(74,760)	1
<b>Total Financing Sources (Uses)</b>	<b>-</b>	<b>(74,761)</b>	<b>(74,760)</b>	<b>1</b>
<b>Net Change in Fund Balance</b>	<b>(3,835,706)</b>	<b>4,635,739</b>	<b>6,150,085</b>	<b>1,514,346</b>
Fund Balance, Beginning of Year	1,673,390	1,673,390	1,673,390	-
<b>Fund Balance, End of Year</b>	<b>\$ (2,162,316)</b>	<b>\$ 6,309,129</b>	<b>\$ 7,823,475</b>	<b>\$ 1,514,346</b>

# CITY OF WAYNE, MICHIGAN

## Required Supplemental Information Budgetary Comparison Schedule – Local Streets June 30, 2021

	Original Budget	Amended Budget	June 30, 2021 Actual	Variance with Amended Budget
<b>Revenue</b>				
Taxes	\$ 360,020	\$ 358,960	\$ 364,132	\$ 5,172
Intergovernmental	525,760	534,405	550,592	16,187
Other Revenue	8,000	8,000	522	(7,478)
Total Revenue	893,780	901,365	915,246	13,881
<b>Expenditures - Current</b>				
Road Projects - Streets	1,916,575	1,825,999	1,333,316	(492,683)
Total Expenditures	1,916,575	1,825,999	1,333,316	(492,683)
<b>Excess (Deficiency) of Revenue     Over Expenditures</b>	(1,022,795)	(924,634)	(418,070)	506,564
<b>Other Financing Sources (uses)</b>				
Transfers in	436,300	436,300	307,103	(129,197)
Total Financing Sources (Uses)	436,300	436,300	307,103	(129,197)
<b>Net Change in Fund Balance</b>	(586,495)	(488,334)	(110,967)	377,367
Fund Balance, Beginning of Year	3,200,786	3,200,786	3,200,786	-
<b>Fund Balance, End of Year</b>	<u>\$ 2,614,291</u>	<u>\$ 2,712,452</u>	<u>\$ 3,089,819</u>	<u>\$ 377,367</u>

### 1) LEGAL COMPLIANCE - BUDGETS - ACCOUNTING AND REPORTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets were adopted for the General Fund, six special revenue funds (Major Street Fund, Local Street Fund, Refuse Collection and Disposal Fund, Library Operations Fund, Community Development Block Grant Fund and Community Development Program Income Fund) and all other funds utilized by the City.

Functional Activity (i.e. general government, district court, public safety, etc.) is the legal level of control at which expenditures may not legally exceed appropriations for the general fund budget. Total expenditures is the legal level of control for all special revenue funds.

The City is legally subject to the budgetary control requirement of Michigan Public Act (P.A.) 2 of 1978 as amended. The following is a summary of the requirements of this Act.

- (i) Budgets must be adopted for the General Fund and Special Revenue Funds.
- (ii) The budgets must be balanced.
- (iii) The budgets must be amended when necessary.
- (iv) Public hearings must be held before budget adoptions.
- (v) Expenditures cannot exceed budget appropriations.
- (vi) Expenditures must be authorized by a budget before being incurred.

The City adopts its budget by functional activity which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- (i) At the second regular meeting in April, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes the proposed expenditures and the means of financing them, for the General Fund and Special Revenue Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
- (ii) Public hearings are conducted to obtain taxpayer comments.
- (iii) At the second regular meeting in May, the General Fund and Special Revenue Fund budgets are legally enacted through passage of a resolution by the City Council. The budgeting technique groups various departments into activities by function of service.
- (iv) After the budget has been adopted no money can be drawn from the treasury of the City, nor can any obligation for the expenditure of money be incurred except pursuant to the budget appropriation.
- (v) Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- (vi) The Finance Director is authorized to make budgetary transfers within appropriation centers. The City Manager is authorized to make budgetary transfers between appropriation centers as long as no appropriation center is increased by more than 2.5%. All other transfers between appropriation centers may be made only by further action of the City Council pursuant to the provisions of the Michigan Uniform Accounting and budgeting Act.



# CITY OF WAYNE, MICHIGAN

## Required Supplemental Information Schedule of Changes in the Total OPEB Liability and Related Ratios Last Four Years

	Year Ended June 30,			
	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 53,763	\$ 50,685	\$ 44,089	\$ 46,494
Interest	116,625	160,873	190,880	234,566
Differences between Expected and Actual Experience	(39,116)	(879,623)	118,943	(13,754)
Changes in Assumptions	363,188	557,598	289,727	(35,159)
Benefit Payments, including Refunds	<u>(206,797)</u>	<u>(334,376)</u>	<u>(1,225,959)</u>	<u>(1,867,933)</u>
<b>Net Change in Total OPEB Liability</b>	287,663	(444,843)	(582,320)	(1,635,786)
<b>Total OPEB Liability - Beginning of Year</b>	<u>4,836,702</u>	<u>5,281,545</u>	<u>5,863,865</u>	<u>7,499,651</u>
<b>Total OPEB Liability - End of Year</b>	<u>\$ 5,124,365</u>	<u>\$ 4,836,702</u>	<u>\$ 5,281,545</u>	<u>\$ 5,863,865</u>

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.



# CITY OF WAYNE, MICHIGAN

## Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service Cost	\$ 823,578	\$ 804,024	\$ 739,603	\$ 776,490	\$ 839,488	\$ 964,860	\$ 972,670
Interest	8,787,639	8,723,395	8,644,155	9,076,213	8,572,725	8,248,252	8,193,782
Changes to Benefit Terms	-	955	(431,640)	(932,184)	(1,964,931)	-	-
Experience Differences	(917,414)	433,250	(33,540)	(975,609)	617,650	753,203	-
Changes in Actuarial Assumptions	4,536,956	4,700,908	-	-	-	4,873,680	-
Miscellaneous Changes	-	-	-	-	67,360	67,360	-
Benefit Payments, including Refunds	(8,236,647)	(7,939,169)	(7,981,455)	(8,017,627)	(7,945,246)	(7,337,088)	(8,020,773)
Net Change in Total Pension Liability	4,994,112	6,723,363	937,123	(72,717)	187,046	7,570,267	1,145,679
<b>Total Pension Liability - Beginning of Year</b>	119,333,375	112,610,012	111,672,889	111,745,606	111,558,560	103,988,293	102,842,614
<b>Total Pension Liability - End of Year</b>	<u>\$ 124,327,487</u>	<u>\$ 119,333,375</u>	<u>\$ 112,610,012</u>	<u>\$ 111,672,889</u>	<u>\$ 111,745,606</u>	<u>\$ 111,558,560</u>	<u>\$ 103,988,293</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	5,467,567	4,996,781	4,212,488	3,634,938	3,331,359	2,707,157	2,825,137
Contributions - Employee	456,538	430,005	577,025	513,222	412,398	331,062	1,430,906
Net Investment Income	8,110,464	8,279,660	(2,555,519)	8,197,570	6,766,100	(951,680)	4,151,563
Benefit Payment, including Refunds	(8,236,647)	(7,939,169)	(7,981,455)	(8,017,627)	(7,945,246)	(7,337,088)	(8,020,773)
Administrative Expenses	(135,830)	(142,551)	(129,099)	(128,709)	(133,763)	(142,200)	(151,723)
Net Change in Plan Fiduciary Net Position	5,662,092	5,624,726	(5,876,560)	4,199,394	2,430,848	(5,392,749)	235,110
<b>Plan Fiduciary Net Position - Beginning of Year</b>	67,738,923	62,114,197	67,990,757	63,791,363	61,360,515	66,753,264	66,518,152
<b>Plan Fiduciary Net Position - End of Year</b>	<u>\$ 73,401,015</u>	<u>\$ 67,738,923</u>	<u>\$ 62,114,197</u>	<u>\$ 67,990,757</u>	<u>\$ 63,791,363</u>	<u>\$ 61,360,515</u>	<u>\$ 66,753,262</u>
<b>City's Net Pension Liability - Ending</b>	\$ 50,926,472	\$ 51,594,452	\$ 50,495,815	\$ 43,682,132	\$ 47,954,243	\$ 50,198,045	\$ 37,235,031
Plan Fiduciary Net Position as a Percent of Total Pension Liability	59.00%	56.80%	55.16%	60.88%	57.10%	55.0%	64.2%
Covered Payroll	\$ 4,590,609	\$ 4,468,368	\$ 4,001,688	\$ 4,037,226	\$ 4,101,050	\$ 5,866,847	\$ 4,414,412
City's Net Pension Liability as a Percent of Covered Payroll	1102.83%	1154.66%	1261.86%	1081.98%	1169.32%	1901.50%	843.5%

# CITY OF WAYNE, MICHIGAN

## Required Supplemental Information Schedule of City Pension Contributions Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	\$ 5,467,567	\$ 4,996,781	\$ 4,212,488	\$ 3,634,938	\$ 3,331,359	\$ 2,707,157	\$ 2,825,137	\$ 3,015,648	\$ 2,787,664	\$ 2,070,252
Contributions in Relation to the Actuarially Determined Contribution	5,467,567	4,996,781	4,212,488	3,634,938	3,331,359	2,707,157	2,825,137	3,199,597	2,997,070	2,326,414
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,949	\$ 209,406	\$ 256,162
Covered Payroll	4,590,639	4,468,368	4,001,688	4,037,226	4,101,050	5,866,847	4,414,412	5,599,175	5,866,847	6,042,833
Contributions as a Percentage of Covered Payroll	119%	112%	105%	90%	81%	46%	64%	57%	51%	38%

### Actuarial Valuation Information Relative to the Determination of Contributions:

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

### Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Level Percentage of Pay
Remaining Amortization Period	5-22 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	3.75%, including inflation
Investment Rate of Return	7.75%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	RP 2014 Healthy Annuitant Mortality Tables
Other Information	None

## **OTHER SUPPLEMENTAL INFORMATION**

# CITY OF WAYNE, MICHIGAN

## Non-Major Governmental Funds Combining Balance Sheet June 30, 2021

	Special Revenue Funds							Capital Projects Fund	Permanent Fund	Non-Major Governmental Funds Total	
	Major Street and Trunkline Fund	Refuse Collection and Disposal Fund	PEG Public Improvement Fund	Indigent Defense Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Youth Grant Program	Court Building Fund		Permanent Fund Cemetery Perpetual Fund
<b>Assets:</b>											
Cash and Cash Equivalents	\$ 1,273,544	\$ 803,402	\$ 96,720	\$ 162,446	\$ 604,068	\$ -	\$ 67,009	\$ 335,462	\$ 87,780	\$ 376,784	\$ 3,807,215
Receivables:											
Intergovernmental	211,635	-	-	-	7,694	87,484	-	-	-	-	306,813
Others	52	-	4,269	-	-	-	-	70,142	1,195	-	75,658
Prepaid Expenses	-	-	-	-	1,211	-	-	-	-	-	1,211
Inventory	54,730	-	-	-	-	-	-	-	-	-	54,730
<b>Total Assets</b>	<b>\$ 1,539,961</b>	<b>\$ 803,402</b>	<b>\$ 100,989</b>	<b>\$ 162,446</b>	<b>\$ 612,973</b>	<b>\$ 87,484</b>	<b>\$ 67,009</b>	<b>\$ 405,604</b>	<b>\$ 88,975</b>	<b>\$ 376,784</b>	<b>\$ 4,245,627</b>
<b>Liabilities and Fund Balances (Deficit)</b>											
<b>Liabilities:</b>											
Accounts Payable	\$ 8,105	\$ 185,870	\$ -	\$ 9,812	\$ 17,308	\$ -	\$ -	\$ 23,914	\$ -	\$ -	\$ 245,009
Due to Other Funds	-	-	-	-	-	87,484	-	-	-	-	87,484
Other Liabilities-Intergovernmental	-	12,523	-	-	4,307	-	-	-	-	-	16,830
Unearned Revenue	-	-	-	151,244	-	-	67,009	-	-	-	218,253
Accrued Salaries and Wages	-	-	-	1,390	10,545	-	-	-	-	-	11,935
<b>Total Liabilities</b>	<b>8,105</b>	<b>198,393</b>	<b>-</b>	<b>162,446</b>	<b>32,160</b>	<b>87,484</b>	<b>67,009</b>	<b>23,914</b>	<b>-</b>	<b>-</b>	<b>579,511</b>
<b>Deferred Inflows of Resources -</b>											
	-	-	-	-	-	83,680	-	21,478	-	-	105,158
<b>Fund Balances (Deficit):</b>											
Nonspendable	54,730	-	-	-	1,211	-	-	-	-	-	55,941
Permanent Fund Principal	-	-	-	-	-	-	-	-	-	376,784	376,784
Restricted for:											
Roads	1,477,126	-	-	-	-	-	-	-	-	-	1,477,126
Refuse Collection	-	605,009	-	-	-	-	-	-	-	-	605,009
Library Operations	-	-	-	-	579,602	-	-	-	-	-	579,602
Public Improvements	-	-	100,989	-	-	-	-	-	-	-	100,989
Court Building Fund	-	-	-	-	-	-	-	88,975	-	-	88,975
Youth Program	-	-	-	-	-	-	-	360,212	-	-	360,212
Unassigned	-	-	-	-	-	(83,680)	-	-	-	-	(83,680)
<b>Total Fund Balance (Deficit)</b>	<b>1,531,856</b>	<b>605,009</b>	<b>100,989</b>	<b>-</b>	<b>580,813</b>	<b>(83,680)</b>	<b>-</b>	<b>360,212</b>	<b>88,975</b>	<b>376,784</b>	<b>3,560,958</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$ 1,539,961</b>	<b>\$ 803,402</b>	<b>\$ 100,989</b>	<b>\$ 162,446</b>	<b>\$ 612,973</b>	<b>\$ 87,484</b>	<b>\$ 67,009</b>	<b>\$ 405,604</b>	<b>\$ 88,975</b>	<b>\$ 376,784</b>	<b>\$ 4,245,627</b>

# CITY OF WAYNE, MICHIGAN

## Non-Major Governmental Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balance For Year Ended June 30, 2021

	Special Revenue Funds							Capital Projects Fund	Permanent Fund	Non-Major Governmental Funds Total	
	Major Street and Trunkline Fund	Refuse Collection and Disposal Fund	PEG Public Improvement Fund	Indigent Defense Fund	Library Operations Fund	Community Development Block Grant Fund	Community Development Program Income Fund	Youth Grant Program	Court Building Fund		Permanent Fund Cemetery Perpetual Fund
<b>Revenues:</b>											
Taxes	\$ -	\$ 1,056,425	\$ -	\$ -	\$ 724,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,781,025
Intergovernmental Revenue											
Gas, Weight and Trunkline Maintenance	1,339,534	-	-	-	-	-	-	-	-	-	1,339,534
Federal Grants/Entitlement	-	-	-	-	-	57,671	52,295	253,662	-	-	363,628
Other Grants	-	115,255	-	138,339	62,441	-	-	-	-	-	316,035
Charges for Services	-	-	22,503	-	-	-	-	-	15,112	8,440	46,055
Interest and Rents	163	157	13	28	86	-	-	52	3	-	502
Other Revenue	-	-	-	-	132,093	-	-	-	-	-	132,093
<b>Total Revenues</b>	<b>1,339,697</b>	<b>1,171,837</b>	<b>22,516</b>	<b>138,367</b>	<b>919,220</b>	<b>57,671</b>	<b>52,295</b>	<b>253,714</b>	<b>15,115</b>	<b>8,440</b>	<b>3,978,872</b>
<b>Expenditures-Current</b>											
General Government	-	-	-	138,367	-	-	-	-	900	-	139,267
Public Safety	-	-	-	-	-	-	-	-	-	-	-
Public Services	542,999	1,156,329	-	-	-	-	-	-	-	-	1,699,328
Community and Economic Development	-	-	-	-	-	137,547	52,295	265,213	-	-	455,055
Recreation and Culture	-	-	-	-	695,558	-	-	-	-	-	695,558
Debt Service											
Principal	50,000	-	-	-	-	-	-	-	-	-	50,000
Interest and Paying Agent Fees	22,138	-	-	-	-	-	-	-	-	-	22,138
<b>Total Expenditures</b>	<b>615,137</b>	<b>1,156,329</b>	<b>-</b>	<b>138,367</b>	<b>695,558</b>	<b>137,547</b>	<b>52,295</b>	<b>265,213</b>	<b>900</b>	<b>-</b>	<b>3,061,346</b>
Excess (Deficiency) of Revenue over Expenditures	724,560	15,508	22,516	-	223,662	(79,876)	-	(11,499)	14,215	8,440	917,526
Other Financing Source (Uses)											
Transfers in	-	-	-	-	-	-	-	-	74,760	-	74,760
Transfers Out	(307,103)	-	-	-	-	-	-	-	-	-	(307,103)
<b>Total Other Financing Source (Uses)</b>	<b>(307,103)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,760</b>	<b>-</b>	<b>(232,343)</b>
<b>Net change in Fund Balances</b>	<b>417,457</b>	<b>15,508</b>	<b>22,516</b>	<b>-</b>	<b>223,662</b>	<b>(79,876)</b>	<b>-</b>	<b>(11,499)</b>	<b>88,975</b>	<b>8,440</b>	<b>685,183</b>
<b>Fund Balances (Deficit) July 1, 2020</b>	<b>1,114,399</b>	<b>589,501</b>	<b>78,473</b>	<b>-</b>	<b>357,151</b>	<b>(3,804)</b>	<b>-</b>	<b>371,711</b>	<b>-</b>	<b>368,344</b>	<b>2,875,775</b>
<b>Fund Balances (Deficit) June 30, 2021</b>	<b>\$ 1,531,856</b>	<b>\$ 605,009</b>	<b>\$ 100,989</b>	<b>\$ -</b>	<b>\$ 580,813</b>	<b>\$ (83,680)</b>	<b>\$ -</b>	<b>\$ 360,212</b>	<b>\$ 88,975</b>	<b>\$ 376,784</b>	<b>\$ 3,560,958</b>

# CITY OF WAYNE, MICHIGAN

## Other Supplemental Information Combining Statement of Fiduciary Net Position June 30, 2021

	Custodial Funds		
	Current Tax Collection Fund	Delinquent Personal Property Tax Collection Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 15,644	\$ -	\$ 15,644
Tax Receivable - Delinquent	-	60,032	60,032
<b>Total Assets</b>	<u>\$ 15,644</u>	<u>\$ 60,032</u>	<u>\$ 75,676</u>
<b>LIABILITIES</b>			
Due to Other Government	<u>\$ 15,644</u>	<u>\$ 60,032</u>	<u>\$ 75,676</u>
<b>NET POSITION</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# CITY OF WAYNE, MICHIGAN

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position June 30, 2021

	Custodial Funds		
	Current Tax Collection Fund	Delinquent Personal Property Tax Collection Fund	Total
<b>Additions</b>			
Property Tax Collections	\$ 13,331,799	\$ -	\$ 13,331,799
Other Additions	-	5,545	5,545
Total Additions	13,331,799	5,545	13,337,344
<b>Deductions</b>			
Tax Distributions to other Governments	13,331,799	-	13,331,799
Other Deductions	-	5,545	5,545
Total Deductions	13,331,799	5,545	13,337,344
<b>Net Change in Fiduciary Net Position</b>	-	-	-
<b>Net Position - Beginning of Year</b>	-	-	-
<b>Net Position - End of Year</b>	\$ -	\$ -	\$ -

**CITY OF WAYNE, MICHIGAN**

**SINGLE AUDIT REPORT**

**JUNE 30, 2021**

# CITY OF WAYNE, MICHIGAN

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## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and City Council  
City of Wayne, Michigan

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of The City of Wayne, Michigan (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2021 which contained unmodified opinions on the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is not a required part of the 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Alan C. Young & Assoc.*

Detroit, Michigan  
December 21, 2021



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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable Mayor and City Council  
City of Wayne, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Wayne, Michigan (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2021.

### **Internal Control over Financial Reporting**

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

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

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

**Independent Auditor's Report on Internal  
Control Over Financial Reporting and on  
Compliance and Other Matters Based on  
An Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards  
(Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Alan C. Young, Assoc.*

Detroit, Michigan  
December 21, 2021



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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Mayor and City Council  
City of Wayne, Michigan

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Wayne, Michigan (the City's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Independent Auditor's Report on Compliance  
for Each Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance  
(Continued)**

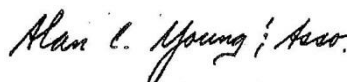
**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Detroit, Michigan  
December 21, 2021



# CITY OF WAYNE, MICHIGAN

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor / Pass-Trough Grantor / Program Title	Federal CFDA Number	Pass - Through Grantor's Number	Current Year Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Pass through Wayne County				
Community Development Block Grant Entitlement - Program Income	14.218	91-31-PI-19	\$ 52,295	\$ -
Community Development Block Grant Entitlement - 2018	14.218	18-31	42,067	-
Community Development Block Grant Entitlement - 2019	14.218	19-31	11,800	-
Community Development Block Grant Entitlement - 2020	14.218	20-31	83,680	-
Total Community Development Block Grant			<u>189,842</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>189,842</u>	<u>-</u>
<b>U.S. Department of Justice</b>				
Direct through Federal				
2019 Bulletproof Vest Partnership Grant Program	16.607	2019 Regular Fund	2,027	-
2020 Bulletproof Vest Partnership Grant Program	16.607	2020 Regular Fund	2,068	-
Covid 19 - BJA FY20 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0437	18,736	-
Pass through Michigan State Police:				
2020 Byrne Justice Assistance Grant-YS	16.738	JAG-72488-2020	20,245	-
2020 Byrne Justice Assistance Grant - POL	16.738	JAG-73010-2020	4,109	-
2021 Byrne Justice Assistance Grant - YS	16.738	JAG-72488-2021	66,729	-
<b>Total U.S. Department of Justice</b>			<u>113,914</u>	<u>-</u>

See accompanying notes to Schedule of Expenditures of Federal Awards

# CITY OF WAYNE, MICHIGAN

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2021

Federal Grantor / Pass-Trough Grantor / Program Title	Federal CFDA Number	Pass - Through Grantor's Number	Current Year Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Homeland Security</b>				
Passed through the Dearborn Heights Fire Department				
2019 Department of Homeland Security FEMA - Assistance to Firefighters Regional Grant				
Fire Emergency Response	97.044	EMW-2019-FG-06975	98,182	-
Direct through Federal:				
Covid 19 - 2019 Department of Homeland Security FEMA-COVID REIMB COVID-19 Cost Reimbursements	97.036	EMW-2015-FH-00436	129,816	-
<b>Total U.S. Department of Homeland Security</b>			227,998	-
<b>U.S. Department of Treasury</b>				
Passed through State of Michigan				
Covid 19 - Coronavirus Relief Local Governments Grant (CRLGG) Program	21.019	SLT0040	140,354	-
Covid 19 - First Responder Hazard Pay Premiums Program (FRHPPP)	21.019	SLT0040 and SLT0247	37,000	-
Covid 19 - Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)	21.019	SLT0040 and SLT0247	492,853	-
Passed through the City of Dearborn				
Covid 19 - Public Safety and Public Health Payroll Reimbursement Program (PSPHPR)	21.019	SLT0040/SLT0247	15,497	-
<b>Total U.S. Department of Treasury</b>			685,704	-
<b>U.S. Department of Education</b>				
Passed through State of Michigan				
Covid 19 - LSTA Public Library Services Grant	45-310	LS-246540-OLS-20	3,500	-
<b>Total U.S. Department of Education</b>			3,500	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,220,958</b>	<b>\$ -</b>

See accompanying notes to Schedule of Expenditures of Federal Awards

# **CITY OF WAYNE, MICHIGAN**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2021**

### **1) BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING PRINCIPLES**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of City of Wayne, Michigan and is presented on the same basis of accounting as the financial statements. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In addition, expenditures reported on the schedule are recognized following the federal cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, change in net position or cash flows of the Organization.

### **2) INDIRECT COST RATE**

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### **3) SUBSEQUENT EVENTS**

All subsequent events related to the major programs were evaluated through December 21, 2021, the date the accompanying reports were available to be issued. No subsequent event was noted that required disclosure or adjustment in the report.

# CITY OF WAYNE, MICHIGAN

## Schedule of Findings and Questioned Costs Year Ended June 30, 2021

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unmodified

Internal Control over Financial Reporting:

Material Weakness (es) Identified?  Yes  No

Significant Deficiency (ies) Identified?  Yes  None Reported

Non-Compliance Material to Financial Statements Noted?  Yes  No

#### FEDERAL AWARDS

Internal Control over Major Programs:

Material Weakness (es) Identified?  Yes  No

Significant Deficiency (ies) Identified?  Yes  None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?  Yes  No

#### Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
21.019	U.S. Department of Treasury – Coronavirus Relief Local Governments Grant (CRLGG) Program, First Responder Hazard Pay Premiums Program (FRHPPP) , Public Safety and Public Health Payroll Rembursement Program (PSPHPR) & Public Safety and Public Health Payroll Rembursement Program (PSPHPR)

Dollar threshold used to distinguish between Type A and B programs: \$ 750,000

Auditee Qualified as Low Risk Auditee?  Yes  No

# **CITY OF WAYNE, MICHIGAN**

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## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2021**

### **SECTION II – FINANCIAL AUDIT FINDINGS**

No financial audit findings.

### **SECTION III – FEDERAL PROGRAM AUDIT FINDINGS**

No federal program audit findings.

**SECTION II – FINANCIAL AUDIT FINDINGS**

No financial audit findings.

**SECTION III – FEDERAL PROGRAM AUDIT FINDINGS**

No federal program audit findings.

No Single Audit was performed for the year ended June 30, 2020 as the City was below the \$750,000 threshold.