

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



St. Joseph, Michigan

BASIC FINANCIAL STATEMENTS

**For the Year Ended
December 31, 2008**

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

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INDEPENDENT AUDITORS' REPORT

_____, 2009

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 (the "Authority")***, a component unit of ***Berrien County, Michigan***, as of and for the year ended December 31, 2008, 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, 2008, 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 _____, 2009, 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, 2008

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Assets			
Cash and investments	\$ 1,131,365	\$ -	\$ 1,131,365
Due from other governments	2,098,868	-	2,098,868
Notes receivable	513,889	-	513,889
Total assets	<u>\$ 3,744,122</u>	<u>-</u>	<u>3,744,122</u>
Liabilities			
Advances from other component unit	1,500,000	-	1,500,000
Long-term debt - due in more than one year	-	1,999,608	1,999,608
Total liabilities	1,500,000	1,999,608	3,499,608
Fund balances			
Unreserved, undesignated	<u>2,244,122</u>	<u>(2,244,122)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 3,744,122</u>		
Net assets			
Unrestricted		<u>\$ 244,514</u>	<u>\$ 244,514</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 Revenue, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2008

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenue			
Taxes	\$ 39,673	\$ -	\$ 39,673
Charges for services	5,500	-	5,500
Operating grants and contributions	202,712	-	202,712
Interest revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	247,885	-	247,885
Expenditures / expenses			
Health and welfare	514,619	-	514,619
	<hr/>	<hr/>	<hr/>
Change in fund balance / net assets	(266,734)	-	(266,734)
Fund balances / net assets			
Beginning of year	2,510,856	(1,999,608)	511,248
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 2,244,122</u>	<u>\$ (1,999,608)</u>	<u>\$ 244,514</u>

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

BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

Notes To Basic Financial Statements

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

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 \$1,131,365. 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% (effective rate of 4.5% at December 31, 2008). Notes receivable are reported at an amount equal to the outstanding principal. As of December 31, 2008, \$513,889 of the principal payment was outstanding. Of this balance, \$154,167 is scheduled to be collected within one year.

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. This loan is interest free, and has no specified repayment terms.

BERRIEN COUNTY BROWNFIELD REDEVELOPMENT AUTHORITY

Notes To Basic Financial Statements

6. LONG-TERM DEBT

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

The Authority has the following bond issues outstanding:

	<u>Due</u>	<u>Installments</u>	<u>Interest Rate</u>	<u>Amount</u>
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%	<u>1,000,000</u>
				<u><u>\$1,999,608</u></u>

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ -	\$ -
2010	-	-	-
2011	-	-	-
2012	191,465	19,992	211,457
2013	175,295	36,163	211,458
2014-2018	930,484	126,803	1,057,287
2019-2023	702,364	32,183	734,547
Total	<u>\$ 1,999,608</u>	<u>\$ 215,141</u>	<u>\$ 2,214,749</u>

The following is a summary of changes in long-term obligation transactions for the year ended December 31, 2008:

Total debt outstanding - January 1, 2008	\$ 1,999,608
Less principal payments	<u>-</u>
Total debt outstanding - December 31, 2008	<u><u>\$ 1,999,608</u></u>
Due within one year	<u><u>\$ -</u></u>
