



Michigan
Office of the Auditor General
REPORT SUMMARY

Management Letter

Report Number:
071-0153-10M

Michigan Judges' Retirement System

October 1, 2008 through September 30, 2009

Released:
February 2010

The management letter is used to report significant deficiencies in internal control over financial reporting and other matters that come to the auditor's attention during the completion of the financial audit conducted in accordance with generally accepted government auditing standards. This management letter is being issued in conjunction with our financial audit of the Michigan Judges' Retirement System.

Financial Statements:

Auditor's Report Issued

We have audited the financial statements of the Michigan Judges' Retirement System as of and for the fiscal year ended September 30, 2009 and have issued a separate report thereon dated December 23, 2009. We issued an unqualified opinion on the System's financial statements.

~ ~ ~ ~ ~

Internal Control Over Financial Reporting

We identified a significant deficiency in internal control over financial reporting (Finding 1). We do not consider this significant deficiency to be a material weakness.

The Office of Retirement Services (ORS), Department of Management and Budget, and the Bureau of Investments (BOI), Department of Treasury, should work together to properly account for and report interest and dividends. Also, ORS and BOI should modify their methodology for recording the fair market value of real

estate and alternative investment holdings as of the fiscal year-end. (Finding 1)

~ ~ ~ ~ ~

**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*.

~ ~ ~ ~ ~

Agency Response:

Our management letter includes 1 finding and 2 corresponding recommendations. ORS's preliminary response indicated that it agrees with the finding.

~ ~ ~ ~ ~

Background:

The Michigan Judges' Retirement System is a cost sharing, multiple employer, Statewide, defined benefit public employee retirement plan governed by the State of Michigan, created under Public Act 234 of 1992. The System's pension plan was

established to provide retirement, survivor, and disability benefits to judges in the judicial branch of State government. In addition, the System's other postemployment benefits (OPEB) plan provides all retirees with the option of receiving health, dental, and vision coverage under the Michigan Judges' Retirement Act. There are 125 participating employers. The System also includes the Governor of the State of Michigan, Lieutenant Governor, Secretary of State, Attorney General, Legislative Auditor General, and the Constitutional Court Administrator.

~ ~ ~ ~ ~

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