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


PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY
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 of the Commonwealth of Pennsylvania (General Assembly) for the fiscal year ended June 30, 2010 (financial statement). 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, 2010, on the basis of accounting as described in Note 1.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

1009-1187739
Our audit was conducted for the purpose of forming an opinion on the statement of financial affairs taken as a whole. The schedule of disbursements by category is presented for purposes of additional analysis and is not a required part of the statement of financial affairs. Such information has been subjected to the auditing procedures applied in our audit of the statement of financial affairs and, in our opinion, is fairly stated in all material respects in relation to the statement of financial affairs taken as whole.

December __, 2010
General Assembly of the Commonwealth of Pennsylvania  

Statement of Financial Affairs of the General Assembly  

Fiscal Year Ended June 30, 2010

<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
<th>Available From Prior Year(s)</th>
<th>Disbursed</th>
<th>Total Commitments</th>
<th>Appropriation Balance (Deficit) After Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate</td>
<td></td>
<td>$5,636,000</td>
<td>$2,052,027</td>
<td>$6,059,615</td>
<td>47,444</td>
<td>$2,470,968</td>
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<tr>
<td>W. Russell Faber</td>
<td>Salaries of 50 Senators</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td>Salaries of service employees</td>
<td>8,970,000</td>
<td>3,387,641</td>
<td>8,369,960</td>
<td>104,412</td>
<td>3,883,269</td>
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<td>Salaries and wages of employees of the Chief Clerk</td>
<td>2,750,000</td>
<td>1,572,498</td>
<td>2,274,431</td>
<td>4,202</td>
<td>2,043,863</td>
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<tr>
<td></td>
<td>Incidental expenses</td>
<td>2,933,000</td>
<td>4,055,490</td>
<td>3,679,815</td>
<td>131,178</td>
<td>3,237,497</td>
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<tr>
<td></td>
<td>Senators' expenses</td>
<td>1,250,000</td>
<td>2,403,552</td>
<td>906,081</td>
<td>75,663</td>
<td>2,671,801</td>
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<tr>
<td></td>
<td>Postage for Chief Clerk and Legislative Journal</td>
<td>1,050,000</td>
<td>2,212,812</td>
<td>878,547</td>
<td>25,687</td>
<td>2,338,578</td>
</tr>
<tr>
<td></td>
<td>Legislative printing and expenses</td>
<td>2,500,000</td>
<td>35,140,422</td>
<td>9,012,312</td>
<td>6,205,361</td>
<td>27,422,849</td>
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<tr>
<td></td>
<td>Pennsylvania and national flags for residents</td>
<td>-</td>
<td>32,427</td>
<td>12,649</td>
<td></td>
<td>19,778</td>
</tr>
<tr>
<td>President:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joseph B. Scarnati, III</td>
<td>Salaries of employees of the President of the Senate</td>
<td>303,000</td>
<td>108,847</td>
<td>13,841</td>
<td></td>
<td>-398,006</td>
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<td></td>
<td>Contingent expenses</td>
<td>-</td>
<td>878</td>
<td>341</td>
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<td>537</td>
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<td>Floor Leader (D):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert J. Mellow</td>
<td>Computer services (D)</td>
<td>2,000,000</td>
<td>466,734</td>
<td>1,647,981</td>
<td>145,238</td>
<td>673,408</td>
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<td>Caucus operations (D)</td>
<td>28,716,500</td>
<td>23,426,701</td>
<td>27,063,923</td>
<td>435,218</td>
<td>24,642,560</td>
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<td>Committee and contingent expenses (D)</td>
<td>-</td>
<td>619,231</td>
<td>155,830</td>
<td>16,518</td>
<td>446,883</td>
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<tr>
<td>Floor Leader (R):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominic Pileggi</td>
<td>Computer services (R)</td>
<td>2,000,000</td>
<td>417,932</td>
<td>2,328,538</td>
<td>202,558</td>
<td>(113,164)</td>
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<tr>
<td></td>
<td>Caucus operations (R)</td>
<td>28,716,500</td>
<td>13,171,001</td>
<td>35,226,135</td>
<td>542,966</td>
<td>6,118,460</td>
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<tr>
<td></td>
<td>Committee and contingent expenses (R)</td>
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<td>558,178</td>
<td>136,291</td>
<td>10,409</td>
<td>411,483</td>
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<tr>
<td>Chairman – Appropriations Committee (D):</td>
<td>Committee on Appropriations (D)</td>
<td>100,000</td>
<td>37,601</td>
<td>24,518</td>
<td></td>
<td>113,083</td>
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<td>Jay Costa</td>
<td></td>
<td></td>
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<td>Chairman – Appropriations Committee (R):</td>
<td>Committee on Appropriations (R)</td>
<td>100,000</td>
<td>42,249</td>
<td>25,254</td>
<td>105</td>
<td>116,190</td>
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<tr>
<td>Jake Corman</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>President Pro Tempore:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Joseph B. Scarnati, III</td>
<td>Contingent expenses</td>
<td>-</td>
<td>26,345</td>
<td>19,209</td>
<td>881</td>
<td>6,255</td>
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PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY
### General Assembly of the Commonwealth of Pennsylvania

**Statement of Financial Affairs of the General Assembly (continued)**

**Fiscal Year Ended June 30, 2010**

<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
<th>Available From Prior Year(s)</th>
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<th>Appropriation Balance (Deficit) After Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House of Representatives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Clerk:</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Roger Nick</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Anthony F. Barbush (2)</td>
<td>Salaries of Representatives</td>
<td>$17,834,000</td>
<td>$2,480,134</td>
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<td>$18,140,462</td>
<td>$330,263</td>
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<td>Salaries of Bipartisan Management Committee, Chief Clerk and Comptroller</td>
<td>11,412,000</td>
<td>1,788,921</td>
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<td>10,623,085</td>
<td>289,286</td>
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<td>Mileage of Representatives, officers and employees</td>
<td>356,000</td>
<td>88,939</td>
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<td>331,983</td>
<td>32,559</td>
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<td></td>
<td>Postage for Chief Clerk and Legislative Journal</td>
<td>2,672,000</td>
<td>1,890,395</td>
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<td>1,714,605</td>
<td>27,643</td>
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<td>Contingent expenses</td>
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<td>980,674</td>
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<td>7,764,380</td>
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<td>Representatives' expenses</td>
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<td>3,390,421</td>
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<td>3,121,762</td>
<td>122,396</td>
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<td>Information technology (D)</td>
<td>5,500,000</td>
<td>5,570,022</td>
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<td>3,871,963</td>
<td>231,361</td>
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<td>Information technology (R)</td>
<td>6,564,000</td>
<td>4,784,369</td>
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<td>2,524,088</td>
<td>111,451</td>
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<td>Legislative printing and expenses</td>
<td>15,766,000</td>
<td>3,001,687</td>
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<td>16,628,159</td>
<td>10,170,233</td>
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<td></td>
<td>National Legislative Conference</td>
<td>489,000</td>
<td>721,908</td>
<td></td>
<td>655,725</td>
<td>66,183</td>
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<tr>
<td></td>
<td>School for new members</td>
<td>-</td>
<td>15,000</td>
<td></td>
<td>-</td>
<td>15,000</td>
</tr>
<tr>
<td></td>
<td>Pennsylvania and national flags for residents</td>
<td>-</td>
<td>32,764</td>
<td></td>
<td>32,764</td>
<td>-</td>
</tr>
<tr>
<td><strong>Speaker:</strong></td>
<td>Salaries of Speaker's office</td>
<td>1,731,000</td>
<td>1,512,036</td>
<td></td>
<td>914,909</td>
<td>20,436</td>
</tr>
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<td>Keith R. McCall</td>
<td>Contingent expenses</td>
<td>20,000</td>
<td>5,175</td>
<td></td>
<td>9,574</td>
<td>-</td>
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<tr>
<td><strong>Floor Leader (D):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Todd Eachus</td>
<td>Special Leadership Account (D)</td>
<td>10,328,000</td>
<td>14,409,598</td>
<td></td>
<td>10,087,621</td>
<td>92,352</td>
</tr>
<tr>
<td></td>
<td>Legislative Management Committee (D)</td>
<td>19,370,000</td>
<td>13,703,238</td>
<td></td>
<td>26,726,336</td>
<td>484,819</td>
</tr>
<tr>
<td></td>
<td>Salaries of House employees (D)</td>
<td>18,964,000</td>
<td>1,319,912</td>
<td></td>
<td>17,578,333</td>
<td>799,399</td>
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<td>Contingent expenses</td>
<td>7,000</td>
<td>29,715</td>
<td></td>
<td>1,450</td>
<td>-</td>
</tr>
<tr>
<td><strong>Floor Leader (R):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Samuel H. Smith</td>
<td>Special Leadership Account (R)</td>
<td>10,328,000</td>
<td>12,198,942</td>
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<td>5,466,607</td>
<td>46,558</td>
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<tr>
<td></td>
<td>Legislative Management Committee (R)</td>
<td>19,370,000</td>
<td>5,147,260</td>
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<td>22,438,734</td>
<td>580,518</td>
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<td>Salaries of House employees (R)</td>
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<td>4,799,062</td>
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<td>20,360,090</td>
<td>438,316</td>
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<tr>
<td></td>
<td>Contingent expenses</td>
<td>7,000</td>
<td>13,134</td>
<td></td>
<td>518</td>
<td>-</td>
</tr>
</tbody>
</table>

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**
<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
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<th>Total Commitments</th>
<th>Appropriation Balance (Deficit) After Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>House of Representatives (continued)</td>
<td>Committee on Appropriations (D)</td>
<td>$5,103,000</td>
<td>$17,341,494</td>
<td>$10,589,455</td>
<td>$9,314</td>
<td>$11,845,725</td>
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<tr>
<td></td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>3,012</td>
<td>4,012</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>Chairman – Appropriations Committee (R):</td>
<td>Committee on Appropriations (R)</td>
<td>$5,103,000</td>
<td>$12,412,840</td>
<td>$9,315,231</td>
<td>$25,152</td>
<td>$8,175,457</td>
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<td>Mario J. Cherda, Jr. (1)</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>44,432</td>
<td>82</td>
<td>-</td>
<td>50,350</td>
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<td>William F. Adolph, Jr. (2)</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>6,379</td>
<td>1,706</td>
<td>-</td>
<td>10,673</td>
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<tr>
<td>Whip (D):</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>8,045</td>
<td>1,908</td>
<td>-</td>
<td>12,137</td>
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<tr>
<td>H. William Dewees (1)</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>2,653</td>
<td>2,587</td>
<td>-</td>
<td>3,066</td>
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<tr>
<td>Frank Dermody (2)</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>6,866</td>
<td>163</td>
<td>-</td>
<td>9,703</td>
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<td>Whip (R):</td>
<td>Contingent expenses</td>
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<td>7,275</td>
<td>2,079</td>
<td>-</td>
<td>8,196</td>
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<tr>
<td>Mike Turcaia</td>
<td>Contingent expenses</td>
<td>6,000</td>
<td>5,286</td>
<td>932</td>
<td>-</td>
<td>7,354</td>
</tr>
</tbody>
</table>

Caucus Chairman (D):
- Mark B. Cohen
- Sandra Major
- Jennifer Mann
- Jerry Stern

Caucus Chairman (R):
- P. Michael Sturla
- Stan Saylor

Caucus Secretary (D):
- Sharon Hester
- Tracie Oden

Caucus Secretary (R):
- Tom Ditto

Caucus Administrator (D):
- Ron Dauten

Caucus Administrator (R):
- Merle H. Phillips

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY
### General Assembly of the Commonwealth of Pennsylvania

**Statement of Financial Affairs of the General Assembly (continued)**

**Fiscal Year Ended June 30, 2010**

<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
<th>Available From Prior Year(s)</th>
<th>Disbursed</th>
<th>Total Commitments</th>
<th>Appropriation Balance (Deficit) After Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>House of Representatives (continued)</strong></td>
<td>Contingent expenses</td>
<td>$20,000</td>
<td>$44,349</td>
<td>$4,910</td>
<td>-</td>
<td>$59,339</td>
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<tr>
<td>Staff Administrator (O): Patti Glasser</td>
<td>Contingent expenses</td>
<td>$20,030</td>
<td>94,972</td>
<td>11,089</td>
<td>-</td>
<td>103,883</td>
</tr>
<tr>
<td><strong>Legislative service agencies and miscellaneous appropriations</strong></td>
<td>Salaries, wages and expenses</td>
<td>6,767,000</td>
<td>7,150,052</td>
<td>8,308,044</td>
<td>46,502</td>
<td>5,562,506</td>
</tr>
<tr>
<td>Legislative Reference Bureau: Robert W. Zeck, Director</td>
<td>Contingent expenses</td>
<td>18,000</td>
<td>83,344</td>
<td>9,096</td>
<td>-</td>
<td>92,248</td>
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<tr>
<td>New drafting system</td>
<td>-</td>
<td>4,257,560</td>
<td>860,000</td>
<td>-</td>
<td>3,397,560</td>
<td></td>
</tr>
<tr>
<td><strong>Legislative Budget and Finance Committee:</strong> John R. Pippy, Chairman</td>
<td>Salaries, wages and expenses</td>
<td>1,775,000</td>
<td>3,240,502</td>
<td>1,678,793</td>
<td>105,817</td>
<td>3,230,892</td>
</tr>
<tr>
<td>Philip R. Durgin, Executive Director</td>
<td>Salaries, wages and expenses</td>
<td>2,819,000</td>
<td>3,293,245</td>
<td>4,767,531</td>
<td>237,301</td>
<td>1,107,413</td>
</tr>
<tr>
<td><strong>Joint State Government Commission:</strong> Florindo J. Fabrisio, Chairman</td>
<td>Salaries, wages and expenses</td>
<td>1,416,000</td>
<td>686,309</td>
<td>1,929,066</td>
<td>184,859</td>
<td>(11,616)</td>
</tr>
<tr>
<td>David L. Hostetter, Executive Director (1)</td>
<td>Salaries, wages and expenses</td>
<td>1,074,000</td>
<td>448,044</td>
<td>1,244,105</td>
<td>374,579</td>
<td>(96,640)</td>
</tr>
<tr>
<td>David S. John, JR, Executive Director (2)</td>
<td>Local government codes</td>
<td>22,000</td>
<td>48,727</td>
<td>2,677</td>
<td>-</td>
<td>108,050</td>
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<tr>
<td><strong>Local Government Commission:</strong> Robert D. Robbins, Chairman</td>
<td>Salaries, wages and expenses</td>
<td>393,000</td>
<td>485,750</td>
<td>446,420</td>
<td>26,329</td>
<td>406,001</td>
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<tr>
<td>Michael P. Gadbaw, Executive Director</td>
<td>Salaries, wages and expenses</td>
<td>165,000</td>
<td>167,894</td>
<td>262,500</td>
<td>-</td>
<td>70,394</td>
</tr>
<tr>
<td>Legislative Air and Water Pollution Control Commission: Scott E. Hutchinson, Chairman</td>
<td>Miscellaneous expenses</td>
<td>583,000</td>
<td>109,846</td>
<td>692,818</td>
<td>10,219</td>
<td>(10,191)</td>
</tr>
<tr>
<td><strong>Legislative Audit Advisory Commission:</strong> Josh Shapiro, Chairman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative Office for Research: Liaison: James R. Roebuck, Jr. Chairman</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr. Michael King, Executive Director (1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guy WP Jersjes, Deputy Executive Director (2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent Regulatory Review Commission:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY**
<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
<th>Available From Prior Year(s)</th>
<th>Disbursed</th>
<th>Total Commitments</th>
<th>Appropriation Balance (Deficit) After Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim Kaufman, Executive Director</td>
<td>Salaries, wages and expenses</td>
<td>1,697,000</td>
<td>928,188</td>
<td>2,122,581</td>
<td>88,513</td>
<td>414,094</td>
</tr>
</tbody>
</table>
General Assembly of the Commonwealth of Pennsylvania

Statement of Financial Affairs of the General Assembly (continued)

Fiscal Year Ended June 30, 2010

<table>
<thead>
<tr>
<th>Legislative Department or Agency</th>
<th>Purpose of Appropriation</th>
<th>Total Appropriation</th>
<th>Available From Prior Year(s)</th>
<th>Disbursed</th>
<th>Total (Deficit) After Appropriation Commitments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative service agencies and miscellaneous appropriations (continued)</td>
<td>Capitol Renovation Committee</td>
<td>$418,000</td>
<td>$662,831</td>
<td>$758,334</td>
<td>$9,073</td>
</tr>
<tr>
<td></td>
<td>Restoration of the Capitol</td>
<td>1,925,000</td>
<td>7,599,038</td>
<td>4,202,671</td>
<td>629,520</td>
</tr>
<tr>
<td></td>
<td>Restoration of North Office hearing rooms</td>
<td>-</td>
<td>128,787</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Biographical Dictionary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Rare Books Conservation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Flag Conservation</td>
<td>-</td>
<td>199,793</td>
<td>101,378</td>
<td>1,172</td>
</tr>
<tr>
<td>Council of State Government/Eastern Regional Conference – Annual Meeting and Regional Policy Forum:</td>
<td>Annual Meeting and Regional Policy Forum:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W. Russell Faber, Chief Clerk of the Senate</td>
<td>Anthony F. Barbush, Chief Clerk of the House of Representatives</td>
<td>Miscellaneous expenses</td>
<td>49,000</td>
<td>638,538</td>
</tr>
<tr>
<td>Pennsylvania Legislative Policy Database:</td>
<td></td>
<td>W. Russell Faber, Chief Clerk of the Senate</td>
<td>Miscellaneous expenses</td>
<td>-</td>
<td>217,000</td>
</tr>
<tr>
<td>Commonwealth Mail Processing Center:</td>
<td></td>
<td>Anthony F. Barbush, Chief Clerk of the House of Representatives</td>
<td>Miscellaneous expenses</td>
<td>1,037,000</td>
<td>456,778</td>
</tr>
<tr>
<td></td>
<td></td>
<td>W. Russell Faber, Chief Clerk of the Senate</td>
<td>Miscellaneous expenses</td>
<td>20,866,000</td>
<td>31,309,088</td>
</tr>
</tbody>
</table>

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

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY
General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement

June 30, 2010

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

Act 10-A of 2009 (2009 General Appropriations Act), which became effective July 1, 2009, 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, 2010. 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, 2010, 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.

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

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY
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**
  - 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.


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
General Assembly of the Commonwealth of Pennsylvania

Notes to the Financial Statement (continued)


appropriated monies could be disbursed and descriptions of the type and manner of documentation of such disbursements.

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 standard 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 1977-2008 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 Transfers

Act 38-A of 2008 (2008 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, 2010.
6. Appropriation Transfers (continued)

All appropriation transfers that occurred during the fiscal year ended June 30, 2010, 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.

7. 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.

The following table summarizes the activity for each account for the fiscal year ended June 30, 2010:

<table>
<thead>
<tr>
<th>Funds Available from Prior Year</th>
<th>Net Current-Year Activity</th>
<th>Funds Available at June 30 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senate Benefits Account</td>
<td>$ 470,258</td>
<td>$ 1,106,802</td>
</tr>
<tr>
<td>House Benefits Account</td>
<td>5,037,426</td>
<td>(4,231,248)</td>
</tr>
</tbody>
</table>

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, 2010, 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 House Benefits Account had made disbursements of $155,818 for benefit costs incurred as of June 30, 2010, for which payment was made subsequent to June 30, 2010. The Senate Benefits Account had no benefit costs incurred as of June 30, 2010.
7. Other Available Funds (continued)

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.

The following table summarizes the activity for each account for the fiscal year ended June 30, 2010:

<table>
<thead>
<tr>
<th>Senate: Local Services Tax: Restricted Receipt Account</th>
<th>Funds Available from Prior Year</th>
<th>Net Current-Year Activity</th>
<th>Funds Available at June 30 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,650</td>
<td>$1,143</td>
<td>$11,793</td>
<td></td>
</tr>
<tr>
<td>House: Local Services Tax: Restricted Receipt Account</td>
<td>25,717</td>
<td>(458)</td>
<td>25,259</td>
</tr>
</tbody>
</table>

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 $11,775 and $20,045, respectively, for taxes collected as of June 30, 2010, for which payment was made subsequent to June 30, 2010.

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)

7. Other Available Funds (continued)

The following table summarizes the activity for each account for the fiscal year ended June 30, 2010:

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Funds Available from Prior Year</th>
<th>Net Current-Year Activity</th>
<th>Funds Available at June 30 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative Reference Bureau Pennsylvania Consolidated Statutes Restricted Receipts Account</td>
<td>$1,058,896</td>
<td>$31,829</td>
<td>$1,090,725</td>
</tr>
<tr>
<td>Capitol Preservation Committee Capitol Restoration Trust Fund Restricted Receipts Account</td>
<td>314,948</td>
<td>58,723</td>
<td>373,671</td>
</tr>
</tbody>
</table>

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.

8. Appropriation Commitments

The General Appropriations Acts of 1977-2008 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)

8. Appropriation Commitments (continued)

The following is a summary of the commitments presented in the statement of financial affairs at June 30, 2010.

<table>
<thead>
<tr>
<th>Commitments:</th>
<th>Senate</th>
<th>House</th>
<th>LSAs</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 2,227,491</td>
<td>$ 4,264,158</td>
<td>$ 1,163,148</td>
<td>$ 7,654,797</td>
</tr>
<tr>
<td>Accrued payroll</td>
<td>-</td>
<td>$ 328,530</td>
<td>$ 134,514</td>
<td>$ 462,844</td>
</tr>
<tr>
<td>Lease commitments</td>
<td>$ 5,721,184</td>
<td>$ 9,710,508</td>
<td>$ 440,624</td>
<td>$15,872,316</td>
</tr>
<tr>
<td>Total</td>
<td>$ 7,948,675</td>
<td>$14,302,996</td>
<td>$ 1,738,286</td>
<td>$23,989,957</td>
</tr>
</tbody>
</table>

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.

9. 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.
9. 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, 2010.

10. Subsequent Event
Supplemental Schedule
General Assembly of the Commonwealth of Pennsylvania

Schedule of Disbursements by Category

Year Ended
June 30, 2010

Announcements
Education
Fixed Assets
Insurance
Leases
Miscellaneous/Other
Payroll/Benefits
Postage
Printing
Publications
Renovations/Preservations
Repairs/Maintenance
Services
Supplies
Transportation
Travel
Utilities

$