OAG
Office of the Auditor General
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March 3, 2017

Mr. Doug Simon
Chief Financial Officer/Business Director
House of Representatives
Lansing, Michigan

Dear Mr. Simon:

Enclosed is a copy of the following audit report:

Michigan Legislature's Combined Statement of Sources and Disposition of General Fund Authorizations with Supplemental Schedules, from Plante Moran, for the years ended September 30, 2016 and 2015

Sincerely,

Doug Ringler
Auditor General

Enclosure

Michigan Legislature

Combined Statement of Sources and Disposition of General Fund Authorizations with Supplemental Schedules for the Years Ended September 30, 2016 and 2015

plante moran

audit · tax · consulting · wealth management

Michigan Legislature

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plante moran

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Independent Auditor's Report

To the Michigan Legislature and
Mr. Doug Ringler, CPA, CIA, Auditor General
Office of the Auditor General

Report on the Financial Statement

We have audited the accompanying combined statement of sources and disposition of General Fund authorizations of the Michigan Legislature as of and for the years ended September 30, 2016 and 2015 and the related notes (the "financial statement").

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined statement of sources and disposition of General Fund authorizations of the Michigan Legislature as of September 30, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

To the Michigan Legislature and
Mr. Doug Ringler, CPA, CIA, Auditor General
Office of the Auditor General

Emphasis of Matter

As discussed in Note 1, the accompanying financial statement of the Michigan Legislature was prepared for the purpose of presenting the combined statement of sources and disposition of the agencies within the State of Michigan's General Fund that comprise the Michigan Legislature, excluding the Legislative Retirement System. This financial statement is intended to present only the sources and disposition of General Fund authorizations for the Michigan Legislature and does not present nor is it intended to present the entire activity of the State of Michigan or its General Fund. Our opinion is not modified with respect to this matter.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the Michigan Legislature's combined statement of sources and disposition of General Fund authorizations. The accompanying supplemental schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the combined statement of sources and disposition of General Fund authorizations of the Michigan Legislature.

The accompanying supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental schedules are fairly stated in all material respects in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2017 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, 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* in considering the Michigan Legislature's internal control over financial reporting and compliance.

Plante & Moran, PLLC

February 8, 2017

Michigan Legislature

Combined Statement of Sources and Disposition of General Fund Authorizations
Year Ended September 30, 2016

Sources of Authorization	
Legislative appropriations:	
General purpose appropriations	$ 124,154,000
Legislative automated data processing appropriation	6,049,200
Property management appropriation	16,795,700
Adjustments to appropriations - General purpose and other appropriations	7,200,000
Authorizations carried forward from prior year	12,905,605
Miscellaneous revenue:	
Restricted	7,591,878
Intrafund reimbursement	(2,258,064)
Unrestricted	542,355
Total sources of authorizations	**$ 172,980,674**
Disposition of Authorizations	
Expenditures	$ 156,672,735
Intrafund expenditure reimbursements	(2,258,064)
Net expenditures	154,414,671
Unexpended authorizations carried forward to next budget year:	
Encumbrances	1,276,724
Capital outlay	242,129
Work projects	15,971,442
Restricted revenue	140,039
Lapsed authorizations	935,669
Total disposition of authorizations	**$ 172,980,674**

See Accompanying Notes to Statement of Sources and Disposition of General Fund Authorizations.

Michigan Legislature

Combined Statement of Sources and Disposition of General Fund Authorizations
Year Ended September 30, 2015

Sources of Authorization	
Legislative appropriations:	
General purpose appropriations	$ 119,891,000
Legislative automated data processing appropriation	5,930,600
Property management appropriation	16,329,200
Adjustments to appropriations - General purpose and other appropriations	50,000
Authorizations carried forward from prior year	13,760,857
Miscellaneous revenue:	
Restricted	7,544,864
Intrafund reimbursement	(2,192,960)
Unrestricted	429,477
Total sources of authorizations	**$ 161,743,038**
Disposition of Authorizations	
Expenditures	$ 149,481,083
Intrafund expenditure reimbursements	(2,192,960)
Net expenditures	147,288,123
Unexpended authorizations carried forward to next budget year:	
Encumbrances	269,876
Capital outlay	616,006
Work projects	11,926,617
Restricted revenue	93,106
Lapsed authorizations	1,549,310
Total disposition of authorizations	**$ 161,743,038**

See Accompanying Notes to Statement of Sources and Disposition of General Fund Authorizations.

Notes to Statements of Sources and Disposition of General Fund Authorizations September 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

The Michigan Legislature follows accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Reporting Entity - The accompanying statements of sources and disposition of General Fund authorizations have been prepared for the purpose of presenting the combined statement of sources and disposition of the agencies within the State of Michigan's General Fund that comprise the Michigan Legislature. These financial statements are intended to present only the sources and disposition of General Fund authorizations for the Michigan Legislature and do not present, nor are they intended to present, the entire activity of the State of Michigan or its General Fund. For the purpose of these statements, the Michigan Legislature includes the following agencies: the House of Representatives, the House Fiscal Agency, the Legislative Council, the State Capitol Historic Site, the Senate, the Senate Fiscal Agency, and the Office of the Auditor General. The statements do not include the activity of the Legislative Retirement System.

The accompanying statements of sources and disposition of General Fund authorizations report the total funds (general and work/capital project appropriations) available to the Michigan Legislature and the related disposition of such funds for the years ended September 30, 2016 and 2015.

Total funds available as reflected in the accompanying statements of sources and disposition of General Fund authorizations consist of legislative appropriations to these specific agencies, 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 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 statements, represent the purchase of goods and services, including payroll 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).

Note 1 - Summary of Significant Accounting Policies (Continued)

The notes accompanying these financial statements include only those disclosures that relate directly to the sources and dispositions of General Fund authorizations related to the Michigan Legislature. The SOMCAFR provides more extensive disclosures regarding the State's significant accounting policies and budgetary control.

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

Measurement Focus, Basis of Accounting, and Presentation - The financial statements 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.

Adjustments to Authorizations - Adjustments to authorizations represent any adjustments to the original appropriation bill and transfers among agencies.

Intrafund Reimbursement - Intrafund reimbursements represent monies that are transferred to agencies within the Michigan Legislature from other State of Michigan agencies external to the Michigan Legislature, but included in the General Fund of the State of Michigan. These transactions are presented as such to avoid overstating expenditures and revenue on the SOMCAFR.

Unexpended Authorizations

Encumbrances - Encumbrances represent 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 - 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Outlay - 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 451 of 1984, as amended, are met.

Restricted Revenue - Restricted revenue is 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.

Note 2 - Accumulated Employee Benefits

The accumulated employee benefits due to state legislative employees are estimated at $4,321,898 for September 30, 2016 and $4,046,716 for September 30, 2015. 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, State Capitol Historic Site, Office of the Auditor General, Senate Fiscal Agency, and House Fiscal Agency and is not reflected in the expenditures of these statements.

Supplemental Information

Michigan Legislature

Combining Schedule of Sources and Disposition of General Fund Authorizations
Year Ended September 30, 2016

	Michigan House of Representatives	Michigan Senate	Legislative Council	State Capitol Historic Site	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Sources of Authorization								
Legislative appropriations:								
General purpose appropriations	$ 51,176,800	$ 33,275,900	$ 12,705,400	$ 4,124,800	$ 15,460,100	$ 3,705,500	$ 3,705,500	$ 124,154,000
Legislative automated data processing appropriation	2,058,200	2,592,400	1,398,600	-	-	-	-	6,049,200
Property management appropriation	11,040,300	2,755,400	-	3,000,000	-	-	-	16,795,700
Adjustments to appropriations:								
General purpose and other appropriations	225,000	225,000	3,500,000	3,250,000	-	-	-	7,200,000
Transfers	-	336,019	(79,591)	79,591	-	(336,019)	-	-
Authorizations carried forward from prior year	3,175,525	4,676,197	2,854,074	1,255,244	892,225	52,340	-	12,905,605
Miscellaneous revenue:								
Restricted	-	-	86,480	273,688	7,231,710	-	-	7,591,878
Intrafund reimbursement	-	-	-	-	(2,258,064)	-	-	(2,258,064)
Unrestricted	456,031	86,324	-	-	-	-	-	542,355
Total sources of authorizations	**$ 68,131,856**	**$ 43,947,240**	**$ 20,464,963**	**$ 11,983,323**	**$ 21,325,971**	**$ 3,421,821**	**$ 3,705,500**	**$ 172,980,674**
Disposition of Authorizations								
Expenditures	$ 66,233,103	$ 36,496,238	$ 13,285,978	$ 11,410,757	$ 22,171,678	$ 3,369,481	$ 3,705,500	$ 156,672,735
Intrafund expenditure reimbursements	-	-	-	-	(2,258,064)	-	-	(2,258,064)
Net expenditures	66,233,103	36,496,238	13,285,978	11,410,757	19,913,614	3,369,481	3,705,500	154,414,671
Unexpended authorizations carried forward to next budget year:								
Encumbrances	774,539	144,369	-	202,987	154,829	-	-	1,276,724
Capital outlay	-	-	-	242,129	-	-	-	242,129
Work projects	1,124,214	7,303,968	6,766,068	328	724,524	52,340	-	15,971,442
Restricted revenue	-	-	12,917	127,122	-	-	-	140,039
Lapsed authorizations	-	2,665	400,000	-	533,004	-	-	935,669
Total disposition of authorizations	**$ 68,131,856**	**$ 43,947,240**	**$ 20,464,963**	**$ 11,983,323**	**$ 21,325,971**	**$ 3,421,821**	**$ 3,705,500**	**$ 172,980,674**

Michigan Legislature

Combining Schedule of Sources and Disposition of General Fund Authorizations
Year Ended September 30, 2015

	Michigan House of Representatives	Michigan Senate	Legislative Council	State Capitol Historic Site	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Sources of Authorization								
Legislative appropriations:								
General purpose appropriations	$ 49,446,200	$ 32,150,600	$ 12,211,300	$ 3,985,200	$ 14,937,300	$ 3,580,200	$ 3,580,200	$ 119,891,000
Legislative automated data processing appropriation	2,017,800	2,541,600	1,371,200	-	-	-	-	5,930,600
Property management appropriation	10,667,000	2,662,200	-	3,000,000	-	-	-	16,329,200
Adjustments to appropriations:								
General purpose and other appropriations	-	-	50,000	-	-	-	-	50,000
Transfers	(500,000)	(227,130)	-	1,000,000	-	(272,870)	-	-
Authorizations carried forward from prior year	5,832,356	3,848,632	3,018,317	-	961,552	100,000	-	13,760,857
Miscellaneous revenue:								
Restricted	-	-	48,476	274,926	7,221,462	-	-	7,544,864
Intrafund reimbursement	-	-	-	-	(2,192,960)	-	-	(2,192,960)
Unrestricted	353,890	74,646	-	-	941	-	-	429,477
Total sources of authorizations	**$ 67,817,246**	**$ 41,050,548**	**$ 16,699,293**	**$ 8,260,126**	**$ 20,928,295**	**$ 3,407,330**	**$ 3,580,200**	**$ 161,743,038**
Disposition of Authorizations								
Expenditures	$ 64,641,721	$ 36,373,189	$ 13,445,219	$ 7,004,882	$ 21,080,882	$ 3,354,990	$ 3,580,200	$ 149,481,083
Intrafund expenditure reimbursements	-	-	-	-	(2,192,960)	-	-	(2,192,960)
Net expenditures	64,641,721	36,373,189	13,445,219	7,004,882	18,887,922	3,354,990	3,580,200	147,288,123
Unexpended authorizations carried forward to next budget year:								
Encumbrances	597	132,054	-	-	137,225	-	-	269,876
Capital outlay	-	-	-	616,006	-	-	-	616,006
Work projects	3,174,928	4,544,143	2,760,989	639,217	755,000	52,340	-	11,926,617
Restricted revenue	-	-	93,085	21	-	-	-	93,106
Lapsed authorizations	-	1,162	400,000	-	1,148,148	-	-	1,549,310
Total disposition of authorizations	**$ 67,817,246**	**$ 41,050,548**	**$ 16,699,293**	**$ 8,260,126**	**$ 20,928,295**	**$ 3,407,330**	**$ 3,580,200**	**$ 161,743,038**

Michigan Legislature

Combining Schedule of Expenditures
Year Ended September 30, 2016

	Michigan House of Representatives	Michigan Senate	Legislative Council	State Capitol Historic Site	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Salaries and wages	$ 29,532,774	$ 18,977,118	$ 6,433,050	$ 1,375,802	$ 11,850,453	$ 1,748,690	$ 1,859,443	$ 71,777,330
FICA and retirement	13,550,224	9,415,510	3,581,600	773,607	6,891,081	980,074	1,061,451	36,253,547
Group insurance	6,139,213	2,865,254	1,085,113	284,504	1,937,340	355,048	263,214	12,929,686
Member's SOCC (1) expenses and mileage	1,660,728	702,620	-	-	-	-	-	2,363,348
Rentals, leases, and utilities	9,968,747	1,381,476	1,152,968	834,039	399,526	169,945	32,158	13,938,859
Fees and purchased services	1,386,364	629,367	752,082	655,678	54,149	60,893	438,064	3,976,597
Office supplies and printing	958,906	459,203	690,280	241,630	652,481	18,769	8,837	3,030,106
Parking	-	-	-	-	7,371	-	-	7,371
Travel	13,356	12,097	45,174	9,707	98,242	4,194	2,238	185,008
Telephone	339,157	226,939	157,108	18,603	14,546	14,118	13,650	784,121
Insurance and bonds	50,652	30,493	1,724	479	-	-	90	83,438
Dues and subscriptions	137,026	94,475	376,974	1,667	24,879	15,799	23,930	674,750
Postage	1,584,535	711,137	6,262	2,208	2,197	175	93	2,306,607
Maintenance	515,972	404,191	113,837	178,875	62,574	1,776	-	1,277,225
Education and training	2,655	10,030	1,648	176	160,249	-	2,244	177,002
Expenditure reimbursements	-	-	(1,384,526)	(60)	-	-	-	(1,384,586)
Equipment and furnishings	392,794	576,328	272,684	7,033,842	16,590	-	88	8,292,326
Total expenditures	**$ 66,233,103**	**$ 36,496,238**	**$ 13,285,978**	**$ 11,410,757**	**$ 22,171,678**	**$ 3,369,481**	**$ 3,705,500**	**$ 156,672,735**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Combining Schedule of Expenditures
Year Ended September 30, 2015

	Michigan House of Representatives	Michigan Senate	Legislative Council	State Capitol Historic Site	Office of the Auditor General	Senate Fiscal Agency	House Fiscal Agency	Total
Salaries and wages	$ 28,941,402	$ 18,527,357	$ 6,312,721	$ 981,289	$ 11,173,211	$ 1,672,920	$ 1,819,721	$ 69,428,621
FICA and retirement	13,881,988	9,845,311	3,575,562	736,216	6,836,579	1,004,156	1,096,617	36,976,429
Group insurance	3,928,846	3,084,557	1,032,150	286,974	1,738,029	346,816	268,401	10,685,773
Member's SOCC (1) expenses and mileage	1,704,951	695,728	-	-	-	-	-	2,400,679
Rentals, leases, and utilities	9,773,628	1,397,147	1,247,830	851,827	393,044	167,598	38,915	13,869,989
Fees and purchased services	1,418,779	456,368	388,568	550,244	40,692	59,405	311,814	3,225,870
Office supplies and printing	864,231	406,402	764,913	165,228	562,240	20,076	6,839	2,789,929
Parking	-	-	-	-	7,371	-	-	7,371
Travel	17,995	10,880	30,677	6,710	112,610	4,437	1,391	184,700
Telephone	338,567	221,390	152,720	18,386	12,994	14,308	13,104	771,469
Insurance and bonds	58,487	24,730	2,047	528	-	-	78	85,870
Dues and subscriptions	130,450	86,117	381,021	1,032	24,322	14,883	22,912	660,737
Postage	1,676,032	623,738	4,919	800	2,489	258	23	2,308,259
Maintenance	501,315	335,118	182,097	20,916	51,850	1,604	-	1,092,900
Education and training	4,277	9,158	5,140	60	117,966	-	338	136,939
Expenditure reimbursements	-	-	(1,323,261)	(1,995)	-	-	-	(1,325,256)
Equipment and furnishings	1,400,773	649,188	688,115	3,386,667	7,485	48,529	47	6,180,804
Total expenditures	**$ 64,641,721**	**$ 36,373,189**	**$ 13,445,219**	**$ 7,004,882**	**$ 21,080,882**	**$ 3,354,990**	**$ 3,580,200**	**$ 149,481,083**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
Michigan House of Representatives

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 51,176,800	$ 49,446,200
Legislative automated data processing appropriation	2,058,200	2,017,800
Property management appropriation	11,040,300	10,667,000
Adjustments to appropriations:		
General purpose and other appropriations	225,000	-
Transfers	-	(500,000)
Authorizations carried forward from prior year	3,175,525	5,832,356
Miscellaneous revenue:		
Restricted	-	-
Intrafund reimbursement	-	-
Miscellaneous revenue - Unrestricted	456,031	353,890
Total sources of authorizations	**$ 68,131,856**	**$ 67,817,246**
Disposition of Authorizations		
Expenditures	$ 66,233,103	$ 64,641,721
Intrafund expenditure reimbursements	-	-
Net expenditures	66,233,103	64,641,721
Unexpended authorizations carried forward to next budget year:		
Encumbrances	774,539	597
Capital outlay	-	-
Work projects	1,124,214	3,174,928
Restricted revenue	-	-
Lapsed authorizations	-	-
Total disposition of authorizations	**$ 68,131,856**	**$ 67,817,246**

Schedule of Expenditures
Michigan House of Representatives

	Year Ended	
	September 30, 2016	September 30, 2015
Salaries and wages	$ 29,532,774	$ 28,941,402
FICA and retirement	13,550,224	13,881,988
Group insurance	6,139,213	3,928,846
Member's SOCC (1) expenses and mileage	1,660,728	1,704,951
Rentals, leases, and utilities	9,968,747	9,773,628
Fees and purchased services	1,386,364	1,418,779
Office supplies and printing	958,906	864,231
Parking	-	-
Travel	13,356	17,995
Telephone	339,157	338,567
Insurance and bonds	50,652	58,487
Dues and subscriptions	137,026	130,450
Postage	1,584,535	1,676,032
Maintenance	515,972	501,315
Education and training	2,655	4,277
Expenditure reimbursements	-	-
Equipment and furnishings	392,794	1,400,773
Total expenditures	**$ 66,233,103**	**$ 64,641,721**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
Michigan Senate

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 33,275,900	$ 32,150,600
Legislative automated data processing appropriation	2,592,400	2,541,600
Property management appropriation	2,755,400	2,662,200
Adjustments to appropriations:		
General purpose and other appropriations	225,000	-
Transfers	336,019	(227,130)
Authorizations carried forward from prior year	4,676,197	3,848,632
Miscellaneous revenue:		
Restricted	-	-
Intrafund reimbursement	-	-
Miscellaneous revenue - Unrestricted	86,324	74,646
Total sources of authorizations	**$ 43,947,240**	**$ 41,050,548**
Disposition of Authorizations		
Expenditures	$ 36,496,238	$ 36,373,189
Intrafund expenditure reimbursements	-	-
Net expenditures	36,496,238	36,373,189
Unexpended authorizations carried forward to next budget year:		
Encumbrances	144,369	132,054
Capital outlay	-	-
Work projects	7,303,968	4,544,143
Restricted revenue	-	-
Lapsed authorizations	2,665	1,162
Total disposition of authorizations	**$ 43,947,240**	**$ 41,050,548**

Schedule of Expenditures
Michigan Senate

	Year Ended	
	September 30, 2016	September 30, 2015
Salaries and wages	$ 18,977,118	$ 18,527,357
FICA and retirement	9,415,510	9,845,311
Group insurance	2,865,254	3,084,557
Member's SOCC (1) expenses and mileage	702,620	695,728
Rentals, leases, and utilities	1,381,476	1,397,147
Fees and purchased services	629,367	456,368
Office supplies and printing	459,203	406,402
Parking	-	-
Travel	12,097	10,880
Telephone	226,939	221,390
Insurance and bonds	30,493	24,730
Dues and subscriptions	94,475	86,117
Postage	711,137	623,738
Maintenance	404,191	335,118
Education and training	10,030	9,158
Expenditure reimbursements	-	-
Equipment and furnishings	576,328	649,188
Total expenditures	**$ 36,496,238**	**$ 36,373,189**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
Legislative Council

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 12,705,400	$ 12,211,300
Legislative automated data processing appropriation	1,398,600	1,371,200
Property management appropriation	-	-
Adjustments to appropriations:		
General purpose and other appropriations	3,500,000	50,000
Transfers	(79,591)	-
Authorizations carried forward from prior year	2,854,074	3,018,317
Miscellaneous revenue:		
Unrestricted	86,480	48,476
Intrafund reimbursement	-	-
Unrestricted	-	-
Total sources of authorizations	**$ 20,464,963**	**$ 16,699,293**
Disposition of Authorizations		
Expenditures	$ 13,285,978	$ 13,445,219
Intrafund expenditure reimbursements	-	-
Net expenditures	13,285,978	13,445,219
Unexpended authorizations carried forward to next budget year:		
Encumbrances	-	-
Capital outlay	-	-
Work projects	6,766,068	2,760,989
Restricted revenue	12,917	93,085
Lapsed authorizations	400,000	400,000
Total disposition of authorizations	**$ 20,464,963**	**$ 16,699,293**

Schedule of Expenditures
Legislative Council

	Year Ended	
	September 30, 2016	September 30, 2015
Salaries and wages	$ 6,433,050	$ 6,312,721
FICA and retirement	3,581,600	3,575,562
Group insurance	1,085,113	1,032,150
Member's SOCC (1) expenses and mileage	-	-
Rentals, leases, and utilities	1,152,968	1,247,830
Fees and purchased services	752,082	388,568
Office supplies and printing	690,280	764,913
Parking	-	-
Travel	45,174	30,677
Telephone	157,108	152,720
Insurance and bonds	1,724	2,047
Dues and subscriptions	376,974	381,021
Postage	6,262	4,919
Maintenance	113,837	182,097
Education and training	1,648	5,140
Expenditure reimbursements	(1,384,526)	(1,323,261)
Equipment and furnishings	272,684	688,115
Total expenditures	**$ 13,285,978**	**$ 13,445,219**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
State Capitol Historic Site

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 4,124,800	$ 3,985,200
Legislative automated data processing appropriation	-	-
Property management appropriation	3,000,000	3,000,000
Adjustments to appropriations:		
General purpose and other appropriations	3,250,000	-
Transfers	79,591	1,000,000
Authorizations carried forward from prior year	1,255,244	-
Miscellaneous revenue:		
Restricted	273,688	274,926
Intrafund reimbursement	-	-
Unrestricted	-	-
Total sources of authorizations	**$ 11,983,323**	**$ 8,260,126**
Disposition of Authorizations		
Expenditures	$ 11,410,757	$ 7,004,882
Intrafund expenditure reimbursements	-	-
Net expenditures	11,410,757	7,004,882
Unexpended authorizations carried forward to next budget year:		
Encumbrances	202,987	-
Capital outlay	242,129	616,006
Work projects	328	639,217
Restricted revenue	127,122	21
Lapsed authorizations	-	-
Total disposition of authorizations	**$ 11,983,323**	**$ 8,260,126**

Schedule of Expenditures
State Capitol Historic Site

	Year Ended September 30, 2016	Year Ended September 30, 2015
Salaries and wages	$ 1,375,802	$ 981,289
FICA and retirement	773,607	736,216
Group insurance	284,504	286,974
Member's SOCC (1) expenses and mileage	-	-
Rentals, leases, and utilities	834,039	851,827
Fees and purchased services	655,678	550,244
Office supplies and printing	241,630	165,228
Parking	-	-
Travel	9,707	6,710
Telephone	18,603	18,386
Insurance and bonds	479	528
Dues and subscriptions	1,667	1,032
Postage	2,208	800
Maintenance	178,875	20,916
Education and training	176	60
Expenditure reimbursements	(60)	(1,995)
Equipment and furnishings	7,033,842	3,386,667
Total expenditures	**$ 11,410,757**	**$ 7,004,882**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
Office of the Auditor General

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 15,460,100	$ 14,937,300
Legislative automated data processing appropriation	-	-
Property management appropriation	-	-
Adjustments to appropriations:		
General purpose and other appropriations	-	-
Transfers	-	-
Authorizations carried forward from prior year	892,225	961,552
Miscellaneous revenue:		
Restricted	7,231,710	7,221,462
Intrafund reimbursement	(2,258,064)	(2,192,960)
Unrestricted	-	941
Total sources of authorizations	**$ 21,325,971**	**$ 20,928,295**
Disposition of Authorizations		
Expenditures	$ 22,171,678	$ 21,080,882
Intrafund expenditure reimbursements	(2,258,064)	(2,192,960)
Net expenditures	19,913,614	18,887,922
Unexpended authorizations carried forward to next budget year:		
Encumbrances	154,829	137,225
Capital outlay	-	-
Work projects	724,524	755,000
Restricted revenue	-	-
Lapsed authorizations	533,004	1,148,148
Total disposition of authorizations	**$ 21,325,971**	**$ 20,928,295**

Michigan Legislature

Schedule of Expenditures
Office of the Auditor General

	Year Ended	
	September 30, 2016	September 30, 2015
Salaries and wages	$ 11,850,453	$ 11,173,211
FICA and retirement	6,891,081	6,836,579
Group insurance	1,937,340	1,738,029
Member's SOCC (1) expenses and mileage	-	-
Rentals, leases, and utilities	399,526	393,044
Fees and purchased services	54,149	40,692
Office supplies and printing	652,481	562,240
Parking	7,371	7,371
Travel	98,242	112,610
Telephone	14,546	12,994
Insurance and bonds	-	-
Dues and subscriptions	24,879	24,322
Postage	2,197	2,489
Maintenance	62,574	51,850
Education and training	160,249	117,966
Expenditure reimbursements	-	-
Equipment and furnishings	16,590	7,485
Total expenditures	**$ 22,171,678**	**$ 21,080,882**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
Senate Fiscal Agency

	Year Ended	
	September 30, 2016	September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 3,705,500	$ 3,580,200
Legislative automated data processing appropriation	-	-
Property management appropriation	-	-
Adjustments to appropriations:		
General purpose and other appropriations	-	-
Transfers	(336,019)	(272,870)
Authorizations carried forward from prior year	52,340	100,000
Miscellaneous revenue:		
Restricted	-	-
Intrafund reimbursement	-	-
Unrestricted	-	-
Total sources of authorizations	**$ 3,421,821**	**$ 3,407,330**
Disposition of Authorizations		
Expenditures	$ 3,369,481	$ 3,354,990
Intrafund expenditure reimbursements	-	-
Net expenditures	3,369,481	3,354,990
Unexpended authorizations carried forward to next budget year:		
Encumbrances	-	-
Capital outlay	-	-
Work projects	52,340	52,340
Restricted revenue	-	-
Lapsed authorizations	-	-
Total disposition of authorizations	**$ 3,421,821**	**$ 3,407,330**

Schedule of Expenditures
Senate Fiscal Agency

	Year Ended	
	September 30, 2016	September 30, 2015
Salaries and wages	$ 1,748,690	$ 1,672,920
FICA and retirement	980,074	1,004,156
Group insurance	355,048	346,816
Member's SOCC (1) expenses and mileage	-	-
Rentals, leases, and utilities	169,945	167,598
Fees and purchased services	60,893	59,405
Office supplies and printing	18,769	20,076
Parking	-	-
Travel	4,194	4,437
Telephone	14,118	14,308
Insurance and bonds	-	-
Dues and subscriptions	15,799	14,883
Postage	175	258
Maintenance	1,776	1,604
Education and training	-	-
Expenditure reimbursements	-	-
Equipment and furnishings	-	48,529
Total expenditures	**$ 3,369,481**	**$ 3,354,990**

(1) SOCC - State Officer's Compensation Commission

Michigan Legislature

Schedule of Sources and Disposition of General Fund Authorizations
House Fiscal Agency

	Year Ended September 30, 2016	Year Ended September 30, 2015
Sources of Authorization		
Legislative appropriations:		
General purpose appropriations	$ 3,705,500	$ 3,580,200
Legislative automated data processing appropriation	-	-
Property management appropriation	-	-
Adjustments to appropriations:		
General purpose and other appropriations	-	-
Transfers	-	-
Authorizations carried forward from prior year	-	-
Miscellaneous revenue:	-	-
Restricted	-	-
Intrafund reimbursement	-	-
Unrestricted	-	-
Total sources of authorizations	**$ 3,705,500**	**$ 3,580,200**
Disposition of Authorizations		
Expenditures	$ 3,705,500	$ 3,580,200
Intrafund expenditure reimbursements	-	-
Net expenditures	3,705,500	3,580,200
Unexpended authorizations carried forward to next budget year:		
Encumbrances	-	-
Capital outlay	-	-
Work projects	-	-
Restricted revenue	-	-
Lapsed authorizations	-	-
Total disposition of authorizations	**$ 3,705,500**	**$ 3,580,200**

Schedule of Expenditures
House Fiscal Agency

	Year Ended September 30, 2016	Year Ended September 30, 2015
Salaries and wages	$ 1,859,443	$ 1,819,721
FICA and retirement	1,061,451	1,096,617
Group insurance	263,214	268,401
Member's SOCC (1) expenses and mileage	-	-
Rentals, leases, and utilities	32,158	38,915
Fees and purchased services	438,064	311,814
Office supplies and printing	8,837	6,839
Parking	-	-
Travel	2,238	1,391
Telephone	13,650	13,104
Insurance and bonds	90	78
Dues and subscriptions	23,930	22,912
Postage	93	23
Maintenance	-	-
Education and training	2,244	338
Expenditure reimbursements	-	-
Equipment and furnishings	88	47
Total expenditures	**$ 3,705,500**	**$ 3,580,200**

(1) SOCC - State Officer's Compensation Commission

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*

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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*

Independent Auditor's Report

To the Michigan Legislature and
Mr. Doug Ringler, CPA, CIA, Auditor General
Office of the Auditor General

We have audited, 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, the combined statement of sources and disposition of General Fund authorizations of the Michigan Legislature for the years ended September 30, 2016 and 2015 (the "financial statement") and the related notes to the financial statement, which collectively comprise Michigan Legislature's financial statement, and have issued our report thereon dated February 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Michigan Legislature's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Michigan Legislature's internal control. Accordingly, we do not express an opinion on the effectiveness of the Michigan Legislature's internal control.

A deficiency in internal control 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Michigan Legislature's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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To the Michigan Legislature and
Mr. Doug Ringler, CPA, CIA, Auditor General
Office of the Auditor General

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as Finding 2016-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Michigan Legislature's financial statement is free from 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.*

The Michigan Legislature's Response to Findings

The Michigan Legislature's response to the finding identified in our audit is described in the accompanying schedule of findings. The Michigan Legislature's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Michigan Legislature's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Michigan Legislature's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

February 8, 2017

Schedule of Findings
Years Ended September 30, 2015 and 2016

Reference Number	Finding
2016-001	**Finding Type** - Significant deficiency **Criteria** - Reconciliations should be performed between the State's accounting software and the independent software used at each agency to ensure the two systems report the same information. **Condition** - During 2015, the audit reconciliation between MAIN (State's system) and the software used for the state historic capitol site, a $217,000 variance was identified that was not discovered during the client's reconciliation process. **Context** - This agency had approximately $7 million of expenditures during 2015, and the variance was approximately $217,000. **Cause** - There were some entries related to salaries and wages that were recorded within MAIN that were not properly recorded within the agency's software. **Effect** - The reconciliation process completed by the agency did not catch this discrepancy, causing a variance between the agency's internal schedules and expenditures reported within MAIN. **Recommendation** - We recommend, in addition to reconciling the "60 screens" that currently takes place, the agency periodically reconciles to the DAFR reports to ensure balances are accurate. **Views of Responsible Officials and Planned Corrective Actions** - The following action was taken to improve the reconciliation between MAIN and our internal system. In addition to reconciling MainFacs 60 screen balances to the software used for the state capitol historic site, the DAFR7480 report was used to reconcile balances after the variance was discovered. In 2016, there was no variance between MainFacs and the internal system.