



Legislative Assembly Office

Financial Statements As at March 31, 2002

Auditor's Report

Statement of Financial Position

Statement of Changes in Net Liabilities

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 Expenses Detailed by Object

Schedule 2 Salary and Benefits Disclosure



Students participating in the School-at-the Legislature program learn about parliament and its key players in the Chamber.

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, 2002 and the statements of operations, cash flows, and changes in net liabilities 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 Legislative Assembly Office as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
August 2, 2002

Fred Dunn, CA
Auditor General

Statement of Financial Position

As at March 31, 2002

	2002	2001
Assets		
Current assets:		
Cash	\$ 6,469	\$ 4,719
Prepaid lease payment	21,038	80,000
Accounts receivable and advances	363,835	204,454
Inventory held for resale	239,665	229,429
	631,007	518,602
Capital assets (Note 4)	1,126,152	764,022
	\$ 1,757,159	\$ 1,282,624
Liabilities & net liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,052,807	\$716,965
Members transition allowance liability (Note 6)	11,714,289	4,713,315
Vacation pay	705,992	632,013
	12,420,281	5,345,328
Net liabilities	(11,715,929)	(4,779,669)
	\$ 1,757,159	\$ 1,282,624

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



Statement of Changes in Net Liabilities

For the year ended March 31, 2002

	2002	2001
Net liabilities at beginning of year	\$ (4,779,669)	\$ (5,580,650)
Net operating results	(33,609,136)	(23,266,185)
Net transfer from general revenues	26,672,876	24,067,166
Net liabilities at end of year	\$ (11,715,929)	\$ (4,779,669)

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

Statement of Operations For the year ended March 31, 2002

	2002 Budget	2002 Actual	2001 Actual
Revenues:	(Note 8)		
Gift Shop sales, services, and fees	\$ 167,000	\$287,607	\$ 159,975
Other	-	12,071	55,227
Contribution from Alberta Infrastructure for accommodation costs provided at no charge (Note 5)	-	1,286,882	599,060
	167,000	1,586,560	814,262
Expenses:			
Voted:			
Financial management and administrative services	482,000	464,419	418,679
Government Members' services	2,401,000	1,990,392	1,597,080
House services	1,773,000	2,674,041	1,414,612
Human resource services	559,000	511,274	499,183
Independent Members' services	-	-	45,265
Information systems	2,039,000	2,274,788	1,552,746
Legislative committees	211,000	150,365	94,807
Legislature Library	1,268,000	1,202,914	1,177,280
MLA administration	20,544,000	19,397,905	14,415,097
New Democrat Opposition services	263,000	289,757	244,440
Office of the Speaker	334,000	331,278	320,322
Official Opposition services	727,000	765,287	1,081,273
Public Information Branch	2,034,000	838,444	1,436,893
	\$ 32,635,000	30,890,864	24,297,677
Valuation adjustments:			
Accommodation costs (Note 5)		1,286,882	599,060
Capitalization of assets expensed as supplies		(1,429,608)	(653,317)
Amortization of capital assets (Note 4)		1,067,478	479,208
Provision for (reduction in) members transition allowance (Note 6)		3,277,375	(639,962)
Provision for (reduction in) vacation pay (Note 9)		53,979	(669)
Lease payment expensed (capitalized)		58,962	(80,000)
Provision for employee benefit liability		-	39,418
Provision for doubtful accounts receivable		-	41,115
Increase in inventory held		(10,236)	(2,083)
		4,304,832	(217,230)
		35,195,696	24,080,447
Net operating results		\$(33,609,136)	\$ (23,266,185)

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

Statement of Cash Flows

For the year ended March 31, 2002

	2002	2001
Operating Transactions:		
Net operating results	\$ (33,609,136)	\$ (23,266,185)
Add non-cash charges:		
Provision for doubtful accounts receivable	-	41,115
Amortization of capital assets	1,067,478	479,208
Increase (decrease) in vacation pay	73,979	(669)
Decrease (Increase) in prepaid lease payment	58,962	(80,000)
Increase (decrease) in accounts receivable and advances	(159,381)	60,435
(Increase) Decrease in inventory	(10,236)	2,083
Increase (decrease) in accounts payable and accrued liabilities	335,842	(11,324)
Increase (decrease) in transition allowance	7,000,974	639,962)
Cash used by operating transactions	(25,241,518)	(23,415,299)
Investing transactions:		
Acquisition of capital assets	(1,429,608)	(653,317)
Financing transactions:		
Net transfer from general revenues	26,672,876	24,067,166
Net cash provided (used)	1,750	(1,450)
Cash, beginning of year	4,719	6,169
Cash, end of year	\$ 6,469	\$ 4,719

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

Notes to the Financial Statements

For the year ended March 31, 2002

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 Minister of Finance. 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.

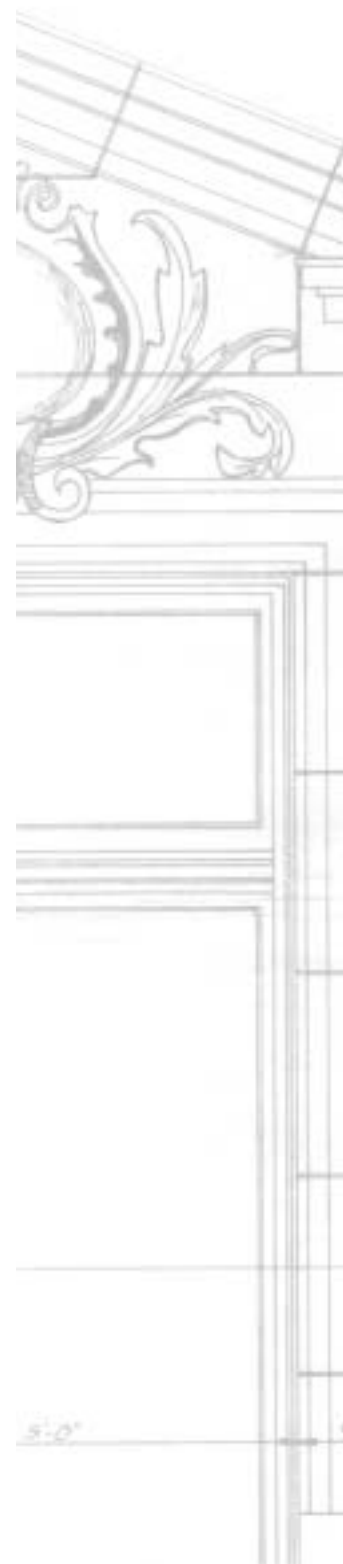
b) Basis of Financial Reporting

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.



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 cash, 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	2 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 cash 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 remuneration 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

	2002			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 80,439	\$32,552	\$47,887	\$ 47,097
Furniture	652,321	135,234	517,087	291,945
Computer hardware and software	3,250,935	2,689,757	561,178	424,980
	\$3,983,695	\$2,857,543	\$1,126,152	\$ 764,022

At the recommendation of the Legislative Assembly Technology Management Committee, the Members' Services Committee approved a change in the upgrade policy for computer hardware and software from three years to two years effective 2001-2002.

This change in policy has resulted in a significant increase in amortization taken in the current year.



Note 5 contribution from Alberta Infrastructure

Included in the \$1,286,882 contribution from Alberta Infrastructure is \$851,227 for the construction of the new committee rooms in the Legislature Annex.

Note 6 Members' Transition 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.

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. "Salary" includes the MLA indemnity and expense allowance and remuneration for a Member of Executive Council, the Speaker, the Deputy Speaker, the Deputy Chairman of

Committees, the Leader of the Official Opposition, the leader of a recognized opposition party, or a Member holding a position described in section 3(2) of the Members' Allowances Order (RMSC 1992, c. M-1, as amended) 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.

A portion of the increase in the liability is now being treated as a voted expense as directed by Alberta Finance. This voted expense component is equal to the amount approved by the Members' Services Committee. The difference in the increase in the liability and the amount treated as a voted expense will continue to be a valuation adjustment. As a result, \$4,200,000 has been treated as a voted expense for this fiscal period.

Note 7 Defined Benefit Plans

The Office participates in the following multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan. The Office also participates in the multi-employer 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 \$367,337 for the year ending March 31, 2002 (2001 - \$314,872).

At December 31, 2001, the Management Employees Pension Plan reported a surplus of \$5,338,000 (2000 - \$170,858,000) and the Public Service Pension Plan reported a surplus of \$320,487,000 (2000 - \$635,084,000).

At December 31, 2001, the Supplementary Retirement Plan for Public Service Managers had a deficiency of \$399,000 (2000-surplus \$180,000).

The Office also participates in a multi-employer Long Term Disability Continuance Plan. At March 31, 2002, the Management, Opted Out and Excluded Plan reported an actuarial deficiency of \$2,656,000 (2001-\$4,583,000). The expense for this plan is limited to employer's annual contributions for the year.

Note 8 Budget

Expenses:	
2001-2002 budget ^(a)	\$ 29,838,000
2001-2002 supplementary estimate ^(b)	2,797,000
2001-2002 total budget	32,635,000
2001-2002 actual expenses (excluding valuation adjustments)	(30,890,864)
2001-2002 unexpended (excluding valuation adjustments)	\$1,744,136

^(a) Office of the Legislative Assembly Estimates released on April 24, 2001.

^(b) Supplementary Estimates - General Revenue Fund released in Fall Session, 2001.

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, 2002

	2002		2001
	Budget	Actual	Actual
Expenses:			
Salaries, wages and employer contributions	\$ 8,410,863	\$ 10,530,020	\$ 9,590,973
Supplies and services	12,277,437	8,649,386	6,894,083
Grants	3,000	-	1,800
Payments to MLAs and Executive Council	11,943,700	11,711,458	7,810,821
Total Expenses	\$ 32,635,000	\$ 30,890,864	\$ 24,297,677

Schedule 2

Salary and Benefits Disclosure

For the year ended March 31, 2002

	2002			2001
	Salary ⁽¹⁾	Benefits & Allowances ⁽²⁾	Total	Total
Senior Official Clerk of the Legislative Assembly ⁽³⁾	\$ 155,360 ⁽⁴⁾	\$ 36,482	\$ 191,842	\$ 166,293
Senior Management Team				
Senior Financial Officer	95,302 ⁽⁴⁾	16,745	112,047	127,014
Senior Parliamentary Counsel	99,467 ⁽⁴⁾	19,734	119,201	125,496
Senior Parliamentary Counsel	93,009	17,280	110,289	116,844
Director, Human Resource Services	76,598 ⁽⁴⁾	13,343	89,941	97,903
Legislature Librarian	66,264 ⁽⁴⁾	12,571	78,835	87,706
Clerk Assistant	73,226 ⁽⁴⁾	12,953	86,179	93,799
Director of Visitor, Ceremonial, & Security Services and Sergeant-At-Arms	72,252 ⁽⁴⁾	12,840	85,092	89,105
Manager Sub-total	576,118	105,466	681,584	737,867
	\$ 731,478	\$ 141,948	\$ 873,426	\$ 904,160

⁽¹⁾ Salary includes regular base pay, bonuses, vacation payouts, overtime and lump sum payments.

⁽²⁾ 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 and WCB premiums.

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

⁽⁴⁾ Salary includes the following vacation payouts: Clerk of the Legislative Assembly \$4,787 (2001 Nil); Senior Financial Officer \$3,418 (2001 \$3,255); Senior Parliamentary Counsel \$735 (2002 Nil); Director Human Resource Services \$2,747 (2001 \$2,616); Legislature Librarian \$1,305 (2001 Nil); Clerk Assistant \$2,626 (2001 \$2,501); Director of Visitor, Ceremonial & Security Services and Sergeant-At-Arms \$2,591 (2001 Nil).