

# Auditing Procedures Report

Issued under Public Act 2 of 1968, as amended .

Unit Name	Berrien County Brownfield Redevelopment Authority	County	BERRIEN	Type	COUNTY	MuniCode	110000
Opinion Date	June 30, 2008	Audit Submitted	June 30, 2008	Fiscal Year	December 31, 2007		

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

**Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".**

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="text" value="\$2,993,631"/>
General Fund Expenditure:	<input type="text" value="\$2,573,355"/>
Major Fund Deficit Amount:	<input type="text"/>

General Fund Balance:	<input type="text" value="\$2,510,856"/>
Governmental Activities Long-Term Debt (see instructions):	<input type="text" value="\$1,999,608"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Stephen W.	Last Name	Blann	Ten Digit License Number	1101024801				
CPA Street Address	2330 East Paris Ave. SE	City	Grand Rapids	State	MI	Zip Code	49546	Telephone	(616) 975-4100
CPA Firm Name	Rehmann Robson	Unit's Street Address	701 Main Street	City	St. Joseph	Zip Code	49085		

**BERRIEN COUNTY BROWNFIELD  
REDEVELOPMENT AUTHORITY**  
(A Component Unit of  
Berrien County, Michigan)

**St. Joseph, Michigan**

**BASIC FINANCIAL STATEMENTS**

**For the Year Ended  
December 31, 2007**



**REHMANN ROBSON**

*Certified Public Accountants*

**BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY**  
**(A Component Unit of**  
**Berrien County, Michigan)**

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**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

**INDEPENDENT AUDITORS' REPORT**

June 30, 2008

Board of Directors  
Berrien County Brownfield Redevelopment Authority  
St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the ***Berrien County Brownfield Redevelopment Authority, a component unit of Berrien County, Michigan***, as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 fund of the ***Berrien County Brownfield Redevelopment Authority*** as of December 31, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the County of Berrien, Michigan's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Authority has not presented Management's Discussion and Analysis as required supplementary information. The GASB has determined that such information is necessary to supplement, although not required to be part of, the basic financial statements.

## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF BERRIEN, MICHIGAN**  
**Brownfield Redevelopment Authority Component Unit**  
**Statement of Net Assets and**  
**Governmental Fund Balance Sheet**  
**December 31, 2007**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash and investments	\$ 530,231	\$ -	\$ 530,231
Due from other governments	2,889,653	-	2,889,653
Notes receivable	590,972	-	590,972
<b>Total assets</b>	<u>4,010,856</u>	<u>-</u>	<u>4,010,856</u>
<b>Liabilities</b>			
Advances from other component unit	1,500,000	-	1,500,000
Long-term debt	-	1,999,608	1,999,608
<b>Total liabilities</b>	<u>1,500,000</u>	<u>1,999,608</u>	<u>3,499,608</u>
<b>Fund balances</b>			
Unreserved, undesignated	<u>\$ 2,510,856</u>	<u>(2,510,856)</u>	<u>-</u>
<b>Net assets</b>			
Unrestricted		<u>\$ 511,248</u>	<u>\$ 511,248</u>

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

**COUNTY OF BERRIEN, MICHIGAN**  
**Brownfield Redevelopment Authority Component Unit**  
**Statement of Activities and**  
**Governmental Fund Revenues, Expenditures**  
**and Changes in Fund Balances**  
**For the Year Ended December 31, 2007**

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Charges for services	\$ 5,500	\$ -	\$ 5,500
Operating grants and contributions	2,988,131	-	2,988,131
	<hr/>	<hr/>	<hr/>
Total revenues	2,993,631	-	2,993,631
<b>Expenditures/expenses</b>			
Health and welfare	2,573,355	-	2,573,355
	<hr/>	<hr/>	<hr/>
Revenues over expenditures/ change in net assets	420,276	-	420,276
<b>Other financing sources (uses)</b>			
Issuance of long-term debt	1,999,608	(1,999,608)	-
	<hr/>	<hr/>	<hr/>
Change in fund balance/net assets	2,419,884	(1,999,608)	420,276
<b>Fund balances/net assets</b>			
Beginning of year	90,972	-	90,972
	<hr/>	<hr/>	<hr/>
<b>End of year</b>	<u>\$ 2,510,856</u>	<u>\$ (1,999,608)</u>	<u>\$ 511,248</u>

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

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity** – These financial statements present the activities of the Berrien County Brownfield Redevelopment Authority (the “Authority”). The Authority was established on January 13, 2000, pursuant to Public Act 381 of 1996. The primary purpose of the Authority is to revitalize environmentally contaminated properties in Berrien County. The Authority’s activities are primarily funded through grants.

The Authority is a component unit of Berrien County, Michigan (the “County”) because the County appoints the Authority’s Board of Directors, it has the ability to significantly influence the Authority’s operations, and it is financially accountable for the Authority as defined under GASB Statement No. 14, *The Financial Reporting Entity*. Accordingly, the Authority is presented as a discrete component unit in the County’s financial statements and is an integral part of that reporting entity.

**Government-wide and Fund Financial Statements** – As permitted by GASB Statement No. 34, the Authority uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. Accordingly, this is presented in the Statement of Net Assets and Governmental Funds Balance Sheet and the Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balances. Major individual governmental funds are reported as separate columns in the aforementioned financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The government-wide financial information is 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. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial information is reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are 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 are recorded only when payment is due.



# **BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY**

## **Notes To Basic Financial Statements**

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Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Authority reports a single major governmental fund, which is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund, if any. The County did not adopt a budget for this fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

### **2. POOLED CASH AND INVESTMENTS**

At year-end, the carrying amount of the Authority's pooled cash and investments, which were deposited entirely in the County's internal cash management pool, was \$530,231. Because it is infeasible to allocate risk to individual component units or pool participants, aggregate cash and investment categorizations are presented in the County's basic financial statements.

### **3. DUE FROM OTHER GOVERNMENTS**

Amounts reported as due from other governments represent state and federal receivables from the Harbor Shores Infrastructure Project.

### **4. NOTES RECEIVABLE**

The Authority has entered into an agreement to advance funds to a local business in the amount of \$925,000 at the prime rate plus 1%. Notes receivable are reported at an amount equal to the outstanding principal. As of December 31, 2007, \$590,972 of the principal payment was outstanding. Of this balance, \$77,083 is scheduled to be collected within one year. Monthly payments under this agreement are equal to the related notes principal and interest due each month.

### **5. ADVANCES FROM OTHER COMPONENT UNIT**

The amount reported as advances from other component unit represents a \$1,500,000 loan from the Berrien County Economic Development Corporation.

# BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

## Notes To Basic Financial Statements

### 6. LONG-TERM OBLIGATIONS

The Authority has issued long-term debt to finance the rehabilitation of contaminated land parcels. Such bonds are to be repaid a property tax capture once the project is complete.

The Authority has the following bond issues outstanding:

	Due	Installments	Interest Rate	Amount
2007 Department of Environmental Quality Revolving Loan	2021	\$91,291 - \$109,101	0.00% - 2.00%	\$ 999,608
2007 Michigan Department of Environmental Quality Loan	2022	\$82,178 - \$100,174	0.00% - 2.00%	1,000,000
				\$1,999,608

Annual debt service requirements to maturity for long-term debt are as follows:

	Year Ended December 31,	Principal	Interest	Total
2008	\$	-	\$ -	-
2009		-	-	-
2010		-	-	-
2011		-	-	-
2012		191,465	19,992	211,457
2013-2017		912,240	145,048	1,057,288
2018-2022		895,903	50,101	946,004
Total		<b>\$ 1,999,608</b>	<b>\$ 215,141</b>	<b>\$ 2,214,749</b>

The following is a summary of changes in long-term obligation transactions for the year ended December 31, 2007:

Total debt outstanding - January 1, 2007	\$ 1,999,608
Less principal payments	-
<b>Total debt outstanding - December 31, 2007</b>	<b><u>\$ 1,999,608</u></b>
<b>Due within one year</b>	<b><u>\$ -</u></b>

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