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February 4, 2013

Michigan Legislature

and

Mr. Thomas H. McTavish, Auditor General
Lansing, Michigan

We have completed our audit of the financial schedules of the Michigan Legislature for the State of Michigan as of and for the year ended September 30, 2012 and 2011 and have issued our report dated February 4, 2013. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

II Auditors' Communication of Significant Matters with Those Charged with Governance

We discussed these matters with various personnel in the organization during the audits and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Legislature, and others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Alma, Michigan

Michigan Legislature

**Combining Schedules of Sources and Disposition
of General Fund Authorizations
With Supplemental Schedules**

For the Years Ended September 30, 2012 and 2011

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Independent Auditors' Report

Michigan Legislature
Lansing, Michigan

and

Mr. Thomas H. McTavish, Auditor General
Office of the Auditor General

We have audited the accompanying Combining Schedules of Sources and Disposition of General Fund Authorizations of the Michigan Legislature for the State of Michigan for the years ended September 30, 2012 and 2011. These financial schedules are the responsibility of the Michigan Legislature leadership. Our responsibility is to express an opinion on these financial schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial schedules of the Michigan Legislature are intended to present only the sources and disposition of authorizations for the Michigan Legislature's accounts in the State of Michigan's General Fund and does not present fairly the financial position of the State of Michigan.

In our opinion, the financial schedules referred to above presents fairly, in all material respects the Combining Schedules of Sources and Disposition of General Fund Authorizations of the Michigan Legislature for the years ended September 30, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 4, 2013 on our consideration of the Michigan Legislature's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the Combining Schedules of Sources and Disposition of General Fund Authorizations taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the Combining Schedules of Sources and Disposition of General Fund Authorizations of the Michigan Legislature. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial schedules. The information has been subjected to the auditing procedures applied in the audit of the financial schedules and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial schedules or to the financial schedules themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial schedules as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
February 4, 2013

Michigan Legislature
Combining Schedule of Sources and Disposition
of General Fund Authorizations
Year Ended September 30, 2012

	Michigan House of Representatives	Michigan Senate	Legislative Council	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Sources of authorization							
Legislative appropriations:							
General purpose appropriations	\$ 39,087,800	\$ 24,598,800	\$ 9,070,700	\$ 10,597,000	\$ 2,687,800	\$ 2,687,800	\$ 88,729,900
Legislative automated data processing appropriation	1,712,300	2,156,800	1,163,600	-	-	-	5,032,700
Property management appropriation	8,315,800	1,815,700	2,552,800	-	-	-	12,684,300
Adjustments to appropriations							
General purpose appropriations - supplemental increase	4,685,500	3,222,100	1,183,100	633,200	193,850	203,550	10,121,300
Authorizations carry forward from prior year	5,004,836	5,975,733	1,459,029	444,802	-	-	12,884,400
Miscellaneous revenue:							
Restricted	-	-	543,611	6,291,844	-	-	6,835,455
Intrafund reimbursement	-	-	(250,000)	(3,203,706)	-	-	(3,453,706)
Unrestricted	106,825	73,690	-	-	-	-	180,515
Total sources of authorizations	<u>\$ 58,913,061</u>	<u>\$ 37,842,823</u>	<u>\$ 15,722,840</u>	<u>\$ 14,763,140</u>	<u>\$ 2,881,650</u>	<u>\$ 2,891,350</u>	<u>\$ 133,014,864</u>
Disposition of authorizations							
Expenditures	\$ 50,713,623	\$ 32,217,349	\$ 13,668,361	\$ 17,888,701	\$ 2,750,873	\$ 2,821,200	\$ 120,060,107
Less: intrafund expenditure reimbursements	-	-	(250,000)	(3,203,706)	-	-	(3,453,706)
Net expenditures	<u>50,713,623</u>	<u>32,217,349</u>	<u>13,418,361</u>	<u>14,684,995</u>	<u>2,750,873</u>	<u>2,821,200</u>	<u>116,606,401</u>
Unexpended authorizations:							
Carried forward to next budget year:							
Encumbrances	1,016	377,318	-	66,238	-	-	444,572
Work projects	8,198,422	5,247,387	1,825,409	11,281	-	70,150	15,352,649
Restricted revenue	-	-	79,070	-	-	-	79,070
Lapsed authorizations	-	769	400,000	626	130,777	-	532,172
Total disposition of authorizations	<u>\$ 58,913,061</u>	<u>\$ 37,842,823</u>	<u>\$ 15,722,840</u>	<u>\$ 14,763,140</u>	<u>\$ 2,881,650</u>	<u>\$ 2,891,350</u>	<u>\$ 133,014,864</u>

See Accompanying Notes to Schedule of Sources and Disposition of General Fund Authorizations

Michigan Legislature
Combining Schedule of Sources and Disposition
of General Fund Authorizations
Year Ended September 30, 2011

	Michigan House of Representatives	Michigan Senate	Legislative Council	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Sources of authorization							
Legislative appropriations:							
General purpose appropriations	\$ 40,241,100	\$ 25,504,300	\$ 9,442,900	\$ 11,155,000	\$ 2,781,900	\$ 2,781,900	\$ 91,907,100
Legislative automated data processing appropriation	1,749,800	2,203,200	1,188,000	-	-	-	5,141,000
Property management appropriation	7,424,800	1,815,700	2,552,800	-	-	-	11,793,300
Authorizations carry forward from prior year	8,184,855	6,769,763	1,323,897	255,957	-	-	16,534,472
Miscellaneous revenue:							
Restricted	-	-	594,360	5,938,943	-	-	6,533,303
Intrafund reimbursement	-	-	(250,000)	(3,259,063)	-	-	(3,509,063)
Unrestricted	66,957	80,244	-	-	-	-	147,201
Total sources of authorizations	<u>\$ 57,667,512</u>	<u>\$ 36,373,207</u>	<u>\$ 14,851,957</u>	<u>\$ 14,090,837</u>	<u>\$ 2,781,900</u>	<u>\$ 2,781,900</u>	<u>\$ 128,547,313</u>
Disposition of authorizations							
Expenditures	\$ 52,660,677	\$ 30,305,013	\$ 13,242,928	\$ 16,908,446	\$ 2,774,754	\$ 2,781,900	\$ 118,673,718
Less: intrafund expenditure reimbursements	-	-	(250,000)	(3,259,063)	-	-	(3,509,063)
Net expenditures	52,660,677	30,305,013	12,992,928	13,649,383	2,774,754	2,781,900	115,164,655
Unexpended authorizations:							
Carried forward to next budget year:							
Encumbrances	10,929	395,391	-	50,885	-	-	457,205
Work projects	4,993,906	5,580,342	1,342,051	390,569	-	-	12,306,868
Restricted revenue	-	-	116,978	-	-	-	116,978
Lapsed authorizations	2,000	92,461	400,000	-	7,146	-	501,607
Total disposition of authorizations	<u>\$ 57,667,512</u>	<u>\$ 36,373,207</u>	<u>\$ 14,851,957</u>	<u>\$ 14,090,837</u>	<u>\$ 2,781,900</u>	<u>\$ 2,781,900</u>	<u>\$ 128,547,313</u>

See Accompanying Notes to Schedule of Sources and Disposition of General Fund Authorizations

Michigan Legislature
Notes to Schedules of Sources and Disposition
of General Fund Authorizations
September 30, 2012 and 2011

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Michigan Legislature conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

a) Reporting Entity

The accompanying schedules of sources and disposition of General Fund authorizations has been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing relationships.

The accompanying schedules of sources and disposition of General Fund authorizations reports the total funds (general and work/capital project appropriations) available to the Michigan Legislature and related disposition of such funds for the years ended September 30, 2012 and 2011.

Total funds available as reflected in the accompanying schedules of sources and disposition of General Fund authorizations consist of the legislative appropriations, balances carried forward from prior year, adjustments to appropriations, and restricted and unrestricted miscellaneous revenue. The legislative appropriations include funding from other funds within the State. Each year the Senate and the House of Representatives appropriate funds for the various agencies, bureaus, commissions, departments, boards, and institutions of State government. This General Government Appropriations Act includes the general appropriations for the Michigan Legislature. Total expenditures, as reflected in the

accompanying financial schedules, represent the purchase of goods and services, including payroll and expenses of the Michigan Legislature, for which an obligation for payment was incurred by the Michigan Legislature during the period presented. The financial transactions of the Michigan Legislature are accounted for in the State of Michigan's General Fund and are reported in the State of Michigan's Comprehensive Annual Financial Report (SOMCAFR).

The footnotes accompanying these financial schedules include only those disclosures that relate directly to the Michigan Legislature. The SOMCAFR provides more extensive disclosures regarding the State's significant accounting policies and budgeting and budgetary control.

The SOMCAFR also provides more extensive disclosures regarding the State's litigation which may impact the Michigan Legislature.

b) Measurement Focus, Basis of Accounting and Presentation

The financial schedules presented herein have been prepared on the modified accrual basis of accounting. The modified accrual basis of accounting emphasizes the measurement of current financial resource flows. This basis of accounting is more fully described in the SOMCAFR.

c) Sources of Authorizations

Adjustments to Appropriations - Represents any adjustments to the original appropriation bill and transfers among agencies.

Michigan Legislature
Notes to Schedules of Sources and Disposition
of General Fund Authorizations
September 30, 2012 and 2011

d) Unexpended Authorizations

Encumbrances – Represents written commitments entered into with vendors and suppliers by September 15 that are carried forward to increase the spending authorizations of the subsequent year.

Work Project – Represents a one-time recurring project undertaken for the purpose of accomplishing a specific objective contained in a budget appropriation designated as a “work project.” The Senate and House Appropriation Committees must be notified of appropriations designated as work projects. The appropriation committees have 30 days to disapprove such projects. Unused spending authority in these accounts may carry forward if the requirements of Act 431, Section 451 of 1984, as amended, are met.

Capital Outlay – Represents a project or facility financed either in whole or in part with State funds, including lease purchase agreements, to demolish, construct, renovate, or equip a building or facility for which total project costs exceed \$1,000,000. Unused spending authority in these accounts may carry forward if the requirements of Act 431, Section 248 of 1984, as amended, are met. There were no capital outlay carry forwards for the two year period ended September 30, 2012 and 2011.

Restricted Revenue – Revenue earned for which the use is restricted to a specific purpose and may be carried forward to future years until expended for the specific purpose.

and \$5,472,015 for 2011. These amounts represent an estimated liability to be paid in future periods in accordance with the specific policies of each agency. The estimated liability includes the House of Representatives, Senate, Legislative Council, Office of the Auditor General, Senate Fiscal Agency, and House Fiscal Agency and is not reflected in the expenditures of these schedules.

Note 2 – Accumulated Employee Benefits

The accumulated employee benefits due State Legislative employees is estimated at \$5,757,048 for September 30, 2012

Michigan Legislature
Combining Schedule of Expenditures
Year Ended September 30, 2012

	Michigan House of Representatives	Michigan Senate	Legislative Council	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Salaries and wages	\$ 25,059,588	\$ 17,006,037	\$ 6,378,868	\$ 10,111,852	\$ 1,400,604	\$ 1,615,205	\$ 61,572,154
FICA and retirement	8,186,860	6,401,471	3,285,689	5,003,396	796,190	797,409	24,471,015
Group insurance	4,039,495	2,550,111	1,517,635	1,740,150	266,219	240,057	10,353,667
Member's SOCC (1) expenses and mileage	1,657,678	659,860	-	-	-	-	2,317,538
Rentals, leases, and utilities	8,135,192	1,335,528	1,945,849	395,116	165,722	39,298	12,016,705
Fees and purchased services	684,911	456,964	598,536	39,889	62,914	89,897	1,933,111
Office supplies and printing	523,350	618,702	990,497	396,383	30,467	6,044	2,565,443
Parking	-	-	-	8,190	-	-	8,190
Travel	6,210	26,892	26,086	39,974	3,426	1,742	104,330
Telephone	369,926	237,935	212,852	15,197	14,580	13,572	864,062
Insurance and bonds	62,163	191	2,648	-	-	83	65,085
Dues and subscriptions	118,874	83,072	21,155	42,141	8,686	17,411	291,339
Postage	889,720	762,216	9,668	3,154	783	108	1,665,649
Maintenance	692,565	997,336	214,834	19,643	1,282	-	1,925,660
Education and training	7,013	7,850	8,444	66,448	-	239	89,994
Expenditure reimbursements	-	-	(1,660,732)	-	-	-	(1,660,732)
Equipment and furnishings	280,078	1,073,184	116,332	7,168	-	135	1,476,897
Total	<u>\$ 50,713,623</u>	<u>\$ 32,217,349</u>	<u>\$ 13,668,361</u>	<u>\$ 17,888,701</u>	<u>\$ 2,750,873</u>	<u>\$ 2,821,200</u>	<u>\$ 120,060,107</u>

(1) SOCC - State Officers Compensation Commission

Michigan Legislature
Combining Schedule of Expenditures
Year Ended September 30, 2011

	Michigan House of Representatives	Michigan Senate	Legislative Council	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Salaries and wages	\$ 26,953,398	\$ 17,805,935	\$ 6,719,915	\$ 10,314,962	\$ 1,440,616	\$ 1,589,605	\$ 64,824,431
FICA and retirement	6,541,780	4,892,416	2,489,081	3,602,260	569,344	559,889	18,654,770
Group insurance	6,034,957	3,206,775	1,589,862	1,765,766	262,272	284,726	13,144,358
Member's SOCC (1) expenses and mileage	1,669,139	652,247	-	-	-	-	2,321,386
Rentals, leases, and utilities	7,935,544	1,309,675	1,923,523	502,993	161,181	51,989	11,884,905
Fees and purchased services	1,030,004	494,127	591,099	42,090	50,624	247,724	2,455,668
Office supplies and printing	546,313	445,527	545,757	309,995	23,189	9,693	1,880,474
Parking	-	-	-	6,662	-	-	6,662
Travel	6,585	5,680	20,638	59,976	563	2,515	95,957
Telephone	388,279	241,433	202,417	13,701	15,076	17,139	878,045
Insurance and bonds	49,708	183	1,857	-	-	78	51,826
Dues and subscriptions	138,926	142,292	27,437	38,354	248,684	17,642	613,335
Postage	588,698	252,466	4,175	3,155	418	353	849,265
Maintenance	532,583	454,292	282,296	62,248	1,464	240	1,333,123
Education and training	5,190	35	1,263	47,359	1,323	259	55,429
Expenditure reimbursements	-	-	(1,338,099)	-	-	-	(1,338,099)
Equipment and furnishings	239,573	401,930	181,707	138,925	-	48	962,183
Total	<u>\$ 52,660,677</u>	<u>\$ 30,305,013</u>	<u>\$ 13,242,928</u>	<u>\$ 16,908,446</u>	<u>\$ 2,774,754</u>	<u>\$ 2,781,900</u>	<u>\$ 118,673,718</u>

(1) SOCC - State Officers Compensation Commission

Michigan Legislature
Michigan House of Representatives
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 39,087,800	\$ 40,241,100
Legislative automated data processing appropriation	1,712,300	1,749,800
Property management appropriation	8,315,800	7,424,800
Adjustments to appropriations		
General purpose appropriations - supplemental increase	4,685,500	-
Authorizations carry forward from prior year	5,004,836	8,184,855
Miscellaneous revenue:		
Unrestricted	106,825	66,957
Total sources of authorizations	<u><u>\$ 58,913,061</u></u>	<u><u>\$ 57,667,512</u></u>
Disposition of authorizations		
Expenditures	\$ 50,713,623	\$ 52,660,677
Unexpended authorizations:		
Carried forward to next budget year:		
Encumbrances	1,016	10,929
Work projects	8,198,422	4,993,906
Lapsed authorizations	-	2,000
Total disposition of authorizations	<u><u>\$ 58,913,061</u></u>	<u><u>\$ 57,667,512</u></u>

Michigan Legislature
Michigan House of Representatives
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 25,059,588	\$ 26,953,398
FICA and retirement	8,186,860	6,541,780
Group insurance	4,039,495	6,034,957
Member's SOCC (1) expenses and mileage	1,657,678	1,669,139
Rentals, leases, and utilities	8,135,192	7,935,544
Fees and purchased services	684,911	1,030,004
Office supplies and printing	523,350	546,313
Travel	6,210	6,585
Telephone	369,926	388,279
Insurance and bonds	62,163	49,708
Dues and subscriptions	118,874	138,926
Postage	889,720	588,698
Maintenance	692,565	532,583
Education and training	7,013	5,190
Equipment and furnishings	<u>280,078</u>	<u>239,573</u>
Total	<u>\$ 50,713,623</u>	<u>\$ 52,660,677</u>

(1) SOCC - State Officers Compensation Commission

Michigan Legislature
Michigan Senate
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	2012	2011
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 24,598,800	\$ 25,504,300
Legislative automated data processing appropriation	2,156,800	2,203,200
Property management appropriation	1,815,700	1,815,700
Adjustments to appropriations		
General purpose appropriations - supplemental increase	3,222,100	-
Authorizations carry forward from prior year	5,975,733	6,769,763
Miscellaneous revenue:		
Unrestricted	73,690	80,244
Total sources of authorizations	<u>\$ 37,842,823</u>	<u>\$ 36,373,207</u>
Disposition of authorizations		
Expenditures	\$ 32,217,349	\$ 30,305,013
Unexpended authorizations:		
Carried forward to next budget year:		
Encumbrances	377,318	395,391
Work projects	5,247,387	5,580,342
Lapsed authorizations	769	92,461
Total disposition of authorizations	<u>\$ 37,842,823</u>	<u>\$ 36,373,207</u>

Michigan Legislature
Michigan Senate
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 17,006,037	\$ 17,805,935
FICA and retirement	6,401,471	4,892,416
Group insurance	2,550,111	3,206,775
Member's SOCC (1) expenses and mileage	659,860	652,247
Rentals, leases, and utilities	1,335,528	1,309,675
Fees and purchased services	456,964	494,127
Office supplies and printing	618,702	445,527
Travel	26,892	5,680
Telephone	237,935	241,433
Insurance and bonds	191	183
Dues and subscriptions	83,072	142,292
Postage	762,216	252,466
Maintenance	997,336	454,292
Education and training	7,850	35
Equipment and furnishings	<u>1,073,184</u>	<u>401,930</u>
Total	<u>\$ 32,217,349</u>	<u>\$ 30,305,013</u>

(1) SOCC - State Officers Compensation Commission

Michigan Legislature
Legislative Council
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	2012	2011
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 9,070,700	\$ 9,442,900
Legislative automated data processing appropriation	1,163,600	1,188,000
Property management appropriation	2,552,800	2,552,800
Adjustments to appropriations		
General purpose appropriations - supplemental increase	1,183,100	-
Authorizations carry forward from prior year	1,459,029	1,323,897
Miscellaneous revenue:		
Restricted	543,611	594,360
Intrafund reimbursement	(250,000)	(250,000)
Total sources of authorizations	<u>\$ 15,722,840</u>	<u>\$ 14,851,957</u>
Disposition of authorizations		
Expenditures	\$ 13,668,361	\$ 13,242,928
Less: intrafund expenditure reimbursements	(250,000)	(250,000)
Net expenditures	13,418,361	12,992,928
Unexpended authorizations:		
Carried forward to next budget year:		
Work projects	1,825,409	1,342,051
Restricted revenue	79,070	116,978
Lapsed authorizations	400,000	400,000
Total disposition of authorizations	<u>\$ 15,722,840</u>	<u>\$ 14,851,957</u>

Michigan Legislature
Legislative Council
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 6,378,868	\$ 6,719,915
FICA and retirement	3,285,689	2,489,081
Group insurance	1,517,635	1,589,862
Rentals, leases, and utilities	1,945,849	1,923,523
Fees and purchased services	598,536	591,099
Office supplies and printing	990,497	545,757
Travel	26,086	20,638
Telephone	212,852	202,417
Insurance and bonds	2,648	1,857
Dues and subscriptions	21,155	27,437
Postage	9,668	4,175
Maintenance	214,834	282,296
Education and training	8,444	1,263
Expenditure reimbursement	(1,660,732)	(1,338,099)
Equipment and furnishings	<u>116,332</u>	<u>181,707</u>
Total	<u>\$ 13,668,361</u>	<u>\$ 13,242,928</u>

Michigan Legislature
Office of the Auditor General
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 10,597,000	\$ 11,155,000
Adjustments to appropriation		
General purpose appropriations - supplemental increase	633,200	-
Authorizations carry forward from prior year	444,802	255,957
Miscellaneous revenue:		
Restricted	6,291,844	5,938,943
Intrafund reimbursement	(3,203,706)	(3,259,063)
Total sources of authorizations	<u>\$ 14,763,140</u>	<u>\$ 14,090,837</u>
Disposition of authorizations		
Expenditures	\$ 17,888,701	\$ 16,908,446
Less: intrafund expenditure reimbursements	<u>(3,203,706)</u>	<u>(3,259,063)</u>
Net expenditures	14,684,995	13,649,383
Unexpended authorizations:		
Carried forward to next budget year:		
Encumbrances	66,238	50,885
Work projects	11,281	390,569
Lapsed authorizations	626	-
Total disposition of authorizations	<u>\$ 14,763,140</u>	<u>\$ 14,090,837</u>

Michigan Legislature
Office of the Auditor General
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 10,111,852	\$ 10,314,962
FICA and retirement	5,003,396	3,602,260
Group insurance	1,740,150	1,765,766
Rentals, leases, and utilities	395,116	502,993
Fees and purchased services	39,889	42,090
Office supplies and printing	396,383	309,995
Parking	8,190	6,662
Travel	39,974	59,976
Telephone	15,197	13,701
Dues and subscriptions	42,141	38,354
Postage	3,154	3,155
Maintenance	19,643	62,248
Education and training	66,448	47,359
Equipment and furnishings	<u>7,168</u>	<u>138,925</u>
Total	<u><u>\$ 17,888,701</u></u>	<u><u>\$ 16,908,446</u></u>

Michigan Legislature
Senate Fiscal Agency
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 2,687,800	\$ 2,781,900
Adjustments to appropriation		
General purpose appropriations - supplemental increase	193,850	-
Total sources of authorizations	<u>\$ 2,881,650</u>	<u>\$ 2,781,900</u>
 Disposition of authorizations		
Expenditures	\$ 2,750,873	\$ 2,774,754
Lapsed authorizations	130,777	7,146
Total disposition of authorizations	<u>\$ 2,881,650</u>	<u>\$ 2,781,900</u>

Michigan Legislature
Senate Fiscal Agency
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	2012	2011
Salaries and wages	\$ 1,400,604	\$ 1,440,616
FICA and retirement	796,190	569,344
Group insurance	266,219	262,272
Rentals, leases, and utilities	165,722	161,181
Fees and purchased services	62,914	50,624
Office supplies and printing	30,467	23,189
Travel	3,426	563
Telephone	14,580	15,076
Dues and subscriptions	8,686	248,684
Postage	783	418
Maintenance	1,282	1,464
Education and training	-	1,323
Total	<u>\$ 2,750,873</u>	<u>\$ 2,774,754</u>

Michigan Legislature
House Fiscal Agency
Schedule of Sources and Disposition
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Sources of authorization		
Legislative appropriations:		
General purpose appropriations	\$ 2,687,800	\$ 2,781,900
Adjustments to appropriations		
General purpose appropriations - supplemental increase	<u>203,550</u>	<u>-</u>
Total sources of authorizations	<u><u>\$ 2,891,350</u></u>	<u><u>\$ 2,781,900</u></u>
 Disposition of authorizations		
Expenditures	\$ 2,821,200	\$ 2,781,900
Unexpended authorizations:		
Work projects	<u>70,150</u>	<u>-</u>
Total disposition of authorizations	<u><u>\$ 2,891,350</u></u>	<u><u>\$ 2,781,900</u></u>

Michigan Legislature
House Fiscal Agency
Schedule of Expenditures
Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Salaries and wages	\$ 1,615,205	\$ 1,589,605
FICA and retirement	797,409	559,889
Group insurance	240,057	284,726
Rentals, leases, and utilities	39,298	51,989
Fees and purchased services	89,897	247,724
Office supplies and printing	6,044	9,693
Travel	1,742	2,515
Telephone	13,572	17,139
Insurance and bonds	83	78
Dues and subscriptions	17,411	17,642
Postage	108	353
Maintenance	-	240
Education and training	239	259
Equipment and furnishings	<u>135</u>	<u>48</u>
Total	<u><u>\$ 2,821,200</u></u>	<u><u>\$ 2,781,900</u></u>



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Appendix I

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Michigan Legislature

and

Mr. Thomas H. McTavish, Auditor General
Lansing, Michigan

We have audited the Combining Schedules of Sources and Disposition of General Fund Authorizations of the Michigan Legislature for the State of Michigan for the years ended September 30, 2012 and 2011, which collectively comprise the Michigan Legislature's basic financial statements and have issued our report thereon dated February 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Michigan Legislature's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial schedules, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Michigan Legislature's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial schedules would not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Michigan Legislature's financial schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Legislature, and others within the entity, and is not intended and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
February 4, 2013

Appendix II

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement contract signed January 4, 2012 and engagement letter dated January 14, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 of the financial schedules. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial schedules prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. There were no significant estimates in the financial schedules.

Disclosures in the financial schedules are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures that were more than trivial.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial schedules or the auditors' report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial schedules or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Schedules

With respect to the supplementary information accompanying the financial schedules, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial schedules. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial schedules or to the financial schedules themselves.