

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
FLINT, MICHIGAN**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION  
FOR YEAR ENDED DECEMBER 31, 2019**

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION**

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Rochester

1214 N. Main Street  
Rochester, MI 48307  
248.601.9500~248.601.9501 fax  
www.mkgpc.com



Certified Public Accountants

Lapeer

951 S. Main Street, Suite 3  
Lapeer, MI 48446  
810.664.4470~810.664.3601 fax  
www.mkgpc.com

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
I-69 International Trade Corridor  
Next Michigan Development Corporation  
Flint, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of I-69 International Trade Corridor Next Michigan Development Corporation (the "Corporation"), Flint, Michigan, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

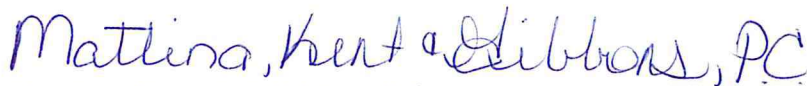
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of I-69 International Trade Corridor Next Michigan Development Corporation, Flint, Michigan, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparisons on pages III-VI and 12, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**Mattina, Kent & Gibbons, P.C.**

Certified Public Accountants

Lapeer, Michigan

February 1, 2021



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
GENESEE COUNTY  
FLINT, MICHIGAN**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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As the Board of Directors of I-69 International Trade Corridor Next Michigan Development Corporation (the “Corporation”), we offer readers of the Corporation’s financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended December 31, 2019.

**FINANCIAL HIGHLIGHTS**

- The net assets of the Corporation exceeded its liabilities at the close of the most recent year by \$164,515. Of this amount, \$143,903 may be used to meet the Corporation’s ongoing obligations.
- As of the close of the current year, the Corporation’s total governmental funds reported an ending fund balance of \$164,515, an increase of \$26,172 in comparison with the prior year. \$143,903 is available for spending at the Corporation’s discretion. An additional \$20,612 is available for spending with some restrictions.
- At the end of the current year, unassigned fund balance for the general fund was \$143,903.
- At the end of the current year, restricted fund balance for the special revenue fund was \$20,612.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Corporation’s basic financial statements. The Corporation’s basic financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Corporation’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Corporation’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the Corporation’s financial position is improving or deteriorating.

The ***Statement of Activities*** presents information showing how the Corporation's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Corporation that are principally supported by grants and charges for services revenues (***governmental activities***) from other functions that are intended to recover all of a significant portion of their costs through user fees and charges (***business-type activities***). The governmental activities of the Corporation include general government operations. The Corporation has no business activities.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Corporation can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Corporation maintains two (2) individual governmental funds. This information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. This Corporation has no proprietary or fiduciary funds.

The Corporation adopts an annual appropriate budget for its general fund.

**Proprietary funds.** *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Corporation has no proprietary funds.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Corporation's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Corporation has no fiduciary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 5-11 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Corporation, assets exceeded liabilities by \$164,515, at the close of the most recent year.

The following tables show, in a condensed format, the Net Position of the Corporation for December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018
Current Assets	\$ 176,865	\$ 140,395
Total Assets	176,865	140,395
Other Liabilities	12,350	2,050
Total Liabilities	12,350	2,050
Net Position:		
Restricted	20,612	12,515
Unrestricted	143,903	125,830
Total Net Position	\$ 164,515	\$ 138,345

The following tables show, in a condensed format, the change in the Net Position during the year ended December 31, 2019 and 2018.

	December 31, 2019	December 31, 2018
Revenue		
General Revenue		
Property Taxes Levied	\$ 8,134	\$ 6,261
Public, City and Municipality	40,000	40,000
Miscellaneous	14	12
Total Revenue	48,148	46,273
Total Operations Expenses	21,976	28,087
Change in Net Position	\$ 26,172	\$ 18,186

At the end of the current year, the Corporation is able to report a positive balance of net assets for the government as a whole.

During the current year the Corporation's net position increased by \$26,172.

## **FINANCIAL ANALYSIS OF THE CORPORATION'S FUNDS**

As noted earlier, the Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Corporation's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Corporation's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Corporation's net resources available for spending at the end of the year.

As of the end of the current year, the Corporation's governmental funds reported a combined ending fund balance of \$164,515, an increase of \$26,172, in comparison with the prior year. \$143,903, is available for spending at the Corporation's discretion. An additional \$20,612 is available for spending with some restrictions.

The general fund is the chief operating fund of the Corporation. At the end of the current year, the unassigned fund balance of the general fund was \$143,903.

The fund balance of the Corporation's general fund increased by \$18,074 during the current year.

The special revenue fund is a blended component unit of the Corporation. At the end of the current year, the restricted fund balance of the special revenue fund was \$20,612.

The fund balance of the Corporation's special revenue fund increased by \$8,098 during the current year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** At the end of the current year, the Corporation had no capital assets.

**Long-term debt.** At the end of the current year, the Corporation had no long-term debt outstanding.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Corporation plans to continue collecting funds from the participating localities and expand the marketing of the I-69 International Trade Corridor. Due to the COVID-19 pandemic, the Corporation's board made the decision to suspend the annual \$10,000 fee charged to each of the four participating municipalities for 2020. This action will result in a \$40,000 reduction in revenue for the year 2020.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the I-69 International Trade Corridor Next Michigan Development Corporation's finances for all those with an interest in Corporation's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Corporation's Administrator, 519 S Saginaw St., Ste. 200, Flint, MI 48502.

## **BASIC FINANCIAL STATEMENTS**

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
STATEMENT OF NET POSITION  
DECEMBER 31, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash in Bank	
Demand Deposits	\$ 156,918
Prepaid Expenditures	1,813
Receivables	
Municipality and Tax Revenue	18,134
Total Current Assets	<u>176,865</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 176,865</u></u>
<b>LIABILITIES</b>	
Accounts Payable	<u>\$ 12,350</u>
<b>TOTAL LIABILITIES</b>	<u>12,350</u>
<b>NET POSITION</b>	
Restricted	20,612
Unrestricted	<u>143,903</u>
<b>TOTAL NET POSITION</b>	<u>164,515</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 176,865</u></u>

The accompanying notes are an integral part of the financial statements.



**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Operations</u>	<u>Total Governmental</u>
EXPENSES		
Audit	\$ 2,100	\$ 2,100
Bank Fees	99	99
Marketing	3,245	3,245
Officers Insurance	2,720	2,720
Program Support	10,000	10,000
Travel	3,812	3,812
TOTAL EXPENSES	<u>21,976</u>	<u>21,976</u>
PROGRAM REVENUES		
Charges for Services	-	-
Operating Grants and Contributions	-	-
Capital Grants and Contributions	-	-
NET PROGRAM (EXPENSES) REVENUES	<u>(21,976)</u>	<u>(21,976)</u>
GENERAL REVENUES		
Property Taxes Levied		8,134
Public, City and Municipality		40,000
Interest		<u>14</u>
TOTAL GENERAL REVENUES		<u>48,148</u>
CHANGE IN NET POSITION		26,172
NET POSITION - BEGINNING		<u>138,343</u>
NET POSITION - ENDING		<u><u>\$ 164,515</u></u>

The accompanying notes are an integral part of the financial statements.

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund - LDFA</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash in Bank			
Demand Deposits	\$ 144,440	\$ 12,478	\$ 156,918
Prepaid Expenditures	1,813	-	1,813
Receivables			
Municipality and Tax Revenue	<u>10,000</u>	<u>8,134</u>	<u>18,134</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 156,253</u></u>	<u><u>\$ 20,612</u></u>	<u><u>\$ 176,865</u></u>
<b>LIABILITIES</b>			
Accounts Payable	<u>\$ 12,350</u>	<u>\$ -</u>	<u>\$ 12,350</u>
<b>TOTAL LIABILITIES</b>	<u>12,350</u>	<u>-</u>	<u>12,350</u>
<b>FUND EQUITY</b>			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	20,612	20,612
Unassigned	<u>143,903</u>	<u>-</u>	<u>143,903</u>
<b>TOTAL FUND EQUITY</b>	<u>143,903</u>	<u>20,612</u>	<u>164,515</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 156,253</u></u>	<u><u>\$ 20,612</u></u>	<u><u>\$ 176,865</u></u>

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**

Total Governmental Fund Balance	<u>\$ 164,515</u>
Net Position of Governmental Activities	<u><u>\$ 164,515</u></u>

The accompanying notes are an integral part of the financial statements.

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR YEAR ENDED DECEMBER 31, 2019**

	General Fund	Special Revenue Fund - LDFA	Total Governmental Funds
REVENUES			
Property Taxes Levied	\$ -	\$ 8,134	\$ 8,134
Public, City and Municipality	40,000	-	40,000
Interest	14	-	14
	<u>40,014</u>	<u>8,134</u>	<u>48,148</u>
TOTAL REVENUES			
EXPENDITURES			
Operations	21,940	36	21,976
	<u>21,940</u>	<u>36</u>	<u>21,976</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,074	8,098	26,172
FUND BALANCE - BEGINNING	125,829	12,514	138,343
FUND BALANCE - ENDING	<u>\$ 143,903</u>	<u>\$ 20,612</u>	<u>\$ 164,515</u>

The accompanying notes are an integral part of the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The I-69 International Trade Corridor Next Michigan Development Corporation (the “Corporation”) was organized in 2012 for the purpose of assisting communities in the I-69 region consisting of Lapeer, St. Clair, Shiawassee and Genesee Counties to attract, grow and retain businesses within the region. The Corporation is a local unit of State government which operates under the direction of a board of directors.

The accounting and reporting policies of the Corporation, conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Corporation are described below.

**A. REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Corporation consists of all funds, departments, boards, and agencies that are not legally separate from the Corporation. For the Corporation, this includes providing communities assistance to attract, grow and retain businesses. The Board of Directors has direct responsibility for these activities.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority or the organization’s governing board; and (1) the Corporation is able to significantly influence the programs or services performed or provided by the organization, or (2) the Corporation is legally entitled to or can otherwise access the organization’s resources; the Corporation is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Corporation is obligated for the debt of the organizations. Component units may also include organizations for which the Corporation authorizes the issuance of debt or the levying of taxes, or determines the budget.

The I-69 International Trade Corridor Local Development Finance Authority (the “Authority”) was established by the Corporation in 2014, began operations during 2016 and is being presented as a blended component unit of the Corporation. The Authority’s governing body is comprised of the same individuals as that of the Corporation. Its purpose is to assist communities in the I-69 region consisting of Lapeer, St. Clair, Shiawassee and Genesee Counties with economic growth by increasing awareness of the region’s strengths, creating shared visions and action plans and supporting new programs. The Authority also provides a means for local units of government to promote economic growth through the use of Tax Increment Financing (“TIF”).

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

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

**B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Corporation.

The Corporation has no business-type activities. The statement of net position presents the financial position of the Corporation at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Corporation's governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function.

The statement of activities reports the expenses of a given function by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct function activity. Program revenues include (1) charges for services which report fees and other charges to users of the Corporation's services; (2) operating grants and contributions which fund annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. The revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the Corporation. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Corporation.

**FUND FINANCIAL STATEMENTS**

The Corporation segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. Fund financial statements are provided for governmental funds.

The Corporation uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Corporation uses one category of fund: governmental.

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

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

**B. BASIS OF PRESENTATION** (Continued)

**FUND FINANCIAL STATEMENTS** (Continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Corporation has the following governmental funds.

General Fund – The General Fund is the general operating fund of the Corporation. This fund is used to account for all financial resources of the Corporation not accounted for in other funds.

Special Revenue Fund – Local Development Financial Authority – The Special Revenue Fund collects property taxes levied and collected by local units of governments through the use of Tax Increment Financing to promote local economic growth.

The Corporation currently has no fiduciary or permanent funds.

**C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, all liabilities (whether current or non-current) and deferred inflows of resources associated with the operation of the Corporation are included on the statement of net position. The statement of activities reports revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The revenues susceptible to accrual are charges for service and operating grants and contributions. All other Governmental Fund Type revenues are recognized when received.



**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

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

**D. BUDGETS AND BUDGETARY ACCOUNTING**

The Corporation's Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) The budgets are adopted by a majority vote of the Corporation's Board.
- (3) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- (4) Budgets for the General Fund are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

Amendments to the Budget are approved by the Corporation's Board, as necessary.

**E. CASH EQUIVALENTS**

The Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**F. DUE TO AND DUE FROM OTHER FUNDS**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

**G. USE OF ESTIMATES**

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**H. FUND EQUITY**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position".

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

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

**H. FUND EQUITY** (Continued)

Governmental fund balances, generally, represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Corporation is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Non-Spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories and principal (corpus) of an endowment fund. As of December 31, 2019, the Corporation has no such non-spendable funds.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments. As of December 31, 2019, the Corporation has total restricted funds of \$20,612.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Corporation's Board. The Corporation's Board is the highest level of decision making authority for the Corporation. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Corporation's Board. As of December 31, 2019, the Corporation has no such committed funds.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. As of December 31, 2019, the Corporation has no such assigned funds.

Unassigned – all other spendable amounts. As of December 31, 2019, the Corporation has total unassigned funds of \$143,903.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Corporation considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Corporation considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Corporation's Board has provided otherwise in its commitment or assignment actions.

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

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

**H. FUND EQUITY** (Continued)

of cost of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Corporation applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**I. SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through February 1, 2021, the date the financial statements were available to be issued.

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

	Governmental Activities
Bank Deposits	
Demand Deposits	\$ 156,918
Total Bank Deposits	<u>\$ 156,918</u>

The bank balance of the primary government's deposits is \$156,918, which is covered by federal depository insurance.

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

CUSTODIAL CREDIT RISK – BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned. State law does not require and the Corporation does not have a policy for deposit custodial credit risk. As of year-end, \$-0- of the Corporations bank balance of \$156,918 was exposed to custodial credit risk because it was uninsured and uncollateralized.

FOREIGN CURRENCY RISK

The Corporation is not authorized to invest in investments which have this type of risk.

NOTE 3 – CONTRACT FOR ADMINISTRATIVE SERVICES

The Corporation entered into a contract with the Flint and Genesee Chamber of Commerce (the Chamber), effective January 1, 2016, for the Chamber to provide administrative and support services to the Corporation. The term of the contract is for one year with automatic extension unless written notification is provided by either party and calls for an annual payment in the amount of \$10,000.

NOTE 4 – SUBSEQUENT EVENT

At its August 11, 2020 meeting, the Corporation's board passed a motion to suspend the annual \$10,000 fee charged to each of the four participating municipalities due to the COVID-19 pandemic for the 2020 year. This action will result in a \$40,000 reduction in revenue for the year 2020.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Public, City and Municipality	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Interest	15	15	14	(1)
TOTAL REVENUES	40,015	40,015	40,014	(1)
EXPENDITURES				
Audit	2,050	2,050	2,100	(50)
Bank Fees	70	70	63	7
Conferences	1,000	1,000	-	1,000
Legal	14,000	14,000	-	14,000
Marketing	7,000	7,000	3,245	3,755
Miscellaneous	1,075	1,075	-	1,075
Officers Insurance	2,720	2,720	2,720	-
Program Support	10,000	10,000	10,000	-
Supplies	100	100	-	100
Travel	2,000	2,000	3,812	(1,812)
TOTAL EXPENDITURES	40,015	40,015	21,940	18,075
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	18,074	\$ 18,074
FUND BALANCE - BEGINNING			125,829	
FUND BALANCE - ENDING			\$ 143,903	

See Accompanying Notes.

## **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**



**I-69 INTERNATIONAL TRADE CORRIDOR  
NEXT MICHIGAN DEVELOPMENT CORPORATION  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**BUDGETARY INFORMATION**

The annual budget is prepared by the Board and adopted by a majority vote of the Board; subsequent amendments are approved by the Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund.

The budget has been adopted on a cost center basis; expenditures at this level, in excess of amounts budgeted, are a violation of Michigan Law. Comparison of actual results of operations to the budget of the General Fund, as adopted by the Board, are included in the Required Supplemental Information of the basic financial statements.

**EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS**

The Corporation had expenditure budget overruns as follows:

Audit	\$ 50
Travel	\$ 1,812