

DETROIT/WAYNE COUNTY PORT AUTHORITY

FINANCIAL STATEMENTS
(With Required Supplementary Information)

September 30, 2024 and 2023



DETROIT/WAYNE COUNTY PORT AUTHORITY

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INDEPENDENT AUDITOR’S REPORT

July 24, 2025

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, 2024 and 2023, 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, 2024 and 2023, 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 39 through 40 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 July 24, 2025, 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.

GSC CPAs & Advisors

Detroit, Michigan

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

September 30, 2024 and 2023

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, 2024 and 2023. Please read it in conjunction with the Authority’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Operating funding from the City of Detroit (the “City”), the County of Wayne (the “County”), and the State of Michigan (the “State”) increased 20 percent during the year ended September 30, 2024. Funding from the City and County, not including special funding the Authority received from the City and County during the year ended September 30, 2023 to help with the purchase of a bollard that was needed along the Detroit River for the Authority’s cruise ship operations, rose from \$250,000 each during the year ended September 30, 2023 to \$300,000 each during the year ended September 30, 2024. Funding from the State increased from \$500,000 for the year ended September 30, 2023 to \$600,000 for the year ended September 30, 2024.

The Authority provided U.S. Environmental Protection Agency (“EPA”) Brownfield Cleanup grants to 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, and the second round of \$500,000 in funding was deposited in 2024.

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 started in 2024. Both projects continue to be underway, with completion planned to occur in 2025.

In 2024, the Authority was awarded an EPA Clean Ports Program Planning grant (the “Clean Ports grant”) and a ZE Equipment Deployment grant (the “Equipment Deployment grant”). The Clean Ports grant is \$3 million, and the Equipment Deployment grant is approximately \$22 million. Both grants are pass-through grants from the federal government. The Clean Ports grant will help analyze the probability of bringing energy efficient technologies to the Port community. The Equipment Deployment grant will help Port terminal owners replace petroleum-based equipment with more energy efficient electric equipment. Both projects will start in 2025.

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

September 30, 2024 and 2023

FINANCIAL HIGHLIGHTS (CONTINUED)

Key activities for the Authority for the year ended September 30, 2024 include the following:

- The Authority's funding from the State increased by \$100,000 to \$600,000, compared to \$500,000 in the previous year. The City and County funding both increased by \$50,000, from \$250,000 each to \$300,000 each.
- During the year ended September 30, 2024, 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 decreased to approximately \$484,000 during the year ended September 30, 2024, a decrease of approximately 22 percent from approximately \$622,000 during the year ended September 30, 2023. The decrease was due to cruise ship dockings for the year. During the year ended September 30, 2024, the cruise ship line American Queen filed for bankruptcy; American Queen accounted for 28 dock visits in the previous year. In all, the Authority had 84 total dockings with 38 cruise ships during the year ended September 30, 2024, compared to 68 dockings during the year ended September 30, 2023. The Waterview Lofts hosted 114 events. There were also many stops by the Infinity and Ovation Yacht Charters.
- The Ambassador Port Company note payable balance decreased by approximately \$1,000 during the year as the Port's revenue continues to decline from previous years. The note payable to the Ambassador Port Company was approximately \$2,123,000 as of September 30, 2024, compared to approximately \$2,124,000 as of September 30, 2023.

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.

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

September 30, 2024 and 2023

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Financial Statements (continued)

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.

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 39.

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

September 30, 2024 and 2023

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, 2024, 2023, and 2022:

Table 1
Statements of Net Position
September 30, 2024, 2023, and 2022
(in thousands of dollars)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Cash	\$ 2,330.1	\$ 2,098.5	\$ 1,374.8
Accounts receivable	392.1	378.5	197.9
Capital assets	18,361.1	18,599.2	18,713.2
Loans receivable	1,050.5	1,774.3	2,114.5
Prepaid expenses	52.9	37.8	33.4
Total Assets	<u>22,186.7</u>	<u>22,888.3</u>	<u>22,433.8</u>
Liabilities:			
Long-term liabilities	3,055.3	3,068.3	3,196.3
Other liabilities	603.4	731.4	467.7
Total Liabilities	<u>3,658.7</u>	<u>3,799.7</u>	<u>3,664.0</u>
Net Position:			
Net investment in capital assets	14,950.4	15,187.4	15,184.8
Unrestricted	3,577.6	3,901.2	3,585.0
Total Net Position	<u>\$ 18,528.0</u>	<u>\$ 19,088.6</u>	<u>\$ 18,769.8</u>

Accounts and loans receivable balances are reviewed for collectability and are written off as necessary. All accounts receivable are deemed collectible within a reasonable time. There were no accounts receivable written off during the year. However, during the year ended September 30, 2024, City Club defaulted on loans previously issued by the Authority. An allowance on these loans for approximately \$502,000 was recorded as of September 30, 2024.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**September 30, 2024 and 2023****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, 2024, 2023, and 2022:

Table 2
Statements of Activities
For the Years Ended September 30, 2024, 2023, and 2022
(in thousands of dollars)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue:			
Program revenue:			
Contracts and grants	\$ 2,228.9	\$ 2,416.2	\$ 1,106.2
General revenue	605.5	697.6	485.2
	<u>2,834.4</u>	<u>3,113.8</u>	<u>1,591.4</u>
Expenses:			
Import and export promotional programs	<u>3,395.0</u>	<u>2,795.0</u>	<u>2,017.2</u>
	(560.6)	318.8	(425.8)
Net Position, Beginning of Year	<u>19,088.6</u>	<u>18,769.8</u>	<u>19,195.6</u>
Net Position, End of Year	<u>\$ 18,528.0</u>	<u>\$ 19,088.6</u>	<u>\$ 18,769.8</u>

Total revenue decreased during the year ended September 30, 2024 from the previous year due to docking, grant funding, and special projects, despite the operational funding increases from the State, the City, and the County. The Authority received special funding from the City and the County during the year ended September 30, 2023, resulting in total funding from the City and the County being higher than they were during the year ended September 30, 2024. Grant revenue was down because fewer projects were funded during the year. Dockings were down during the year ended September 30, 2024 due to the American Queen cruise line filing for bankruptcy; American Queen accounted for 28 dock visits in the previous year. In all, the Authority had 84 total dockings with 38 cruise ships during the year ended September 30, 2024, compared to 68 dockings during the year ended September 30, 2023.

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

September 30, 2024 and 2023

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, 2024, 2023, and 2022:

Table 3
Balance Sheets — General and Special Revenue Funds
September 30, 2024, 2023, and 2022
(in thousands of dollars)

	<u>General Fund</u>			<u>Special Revenue Fund</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
ASSETS						
Cash	\$ 973.4	\$ 434.5	\$ 436.2	\$ 1,356.7	\$ 1,664.0	\$ 938.6
Other assets	445.0	416.3	231.4	-0-	-0-	-0-
Total Assets	\$ 1,418.4	\$ 850.8	\$ 667.6	\$ 1,356.7	\$ 1,664.0	\$ 938.6
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	\$ 244.9	\$ 382.4	\$ 127.0	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	244.9	382.4	127.0	-0-	-0-	-0-
Fund Balances:						
Nonspendable	52.9	37.8	33.4	-0-	-0-	-0-
Committed	5.0	5.0	5.0	-0-	-0-	-0-
Assigned	-0-	-0-	-0-	1,356.7	1,664.0	938.6
Unassigned	1,115.6	425.6	502.2	-0-	-0-	-0-
Total Fund Balances	1,173.5	468.4	540.6	1,356.7	1,664.0	938.6
Total Liabilities and Fund Balances	\$ 1,418.4	\$ 850.8	\$ 667.6	\$ 1,356.7	\$ 1,664.0	\$ 938.6

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

September 30, 2024 and 2023

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, 2024, 2023, and 2022:

Table 4
Statements of Revenue, Expenditures, and Changes in Fund Balances —
General and Special Revenue Funds
For the Years Ended September 30, 2024, 2023, and 2022
(in thousands of dollars)

	General Fund			Special Revenue Fund		
	2024	2023	2022	2024	2023	2022
Revenue:						
Contracts and grants	\$ 1,469.6	\$ 1,418.6	\$ 1,081.8	\$ 759.3	\$ 997.7	\$ 24.4
Other revenue	605.5	697.6	485.1	-0-	-0-	-0-
Total Revenue	2,075.1	2,116.2	1,566.9	759.3	997.7	24.4
Expenditures:						
Current expenditures	1,492.0	1,265.3	1,261.5	636.1	758.3	16.8
Capital outlay	-0-	-0-	-0-	373.1	489.5	1.1
Total Expenditures	1,492.0	1,265.3	1,261.5	1,009.2	1,247.8	17.9
Excess (Deficiency) of Revenue over Expenditures	583.1	850.9	305.4	(249.9)	(250.1)	6.5
Other Financing Sources (Uses)	122.0	(923.1)	(192.9)	(57.4)	975.5	(234.0)
Change in Fund Balances	705.1	(72.2)	112.5	(307.3)	725.4	(227.5)
Fund Balances, Beginning of Year	468.4	540.6	428.1	1,664.0	938.6	1,166.1
Fund Balances, End of Year	\$ 1,173.5	\$ 468.4	\$ 540.6	\$ 1,356.7	\$ 1,664.0	\$ 938.6

ECONOMIC FACTORS

The Waterview Lofts catering business was down 14 percent during the year ended September 30, 2024 after several years of post-pandemic recovery. Revenue from Waterview Lofts during the year ended September 30, 2024 was approximately \$230,000, compared to approximately \$269,000 during the year ended September 30, 2023. During the year ended September 30, 2024, Waterview Lofts signed a new contract with the Authority for an additional five years. In the new contract, Waterview Lofts will pay the Authority a minimum of \$300,000 per year.

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

September 30, 2024 and 2023

ECONOMIC FACTORS (CONTINUED)

Operational support was at an all-time high with a total budget increase of \$200,000. This was due to the City and County increasing their annual funding from \$250,000 during the year ended September 30, 2023 to \$300,000 during the year ended September 30, 2024. The State increased its funding from \$500,000 during the year ended September 30, 2023 to \$600,000 during the year ended September 30, 2024, bringing the State in line with the Authority’s funding formula.

During the year ended September 30, 2024, there was a decline in docking revenue due to one of the cruise ship operators filing for bankruptcy. The American Queen line accounted for 28 dock visits during the year ended September 30, 2023. This resulted in a large loss in docking revenue for the season. However, the Authority believes docking revenue will increase to previous levels in 2026.

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.

During the year ended September 30, 2024, the Authority was awarded an increase to the Southwest Housing Solutions grant of approximately \$170,000 for brownfield cleanup. The funds will be provided out of the Authority’s EPA RLF.

Revenue generated from the Authority’s Master Concession Agreement (the “MCA”) with the Ambassador Port Company increased approximately 33 percent to approximately \$157,000 during the year ended September 30, 2024, from approximately \$119,000 during the year ended September 30, 2023. 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 decreased by only approximately \$1,000, as the revenue under the MCA was not sufficient to cover interest accruing under the MCA note payable. The current balance on the MCA note payable is approximately \$2,123,000.

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

September 30, 2024 and 2023

ECONOMIC FACTORS (CONTINUED)

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 was disbursed during the year ended September 30, 2024.

In 2024, the Authority was awarded the Clean Ports grant and the Equipment Deployment grant. The Clean Ports grant is \$3 million, and the Equipment Deployment grant is approximately \$22 million. Both grants are pass-through grants from the federal government. The Clean Ports grant will help analyze the probability of bringing energy efficient technologies to the Port community. The Equipment Deployment grant will help Port terminal owners replace petroleum-based equipment with more energy efficient electric equipment. Both projects will start in 2025.

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, 2024 and 2023

	Governmental Activities	
	2024	2023
Assets:		
Cash	\$ 2,330,109	\$ 2,098,520
Accounts receivable (no allowance considered necessary)	392,140	378,529
Prepaid expenses	52,866	37,807
Loans receivable, net (Note C)	1,050,514	1,774,259
Capital assets (Note D):		
Nondepreciable capital assets	4,350,074	3,976,940
Depreciable capital assets, net	14,011,038	14,622,239
Total Assets	22,186,741	22,888,294
Liabilities:		
Accounts payable	232,356	362,547
Accrued expenses	15,637	25,359
Long-term liabilities (Note E):		
Due or expected to be paid within one year	355,422	343,465
Due or expected to be paid in more than one year	3,055,313	3,068,317
Total Liabilities	3,658,728	3,799,688
Net Position:		
Net investment in capital assets	14,950,377	15,187,397
Unrestricted	3,577,636	3,901,209
Total Net Position	\$ 18,528,013	\$ 19,088,606

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

STATEMENTS OF ACTIVITIES

For the Years Ended September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Expenses:		
Import and export promotional programs:		
Salaries, wages, and employee benefits	\$ 706,490	\$ 618,428
Contractual and professional services	339,405	186,906
Facility operations	97,810	110,778
Facility maintenance	148,638	161,922
Office expenses	115,427	119,978
Travel and meetings	29,838	12,212
Conferences, dues, and subscriptions	35,521	41,419
Marketing and promotion	16,407	10,468
Site reclamation and redevelopment	636,090	758,285
Bad debt expense	502,065	-0-
Interest expense	156,090	171,160
Depreciation (Note D)	611,201	603,508
	3,394,982	2,795,064
Program Revenue:		
Contracts and grants (Note F)	2,228,946	2,416,216
	1,166,036	378,848
General Revenue:		
Rental income	498,167	622,098
Other income	107,276	75,543
	605,443	697,641
Change in Net Position	(560,593)	318,793
Net Position, Beginning of Year	19,088,606	18,769,813
Net Position, End of Year	\$ 18,528,013	\$ 19,088,606

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

BALANCE SHEETS — GOVERNMENTAL FUNDS

September 30, 2024

(With Comparative Totals as of September 30, 2023)

	2024			Total All Funds	
	General Fund	Special Revenue Fund	Debt Service Fund	2024	2023
ASSETS					
Cash	\$ 973,459	\$ 1,356,650	\$ -0-	\$ 2,330,109	\$ 2,098,520
Accounts receivable (no allowance considered necessary)	392,140			392,140	378,529
Prepaid expenditures	52,866			52,866	37,807
Total Assets	\$ 1,418,465	\$ 1,356,650	\$ -0-	\$ 2,775,115	\$ 2,514,856
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 232,356	\$ -0-	\$ -0-	\$ 232,356	\$ 362,547
Accrued expenses	12,578			12,578	19,855
Total Liabilities	244,934	-0-	-0-	244,934	382,402
Fund Balances:					
Nonspendable	52,866			52,866	37,807
Committed	5,000			5,000	5,000
Assigned		1,356,650		1,356,650	1,664,014
Unassigned	1,115,665			1,115,665	425,633
Total Fund Balances	1,173,531	1,356,650	-0-	2,530,181	2,132,454
Total Liabilities and Fund Balances	\$ 1,418,465	\$ 1,356,650	\$ -0-	\$ 2,775,115	\$ 2,514,856

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

BALANCE SHEETS — GOVERNMENTAL FUNDS

September 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
ASSETS				
Cash	\$ 434,506	\$ 1,664,014	\$ -0-	\$ 2,098,520
Accounts receivable (no allowance considered necessary)	378,529			378,529
Prepaid expenditures	37,807			37,807
Total Assets	<u>\$ 850,842</u>	<u>\$ 1,664,014</u>	<u>\$ -0-</u>	<u>\$ 2,514,856</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 362,547	\$ -0-	\$ -0-	\$ 362,547
Accrued expenses	19,855			19,855
Total Liabilities	<u>382,402</u>	<u>-0-</u>	<u>-0-</u>	<u>382,402</u>
Fund Balances:				
Nonspendable	37,807			37,807
Committed	5,000			5,000
Assigned		1,664,014		1,664,014
Unassigned	425,633			425,633
Total Fund Balances	<u>468,440</u>	<u>1,664,014</u>	<u>-0-</u>	<u>2,132,454</u>
Total Liabilities and Fund Balances	<u>\$ 850,842</u>	<u>\$ 1,664,014</u>	<u>\$ -0-</u>	<u>\$ 2,514,856</u>

See notes to financial statements.

DETROIT/WAYNE COUNTY PORT AUTHORITY

RECONCILIATIONS OF GOVERNMENTAL FUNDS BALANCE SHEETS TO STATEMENTS OF NET POSITION

September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Total Fund Balances, Governmental Funds	\$ 2,530,181	\$ 2,132,454
<p>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:</p>		
<p>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:</p>		
Loans receivable	1,050,514	1,774,259
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of the following:</p>		
Nondepreciable capital assets	4,350,074	3,976,940
Depreciable capital assets:		
Cost	23,162,892	23,162,892
Less: Accumulated depreciation	(9,151,854)	(8,540,653)
<p>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:</p>		
Loans payable	(3,410,735)	(3,411,782)
Accrued vacation pay	(3,059)	(5,504)
	<u> </u>	<u> </u>
Total Net Position, Governmental Activities	<u><u>\$ 18,528,013</u></u>	<u><u>\$ 19,088,606</u></u>

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, 2024
(With Comparative Totals for the Year Ended September 30, 2023)**

	2024			Total All Funds	
	General Fund	Special Revenue Fund	Debt Service Fund	2024	2023
Revenue:					
Contracts and grants (Note F)	\$ 1,469,637	\$ 759,309	\$ -0-	\$ 2,228,946	\$ 2,416,216
Rental income	498,167			498,167	622,098
Other income	107,276			107,276	75,543
Total Revenue	2,075,080	759,309	-0-	2,834,389	3,113,857
Expenditures:					
Current:					
Salaries, wages, and employee benefits	708,935			708,935	621,578
Contractual and professional services	339,405			339,405	186,906
Facility operations	97,810			97,810	110,778
Facility maintenance	148,638			148,638	161,922
Office expenses	115,427			115,427	119,978
Travel and meetings	29,838			29,838	12,212
Conferences, dues, and subscriptions	35,521			35,521	41,419
Marketing and promotion	16,407			16,407	10,468
Site reclamation and redevelopment		636,090		636,090	758,285
Interest expense			156,090	156,090	171,160
Debt service (Note E)			1,047	1,047	147,692
Capital outlay (Note D)		373,134		373,134	489,500
Total Expenditures	1,491,981	1,009,224	157,137	2,658,342	2,831,898
Excess (Deficiency) of Revenue over Expenditures	583,099	(249,915)	(157,137)	176,047	281,959
Other Financing Sources (Uses):					
Interfund transfers	121,992	(279,129)	157,137	-0-	-0-
Repayment of loan receivable proceeds (Note C)		221,680		221,680	340,196
Additions to loans payable, other than issuance of proceeds (Note E)				-0-	31,070
Total Other Financing Sources (Uses)	121,992	(57,449)	157,137	221,680	371,266
Change in Fund Balances	705,091	(307,364)	-0-	397,727	653,225
Fund Balances, Beginning of Year	468,440	1,664,014	-0-	2,132,454	1,479,229
Fund Balances, End of Year	\$ 1,173,531	\$ 1,356,650	\$ -0-	\$ 2,530,181	\$ 2,132,454

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total All Funds</u>
Revenue:				
Contracts and grants (Note F)	\$ 1,418,557	\$ 997,659	\$ -0-	\$ 2,416,216
Rental income	622,098			622,098
Other income	75,543			75,543
Total Revenue	2,116,198	997,659	-0-	3,113,857
Expenditures:				
Current:				
Salaries, wages, and employee benefits	621,578			621,578
Contractual and professional services	186,906			186,906
Facility operations	110,778			110,778
Facility maintenance	161,922			161,922
Office expenses	119,978			119,978
Travel and meetings	12,212			12,212
Conferences, dues, and subscriptions	41,419			41,419
Marketing and promotion	10,468			10,468
Site reclamation and redevelopment		758,285		758,285
Interest expense			171,160	171,160
Debt service (Note E)			147,692	147,692
Capital outlay (Note D)		489,500		489,500
Total Expenditures	1,265,261	1,247,785	318,852	2,831,898
Excess (Deficiency) of Revenue over Expenditures	850,937	(250,126)	(318,852)	281,959
Other Financing Sources (Uses):				
Interfund transfers	(923,104)	635,322	287,782	-0-
Repayment of loan receivable proceeds (Note C)		340,196		340,196
Additions to loans payable, other than issuance of proceeds (Note E)			31,070	31,070
Total Other Financing Sources (Uses)	(923,104)	975,518	318,852	371,266
Change in Fund Balances	(72,167)	725,392	-0-	653,225
Fund Balances, Beginning of Year	540,607	938,622	-0-	1,479,229
Fund Balances, End of Year	\$ 468,440	\$ 1,664,014	\$ -0-	\$ 2,132,454

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in Fund Balances, Governmental Funds	\$ 397,727	\$ 653,225
<p>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:</p>		
<p>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:</p>		
Repayment of loan receivable proceeds	(221,680)	(340,196)
Bad debt expense	(502,065)	-0-
<p>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:</p>		
Capital outlay	373,134	489,500
Depreciation expense	(611,201)	(603,508)
<p>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:</p>		
Accrued vacation pay, beginning of year	5,504	8,654
Less: Accrued vacation pay, end of year	(3,059)	(5,504)
<p>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:</p>		
Additions to loans payable, other than issuance of proceeds	-0-	(31,070)
Reductions to loans payable	1,047	147,692
	<u>1,047</u>	<u>147,692</u>
Change in Net Position, Governmental Activities	<u>\$ (560,593)</u>	<u>\$ 318,793</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

September 30, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023

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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

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

Pollution Remediation Obligations (continued)

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, 2024 and 2023 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
- 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

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

Fair Value Measurements (continued)

- 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, 2024 and 2023, 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.

Concentration of Credit Risk

The Authority utilized one vendor during the year ended September 30, 2024 for purchases of \$88,343, or approximately 10 percent of total purchases. The total amount due to this vendor as of September 30, 2024 was \$16,840. The Authority did not have any such concentrations of purchases during the year ended September 30, 2023.

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, 2024 and 2023

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, 2024 and 2023, 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>2024</u>	<u>2023</u>
Carrying amount of deposits	\$ 2,330,109	\$ 2,098,520
Total bank balances	<u>\$ 2,430,282</u>	<u>\$ 2,168,050</u>
Uninsured and uncollateralized bank balances	<u>\$ 1,930,282</u>	<u>\$ 1,668,050</u>

NOTE C — LOANS RECEIVABLE

The Authority's portfolio of loans receivable as of September 30, 2024 and 2023 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, 2024 and 2023

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. 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. City Club Apartments defaulted on its loans during the year ended September 30, 2024. The Authority has recognized an allowance on these loans of \$502,065 as of September 30, 2024.

Loans receivable activity for the years ended September 30, 2024 and 2023 is as follows:

	<u>Kirco</u>	<u>HyCal</u>	<u>City Club Apartments</u>	<u>Total</u>
Balance, October 1, 2022	\$ 278,739	\$ 1,212,825	\$ 622,891	\$ 2,114,455
Less: Repayments	<u>(92,504)</u>	<u>(126,866)</u>	<u>(120,826)</u>	<u>(340,196)</u>
Balance, September 30, 2023	186,235	1,085,959	502,065	1,774,259
Additions				-0-
Less: Repayments	<u>(92,912)</u>	<u>(128,768)</u>	<u> </u>	<u>(221,680)</u>
Balance, September 30, 2024	93,323	957,191	502,065	1,552,579
Less:				
Allowance for doubtful loans receivable	<u> </u>	<u> </u>	<u>(502,065)</u>	<u>(502,065)</u>
Net Balance, September 30, 2024	<u>\$ 93,323</u>	<u>\$ 957,191</u>	<u>\$ -0-</u>	<u>\$ 1,050,514</u>

DETROIT/WAYNE COUNTY PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE C — LOANS RECEIVABLE (CONTINUED)

	<u>Kirco</u>	<u>HyCal</u>	<u>City Club Apartments</u>	<u>Total</u>
Amounts Due Within One Year:				
September 30, 2023	\$ 92,912	\$ 565,626	\$ 298,090	\$ 956,628
September 30, 2024	<u>\$ 93,323</u>	<u>\$ 641,958</u>	<u>\$ -0-</u>	<u>\$ 735,281</u>

NOTE D — CAPITAL ASSETS

Nondepreciable capital asset activity for the years ended September 30, 2024 and 2023 is as follows:

	<u>Land</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance, October 1, 2022	\$ 3,976,940	\$ -0-	\$ 3,976,940
Balance, September 30, 2023	3,976,940	-0-	3,976,940
Acquisitions		373,134	373,134
Balance, September 30, 2024	<u>\$ 3,976,940</u>	<u>\$ 373,134</u>	<u>\$ 4,350,074</u>

Depreciable capital asset activity for the years ended September 30, 2024 and 2023 is as follows:

	<u>Building and Improvements</u>	<u>Office Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
Cost:				
Balance, October 1, 2022	\$ 22,383,803	\$ 62,616	\$ 226,973	\$ 22,673,392
Acquisitions	489,500			489,500
Balance, September 30, 2023	<u>22,873,303</u>	<u>62,616</u>	<u>226,973</u>	<u>23,162,892</u>
Balance, September 30, 2024	<u>\$ 22,873,303</u>	<u>\$ 62,616</u>	<u>\$ 226,973</u>	<u>\$ 23,162,892</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE D — CAPITAL ASSETS (CONTINUED)

	<u>Building and Improvements</u>	<u>Office Equipment</u>	<u>Furniture and Fixtures</u>	<u>Total</u>
Accumulated Depreciation:				
Balance, October 1, 2022	\$ 7,648,506	\$ 61,666	\$ 226,973	\$ 7,937,145
Depreciation expense	<u>603,083</u>	<u>425</u>	<u></u>	<u>603,508</u>
Balance, September 30, 2023	8,251,589	62,091	226,973	8,540,653
Depreciation expense	<u>610,823</u>	<u>378</u>	<u></u>	<u>611,201</u>
Balance, September 30, 2024	<u>\$ 8,862,412</u>	<u>\$ 62,469</u>	<u>\$ 226,973</u>	<u>\$ 9,151,854</u>
Net Depreciable Capital Assets:				
Balance, September 30, 2023	<u>\$ 14,621,714</u>	<u>\$ 525</u>	<u>\$ -0-</u>	<u>\$ 14,622,239</u>
Balance, September 30, 2024	<u><u>\$ 14,010,891</u></u>	<u><u>\$ 147</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 14,011,038</u></u>

NOTE E — LONG-TERM LIABILITIES

Long-term liabilities as of September 30, 2024 and 2023 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, 2024 and 2023 was six percent. Repayment of the note is based on revenue received by the Authority under relevant sections of the Master Concession Agreement.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE E — LONG-TERM LIABILITIES (CONTINUED)

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, 2024 and 2023, the MDEQ has disbursed \$222,469 of the authorized amount of \$250,000.

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.

DETROIT/WAYNE COUNTY PORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE E — LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the years ended September 30, 2024 and 2023 is as follows:

	<u>Ambassador</u>	<u>MDEQ</u>	<u>Continental</u>	<u>Total</u>
Balance, October 1, 2022	\$ 2,092,718	\$ 1,435,644	\$ 42	\$ 3,528,404
Additions	31,070			31,070
Less: Repayments		(147,692)		(147,692)
Balance, September 30, 2023	2,123,788	1,287,952	42	3,411,782
Less: Repayments	(1,047)			(1,047)
Balance, September 30, 2024	<u>\$ 2,122,741</u>	<u>\$ 1,287,952</u>	<u>\$ 42</u>	<u>\$ 3,410,735</u>
Amounts Due Within One Year:				
September 30, 2023	<u>\$ 146,734</u>	<u>\$ 196,689</u>	<u>\$ 42</u>	<u>\$ 343,465</u>
September 30, 2024	<u>\$ 155,738</u>	<u>\$ 199,642</u>	<u>\$ 42</u>	<u>\$ 355,422</u>

Maturities of long-term liabilities are estimated to be as follows as of September 30, 2024:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
For the Years Ending September 30:			
2025	\$ 355,422	\$ 114,941	\$ 470,363
2026	367,934	102,387	470,321
2027	381,119	89,202	470,321
2028	394,972	75,349	470,321
2029	409,531	60,789	470,320
2030-2031	1,501,757	38,805	1,540,562
	<u>\$ 3,410,735</u>	<u>\$ 481,473</u>	<u>\$ 3,892,208</u>

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, 2024, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

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:

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.

U.S. Department of Energy Grant

The Authority received a \$680,000 grant from the U.S. Department of Energy ("DOE") for the Hydrobinotic Energy Harvester Project.

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. 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, 2024 and 2023, \$500,000 has been issued from this grant.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

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

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

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.

Total contract and grant revenue for the years ended September 30, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
General fund:		
State of Michigan	\$ 600,000	\$ 500,000
County of Wayne	300,000	400,000
City of Detroit	412,500	400,000
Ambassador port revenue	<u>157,137</u>	<u>118,557</u>
Total General Fund		
Contracts and Grants	<u>\$ 1,469,637</u>	<u>\$ 1,418,557</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE F — CONTRACTS AND GRANTS (CONTINUED)

	<u>2024</u>	<u>2023</u>
Special revenue fund:		
MDEQ grants	\$ 496,218	\$ 28,282
DOE grant	244,191	-0-
EPA Revolving Loan Fund grants	18,900	469,377
Decarbonization grant	-0-	500,000
	<u>759,309</u>	<u>997,659</u>
Total Special Revenue Fund Contracts and Grants	<u>759,309</u>	<u>997,659</u>
	<u><u>\$ 2,228,946</u></u>	<u><u>\$ 2,416,216</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.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

**NOTE H — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY
(CONTINUED)**

During the year ended September 30, 2024, the Authority incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Contractual and professional services	\$ 83,852	\$ 339,405	\$ (255,553)
Facility operations	9,431	97,810	(88,379)
Facility maintenance	99,640	148,638	(48,998)
Office expenses	54,680	115,427	(60,747)
Conferences, dues, and subscriptions	25,000	35,521	(10,521)

Revenue was sufficient to cover the excess expenditures.

NOTE I — NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (“GASB”) issued Statement of Governmental Accounting Standards (“SGAS”) No. 101, *Compensated Absences*, in June 2022. SGAS No. 101 updates the recognition and measurement guidance for compensated absences under a unified model by requiring that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and by establishing guidance for measuring a liability for leave that has not been used. SGAS No. 101 also updates disclosure requirements for compensated absences. SGAS No. 101 applies to the Authority’s financial statements for the year ending September 30, 2025, with earlier implementation permitted.

The GASB issued SGAS No. 102, *Certain Risk Disclosures*, in December 2023. SGAS No. 102 requires governmental entities to assess whether a concentration or constraint makes the entity vulnerable to the risk of a substantial impact, and also requires governmental entities to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. SGAS No. 102 applies to the Authority’s financial statements for the year ending September 30, 2025, with earlier implementation permitted.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2024 and 2023

NOTE I — NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB issued SGAS No. 103, *Financial Reporting Model Improvements*, in April 2024. SGAS No. 103 establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following:

- Management’s discussion and analysis
- Unusual or infrequent items
- Presentation of a proprietary fund statement of revenue, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

SGAS No. 103 applies to the Authority’s financial statements for the year ending September 30, 2026, with earlier implementation permitted.

The GASB issued SGAS No. 104, *Disclosure of Certain Capital Assets*, in September 2024. SGAS No. 104 requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note, and also requires additional disclosures for capital assets held for sale. SGAS No. 104 applies to the Authority’s financial statements for the year ending September 30, 2026, with earlier implementation permitted.

The Authority’s management has not determined the impact on its financial statements as a result of implementing these standards.

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, 2024 and 2023

	2024				2023			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Contracts and grants	\$ 1,200,000	\$ 1,200,000	\$ 1,469,637	\$ 269,637	\$ 1,000,000	\$ 1,000,000	\$ 1,418,557	\$ 418,557
Rental income	350,000	350,000	498,167	148,167	350,000	350,000	622,098	272,098
Other income	22,000	22,000	107,276	85,276	22,000	22,000	75,543	53,543
Total Revenue	1,572,000	1,572,000	2,075,080	503,080	1,372,000	1,372,000	2,116,198	744,198
Expenditures:								
Current:								
Salaries, wages, and employee benefits	780,268	780,268	708,935	71,333	772,350	772,350	621,578	150,772
Contractual and professional services	83,852	83,852	339,405	(255,553)	193,000	193,000	186,906	6,094
Facility operations	9,431	9,431	97,810	(88,379)	133,000	133,000	110,778	22,222
Facility maintenance	99,640	99,640	148,638	(48,998)	159,719	159,719	161,922	(2,203)
Office expenses	54,680	54,680	115,427	(60,747)	79,500	79,500	119,978	(40,478)
Travel and meetings	365,000	365,000	29,838	335,162	5,431	5,431	12,212	(6,781)
Conferences, dues, and subscriptions	25,000	25,000	35,521	(10,521)	25,000	25,000	41,419	(16,419)
Marketing and promotion	154,129	154,129	16,407	137,722	4,000	4,000	10,468	(6,468)
Total Expenditures	1,572,000	1,572,000	1,491,981	80,019	1,372,000	1,372,000	1,265,261	106,739
Excess of Revenue over Expenditures	-0-	-0-	583,099	583,099	-0-	-0-	850,937	850,937
Other Financing Sources (Uses):								
Interfund transfers			121,992	121,992			(923,104)	(923,104)
Change in Fund Balance	\$ -0-	\$ -0-	\$ 705,091	\$ 705,091	\$ -0-	\$ -0-	\$ (72,167)	\$ (72,167)

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

DETROIT/WAYNE COUNTY PORT AUTHORITY

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

For the Years Ended September 30, 2024 and 2023

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.