

AUDIT OF THE STATEMENT OF FINANCIAL
AFFAIRS OF THE GENERAL ASSEMBLY OF
THE COMMONWEALTH OF PENNSYLVANIA

The Legislative Audit Advisory Commission
of the Commonwealth of Pennsylvania
Fiscal Year Ended June 30, 2008
With Report of Independent Auditors

General Assembly of the Commonwealth of Pennsylvania

Statement of Financial Affairs

Fiscal Year Ended June 30, 2008

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Report of Independent Auditors

The Legislative Audit Advisory Commission of the
Commonwealth of Pennsylvania

We have audited the accompanying statement of financial affairs of the General Assembly for the fiscal year ended June 30, 2008. This financial statement is the responsibility of the General Assembly's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We were not engaged to perform an audit of the General Assembly's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the General Assembly's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The statement of financial affairs of the General Assembly presents a summary of the financial transactions of the General Assembly incurred in the conduct of its financial affairs, on the budgetary basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, as described in Note 1, and does not present transactions that would be included in financial statements presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States. Accordingly, the accompanying statement is not intended to present financial position or changes in financial position in conformity with accounting principles generally accepted in the United States.

In our opinion, the statement referred to above presents fairly, in all material respects, the appropriations, disbursements, commitments, and available balances of the General Assembly for the fiscal year ended June 30, 2008, on the basis of accounting as described in Note 1.

Ernst & Young LLP

December 17, 2008

General Assembly of the Commonwealth of Pennsylvania
Statement of Financial Affairs of the General Assembly

Fiscal Year Ended June 30, 2008

Legislative Department or Agency	Purpose of Appropriation	Total Appropriation	Available From Prior Year(s)	Disbursed	Lapsed	Total Commitments	Appropriation Balance (Deficit) After Commitments
Senate							
Chief Clerk: W. Russell Faber	Salaries of 50 Senators	\$ 5,700,000	\$ 3,028,483	\$ 5,574,214	\$ 212,393	\$ 18,726	\$ 2,923,151
	Salaries of service employees	9,000,000	3,029,607	9,724,146	171,103	332,880	1,801,478
	Salaries and wages of employees of the Chief Clerk	6,000,000	1,737,747	6,093,275	101,754	118,155	1,424,563
	Incidental expenses	3,226,000	2,942,336	2,920,018	154,170	163,532	2,930,616
	Senators' expenses	1,329,000	1,957,571	946,733	141,476	109,840	2,088,522
	Postage for Chief Clerk and Legislative Journal	1,465,000	1,374,239	1,051,376	50,382	1,000	1,736,481
	Legislative printing and expenses	16,400,000	38,306,146	9,619,866	2,455,696	10,615,213	32,015,371
	Pennsylvania and national flags for residents	24,000	39,456	20,851	2,129	--	40,476
President:							
Catherine Baker Knoll	Salaries of employees of the President of the Senate	340,000	41,319	364,958	94	14,961	1,306
	Contingent expenses	5,000	19	4,992	--	360	(333)
Floor Leader (R): Dominic Fileggi							
	Leadership operations (R)	--	1,418,699	1,418,699	--	--	--
	Computer services (R)	5,350,000	1,918,023	4,148,125	--	1,080,323	2,039,575
	Caucus operations (R)	19,250,000	1,712,149	18,075,048	4,338	1,251,424	1,631,339
	Committee and contingent expenses (R)	329,000	335,127	205,162	26,654	23,045	409,266
Floor Leader (D): Robert J. Mellow							
	Computer services (D)	5,350,000	5,690,640	4,395,728	369,334	292,949	5,982,629
	Caucus Operations (D)	19,250,000	7,953,856	19,659,158	440,675	745,218	6,358,805
	Committee and contingent expenses (D)	329,000	400,434	194,340	32,956	20,711	481,427
	Contingent expenses	--	14,264	304	13,960	--	--
Chairman - Appropriations Committee (R): Gibson E. Armstrong Chairman - Appropriations Committee (D): Gerald J. LaValle							
	Committee on Appropriations (R)	4,900,000	11,337,974	9,010,563	937,760	96,317	6,193,334
	Committee on Appropriations (D)	4,900,000	2,359,515	3,731,494	147,775	167,373	3,212,873
	Contingent expenses	--	19,169	--	19,169	--	--
President Pro Tempore: Joseph B. Scarnati, III							
	Contingent expenses	20,000	16,399	17,289	588	1,634	16,888
Chairman - Caucus (D): Jay Costa, Jr.							
	Contingent expenses	--	6,520	164	6,356	--	--

General Assembly of the Commonwealth of Pennsylvania
Statement of Financial Affairs of the General Assembly (continued)

Fiscal Year Ended June 30, 2008

Legislative Department or Agency	Purpose of Appropriation	Total Appropriation	Available From Prior Year(s)	Disbursed	Lapsed	Total Commitments	Appropriation Balance (Deficit) After Commitments
Senate (continued)							
Caucus Secretary (D): Vincent J. Hughes Chairman - Policy Committee (D): Richard A. Kasunic	Contingent expenses	\$ -	\$ 7,032	\$ 1,585	\$ 5,447	\$ -	\$ -
	Contingent expenses	-	5,091	-	5,091	-	-
		103,167,000	85,651,815	97,178,088	5,299,300	15,053,661	71,287,766
House of Representatives							
Chief Clerk: Roger Nick	Salaries of Representatives	19,222,000	1,969,546	18,900,613	-	254,892	2,036,041
	Salaries of Bipartisan Management Committee, Chief Clerk, and Comptroller	12,814,000	2,538,335	13,094,523	-	448,515	1,809,297
	Mileage of Representatives, officers, and employees	400,000	70,573	386,214	-	28,754	55,605
	Postage for Chief Clerk and Legislative Journal	3,000,000	2,468,759	1,441,118	194,538	39,823	3,793,280
	Contingent expenses	643,000	508,132	360,205	-	-	790,927
	Incidental expenses	8,845,000	2,026,485	8,337,211	210,616	527,691	1,795,967
	Representatives' expenses	5,133,000	5,688,536	5,783,068	345,471	269,067	4,423,930
	Information technology	14,000,000	5,424,226	12,318,343	147,531	1,384,708	5,573,644
	Legislative printing and expenses	17,165,000	3,964,852	18,400,414	6,732	13,747,733	(11,025,027)
	National Legislative Conference	527,000	1,020,785	150,201	77,438	-	1,320,146
	School for new members	15,000	25,164	-	2,139	-	38,025
	Pennsylvania and national flags for residents	24,000	42,114	35,890	1,927	6,261	22,036
Speaker: Dennis M. O'Brien	Salaries of Speaker's office	1,943,000	1,321,697	1,945,147	30,941	77,731	1,210,878
	Contingent expenses	20,000	15,034	24,578	-	-	10,456
Floor Leader (R): Samuel H. Smith	Special Leadership Account (R)	9,082,000	32,651,389	18,203,615	1,952,290	42,056	21,535,428
	Legislative Management Committee (R)	20,657,000	1,772,348	17,529,833	-	861,570	4,037,945
	Salaries of House employees (R)	16,225,000	2,061,458	14,506,311	-	747,804	3,032,343
	Contingent expenses	7,000	385	957	-	-	6,428

General Assembly of the Commonwealth of Pennsylvania
Statement of Financial Affairs of the General Assembly (continued)

Fiscal Year Ended June 30, 2008

Legislative Department or Agency	Purpose of Appropriation	Total Appropriation	Available From Prior Year(s)	Disbursed	Lapsed	Total Commitments	Appropriation Balance (Deficit) After Commitments
House of Representatives (continued)							
Floor Leader (D):							
H. William DeWeese	Special Leadership Account (D)	\$ 11,015,000	\$ 21,891,290	\$ 16,771,276	\$ 1,688,158	\$ 141,587	\$ 14,305,269
	Legislative Management Committee (D)	20,657,000	14,266,912	21,670,817	457,382	716,725	12,078,988
	Salaries of House employees (D)	20,225,000	4,364,980	17,601,018	--	1,141,328	5,847,634
	Contingent expenses	7,000	21,552	2,506	--	--	26,046
Chairman - Appropriations Committee (R):							
Mario J. Civera, Jr.	Committee on Appropriations (R)	5,730,000	7,124,973	1,934,825	514,303	74,680	10,311,165
	Contingent expenses	6,000	34,971	1,646	510	--	38,815
Chairman - Appropriations Committee (D):							
Dwight Evans	Committee on Appropriations (D)	5,730,000	13,740,332	2,945,737	1,044,630	100,013	15,379,912
	Contingent expenses	6,000	3,334	5,223	--	--	4,311
	Contingent expenses	6,000	2,769	4,305	--	--	4,464
	Contingent expenses	6,000	2,208	5,200	--	--	3,008
	Contingent expenses	3,000	3,255	371	--	--	5,884
	Contingent expenses	3,000	1,393	1,763	--	--	2,630
	Contingent expenses	3,000	1,013	1,119	--	--	2,894
	Contingent expenses	3,000	4,107	1,282	--	--	5,825
	Contingent expenses	2,000	2,989	2,430	--	--	2,559
	Contingent expenses	2,000	3,605	2,094	--	--	3,511
	Contingent expenses	2,000	5,128	4,753	--	--	2,375
	Contingent expenses	2,000	1,317	(651)	--	--	3,968

General Assembly of the Commonwealth of Pennsylvania
Statement of Financial Affairs of the General Assembly (continued)

Fiscal Year Ended June 30, 2008

Legislative Department or Agency	Purpose of Appropriation	Total Appropriation	Available From Prior Year(s)	Disbursed	Lapsed	Total Commitments	Appropriation Balance (Deficit) After Commitments
House of Representatives (continued)							
Staff Administrator (R):							
Anthony Aliano		\$ 20,000	\$ 137,235	\$ 23,568	\$ 45,100	\$ --	\$ 88,567
Staff Administrator (D):							
Scott V. Brubaker (1)							
Patti Lees (2)							
		20,000	38,823	18,823	1,700	--	38,300
		193,170,000	125,222,204	192,436,366	6,721,426	20,610,938	98,623,474
Legislative service agencies and miscellaneous appropriations							
Legislative Reference Bureau:							
Robert W. Zech, Director							
		7,598,000	6,714,830	7,375,212	--	90,336	6,847,282
		20,000	67,003	15,486	--	--	71,517
		795,000	633,259	864,251	--	--	564,008
		--	6,369,581	1,134,000	--	--	5,235,581
		2,250,000	3,489,672	2,313,480	144,038	332,986	2,949,168
		3,751,000	3,169,342	2,938,971	--	176,798	3,804,573
		1,795,000	1,241,394	2,000,797	27,917	133,921	873,759
		1,159,000	377,847	1,245,426	--	567,861	(276,440)
		28,000	149,789	4,417	--	--	173,372
		498,000	472,105	484,605	17,182	15,145	453,173
		178,000	101,191	55,569	3,878	--	219,744
		786,000	57,118	778,263	--	28,529	36,326
		2,050,000	1,337,314	2,170,724	64,240	111,059	1,041,291

General Assembly of the Commonwealth of Pennsylvania
Statement of Financial Affairs of the General Assembly (continued)

Fiscal Year Ended June 30, 2008

Legislative Department or Agency (continued)	Purpose of Appropriation	Total Appropriation	Available From Prior Year(s)	Disbursed	Lapsed	Total Commitments	Appropriation Balance (Deficit) After Commitments
Legislative service agencies and miscellaneous appropriations							
Capitol Preservation Committee:							
Paul I. Clymer, Chairman	Capitol Renovation Committee	\$ 900,000	\$ 425,974	\$ 658,672	\$ -	\$ 34,941	\$ 632,361
	Restoration of the Capitol	4,150,000	5,829,727	2,453,011	-	176,130	7,350,586
	Restoration of North Office Hearing Rooms	-	140,751	-	11,964	-	128,787
	Biographical Dictionary	197,000	-	197,000	-	-	-
	Rare Books Conservation	400,000	-	400,000	-	-	-
	Flag Conservation	60,000	160,684	29,687	-	10,984	180,013
	Centennial of the Capitol	-	328,831	11,697	317,134	-	-
	Salaries, wages, and expenses	-	33,112	-	33,112	-	-
	Miscellaneous expenses	-	181,568	-	181,568	-	-
	Miscellaneous expenses	50,000	240,744	41,964	21,146	40,000	187,634
	Miscellaneous expenses	220,000	-	110,000	-	-	110,000
	Miscellaneous expenses	1,300,000	75,382	1,374,996	12	7,422	(7,048)
	Miscellaneous expenses	28,185,000	31,597,218	26,658,228	822,191	1,726,112	30,575,687
		\$ 324,522,000	\$ 242,471,237	\$ 316,272,682	\$ 12,842,917	\$ 37,390,711	\$ 200,486,927

(1) Beginning of the fiscal year.
(2) End of the fiscal year.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement

June 30, 2008

1. Basis of Presentation

The General Assembly of the Commonwealth of Pennsylvania prepares its financial statement on the budgetary basis of accounting, which is essentially a cash basis modified for appropriations and certain commitments as discussed in Note 9. Accordingly, the accompanying financial statement is not intended to present changes in net assets in conformity with accounting principles generally accepted in the United States.

2. Appropriations and Lapses

Act 8-A of 2007 (2007 General Appropriations Act), which became effective July 1, 2007, specifies the amounts of monies appropriated to the various legislative departments and agencies of the General Assembly for the payment of the salaries, wages, and other costs and expenses incurred in the conduct of their activities, and for the purposes set forth in the Act, or other acts, for the fiscal year ended June 30, 2008. The Act provides that the monies so appropriated are to be used for the payment of costs and expenses incurred during the fiscal year ended June 30, 2008, and for payment of those costs and expenses remaining unpaid at the close of the preceding fiscal year. The Act also provides that the monies so appropriated shall be continuing appropriations.

In accordance with Act 77 of 2007, approximately \$12.8 million was lapsed from legislative appropriations to the Hazardous Sites Cleanup Fund.

3. Disbursements

The monies appropriated to the legislative departments and agencies of the General Assembly are disbursed by two methods.

Disbursements are made primarily by using the voucher transmittal method under which the department or agency must prepare and submit to the State Treasury a voucher transmittal form requesting payment to the payees shown and in the amounts listed on the transmittal. The department or agency includes all necessary bills, invoices, or other supporting documents with the voucher transmittal to enable the State Treasury to approve the request for payment and prepare the checks payable to the payees listed.

The remaining disbursements are made by using the advance appropriation method. Under this method, the department or agency requests the State Treasury to prepare a check payable to an officer or an employee of the department or agency in an amount specified on an advancement transmittal form submitted to the State Treasury. The checks are deposited in, and the bills are paid from, a checking account opened in a commercial bank by the officer or employee. Under this method, the legislative department or agency obtains the funds appropriated to it prior to the

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

3. Disbursements (continued)

payment of the costs and expenses incurred. The Act mentioned in Note 2 generally provides that any department or agency that receives monies under an advance appropriation must maintain in its files an accounting of the disbursement of such funds, together with supporting documents. The advance appropriation method is used for the following disbursements:

Senate

Incidental expenses

House of Representatives

Legislative Management Committee (R) and (D)

Special Leadership Account (R) and (D)

Committee on Appropriations (R) and (D)

Contingent expenses

Legislative Reference Bureau

Contingent expenses

Capitol Preservation Committee

Capitol Renovation Committee

Current-year budgetary disbursements as presented in the statement of financial affairs of the General Assembly have been adjusted by immaterial amounts for changes in voucher timing differences (i.e., processed prior to the fiscal year-end, but paid subsequent to the fiscal year-end) and changes in leadership advancement account cash balances at the end of the fiscal year, which are maintained in conventional checking accounts.

4. The Accounting and Operations Manual of the General Assembly, Senate Financial Operating Rules, and the Accounting and Operations Manual of the House of Representatives

The financial affairs of the General Assembly and the related service agencies comprise primarily the receipts and disbursements of monies appropriated to them in the annual appropriations acts and amendments thereto. In the appropriations acts, the descriptions of the purposes for which the monies are appropriated vary from specific to very general. As a result, the General Assembly and the related service agencies have supplemented the appropriations acts with rules and manuals containing more specific detail about the purposes for which appropriated monies could be disbursed and descriptions of the type and manner of documentation of such disbursements.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

4. The Accounting and Operations Manual of the General Assembly, Senate Financial Operating Rules, and the Accounting and Operations Manual of the House of Representatives (continued)

The Accounting and Operations Manual of the General Assembly was adopted by the rules committees of both the Senate and the House of Representatives. The Accounting and Operations Manual of the General Assembly incorporates applicable statutory provisions and sets forth the purposes for which appropriated funds can be expended. It also contains standards of documentation for disbursements and descriptions of the record-keeping procedures to be used in preparing and maintaining an accounting record of the disbursement of the appropriated funds. For fiscal years ended through June 30, 1979, the Accounting and Operations Manual of the General Assembly was amended as necessary to reflect changes in applicable aspects of the annual appropriations acts, other acts, and the rules of both the Senate and the House of Representatives.

The Senate Financial Operating Rules governing disbursements, adopted in June 1979 and updated periodically, had the effect of superseding the provisions of the Accounting and Operations Manual of the General Assembly. Accordingly, the Senate Financial Operating Rules became the primary standards governing the Senate's financial affairs and by which compliance must be determined during the independent auditors' post-disbursement audit examination. The House of Representatives adopted an amended Accounting and Operations Manual of the House of Representatives on January 5, 2001, from which date the corresponding standards for the conduct and examination of the financial affairs of the House of Representatives are provided by the Accounting and Operations Manual of the House of Representatives, as amended. The corresponding standards for the conduct and examination of the financial affairs of the various legislative service agencies, bureaus, committees, and commissions continue to be provided by the Accounting and Operations Manual of the General Assembly, as amended.

5. Available from Prior Year(s)

The General Appropriations Acts of 1977-2006 and amendments thereto provide that appropriations to the various legislative departments and agencies of the General Assembly are continuing appropriations. Therefore, appropriations unexpended at the end of an appropriation period are available in the subsequent appropriation period.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

6. Appropriation Adjustments

Act 2-A of 2006 (2006 General Appropriations Act) was the original bill enacting legislative appropriations for the 2006-2007 appropriation year. On July 17, 2007, Expenditure Symbol Notification Number 07-078 adjusted the original 2006 General Appropriations Act as follows:

<u>Purpose of Appropriation</u>	<u>Increasing/ Decreasing Adjustment</u>
House:	
Legislative Printing and Expenses	\$ 1,836,000
Special Leadership (R)	(918,000)
Special Leadership (D)	(918,000)
Legislative Management Committee (R)	(1,000,000)
Information Technology	1,000,000

The "available from prior years(s)" balances have been increased/decreased to reflect the above appropriation adjustment as a result of Expenditure Symbol Notification Number 07-78.

7. Appropriation Transfers

Act 2-A of 2006 (2006 General Appropriations Act) allowed the Bipartisan Management Committee of the House of Representatives and the Committee on Management Operations of the Senate to transfer funds between appropriations made in this Act or any other fiscal year for the House of Representatives and Senate, respectively, remaining unexpended and unencumbered as of the effective date of this Act as each committee deemed necessary. Such power to transfer appropriations was limited to the fiscal year ended June 30, 2008.

All appropriation transfers that occurred during the fiscal year ended June 30, 2008, are recorded as a disbursement in the "Disbursed" amount for the respective transferring appropriation, and as a reduction of disbursements in the "Disbursed" amount for the respective appropriation to which the funds were transferred.

8. Other Available Funds

In addition to the appropriations using the advancement method of disbursement, the Senate and the House of Representatives also maintain conventional checking accounts for the payment of certain member and employee benefits. Funds are disbursed from various appropriations for deposit into these accounts and payment of the benefit expenses.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

8. Other Available Funds (continued)

The following table summarizes the activity for each account for the fiscal year ended June 30, 2008:

	Funds Available from Prior Year	Net Current- Year Activity	Funds Available at June 30 2008
Senate Benefits Account	\$ 437,753	\$ 621,019	\$ 1,058,772
House Benefits Account	5,135,386	679,214	5,814,600

The net current-year activity represents the difference between deposits from other appropriations and health insurance rebates received and disbursements made for benefits. The funds available from prior year and at June 30, 2008, for the Senate Benefits Account and House Benefits Account represent the respective ending balances in the conventional checking accounts. These funds are available for payment of benefits but are not reflected in the statement of financial affairs. The disbursements from the appropriations for deposit in these accounts are reflected in the "Disbursed" amount for the respective appropriations in the statement of financial affairs.

The Senate and House Benefits Accounts have made disbursements of \$1,455,496 and \$176,969, respectively, for benefit costs incurred as of June 30, 2008, for which payment was made subsequent to June 30, 2008.

In addition to the above mentioned benefits accounts, the Senate and House have other funds available that are not included in the statement of financial affairs. On March 7, 2008, Expenditure Symbol Notification Number 08-020 established a Local Services Tax appropriation for both the Senate and House. These restricted receipt accounts are used to account for the receipt of Local Services Taxes for the Senate and the House to make quarterly disbursements to appropriate local tax collectors.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

8. Other Available Funds (continued)

The following table summarizes the activity for each account for the fiscal year ended June 30, 2008:

	Funds Available from Prior Year	Net Current- Year Activity	Funds Available at June 30 2008
Senate			
Local Services Tax			
Restricted Receipt Account	\$ -	\$ 11,064	\$ 11,064
House			
Local Services Tax			
Restricted Receipt Account	-	22,779	22,779

The net current-year activity represents the difference between Local Services Tax receipts from other appropriations and quarterly disbursements made to local tax collectors.

The Senate and House Local Services Tax Accounts have made disbursements to local tax collectors of \$10,748 and \$22,763, respectively, for taxes collected as of June 30, 2008, for which payment was made subsequent to June 30, 2008.

Two related service agencies also have funds available that are not included in the statement of financial affairs. These agencies are the Legislative Reference Bureau and the Capitol Preservation Committee. Each maintains a restricted receipts account, which is used to account for monies received from sources other than the state treasury.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

8. Other Available Funds (continued)

The following table summarizes the activity for each account for the fiscal year ended June 30, 2008:

	Funds Available from Prior Year	Net Current- Year Activity	Funds Available at June 30 2008
Legislative Reference Bureau			
Pennsylvania Consolidated Statutes Restricted Receipts Account	\$ 994,691	\$ 35,704	\$ 1,030,395
Capitol Preservation Committee			
Capitol Restoration Trust Fund Restricted Receipts Account	183,880	18,553	202,433

The net current-year activity for the Pennsylvania Consolidated Statutes Restricted Receipts Account represents net activity of receipts and disbursements from the sale and purchase of pamphlet laws and consolidated statutes. The net current-year activity for the Capitol Restoration Trust Fund Restricted Receipts Account represents contributions from the general public and disbursements for flags, flag preservation laboratory expenses, and other items of historical significance that are subject to Committee approval.

9. Appropriation Commitments

The General Appropriations Acts of 1977-2006 and amendments thereto provide that appropriations to the various legislative departments and agencies of the General Assembly are continuing appropriations. Therefore, appropriations unexpended at the end of an appropriation period are available in the subsequent appropriation period. However, various commitments relate to the continuing appropriation balance.

Beginning in fiscal year ended June 30, 2007, the General Assembly began presenting certain commitment amounts to enhance the presentation of the statement of financial affairs and provide a better analysis of uncommitted funds available at the end of the fiscal year. Certain other commitments such as other post-employment retirement benefits and future compensated leave payout amounts are not included in the reported commitment amounts.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

9. Appropriation Commitments (continued)

The following is a summary of the commitments presented in the statement of financial affairs at June 30, 2008.

	<u>Senate</u>	<u>House</u>	<u>LSAs</u>	<u>Total</u>
Commitments:				
Accounts payable	\$ 3,438,069	\$ 4,581,856	\$ 933,770	\$ 8,953,695
Accrued payroll	1,513,098	3,123,948	82,460	4,719,506
Lease commitments	10,102,494	12,905,134	709,882	23,717,510
Total	<u>\$ 15,053,661</u>	<u>\$ 20,610,938</u>	<u>\$ 1,726,112</u>	<u>\$ 37,390,711</u>

Accounts Payable

Accounts payable represents amounts the General Assembly owes to vendors for goods and services received and assets acquired.

Accrued Payroll

Accrued payroll represents wages the General Assembly owes its employees for work performed.

Lease Commitments

Lease commitments are regular payments over a specified number of years under long-term contracts entered into by the General Assembly for the use of various assets.

The commitment amounts reported in the statement of financial affairs are included for the purpose of showing certain budgetary basis commitments and are not intended to present financial position or changes in financial position in conformity with accounting principles generally accepted in the United States.

10. Contingencies

During the fiscal year ended June 30, 2007, the Attorney General's Office initiated an investigation into the propriety of supplemental payroll (bonus) payments made to certain General Assembly employees during the 2006-2007 fiscal year and other activities of certain employees.

General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)

10. Contingencies (continued)

This investigation is ongoing, and the impact of the investigation, if any, is not expected to have a material effect on the statement of financial affairs of the General Assembly for the fiscal year ended June 30, 2008.

11. Subsequent Events

On July 4, 2008, Act 38-A of 2008 (General Appropriation Act of 2008), Expenditure Symbol Notification Number 08-090, adjusted the original 2007 General Appropriations Act as follows:

<u>Purpose of Appropriation</u>	<u>Increasing Adjustment</u>
House: Legislative Printing and Expenses	\$ 529,000

The "available from prior years(s)" balances have not been increased to reflect the above appropriation adjustment as a result of Expenditure Symbol Notification Number 08-090, as this adjustment occurred after June 30, 2008.