

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY
(A Component Unit of the City of Detroit, Michigan)

FINANCIAL STATEMENTS
(With Required Supplementary Information)

June 30, 2020 and 2019



EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	3
FINANCIAL STATEMENTS:	
Statements of Net Position	7
Statements of Activities	8
Balance Sheets — Governmental Funds	9
Statements of Revenue, Expenditures, and Changes in Fund Balances — Governmental Funds	10
NOTES TO FINANCIAL STATEMENTS	11
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenue and Expenditures — Budget and Actual — General Fund (Unaudited)	19
Note to Schedules of Revenue and Expenditures — Budget and Actual — General Fund (Unaudited)	20

INDEPENDENT AUDITOR'S REPORT

September 10, 2020

To the Board of Directors
Eight Mile/Woodward Corridor Improvement Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eight Mile/Woodward Corridor Improvement Authority (the "EMWCIA"), a component unit of the City of Detroit, Michigan, as of, and for the years ended, June 30, 2020 and 2019, as well as the related notes to the financial statements, which collectively comprise the EMWCIA's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibility (continued)

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the governmental activities and each major fund of the EMWCIA as of June 30, 2020 and 2019, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 and budgetary comparison on pages 19 through 20 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 10, 2020, on our consideration of the EMWCIA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EMWCIA's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2020 and 2019

This section of the annual report of the Eight Mile/Woodward Corridor Improvement Authority (the “EMWCIA”) presents management’s discussion and analysis of the EMWCIA’s financial performance during the fiscal years that ended on June 30, 2020 and 2019. Please read it in conjunction with the EMWCIA’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

With the construction of the exciting Gateway Development project, much needed national retailers for the City of Detroit (the “City”), such as Meijer, Marshalls, and Petco, were able to move into the City limits. Tax increment receipts began to flow through during the year ended June 30, 2014 due to the increased development and increased during the years since. The project has exceeded expectations.

The fiscal year ended June 30, 2020 shows a slight decline, but still a steady revenue stream. During the year, the EMWCIA had tax increment revenue of approximately \$625,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report contains two types of financial statements. The statements of net position and statements of activities (which are presented on pages 7 and 8) are considered government-wide financial statements. The balance sheets and statements of revenue, expenditures, and changes in fund balances for governmental funds (which are presented on pages 9 and 10) are considered fund financial statements. A further discussion of each type of statement follows.

Government-Wide Financial Statements

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

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

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

June 30, 2020 and 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**Fund Financial Statements**

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

The notes to the financial statements, which begin on page 11, explain some of the information in the financial statements and provide more detailed data. A comparison of the EMWCIA's general fund revenue and expenditures to its budget is provided on page 19.

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE

Table 1 reflects a condensed summary of the EMWCIA's assets, liabilities, and net position as of June 30, 2020, 2019, and 2018:

Table 1
Statements of Net Position
June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Cash	\$ 137,030	\$ 138,300	\$ 136,197
Prepaid expenses	8,363	8,363	8,362
	<u>145,393</u>	<u>146,663</u>	<u>144,559</u>
Total Assets			
	145,393	146,663	144,559
Liabilities:			
Accounts payable	6,350	6,450	6,350
Refundable advances	29,346	30,516	28,512
	<u>\$ 35,696</u>	<u>\$ 36,966</u>	<u>\$ 34,862</u>
Total Liabilities			
	\$ 35,696	\$ 36,966	\$ 34,862

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

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

June 30, 2020 and 2019

FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)

Table 1
Statements of Net Position (continued)
June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Position:			
Unrestricted	<u>\$ 109,697</u>	<u>\$ 109,697</u>	<u>\$ 109,697</u>
Total Net Position	<u>\$ 109,697</u>	<u>\$ 109,697</u>	<u>\$ 109,697</u>

Table 2 reflects a condensed summary of the EMWCIA's revenue, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018:

Table 2
Statements of Activities
For the Years Ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue:			
General revenue	\$ 624,700	\$ 638,486	\$ 638,551
Expenses:			
Economic development	<u>624,700</u>	<u>638,486</u>	<u>638,551</u>
Change in Net Position	-0-	-0-	-0-
Net Position, Beginning of Year	<u>109,697</u>	<u>109,697</u>	<u>109,697</u>
Net Position, End of Year	<u>\$ 109,697</u>	<u>\$ 109,697</u>	<u>\$ 109,697</u>

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

June 30, 2020 and 2019

ECONOMIC FACTORS

The EMWCIA receives almost all of its revenue through dedicated tax receipts. The economic health of the tax increment district area has a substantial impact on the level of revenue received. Considering that this project has essentially created taxable value where there was none of real value, the EMWCIA should remain on solid financial footing.

FINANCIAL CONTACT

This financial report is designed to present its users with a general overview of the EMWCIA's finances and to demonstrate the EMWCIA's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the office of the Chief Financial Officer of the Detroit Economic Growth Corporation, 500 Griswold, Suite 2200, Detroit, Michigan 48226.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Assets:		
Cash (Note B)	\$ 137,030	\$ 138,300
Prepaid expenses	8,363	8,363
Total Assets	<u>145,393</u>	<u>146,663</u>
Liabilities:		
Accounts payable	6,350	6,450
Refundable advances	29,346	30,516
Total Liabilities	<u>35,696</u>	<u>36,966</u>
Net Position:		
Unrestricted	109,697	109,697
Total Net Position (see page 9)	<u><u>\$ 109,697</u></u>	<u><u>\$ 109,697</u></u>

See notes to financial statements.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2020 and 2019

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Expenses:		
Economic development program:		
Project costs	\$ 554,046	\$ 569,002
Administrative and operating expenses (Note A)	63,598	63,034
Professional fees	7,056	6,450
	<u>624,700</u>	<u>638,486</u>
General Revenue:		
Property taxes (Note C)	<u>624,700</u>	<u>638,486</u>
	-0-	-0-
Change in Net Position (see page 10)		
Net Position, Beginning of Year	<u>109,697</u>	<u>109,697</u>
Net Position, End of Year	<u><u>\$ 109,697</u></u>	<u><u>\$ 109,697</u></u>

See notes to financial statements.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

BALANCE SHEETS — GOVERNMENTAL FUNDS

June 30, 2020 and 2019

	General Fund	
	2020	2019
ASSETS		
Cash (Note B)	\$ 137,030	\$ 138,300
Prepaid expenditures	8,363	8,363
Total Assets	\$ 145,393	\$ 146,663
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 6,350	\$ 6,450
Refundable advances	29,346	30,516
Total Liabilities	35,696	36,966
Fund Balances:		
Nonspendable	8,363	8,363
Unassigned	101,334	101,334
Total Fund Balances (see page 7)	109,697	109,697
Total Liabilities and Fund Balances	\$ 145,393	\$ 146,663

See notes to financial statements.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

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

For the Years Ended June 30, 2020 and 2019

	<u>General Fund</u>	
	<u>2020</u>	<u>2019</u>
Revenue:		
Property taxes (Note C)	\$ 624,700	\$ 638,486
Total Revenue	<u>624,700</u>	<u>638,486</u>
Expenditures:		
Current:		
Project costs	554,046	569,002
Administrative and operating expenses (Note A)	63,598	63,034
Professional fees	7,056	6,450
Total Expenditures	<u>624,700</u>	<u>638,486</u>
Change in Fund Balances (see page 8)	-0-	-0-
Fund Balances, Beginning of Year	<u>109,697</u>	<u>109,697</u>
Fund Balances, End of Year	<u><u>\$ 109,697</u></u>	<u><u>\$ 109,697</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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

Nature of Activities and Purpose

The Eight Mile/Woodward Corridor Improvement Authority (the “EMWCIA”) was created by a City of Detroit, Michigan (the “City”) ordinance effective February 15, 2008. The ordinance was adopted under the provisions of Act 280, Public Acts of Michigan of 2005, which has been recodified under Act 57, Public Acts of Michigan of 2018. The EMWCIA was established for the following purposes:

- To correct and prevent deterioration in the Eight Mile/Woodward area
- To authorize the creation and implementation of development plans and development areas in the district
- To permit the issuance of bonds and other evidences of indebtedness
- To authorize the acquisition and disposal of certain property
- To authorize certain funds
- To authorize and permit the use of certain tax increment financing

The EMWCIA’s annual operating budget is funded by the first \$100,000 of Tax Increment Capture in the project area.

For financial reporting purposes, the EMWCIA is a component unit of the City because the members of the EMWCIA’s Board of Directors are appointed by the City’s mayor and are confirmed by the Detroit City Council, which also approves the EMWCIA’s budget. There are no fiduciary funds or component units included in the accompanying financial statements.

Basis of Presentation

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

Government-Wide Financial Statements

The government-wide financial statements report information about all of the EMWCIA’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenue, and expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

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

Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

Deferred outflows of resources represent the consumption of net assets by the EMWCIA that is applicable to a future reporting period, while deferred inflows of resources represent the acquisition of net assets by the EMWCIA that is applicable to a future reporting period, and net position is the residual of all other elements presented in the statements of net position.

Fund Financial Statements

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

General Fund

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

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

Nonspendable

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

Restricted

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

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

Basis of Presentation (continued)

Fund Financial Statements (continued)

Committed

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

Assigned

These fund balances consist of amounts that the EMWCIA intends to use for a specific purpose. Such intent can be expressed by the governing body, which is the Board of Directors, or by an official or body to which the Board of Directors delegates the authority, such as the EMWCIA's duly authorized agents. Assigned fund balances are typically established through adoption or amendment of the budget.

Unassigned

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

Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared on the accrual basis of accounting using the economic resources measurement focus. Accordingly, revenue is recorded when earned and expenses are recorded when incurred. Contracts and other revenue intended for use in specific projects are classified as program revenue. All other revenue, including all property tax revenue, is classified as general revenue.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

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

Basis of Accounting (continued)

Fund Financial Statements

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

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

Administration

For the years ended June 30, 2020 and 2019, the EMWCIA entered into agreements with the Detroit Economic Growth Corporation (the “DEGC”) for administrative and professional services at an annual cost not to exceed \$50,000 per year. These expenditures are reflected in administrative expenses for services rendered for each year. No amounts were due to the DEGC as of June 30, 2020 or 2019.

Fair Value Measurements

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020 and 2019

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

Fair Value Measurements (continued)

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

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

- Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted market prices for identical assets and liabilities in an active market that the EMWCIA has the ability to access
- Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable for substantially the full term of the asset or liability
- Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement

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

As of June 30, 2020 and 2019, the EMWCIA does not have any financial assets or liabilities subject to being classified in any of the above categories.

Concentration of Credit Risk

During the years ended June 30, 2020 and 2019, the EMWCIA utilized one vendor for purchases of \$13,031 and \$13,010, respectively, or 18 percent and 19 percent, respectively, of total purchases. No amounts were due to this vendor as of June 30, 2020 or 2019.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2020 and 2019****NOTE B — CASH DEPOSITS**

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

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

As of June 30, 2020 and 2019, the EMWCIA’s carrying amount of deposits and bank balances, and the bank balances that are not covered by federal depository insurance or another type of insurance, are as follows:

	<u>2020</u>	<u>2019</u>
Carrying amount of deposits	<u>\$ 137,030</u>	<u>\$ 138,300</u>
Total bank balances	<u><u>\$ 137,030</u></u>	<u><u>\$ 138,300</u></u>

All of EMWCIA’s bank balances are covered by federal depository insurance as of June 30, 2020 and 2019.

NOTE C — PROPERTY TAXES

The EMWCIA, through its approval of development plans, provides incentives that capture real and personal property taxes for eligible activities identified in the plans.

The City and Wayne County, Michigan (the “County”) levy property taxes on July 1 of each year. July property taxes are due in full to the City on August 31 of each year, but may be paid in two installments, which are due on August 15 and January 15 of each year. The County also levies property taxes on December 1 of each year. December property taxes are due on January 15 of each year. Taxes become a lien on property assessed on July 1 and December 1 of each year. The City is scheduled to remit collected incremental property taxes to the EMWCIA in December and June of each year for all millage rates being captured.

NOTE D — RISK MANAGEMENT

The EMWCIA has insurance policies covering its directors and officers. It also has general liability insurance and property insurance covering its various assets. Due to the extent of insurance that the EMWCIA maintains, the risk of loss to the EMWCIA, in management’s opinion, is minimal.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)**June 30, 2020 and 2019****NOTE E — STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

During the year ended June 30, 2020, the EMWCIA incurred expenditures in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Project costs	\$ 550,000	\$ 554,046	\$ (4,046)

Revenue was sufficient to cover the excess expenditures.

NOTE F — CONTINGENCIES

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date that the accompanying financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on the EMWCIA’s net position, liquidity, and future operations. The EMWCIA’s operations are heavily dependent on the ability to raise property taxes. The COVID-19 outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of regional economic slowdown. This situation is expected to depress the tax base in which the EMWCIA received revenue during the year ended June 30, 2020. As such, this may hinder the ability for the EMWCIA to meet the needs of its constituents.

Although the EMWCIA cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material effect on the EMWCIA’s future operations, net position, and liquidity during the year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

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

For the Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
Revenue:								
Property taxes	\$ 650,000	\$ 650,000	\$ 624,700	\$ (25,300)	\$ 650,000	\$ 650,000	\$ 638,486	\$ (11,514)
Total Revenue	650,000	650,000	624,700	(25,300)	650,000	650,000	638,486	(11,514)
Expenditures:								
Current:								
Project costs	550,000	550,000	554,046	(4,046)	550,000	550,000	569,002	(19,002)
Administrative and operating expenses	75,000	75,000	63,598	11,402	75,000	75,000	63,034	11,966
Professional fees	25,000	25,000	7,056	17,944	25,000	25,000	6,450	18,550
Total Expenditures	650,000	650,000	624,700	25,300	650,000	650,000	638,486	11,514
Change in Fund Balance	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

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

For the Years Ended June 30, 2020 and 2019

NOTE A — BUDGETS AND BUDGETARY ACCOUNTING

The Eight Mile/Woodward Corridor Improvement Authority (the “EMWCIA”) establishes a budget that is reflected in the financial statements for the general fund. The budget is presented on the modified accrual basis of accounting.

Budgeted amounts are as presented and approved by the EMWCIA’s Board of Directors and the Detroit City Council. No amendments to the budget were made during the year. Appropriations are authorized by the EMWCIA’s management.