

EXECUTIVE DIGEST

MICHIGAN LEGISLATIVE RETIREMENT SYSTEM

INTRODUCTION

This report contains the results of our financial audit* of the Michigan Legislative Retirement System (MLRS) for the period October 1, 1994 through September 30, 1996.

AUDIT PURPOSE

This financial audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Financial audits are conducted at various intervals to permit the Auditor General to express an opinion on the State's financial statements. This audit is required on a biennial basis by Section 38.1041 of the *Michigan Compiled Laws*.

BACKGROUND

The mission* of MLRS is to administer and maintain the retirement system for members* of the Legislature and its presiding officers and to provide retirement allowances and other benefits* , such as life, health, and dental insurance, to participants, survivors, and beneficiaries.

MLRS was created by Act 261, P.A. 1957, being Sections 38.1001 - 38.1080 of the *Michigan Compiled Laws*. An 11-member Board of Trustees administers MLRS.

MLRS is funded by State appropriations, participant contributions, circuit and district court fees as provided by Sections 600.2529 and 600.8381 of the *Michigan Compiled Laws*, and income from investments.

There were 199 persons (retirees, spouses, and dependent children) receiving retirement benefits as of September 30, 1996 and September 30, 1995. MLRS operating revenues and expenses were as follows for the fiscal years ended September 30:

	<u>1996</u>	<u>1995</u>
Revenues	\$14,936,046	\$14,720,721
Expenses	\$ 6,040,587	\$ 6,280,821

**AUDIT OBJECTIVES
AND CONCLUSIONS**

Audit Objective: To assess the adequacy of MLRS's internal control structure* .

Conclusion: Our assessment of MLRS's internal control structure did not disclose any material weaknesses*.

Audit Objective: To assess MLRS's compliance with applicable statutes, the *Michigan Administrative Code*, and State procedures.

Conclusion: Our assessment of compliance with laws and regulations did not disclose any instances of noncompliance that could have a material effect on MLRS's financial statements.

Audit Objective: To audit MLRS's financial statements as of and for the fiscal years ended September 30, 1996 and September 30, 1995.

Conclusion: We expressed an unqualified opinion on the financial statements.

AUDIT SCOPE

Our audit scope was to examine the financial and other records of the Michigan Legislative Retirement System for the period October 1, 1994 through September 30, 1996. Our audit was conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

**PRIOR AUDIT
FOLLOW-UP**

MLRS had complied with all three of our prior audit recommendations.