

DETROIT/WAYNE COUNTY PORT AUTHORITY

**FINANCIAL STATEMENTS**  
**(With Required Supplementary Information)**

**September 30, 2023 and 2022**



## DETROIT/WAYNE COUNTY PORT AUTHORITY

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## **INDEPENDENT AUDITOR'S REPORT**

June 28, 2024

To the Board of Directors  
Detroit/Wayne County Port Authority

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of the Detroit/Wayne County Port Authority (the "Authority") as of, and for the years ended, September 30, 2023 and 2022, as well as the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Detroit/Wayne County Port Authority as of September 30, 2023 and 2022, and the respective changes in financial position thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and *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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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**

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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.

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## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Responsibilities of Management for the Financial Statements (continued)**

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 Authority's ability to continue as a going concern for 12 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 opinions. *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 U.S. GAAS 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 U.S. GAAS and *Government Auditing Standards*:

- We exercise professional judgment and maintain professional skepticism throughout the audit.
- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and we 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.
- We 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 Authority's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, and we evaluate the overall presentation of the financial statements.
- We conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**Report on the Audit of the Financial Statements (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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**

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 12 and budgetary comparison on pages 37 through 38 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, which 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 U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 28, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control over financial reporting and compliance.



Detroit, Michigan

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)**

**September 30, 2023 and 2022**

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This section of the annual report of the Detroit/Wayne County Port Authority (the “Authority”) presents management’s discussion and analysis of the Authority’s financial performance during the fiscal years that ended on September 30, 2023 and 2022. Please read it in conjunction with the Authority’s financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

Operating funding for the year ended September 30, 2023 was increased due to the City of Detroit (the “City”) and the County of Wayne (the “County”) providing special funding of \$150,000 each to help with the purchase of a bollard that was needed along the Detroit River for the Authority’s cruise ship operations. Each entity also provided the annual \$250,000 of operating funding. The State of Michigan (the “State”) provided the annual \$500,000, consistent with the previous year.

The Authority provided U.S. Environmental Protection Agency (“EPA”) Brownfield Cleanup grants to Detroit Food Commons and Southwest Housing Solutions. The Authority continues to serve as the fiduciary for two loans from the Michigan Department of Environmental Quality (“MDEQ”) for remediation work undertaken by Ferrous CAL (“Ferrous”) and City Club Apartments (“City Club”). In September 2023, the Authority applied for an EPA Brownfield Cleanup grant and was awarded \$1.35 million.

During the year ended September 30, 2023, the Authority was awarded a \$1,000,000 grant from the State to assist the Port of Detroit (the “Port”) with producing and initiating a decarbonization plan. The initial \$500,000 was funded in 2023. The remaining funds will be provided after the initial funds are exhausted.

The Authority continues to work with Waterfront Petroleum Terminals, Inc. on the \$16 million Port infrastructure development grant that was awarded in 2022. No funds have been disbursed at this time.

During the year ended September 30, 2022, the Authority was awarded a \$200,000 federal earmark for solar panels and a \$680,000 federal earmark for a hydroelectric energy harvester. Both projects are estimated to produce 25 percent of the Authority’s energy for electricity needs. The hydroelectric energy harvester project started in August 2023, and the solar project will start in 2024.

Key activities for the Authority for the year ended September 30, 2023 include the following:

- The Authority’s funding from the State remains at \$500,000. The Authority received \$250,000 each from the City and the County, the same as the previous year. The City and the County added special funding of \$150,000 each for the purchase of a bollard along the Detroit River front.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2023 and 2022**

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**FINANCIAL HIGHLIGHTS (CONTINUED)**

- During the year ended September 30, 2023, the Authority continued to serve as a pass-through for a \$2,000,000 loan from the MDEQ for the Ferrous Steel project. The loan is for environmental remediation at the Ferrous Steel site in Gibraltar, Michigan. There is also a \$250,000 pass-through loan from the MDEQ for the City Club project located in Detroit.
- Total rental income increased to approximately \$622,000 during the year ended September 30, 2023, an increase of approximately 34 percent from approximately \$465,000 during the year ended September 30, 2022. The increase was due to cruise ship dockings for the year. During the year ended September 30, 2023, the Authority had 101 total dockings, including 62 cruise ship dockings, compared to 52 cruise ship dockings during the year ended September 30, 2022. Dockings during the year ended September 30, 2023 were the highest number since the facility opened. The Waterview Lofts hosted 100 events. There were also many stops by the Infinity and Ovation Yacht Charters.
- The Ambassador Port Company note payable balance increased by approximately \$31,000 during the year as the Port's revenue continues to decline from previous years. The note payable to the Ambassador Port Company was approximately \$2,124,000 as of September 30, 2023, compared to approximately \$2,093,000 as of September 30, 2022.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report contains two types of financial statements. The statements of net position and statements of activities (which are presented on pages 13 and 14) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds (which are presented on pages 15, 16, 18, and 19) are considered fund financial statements. A further discussion of each type of statement follows.

**Government-Wide Financial Statements**

The government-wide financial statements report information about the Authority as a whole using accounting methods similar to those used by private-sector companies and non-profit organizations. The statements of net position include all of the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statements of activities, regardless of when cash is received or paid.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2023 and 2022**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Government-Wide Financial Statements (continued)**

The two government-wide financial statements report the Authority's net position and how they have changed. Net position represents the difference between the Authority's total of assets and deferred outflows of resources and its total of liabilities and deferred inflows of resources, and they represent one way to measure the Authority's financial health, or position. Over time, increases or decreases in the Authority's net position are an indicator of whether its financial health is improving or deteriorating.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the Authority's funds, not the Authority as a whole. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes. Most of the Authority's activities are included in governmental funds, which focus on how cash, and other financial assets that can be readily converted to cash, flow in and out, and show the balances left at the end of the year that are available for spending. As such, the fund financial statements provide a detailed, short-term view that shows whether there are more or fewer financial resources that can be spent in the near future to finance the Authority's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on pages 17 and 20 that explains the relationship between the fund financial statements and the government-wide financial statements.

The notes to the financial statements, which begin on page 21, explain some of the information in the financial statements and provide more detailed data. A comparison of the Authority's general fund revenue and expenditures to its budget is provided on page 37.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****September 30, 2023 and 2022****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE**

Table 1 reflects a condensed summary of the Authority's assets, liabilities, and net position as of September 30, 2023, 2022, and 2021:

**Table 1**  
**Statements of Net Position**  
**September 30, 2023, 2022, and 2021**  
*(in thousands of dollars)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets:</b>			
Cash	\$ 2,098.5	\$ 1,374.8	\$ 1,590.1
Accounts receivable	378.5	197.9	131.9
Capital assets	18,599.2	18,713.2	19,308.3
Loans receivable	1,774.3	2,114.5	2,576.2
Other assets	37.8	33.4	30.1
<b>Total Assets</b>	<b><u>22,888.3</u></b>	<b><u>22,433.8</u></b>	<b><u>23,636.6</u></b>
<b>Liabilities:</b>			
Long-term liabilities	3,068.3	3,196.3	3,665.3
Other liabilities	731.4	467.7	775.7
<b>Total Liabilities</b>	<b><u>3,799.7</u></b>	<b><u>3,664.0</u></b>	<b><u>4,441.0</u></b>
<b>Net Position:</b>			
Net investment in capital assets	15,187.4	15,184.8	15,041.9
Unrestricted	3,901.2	3,585.0	4,153.7
<b>Total Net Position</b>	<b><u>\$ 19,088.6</u></b>	<b><u>\$ 18,769.8</u></b>	<b><u>\$ 19,195.6</u></b>

Accounts receivable balances are reviewed for collectability and are written off as necessary. All receivables are deemed collectible within a reasonable time. There were no receivables written off during the year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****September 30, 2023 and 2022****FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

Table 2 reflects a condensed summary of the Authority's revenue, expenses, and changes in net position for the years ended September 30, 2023, 2022, and 2021:

**Table 2****Statements of Activities****For the Years Ended September 30, 2023, 2022, and 2021***(in thousands of dollars)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenue:</b>			
Program revenue:			
Contracts and grants	\$ 2,416.2	\$ 1,106.2	\$ 961.4
General revenue	<u>697.6</u>	<u>485.2</u>	<u>201.1</u>
<b>Total Revenue</b>	<b>3,113.8</b>	<b>1,591.4</b>	<b>1,162.5</b>
<b>Expenses:</b>			
Import and export promotional programs	<u>2,795.0</u>	<u>2,017.2</u>	<u>1,974.4</u>
<b>Change in Net Position</b>	<b>318.8</b>	<b>(425.8)</b>	<b>(811.9)</b>
Net Position, Beginning of Year	<u>18,769.8</u>	<u>19,195.6</u>	<u>20,007.5</u>
<b>Net Position, End of Year</b>	<b><u>\$ 19,088.6</u></b>	<b><u>\$ 18,769.8</u></b>	<b><u>\$ 19,195.6</u></b>

Total revenue increased during the year ended September 30, 2023 from the previous year due to increases in municipal funding, event rentals, and dockings. Municipal funding increased approximately 30 percent for the year due to the City and the County providing \$150,000 each to install a bollard on the Detroit River front. The Authority also received additional funding for the bollard from the Pilots' Association and the Viking Cruise liners for \$50,000 each. The Authority's docking revenue increased to approximately \$311,000 for the year ended September 30, 2023, an increase from approximately \$141,000 for the year ended September 30, 2022. Event revenue increased slightly to approximately \$289,000 for the year ended September 30, 2023, an increase from approximately \$274,000 for the year ended September 30, 2022.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****September 30, 2023 and 2022****FINANCIAL ANALYSIS OF THE ORGANIZATION BY FUND**

Table 3 reflects a condensed summary of the Authority's assets, liabilities, and fund balances in the general and special revenue funds as of September 30, 2023, 2022, and 2021:

**Table 3**  
**Balance Sheets — General and Special Revenue Funds**  
**September 30, 2023, 2022, and 2021**  
*(in thousands of dollars)*

	<u>General Fund</u>			<u>Special Revenue Fund</u>		
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>						
Cash	\$ 434.5	\$ 436.2	\$ 424.0	\$ 1,664.0	\$ 938.6	\$ 1,166.1
Other assets	416.3	231.4	162.0	-0-	-0-	-0-
<b>Total Assets</b>	<b>\$ 850.8</b>	<b>\$ 667.6</b>	<b>\$ 586.0</b>	<b>\$ 1,664.0</b>	<b>\$ 938.6</b>	<b>\$ 1,166.1</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 382.4	\$ 127.0	\$ 156.8	\$ -0-	\$ -0-	\$ -0-
Deferred revenue	-0-	-0-	1.1	-0-	-0-	-0-
<b>Total Liabilities</b>	<b>382.4</b>	<b>127.0</b>	<b>157.9</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Fund Balances:</b>						
Nonspendable	37.8	33.4	30.0	-0-	-0-	-0-
Committed	5.0	5.0	5.0	-0-	-0-	-0-
Assigned	-0-	-0-	-0-	1,664.0	938.6	1,166.1
Unassigned	425.6	502.2	393.1	-0-	-0-	-0-
<b>Total Fund Balances</b>	<b>468.4</b>	<b>540.6</b>	<b>428.1</b>	<b>1,664.0</b>	<b>938.6</b>	<b>1,166.1</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 850.8</b>	<b>\$ 667.6</b>	<b>\$ 586.0</b>	<b>\$ 1,664.0</b>	<b>\$ 938.6</b>	<b>\$ 1,166.1</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)****September 30, 2023 and 2022****FINANCIAL ANALYSIS OF THE ORGANIZATION BY FUND (CONTINUED)**

Table 4 reflects a condensed summary of the Authority's revenue, expenditures, and changes in fund balances in the general and special revenue funds for the years ended September 30, 2023, 2022, and 2021:

**Table 4**  
**Statements of Revenue, Expenditures, and Changes in Fund Balances —**  
**General and Special Revenue Funds**  
**For the Years Ended September 30, 2023, 2022, and 2021**  
*(in thousands of dollars)*

	<b>General Fund</b>			<b>Special Revenue Fund</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Revenue:</b>						
Contracts and grants	\$ 1,418.6	\$ 1,081.8	\$ 953.0	\$ 997.7	\$ 24.4	\$ 8.4
Other revenue	697.6	485.1	196.6	-0-	-0-	4.5
<b>Total Revenue</b>	<b>2,116.2</b>	<b>1,566.9</b>	<b>1,149.6</b>	<b>997.7</b>	<b>24.4</b>	<b>12.9</b>
<b>Expenditures:</b>						
Current expenditures	1,265.3	1,261.5	1,111.1	758.3	16.8	4.8
Capital outlay	-0-	-0-	-0-	489.5	1.1	82.6
<b>Total Expenditures</b>	<b>1,265.3</b>	<b>1,261.5</b>	<b>1,111.1</b>	<b>1,247.8</b>	<b>17.9</b>	<b>87.4</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>850.9</b>	<b>305.4</b>	<b>38.5</b>	<b>(250.1)</b>	<b>6.5</b>	<b>(74.5)</b>
Other Financing Sources (Uses)	(923.1)	(192.9)	(206.0)	975.5	(234.0)	194.7
<b>Change in Fund Balances</b>	<b>(72.2)</b>	<b>112.5</b>	<b>(167.5)</b>	<b>725.4</b>	<b>(227.5)</b>	<b>120.2</b>
Fund Balances, Beginning of Year	540.6	428.1	595.6	938.6	1,166.1	1,045.9
<b>Fund Balances, End of Year</b>	<b>\$ 468.4</b>	<b>\$ 540.6</b>	<b>\$ 428.1</b>	<b>\$ 1,664.0</b>	<b>\$ 938.6</b>	<b>\$ 1,166.1</b>

**ECONOMIC FACTORS**

In 2023, the Authority added former Executive Director John Jamian as the new Port Operations Director.

The Waterview Loft catering business has rebounded, and revenue has been consistent with the previous year. Revenue during the year ended September 30, 2023 was on par with that for the year ended September 30, 2022 after slowly rebounding from several years of lower revenue due to COVID-19's negative impact on in-person events.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2023 and 2022**

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**ECONOMIC FACTORS (CONTINUED)**

During the year ended September 30, 2023, the Authority had a record number of dockings for the year with 62 cruise ship visits, compared to 52 in the previous year. There were nine cruise ships during the year ended September 30, 2023, which is expected to be reduced to seven during the year ending September 30, 2024.

The Authority continues to manage projects such as Ferrous Steel, in which the Authority is working with the Michigan Department of Environment, Great Lakes, and Environment (“EGLE”) to redevelop a site in Gibraltar, Michigan. The funding for the redevelopment was provided in the form of a \$2,000,000 loan for environmental remediation at the Ferrous Steel facility that is being repaid through property tax recapture on the land. Ferrous is liable for payments in the event that tax recaptures are insufficient to make annual debt service payments. The Authority has also received EGLE grant funds of \$245,000 that have been pledged to the project. The Ferrous Steel facility is expected to create over 150 jobs, not including construction jobs.

In 2017, the Authority was awarded a \$500,000 supplemental EPA Revolving Loan Fund (“RLF”) grant for brownfield remediation. The Authority disbursed these funds to City Club during the year ended September 30, 2018. During the year ended September 30, 2019, City Club received approximately \$247,000 in EGLE loan funds through the Authority, which is acting as a fiduciary.

In 2020, the Authority was awarded another \$500,000 supplemental EPA RLF grant for brownfield remediation. The Authority issued two grants with the funds. The first was to Detroit Food Commons for \$400,000. The second was to Southwest Housing Solutions for \$158,000, part of which was funded with repayments from previous EPA RLF loans.

Revenue generated from the Authority’s Master Concession Agreement (the “MCA”) with the Ambassador Port Company increased approximately 45 percent to approximately \$119,000 during the year ended September 30, 2023, from approximately \$82,000 during the year ended September 30, 2022. The increase in MCA revenue is a direct result of an increase in business at the Authority’s dock, operated by Nicholson Terminal and Dock Company under its agreement with the Ambassador Port Company. Revenue under the MCA is used to offset the MCA note payable. The MCA note payable principal balance increased approximately \$31,000 because the revenue under the MCA was insufficient to cover interest accruing under the MCA note payable. The current balance on the MCA note payable is approximately \$2,124,000.

The Authority was awarded a \$1,000,000 grant from the State to develop a decarbonization plan for the entire Port. The initial \$500,000 was funded during the year ended September 30, 2023. The remaining amount will be funded after the initial funds are exhausted.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**September 30, 2023 and 2022**

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**ECONOMIC FACTORS (CONTINUED)**

The Authority continues to work with Waterfront Petroleum Terminals, Inc. on the \$16 million U.S. Department of Transportation Port Infrastructure Development grant that was awarded in 2022. No funds have been disbursed at this time.

**FINANCIAL CONTACT**

This financial report is designed to present its users with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director's office of the Detroit/Wayne County Port Authority at 130 East Atwater, Detroit, Michigan 48226.

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF NET POSITION****September 30, 2023 and 2022**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets:</b>		
Cash	\$ 2,098,520	\$ 1,374,850
Accounts receivable (no allowance considered necessary)	378,529	197,926
Prepaid expenses	37,807	33,410
Loans receivable (Note C)	1,774,259	2,114,455
Capital assets (Note D):		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets, net	14,622,239	14,736,247
<b>Total Assets</b>	<b>22,888,294</b>	<b>22,433,828</b>
<b>Liabilities:</b>		
Accounts payable	362,547	99,149
Accrued expenses	25,359	36,462
Long-term liabilities (Note E):		
Due or expected to be paid within one year	343,465	332,073
Due or expected to be paid in more than one year	3,068,317	3,196,331
<b>Total Liabilities</b>	<b>3,799,688</b>	<b>3,664,015</b>
<b>Net Position:</b>		
Net investment in capital assets	15,187,397	15,184,783
Unrestricted	3,901,209	3,585,030
<b>Total Net Position</b>	<b>\$ 19,088,606</b>	<b>\$ 18,769,813</b>

See notes to financial statements.

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF ACTIVITIES****For the Years Ended September 30, 2023 and 2022**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Expenses:</b>		
Import and export promotional programs:		
Salaries, wages, and employee benefits	\$ 618,428	\$ 772,301
Contractual and professional services	186,906	157,234
Facility operations	110,778	87,123
Facility maintenance	161,922	115,449
Office expenses	119,978	82,375
Travel and meetings	12,212	13,846
Conferences, dues, and subscriptions	41,419	16,927
Marketing and promotion	10,468	8,270
Site reclamation and redevelopment	758,285	16,860
Interest expense	171,160	150,585
Depreciation (Note D)	603,508	596,201
<b>Total Program Expenses</b>	<b>2,795,064</b>	<b>2,017,171</b>
<b>Program Revenue:</b>		
Contracts and grants (Note F)	2,416,216	1,106,228
<b>Net Program Expense</b>	<b>378,848</b>	<b>910,943</b>
<b>General Revenue:</b>		
Rental income	622,098	464,896
Other income	75,543	20,221
<b>Total General Revenue</b>	<b>697,641</b>	<b>485,117</b>
<b>Change in Net Position</b>	<b>318,793</b>	<b>(425,826)</b>
Net Position, Beginning of Year	18,769,813	19,195,639
<b>Net Position, End of Year</b>	<b>\$ 19,088,606</b>	<b>\$ 18,769,813</b>

See notes to financial statements.



## DETROIT/WAYNE COUNTY PORT AUTHORITY

**BALANCE SHEETS — GOVERNMENTAL FUNDS****September 30, 2023****(With Comparative Totals as of September 30, 2022)**

	2023			Total All Funds	
	General Fund	Special Revenue Fund	Debt Service Fund	2023	2022
<b>ASSETS</b>					
Cash	\$ 434,506	\$ 1,664,014	\$ -0-	\$ 2,098,520	\$ 1,374,850
Accounts receivable (no allowance considered necessary)	378,529			378,529	197,926
Prepaid expenditures	37,807			37,807	33,410
<b>Total Assets</b>	<b>\$ 850,842</b>	<b>\$ 1,664,014</b>	<b>\$ -0-</b>	<b>\$ 2,514,856</b>	<b>\$ 1,606,186</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 362,547	\$ -0-	\$ -0-	\$ 362,547	\$ 99,149
Accrued expenses	19,855			19,855	27,808
<b>Total Liabilities</b>	<b>382,402</b>	<b>-0-</b>	<b>-0-</b>	<b>382,402</b>	<b>126,957</b>
<b>Fund Balances:</b>					
Nonspendable	37,807			37,807	33,410
Committed	5,000			5,000	5,000
Assigned		1,664,014		1,664,014	938,622
Unassigned	425,633			425,633	502,197
<b>Total Fund Balances</b>	<b>468,440</b>	<b>1,664,014</b>	<b>-0-</b>	<b>2,132,454</b>	<b>1,479,229</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 850,842</b>	<b>\$ 1,664,014</b>	<b>\$ -0-</b>	<b>\$ 2,514,856</b>	<b>\$ 1,606,186</b>

See notes to financial statements.

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**BALANCE SHEETS — GOVERNMENTAL FUNDS**

September 30, 2022

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total All Funds</b>
<b>ASSETS</b>				
Cash	\$ 436,228	\$ 938,622	\$ -0-	\$ 1,374,850
Accounts receivable (no allowance considered necessary)	197,926			197,926
Prepaid expenditures	33,410			33,410
<b>Total Assets</b>	<b>\$ 667,564</b>	<b>\$ 938,622</b>	<b>\$ -0-</b>	<b>\$ 1,606,186</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 99,149	\$ -0-	\$ -0-	\$ 99,149
Accrued expenses	27,808			27,808
<b>Total Liabilities</b>	<b>126,957</b>	<b>-0-</b>	<b>-0-</b>	<b>126,957</b>
<b>Fund Balances:</b>				
Nonspendable	33,410			33,410
Committed	5,000			5,000
Assigned		938,622		938,622
Unassigned	502,197			502,197
<b>Total Fund Balances</b>	<b>540,607</b>	<b>938,622</b>	<b>-0-</b>	<b>1,479,229</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 667,564</b>	<b>\$ 938,622</b>	<b>\$ -0-</b>	<b>\$ 1,606,186</b>

See notes to financial statements.

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO  
STATEMENTS OF NET POSITION****September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Total Fund Balances, Governmental Funds	\$ 2,132,454	\$ 1,479,229
Amounts reported for governmental activities in the statements of net position differ from amounts reported in the governmental funds balance sheets due to the following:		
Certain assets are not due and receivable in the current period and, therefore, are not reported in the funds. These assets consist of the following:		
Loans receivable	1,774,259	2,114,455
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:		
Nondepreciable capital assets	3,976,940	3,976,940
Depreciable capital assets:		
Cost	23,162,892	22,673,392
Less: Accumulated depreciation	(8,540,653)	(7,937,145)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of the following:		
Loans payable	(3,411,782)	(3,528,404)
Accrued vacation pay	(5,504)	(8,654)
<b>Total Net Position, Governmental Activities</b>	<b><u>\$ 19,088,606</u></b>	<b><u>\$ 18,769,813</u></b>

See notes to financial statements.

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES — GOVERNMENTAL FUNDS**

**For the Year Ended September 30, 2023**  
**(With Comparative Totals for the Year Ended September 30, 2022)**

	2023			Total All Funds	
	General Fund	Special Revenue Fund	Debt Service Fund	2023	2022
<b>Revenue:</b>					
Contracts and grants (Note F)	\$ 1,418,557	\$ 997,659	\$ -0-	\$ 2,416,216	\$ 1,106,228
Rental income	622,098			622,098	464,896
Other income	75,543			75,543	20,221
<b>Total Revenue</b>	<b>2,116,198</b>	<b>997,659</b>	<b>-0-</b>	<b>3,113,857</b>	<b>1,591,345</b>
<b>Expenditures:</b>					
Current:					
Salaries, wages, and employee benefits	621,578			621,578	780,309
Contractual and professional services	186,906			186,906	157,234
Facility operations	110,778			110,778	87,123
Facility maintenance	161,922			161,922	115,449
Office expenses	119,978			119,978	82,375
Travel and meetings	12,212			12,212	13,846
Conferences, dues, and subscriptions	41,419			41,419	16,927
Marketing and promotion	10,468			10,468	8,270
Site reclamation and redevelopment		758,285		758,285	16,860
Interest expense			171,160	171,160	150,585
Debt service (Note E)			147,692	147,692	786,825
Capital outlay (Note D)		489,500		489,500	1,056
<b>Total Expenditures</b>	<b>1,265,261</b>	<b>1,247,785</b>	<b>318,852</b>	<b>2,831,898</b>	<b>2,216,859</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>850,937</b>	<b>(250,126)</b>	<b>(318,852)</b>	<b>281,959</b>	<b>(625,514)</b>
<b>Other Financing Sources (Uses):</b>					
Interfund transfers	(923,104)	635,322	287,782	-0-	-0-
Issuance of loan receivable proceeds (Note C)				-0-	(24,590)
Repayment of loan receivable proceeds (Note C)		340,196		340,196	486,315
Additions to loans payable, other than issuance of proceeds (Note E)			31,070	31,070	48,767
<b>Total Other Financing Sources (Uses)</b>	<b>(923,104)</b>	<b>975,518</b>	<b>318,852</b>	<b>371,266</b>	<b>510,492</b>
<b>Change in Fund Balances</b>	<b>(72,167)</b>	<b>725,392</b>	<b>-0-</b>	<b>653,225</b>	<b>(115,022)</b>
Fund Balances, Beginning of Year	540,607	938,622	-0-	1,479,229	1,594,251
<b>Fund Balances, End of Year</b>	<b>\$ 468,440</b>	<b>\$ 1,664,014</b>	<b>\$ -0-</b>	<b>\$ 2,132,454</b>	<b>\$ 1,479,229</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN FUND  
BALANCES — GOVERNMENTAL FUNDS**

**For the Year Ended September 30, 2022**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Total All Funds</b>
<b>Revenue:</b>				
Contracts and grants (Note F)	\$ 1,081,753	\$ 24,475	\$ -0-	\$ 1,106,228
Rental income	464,896			464,896
Other income	20,221			20,221
<b>Total Revenue</b>	<b>1,566,870</b>	<b>24,475</b>	<b>-0-</b>	<b>1,591,345</b>
<b>Expenditures:</b>				
Current:				
Salaries, wages, and employee benefits	780,309			780,309
Contractual and professional services	157,234			157,234
Facility operations	87,123			87,123
Facility maintenance	115,449			115,449
Office expenses	82,375			82,375
Travel and meetings	13,846			13,846
Conferences, dues, and subscriptions	16,927			16,927
Marketing and promotion	8,270			8,270
Site reclamation and redevelopment		16,860		16,860
Interest expense			150,585	150,585
Debt service (Note E)			786,825	786,825
Capital outlay (Note D)		1,056		1,056
<b>Total Expenditures</b>	<b>1,261,533</b>	<b>17,916</b>	<b>937,410</b>	<b>2,216,859</b>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	<b>305,337</b>	<b>6,559</b>	<b>(937,410)</b>	<b>(625,514)</b>
<b>Other Financing Sources (Uses):</b>				
Interfund transfers	(192,910)	(695,733)	888,643	-0-
Issuance of loan receivable proceeds (Note C)		(24,590)		(24,590)
Repayment of loan receivable proceeds (Note C)		486,315		486,315
Additions to loans payable, other than issuance of proceeds (Note E)			48,767	48,767
<b>Total Other Financing Sources (Uses)</b>	<b>(192,910)</b>	<b>(234,008)</b>	<b>937,410</b>	<b>510,492</b>
<b>Change in Fund Balances</b>	<b>112,427</b>	<b>(227,449)</b>	<b>-0-</b>	<b>(115,022)</b>
Fund Balances, Beginning of Year	428,180	1,166,071	-0-	1,594,251
<b>Fund Balances, End of Year</b>	<b>\$ 540,607</b>	<b>\$ 938,622</b>	<b>\$ -0-</b>	<b>\$ 1,479,229</b>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

**RECONCILIATIONS OF GOVERNMENTAL FUNDS STATEMENTS OF REVENUE,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENTS OF  
ACTIVITIES**

**For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Change in Fund Balances, Governmental Funds	\$ 653,225	\$ (115,022)
Amounts reported for governmental activities in the statements of activities differ from amounts reported in the governmental funds statements of revenue, expenditures, and changes in fund balances due to the following:		
Proceeds issued on loans receivable are reported as a financing source, and repayment of loans receivable is reported as a financing use, in governmental funds, but the additions and reductions increase and decrease, respectively, long-term assets in the statements of net position. During the years presented, these amounts are as follows:		
Issuance of loan receivable proceeds	-0-	24,590
Repayment of loan receivable proceeds	(340,196)	(486,315)
Capital outlays are reported as expenditures in governmental funds. However, in the statements of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, and dispositions of capital assets are reflected as gains or losses. During the years presented, these amounts are as follows:		
Capital outlay	489,500	1,056
Depreciation expense	(603,508)	(596,201)
Certain expenses and losses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. During the years presented these amounts are as follows:		
Accrued vacation pay, beginning of year	8,654	16,662
Less: Accrued vacation pay, end of year	(5,504)	(8,654)
Proceeds issued on, and other additions to, long-term debt are reported as a financing source, and repayment of, and other reductions of, long-term debt are reported as an expenditure in governmental funds, but the additions and reductions increase and decrease, respectively, long-term liabilities in the statements of net position. During the years presented, these amounts are as follows:		
Additions to loans payable, other than issuance of proceeds	(31,070)	(48,767)
Reductions to loans payable	147,692	786,825
<b>Change in Net Position, Governmental Activities</b>	<b><u>\$ 318,793</u></b>	<b><u>\$ (425,826)</u></b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities and Purpose**

The Detroit/Wayne County Port Authority (the “Authority”) was created by the Port Authority Act of 1978. The legislation enables the Authority to enter into contracts for the acquisition, improvement, enlargement, or extension of port facilities. The mission of the Authority is to plan, develop, and foster economic and recreational growth, through environmental stewardship, in promoting Detroit and southeast Michigan as an import and export freight transportation and distribution hub for the United States, Canada, and the world marketplace.

For financial reporting purposes, the Authority is not a component unit of any other governmental entity. There are no fiduciary funds or component units included in the accompanying financial statements.

**Basis of Presentation**

The financial statements of the Authority consist of government-wide financial statements, which include the statements of net position and statements of activities, and fund financial statements, which include the balance sheets and statements of revenue, expenditures, and fund balances for governmental funds.

**Government-Wide Financial Statements**

The government-wide financial statements report information about all of the Authority’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses. Deferred outflows of resources represent the consumption of net assets by the Authority that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by the Authority that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

**Fund Financial Statements**

For purposes of the fund financial statements, the accounts of the Authority are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenue, and expenditures. The various funds are summarized by type in the fund financial statements.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

The following funds, all of which are considered major funds, are used by the Authority:

**General Fund**

The general fund is the general operating fund of the Authority. It is used to account for all financial resources other than those required to be accounted for in another fund.

**Special Revenue Fund**

The special revenue fund is used to account for revenue received by the Authority that is dedicated to special site reclamation and redevelopment projects. This fund is not legally required to adopt a budget.

**Debt Service Fund**

The debt service fund accounts for the servicing of general long-term obligations not being financed by proprietary or similar trust funds.

The Authority's fund balances are classified as follows, based on the relative strength of the spending constraints placed on the purposes for which resources can be used:

**Nonspendable**

These fund balances consist of amounts that are not in a spendable form (such as inventory or prepaid expenditures) or that are required to be maintained intact.

**Restricted**

These fund balances consist of amounts that are constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

**Fund Financial Statements (continued)**

**Committed**

These fund balances consist of amounts that are constrained to specific purposes by the Authority itself, using its highest level of decision-making authority, which is the Board of Directors. To be reported as committed, such amounts cannot be used for any other purpose unless the Board of Directors takes action to remove or change the constraint. The Board of Directors typically establishes (and modifies or rescinds) fund balance commitments by passage of a resolution, or through adoption and amendment of the budget.

**Assigned**

These fund balances consist of amounts that the Authority intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Directors, or by an official or body to which the Board of Directors delegates the authority. Assigned fund balances are typically established through funding agreements or adoption or amendment of the budget.

**Unassigned**

These fund balances consist of amounts that are available for any purpose. Only the general fund has a positive unassigned fund balance.

**Basis of Accounting**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Contracts and grants provided to support program activities, as well as project development and administration fees, are classified as program revenue. Administrative, investment, event, and other income not directly associated with program services provided are classified as general revenue.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting (continued)**

**Fund Financial Statements**

The fund financial statements are prepared on the modified accrual basis of accounting using the flow of current financial resources as a measurement focus. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual, which is when it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the liability is incurred, if measurable. In applying the susceptible-to-accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Monies virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements are reflected as revenue at the time of receipt, or earlier if the susceptible-to-accrual criteria are met.

Expenditures that are incurred for purposes for which both restricted and unrestricted fund balances are available are applied first to available restricted fund balances, then to unrestricted fund balances. Expenditures that are incurred for purposes for which committed, assigned, and unassigned fund balances are available are applied first to available committed fund balances, then to available assigned fund balances, and finally to unassigned fund balances.

**Capital Assets**

Capital assets are recorded at historical cost. The Authority capitalizes all expenditures for buildings, building improvements, and land improvements in excess of \$5,000, as well as all expenditures for furniture, fixtures, and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense. Renewals or betterments which extend the life or increase the value of the properties are capitalized and depreciated over the remaining useful lives of the related assets.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pollution Remediation Obligations**

Pollution remediation obligations are obligations to address the current or potential detrimental effects of existing pollution by participating in activities such as site assessments and cleanups. Upon the occurrence of one of five specified events, the Authority estimates the components of expected pollution remediation outlays to determine whether outlays for these components should be accrued as a liability in the government-wide financial statements at current value or, under certain circumstances, whether these outlays should be capitalized in the government-wide financial statements. No pollution remediation obligations have been recorded as of September 30, 2023 and 2022 because none of the five specified events have occurred.

**Interfund Transactions and Eliminations**

Interfund transactions are recorded as a payable by the receiving fund and as a receivable by the advancing fund in the fund financial statements. All interfund transactions and balances have been eliminated in the accompanying financial statements.

**Fair Value Measurements**

The Authority uses fair value measurements in the preparation of its financial statements, which utilize various inputs, including those that can be readily observable, corroborated, or are generally unobservable. The Authority utilizes market-based data and valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Additionally, the Authority applies assumptions that market participants would use in pricing an asset or liability, including assumptions about risk.

The measurement of fair value includes a hierarchy based on the quality of inputs used to measure fair value. Financial assets and liabilities are categorized into this three-level fair value hierarchy based on the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The various levels of the fair value hierarchy are described as follows:

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the Authority has the ability to access

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE A — NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (continued)**

- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

The use of observable market data, when available, is required in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

As of September 30, 2023 and 2022, the Authority does not have any financial assets or liabilities subject to being classified in any of the above categories.

**Compensated Absences**

Vacation time is accrued in the government-wide financial statements as earned. Employees are allowed to carry over a maximum of five days. Upon termination, employees are entitled to their unused accumulated vacation time.

Sick time is accrued in the government-wide financial statements as earned. Employees are allowed to carry over all sick time. Upon termination, employees forfeit their unused accumulated sick time.

In the fund financial statements, only the matured liability for compensated absences is recorded. The total liability for vacation pay is reported in the government-wide financial statements.

**NOTE B — CASH DEPOSITS**

State of Michigan (the “State”) statutes require that certificates of deposit, savings accounts, deposit accounts, and depository receipts be made with banks doing business and having a place of business in the State that are also members of a federal or national insurance corporation.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE B — CASH DEPOSITS (CONTINUED)**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to the Authority. The Authority does not have a deposit policy for custodial credit risk.

As of September 30, 2023 and 2022, the Authority's carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance, are as follows:

	<u>2023</u>	<u>2022</u>
Carrying amount of deposits	\$ 2,098,520	\$ 1,374,850
Total bank balances	<u>\$ 2,168,050</u>	<u>\$ 1,386,963</u>
Uninsured and uncollateralized bank balances	<u>\$ 1,668,050</u>	<u>\$ 886,963</u>

**NOTE C — LOANS RECEIVABLE**

The Authority's portfolio of loans receivable as of September 30, 2023 and 2022 is as follows:

**Kirco CH Associates, Inc.**

The Authority has entered into a grant program agreement with the U.S. Environmental Protection Agency ("EPA"). The purpose of the program is to issue revolving loans for Brownfield zone cleanup projects. On November 4, 2013, the Authority executed an agreement with Kirco CH Associates, Inc. ("Kirco") to borrow funds under the program and to perform site development and cleanup work in accordance with the terms of the program and the agreement with the Authority. Funds totaling \$915,000 have been disbursed. The note bears interest at a rate of 0.44 percent and is payable in 10 equal annual installments.

**HyCal Corporation**

The Authority has entered into a loan agreement with the Michigan Department of Environmental Quality ("MDEQ"), as discussed in Note E. The purpose of the loan is to provide funding for remediation and redevelopment of Brownfield projects. On September 16, 2015, the Authority executed a loan agreement with Ferrous CAL Company, now HyCal Corporation ("HyCal"), to borrow funds for the remediation and redevelopment of a former steel mill in Gibraltar, Michigan. The note bears interest rate of 1.5 percent and is payable in 10 annual installments that were scheduled to begin on September 16, 2020. However, the first installment was delayed due to unfavorable economic conditions. The Authority is currently renegotiating the payment terms.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE C — LOANS RECEIVABLE (CONTINUED)****City Club Apartments**

The Authority has entered into two separate loan agreements with the MDEQ. The purpose of these loans is to provide funding to facilitate the redevelopment of the former Statler Hotel, located in the center of downtown Detroit. On September 14, 2017, the Authority executed two loan agreements with City Club Apartments to borrow funds for the redevelopment of the aforementioned site. \$500,000 was disbursed to City Club Apartments under the first loan, which was financed through EPA funds, as discussed in Note E, during the year ended September 30, 2018. This note bears interest at a rate of 0.5 percent and is payable in five annual installments of \$100,000, that were set to begin on September 14, 2020. However, the first installment was delayed due to unfavorable economic conditions. The Authority is currently renegotiating the payment terms. On October 18, 2019, the Authority disbursed a portion of the second loan, which was not financed through EPA funds, in the amount of \$222,469; additional proceeds on this loan for \$24,590 were disbursed during the year ended September 30, 2022. This note bears interest at a rate of 1.5 percent and is payable in 11 annual installments of principal and interest, beginning on September 15, 2022.

Loans receivable activity for the years ended September 30, 2023 and 2022 is as follows:

	<b><u>Kirco</u></b>	<b><u>HyCal</u></b>	<b><u>City Club Apartments</u></b>	<b><u>Total</u></b>
Balance, October 1, 2021	\$ 370,837	\$ 1,482,874	\$ 722,469	\$ 2,576,180
Additions			24,590	24,590
Less: Repayments	<u>(92,098)</u>	<u>(270,049)</u>	<u>(124,168)</u>	<u>(486,315)</u>
<b>Balance, September 30, 2022</b>	<b>278,739</b>	<b>1,212,825</b>	<b>622,891</b>	<b>2,114,455</b>
Less: Repayments	<u>(92,504)</u>	<u>(126,866)</u>	<u>(120,826)</u>	<u>(340,196)</u>
<b>Balance, September 30, 2023</b>	<b><u>\$ 186,235</u></b>	<b><u>\$ 1,085,959</u></b>	<b><u>\$ 502,065</u></b>	<b><u>\$ 1,774,259</u></b>
<b>Amounts Due Within One Year:</b>				
September 30, 2022	<u>\$ 92,504</u>	<u>\$ 494,169</u>	<u>\$ 296,210</u>	<u>\$ 882,883</u>
September 30, 2023	<u>\$ 92,912</u>	<u>\$ 565,626</u>	<u>\$ 298,090</u>	<u>\$ 956,628</u>

## DETROIT/WAYNE COUNTY PORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE D — CAPITAL ASSETS**

Nondepreciable capital asset activity for the years ended September 30, 2023 and 2022 is as follows:

	<u><b>Land</b></u>
Balance, October 1, 2021	<u>\$ 3,976,940</u>
<b>Balance, September 30, 2022</b>	<u><b>3,976,940</b></u>
<b>Balance, September 30, 2023</b>	<u><b>\$ 3,976,940</b></u>

Depreciable capital asset activity for the years ended September 30, 2023 and 2022 is as follows:

	<u><b>Building and Improvements</b></u>	<u><b>Office Equipment</b></u>	<u><b>Furniture and Fixtures</b></u>	<u><b>Total</b></u>
<b>Cost:</b>				
Balance, October 1, 2021	\$ 22,383,803	\$ 61,560	\$ 226,973	\$ 22,672,336
Acquisitions	<u>1,056</u>	<u>1,056</u>	<u>1,056</u>	<u>1,056</u>
<b>Balance, September 30, 2022</b>	<b>22,383,803</b>	<b>62,616</b>	<b>226,973</b>	<b>22,673,392</b>
Acquisitions	<u>489,500</u>	<u>489,500</u>	<u>489,500</u>	<u>489,500</u>
<b>Balance, September 30, 2023</b>	<u><b>\$ 22,873,303</b></u>	<u><b>\$ 62,616</b></u>	<u><b>\$ 226,973</b></u>	<u><b>\$ 23,162,892</b></u>
<b>Accumulated Depreciation:</b>				
Balance, October 1, 2021	\$ 7,052,411	\$ 61,560	\$ 226,973	\$ 7,340,944
Depreciation expense	<u>596,095</u>	<u>106</u>	<u>596,201</u>	<u>596,201</u>
<b>Balance, September 30, 2022</b>	<b>7,648,506</b>	<b>61,666</b>	<b>226,973</b>	<b>7,937,145</b>
Depreciation expense	<u>603,083</u>	<u>425</u>	<u>603,508</u>	<u>603,508</u>
<b>Balance, September 30, 2023</b>	<u><b>\$ 8,251,589</b></u>	<u><b>\$ 62,091</b></u>	<u><b>\$ 226,973</b></u>	<u><b>\$ 8,540,653</b></u>
<b>Net Depreciable Capital Assets:</b>				
Balance, September 30, 2022	<u>\$ 14,735,297</u>	<u>\$ 950</u>	<u>\$ -0-</u>	<u>\$ 14,736,247</u>
Balance, September 30, 2023	<u><b>\$ 14,621,714</b></u>	<u><b>\$ 525</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 14,622,239</b></u>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE E — LONG-TERM LIABILITIES**

Long-term liabilities as of September 30, 2023 and 2022 consist of the following:

**Ambassador Port Company**

The Authority entered into a Master Concession Agreement with the Ambassador Port Company (“Ambassador”), which gives Ambassador the right to operate the Authority’s port facilities. In connection with the Master Concession Agreement, the Authority borrowed \$2,103,000 from Ambassador. The related note agreement includes a provision for the possible advance of future amounts by Ambassador for the purpose of paying certain operating and expansion costs of the facilities associated with the Master Concession Agreement. The note bears interest at a rate defined in the Master Concession Agreement as 300 basis points over the yield to maturity of five-year United States Treasury notes, as published in a respected financial journal. According to the agreement, the interest rate should not be less than six percent; the rate that has been charged as of September 30, 2023 and 2022 was six percent. Repayment of the note is based on revenue received by the Authority under relevant sections of the Master Concession Agreement.

**Michigan Department of Environmental Quality**

The Authority entered into the following two \$1,000,000 loan agreements with the MDEQ on August 17, 2015:

- Brownfield Redevelopment Loan Contract (“Brownfield Loan”)
- Revitalization Revolving Loan Contract (“Revitalization Loan”)

As discussed in Note C, the purpose of these loans is a remediation and redevelopment project of a former steel mill in Gibraltar, Michigan. The Brownfield Loan is payable in 10 annual installment payments of principal and interest of \$97,826, which were scheduled to begin in August 2020. The Revitalization Loan is payable in 10 annual installment payments of principal and interest of \$97,826, which were scheduled to begin in March 2021. However, the payments for each of these notes were delayed due to the COVID-19 pandemic. Each note bears interest at a rate of 1.5 percent. The MDEQ has disbursed all of the authorized amount of each loan to the Authority for use on the project.

As discussed in Note C, the Authority also entered into a separate Brownfield Redevelopment Loan contract with the MDEQ on July 5, 2017. As of September 30, 2023 and 2022, the MDEQ has disbursed \$222,469 of the authorized amount of \$250,000.



**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE E — LONG-TERM LIABILITIES (CONTINUED)****Continental Catering**

The Authority entered into a loan agreement with Continental Catering (“Continental”) on November 11, 2013 in relation to a reimbursement note for a build-out of the facilities utilized for special events at the Authority. The loan was for \$75,000 at seven percent interest per annum, with a maturity date of November 11, 2015. All accrued interest and outstanding principal were due and payable at maturity.

Payments on the Ambassador and Continental loans are made primarily from the general fund. Payments on the MDEQ loans are made primarily from the special revenue fund.

Long-term liability activity for the years ended September 30, 2023 and 2022 is as follows:

	<u>Ambassador</u>	<u>MDEQ</u>	<u>Continental</u>	<u>Total</u>
Balance, October 1, 2021	\$ 2,043,951	\$ 2,222,469	\$ 42	\$ 4,266,462
Additions	48,767			48,767
Less: Repayments		(786,825)		(786,825)
<b>Balance, September 30, 2022</b>	<b>2,092,718</b>	<b>1,435,644</b>	<b>42</b>	<b>3,528,404</b>
Additions	31,070			31,070
Less: Repayments		(147,692)		(147,692)
<b>Balance, September 30, 2023</b>	<b>\$ 2,123,788</b>	<b>\$ 1,287,952</b>	<b>\$ 42</b>	<b>\$ 3,411,782</b>
<b>Amounts Due Within One Year:</b>				
September 30, 2022	\$ 138,250	\$ 193,781	\$ 42	\$ 332,073
September 30, 2023	\$ 146,734	\$ 196,689	\$ 42	\$ 343,465

Maturities of long-term liabilities are estimated to be as follows as of September 30, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>For the Years Ending September 30:</b>			
2024	\$ 343,465	\$ 126,898	\$ 470,363
2025	355,380	114,941	470,321
2026	367,934	102,387	470,321
2027	381,119	89,202	470,321
2028	394,972	75,349	470,321
2029-2031	1,568,912	99,595	1,668,507
	<b>\$ 3,411,782</b>	<b>\$ 608,372</b>	<b>\$ 4,020,154</b>

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE E — LONG-TERM LIABILITIES (CONTINUED)**

The estimated maturities in the preceding schedule are based on the assumption that the effective interest rate each year on the Ambassador note payable will be six percent, which is equal to the effective interest rate as of September 30, 2023, and that the revenue received by the Authority under the relevant sections of the Master Concession Agreement will be \$250,000 each year. Due to the nature of these assumptions and the uncertainties inherent in setting them, it is at least reasonably possible that changes in the near term to these assumptions would be material to the preceding schedule.

**NOTE F — CONTRACTS AND GRANTS**

The Authority has entered into contracts with the following governmental entities from which it receives operating funds:

**State of Michigan**

The Authority's contract with the Michigan Department of Transportation is renewed annually unless a notice to terminate is requested by either party. The amount of funding for future years under the contract will be determined annually.

**County of Wayne**

The Authority receives a line-item appropriation in the budget of the County of Wayne. The amount of funding for future years under the appropriation will be determined annually.

**City of Detroit**

The Authority's contract with the City of Detroit is renewed annually unless a notice to terminate is requested by either party. The amount of funding for future years under the contract will be determined annually.

The Authority has also obtained the following grants:

**Environmental Protection Agency Revolving Loan Fund Grants**

The Authority received a \$1,000,000 grant from the EPA Revolving Loan Fund for environmental site investigations and clean-ups within Wayne County. The Authority issued the funds in 2014 and has received an additional \$500,000 in supplemental funding from the EPA.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**September 30, 2023 and 2022**

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**NOTE F — CONTRACTS AND GRANTS (CONTINUED)**

**Environmental Protection Agency Revolving Loan Fund Grants (continued)**

The Authority also received a second grant of \$820,000 from the EPA Revolving Loan Fund during the year ended September 30, 2017. As of September 30, 2023 and 2022, \$500,000 has been issued from this grant.

**Decarbonization Grant**

The Authority received a \$500,000 grant from the Michigan Economic Development Corporation in March 2023 for decarbonization along the waterfront.

**Michigan Department of Environmental Quality Grants**

The Authority received a \$245,000 grant from the MDEQ in connection with the loan agreement discussed in Note E. The Authority also received a \$675,000 grant from the MDEQ in connection with the City Club Apartments loan agreement.

Reimbursable costs incurred under the above grants have been recorded as grant revenue in the accompanying financial statements.

**Ambassador Port Revenue**

The Authority entered into a Master Concession Agreement with Ambassador. The Authority's main purpose for entering into this agreement is to cause a dormant port facility to resume operations. The parties agreed that the Authority is to be compensated for out-of-pocket and administrative costs that the Authority incurs. According to the Master Concession Agreement, Ambassador is to pay the Authority 2.5 percent of gross receipts received in each quarter, less all outstanding interest that accrued during that quarter, any default interest due, and any interest accrued during prior quarters that was added to the principal amount of the promissory note. These payments from Ambassador are recorded as contract revenue.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE F — CONTRACTS AND GRANTS (CONTINUED)**

Total contract and grant revenue for the years ended September 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
General fund:		
State of Michigan	\$ 500,000	\$ 500,000
County of Wayne	400,000	250,000
City of Detroit	400,000	250,000
Ambassador port revenue	<u>118,557</u>	<u>81,753</u>
Total General Fund		
Contracts and Grants	<u>1,418,557</u>	<u>1,081,753</u>
Special revenue fund:		
EPA Revolving Loan Fund grants	469,377	19,614
Decarbonization grant	500,000	-0-
MDEQ grants	<u>28,282</u>	<u>4,861</u>
Total Special Revenue Fund		
Contracts and Grants	<u>997,659</u>	<u>24,475</u>
	<u><u>\$ 2,416,216</u></u>	<u><u>\$ 1,106,228</u></u>

**NOTE G — RISK MANAGEMENT**

Given the normal activities of the Authority and the relatively low rate of claims and lawsuits experienced in the Authority's past history, the risk involved in the Authority's operations is minimal and, in management's opinion, is sufficiently covered by insurance policies.

**NOTE H — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the general fund. All annual appropriations lapse at the end of the fiscal year.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****September 30, 2023 and 2022****NOTE H — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**  
**(CONTINUED)**

Under the State's Uniform Budgeting and Accounting Act, actual expenditures for any budgeted expenditure category are not to exceed the amounts budgeted for that category. The Uniform Budgeting and Accounting Act permits governmental entities to amend their budgets during the year, and requires amended budgets to be approved by the governing body prior to expending funds in excess of the amount budgeted for that category.

During the year ended September 30, 2023, the Authority incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Facility maintenance	\$ 159,719	\$ 161,922	\$ (2,203)
Office expenses	79,500	119,978	(40,478)
Travel and meetings	5,431	12,212	(6,781)
Conferences, dues, and subscriptions	25,000	41,419	(16,419)
Marketing and promotion	4,000	10,468	(6,468)

Revenue was sufficient to cover the excess expenditures.

**REQUIRED SUPPLEMENTARY INFORMATION**

DETROIT/WAYNE COUNTY PORT AUTHORITY

**SCHEDULES OF REVENUE AND EXPENDITURES — BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)**

**For the Years Ended September 30, 2023 and 2022**

	2023				2022			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenue:</b>								
Contracts and grants	\$ 1,000,000	\$ 1,000,000	\$ 1,418,557	\$ 418,557	\$ 1,000,000	\$ 1,000,000	\$ 1,081,753	\$ 81,753
Rental income	350,000	350,000	622,098	272,098	330,000	330,000	464,896	134,896
Other income	22,000	22,000	75,543	53,543	24,000	24,000	20,221	(3,779)
<b>Total Revenue</b>	<b>1,372,000</b>	<b>1,372,000</b>	<b>2,116,198</b>	<b>744,198</b>	<b>1,354,000</b>	<b>1,354,000</b>	<b>1,566,870</b>	<b>212,870</b>
<b>Expenditures:</b>								
Current:								
Salaries, wages, and employee benefits	772,350	772,350	621,578	150,772	808,350	808,350	780,309	28,041
Contractual and professional services	193,000	193,000	186,906	6,094	184,150	184,150	157,234	26,916
Facility operations	133,000	133,000	110,778	22,222	98,000	98,000	87,123	10,877
Facility maintenance	159,719	159,719	161,922	(2,203)	135,000	135,000	115,449	19,551
Office expenses	79,500	79,500	119,978	(40,478)	81,500	81,500	82,375	(875)
Travel and meetings	5,431	5,431	12,212	(6,781)	11,000	11,000	13,846	(2,846)
Conferences, dues, and subscriptions	25,000	25,000	41,419	(16,419)	30,000	30,000	16,927	13,073
Marketing and promotion	4,000	4,000	10,468	(6,468)	6,000	6,000	8,270	(2,270)
<b>Total Expenditures</b>	<b>1,372,000</b>	<b>1,372,000</b>	<b>1,265,261</b>	<b>106,739</b>	<b>1,354,000</b>	<b>1,354,000</b>	<b>1,261,533</b>	<b>92,467</b>
<b>Excess of Revenue over Expenditures</b>	<b>-0-</b>	<b>-0-</b>	<b>850,937</b>	<b>850,937</b>	<b>-0-</b>	<b>-0-</b>	<b>305,337</b>	<b>305,337</b>
<b>Other Financing Sources (Uses):</b>								
Interfund transfers			(923,104)	(923,104)			(192,910)	(192,910)
<b>Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (72,167)</b>	<b>\$ (72,167)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 112,427</b>	<b>\$ 112,427</b>

See note to schedules of revenue and expenditures — budget and actual (general fund).

**NOTES TO SCHEDULES OF REVENUE AND EXPENDITURES —**  
**BUDGET AND ACTUAL — GENERAL FUND (UNAUDITED)**

**For the Years Ended September 30, 2023 and 2022**

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**NOTE A — BUDGETS AND BUDGETARY ACCOUNTING**

The Detroit/Wayne County Port Authority (the “Authority”) establishes an administrative budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented to and approved by the Authority’s Board of Directors. The original budget was amended made during the year. Appropriations are authorized by the Authority’s management. Unexpended appropriations lapse at the end of the fiscal year.