Michigan

Office of the Auditor General

REPORT SUMMARY

Financial Audit

Michigan Legislative Retirement System

October 1, 2000 through September 30, 2002

Report Number:
03-140-03

Released:
October 2003

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with State compliance requirements material to the financial statements. This financial audit of the Michigan Legislative Retirement System (MLRS) was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the MLRS financial statements.

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Internal Control Over Financial Reporting

We did not identify any material weaknesses in internal control over financial reporting.

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Noncompliance Material to the Financial Statements

We did not identify any instances of noncompliance applicable to the financial statements that are required to be reported under *Government Auditing Standards*.

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Background:

MLRS is a single employer, Statewide public employee, defined benefit retirement plan governed by the State of Michigan. MLRS was created by Act 261, P.A. 1957, as amended (Sections 38.1001 - 38.1080 of the *Michigan Compiled Laws*). MLRS was established by the State of Michigan for the purpose of providing retirement, survivor, and disability benefits to eligible legislators in the legislative branch of State government. An 11-member Board of Trustees administers MLRS.

A defined benefit retirement plan specifies the amount of pension benefits to be provided at a future date or after a certain period of time; the pension amount is usually dependent on factors such as a retiree's age, years of service, and compensation. Act 486, P.A. 1996, amended the MLRS enabling statute to mandate that persons elected to the Michigan Legislature after March 31, 1997 participate in a Statewide defined contribution retirement plan. The Statewide defined contribution retirement plan operates in a manner similar to a 401(k) plan in which contributions are made to a member's account. The amount received by the member at retirement depends only on the amounts contributed

and the investment earnings on those contributions. The MLRS defined benefit retirement plan is a closed plan, and all new legislators are automatically enrolled in the Statewide defined contribution retirement plan.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/

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