



Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

*School Bond Loan Fund and School Loan Bond
 Redemption Fund*

Department of Treasury

October 1, 2002 through September 30, 2005

Report Number:
 27-330-05

Released:
 August 2006

A financial audit determines if the financial statements are fairly presented, considers internal control over financial reporting, and determines compliance with State compliance requirements material to the financial statements. This financial audit of the School Bond Loan Fund and School Loan Bond Redemption Fund was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the School Bond Loan Fund's and the School Loan Bond Redemption Fund's financial statements.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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**Noncompliance Material to
 the Financial Statements**

We did not identify any instances of noncompliance or other matters applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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Background:

School Bond Loan Fund

Article IX, Section 16 of the State Constitution and Sections 388.921 - 388.985 of the *Michigan Compiled Laws*

authorized the issuance of State general obligation bonds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. State bond proceeds are credited to the fund as an "Other Financing Source." When loans are made, transfers are recorded to the State's General Fund, which receives loan repayments. In the General Fund, loans receivable are recorded as assets. The School Aid Fund currently provides debt service financing for the general obligation bonds.

School Loan Bond Redemption Fund

Act 74, P.A. 1955, created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts.

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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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