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.

Peter Valentine, FCA Auditor General

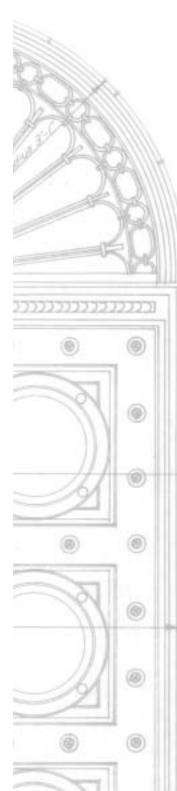
Edmonton, Alberta December 21, 2001

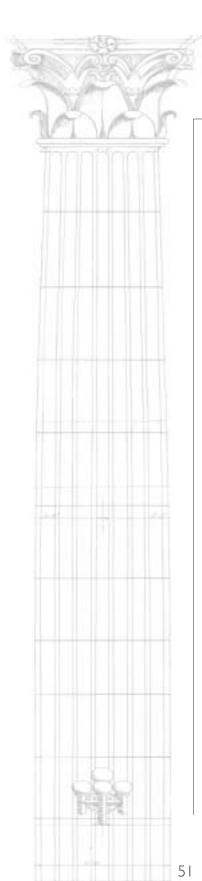
Statement of Financial Position

As at March 31, 2001

	2001	2000
Assets Current assets		
Cash Prepaid lease payment Accounts receivable and advances Inventory held for sale	\$ 4,719 80,000 204,454 229,429	\$ 6,169 306,004 231,512
	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) Vacation pay liability	4,713,315 632,013	5,353,277 632,682
	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)

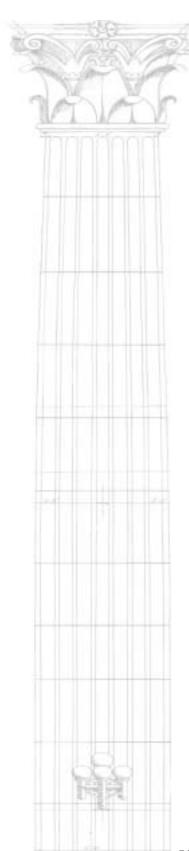
The accompanying notes and schedules are part of these financial statements.

Statement of Operations For the year ended March 31, 2001

	200 l Budget	200 I Actual	2000 Actual
Revenues: Gift Shop sales, services and fees Other Contribution from Alberta Infrastructure (for accommodation costs provided at no charge)	\$ 182,600	\$ 159,975 55,227 599,060	\$ 165,484 505,328
	182,600	814,262	670,812
Expenses: Voted: Financial Management and administrative services Government Members services House services Human Resource Services Independent Members services Information systems Legislative committees Legislature Library MLA administration New Democrat Opposition services Office of the Speaker Official Opposition services Public Information Branch Vacant electoral division	436,418 1,963,206 1,466,348 528,247 46,743 1,148,814 178,119 1,149,933 16,299,764 205,708 314,403 1,116,432 1,826,337 46,743	418,679 1,597,080 1,414,612 499,183 45,265 1,552,746 94,807 1,177,280 14,415,097 244,440 320,322 1,081,273 1,436,893	393,412 1,495,957 1,257,462 475,027 15,747 1,214,984 108,379 1,000,905 12,942,114 244,114 291,651 1,098,153 1,478,071
	26,727,215	24,297,677	22,015,976
Valuation adjustments: Accommodation costs Capitalization of assets expensed as supplies Amortization of capital assets (Note 3(b)) (Reduction in) provision for Members transition allowance liability (Reduction in) provision for vacation pay liability Asset expensed as lease payment Provision for employee benefit liability Provision for doubtful accounts receivable Net consumption of inventory		599,060 (653,317) 479,208 (639,962) (669) (80,000) 39,418 41,115 (2,083)	505,328 (462,502) 436,469 870,525 43,045
		(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 Add non-cash charges Provision for doubtful accounts receivable Amortization of capital assets (Decrease) increase in vacation pay liability Increase in prepaid lease payment Decrease in accounts receivable and advances Decrease (increase) in inventory Decrease in accounts payable and accrued liabilities Decrease (increase) in transition allowance Decrease in long-term disability insurance liability Decrease in pension liability	\$ (23,266,185) 41,115 479,208 (669) (80,000) 60,435 2,083 (11,324) (639,962)	\$ (22,735,203) 436,469 43,045 19,016 (2,826) (295,096) 870,525 (14,197) (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 theses financial statements.

Notes to the Financial Statements

For the year ended March 31, 2001

Note I 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 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 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 3 years and software
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

		2001		
	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

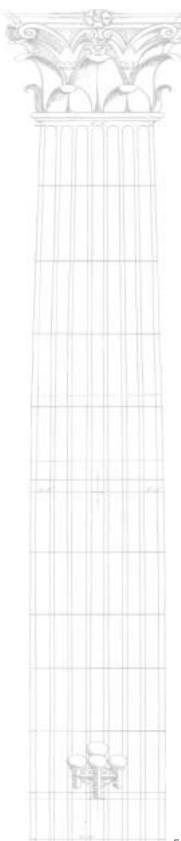
Expenses:	
2000-200 budget ^(a)	\$ 26,727,215
2000-2001 actual expenses (excluding valuation adjustments)	(24,297,677)
2000-2001 unexpended (excluding valuation adjustments)	\$ 2,429,538

^{a)} 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

	200	2000	
	Budget	Actual	Actual
Expenses: Salaries, wages and employer contributions Legislative Assembly Office Staff (Schedule 2) Constituency Office, caucus, and other staff		\$ 4,719,376 4,871,597	\$4,122,962 4,937,213
	7,506,653	9,590,973	9,060,175
Supplies and services Grants Payments to MLAs and Executive Council	10,505,884 3,460	6,894,083 1,800	6,540,670 5,100
Total Expenses	8,711,218 \$ 26,727,215	7,810,821 \$ 24,297,677	6,410,031 \$ 22,015,976

Schedule 2

Salary and Benefits Disclosure For the year ended March 31, 2001

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

- (1) Salary includes regular base pay, bonuses, overtime, lump sum payments and any other direct cash remuneration.
- ⁽²⁾ Benefits and allowances include the Legislative Assembly Offices 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) 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.

