

CITY OF WAYNE, MICHIGAN

**FINANCIAL REPORT
WITH
SUPPLEMENTAL INFORMATION**

JUNE 30, 2022

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 Audit of the Financial Statements

Opinion

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 for the year ended, June 30, 2022, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements 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, 2022 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquires 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.

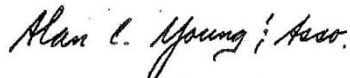
Supplementary Information

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, 2022

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, 2022. 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. In 2021, due to a variety of factors, including a one-time property tax judgment levy for pension contributions ordered by the Wayne County Circuit Court, the City dramatically increased fund balance by \$6.2 million. In 2022, the City returned to its financial difficulties and General Fund began losing fund balance again, albeit approximately only \$43,000. Significant financial events this year include:

- The City received approximately \$1.76 million from the federal government, passed through the State of Michigan, from the American Rescue Plan Act. The City has used a portion of this money to pay for police department equipment and a new fire truck. Nearly \$1.1 million of this grant remains to be spent and recognized as revenue in a future year.
- Funding from the State of Michigan, including State Shared Revenue derived from state income taxes, personal property tax reimbursement from the Local Community Stabilization Authority, and the marihuana excise tax continue to increase. From fiscal year 2021 to 2022, these state revenues increased over 18 percent or approximately \$577,000.
- Excluding the effects of the judgment levy noted above, General Fund revenue increased approximately \$2.25 million or 13 percent.
- Expenditures increased approximately \$2.24 million or 13 percent, primarily due to a \$486,000 increase in pension contributions, the purchase of a new fire truck for \$612,000, and paying off the 2008 recreation Renovation Bonds for \$845,000.
- As mentioned above, General Fund fund balance decreased by (\$42,971).
- Thanks largely in part to the country's strong financial markets through December 2021, the City's MERS pension system is 61 percent funded as of the most recent actuarial valuation, although this almost certainly will decrease in calendar year 2022 due to the economy's downturn.
- The City sold its recreation center to Hype Athletics and used the sales proceeds to pay off the remaining balance of the 2008 Recreation Renovation Bonds.
- Under full accrual accounting, the Governmental activities of the City of Wayne's net position decreased by approximately \$2.3 million, primarily due to the sale of the recreation center and its removal from the capital asset records.
- The Water and Sewer Fund continues to improve its financial position. Net position improved by approximately \$1.8 million during the year, although significant construction projects are on the horizon.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued) June 30, 2022

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, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 18,237,971	\$ 16,425,584	\$ 12,319,910	\$ 11,414,390	\$ 30,557,881	\$ 27,839,974
Capital and Other Assets	29,973,405	34,399,147	26,193,284	25,833,467	56,166,689	60,232,614
Total Assets	48,211,376	50,824,731	38,513,194	37,247,857	86,724,570	88,072,588
Deferred Outflows of Resources	5,139,402	4,298,824	449,346	367,878	5,588,748	4,666,702
Liabilities						
Current Liabilities	4,165,489	3,255,824	1,852,883	1,620,583	6,018,372	4,876,407
Debt and Long-term Liabilities	56,004,813	59,479,737	11,960,147	12,938,020	67,964,960	72,417,757
Total Liabilities	60,170,302	62,735,561	13,813,030	14,558,603	73,983,332	77,294,164
Deferred Inflows of Resources	5,418,219	2,303,431	445,306	200,534	5,863,525	2,503,965
Net Position						
Net Investment in Capital Assets	24,568,094	27,296,083	16,474,600	16,273,467	41,042,694	43,569,550
Restricted	7,499,736	6,987,149	-	-	7,499,736	6,987,149
Unrestricted	(44,305,573)	(44,198,669)	8,229,604	6,583,131	(36,075,969)	(37,615,538)
Total Net Position	\$ (12,237,743)	\$ (9,915,437)	\$ 24,704,204	\$ 22,856,598	\$ 12,466,461	\$ 12,941,161

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued) June 30, 2022

REPORTING THE CITY AS A WHOLE (Continued)

The following table shows the changes in net position for the years ended June 30, 2022 and 2021:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
General Revenue	\$ 12,089,605	\$ 16,637,760	\$ 40,754	\$ 40,016	\$ 12,130,359	\$ 16,677,776
Charge for Service	7,257,329	6,713,124	12,679,289	12,276,588	19,936,618	18,989,712
Grants and Contributions	5,025,408	4,797,111	-	-	5,025,408	4,797,111
Total Revenue	24,372,342	28,147,995	12,720,043	12,316,604	37,092,385	40,464,599
Program Expenses						
General Government	3,925,015	4,369,441	-	-	3,925,015	4,369,441
District Court	780,909	840,495	-	-	780,909	840,495
Public Safety	9,044,237	9,393,373	-	-	9,044,237	9,393,373
Public Services	5,242,011	5,376,141	-	-	5,242,011	5,376,141
Recreation and Cultural	5,503,662	1,942,669	-	-	5,503,662	1,942,669
Interest on Long-term Debt	1,612,978	929,202	-	-	1,612,978	929,202
Community and Economic Development	585,836	664,421	-	-	585,836	664,421
Water and Sewer	-	-	10,872,437	11,098,701	10,872,437	11,098,701
Total Expenses	26,694,648	23,515,742	10,872,437	11,098,701	37,567,085	34,614,443
Change in Net Position	\$ (2,322,306)	\$ 4,632,253	\$ 1,847,606	\$ 1,217,903	\$ (474,700)	\$ 5,850,156

GOVERNMENTAL ACTIVITIES

Net Position of the City's governmental activities decreased by approximately \$2.3 million, increasing the deficit of Net Position from (\$9.9) million to (\$12.2) million.

The City paid down \$1.6 million of structured long-term liabilities (i.e, bonds), including the remaining \$845,000 on the 2008 Recreation Renovation bonds.

The City's primary revenue sources, property taxes and state-shared revenues, continue to grow at approximately the rate of inflation, 1% to 3% annually. On a short-term basis, the City's General Fund nearly broke even, only losing approximately \$43,000 which was significantly better than planned. 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.

The City paid down \$840,000 of bonded debt during the year.

Total net position of the business-type activities increased for the year by approximately \$1.8 million. The net investment in capital assets increased by \$0.2 million. The unrestricted net position increased by \$1.6 million due to the operational income exceeding expenses. The City has been increasing its cash position in the Water and Sewer System Fund for necessary upcoming construction projects.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued)

June 30, 2022

THE CITY'S FUNDS

As of June 30, 2022, the governmental funds of the City, as presented in the balance sheet on page 11, reported a combined fund balance of \$15.0 million. This is an increase of approximately \$0.6 million from the prior year.

The General Fund showed a decrease of approximately \$43,000.

The rest of the governmental funds together created a surplus of approximately \$613,000. Most significantly, the Local Street fund generated a surplus of approximately \$369,000. The Library Fund generated a deficiency of \$253,000 for the year, due to renovation of its HVAC system.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's General Fund original budget for fiscal 2022 began with an expected loss of approximately \$1.4 million. Amendments throughout the year changed the projected loss to \$1.8 million. Total revenues ended up \$388,000 over the final budget. Expenditures ended up \$1.5 million over the original budget and \$1.4 million under the final budget. Altogether, the General Fund performed better than the final budget by \$1.8 million.

CAPITAL ASSETS

At the end of June 30, 2022, after depreciation expense, the City (excluding Component Units) had \$55.1 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 \$5.0 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 \$1.6 million. The City also disposed a building (Recreation Center) during the year.

DEBT ADMINISTRATION

At year end, the City has approximately \$14.1 million in outstanding general obligation bonds, notes payable, and capital leases payable. Principal payments on this debt were approximately \$2.5 million, with another \$0.4 million paid in interest.

During the year, the City paid off the 2008 Recreation Renovation Bonds with the proceeds from the sale of the recreation center.

In addition, the City has \$1.9 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 2022, the City approved the original budget for the new fiscal year beginning July 1, 2022 (FY2022). That approved budget, based on the amended FY2022 budget at that time, assumed FY2023 would finish with the City's General Fund having approximately \$4.0 million of remaining fund balance. After amendments to date and given the better than budgeted results for FY2022, the revised budgetary estimate is a decrease of \$2.2 million, leaving \$5.6 million remaining. The City does typically perform better than budgeted, so actual results should be better, but still a decrease of fund balance. Approved revenues and expenditures for the original FY2022 budget were \$18.7 million and \$20.9 million, respectively.

CITY OF WAYNE, MICHIGAN

Management's Discussion and Analysis (Continued)

June 30, 2022

NEXT YEAR'S BUDGET (Continued)

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, 2022

	<i>Primary Government</i>			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 15,810,663	\$ 9,312,784	\$ 25,123,447	\$ 724,360
Receivables, Net	2,094,418	2,856,787	4,951,205	-
Inventory	262,046	148,437	410,483	-
Prepaid Expenses	70,844	1,902	72,746	-
Total Current Assets	18,237,971	12,319,910	30,557,881	724,360
Noncurrent Assets				
Restricted Assets				
Cash and Cash Equivalents	60,311	998,684	1,058,995	-
Capital Assets, Net				
Assets not subject to Depreciation	4,495,549	187,650	4,683,199	1,841,176
Assets subject to Depreciation	25,417,545	25,006,950	50,424,495	1,975,338
Total Capital Assets	29,913,094	25,194,600	55,107,694	3,816,514
Total Assets	48,211,376	38,513,194	86,724,570	4,540,874
Deferred Outflows of Resources - Pension	5,139,402	449,346	5,588,748	-
LIABILITIES AND NET POSITION				
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Expenses	909,954	890,633	1,800,587	32,514
Due to Other Governmental Units	167,006	-	167,006	-
Unearned Revenue	1,411,769	-	1,411,769	-
Unsettled Claims	227,523	-	227,523	-
Current Portion of Long-term Debt	815,000	925,000	1,740,000	-
Accumulated Compensated Absences	600,000	408	600,408	-
Accrued Interest Payable	34,237	36,842	71,079	9,358
Total Current Liabilities	4,165,489	1,852,883	6,018,372	41,872
Long-term Liabilities				
Long-term Debt, Net of Current Portion	4,530,000	7,795,000	12,325,000	-
Other Post Employment Benefits Liability	3,575,484	87,635	3,663,119	-
Net Pension Liability	46,636,517	4,077,512	50,714,029	-
Accumulated Compensated Absences	1,262,812	-	1,262,812	-
Total Noncurrent Liabilities	56,004,813	11,960,147	67,964,960	-
Total Liabilities	60,170,302	13,813,030	73,983,332	41,872
Deferred Inflows of Resources - Pension	4,966,584	434,236	5,400,820	-
Deferred Inflows of Resources - OPEB	451,635	11,070	462,705	-
Total Deferred Inflows of Resources	5,418,219	445,306	5,863,525	-
Net Position				
Net Investment in Capital Assets	24,568,094	17,473,284	42,041,378	3,816,514
Restricted for:				
Cemetery Perpetual Care (Nonspendable)	385,024	-	385,024	-
Refuse Collection	589,796	-	589,796	-
Road	5,450,292	-	5,450,292	-
Youth Grants Program	347,402	-	347,402	-
Veteran's Memorial	59,941	-	59,941	-
Public Improvements	101,085	-	101,085	-
Police K9	50,820	-	50,820	-
Historical Museum	105,609	-	105,609	-
Court Building Fund	82,411	-	82,411	-
Library Operations	327,331	-	327,331	-
Indigent Defense Fund	25	-	25	-
Unrestricted (Deficit)	(44,315,510)	7,230,920	(37,084,590)	682,488
Total Net Position	\$ (12,237,743)	\$ 24,704,204	\$ 12,466,461	\$ 4,499,002

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, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Charges in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
General Government	\$ 3,925,015	\$ 2,694,802	\$ 618,280	\$ -	\$ (611,933)	\$ -	\$ (611,933)	\$ -
District Court	780,909	410,205	-	-	(370,704)	-	(370,704)	-
Public Safety	9,044,237	2,121,156	1,104,856	20,330	(5,797,895)	-	(5,797,895)	-
Public Services	5,242,011	2,012,529	1,964,758	-	(1,264,724)	-	(1,264,724)	-
Community and Economic Development	585,836	-	167,254	26,440	(392,142)	-	(392,142)	-
Recreation and Culture	5,503,662	18,637	56,082	-	(5,428,943)	-	(5,428,943)	-
Interest and Other Long-Term Debt	1,612,978	-	-	-	(1,612,978)	-	(1,612,978)	-
Total Governmental Activities	26,694,648	7,257,329	3,911,230	46,770	(15,479,319)	-	(15,479,319)	-
Business-type Activities:								
Water and Sewer	10,872,437	12,679,289	-	-	-	1,806,852	1,806,852	-
Total Primary Government	\$ 37,567,085	\$ 19,936,618	\$ 3,911,230	\$ 46,770	(15,479,319)	1,806,852	(13,672,467)	-
Component Units								
Downtown Development Authority	1,272,959	22,012	-	-	-	-	-	(1,250,947)
Total Component Units	\$ 1,272,959	\$ 22,012	\$ -	\$ -	-	-	-	(1,250,947)
			General Revenues:					
			Property Taxes, Levied for General Purposes		7,228,414	-	7,228,414	1,224,576
			Property Taxes, Levied for Refuse		1,058,351	-	1,058,351	-
			Property Taxes, Levied for Library		727,248	-	727,248	-
			Property Taxes, Levied for Road Program		364,792	-	364,792	-
			Franchise Taxes		252,528	-	252,528	-
			Investment Earnings		16,404	40,754	57,158	101
			State Shared Revenues		2,441,868	-	2,441,868	-
			Property Tax Replacement		1,067,408	-	1,067,408	-
			Total General Revenue		13,157,013	40,754	13,197,767	1,224,677
			Change in Net Position		(2,322,306)	1,847,606	(474,700)	(26,270)
			Net Position (Deficit) - July 1, 2021		(9,915,437)	22,856,598	12,941,161	4,525,272
			Net Position (Deficit) - June 30, 2022		\$ (12,237,743)	\$ 24,704,204	\$ 12,466,461	\$ 4,499,002

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

CITY OF WAYNE, MICHIGAN

Governmental Fund Balance Sheet June 30, 2022

	General Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 8,709,654	\$ 3,354,373	\$ 3,746,636	\$ 15,810,663
Restricted Cash and Cash Equivalents	60,311	-	-	60,311
Receivables:				
Accounts Receivable, Net	953,562	-	-	953,562
Special Assessments	129,927	-	-	129,927
Due from Other Governmental Units	477,074	83,783	240,969	801,826
Other	-	-	209,103	209,103
Due from Other Funds	20,000	-	-	20,000
Inventory	130,582	65,732	65,732	262,046
Prepaid Items	70,844	-	-	70,844
Total Assets	\$ 10,551,954	\$ 3,503,888	\$ 4,262,440	\$ 18,318,282
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 296,098	\$ 40,907	\$ 208,956	\$ 545,961
Due to Other Governmental Units	145,869	4,307	16,830	167,006
Due to Other Funds	-	-	20,000	20,000
Accrued Salaries and Wages	305,350	-	13,666	319,016
Deposits	44,977	-	-	44,977
Unearned Revenue	1,345,072	-	66,697	1,411,769
Unsettled Claims	227,523	-	-	227,523
Total Liabilities	2,364,889	45,214	326,149	2,736,252
Deferred Inflows of Resources				
Unavailable Revenue	406,561	-	131,598	538,159
Fund Balances:				
Nonspendable:				
Prepaid Items	70,844	-	-	70,844
Inventory	130,582	65,732	65,732	262,046
Permanent Fund Principal	-	-	385,024	385,024
Restricted:				
Road	-	3,392,942	1,925,886	5,318,828
Refuse Collection	-	-	589,796	589,796
Library Operations	-	-	327,331	327,331
Public Improvements	-	-	101,085	101,085
Veteran's Memorial	59,941	-	-	59,941
Youth Programs	-	-	347,403	347,403
Indigent Defense Fund	-	-	25	25
Police K9	50,820	-	-	50,820
Court Building Fund	-	-	82,411	82,411
Historical Museum	105,609	-	-	105,609
Unassigned Balance	7,362,708	-	(20,000)	7,342,708
Total Fund Balances	7,780,504	3,458,674	3,804,693	15,043,871
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,551,954	\$ 3,503,888	\$ 4,262,440	\$ 18,318,282

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, 2022

Fund Balance - Total Governmental Funds \$ 15,043,871

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:	76,231,189	
Accumulated Depreciation is:	<u>(46,318,095)</u>	29,913,094

Deferred Outflows are not Current Financial Resources and are not Reported in the Funds.		5,139,402
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Deferred Inflows are not Current Obligations and are not Reported in the Funds.		(5,418,219)
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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.		538,159
--	--	---------

Long-term Obligations are not Due and Payable in the Current
Period and are not Reported in the Funds.

Compensated Absences	(1,862,812)	
Bonds and Note Payable (Net of Discount)	(5,345,000)	
OPEB Liability	(3,575,484)	
Net Pension Liability	<u>(46,636,517)</u>	(57,419,813)

Accrued Interest is not Due and Payable in the Current Period and is not Reported in the Funds.		<u>(34,237)</u>
--	--	-----------------

Net (Deficit) Position of Governmental Activities \$ (12,237,743)

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, 2022

	General Fund	Local Streets Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,228,414	\$ 364,792	\$ 1,785,599	\$ 9,378,805
Licenses and Permits	883,545	-	-	883,545
Intergovernmental	4,654,629	573,500	2,212,707	7,440,836
Charges for Services	1,298,163	-	44,142	1,342,305
Fines and Forfeitures	417,235	-	-	417,235
Interest and Rents	587,309	-	480	587,789
Other Revenue	4,115,973	448	35,433	4,151,854
Total Revenue	19,185,268	938,740	4,078,361	24,202,369
Expenditures:				
General Government	5,339,913	-	160,848	5,500,761
District Court	739,540	-	-	739,540
Public Safety	8,926,267	-	-	8,926,267
Public Service	2,274,571	910,481	1,717,167	4,902,219
Community and Economic Development	135,269	-	410,291	545,560
Recreation and Culture	269,401	-	1,136,024	1,405,425
Debt Service				
Principal	1,523,494	-	50,000	1,573,494
Interest and Paying Agent Fees	19,784	-	19,700	39,484
Total Expenditures	19,228,239	910,481	3,494,030	23,632,750
Excess (Deficiency) of Revenue Over Expenditures	(42,971)	28,259	584,331	569,619
Other Financing Sources (Uses):				
Transfers In	-	340,596	-	340,596
Transfers Out	-	-	(340,596)	(340,596)
Total Other Financing Sources (Uses)	-	340,596	(340,596)	-
Net Change in Fund Balances	(42,971)	368,855	243,735	569,619
Fund Balances - July 1, 2021	7,823,475	3,089,819	3,560,958	14,474,252
Fund Balances - June 30, 2022	\$ 7,780,504	\$ 3,458,674	\$ 3,804,693	\$ 15,043,871

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 569,619
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	(1,685,356)
Capital Outlay	1,588,989
Loss on Deletion of Assets not recorded in governmental funds recorded	(3,455,403)
Sale proceeds on capital assets recorded as revenue in funds	(796,220)
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.	169,974
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	1,629,937
Change in Accrued Interest Payable	15,440
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.	293,274
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.	1,426,288
Decrease in Net Pension Liability does not require the use of current resources and is not reported in the governmental funds.	195,362
Increase in Deferred Inflows-Pension	(2,676,803)
Increase in Deferred Inflows-OPEB	(437,985)
Decrease in Deferred Outflows-OPEB	(126,745)
Increase in Deferred Outflows-Pension	967,323
Change in Net Position of Governmental Activities	<u>\$ (2,322,306)</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, 2022

	Enterprise Fund Water and Sewer Fund
	<hr/>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 9,312,784
Account Receivable, net	2,856,787
Prepaid Expenses	1,902
Inventory	148,437
Total Current Assets	<hr/> 12,319,910 <hr/>
Non-Current Assets:	
Cash Restricted for Set Asides	998,684
Capital Assets:	
Assets Not Subject to Depreciation	187,650
Assets Subject to Depreciation	25,006,950
Total Capital Assets	<hr/> 25,194,600 <hr/>
Total Noncurrent Assets	<hr/> 26,193,284 <hr/>
Total Assets	<hr/> 38,513,194 <hr/>
Deferred Outflow of Resources - Pension	449,346
Total Deferred Outflow of Resources	<hr/> 449,346 <hr/>
Liabilities:	
Current Liabilities:	
Accounts Payable	890,633
Accrued Interest Payable	36,842
Accrued Compensated Absences	408
Current Portion of Long-term Debt	925,000
Total Current Liabilities	<hr/> 1,852,883 <hr/>
Noncurrent Liabilities	
Long Term Debt, Net of Current Portion	7,795,000
Other Post-Employment Benefits Payable	87,635
Net Pension Liability	4,077,512
Total Noncurrent Liabilities	<hr/> 11,960,147 <hr/>
Total Liabilities	<hr/> 13,813,030 <hr/>
Deferred Inflows of Resources	
Pension	434,236
OPEB	11,070
Total Deferred Inflows of Resources	<hr/> 445,306 <hr/>
Net Position:	
Net Investment in Capital Assets	17,473,284
Unrestricted	7,230,920
Total Net Position	<hr/> \$ 24,704,204 <hr/>

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, 2022

	<u>Enterprise Fund Water and Sewer Fund</u>
Operating Revenues	
Water Sales	\$ 6,184,561
Sewage Disposal	5,986,024
Penalties	198,045
Other	310,659
Total Operating Revenues	<u>12,679,289</u>
Operating Expenses	
Water Purchased	3,382,678
Sewage Disposal	3,459,009
Service and Maintenance	2,573,947
Depreciation	1,183,222
Other	135,543
Total Operating Expenses	<u>10,734,399</u>
Operating Income	1,944,890
Non-Operating Revenue (Expense)	
Interest Income	40,754
Interest and Paying Agent Fees Expense	(138,038)
Total Non-Operating Revenue (Expense)	<u>(97,284)</u>
Change in Net Position	1,847,606
Net Position - July 1, 2021	<u>22,856,598</u>
Net Position - June 30, 2022	<u>\$ 24,704,204</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, 2022

	Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 12,568,019
Cash Payment to Supplier for Goods and Services	(6,873,517)
Cash Payment to Employees for Services	(2,464,849)
Net Cash Provided by Operating Activities	<u>3,229,653</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and Construction of Capital Assets	(544,355)
Principal Paid on Revenue Bonds and Contracts	(840,000)
Interest Paid on Revenue Bonds and Contracts	(127,958)
Net Cash Used in Capital and Related Financing Activities	<u>(1,512,313)</u>
Cash Flows from Investing Activities	
Interest on Investment	
Net Cash Provided from Investing Activities	<u>40,754</u>
Net Increase in Cash and Cash Equivalents	1,758,094
Cash and Cash Equivalents, Beginning of Year	<u>8,553,374</u>
Cash and Cash Equivalents, End of Year (including Restricted Cash)	<u><u>\$ 10,311,468</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 1,944,890
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Depreciation and Amortization	1,183,222
Change in Assets and Liabilities	
Accounts Receivables	(111,270)
Inventory	(34,779)
Accounts Payable	138,553
Accrued and Other Liabilities	(1,741)
Prepaid Expenses	(487)
OPEB Payable	(34,958)
OPEB Deferred Outflows	3,107
OPEB Deferred Inflow	10,735
Pension Payable	(17,081)
Deferred Inflows-Pension	234,037
Deferred Outflows-Pension	(84,575)
Net Cash Provided by Operating Activities	<u><u>\$ 3,229,653</u></u>

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

CITY OF WAYNE, MICHIGAN

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 6,680
Tax Receivable - Delinquent	<u>63,315</u>
Total Assets	<u>69,995</u>
LIABILITIES	
Accounts Payable	8
Due to Other Government	<u>69,987</u>
Total Liabilities	<u>69,995</u>
NET POSITION	<u><u>\$ -</u></u>

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

CITY OF WAYNE, MICHIGAN

Fiduciary Funds Statement of Changes in Fiduciary Net Position June 30, 2022

	<u>Custodial Funds</u>
Additions	
Property Tax Collections	\$ 13,545,052
Total Additions	<u>13,545,052</u>
Deductions	
Tax Distributions to other Governments	<u>13,545,052</u>
Total Deductions	<u>13,545,052</u>
Net Change in Fiduciary Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<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, 2022

	Component Units		
	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets:			
Current Assets:			
Cash and Cash Equivalents	\$ 721,860	\$ 2,500	\$ 724,360
Non-Current Assets:			
Capital Assets			
Land, Improvement	1,841,176	-	1,841,176
Other Capital Assets - Net	1,975,338	-	1,975,338
Total Non-current Assets	3,816,514	-	3,816,514
Total Assets	4,538,374	2,500	4,540,874
Liabilities:			
Current Liabilities:			
Accounts Payable	32,514	-	32,514
Accrued Interest Payable	9,358	-	9,358
Total Current Liabilities	41,872	-	41,872
Total Liabilities	41,872	-	41,872
Net Position:			
Net Investment in Capital Assets	3,816,514	-	3,816,514
Unrestricted	679,988	2,500	682,488
Total Net Position	\$ 4,496,502	\$ 2,500	\$ 4,499,002

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

CITY OF WAYNE, MICHIGAN

Component Units Statement of Activities June 30, 2022

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	\$ 1,272,959	\$ 22,012	\$ -	\$ (1,250,947)	\$ -	\$ (1,250,947)
Brownfield Redevelopment Authority	-	-	-	-	-	-
Total Component Units	<u>1,272,959</u>	<u>22,012</u>	<u>-</u>	<u>(1,250,947)</u>	<u>-</u>	<u>(1,250,947)</u>
General Revenues:						
Property Taxes				1,224,576	-	1,224,576
Investment Earnings				101	-	101
Total General Revenue				<u>1,224,677</u>	<u>-</u>	<u>1,224,677</u>
Change in Net Position				(26,270)	-	(26,270)
Net Position, July 1, 2021				<u>4,522,772</u>	<u>2,500</u>	<u>4,525,272</u>
Net Position, June 30, 2022				<u>\$ 4,496,502</u>	<u>\$ 2,500</u>	<u>\$ 4,499,002</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, 2022.

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.

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 fund was created during fiscal 2021 for the purposes of acquiring, constructing, repairing and equipping public building, and the possibility of consolidating the 29th and the 18th 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, 2022, the pooled investment fund totaled \$26,182,442.

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, 2022 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 \$538,159 as unavailable revenue at June 30, 2022.

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, 2022. 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 2021 roll was as follows:

General Operating	14.7240 mills
Retirement System	0.9513 mills
Recreation	0.9815 mills
Public Safety Millage	0.9871 mills
Act. 298 Refuse Collection	2.8538 mills
Library Fund (Act 164)	1.9631 mills
Roads	0.9816 mills
Police Millage	0.9816 mills
P.A. - 359	0.1339 mills
Total	24.5579 mills

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:

	Governmental Funds	Business Type Funds	Total Primary Government	Fiduciary Funds	Component Units
Cash and Cash Equivalents	\$ 15,810,663	\$ 9,312,784	\$ 25,123,447	\$ 6,680	\$ 724,360
Cash and Cash Equivalents-Restricted	60,311	998,684	1,058,995	-	-
Total	\$ 15,870,974	\$ 10,311,468	\$ 26,182,442	\$ 6,680	\$ 724,360

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, 2022, the bank balance of the City deposits was \$27,574,492 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.

Fiduciary Investment Type	Fair Value	Weighted Average Maturity	Rating	Rating Organization
Pooled Investment Fund	\$ 1,010,857	63 days	AAAm	S&P
Others	26,687	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, 2022

3) CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance June 30, 2021</u>	<u>Additions 2021-22</u>	<u>Disposals 2021-22</u>	<u>Balance June 30, 2022</u>
Capital Assets not being Depreciated:				
Land	\$ 4,495,549	\$ -	\$ -	\$ 4,495,549
Subtotal	<u>4,495,549</u>	<u>-</u>	<u>-</u>	<u>4,495,549</u>
Capital Assets being Depreciated:				
Buildings	39,133,762	419,169	(14,438,686)	25,114,245
Improvements	4,304,778	-	-	4,304,778
Machinery & Equipment	7,798,259	843,946	(607,629)	8,034,576
Infrastructure	33,956,167	325,874	-	34,282,041
Subtotal	<u>85,192,966</u>	<u>1,588,989</u>	<u>(15,046,315)</u>	<u>71,735,640</u>
Total	<u>89,688,515</u>	<u>1,588,989</u>	<u>(15,046,315)</u>	<u>76,231,189</u>
Less: Accumulated Depreciation for:				
Buildings	21,390,051	521,238	(10,190,254)	11,721,035
Improvements	3,478,665	117,288	-	3,595,953
Machinery & Equipment	6,712,972	374,404	(604,439)	6,482,937
Infrastructure	23,845,744	672,426	-	24,518,170
Subtotal	<u>55,427,432</u>	<u>1,685,356</u>	<u>(10,794,693)</u>	<u>46,318,095</u>
Net Capital Assets being Depreciated	<u>29,765,534</u>	<u>(96,367)</u>	<u>(4,251,622)</u>	<u>25,417,545</u>
Net Capital Assets	<u>\$ 34,261,083</u>	<u>\$ (96,367)</u>	<u>\$ (4,251,622)</u>	<u>\$ 29,913,094</u>

During the year, the City sold their recreation center to HYPE Athletics for \$800,000. This resulted in a loss of approximately \$3.4 million on the entity-wide statement of activities.

Depreciation was allocated to the following functional categories for the year ended June 30, 2022.

General Government	\$ 195,574
Public Safety	572,629
Public Services	705,509
Recreation and Culture	211,644
	<u>\$ 1,685,356</u>

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2022

3) CAPITAL ASSETS (Continued)

<u>Water & Sewer Fund:</u>	<u>Balance June 30, 2021</u>	<u>Additions 2021-22</u>	<u>Balance June 30, 2022</u>
Capital Assets Not being Depreciated			
Construction in Progress	\$ -	\$ 187,650	\$ 187,650
Capital Assets being Depreciated:			
Water and Sewer Mains	41,900,481	98,818	41,999,299
Meters	2,402,256	-	2,402,256
Equipment	987,470	30,745	1,018,215
Motor Vehicles	845,845	227,142	1,072,987
Subtotal	<u>46,136,052</u>	<u>356,705</u>	<u>46,492,757</u>
Total Water & Sewer	<u>46,136,052</u>	<u>544,355</u>	<u>46,680,407</u>
Less: Accumulated Depreciation for:			
Water and Sewer Mains	18,559,848	776,658	19,336,506
Meters	538,535	120,113	658,648
Equipment	652,461	158,543	811,004
Motor Vehicles	551,741	127,908	679,649
Subtotal	<u>20,302,585</u>	<u>1,183,222</u>	<u>21,485,807</u>
Net Capital Assets being Depreciated	<u>25,833,467</u>	<u>(826,517)</u>	<u>25,006,950</u>
Net Capital Assets	<u>\$ 25,833,467</u>	<u>\$ (638,867)</u>	<u>\$ 25,194,600</u>

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

<u>Downtown Development Authority:</u>	<u>Balance June 30, 2021</u>	<u>Additions 2021-22</u>	<u>Balance June 30, 2022</u>
Capital Assets not being Depreciated:			
Land	\$ 1,841,176	\$ -	\$ 1,841,176
Subtotal	<u>1,841,176</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	30,640	464,088
Infrastructure	4,330,238	61,320	4,391,558
Subtotal	<u>8,099,946</u>	<u>91,960</u>	<u>8,191,906</u>
Total Downtown Development Auth.	<u>9,941,122</u>	<u>91,960</u>	<u>10,033,082</u>
Less: Accumulated Depreciation for:			
Buildings	48,948	2,598	51,546
Improvements	2,652,909	66,609	2,719,518
Machinery and Equipment	325,724	10,383	336,107
Infrastructure	2,948,146	161,251	3,109,397
Subtotal	<u>5,975,727</u>	<u>240,841</u>	<u>6,216,568</u>
Net Capital Assets being Depreciated	<u>2,124,219</u>	<u>(148,881)</u>	<u>1,975,338</u>
Net Capital Assets	<u>\$ 3,965,395</u>	<u>\$ (148,881)</u>	<u>\$ 3,816,514</u>

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued)
June 30, 2022

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	\$ 20,000
		<u>\$ 20,000</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	\$ 340,596
		<u>\$ 340,596</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.

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 pages include a summary of changes in long-term debt for the year ended June 30, 2022:

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2022

5) LONG-TERM DEBT (Continued)

	Interest Rate	Principal Maturity Ranges	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Due Within One Year
Governmental Activities							
Bonds Payable - Other Debt							
General Obligation Bonds:							
MI Transportation Bond Series 2008							
Amount of issue - \$730,000							
Maturing through 2028							
	5.00% - 5.10%	\$50,000 - \$75,000	\$ 400,000	\$ -	\$ (50,000)	\$ 350,000	\$ 50,000
Recreation Renovation Bond 2008							
Amount of issue - \$1,800,000							
Maturing through 2028							
		-	845,000	-	(845,000)	-	-
Refunding of Building Authority Bonds 2012C:							
Amount of Issue - \$8,585,000							
Maturing through 2028							
	2.85% - 3.40%	\$765,000 - \$1,000,000	5,720,000	-	(725,000)	4,995,000	765,000
Total General Obligation Bonds			6,965,000	-	(1,620,000)	5,345,000	815,000
Note Payable-Ford Tax Settlement, as Corrected							
Original Amount - \$119,249							
Maturing in 2022							
			9,937	-	(9,937)	-	-
Total Bonds and Notes from Direct Borrowings			6,974,937	-	(1,629,937)	5,345,000	815,000
Other Liabilities:							
Net Pension Liability							
	N/A	N/A	46,831,879	-	(195,362)	46,636,517	-
Net OPEB Liability							
	N/A	N/A	5,001,772	-	(1,426,288)	3,575,484	-
Accrued Compensated Absences							
	N/A	N/A	2,156,086	219,619	(512,893)	1,862,812	600,000
Total Governmental Activities			\$ 60,964,674	\$ 219,619	\$ (3,764,480)	\$ 57,419,813	\$ 1,415,000
Business-type Activities							
Bonds Payable - Other Debt							
Water Bonds 2004							
Amount of Issue - \$3,525,000							
Maturing through 2022							
			\$ 375,000	\$ -	\$ (375,000)	\$ -	\$ -
Water Bonds 2021							
Amount of Issue - \$9,185,000							
Maturing through 2032							
	1.69%	\$450,000- \$1,065,000	9,185,000	-	(465,000)	8,720,000	925,000
Net Bonds Payable							
			9,560,000	-	(840,000)	8,720,000	925,000
Other Liabilities:							
Net Pension Liability							
	N/A	N/A	4,094,593	-	(17,081)	4,077,512	-
Net OPEB Liability							
	N/A	N/A	122,593	-	(34,958)	87,635	-
Accrued Compensated Absences							
			834	2,707	(3,133)	408	408
Total Business-type Activities			\$ 13,778,020	\$ 2,707	\$ (895,172)	\$ 12,885,555	\$ 925,408
Long-term Liabilities			\$ 13,778,020	\$ 2,707	\$ (895,172)	\$ 12,885,555	\$ 925,408

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued)
June 30, 2022

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		
	Principal	Interest	Total
2023	\$ 815,000	\$ 162,227	\$ 977,227
2024	900,000	136,075	1,036,075
2025	965,000	106,642	1,071,642
2026	950,000	75,535	1,025,535
2027	1,075,000	41,447	1,116,447
2028	640,000	11,517	651,517
	<u>\$ 5,345,000</u>	<u>\$ 533,443</u>	<u>\$ 5,878,443</u>

Years Ending June 30,	Business-Type Activities General Obligation Bonds		
	Principal	Interest	Total
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	930,000	76,811	1,006,811
2028-2032	4,080,000	141,579	4,221,579
	<u>\$ 8,720,000</u>	<u>\$ 682,634</u>	<u>\$ 9,402,634</u>

As part of the conditions of the \$9,185, 000 bonds issued by the City in fiscal 2021, the City is required to set aside cash to meet future debt service, The City has accordingly set aside \$998,684 and this this has been recorded as restricted cash in the Water and Sewer Fund.

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, 2022. 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.

6) JOINT VENTURES (Continued)

(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 - 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 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, 2022, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2021.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of Member Count	<u>June 30, 2022</u>
Retirees and Beneficiaries	167
Inactive, Nonretired Members	-
Active Plan Members	<u>41</u>
Total Plan Members	<u><u>208</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, 2022, the City made payments for postemployment health benefit premiums of \$206,797.

Total OPEB Liability

The June 30, 2022 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, which used updated procedures to roll forward the estimated liability to June 30, 2022.

CITY OF WAYNE, MICHIGAN

Notes to the Financial Statements (Continued) June 30, 2022

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
Balance at July 1, 2021	\$ 5,124,365
Changes for the year:	
Service Cost	66,925
Interest	96,995
Differences Between Expected and Actual Experience	(483,990)
Changes in Assumptions	(929,217)
Benefit Payments, Including Refunds	(211,959)
Net Changes	<u>(1,461,246)</u>
Balance at June 30, 2022	<u>\$ 3,663,119</u>

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

For the year ended June 30, 2022, the City recognized an OPEB expense of \$882,674.

At June 30, 2022, 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	\$ -	\$ (158,466)
Changes in Assumptions	-	<u>(304,239)</u>
Total	<u>\$ -</u>	<u>\$ (462,705)</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
2023	<u>\$ 462,705</u>
Total	<u>\$ 462,705</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 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, 2021 valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.69 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 3.69 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 <u>(2.69%)</u>	Current Discount Rate <u>(3.69%)</u>	1 Percent Increase <u>(4.69%)</u>
Total OPEB Liability of the Retiree Health Care Plan	\$ 4,144,279	\$ 3,663,119	\$ 3,270,289

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 total OPEB liability (no trust) 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, 2022 was changed from 1.92 percent to 3.69 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.

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.

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.

8) DEFINED BENEFIT PENSION PLAN (Continued)

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.

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.

8) DEFINED BENEFIT PENSION PLAN (Continued)

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, 2021 measurement date, the following employees were covered by the benefit terms:

Active plan members	72
Inactive employees or beneficiaries currently receiving benefits	202
Inactive employees entitled to but not yet receiving benefits (including refunds)	63
Total employees covered by MERS	337

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, 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.

	Monthly Fixed Contribution / Actual Percent of Payroll
General	51.08%
Dispatchers	\$1,131
Fire Close New	19.95%
Retirees-2% Comp	\$45,276
Gen af 2/19/08	51.08%
Dept Heads	83.55%
Supervisors	115.15%
Supvr af 11/20/07	115.55%
Court	55.07%
Court af 12/18/07	55.07%
TPOAM	18.92%
TPOAM af 12/18/07	18.92%
DeptHeads af 1/1/16	83.55%
Disp af 12/20/07	\$206
POAM after 5/5/08	22.80%
POAM	22.80%
COAM	155.64%
COAM after5/5/08	155.64%
Fire af 11/1/11	19.95%
Retire-2% Non-com Co	\$1,124
Retirees no COLA	\$0
Retire-2% COMP or ROI	\$263,810

8) DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability – The net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 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:

Change in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 124,327,487	\$ 73,401,015	\$ 50,926,472
Service Cost	846,868	-	846,868
Interest	9,162,979	-	9,162,979
Experience Differences	610,509	-	610,509
Changes in Actuarial Assumptions	5,033,696	-	5,033,696
Contributions - Employer	-	4,993,285	(4,993,285)
Contributions - Employee	-	797,606	(797,606)
Net Investment Income	-	10,192,627	(10,192,627)
Benefit Payments, Including Refunds	(8,370,775)	(8,370,775)	-
Administrative Expenses	-	(117,023)	117,023
Net Changes	7,283,277	7,495,720	(212,443)
Balance at December 31, 2021	\$ 131,610,764	\$ 80,896,735	\$ 50,714,029

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

For the year ended June 30, 2022, the City recognized pension expense of \$7,138,056. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience.	\$ 305,255	\$ -
Changes in assumptions	2,516,848	-
Net difference between projected and actual earnings on pension plan investments.	-	(5,400,820)
Employer contributions to the plan subsequent to the measurement date.	2,766,645	-
	<u>\$ 5,588,748</u>	<u>\$ (5,400,820)</u>

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>
2023	\$ 2,156,750
2024	(2,237,740)
2025	(1,554,395)
2026	(943,332)
	<u>\$ (2,578,717)</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, 2021 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	7.25%	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, 2021 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.

Change in Methodology – Effective February 17, 2022, the MERS Retirement Board adopted a dedicated gains policy that automatically adjusts the assumed rate of investment return by using excess asset gains to mitigate large increases in required contributions to the Plan. Some goals of the dedicated gains policy are to:

- Provide a systematic approach to lower the assumed rate of investment return between experience studies, and
- Use excess gains to cover both the increase in normal cost and any increase in UAL payment the first year after implementation (i.e., minimize the first-year impact (i.e., increase) in employer contributions).

The dedicated gains policy has been implemented with the December 31, 2021 annual actuarial valuation. After initial application of the smoothing method, remaining market gains were used to lower the assumed rate of investment return from 7.35% to 7.00%. The December 31, 2021 valuation liabilities were developed using this new, lower assumption. Additionally, as a result of recognizing excess market gains, the valuation assets used to fund these liabilities are 7.2% higher than if there were no dedicated gain policy

8) DEFINED BENEFIT PLAN (Continued)

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.

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, 2022 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Investments	20.0%	7.00%

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 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease 6.25%</u>	<u>Current Discount Rate 7.25%</u>	<u>1% Increase 8.25%</u>
Change in Net Pension Liability of the City 12/31/2021	\$ 16,478,964	\$ -	\$ (13,526,743)

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. 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, 2022 and 2021 were as follows:

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

	June 30,	
	2022	2021
Unpaid Claims, Beginning of Year	\$ 219,633	\$ 39,875
Incurred Claims, including Claims Incurred but not Reported	670,977	306,688
Claim Payments	(671,344)	(126,930)
Unpaid Claims, End of Year	\$ 219,266	\$ 219,633

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

	June 30,	
	2022	2021
Unpaid Claims, Beginning of Year	\$ 5,792	\$ 28,979
Incurred Claims, including Claims Incurred but not Reported	9,326	(19,998)
Claim Payments	(6,861)	(3,189)
Unpaid Claims, End of Year	\$ 8,257	\$ 5,792

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) SUBSEQUENT EVENTS

We examined subsequent events through December 21, 2022, the date the report was available to be issued. There was no event requiring recognition in the financial statements.

12) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

At June 30, the City's CDBG Fund (a non-major special revenue fund) had a fund deficit of \$20,000. This deficit is caused by a timing difference. \$20,000 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.

13) 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, 2022, the City abated \$126,767 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

14) NEW 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 implemented GASB 87 during the year. However, due to nature of its leases, the impact is considered to be insignificant and immaterial for any amounts to be recorded in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Budgetary Comparison Schedule – General Fund June 30, 2022

	Original Budget	Amended Budget	June 30, 2022 Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 7,156,795	\$ 7,346,481	\$ 7,228,414	\$ (118,067)
Licenses and Permits	620,080	731,221	883,545	152,324
Intergovernmental	3,328,018	4,385,573	4,654,629	269,056
Charges for Service and Sales	1,166,192	1,290,015	1,298,163	8,148
Fines and Forfeitures	527,000	391,705	417,235	25,530
Interest and Rents	438,770	566,275	587,309	21,034
Other revenue	3,021,870	4,085,677	4,115,973	30,296
Total revenue	16,258,725	18,796,947	19,185,268	388,321
Expenditures - Current				
General Government:				
City Council	41,550	34,649	28,154	(6,495)
City Manager	121,500	121,500	120,220	(1,280)
Finance	823,805	821,465	793,973	(27,492)
Law	250,000	270,000	257,766	(12,234)
City Clerk	189,710	188,293	184,207	(4,086)
Personnel	136,135	182,175	173,556	(8,619)
Information Technology	419,675	461,459	388,960	(72,499)
Other	2,826,535	3,560,659	3,393,077	(167,582)
Total General Government	4,808,910	5,640,200	5,339,913	(300,287)
District Court	955,612	841,392	739,540	(101,852)
Public Safety	8,114,894	9,841,802	8,926,267	(915,535)
Public Services	2,503,380	2,322,502	2,274,571	(47,931)
Community and Economic Development	134,290	152,350	135,269	(17,081)
Recreation and Culture	399,597	272,095	269,401	(2,694)
Debt Service	821,240	1,544,095	1,543,278	(817)
Total Expenditures	17,737,923	20,614,436	19,228,239	(1,386,197)
Excess (Deficiency) of Revenue Over Expenditures	(1,479,198)	(1,817,489)	(42,971)	1,774,518
Fund Balance, Beginning of Year	7,823,475	7,823,475	7,823,475	-
Fund Balance, End of Year	\$ 6,344,277	\$ 6,005,986	\$ 7,780,504	\$ 1,774,518

CITY OF WAYNE, MICHIGAN

Required Supplemental Information Budgetary Comparison Schedule – Local Streets June 30, 2022

	Original Budget	Amended Budget	June 30, 2022 Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 360,410	\$ 362,010	\$ 364,792	\$ 2,782
Intergovernmental	565,950	565,950	573,500	7,550
Other Revenue	500	500	448	(52)
Total Revenue	926,860	928,460	938,740	10,280
Expenditures - Current				
Road Projects - Streets	2,011,495	2,024,000	910,481	(1,113,519)
Total Expenditures	2,011,495	2,024,000	910,481	(1,113,519)
Excess (Deficiency) of Revenue Over Expenditures	(1,084,635)	(1,095,540)	28,259	1,123,799
Other Financing Sources (uses)				
Transfers in	436,300	436,300	340,596	(95,704)
Total Financing Sources (Uses)	436,300	436,300	340,596	(95,704)
Net Change in Fund Balance	(648,335)	(659,240)	368,855	1,028,095
Fund Balance, Beginning of Year	3,089,819	3,089,819	3,089,819	-
Fund Balance, End of Year	<u>\$ 2,441,484</u>	<u>\$ 2,430,579</u>	<u>\$ 3,458,674</u>	<u>\$ 1,028,095</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 Five Years

	Year Ended June 30,				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 66,925	\$ 53,763	\$ 50,685	\$ 44,089	\$ 46,494
Interest	96,995	116,625	160,873	190,880	234,566
Differences between Expected and Actual Experience	(483,990)	(39,116)	(879,623)	118,943	(13,754)
Changes in Assumptions	(929,217)	363,188	557,598	289,727	(35,159)
Benefit Payments, including Refunds	(211,959)	(206,797)	(334,376)	(1,225,959)	(1,867,933)
Net Change in Total OPEB Liability	(1,461,246)	287,663	(444,843)	(582,320)	(1,635,786)
Total OPEB Liability - Beginning of Year	<u>5,124,365</u>	<u>4,836,702</u>	<u>5,281,545</u>	<u>5,863,865</u>	<u>7,499,651</u>
Total OPEB Liability - End of Year	<u>\$ 3,663,119</u>	<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 OPEB Contributions Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 288,434	\$ 301,825	\$ 304,373	\$ 484,058	\$ 485,813	\$ 6,219,301	\$ 6,225,156	\$ 3,773,200	\$ 3,773,200
Contributions in Relation to the Actuarially Determined Contribution	<u>211,959</u>	<u>206,797</u>	<u>334,376</u>	<u>1,225,959</u>	<u>1,867,933</u>	<u>1,959,080</u>	<u>2,221,758</u>	<u>1,403,253</u>	<u>1,259,117</u>
Contribution (Deficiency) Excess	<u>\$ (76,475)</u>	<u>\$ (95,028)</u>	<u>\$ 30,003</u>	<u>\$ 741,901</u>	<u>\$ 1,382,120</u>	<u>\$ (4,260,221)</u>	<u>\$ (4,003,398)</u>	<u>\$ (2,369,947)</u>	<u>\$ (2,514,083)</u>

Notes to Schedule of Contributions

Actuarial Valuation Information Relative to the Determination of Contributions:

Valuation Date

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which the contributions are reported.

Methods and Assumptions used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar
Remaining Amortization Period	24 years, closed
Inflation	2.5 percent
Healthcare Cost Trend Rates	n/a
Salary Increases	3.0 to 9.7 percent
Investment Rate of Return	3.50 percent net of OPEB plan investment expense
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	Sex distinct Pub-2010 General Healthy Retirees tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019.

CITY OF WAYNE, MICHIGAN

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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 846,868	\$ 823,578	\$ 804,024	\$ 739,603	\$ 776,490	\$ 839,488	\$ 964,860	\$ 972,670
Interest	9,162,979	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	610,509	(917,414)	433,250	(33,540)	(975,609)	617,650	753,203	-
Changes in Actuarial Assumptions	5,033,696	4,536,956	4,700,908	-	-	-	4,873,680	-
Miscellaneous Changes	-	-	-	-	-	67,360	67,360	-
Benefit Payments, including Refunds	(8,370,775)	(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	7,283,277	4,994,112	6,723,363	937,123	(72,717)	187,046	7,570,267	1,145,679
Total Pension Liability - Beginning of Year	<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>	<u>102,842,614</u>
Total Pension Liability - End of Year	<u>\$ 131,610,764</u>	<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>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 4,993,285	\$ 5,467,567	\$ 4,996,781	\$ 4,212,488	\$ 3,634,938	\$ 3,331,359	\$ 2,707,157	\$ 2,825,137
Contributions - Employee	797,606	456,538	430,005	577,025	513,222	412,398	331,062	1,430,906
Net Investment Income	10,192,627	8,110,464	8,279,660	(2,555,519)	8,197,570	6,766,100	(951,680)	4,151,563
Benefit Payment, including Refunds	(8,370,775)	(8,236,647)	(7,939,169)	(7,981,455)	(8,017,627)	(7,945,246)	(7,337,088)	(8,020,773)
Administrative Expenses	(117,023)	(135,830)	(142,551)	(129,099)	(128,709)	(133,763)	(142,200)	(151,723)
Net Change in Plan Fiduciary Net Position	7,495,720	5,662,092	5,624,726	(5,876,560)	4,199,394	2,430,848	(5,392,749)	235,110
Plan Fiduciary Net Position - Beginning of Year	<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>66,753,264</u>	<u>66,518,152</u>
Plan Fiduciary Net Position - End of Year	<u>\$ 80,896,735</u>	<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>
City's Net Pension Liability - Ending	\$ 50,714,029	\$ 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	61.46%	59.00%	56.80%	55.16%	60.88%	57.10%	55.0%	64.2%
Covered Payroll	\$ 4,756,518	\$ 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	1066.20%	1102.83%	1154.66%	1261.86%	1081.98%	1169.32%	1901.50%	843.50%

CITY OF WAYNE, MICHIGAN

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 4,993,285	\$ 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
Contributions in Relation to the Actuarially Determined Contribution	4,993,285	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
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 183,949	\$ 209,406
Covered Payroll	3,669,767	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
Contributions as a Percentage of Covered Payroll	136%	119%	112%	105%	90%	81%	46%	64%	57%	51%

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	7.25%
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, 2022

	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
Assets:											
Cash and Cash Equivalents	\$ 1,740,959	\$ 703,941	\$ 99,130	\$ 76,143	\$ 331,608	\$ -	\$ -	\$ 328,481	\$ 81,350	\$ 385,024	\$ 3,746,636
Receivables:											
Intergovernmental	212,204	-	-	-	8,765	20,000	-	-	-	-	240,969
Others	134	-	1,955	-	23,142	-	-	182,811	1,061	-	209,103
Inventory	65,732	-	-	-	-	-	-	-	-	-	65,732
Total Assets	\$ 2,019,029	\$ 703,941	\$ 101,085	\$ 76,143	\$ 363,515	\$ 20,000	\$ -	\$ 511,292	\$ 82,411	\$ 385,024	\$ 4,262,440
Liabilities and Fund Balances (Deficit)											
Liabilities:											
Accounts Payable	\$ 27,411	\$ 101,622	\$ -	\$ 9,421	\$ 18,211	\$ -	\$ -	\$ 52,291	\$ -	\$ -	\$ 208,956
Due to Other Funds	-	-	-	-	-	20,000	-	-	-	-	20,000
Other Liabilities-Intergovernmental	-	12,523	-	-	4,307	-	-	-	-	-	16,830
Unearned Revenue	-	-	-	66,697	-	-	-	-	-	-	66,697
Accrued Salaries and Wages	-	-	-	-	13,666	-	-	-	-	-	13,666
Total Liabilities	27,411	114,145	-	76,118	36,184	20,000	-	52,291	-	-	326,149
Deferred Inflows of Resources -	-	-	-	-	-	20,000	-	111,598	-	-	131,598
Fund Balances (Deficit):											
Nonspendable	65,732	-	-	-	-	-	-	-	-	-	65,732
Permanent Fund Principal	-	-	-	-	-	-	-	-	-	385,024	385,024
Restricted for:											
Roads	1,925,886	-	-	-	-	-	-	-	-	-	1,925,886
Refuse Collection	-	589,796	-	-	-	-	-	-	-	-	589,796
Library Operations	-	-	-	-	327,331	-	-	-	-	-	327,331
Public Improvements	-	-	101,085	-	-	-	-	-	-	-	101,085
Court Building Fund	-	-	-	-	-	-	-	82,411	-	-	82,411
Youth Program	-	-	-	-	-	-	-	347,403	-	-	347,403
Indigent Defense Fund	-	-	-	25	-	-	-	-	-	-	25
Unassigned	-	-	-	-	-	(20,000)	-	-	-	-	(20,000)
Total Fund Balance (Deficit)	1,991,618	589,796	101,085	25	327,331	(20,000)	-	347,403	82,411	385,024	3,804,693
Total Liabilities, Deferred Inflows and Fund Balance	\$ 2,019,029	\$ 703,941	\$ 101,085	\$ 76,143	\$ 363,515	\$ 20,000	\$ -	\$ 511,292	\$ 82,411	\$ 385,024	\$ 4,262,440

CITY OF WAYNE, MICHIGAN

Non-Major Governmental Funds Combining Statement of Revenue, Expenditures and Changes in Fund Balance For Year Ended June 30, 2022

	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
Revenues:											
Taxes	\$ -	\$ 1,058,351	\$ -	\$ -	\$ 727,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,785,599
Intergovernmental Revenue											
Gas, Weight and Trunkline Maintenance	1,422,499	-	-	-	-	-	-	-	-	-	1,422,499
Federal Grants/Entitlement	-	-	-	-	-	97,295	69,949	293,875	-	-	461,119
Other Grants	-	90,827	-	139,037	99,225	-	-	-	-	-	329,089
Charges for Services	-	-	20,656	-	-	-	-	-	15,246	8,240	44,142
Interest and Rents	221	114	13	13	63	-	-	43	13	-	480
Other Revenue	-	-	-	-	35,433	-	-	-	-	-	35,433
Total Revenues	1,422,720	1,149,292	20,669	139,050	861,969	97,295	69,949	293,918	15,259	8,240	4,078,361
Expenditures:-Current											
General Government	-	-	-	139,025	-	-	-	-	21,823	-	160,848
Public Services	552,662	1,164,505	-	-	-	-	-	-	-	-	1,717,167
Community and Economic Development	-	-	-	-	-	33,615	69,949	306,727	-	-	410,291
Recreation and Culture	-	-	20,573	-	1,115,451	-	-	-	-	-	1,136,024
Debt Service											
Principal	50,000	-	-	-	-	-	-	-	-	-	50,000
Interest and Paying Agent Fees	19,700	-	-	-	-	-	-	-	-	-	19,700
Total Expenditures	622,362	1,164,505	20,573	139,025	1,115,451	33,615	69,949	306,727	21,823	-	3,494,030
Excess (Deficiency) of Revenue over Expenditures	800,358	(15,213)	96	25	(253,482)	63,680	-	(12,809)	(6,564)	8,240	584,331
Other Financing Source (Uses)											
Transfers Out	(340,596)	-	-	-	-	-	-	-	-	-	(340,596)
Total Other Financing Source (Uses)	(340,596)	-	-	-	-	-	-	-	-	-	(340,596)
Net change in Fund Balances	459,762	(15,213)	96	25	(253,482)	63,680	-	(12,809)	(6,564)	8,240	243,735
Fund Balances (Deficit) July 1, 2021	1,531,856	605,009	100,989	-	580,813	(83,680)	-	360,212	88,975	376,784	3,560,958
Fund Balances (Deficit) June 30, 2022	\$ 1,991,618	\$ 589,796	\$ 101,085	\$ 25	\$ 327,331	\$ (20,000)	\$ -	\$ 347,403	\$ 82,411	\$ 385,024	\$ 3,804,693

CITY OF WAYNE, MICHIGAN

Other Supplemental Information Combining Statement of Fiduciary Net Position June 30, 2022

	Custodial Funds		
	Current Tax Collection Fund	Delinquent Personal Property Tax Collection Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,672	\$ 8	\$ 6,680
Tax Receivable - Delinquent	-	63,315	63,315
Total Assets	\$ 6,672	\$ 63,323	\$ 69,995
LIABILITIES			
Accounts Payable	\$ -	\$ 8	\$ 8
Due to Other Government	6,672	63,315	69,987
Total Liabilities	6,672	63,323	69,995
NET POSITION	\$ -	\$ -	\$ -

CITY OF WAYNE, MICHIGAN

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position June 30, 2022

	Custodial Funds		
	Current Tax Collection Fund	Delinquent Personal Property Tax Collection Fund	Total
Additions			
Property Tax Collections	\$ 13,545,052	\$ -	\$ 13,545,052
Total Additions	13,545,052	-	13,545,052
Deductions			
Tax Distributions to other Governments	13,545,052	-	13,545,052
Total Deductions	13,545,052	-	13,545,052
Net Change in Fiduciary Net Position	-	-	-
Net Position - Beginning of Year	-	-	-
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WAYNE, MICHIGAN

**ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION
REPORT**

JUNE 30, 2022

CITY OF WAYNE, MICHIGAN

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INDEPENDENT ACCOUNTANT'S REPORT

Report on Compliance for the U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds Program (CSLFRF) Requirements for an Alternative CSLFRF Compliance Examination Engagement

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

We have examined City of Wayne, Michigan (the City)'s compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF) section of the 2021 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

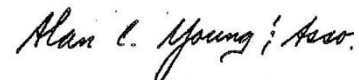
In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2022. Accordingly, this report is not suitable for any other purpose.


Detroit, Michigan
December 21, 2022