



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

Financial Audit

*Michigan Tobacco Settlement Finance Authority
(A Blended Component Unit of the State of Michigan)
Fiscal Year Ended September 30, 2007*

Report Number:
271-0285-08

Released:
February 2008

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the Michigan Tobacco Settlement Finance Authority 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 Michigan Tobacco Settlement Finance Authority'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 and Other Matters 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:

The Michigan Tobacco Settlement Finance Authority was authorized by the provisions of Act 226, P.A. 2005. The Authority is administered by a board that consists of the State Treasurer, the director of the Department of Labor and Economic Growth, and 5 members who are appointed by the Governor with consent from the Legislature.

The Authority's purpose is to issue bonds secured by a pledge of a percentage of the State of Michigan's tobacco settlement proceeds. As of September 30, 2007, the Authority has made two issuances totaling \$1,013.5 million of taxable and tax-exempt tobacco settlement asset-backed bonds. The bonds are special revenue obligations of the Authority secured solely by and payable solely from tobacco settlement revenue pledged under the bond indenture. The bonds are not an obligation of the State of Michigan and are not backed by the credit, revenues, or taxing power of the State.

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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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