

# Legislative Assembly Office

Financial Statements As at March 31, 2001

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The Royal Canadian Legion Full Colour Party at the Annual Poppy Presentation in the Legislature Rotunda.

## AUDITOR'S REPORT

To the Speaker of the Legislative Assembly

I have audited the statement of financial position of the Legislative Assembly Office at March 31, 2001 and the statements of changes in net liabilities, operations, and changes in 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, 2001 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.

Edmonton, Alberta  
December 21, 2001

Peter Valentine, FCA  
Auditor General

## Statement of Financial Position

As at March 31, 2001

	2001	2000
Assets		
Current assets		
Cash	\$ 4,719	\$ 6,169
Prepaid lease payment	80,000	
Accounts receivable and advances	204,454	306,004
Inventory held for sale	229,429	231,512
	518,602	543,685
Capital assets: (Note 4)	764,022	589,913
	\$ 1,282,624	\$1,133,598
Liabilities & net liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 716,965	\$ 728,289
Members transition allowance liability (Notes 5 & 6)	4,713,315	5,353,277
Vacation pay liability	632,013	632,682
	5,345,328	5,985,959
Net liabilities	(4,779,669)	(5,580,650)
	\$ 1,282,624	\$1,133,598

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



## Statement of Changes in Net Liabilities

For the year ended March 31, 2001

	2001	2000
Net liabilities at beginning of year	\$ (5,580,650)	\$ (5,612,765)
Net operating results	(23,266,185)	(22,735,203)
Net transfer from general revenues	24,067,166	22,767,318
Net liabilities at end of year	\$ (4,779,669)	\$ (5,580,650)

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

## Statement of Operations For the year ended March 31, 2001

	2001 Budget	2001 Actual	2000 Actual
Revenues:			
Gift Shop sales, services and fees	\$ 182,600	\$ 159,975	\$ 165,484
Other		55,227	
Contribution from Alberta Infrastructure (for accommodation costs provided at no charge)		599,060	505,328
	182,600	814,262	670,812
Expenses:			
Voted:			
Financial Management and administrative services	436,418	418,679	393,412
Government Members services	1,963,206	1,597,080	1,495,957
House services	1,466,348	1,414,612	1,257,462
Human Resource Services	528,247	499,183	475,027
Independent Members services	46,743	45,265	15,747
Information systems	1,148,814	1,552,746	1,214,984
Legislative committees	178,119	94,807	108,379
Legislature Library	1,149,933	1,177,280	1,000,905
MLA administration	16,299,764	14,415,097	12,942,114
New Democrat Opposition services	205,708	244,440	244,114
Office of the Speaker	314,403	320,322	291,651
Official Opposition services	1,116,432	1,081,273	1,098,153
Public Information Branch	1,826,337	1,436,893	1,478,071
Vacant electoral division	46,743		
	26,727,215	24,297,677	22,015,976
Valuation adjustments:			
Accommodation costs		599,060	505,328
Capitalization of assets expensed as supplies		(653,317)	(462,502)
Amortization of capital assets (Note 3(b))		479,208	436,469
(Reduction in) provision for Members transition allowance liability		(639,962)	870,525
(Reduction in) provision for vacation pay liability		(669)	43,045
Asset expensed as lease payment		(80,000)	
Provision for employee benefit liability		39,418	
Provision for doubtful accounts receivable		41,115	
Net consumption of inventory		(2,083)	(2,826)
		(217,230)	1,390,039
		24,080,447	23,406,015
Net operating results		\$ (23,266,185)	\$ (22,735,203)

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

## Statement of Cash Flows

For the year ended March 31, 2001

	2001	2000
Operating transactions:		
Net operating results	\$ (23,266,185)	\$ (22,735,203)
Add non-cash charges		
Provision for doubtful accounts receivable	41,115	
Amortization of capital assets	479,208	436,469
(Decrease) increase in vacation pay liability	(669)	43,045
Increase in prepaid lease payment	(80,000)	
Decrease in accounts receivable and advances	60,435	19,016
Decrease (increase) in inventory	2,083	(2,826)
Decrease in accounts payable and accrued liabilities	(11,324)	(295,096)
Decrease (increase) in transition allowance	(639,962)	870,525
Decrease in long-term disability insurance liability		(14,197)
Decrease in pension liability		(622,580)
Cash used by operating transactions	(23,415,299)	(22,300,847)
Investing transactions:		
Acquisition of capital assets	(653,317)	(462,502)
Financing transactions:		
Net transfer from general revenues	24,067,166	22,767,318
Net cash provided (used)	(1,450)	3,969
Cash, beginning of year	6,169	2,200
Cash, end of year	\$ 4,719	\$ 6,169

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

# Notes to the Financial Statements

For the year ended March 31, 2001

## 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 Office will:

1. Support Members in carrying out their roles as elected representatives of the people of Alberta.
2. Support the Speaker of the Legislative Assembly in carrying out the duties of the office.
3. Record the proceedings and maintain and preserve the records of the Legislative Assembly.
4. Inform and educate the public on behalf of Members and the institution of Parliament.
5. Support the Assembly in protecting its institutions and privileges.
6. Support the exchange of ideas and information among Legislatures throughout the world.
7. Provide services to external clients 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 administered 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 assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay and transition allowance. Furthermore, accommodation costs, provided by Alberta Infrastructure at no cost, are included in valuation adjustments so as to show the entire cost of the operation of the Office.

#### ***Assets***

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

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

Capital assets of the Office are recorded at historical cost and amortized 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.

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



***Liabilities***

Liabilities include all financial claims payable by the Office at fiscal year-end.

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.


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

***Net Liabilities***

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

**Note 4 Capital Assets**

	<b>2001</b>			<b>2000</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 63,562	\$ 16,465	\$ 47,097	\$ 7,231
Furniture	361,946	70,001	291,945	190,432
Computer hardware and software	2,128,578	1,703,598	424,980	392,250
	\$ 2,554,086	\$ 1,790,064	\$ 764,022	\$ 589,913



#### **Note 5 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 6)

#### **Note 6 Subsequent Event**

On August 7, 2001, the Special Select Standing Committee of the Assembly on Members' Services passed the Members' Allowance Amendment Order (No. 8). Consequently, section 9 of the Members' Allowance Order was repealed and amended.

Under the amended section 9, the amount paid for service commencing on or after March 20, 1989, is determined by multiplying three months' salary, based on the average

monthly salary for the three calendar years in which the person received their highest salary, by the number of years the person served as a Member on or after March 20, 1989. For service periods prior to March 20, 1989, the allowance is still calculated by multiplying the highest rate of a Member's monthly indemnity and expense allowances, for one month for every year of service prior to March 20, 1989 with no year restrictions. 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.

In the event of death of an active Member, a transition allowance equivalent to the amount owed at passing is paid to the Member's estate.

The change in the calculation of the Members' transition allowance will be reported in the March 31, 2002 financial statements. The liability is estimated to be \$12 million for the year ended March 31, 2002, with the estimate based on the following assumptions:

1. The "average monthly salary for the three calendar years in which the person received their highest salary" is represented by remuneration received by Members in July, 2001.
2. Length of service is calculated assuming service ends on March 31, 2002.

#### **Note 7 Pension Liability**

The Office participates in the following multiemployer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Office also participates in

the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of \$314,872 for the year ending March 31, 2001 (2000 - \$264,080).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of \$104,658,000 (1999 - \$46,019,000) and the Public Service Pension Plan reported a surplus of \$635,084,000 (1999 - \$517,020,000). At December 31, 2000, the Supplementary Retirement Plan for Public Service Managers had a surplus of \$180,000 (2000-\$33,000).

#### **Note 8 Budget**

Expenses:	
2000-2001 budget <sup>(a)</sup>	\$ 26,727,215
2000-2001 actual expenses (excluding valuation adjustments)	(24,297,677)
2000-2001 unexpended (excluding valuation adjustments)	\$ 2,429,538

<sup>a)</sup> Legislative Assembly Estimates released on February 24, 2000.

#### **Note 9 Approval of Financial Statements**

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

Schedule I

## Expenses Detailed by Object

For the year ended March 31, 2001

	2001		2000
	Budget	Actual	Actual
Expenses:			
Salaries, wages and employer contributions			
Legislative Assembly Office Staff (Schedule 2)		\$ 4,719,376	\$4,122,962
Constituency Office, caucus, and other staff		4,871,597	4,937,213
	7,506,653	9,590,973	9,060,175
Supplies and services	10,505,884	6,894,083	6,540,670
Grants	3,460	1,800	5,100
Payments to MLAs and Executive Council	8,711,218	7,810,821	6,410,031
Total Expenses	\$ 26,727,215	\$ 24,297,677	\$ 22,015,976

Schedule 2

## Salary and Benefits Disclosure

For the year ended March 31, 2001

	2001			2000
	Salary <sup>(1)</sup>	Benefits & Allowances <sup>(2)</sup>	Total	Total
Senior Official Clerk of the Legislative Assembly <sup>(3)</sup>	\$ 132,611 <sup>(4)</sup>	\$ 33,682	\$ 166,293	\$ 148,289
Senior Management Team				
Senior Financial Officer	111,487 <sup>(4)</sup>	15,527	127,014	94,649
Senior Parliamentary Counsel	107,614 <sup>(4)</sup>	17,882	125,496	91,431
Senior Parliamentary Counsel	101,139	15,705	116,844	84,345
Director, Public Information Branch	55,508	15,140	70,648	78,720
Director, Human Resource Services	84,300 <sup>(4)</sup>	13,603	97,903	80,055
Legislature Librarian	75,422	12,284	87,706	76,057
Assistant Legislature Librarian	76,854 <sup>(4)</sup>	12,922	89,776	73,236
Clerk Assistant	80,600 <sup>(4)</sup>	13,199	93,799	76,717
Sergeant-At-Arms	76,213	12,892	89,105	69,575
Manager, Financial Management and Administrative Services	65,635	10,836	76,471	58,880
Other Managers	130,070 <sup>(4)</sup>	19,672	149,742	115,730
Manager Sub-total	964,842	159,662	1,124,504	899,395
Other salaried staff	2,338,006	355,028	2,693,034	2,390,825
Non-salaried staff <sup>(5)</sup>	689,603	45,942	735,545	684,453

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

<sup>(2)</sup> Benefits and allowances include 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.

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

<sup>(4)</sup> Includes vacation payout.

<sup>(5)</sup> Non-salaried staff includes all wage staff and others remunerated on an hourly basis with exception of salaries and benefits paid under the STEP program.