Michigan

Office of the Auditor General

REPORT SUMMARY

Financial Audit

Farm Produce Insurance Authority

(A Discretely Presented Component Unit of the State of Michigan)

January 1, 2009 through December 31, 2009

Report Number:
791-0360-10

Released:
May 2010

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 Farm Produce Insurance 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 Farm Produce Insurance 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 Farm Produce Insurance Act (Act 198, P.A. 2003) created the Farm Produce Insurance Authority. The Authority, a discretely presented component unit of the State of Michigan, was established as a program in which producers of dry beans, grains, or corn may contribute a percentage of their proceeds to the Farm Produce Insurance Fund and may recover from the Fund for losses caused by a grain dealer's financial failure.

The producers shall continue to pay assessments into the Fund until the Authority's board certifies that the Fund contains more than $5 million at the end of the preceding fiscal year. As of December 31, 2007, the Fund exceeded $5 million and producer assessments were

ceased. Assessments are not required to be paid until either of the following occurs: (1) the board certifies that the Fund contained less than $3 million at the end of the preceding fiscal year or (2) in any fiscal year in which the board certifies that the Fund contained at least $3 million at the end of the previous fiscal year, the board is aware of a failure of a licensed grain dealer, and the board determines that the amount required to satisfy claims equals or exceeds the net assets in the Fund.

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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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