

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

**FINANCIAL STATEMENTS**  
**(With Required Supplementary Information)**

**June 30, 2022 and 2021**



EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

**CONTENTS**

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INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS:	
Statements of Net Position	8
Statements of Activities	9
Balance Sheets — Governmental Funds	10
Statements of Revenue, Expenditures, and Changes in Fund Balances — Governmental Funds	11
NOTES TO FINANCIAL STATEMENTS	12
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedules of Revenue and Expenditures — Budget and Actual — General Fund (Unaudited)	20
Note to Schedules of Revenue and Expenditures — Budget and Actual — General Fund (Unaudited)	21

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## **INDEPENDENT AUDITOR'S REPORT**

September 15, 2022

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities and each major fund of the 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, 2022 and 2021, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the EMWCIA as of June 30, 2022 and 2021, and the respective changes in financial position thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the EMWCIA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The EMWCIA's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **Report on the Audit of the Financial Statements (continued)**

#### **Responsibilities of Management for the Financial Statements (continued)**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EMWCIA's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. *Reasonable assurance* is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*:

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**Report on the Audit of the Financial Statements (continued)**

**Required Supplementary Information**

U.S. GAAP requires that the management's discussion and analysis on pages 4 through 7 and budgetary comparison on pages 20 through 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 15, 2022, 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 the effectiveness of the EMWCIA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EMWCIA's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS  
Detroit, Michigan

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

**June 30, 2022 and 2021**

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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, 2022 and 2021. 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 EMWCIA shows a slight decline in revenue over the last two years attributable to COVID-19 fallout, but the project still enjoys a steady stream. During the year, the EMWCIA had tax increment revenue of approximately \$590,000.

**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 8 and 9) 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 10 and 11) 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, 2022 and 2021

**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 12, 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 20.

**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, 2022, 2021, and 2020:

**Table 1**  
**Statements of Net Position**  
**June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets:</b>			
Cash	\$ 140,867	\$ 445,766	\$ 137,030
Prepaid expenses	6,099	6,013	8,363
	<u>146,966</u>	<u>451,779</u>	<u>145,393</u>
<b>Liabilities:</b>			
Accounts payable	6,337	314,483	6,350
Refundable advances	30,932	27,599	29,346
	<u>\$ 37,269</u>	<u>\$ 342,082</u>	<u>\$ 35,696</u>
<b>Total Liabilities</b>	<u>\$ 37,269</u>	<u>\$ 342,082</u>	<u>\$ 35,696</u>

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

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

June 30, 2022 and 2021

**FINANCIAL ANALYSIS OF THE ORGANIZATION AS A WHOLE (CONTINUED)**

**Table 1**  
**Statements of Net Position (continued)**  
**June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Net Position:</b>			
Unrestricted	<u>\$ 109,697</u>	<u>\$ 109,697</u>	<u>\$ 109,697</u>
<b>Total Net Position</b>	<b><u>\$ 109,697</u></b>	<b><u>\$ 109,697</u></b>	<b><u>\$ 109,697</u></b>

Table 2 reflects a condensed summary of the EMWCIA’s revenue, expenses, and changes in net position for the years ended June 30, 2022, 2021, and 2020:

**Table 2**  
**Statements of Activities**  
**For the Years Ended June 30, 2022, 2021, and 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Revenue:</b>			
General revenue	\$ 590,626	\$ 616,357	\$ 624,700
<b>Expenses:</b>			
Economic development	<u>590,626</u>	<u>616,357</u>	<u>624,700</u>
<b>Change in Net Position</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
Net Position, Beginning of Year	<u>109,697</u>	<u>109,697</u>	<u>109,697</u>
<b>Net Position, End of Year</b>	<b><u>\$ 109,697</u></b>	<b><u>\$ 109,697</u></b>	<b><u>\$ 109,697</u></b>



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

**June 30, 2022 and 2021**

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**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 essentially created taxable value where there was considerably less prior to construction, 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, 2022 and 2021

	<b><u>Governmental Activities</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Assets:</b>		
Cash (Note B)	\$ 140,867	\$ 445,766
Prepaid expenses	6,099	6,013
<b>Total Assets</b>	<b><u>146,966</u></b>	<b><u>451,779</u></b>
<b>Liabilities:</b>		
Accounts payable	6,337	314,483
Refundable advances	30,932	27,599
<b>Total Liabilities</b>	<b><u>37,269</u></b>	<b><u>342,082</u></b>
<b>Net Position:</b>		
Unrestricted	<u>109,697</u>	<u>109,697</u>
<b>Total Net Position (see page 10)</b>	<b><u><u>\$ 109,697</u></u></b>	<b><u><u>\$ 109,697</u></u></b>

See notes to financial statements.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

**STATEMENTS OF ACTIVITIES**

**For the Years Ended June 30, 2022 and 2021**

	<b><u>Governmental Activities</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
<b>Expenses:</b>		
Economic development program:		
Project costs	\$ 521,559	\$ 543,956
Administrative and operating expenses (Note A)	62,486	64,988
Professional fees	<u>6,581</u>	<u>7,413</u>
<b>Net Program Expense</b>	<b>590,626</b>	<b>616,357</b>
<b>General Revenue:</b>		
Property taxes (Note C)	<u>590,626</u>	<u>616,357</u>
<b>Change in Net Position (see page 11)</b>	<b>-0-</b>	<b>-0-</b>
Net Position, Beginning of Year	<u>109,697</u>	<u>109,697</u>
<b>Net Position, End of Year</b>	<b><u><u>\$ 109,697</u></u></b>	<b><u><u>\$ 109,697</u></u></b>

See notes to financial statements.

EIGHT MILE/WOODWARD CORRIDOR IMPROVEMENT AUTHORITY

**BALANCE SHEETS — GOVERNMENTAL FUNDS**

June 30, 2022 and 2021

	<b>General Fund</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash (Note B)	\$ 140,867	\$ 445,766
Prepaid expenditures	6,099	6,013
<b>Total Assets</b>	<b>\$ 146,966</b>	<b>\$ 451,779</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 6,337	\$ 314,483
Refundable advances	30,932	27,599
<b>Total Liabilities</b>	<b>37,269</b>	<b>342,082</b>
<b>Fund Balances:</b>		
Nonspendable	6,099	6,013
Unassigned	103,598	103,684
<b>Total Fund Balances (see page 8)</b>	<b>109,697</b>	<b>109,697</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 146,966</b>	<b>\$ 451,779</b>

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, 2022 and 2021

	<u>General Fund</u>	
	<u>2022</u>	<u>2021</u>
<b>Revenue:</b>		
Property taxes (Note C)	\$ 590,626	\$ 616,357
<b>Total Revenue</b>	<b><u>590,626</u></b>	<b><u>616,357</u></b>
<b>Expenditures:</b>		
Current:		
Project costs	521,559	543,956
Administrative and operating expenses (Note A)	62,486	64,988
Professional fees	6,581	7,413
<b>Total Expenditures</b>	<b><u>590,626</u></b>	<b><u>616,357</u></b>
<b>Change in Fund Balances (see page 9)</b>	<b>-0-</b>	<b>-0-</b>
Fund Balances, Beginning of Year	<u>109,697</u>	<u>109,697</u>
<b>Fund Balances, End of Year</b>	<b><u><u>\$ 109,697</u></u></b>	<b><u><u>\$ 109,697</u></u></b>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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**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. If the EMWCIA’s expenses are less than \$100,000, the remaining revenue is paid to the site developer to reimburse project costs.

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, 2022 and 2021

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**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, 2022 and 2021

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**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, 2022 and 2021**

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**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, 2022 and 2021, 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, 2022 or 2021.

**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, 2022 and 2021**

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**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, 2022 and 2021, 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 year ended June 30, 2021, the EMWCIA utilized one vendor for purchases of \$12,161, or 17 percent of total purchases. No amounts were due to this vendor as of June 30, 2021. There were no concentrations of purchases with any single vendor during the year ended June 30, 2022.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)****June 30, 2022 and 2021****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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Carrying amount of deposits	<u>\$ 140,867</u>	<u>\$ 445,766</u>
Total bank balances	<u>\$ 153,367</u>	<u>\$ 445,766</u>
Uninsured and uncollateralized bank balances	<u>\$ -0-</u>	<u>\$ 195,766</u>

**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. 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, 2022 and 2021**

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**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, 2022, the EMWCIA did not incur any expenditures that were in excess of budgeted amounts.

**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 spread 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 impact on economic and market conditions.

As of the date of issuance of the financial statements, the EMWCIA’s operations have not been significantly impacted, but the EMWCIA’s management continues to monitor the situation.

**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, 2022 and 2021**

	2022				2021			
	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget	Original Budget	Final Budget	Actual	Positive (Negative) Variance with Final Budget
<b>Revenue:</b>								
Property taxes	\$ 650,000	\$ 650,000	\$ 590,626	\$ (59,374)	\$ 650,000	\$ 650,000	\$ 616,357	\$ (33,643)
<b>Total Revenue</b>	<b>650,000</b>	<b>650,000</b>	<b>590,626</b>	<b>(59,374)</b>	<b>650,000</b>	<b>650,000</b>	<b>616,357</b>	<b>(33,643)</b>
<b>Expenditures:</b>								
Current:								
Project costs	550,000	550,000	521,559	28,441	550,000	550,000	543,956	6,044
Administrative and operating expenses	75,000	75,000	62,486	12,514	75,000	75,000	64,988	10,012
Professional fees	25,000	25,000	6,581	18,419	25,000	25,000	7,413	17,587
<b>Total Expenditures</b>	<b>650,000</b>	<b>650,000</b>	<b>590,626</b>	<b>59,374</b>	<b>650,000</b>	<b>650,000</b>	<b>616,357</b>	<b>33,643</b>
<b>Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

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, 2022 and 2021**

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**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.