



Michigan
Office of the Auditor General
REPORT SUMMARY

Report on the Provisions of the Single Audit Act

Report Number:
271-0341-11

Michigan Finance Authority

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

October 1, 2008 through September 30, 2010

Released:
June 2011

A single audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Statements:

We have audited the basic financial statements of the Michigan Finance Authority for the fiscal year ended September 30, 2010 and have issued an unqualified opinion dated February 3, 2011. We have also audited the basic financial statements of the Michigan Higher Education Assistance Authority, the basic financial statements of the Michigan Higher Education Student Loan Authority, and the basic financial statements of the Michigan Public Educational Facilities Authority as of and for the fiscal year ended September 30, 2009 and have issued unqualified opinions dated December 22, 2009, December 21, 2009, and May 3, 2010, respectively.

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Auditor's Report Issued

We issued an unqualified opinion on the Authority's schedule of expenditures of federal awards in relation to the basic financial statements taken as a whole.

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Internal Control Over Financial Reporting

We have also issued an independent auditor's report on internal control over financial reporting and on compliance and other matters for the fiscal year ended September 30, 2010 thereon dated

February 3, 2011. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition, we have issued independent auditor's reports on internal control over financial reporting and on compliance and other matters for the Michigan Higher Education Assistance Authority, the Michigan Higher Education Student Loan Authority, and the Michigan Public Educational Facilities Authority for the fiscal year ended September 30, 2009 thereon dated December 22, 2009, December 21, 2009, and May 3, 2010, respectively. We identified a material weakness in internal control over financial reporting related to the Michigan Public Educational Facilities Authority. We also identified a significant deficiency related to the Michigan Higher Education Assistance Authority.

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**Noncompliance and Other Matters
Material to the Financial Statements**

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

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Federal Awards:

Auditor's Report Issued on Compliance

We audited 4 programs as major programs and issued 4 unqualified opinions. The Authority expended a total of \$298.8 million in federal awards during the two-year period ended September 30, 2010. The federal programs audited as major programs are identified at the bottom of this summary.

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Internal Control Over Major Programs

We did not identify any deficiencies in internal control over federal program compliance that we consider to be material weaknesses. However, we did identify significant deficiencies (Findings 1 and 2).

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Required Reporting of Noncompliance

We identified instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 (Findings 1 and 2).

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Background:

The Michigan Finance Authority is a discretely presented component unit of the State of Michigan that consolidated certain public finance authorities in Michigan in accordance with Executive Order No. 2010-2, effective May 30, 2010. The Authority combined the operations of 10 different public finance authorities (Michigan Forest Finance Authority, Michigan Higher Education Assistance Authority, Michigan Higher Education Facilities Authority, Michigan Higher Education Student Loan Authority, Michigan Municipal Bond Authority, Michigan Public Educational Facilities Authority, Michigan State Hospital Finance Authority, Michigan Tobacco Settlement Finance Authority, Michigan Underground Storage Tank Financial Assurance Authority, and State Higher Education Facilities Commission). In addition, the authorization to finance the facilities of public and private schools formerly under the Michigan Strategic Fund and to issue bonds and notes on behalf of the State Land Bank Fast Track Authority was transferred to the Authority.

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We audited the following programs as major programs:

<u>CFDA Number</u>	<u>Program Title</u>	<u>Compliance Opinion</u>
84.032G	Federal Family Education Loans - Guaranty Agency	Unqualified
84.032L	Federal Family Education Loans - Lender	Unqualified
84.185A	Byrd Honors Scholarships	Unqualified
84.354	Credit Enhancement for Charter School Facilities	Unqualified

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>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General