

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

**FINANCIAL REPORT
WITH ADDITIONAL INFORMATION
FOR YEAR ENDED DECEMBER 31, 2020**

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

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of I-69 International Trade Corridor Next Michigan Development Corporation (the "Corporation"), Owosso, Michigan, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of I-69 International Trade Corridor Next Michigan Development Corporation, Owosso, Michigan, as of December 31, 2020, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibility 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 I-69 International Trade Corridor Next Michigan Development Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

Mattina, Kent & Gibbons, P.C.
Certified Public Accountants
Lapeer, Michigan

December 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
SHIAWASSEE COUNTY
OWOSSO, MICHIGAN**

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020.

FINANCIAL HIGHLIGHTS

- The net assets of the Corporation exceeded its liabilities at the close of the most recent year by \$154,650. Of this amount, \$125,836 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 \$154,650, a decrease of \$9,865 in comparison with the prior year. \$125,836 is available for spending at the Corporation's discretion. An additional \$28,814 is available for spending with some restrictions.
- At the end of the current year, unassigned fund balance for the general fund was \$125,836.
- At the end of the current year, restricted fund balance for the special revenue fund was \$28,814.

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 \$154,650, 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, 2020 and 2019.

	December 31, 2020	December 31, 2019
Current Assets	<u>\$ 166,750</u>	<u>\$ 176,865</u>
Total Assets	<u>166,750</u>	<u>176,865</u>
Other Liabilities	<u>12,100</u>	<u>12,350</u>
Total Liabilities	<u>12,100</u>	<u>12,350</u>
Net Position:		
Restricted	28,814	20,612
Unrestricted	<u>125,836</u>	<u>143,903</u>
Total Net Position	<u><u>\$ 154,650</u></u>	<u><u>\$ 164,515</u></u>

The following tables show, in a condensed format, the change in the Net Position during the year ended December 31, 2020 and 2019.

	December 31, 2020	December 31, 2019
Revenue		
General Revenue		
Property Taxes Levied	\$ 8,262	\$ 8,134
Public, City and Municipality	-0-	40,000
Miscellaneous	14	14
Total Revenue	<u>8,276</u>	<u>48,148</u>
Total Operations Expenses	<u>18,141</u>	<u>21,976</u>
Change in Net Position	<u><u>\$ (9,865)</u></u>	<u><u>\$ 26,172</u></u>

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 decreased by \$9,865.

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 \$154,650, a decrease of \$9,865, in comparison with the prior year. \$125,836, is available for spending at the Corporation's discretion. An additional \$28,814 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 \$125,836.

The fund balance of the Corporation's general fund decreased by \$18,067 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 \$28,814.

The fund balance of the Corporation's special revenue fund increased by \$8,202 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

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 and 2021. This action results in a \$40,000 reduction in revenue for each year.

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, P.O. Box 995, Owosso, MI 48867.

BASIC FINANCIAL STATEMENTS

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	Governmental Activities
ASSETS	
Current Assets	
Cash in Bank	
Demand Deposits	\$ 153,476
Prepaid Expenditures	5,012
Receivables	
Municipality and Tax Revenue	8,262
Total Current Assets	166,750
TOTAL ASSETS	\$ 166,750
LIABILITIES	
Accounts Payable	\$ 10,000
Accrued Professional Fees	2,100
TOTAL LIABILITIES	12,100
NET POSITION	
Restricted	28,814
Unrestricted	125,836
TOTAL NET POSITION	154,650
TOTAL LIABILITIES AND NET POSITION	\$ 166,750

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

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MCHIGAN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Operations	Total Governmental
EXPENSES		
Audit	\$ 2,100	\$ 2,100
Bank Fees	120	120
Marketing	3,004	3,004
Officers Insurance	2,917	2,917
Program Support	10,000	10,000
Travel	-	-
TOTAL EXPENSES	18,141	18,141
PROGRAM REVENUES		
Charges for Services	-	-
Operating Grants and Contributions	-	-
Capital Grants and Contributions	-	-
NET PROGRAM (EXPENSES) REVENUES	(18,141)	(18,141)
GENERAL REVENUES		
Property Taxes Levied Public, City and Municipality		8,262
Interest		-
		14
TOTAL GENERAL REVENUES		8,276
CHANGE IN NET POSITION		(9,865)
NET POSITION - BEGINNING		164,515
NET POSITION - ENDING		\$ 154,650

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, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund - LDFA</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash in Bank			
Demand Deposits	\$ 132,924	\$ 20,552	\$ 153,476
Prepaid Expenditures	5,012	-	5,012
Receivables			
Municipality and Tax Revenue	-	8,262	8,262
TOTAL ASSETS	<u>\$ 137,936</u>	<u>\$ 28,814</u>	<u>\$ 166,750</u>
LIABILITIES			
Accounts Payable	\$ 10,000	\$ -	\$ 10,000
Accrued Professional Fees	2,100	-	2,100
TOTAL LIABILITIES	<u>12,100</u>	<u>-</u>	<u>12,100</u>
FUND EQUITY			
Fund Balance			
Nonspendable	-	-	-
Restricted	-	28,814	28,814
Unassigned	125,836	-	125,836
TOTAL FUND EQUITY	<u>125,836</u>	<u>28,814</u>	<u>154,650</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 137,936</u>	<u>\$ 28,814</u>	<u>\$ 166,750</u>

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

Total Governmental Fund Balance	<u>\$ 154,650</u>
Net Position of Governmental Activities	<u>\$ 154,650</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, 2020**

	General Fund	Special Revenue Fund - LDFA	Total Governmental Funds
REVENUES			
Property Taxes Levied	\$ -	\$ 8,262	\$ 8,262
Public, City and Municipality	-	-	-
Interest	14	-	14
TOTAL REVENUES	<u>14</u>	<u>8,262</u>	<u>8,276</u>
EXPENDITURES			
Operations	<u>18,081</u>	<u>60</u>	<u>18,141</u>
TOTAL EXPENDITURES	<u>18,081</u>	<u>60</u>	<u>18,141</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(18,067)	8,202	(9,865)
FUND BALANCE - BEGINNING	<u>143,903</u>	<u>20,612</u>	<u>164,515</u>
FUND BALANCE - ENDING	<u><u>\$ 125,836</u></u>	<u><u>\$ 28,814</u></u>	<u><u>\$ 154,650</u></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, 2020, 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, 2020, the Corporation has total restricted funds of \$28,814.

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, 2020, 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, 2020, the Corporation has no such assigned funds.

Unassigned – all other spendable amounts. As of December 31, 2020, the Corporation has total unassigned funds of \$125,836.

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 December 29, 2022, 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:

	<u>Governmental Activities</u>
Bank Deposits	
Demand Deposits	\$ 153,476
Total Bank Deposits	<u>\$ 153,476</u>

The bank balance of the primary government's deposits is \$156,536, 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 \$156,536 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 Lapeer Development Corporation (LDC), effective January 14, 2020, for LDC 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.

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, 2020**

	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	<u>40,015</u>	<u>40,015</u>	<u>14</u>	<u>(40,001)</u>
EXPENDITURES				
Audit	2,050	2,050	2,100	(50)
Bank Fees	60	60	60	-
Conferences	2,000	2,000	-	2,000
Legal	15,000	15,000	-	15,000
Marketing	3,170	3,170	3,004	166
Miscellaneous	900	900	-	900
Officers Insurance	2,720	2,720	2,917	(197)
Program Support	10,000	10,000	10,000	-
Supplies	115	115	-	115
Travel	4,000	4,000	-	4,000
TOTAL EXPENDITURES	<u>40,015</u>	<u>40,015</u>	<u>18,081</u>	<u>21,934</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(18,067)	<u>\$ (18,067)</u>
FUND BALANCE - BEGINNING			<u>143,903</u>	
FUND BALANCE - ENDING			<u>\$ 125,836</u>	

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
Officers Insurance	\$ 197