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# Legislative Assembly Office

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Financial Statements — As at March 31, 1999

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## Auditor's Report

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To the Speaker of the Legislative Assembly of Alberta:

I have audited the statement of financial position of the Office of the Legislative Assembly at March 31, 1999 and the statements of changes in net liabilities, operations and cash flows for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 1999 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

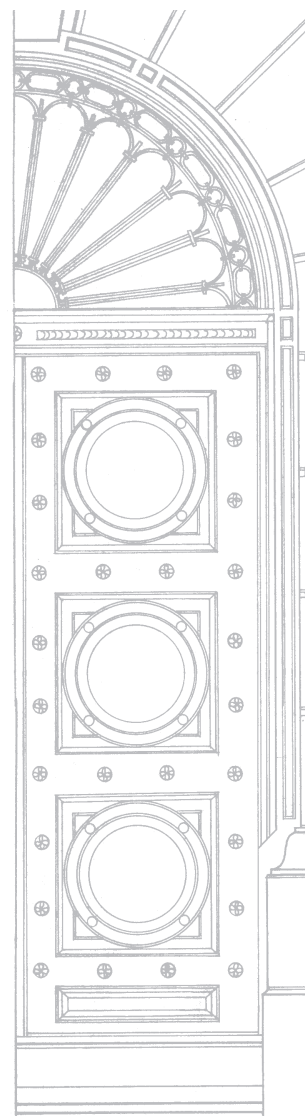
*Peter Valente* FCA  
Auditor General

Edmonton, Alberta  
March 26, 2001

## Statement of Financial Position – As at March 31, 1999

<b>Assets</b>	<b>1999</b>	<b>1998</b>
Current assets:		
Cash	\$ 2,200	\$ 1,550
Account receivable and advances (Note 4)	325,020	688,929
Inventory held for sale	228,686	210,988
	555,906	901,467
Capital assets (Note 5)	563,880	358,593
	<b>\$ 1,119,786</b>	<b>\$ 1,260,060</b>
<b>Liabilities and Net Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Note 6)	\$ 1,023,385	\$ 787,016
Members' transition allowance liability (Note 7)	4,482,752	2,722,683
Long-term disability insurance liability (Note 8)	14,197	18,200
Pension liability (Note 9)	622,580	603,000
Vacation pay liability (Note 10)	589,637	—
	5,709,166	3,343,883
Net liabilities	(5,612,765)	(2,870,839)
	<b>\$ 1,119,786</b>	<b>\$ 1,260,060</b>

The accompanying notes and schedules are part of these financial statements.





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Statement of Changes in Net Liabilities –  
Year Ended March 31, 1999

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	1999	1998
Net liabilities at beginning of year	\$ (2,870,839)	\$ (4,174,816)
Net operating results	(22,305,750)	(18,774,051)
Net transfer from general revenues	19,563,824	20,078,028
<b>Net liabilities at end of year</b>	<b>\$ (5,612,765)</b>	<b>\$ (2,870,839)</b>

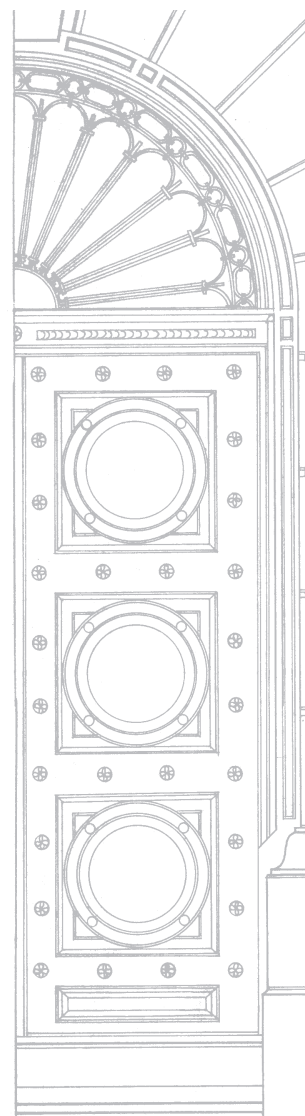
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The accompanying notes and schedules are part of these financial statements.

## Statement of Operations – Year Ended March 31, 1999

	1999		1998
	Budget	Actual	Actual
Revenues:			
Gift shop sales, services and fees	\$ 133,560	\$ 147,807	\$ 156,238
Contribution from Alberta Infrastructure for accommodation provided at no charge	–	384,286	461,000
	<b>\$ 133,560</b>	<b>532,093</b>	<b>617,238</b>
Expenses:			
Voted:			
Financial management and administrative services	364,941	357,973	302,808
Government Members' services	1,842,335	1,451,344	1,221,325
House services	1,115,428	1,185,648	1,079,949
Human resources services	425,607	421,901	403,917
Independent Member's services	–	4,995	–
Information systems	922,479	1,045,558	886,753
Legislative committees	159,045	131,335	105,688
Legislature Library	870,758	885,856	824,116
MLA administration	13,096,223	12,445,348	12,638,647
New Democrat Opposition services	234,033	235,600	234,328
Office of the Speaker	282,419	284,202	280,160
Official Opposition services	1,115,126	1,093,814	1,115,837
Public Information Branch	1,392,825	1,357,322	1,236,045
Fiscal Pressure Contingency (Note 11)	165,000	–	–
	<b>\$21,986,219</b>	<b>20,900,896</b>	<b>20,329,573</b>
Valuation adjustments			
Accommodation costs		384,286	461,000
Capitalization of assets expensed as supplies		(600,591)	(407,674)
Amortization of capital assets (Note 3 (b))		395,304	278,057
Provision for Members' transitional allowance liability		1,760,069	71,883
(Reduction in) long-term disability insurance liability (Note 8)		(4,003)	(688,050)
Provision for (reduction in) pension liability (Note 9)		19,580	(653,500)
Inventory		(17,698)	–
		1,936,947	(938,284)
		22,837,843	19,391,289
<b>Net operating results</b>		<b>\$(22,305,750)</b>	<b>\$(18,774,051)</b>

The accompanying notes and schedules are part of these financial statements.





## Statement of Cash Flows – Year Ended March 31, 1999

	1999	1998
Operating transactions:		
Net operating results	\$ (22,305,750)	\$ (18,774,051)
Add non-cash charges		
Amortization of capital assets	395,304	278,057
Funds provided to operations	(21,910,446)	(18,495,994)
Increase (decrease) in non-cash working capital:		
Increase in accounts payable and accrued liabilities	236,369	486,296
(Increase) decrease in accounts receivable & advances	363,909	(380,271)
(Increase) in inventory	(17,698)	(17,698)
	(582,580)	(88,327)
Cash used by operating transactions	(21,327,866)	(18,407,667)
Investing transactions:		
Acquisition of capital assets	(600,591)	(407,675)
Financing transactions:		
(Decrease) in long-term disability insurance liability	(4,003)	(688,050)
Increase (decrease) in pension liability	19,580	(653,500)
Increase in transition allowance	1,760,069	71,883
Increase in vacation pay liability	589,637	—
	2,365,283	(1,269,667)
Net transfer from general revenues	19,563,824	20,078,028
Net cash provided (used)	650	(6,981)
Cash, beginning of year	1,550	8,531
<b>Cash, end of year</b>	<b>\$ 2,200</b>	<b>\$ 1,550</b>

The accompanying notes and schedules are part of these financial statements.

## Notes to the Financial Statements – Year Ended March 31, 1999

### *Note 1 Authority*

The Legislative Assembly Office (the “Office”) is operated under the authority of the Legislative Assembly Act. Annual operating budgets are approved by the Special Standing Committee on Members’ Services.

### *Note 2 Purpose*

Within the traditions of parliamentary democracy as constitutionally established in Alberta, the Legislative Assembly:

- 1 Supports the Speaker of the Legislative Assembly in carrying out the duties of office.
- 2 Supports Members in carrying out their roles as elected representatives of the people of Alberta.
- 3 Records the proceedings and maintains the records of the Legislative Assembly.
- 4 Informs and educates the public on behalf of Members and institution of parliament.
- 5 Supports the Assembly in protecting its institutions and privileges.
- 6 Supports the exchange of information and ideas among legislatures.
- 7 Supports the Officers of the Legislature as required.

### *Note 3 Summary of Significant Accounting Policies and Reporting Practices*

These financial statements are prepared in accordance with the following accounting policies:

#### a) Reporting Entity

The reporting entity is the Legislative Assembly Office for which the Clerk of the Legislative Assembly is responsible.

The Office operates within the General Revenue Fund (the “Fund”). The Fund is administrated by the Provincial Treasurer. All receipts of the Office are deposited into the Fund and all disbursements made by the Office are paid from the Fund. The net transfer from the General Revenues is the difference between all cash receipts and all cash disbursements made.

#### b) Basis of Financial Reporting

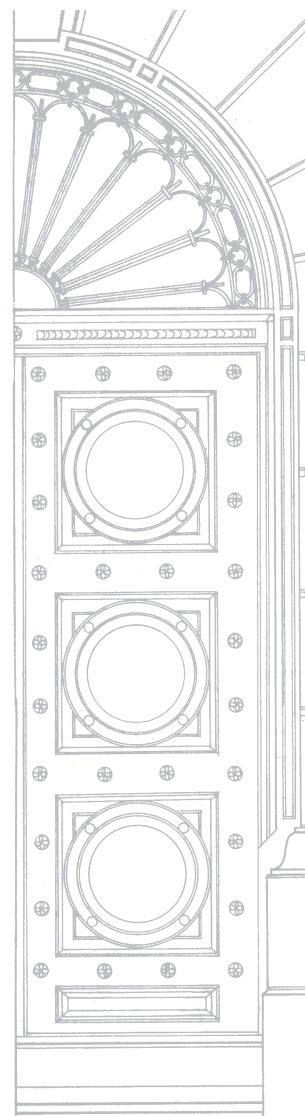
##### Revenues

All revenues are reported on the accrual basis of accounting.

##### Expenses

Expenses represent the costs of resources consumed during the year on the Office’s operations.

Pension expense included as part of the employer’s share of employee benefits, or as a valuation adjustment





to record the change in pension liability, comprises:

- (i) the cost of pension benefits earned by employees during the year,
- (ii) interest on the Office's share of the unfunded pension liability,
- (iii) amortization of deferred adjustments over the expected average remaining service life of employees,
- (iv) adjustments to the pension obligation in the event that there is reasonable assurance that a gain or loss has been realized, and
- (v) the effect of the change in the ratio used to allocate the plan's total unfunded liability to participating entities.

#### Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets and liabilities at their net recoverable or other appropriate value.

#### Assets

Financial assets of the Office are limited to financial claims such as advances to and receivables from other organizations, employers and other individuals.

Inventory held for sale is reported at the lower of cost and net realizable value.

Amortization is calculated on a straight-line basis, over the estimated

useful lives of the assets, invoiced at \$2,500 or greater, as follows:

Computer hardware and software	3 years
Office equipment	5 years
Furniture	10 years

The Office follows government budgetary practices that allow funds from an operating budget to be used to purchase capital assets. These purchases are included in expenses on the statement of operations, but are then removed from expenses through a valuation adjustment and are capitalized and amortized over their useful lives.

#### Liabilities

Liabilities include all financial claims payable by the Office at fiscal year end, including long-term disability benefits, certain pension benefits, and vacation pay.

The Members' Transition Allowance is estimated based on Members' years of service and their most recent indemnity and expense allowance amounts. The annual charge is the amount that is estimated to have been earned by Members during the year.

#### Net Liabilities

Net liabilities represent the difference between the value of assets held by the Office and its liabilities.

#### *Note 4*

#### Accounts Receivable and Advances

The fair value of accounts receivable and advances are estimated to approximate their book values.



#### *Note 5 Capital Assets*

<b>1999</b>				<b>1998</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 7,784	\$ 1,557	\$ 6,227	\$ —
Furniture	\$ 113,815	\$ 11,382	\$ 102,433	\$ —
Computer hardware and software	\$ 1,316,669	\$ 861,449	\$ 455,220	\$ 358,593
	<b>\$ 1,438,268</b>	<b>\$ 874,388</b>	<b>\$ 563,880</b>	<b>\$358,593</b>

#### *Note 6 Accounts Payable and Accrued Liabilities*

The fair values of accounts payable and accrued liabilities are estimated to approximate their book values.

#### *Note 7 Members' Transitional Allowance*

The Office implemented a Members' Transition Allowance on October 1, 1998. The provisions of the allowance were established in accordance with Members' Allowances Order (RMSC 1992, c. M-1, as amended, Section 9).

A transition allowance is paid to every Member at the time of dissolution of the Legislature, unless they are re-elected in the next election. Members who resign their seats are also eligible for the allowance.

The allowance is calculated by multiplying the highest rate of a Member's monthly indemnity and expense allowances by one month for every year of service prior to March 20, 1989, and two months for every year of service from March 20, 1989, up to a maximum of 12 years.

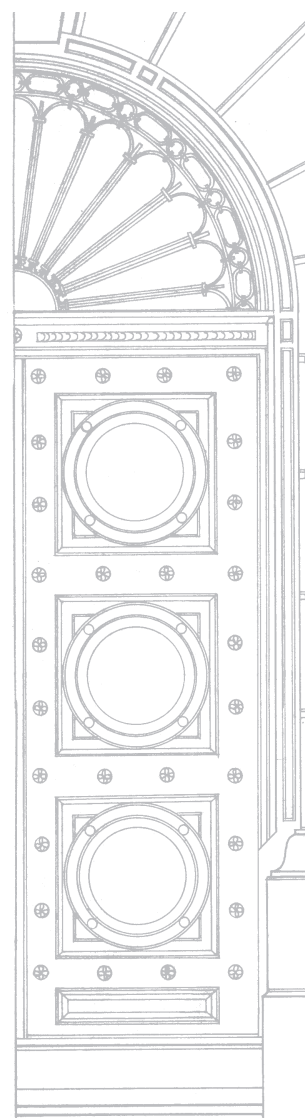
The most recent years of service are counted first, and there is no credit for years of service where the Member has previously received a payment under Section 9 or the predecessor Section. Eligible recipients may elect to be paid the allowance over a period of up to four years.

#### *Note 8 Long-Term Disability Insurance Liability*

The Office participates with Government of Alberta ministries in long-term disability insurance. The Office's portion of this liability is based on the Office's percentage of the total salaries of all government entities in the plan.

#### *Note 9 Pension Liability*

The Office participates with other employers in the Public Service Pension Plan and the Management Employees Pension Plan. These plans provide pensions for the Office's employees based on years of service and earnings. The Office had an unfunded pension liability for pre-1992 pensionable service for each





plan as at March 31, which was estimated as follows:

	1999	1998
Public Service Pension Plan	\$ 160,700	\$ 126,600
Management Employees Pension Plan	461,880	476,400
	<b>\$622,580</b>	<b>\$ 603,000</b>

The total unfunded pension liability for both plans as at March 31, 1999 was determined by actuarial valuation as at December 31, 1997, extrapolated to March 31, 1999. The 1998 comparatives were determined by extrapolation to March 31, 1998 of actuarial valuations as at December 31, 1995 for the Public Service Pension Plan and as at December 31, 1996 for the Management Employees Pension Plan.

The actuarial valuations were determined using the projected benefit method prorated on service. Assumptions used in the valuation are based on each Pension Board's best estimate of future events. Each Plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses which relate to the long-term are amortized over the expected average remaining service life of the employee group. Gains and losses for which there is reasonable assurance regarding their measurement and realization are recognized as income immediately.

The Public Sector Pension Plans Act specifies the basis to determine the amount of the total liability for each plan which will be funded by employers. The Office's portion of these employers' liabilities was based on the Office's percentage of the total pensionable payroll of all employers in the Plans.

#### *Note 10 Change in Accounting Policy – Vacation Pay Liability*

The Office has made a change in accounting policy to accrue the total accumulated vacation pay entitlement of \$589,637 as at March 31, 1999. This change was implemented to conform to Canadian generally accepted accounting principles. However, as the accrued vacation pay liability as at March 31, 1998 was not determinable, the change to the financial statements was made prospectively. As a result, the \$589,637 was charged entirely to the expenses in the year ended March 31, 1999. The net operating results for each of the years ended March 31, 1998 and March 31, 1999 are different, by an undetermined amount, from what they would have been if the change had been recorded on a retroactive basis.

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#### *Note 11 Budget*

##### Expenses:

1998-99  
authorized budget <sup>(a)</sup> \$ 21,986, 219

1998-99 actual expenses  
(excluding valuation adjustments) (20,900,896)

1998-99 unexpended  
(excluding valuation adjustments) \$ 1,085,323

<sup>(a)</sup> Legislative Assembly Estimates  
released on February 12, 1998.

The 1998-99 budget includes a Fiscal Pressure Contingency amount of \$165,000. This allocation from Treasury was intended to address public service salary settlements, and represents funding provided as a contingency should the Office's budget for salary increases prove inadequate. The final actual salary adjustments were distributed to individual program budgets.

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#### *Note 12 Related Party Transactions*

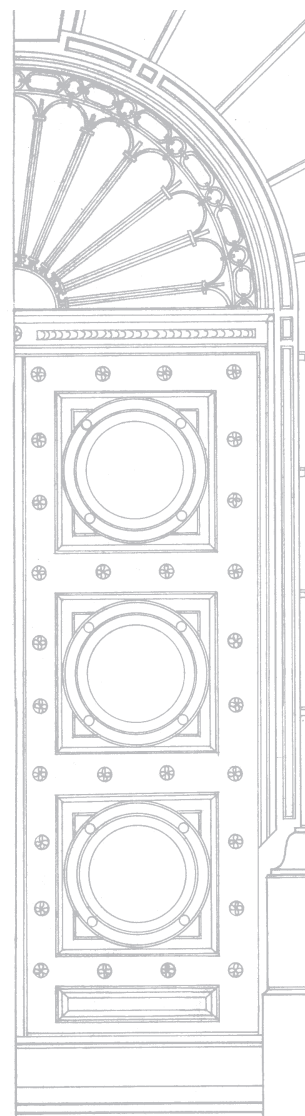
The Office is responsible for paying the remuneration of Members of the Legislative Assembly. A portion of the remuneration relates to allowances for service as a Minister of a government ministry or on a committee that a particular ministry is responsible for. In 1999, accounts receivable and advances include \$123,017 (1998 - \$520,665) of recoveries from the appropriate Government of Alberta ministries as these payments are not expenses of the Office.

The contribution from Alberta Infrastructure for accommodation provided at no charge to the Office in 1999 is \$384,286 (1998 - \$461,000.)

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#### *Note 13 Approval of Financial Statements*

These financial statements were approved by the Clerk of the Legislative Assembly.





Schedule 1  
Expenses Detailed by Object – Year Ended March 31, 1999

	1999		1998
	Budget	Actual	Actual
Expenses:			
Salaries, wages and employer contributions			
Legislative Assembly Office staff (Schedule 2)	–	\$ 3,768,563	\$ 3,351,262
Constituency Office, caucus, and other staff	–	4,746,833	4,661,428
	6,542,958	8,515,396	8,012,690
Supplies and services	9,001,389	6,335,332	6,110,033
Grants	2,560	1,700	1,700
Payments to MLAs and Executive Council	6,439,312	6,048,468	6,205,150
<b>Total expenses</b>	<b>\$ 21,986,219</b>	<b>\$ 20,900,896</b>	<b>\$ 20,329,573</b>

## Schedule 2

### Salary and Benefits Disclosure – Year Ended March 31, 1999

	1999			1998
	Salary <sup>(1)</sup>	Benefits and Allowances <sup>(2)</sup>	Total	Total
Senior official				
Clerk of the Legislative Assembly <sup>(3)</sup>	\$ 112,113 <sup>(4)</sup>	14,008	\$ 126,121	\$ 107,687
Senior Management Team				
Senior Financial Officer	80,593 <sup>(4)</sup>	13,116	93,709	81,968
Senior Parliamentary Counsel	78,623 <sup>(4)</sup>	12,750	91,373	82,682
Parliamentary Counsel	66,490 <sup>(4)</sup>	11,632	78,122	69,181
Director, Public Information Branch	66,442	11,763	78,205	70,330
Director, Human Resource Services	67,867 <sup>(4)</sup>	11,655	79,522	71,657
<sup>(5)</sup> Legislature Librarian	14,608 <sup>(4)</sup>	2,302	16,910	72,424
<sup>(6)</sup> Legislature Librarian	35,000	7,285	42,285	–
Assistant Legislature Librarian	62,828 <sup>(4)</sup>	11,260	74,088	64,513
Clerk Assistant	65,960 <sup>(4)</sup>	11,321	76,281	62,192
Sergeant-At-Arms	58,507	10,819	69,326	69,326
Manager, Financial Management and Administrative Services	50,000	8,934	58,934	52,672
Other managers	69,745 <sup>(4)</sup>	16,605	86,350	110,271
Manager Sub-total	715,663	129,442	845,105	806,614
Other salaried staff	1,849,029	283,365	2,132,394	1,773,738
Non-salaried staff <sup>(7)</sup>	627,601	37,342	664,943	663,223
	<b>\$ 3,304,406</b>	<b>\$ 464,157</b>	<b>\$ 3,768,563</b>	<b>\$ 3,351,262</b>

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments and any other direct cash remuneration.

(2) The Legislative Assembly Office's share of all employee benefits and contributions made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans.

(3) Automobile is provided, no dollar amount included in benefits and allowances figures.

(4) Includes vacation payout.

(5) Represents partial year due to retirement.

(6) Represents partial year due to new hire.

(7) Non-salaried staff includes all wage staff and others remunerated on an hourly basis with the exception of salaries and benefits paid under the STEP program.

