

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

**REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)**

YEAR ENDED DECEMBER 31, 2024

Contents

Independent auditor's report.....	1-2
Management's discussion and analysis.....	3-7
Basic financial statements	
Government-wide financial statements	
Statement of net position.....	8
Statement of activities.....	9
Fund financial statements	
Governmental funds	
Balance sheet.....	10
Reconciliation of balance sheet to the statement of net position.....	11
Statement of revenues, expenditures and changes in fund balances.....	12
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental fund to the statement of activities.....	13
Notes to financial statements.....	14-23
Required supplementary information	
Budgetary comparison schedules.....	24-26
Note 1: Excess expenditures over appropriations.....	27



RANDY MEDER, CPA SCOTT MATTESON, CPA
215 E. MASON STREET, P.O. BOX 37, OWOSSO, MI 48867 | (O) 989.723.8171 | (F) 989.723.2561 | VMDCPA.COM

INDEPENDENT AUDITOR'S REPORT

June 3, 2025

Board of Directors
I-69 International Trade Corridor
Next Michigan Development Corporation
St. Clair County, Michigan

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund information of I-69 International Trade Corridor Next Michigan Development Corporation (the "Corporation"), St. Clair County, Michigan, as of and for the year ended December 31, 2024, 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 and the major funds of I-69 International Trade Corridor Next Michigan Development Corporation, St. Clair County, Michigan as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 I-69 International Trade Corridor Next Michigan Development Corporation, St. Clair County, Michigan 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about I-69 International Trade Corridor Next Michigan Development Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 I-69 International Trade Corridor Next Michigan Development 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 I-69 International Trade Corridor Next Michigan Development 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.

Other Matters

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 as identified in the table on contents 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 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.

VMD & Associates, PLLC

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

I-69 International Trade Corridor Next Michigan Development Corporation

The Board of Directors of I-69 International Trade Corridor Next Michigan Corporation (the "Corporation") provides interested parties with the following report of the Corporation's financial statements and a narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2024.

FINANCIAL HIGHLIGHTS

Government-wide:

- I-69 International Trade Corridor Next Michigan Development Corporation reported a net position of \$149,840 at the close of the most recent fiscal year.
- The Corporation's total net position increased by \$829,520.

Fund-level:

- As of the close of the current fiscal year, the Corporation's combined governmental funds reported combined ending fund balances of (\$452,756), a decrease of (\$473,076) in comparison with the prior year.
- The general fund reported a fund balance of \$42,251 at the close of the most recent fiscal year, an increase of \$15,414 from the prior year.
- LDFA-Perry, a special revenue fund, reported a fund balance of \$65,020 at the close of the most recent fiscal year, an increase of \$9,849 from the prior year.
- LDFA-St. Clair, a special revenue fund, reported a deficit fund balance of (\$560,027) at the close of the most recent fiscal year, a decrease of (\$498,339) from the prior year.

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 a 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 position changed during the most recent fiscal year. All changes in net position 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 government-wide financial statements present the function of the Corporation that are principally supported by changes for services and intergovernmental revenues (governmental activities).

MANAGEMENT'S DISCUSSION AND ANALYSIS

I-69 International Trade Corridor Next Michigan Development Corporation

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund financial statements

A *fund* is a grouping of related accounts that are 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. The Corporation adopts an annual appropriated budget for its governmental fund. A budgetary statement has been provided for the funds to demonstrate compliance with this budget.

Governmental funds

Government 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 government 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 financing decisions. Both the government 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 government maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund – NMDC, Special Revenue Fund – LDFA-Perry, and Special Revenue Fund – LDFA-St. Clair, which are considered to be major funds.

The Corporation adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and special revenue funds in the required supplementary information to demonstrate compliance with budgets.

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.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Corporation's general fund and special revenue budgets.

MANAGEMENT'S DISCUSSION AND ANALYSIS
I-69 International Trade Corridor
Next Michigan Development Corporation

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The most significant portion of the Corporation's net position reflects the classification of net assets as either restricted or unrestricted for use. Net assets of the Local Development Finance Authority special revenue fund are restricted for use; whereas net assets of the Next Michigan Development Corporation general fund are unrestricted and may be used to meet the Corporation's ongoing obligations to creditors.

The following table shows, in a condensed format, the net position of the Corporation as of December 31, 2024 compared to December 31, 2023:

SUMMARY OF NET POSITION

	<u>2024</u>	<u>2023</u>
Assets		
Current assets	\$ 182,474	\$ 84,568
Noncurrent assets	-	-
Capital assets-construction in progress	<u>1,323,596</u>	<u>-</u>
Total assets	1,506,070	84,568
Liabilities		
Current liabilities	780,184	64,248
Long-term liabilities	<u>576,046</u>	<u>700,000</u>
Total liabilities	1,356,230	764,248
Invested in capital assets-construction in progress	1,323,596	-
Restricted	65,020	-
Unrestricted	<u>(1,238,776)</u>	<u>(679,680)</u>
Net position (deficit)	<u><u>\$ 149,840</u></u>	<u><u>\$ (679,680)</u></u>

Current year activities increased the Corporation's net position by \$829,520. The primary reason for the increase was the increase in revenue from tax increment financing taxes received and investment in capital assets—construction in progress .

Expenses were in line with budget except as otherwise noted in NOTE 1: Excess Expenditures Over Appropriations.

See Note 4 to the financial statements for more information regarding capital assets—construction in progress.

MANAGEMENT'S DISCUSSION AND ANALYSIS
I-69 International Trade Corridor
Next Michigan Development Corporation

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The following table shows the change in net position for the year ended December 31, 2024 compared to December 31, 2023.

CHANGE IN NET POSITION

	2024	2023
Revenues		
General revenues:		
Public, city and municipality	\$ 40,000	\$ 40,000
Property taxes	879,219	9,533
Interest/other	-	2
Total revenues	919,219	49,535
Expenses		
Program expenses		
Community and economic development	89,699	789,822
Gain(loss) on sale of asset held for resale	-	(699,999)
Total expenses	89,699	789,822
Change in net position	<u>\$ 829,520</u>	<u>\$ (740,287)</u>

CHANGE IN NET POSITION

	2024	2023
Revenues		
General revenues:		
Public, city and municipality	\$ 40,000	\$ 40,000
Property taxes	879,219	9,533
Interest/other	-	2
Total revenues	919,219	49,535
Expenses		
Program expenses		
Community and economic development	89,699	789,822
Gain(loss) on sale of asset held for resale	-	(699,999)
Total expenses	89,699	789,822
Change in net position	<u>\$ 829,520</u>	<u>\$ (740,287)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

I-69 International Trade Corridor Next Michigan Development Corporation

FINANCIAL ANALYSIS OF THE CORPORATION'S FUNDS

As noted earlier, the Corporation used 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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Corporation's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Corporation's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Corporation's governmental funds reported combined ending fund balances of (\$452,756). Of this amount, (\$517,776) is unreserved fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Corporation's budget is an active document and although it is adopted prior to January 1 of each year, it is routinely examined and amended during the course of the year to reflect changes in operational demands.

Actual general fund revenue totaled \$40,000 for the current fiscal year, which was the amount anticipated in final amended budget.

Actual general fund expenditures totaled \$24,856 for the current fiscal year, which was \$13,464 less than the final amended budget. The most significant variations were noted in audit, conferences and travel, legal, and advertising and marketing.

CAPITAL ASSETS – CONSTRUCTION IN PROGRESS AND DEBT ADMINISTRATION

Capital assets—construction in progress - The Corporation's investment in capital assets—construction in progress for its governmental activities as of December 31, 2024 amounts to \$1,323,596 (net of accumulated depreciation).

The Corporation received an advance from St. Clair County. These funds were used to purchase land, which was subsequently sold to a developer for future site development. At the end of the fiscal year, the Corporation has outstanding obligations in the amount of \$700,000 related to this transaction.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Corporation receives revenues from participants in an interlocal agreement and Local Development Finance Authority. Future operations will be impacted by participation and funding derived from these services.

CONTACTING THE CORPORATION'S MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Corporation's Administrator, 547 N. Carney Dr, St. Clair, MI 48079, or call 810-329-7121.

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

Current assets:

Cash and cash equivalents	\$ 100,173
Accounts receivable	4,918
Due from governmental units	76,253
Prepaid expenses	<u>1,130</u>

Total current assets	<u>182,474</u>
----------------------	----------------

Capital assets-construction in progress, net of depreciation	<u>1,323,596</u>
--	------------------

Total assets	<u><u>\$ 1,506,070</u></u>
--------------	----------------------------

LIABILITIES AND NET POSITION

Current liabilities:

Accrued payables	\$ 530,174
Accrued interest payable	21,000
Due to other governmental units	105,056
Advance from St Clair County, current portion	<u>123,954</u>

Total current liabilities	780,184
---------------------------	---------

Noncurrent liabilities:

Advance from St Clair County, noncurrent portion	<u>576,046</u>
--	----------------

Total noncurrent liabilities:	<u>576,046</u>
-------------------------------	----------------

Total liabilities:	1,356,230
--------------------	-----------

Net Position (Deficit):

Invested in capital assets-construction in progress	1,323,596
Restricted	65,020
Unrestricted	<u>(1,238,776)</u>

Total Net Position (Deficit)	<u>149,840</u>
------------------------------	----------------

Total Liabilities and Net Position	<u><u>\$ 1,506,070</u></u>
------------------------------------	----------------------------

See notes to financial statements

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants	Total Governmental Activities
Primary government:				
Government activities:				
Community and economic development	\$ 89,699	\$ -	\$ -	\$ (89,699)
Total governmental activities	\$ 89,699	\$ -	\$ -	\$ (89,699)
General purpose revenues:				
Intergovernmental				40,000
Interest/other				-
Property tax revenues				879,219
Total general purpose revenues				919,219
Change in net position				829,520
Net position at beginning of year				(679,680)
Net position (deficit) at end of year				\$ 149,840

See notes to financial statements

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
BALANCE SHEET
DECEMBER 31, 2024**

		Special Revenue Funds		Total
	General Fund	L DFA-Perry	L DFA-St Clair	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 42,818	\$ 54,989	\$ 2,366	\$ 100,173
Accounts receivable	-	-	4,918	4,918
Due from governmental units	-	10,031	66,222	76,253
Prepaid expenses	1,130	-	-	1,130
Total Assets	<u>43,948</u>	<u>65,020</u>	<u>73,506</u>	<u>182,474</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued payables	1,697	-	528,477	530,174
Due to other governmental units	-	-	105,056	105,056
Total Liabilities:	<u>1,697</u>	<u>-</u>	<u>633,533</u>	<u>635,230</u>
Fund Balance (Deficit):				
Restricted	-	65,020	-	65,020
Unassigned	42,251	-	(560,027)	(517,776)
Total Fund Balance (Deficit):	<u>42,251</u>	<u>65,020</u>	<u>(560,027)</u>	<u>(452,756)</u>
Total Liabilities and Fund Balance:	<u>\$ 43,948</u>	<u>\$ 65,020</u>	<u>\$ 73,506</u>	<u>\$ 182,474</u>

See notes to financial statements

**I-69 INTERNATIONAL TRADE CORRIDOR
RECONCILIATION OF BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2024**

Total fund balance - governmental funds	\$ (452,756)
Capital assets-construction in progress used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,323,596
In the statement of net position, interest is accrued on outstanding long-term liabilities, whereas in governmental funds, the interest expenditure is recorded when due.	(21,000)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position.	(700,000)
Net position - governmental activities	<u><u>\$ 149,840</u></u>

See notes to financial statements

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2024**

	General Fund	Special Revenue Funds		Total Governmental Funds
		LDFA-Perry	LDFA-St. Clair	
Revenues:				
Intergovernmental	\$ 40,000	\$ -	\$ -	\$ 40,000
Property taxes	-	10,031	869,188	879,219
Interest/other	-	-	-	-
Total revenues	40,000	10,031	869,188	919,219
Expenditures:				
Audit	6,950	-	-	6,950
Accounting fees	-	-	650	650
Bank fees	190	182	788	1,160
Conferences and travel	1,000	-	-	1,000
Administrative services	-	-	9,431	9,431
Contracted services	250	-	-	250
Professional services	-	-	-	-
Insurance	1,695	-	-	1,695
Legal	4,322	-	33,032	37,354
Advertising and marketing	179	-	-	179
Program support	10,000	-	-	10,000
Printing & copying	-	-	30	30
Capital outlay-construction in progress	-	-	1,323,596	1,323,596
Total expenditures	24,586	182	1,367,527	1,392,295
Excess of revenues over (under) expenditures	15,414	9,849	(498,339)	(473,076)
Other Financing Sources (Uses):				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	15,414	9,849	(498,339)	(473,076)
Fund balance at beginning of year	26,837	55,171	(61,688)	20,320
Fund balance (deficit) at end of year	<u>\$ 42,251</u>	<u>\$ 65,020</u>	<u>\$ (560,027)</u>	<u>\$ (452,756)</u>

See notes to financial statements

**I-69 INTERNATIONAL TRADE CORRIDOR
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENT FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024**

Net change in fund balance - total governmental funds	\$	(473,076)
--	----	-----------

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense:

Capital outlay-construction in progress		1,323,596
Depreciation expense		-

Changes to accrued interest are not shown in the statement of activities.		(21,000)
---	--	----------

Borrowing and repayment of long-term liabilities is reported as other
financing sources and expenditures in governmental funds, but
borrowings increase long-term liabilities and repayments reduce
long-term liabilities in the statement of net position.

-

Change in net position - governmental activities	\$	829,520
---	----	--

See notes to financial statements

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Corporation. Governmental activities are supported by intergovernmental revenues.

The statement of activities presents a comparison between direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenues.

B. Reporting Entity

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 the 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 are described below:

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. This 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 of the levying of taxes, or determines the budget.

The I-69 International Trade Corridor, Perry Local Development Finance Authority (“LDFA-Perry”) was established by the Corporation in 2014, began operations during 2016, and is being presented as a blended component unit of the Corporation. LDFA-Perry’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. LDFA-Perry also provides 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 FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Reporting Entity (continued)

The I-69 International Trade Corridor, St. Clair Local Development Finance Authority (“LDFA-St. Clair”) was established by the Corporation in 2022, began operations during 2023, and is being presented as a blended component unit of the Corporation. LDFA-St. Clair’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. LDFA-St. Clair also provides means for local units of government to promote economic growth through the use of Tax Increment Financing (“TIF”).

2. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

3. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Corporation’s funds. The emphasis of fund financial statements is on the major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. 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 – Perry Local Development Finance Authority – The special revenue fund collects property taxes levied and collected by local units of government through the use of tax increment financing to promote local economic growth.

Special Revenue Fund – St. Clair Local Development Finance Authority – The special revenue fund collects property taxes levied and collected by local units of government through the use of tax increment financing to promote local economic growth.

4. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Preparation (concluded)

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Corporation considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and the special revenue fund. Other funds do not have appropriated budgets.

The Corporation 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. The budgets are adopted by a majority vote of the Corporation's Board.
2. Any revisions that alter the total expenditures of the Corporation must be approved by the Board.
3. The budget for the General Fund was adopted on the basis prescribed in P.A. 621 of 1978, as amended, which is consistent with accounting principles generally accepted in the United States of America. The budget of the General Fund is adopted on a fund basis; thus, expenditures may not legally exceed the budgeted total for the fund.
4. The budget is presented as originally adopted. All appropriations lapse at fiscal year-end.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. **Cash and Cash Equivalents** - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

State statutes authorize the Authority to invest its surplus funds in the following investments: certificates of deposit, savings accounts and deposit accounts with banks which are members of the Federal Deposit Insurance Corporation (FDIC); savings and loan associations which are insured by the FDIC; credit unions which are insured by NCUA; bonds, bills or note of the United States; commercial paper rated in the three highest rate classifications established; U.S. Government of federal agency obligation repurchase agreements composed of eligible collateral whose market value must be maintained equal to or greater than the amounts advanced, and with an undivided interest; and mutual funds and investment pools composed entirely of investments which are legal for direct investment by local units of government in Michigan.

2. **Receivables and Payables** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” and are all current.

Receivables have been recognized for significant amounts due to the Corporation at December 31, 2024. Valuation reserves have not been provided for since collection is not considered doubtful and any uncollected amounts would be immaterial.

3. **Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Corporation has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

4. **Net Position Flow Assumption** - Sometimes the Corporation will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

5. **Fund Balance Flow Assumptions** – Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.
6. **Fund Balance Policies** – Fund balance of governmental funds may be in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Corporation itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Corporation's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Corporation that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as committed.

The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

7. **Deficit Fund Balance** – The major fund LDFA-St. Clair currently has a deficit balance of (\$560,027) resulting from capital outlay expenditures from on-going land development project. LDFA-St. Clair received a \$700,000 advance from St. Clair County. These funds were used to purchase land which was subsequently sold to a developer for future site development. Revenues from tax increment financing will be used to pay back this obligation, however, it may take a few years for the deficit to be resolved.
8. **Use of Estimates** - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenues and Expenditures/Expenses

1. **Program revenues** - Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.
2. **Property taxes** – Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. Property taxes are billed and collected by the appropriate municipalities.

The Corporation receives a portion of these property taxes via tax increment financing (TIF) from Perry Township and the City of St Clair.

For Perry Township, the taxable value of real and personal property taxes totaled \$730,388 with a captured value of \$684,088.

For the City of St Clair, the taxable value of real and personal property totaled \$68,556,353 with a captured value of \$33,654,077.

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

NOTE 2 – CASH AND INVESTMENTS

As of December 31, 2024, the Corporation had no investments as defined by generally accepted accounting principles. The investments reported on the face of the financial statements consist of certificates of deposits and money market investments

Interest rate risk. In accordance with its investment policy, the Corporation will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio; or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Corporation will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. As of December 31, 2024, \$0 of the Corporation's bank balance of \$100,173 was exposed to custodial credit risk because it was uninsured. The amount on the books is \$100,173.

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation had no such investments at December 31, 2024.

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 has contracted with the City of St. Clair for certain administrative and support services. The terms of the contract covered January through December 2024 with the option to extend for successive one-year terms. The amount paid to the City of St. Clair for 2024 totaled \$10,000.

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

NOTE 4 – CAPITAL ASSETS–CONSTRUCTION IN PROGRESS

Capital asset–construction in progress activity of the Corporation’s governmental activities for the current year was as follows:

	Beginning Balance January 1, 2024	Increases	Decreases	Ending Balance December 31, 2024
<u>Construction in Progress</u>				
Watermain Extension & Looping	\$ -	621,446	-	\$ 621,446
Waterpump Booster Station	-	258,262	-	258,262
Elevated Water Storage Tank	-	443,888	-	443,888
Net capital assets-construction in progress	\$ -	1,323,596	-	\$ 1,323,596

The Corporation will begin to record depreciation on capital assets over the estimated useful life of the assets when the assets are placed in services and operational.

NOTE 5 – LDFA-ST. CLAIR COMMITMENT AND IMPROVEMENT PROJECTS

In 2023, the LDFA-St Clair entered into an agreement with the County of St Clair (the “County”) in which the County advanced LDFA-St Clair \$700,000. The funds were used to purchase property which was subsequently sold for future development. The obligation will be paid back over time via tax increment financing.

The advance obligation plus 3% interest will be paid back to the County from revenues received under tax increment financing (“TIF”) on the property for the estimated duration of ten years beginning in 2024. The obligation outstanding as of December 31, 2024 is \$700,000.

The anticipated principal and interest repayments of the advance under the projected project timeline are as follows:

Fiscal year ended December 31,

	Principal	Interest	Total
2025	\$ 123,954	\$ 40,168	\$ 164,122
2026	64,780	17,281	82,061
2027	66,723	15,338	82,061
2028	68,725	13,336	82,061
2029	70,787	11,274	82,061
2030-2033	305,031	23,216	328,247
	<u>\$ 700,000</u>	<u>\$ 120,613</u>	<u>\$ 820,613</u>

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

NOTE 5 – LDFA-ST. CLAIR COMMITMENT AND IMPROVEMENT PROJECTS (continued)

The project location, extent, and character of the proposed improvements noted in LDFA-St. Clair’s plan are identified below. The project has an estimated completion date of approximately two and a half years after plan approval.

Location of St. Clair #1 Development Area is bounded roughly by the following:

Western boundary: S. Range Road

Eastern boundary: Existing CSX railway

Southern boundary: Brown Street

Northern boundary: Vacant parcels of real property, North of Yankee Road

Projected Cost of Improvements:

Watermain extension and looping.

Estimated construction dates September 2023 to July 2024.

Estimated cost \$950,000.

Water pump booster station.

Estimated construction dates April 2024 to September 2025.

Estimated cost \$2,400,000.

Elevated water storage tank.

Estimated construction date May 2026.

Estimated cost \$4,100,000.

The total original projected cost is \$7,450,000 of which LDFA-St. Clair is responsible for approximately 42% which may be partially financed by bonds and funded by tax increment financing. The remaining projected project cost will be funded by the City of St. Clair and grants from the Michigan Strategic Fund.

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

NOTE 6 – PENDING LITIGATION

In August 2024, a contractor (plaintiff) filed a complaint against the Corporation alleging that I-69 LDFA violated its substantive and procedural constitutional due process rights by not accepting its bid submitted to build an elevated water tank, and also alleged violation of the Michigan FOIA statute.

In subsequent hearings, the Court has denied the plaintiff's request to halt on-going construction of the elevated water tank, issued an opinion granting I-69 LDFA's motion for partial summary disposition as to the procedural and substantive due process claims, and issued an opinion granting I-69 LDFA's motion for partial summary disposition as to the FOIA claim.

In April 2025, the plaintiff filed an appeal.

While still an on-going matter, it is believed there is a high probability that the appellate court will affirm the trial court, and no litigation reserve has been recorded.

NOTE 7 – SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through June 3, 2025, the date the financial statements were available to be reviewed.

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts			
	Original	Final	Actual	Variance
Revenues:				
Public, city and municipality	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Total revenues	40,000	40,000	40,000	-
Expenditures:				
Audit	2,650	2,650	6,950	(4,300)
Bank fees	200	200	190	10
Conferences and travel	11,000	11,000	1,000	10,000
Contracted services	-	-	250	(250)
Insurance	2,000	2,000	1,695	305
Legal	5,000	5,000	4,322	678
Advertising and marketing	5,000	5,000	179	4,821
GRT website	2,000	2,000	-	2,000
Program support	10,000	10,000	10,000	-
Supplies	200	200	-	200
Miscellaneous	-	-	-	-
Total expenditures	38,050	38,050	24,586	13,464
Net change in fund balance	1,950	1,950	15,414	13,464
FUND BALANCE, beginning of year			26,837	
FUND BALANCE, end of year			\$ 42,251	

**I-69 INTERNATIONAL TRADE CORRIDOR
LOCAL DEVELOPMENT FINANCE AUTHORITY - PERRY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 8,900	\$ 8,900	\$ 10,031	\$ 1,131
Interest/other	-	-	-	-
Total revenues	8,900	8,900	10,031	1,131
Expenditures:				
Audit	-	-	-	-
Bank fees	-	-	182	(182)
Contracted services	-	-	-	-
Legal	-	-	-	-
Supplies	-	-	-	-
Total expenditures	-	-	182	(182)
Net change in fund balance	8,900	8,900	9,849	949
FUND BALANCE, beginning of year			<u>55,171</u>	
FUND BALANCE, end of year			<u><u>\$ 65,020</u></u>	

**I-69 INTERNATIONAL TRADE CORRIDOR
LOCAL DEVELOPMENT FINANCE AUTHORITY - ST. CLAIR
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2024**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Property taxes	\$ 70,000	\$ 70,000	\$ 869,188	\$ 799,188
Interest/other	40,000	40,000	-	(40,000)
Total revenues	110,000	110,000	869,188	759,188
Expenditures:				
Accounting fees	10,000	10,000	650	9,350
Legal	-	-	33,032	(33,032)
Administrative expenses	10,000	10,000	9,431	569
Advertising & marketing	-	-	-	-
Printing & copying	-	-	30	(30)
Bank fees	-	-	788	(788)
Operations	-	-	-	-
Capital outlay-construction in progress	1,500,000	1,500,000	1,323,596	176,404
Total expenditures	1,520,000	1,520,000	1,367,527	152,473
Excess of revenues over (under) expenditures	(1,410,000)	(1,410,000)	(498,339)	(911,661)
Other Financing Sources:				
Other financing sources (uses)	3,130,000	3,130,000	-	(3,130,000)
Net change in fund balance	1,720,000	1,720,000	(498,339)	2,218,339
FUND BALANCE, beginning of year			(61,688)	
FUND BALANCE (DEFICIT), end of year			<u>\$ (560,027)</u>	

**I-69 INTERNATIONAL TRADE CORRIDOR
NEXT MICHIGAN DEVELOPMENT CORPORATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024**

NOTE 1: EXCESS EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Section 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amount appropriated.

During the year ended December 31, 2024, the Corporation incurred expenditures in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund:			
Audit	2,650	6,950	(4,300)
Contracted services	-	250	(250)
LDFA - Perry:			
Bank fees	-	182	(182)
LDFA - St. Clair			
Legal	-	33,032	(33,032)
Printing & copying	-	30	(30)
Bank fees	-	788	(788)