



Michigan  
Office of the Auditor General  
**REPORT SUMMARY**

*Performance Audit*

Report Number:  
271-0420-14

*Brownfield Redevelopment Financing Program*

*Department of Environmental Quality (DEQ),  
Michigan Strategic Fund (MSF), and  
Department of Treasury*

Released:  
June 2014

*The Brownfield Redevelopment Financing Act, Act 381, P.A. 1996, as amended, authorizes municipalities to create brownfield redevelopment authorities to facilitate the implementation of brownfield plans and promote revitalization of brownfield properties through the use of tax increment financing (TIF) for eligible activities. Act 381 prescribes the powers and duties of the brownfield redevelopment authorities and related requirements and criteria for the brownfield redevelopment authorities, DEQ, MSF, and the Department of Treasury. This performance audit was required by Section 125.2666(6) of the Michigan Compiled Laws.*

**Audit Objective:**

To assess the effectiveness of the Brownfield Redevelopment Financing Program to promote revitalization of brownfield properties through the use of TIF.

**Audit Conclusion:**

We could not conclude on the effectiveness of the Program to promote revitalization of brownfield properties through the use of TIF because of a lack of available performance information for assessing effectiveness. Our audit disclosed one reportable condition (Finding 1).

**Reportable Condition:**

Many brownfield redevelopment authorities did not submit the required annual financial status reports to the Department of Treasury. Also, for the financial status reports received, the Department of Treasury did not compile and analyze the information and did not submit an annual summary report to the Legislature (Finding 1). As a result, neither the

brownfield redevelopment authorities nor the Department of Treasury was in compliance with the reporting requirements of Act 381, P.A. 1996, as amended. Also, neither we nor the Legislature had sufficient performance information available to evaluate the effectiveness of the Program.

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**Audit Objective:**

To assess DEQ's, MSF's, and the Department of Treasury's compliance with statutory reporting requirements.

**Audit Conclusion:**

We concluded that DEQ and MSF were in compliance with statutory reporting requirements. However, the Department of Treasury was not in compliance with statutory reporting requirements. As described under the first audit objective, our audit identified one reportable condition (Finding 1).

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**Audit Objective:**

To assess the effectiveness and efficiency of DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property.

**Audit Conclusion:**

We concluded that DEQ's and MSF's efforts to facilitate and support the redevelopment or reuse of eligible property were effective and efficient. Our audit report does not include any reportable conditions related to this audit objective.

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**Agency Response:**

Our audit report contains 1 finding and 1 corresponding recommendation. DEQ's and MSF's preliminary responses indicate that DEQ and MSF agree with the recommendation.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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